



THE PAST, PRESENT & FUTURE

Recent Funding Ups & Downs

2009-10 Starting Budget (includes reduction of \$2.1 million due to funding freeze)	\$72,886,216
September 2009: \$165 per-pupil funding reduction (Legislative)	-1,700,000
October 2009: \$127 per-pupil funding reduction (Governor's proration)	-1,000,000
December 2009: Board balanced budget through \$2.7 million reduction	\$2,700,000
January 2010: Governor rescinded \$127 per-pupil reduction	1,000,000
January 2010: Board restored \$100,000 in reductions*	-100,000

*The Board determined it would be fiscally responsible to restore only a portion of the \$1 million cuts due to a possible Revenue Estimating Conference in March 2010, which could result in additional loss of funding, coupled with the district's low fund balance.

Looking Ahead

Structural Deficit

Michigan's funding structure is broken. This means there is not enough revenue to fund essential public programs, such as schools, police, fire, etc. If the structural deficit is not fixed, we could face an additional \$268 per-pupil funding reduction in 2010-11, which is an additional \$2.2 million in cuts to RPS.

Unknown Expenses

1. State employee pension fund. We currently pay 16.94% of our payroll dollars to the state employee pension fund and are told this could increase by two or more points for 2010-11. Every percent increase equates to a \$400,000 cost to the district.
2. Health insurance costs. MESSA predicts the increase in their rates for 2010-11 could range from 5% to 34%. Each percent increase means \$90,000 for RPS.
3. Cost of living. Like everyone, the district's cost of living expenses are increasing. This includes fuel, utilities, supplies, etc. We must budget for increases in these variable costs.

The total of these variable expenses could equate to an additional \$4.7 to \$5.7 million in reductions in 2010-11. This would be similar to increasing the potential \$268 per-pupil reduction to \$600-700 less per pupil.

What Can Be Done

The good news is, we have several months to demand that our elected officials - the Governor and Legislature - proactively address the structural deficit.

Following is a two-part solution which needs serious consideration.

1. State sales tax. Reducing the current sales tax from 6% to 5.5% and expanding it to apply to services (excluding medical) could generate an additional \$600 million for education.
2. Health insurance contributions. In order to garner support from the general public and Legislature for the sales tax reform, cost savings must take place as well. Therefore, it is important to pass legislation requiring all public employees to pay 15% of the cost of their health insurance. This would reduce RPS' costs by \$1.2 million.

At the request of the MEA, Dr. Shibley testified on health insurance reform before a state house committee this fall. The MEA knew his position was to promote a 15% contribution by all public employees and they supported this to protect MESSA as a health insurance provider. The alternative, Representative Dillon's plan, was to implement a state-run health insurance program for all public employees, which would have resulted in the elimination of MESSA. Based on the State's inability to balance a budget, do you trust them to be responsible for your health insurance?