

**Bloomfield Hills Schools
Board of Education Meeting
March 23, 2023**

2022/23 Midyear Budget Recommendation

2022/23 General Fund Midyear Budget Recommendation

The General Fund accounts for the district's core operations:

- General education
- Special education (non-Center Programs)
- Preschool through 12th grade and beyond, including up to 26 years old for special education students.

The General Fund does not account for:

- Repairs, instructional technology, and safety/security initiatives provided through the Sinking Fund
- Sinking Fund activities over the past 5 years are \$11,983,657
- Covid funding helped to support some initiatives such as instructional technology and safety/security initiatives

Education Spending in Michigan

Public Education Spending in Michigan

Michigan ranks 27th in K-12 school spending and 24th in funding.

Public K-12 Spending Per Student



Hanson, Melanie.
“U.S. Public Education Spending Statistics”
EducationData.org,
June 15, 2022,
<https://educationdata.org/public-education-spending-statistics>

General Fund - Midyear Budget Fiscal Year 2022/23

General Fund – Fund balance as of July 1, 2022		\$20,158,151
Revenues & Transfers In	105,323,808	
Expenditures & Transfers Out	(104,992,890)	
Revenue over (under) expenditures		330,918
General Fund – Fund balance as of June 30, 2023 (projected)		\$20,489,069
Fund balance as a percent of expenditures		19.51%

General Fund Revenue Changes

Description	Increase (Decrease)
2022/23 Total Revenue, Original Budget Projection	\$102,856,726
Local revenue Property Taxes, 1,010,233 increase based on February Taxable Values and Local share of actual enrollment Tuition (primarily non-resident privately paid) 82,778 Interest earnings, 250,000 Facility Rentals, Misc. Local Revenues, Rentals and Pay to Participate, (38,092)	 1,304,919
State revenue Foundation state share, reduced enrollment (2,255,542) offset with local share of property taxes noted above State grants, new recurring 531,471 State grants, carryover or non-recurring 691,286 State funding, retirement non UAAL (392,095) typical adjustment to the better with final State funding, UAAL (note revenue = expense, without district control) 970,650 State abated taxes, pass through with county (183,498)	 (637,728)

General Fund Revenue Changes, continued

Description	Increase (Decrease)
Federal revenues Oakland County Mental Health Grant 175,000 note, half of award crossing fiscal years FEMA, 226,173 final payment of prior year activities expected before June 30 th ESSER, 905,215 (summer school and other authorized activities) Other grants, 32,544	1,338,932
Interdistrict revenues and transfers in PA18 Special Education Funding passed through Oakland Schools additional distribution, 132,077 Reading Recovery, no Training class this year (49,615) expenses also removed CTE Grant passed through Oakland Schools (466) Transfers in 378,963 (from Center Program fund for SE legal fees FY15-FY22)	460,959
Net revenue increase, almost 2.6%	2,467,082
2022/23 Total Revenue, Midyear Budget Projection	\$ 105,323,808

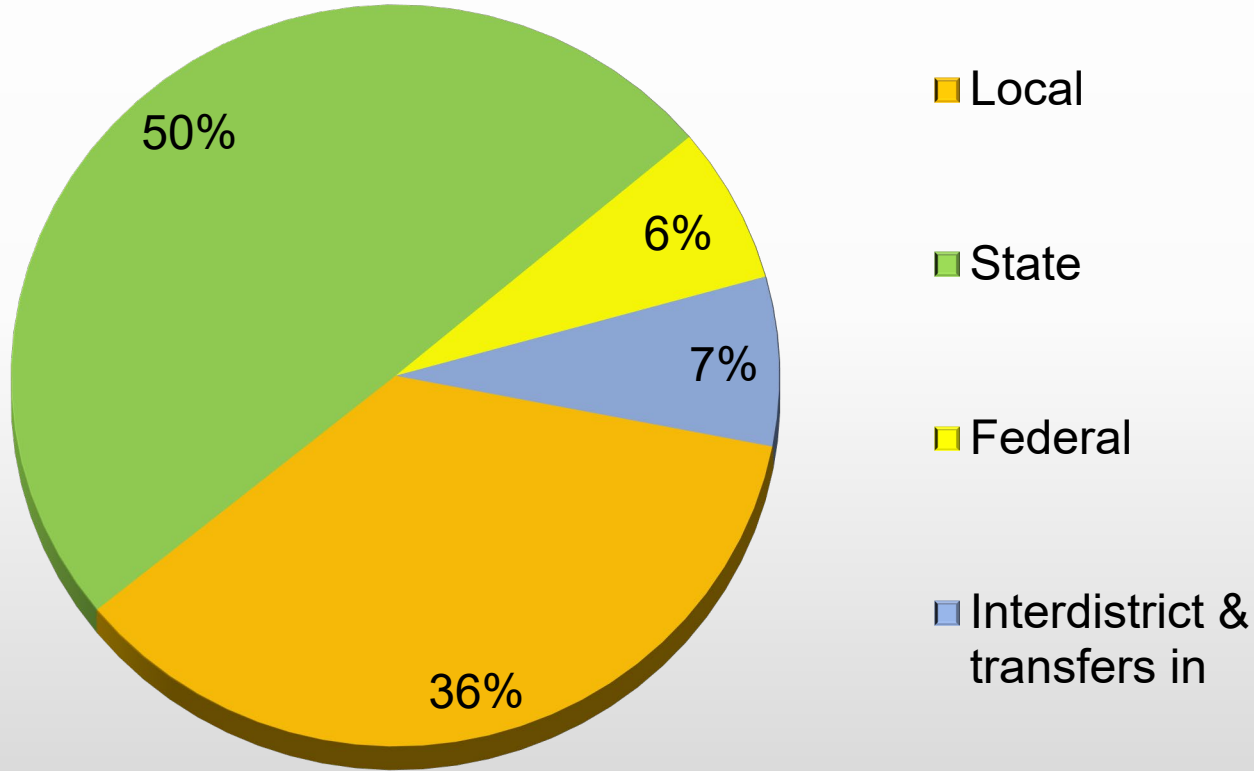
Funding Sources

- The Foundation Allowance comprises two thirds of the General Fund revenue. The formula is:

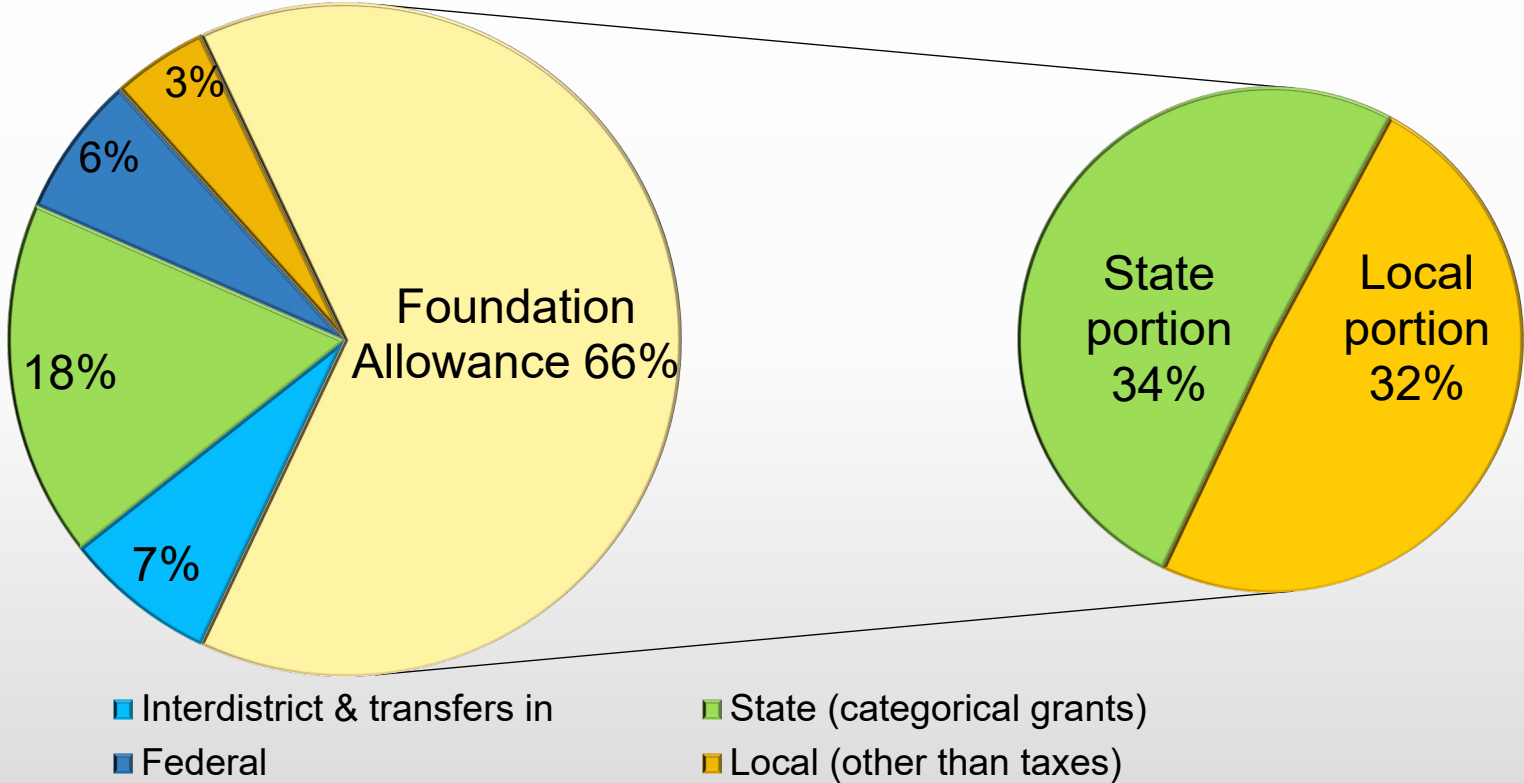
$$\text{Foundation Allowance per pupil} \times \text{Enrollment}$$

- Annually, through the State's budgeting process, a Foundation Allowance per pupil amount is established and not always known before July 1 when the district must have a budget in place.
- The Foundation Allowance is comprised of State and Local sources, including approved operating millages, capped at the State determined Foundation amount.
- This year, the funding gap closed with all districts receiving a Target Foundation of \$9,150, not including the hold harmless portion of the Foundation.
- Since the enactment of Proposal A, school districts have limited revenue raising ability and State funding increases have not kept pace with inflation.

Fiscal Year 2022/23 - General Fund Revenue by Source



Fiscal Year 2022/23 - General Fund Revenue by Source



The Foundation Allowance is funded both locally, through non-homestead and hold harmless operating taxes, and by the State School Aid Fund. Approximately \$68 million, or 66% of total revenue represents the per pupil Foundation Allowance funding.

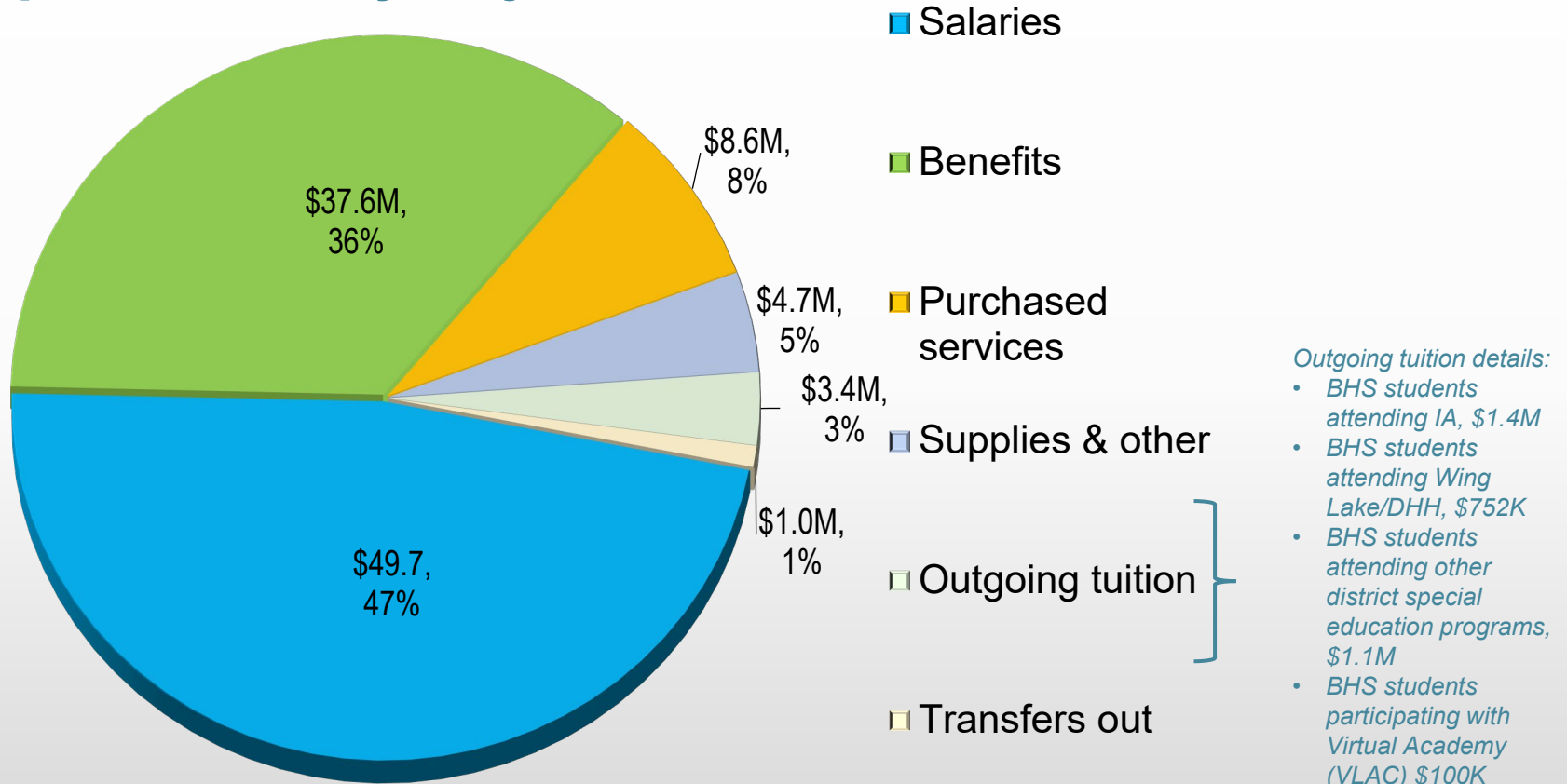
General Fund Expenditures Changes

Description	Increase (Decrease)
2022/23 Total Expenditures, Original Budget Projection	\$103,258,689
Staff compensation including contracted staffing <ul style="list-style-type: none"> ✓ Salaries (331,255) ✓ Benefits: <ul style="list-style-type: none"> ▪ MPSERS UAAL (offset by state funding) ▪ All other fringe benefits (medical, dental, vision, non-UAAL MPSERS cost) ✓ Contracted staffing, transitioned offerings to bus drivers, childcare, and others to be paid through Edustaff to offer higher wage outside of retirement system, also increased wage for EnviroClean employees 	(331,255) 970,650 127,573 835,860
Supplies and other: <ul style="list-style-type: none"> ✓ Utilities ✓ Teaching and testing supplies ✓ Abated Taxes 	(155,336) (60,915) 145,199

General Fund Expenditures Changes, continued

Description	Increase (Decrease)
Other adjustments, net	(56,902)
Outgoing tuition, net, primarily related to less BHS students attending Wing Lake	9,327
Transfer out to Capital Equipment fund	250,000
Net expenditures increase, about 1.7%	1,734,201
2022/23 Total Expenditures, Midyear Budget Projection	\$ 104,992,890

Fiscal Year 2022/23 - General Fund Expenditures by Object



Of the total \$105M expenditures, the largest cost is staffing, totaling about \$87.2 million, which comprises around 83% of total General Fund expenditures. Contracted staffing (substitutes, custodial, childcare workers, bus drivers, police liaison, coaches) comprises another \$4.2 million, about 4% of total expenditures.

General Fund Budget Planning and Actions

- Continued enrollment recruitment and retention efforts including family ambassadors with tours and information to potential families
- Continued budget balancing action review including detailed considerations with resignations and retirements with consideration of student experience and retaining classroom resources first
- Continued efforts to recruit and retain employees such as choices offered to employees to be direct hire with BHS or hired through our third party provider Edustaff with a higher base wage
- Continued efforts on all discretionary spending to ensure resources are available to students as the priority



Board of Education Policy 5002 Budget Planning and Adoption

– 5002 Budget Planning and Adoption

The Board is required to adopt a balanced budget prior to July 1 of each year, to be in place for the ensuing school year. The budget is a formalized statement of anticipated revenues, expenditures of the District, and fund balance and includes all district fund categories that are used to carry-out the District's educational goals and objectives, as required by law. If a five-year forecast provided to the Board shows that the General Fund fund balance would go below 20% of projected expenditures in any year, the matter will be brought to the attention of the Board for discussion at the next scheduled Board meeting or at a special meeting convened sooner. The Board will not approve an annual operating budget that is based on a five-year forecast showing that the General Fund fund balance would go below 15% of projected expenditures in any year, unless the Board contemporaneously passes a separate motion permitting same for that year.

The Superintendent is responsible for preparing the budget and its timely presentation to the Board. Following adoption by the Board, the Superintendent will regularly inform the Board of actual or anticipated variances that may occur during budget implementation and recommend any action that may be required to be taken by the Board.

Special Revenue Funds - Midyear Budget Fiscal Year 2022/23

Special Revenue Funds – Fund balance as of July 1, 2022		\$8,462,177
Revenues & Transfers In	22,740,860	
Expenditures & Transfers Out (including required spend down of Food Service Fund Balance of \$775K, and use of Center Fund Reserves for legal fees and 2 planned SE Bus purchases \$682K)	(23,740,498)	
Revenue over (under) expenditures		(999,638)
Special Revenue Funds – Fund balance as of June 30, 2023 (projected)		\$7,462,539

Special Revenue Funds include: Center Programs, International Academy, Recreation/Community Services Food Services, Hills Activities, Co-Curricular Endowment