


**Board of Education  
Public Hearing  
Budget Update**

June 20, 2013



**Property Tax Millage Rates  
2013 Tax Year**

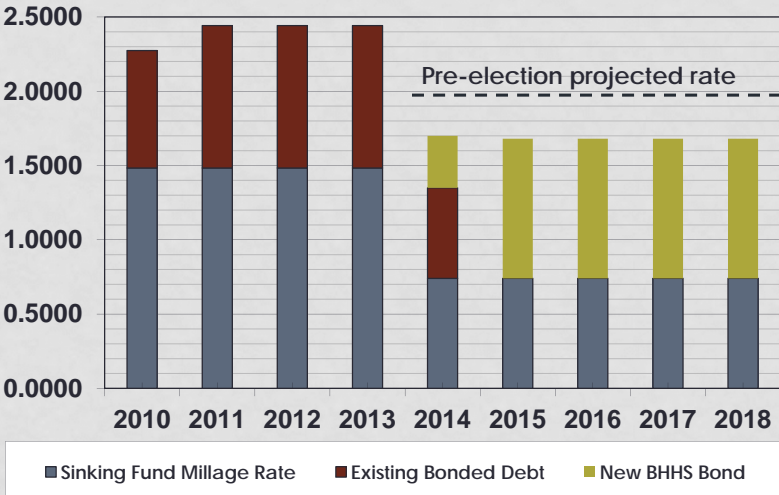


### 2013 Millage Rate Summary

Tax Base	Purpose	# of Mills
Non-Homestead	General Operating	18.0000
Commercial Personal Property	General Operating	14.3881
Homestead	General Operating	8.3881
All Classifications of Property	Debt Service & Sinking Fund	0.9586
		1.4834



### Millage Rate History, Pre-election Projection & Post-Closing Rates




Millage rates for future years are calculated based on estimated property taxable values.

# Fiscal Year 2012/13 General Fund Final Budget



## Final Budget – General Fund Fiscal Year 2012/13

<b>General Fund – Fund balance as of July 1, 2012 (audited)</b>		<b>\$ 24,754,777</b>
Revenue	\$81,471,384	
Expenditures	(\$82,742,007)	
Revenue over expenditures		<b>(\$ 1,270,623)</b>
<b>General Fund – Fund balance as of June 30, 2013 (projected)</b>		<b>\$ 23,484,154</b>



## General Fund Fiscal Year 2012/13 Budget Progression

	Revenue	Expenditures	Revenue over (under) Expenditures	Projected Fund Balance	% of Exp.
Original Budget	\$ 79,203,148	\$ 82,715,779	(\$ 3,512,631)	\$21,242,146	26%
Midyear Budget	\$ 80,730,860	\$ 83,436,935	(\$ 2,706,075)	\$22,048,702	26%
Final Budget*	\$ 81,471,384	\$ 82,742,007	(\$ 1,270,623)	\$23,484,154	28%
<i>Better or (Worse) from Original to Final</i>			\$ 2,242,008		

\* Approximately \$1.1 million of MPSERS "buy down" is included in both the revenue and expenditures for the final budget. This accounting was recently required by MDE. The amount relates to the retirement reform law and represents our share of the amount paid directly from the State School Aid Fund on behalf of local districts.



## Fiscal Year 2012/13 - General Fund Recap of Revenue & Expenditure Changes Original to Midyear Budget

Description	Impact on Fund Balance Better (Worse)
<i>Original Budget - Expenditures over Revenue</i>	<i>(\$ 3,512,631)</i>
Enrollment (blended membership) increased over projections by 93 FTEs (full time equivalents)	1,102,422
Staffing, net wage & salary increase	( 399,674)
Staffing, net FICA (social security & Medicare) tax increase	( 30,309)
Retirement costs - Net change	503,489
Transition costs estimate	( 220,000)
NWEA (assessment program) and Novus Solutions (Board meeting content software)	( 58,945)
Other adjustments - net	( 90,427)
<i>Midyear Budget - Expenditures over Revenue</i>	<i>(\$ 2,706,075)</i>



## Fiscal Year 2012/13 – General Fund Revenue & Expenditure Changes Midyear to Final Budget

Description	Amount
<b>Midyear Budget – Expenditures over Revenue</b>	<b>( \$ 2,706,075)</b>
Staffing, net reduction through attrition, unpaid leave time, net of substitute costs	249,859
Continued implementation of new health plan savings that began November 1, 2012 for most groups, considering contract changes with a \$674k impact and claims information through March 31, 2013 to estimate savings through June 30 <sup>th</sup>	1,202,469
Technology investments (MS iPads, BHHS & elementary laptops)	( 164,645)
Tax tribunal refunds	( 350,023)
MPSERS contribution rate, net decrease	511,971
Non-personnel & non-instructional spending reductions	446,500
Outgoing tuition (Center program, special education out of district)	( 103,233)
Cocurricular/athletics – uniforms/transition	( 100,759)
Other revenue/expenditure changes – net	( 256,687)
<b>Final Budget – Expenditures over Revenue</b>	<b>( \$ 1,270,623)</b>



## Fiscal Year 2013/14 General Fund Original Budget





## Original Budget – General Fund Fiscal Year 2013/14

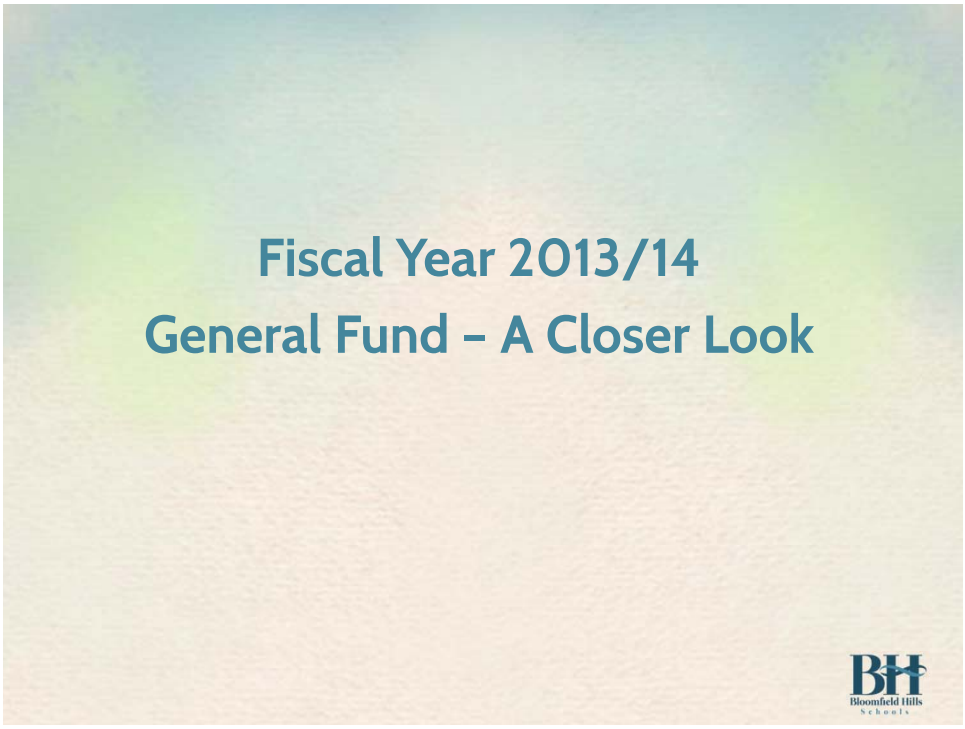
General Fund – Fund balance as of July 1, 2013 (projected)		<b>\$ 23,484,154</b>
Revenue	\$ 82,630,753	
Expenditures	(\$ 84,436,130)	
Expenditures over revenue		<b>(\$ 1,805,377)</b>
General Fund – Fund balance as of June 30, 2014 (projected)		<b>\$ 21,678,777</b>



## Fiscal Year 2013/14 - General Fund Revenue & Expenditure Changes FY13 Final to FY14 Original Budget

Description	Impact on Fund Balance Better (Worse)
<b>FY13 Final Budget – Expenditures over Revenue</b>	<b>(\$ 1,270,623)</b>
Foundation allowance funding, including projected enrollment decrease, offset by a \$30 per pupil funding increase	( 369,270)
Reduction in MPSERS offset funding, originally implemented to reduce the burden of a rate increase from about 21% to > 24% in 2012	( 379,385)
New funding to arrive at a minimum \$5 increase per pupil when combining the 2 items above	235,296
Performance incentive award increased by \$60 per pupil	330,000
MPSERS "buy down" is included in both the revenue and expenditures for FY13 and FY14 budgets totaling \$1.1M and \$2.7M, respectively. The amount relates to the retirement reform law and represents our share of the amount paid directly from the State School Aid Fund on behalf of local districts. For BHS, this represents approx. \$451 per pupil for FY14, an increase of \$272 over FY13.	1,635,246
Staffing, net compensation change, including contractual increases, attrition savings, and related FICA/retirement	( 655,989)
Health insurance – continued implementation of new health plan for remaining groups, net change in health plan costs considering an inflationary increase, contract changes and PPACA	16,950
Other projected expenditure changes and budget balancing actions	287,644
<b>FY14 Original Budget – Expenditures over Revenue</b>	<b>(\$ 1,805,377)</b>





## Fiscal Year 2013/14 - General Fund Largest Revenue Source

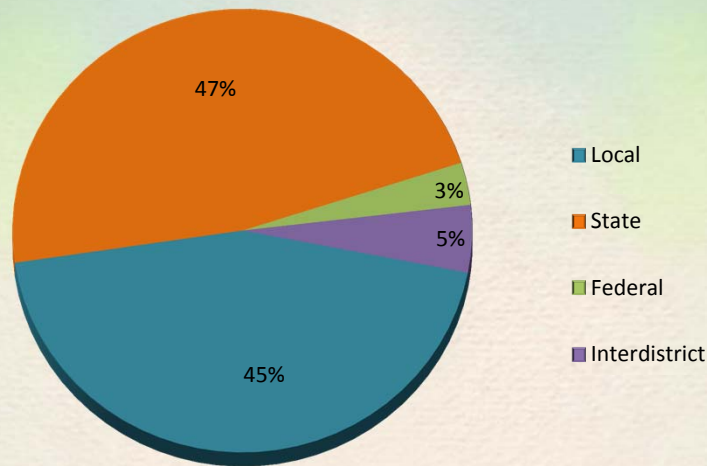
Our largest source of revenue is the foundation allowance totaling about **\$63 million**, which comprises around 76% of our total General Fund revenue:

$$\text{Foundation per pupil} \times \text{BHS General Fund estimated membership} \\ \$11,884 \times 5,271$$

The NEW blended membership is a weighted average of the fall & winter counts within the SAME school year - 90% fall 2013 +10% of winter 2014. The original budget contains estimates.

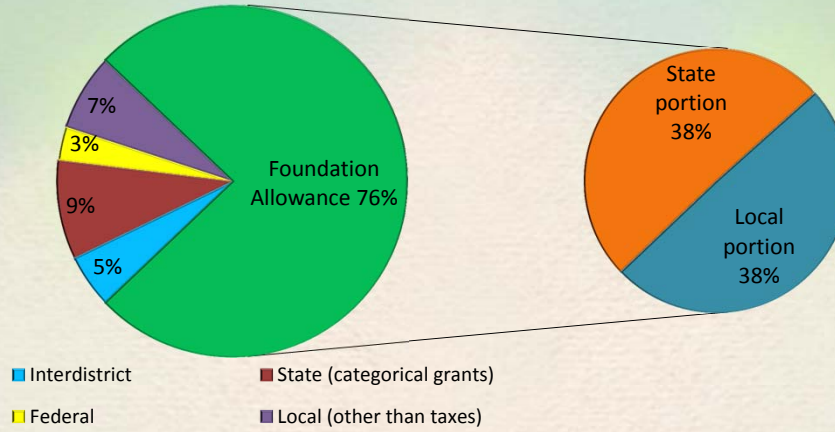


## Fiscal Year 2013/14 - General Fund Revenue by Source





## Fiscal Year 2013/14 - 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 \$63 million, or 76% of total revenue represents the per pupil Foundation Allowance funding.



## Fiscal Year 2013/14 General Fund Key Revenue Factors

- Foundation Allowance \$11,884 per pupil, a \$30 increase
- Blended enrollment, 5271 (5472 total with 201 in the Center Program Fund)
- One-time State revenue items:
  - Performance incentive grant, \$545k
  - MPSERS offset, \$675k
  - \$235k, new categorical to fund districts with a minimum \$5 increase per pupil (BHS \$43) when combining the foundation allowance (BHS \$30) with the reduction in MPSERS offset funding (BHS -\$68)
  - Revised best practice criteria is being reviewed; additional guidance is pending from the Michigan Dept. of Education, possible \$285k
- MPSERS buy down, \$2.7M, which is offset by the same amount of expenditures
- Federal & state grants based on award estimates



## Blended Enrollment History

School Year:	General Fund		Center Programs Fund	=	State Aid Membership (all funds)	Winter (preceeding school year)	Fall (current school year)	Blend:
2013/14	5271	+	201	=	5472	* est'd in total based on blending change		
2012/13	5316	+	201	=	5517	5462	5523	10% / 90%
2011/12	5252	+	207	=	5459	5492	5455	10% / 90%
2010/11	5259	+	218	=	5477	5532	5459	25% / 75%
2009/10	5302	+	218	=	5520	5583	5498	25% / 75%

\* Beginning 2013/14, the blended count will be 90% of the fall and 10% of the winter with the same school year. For 2012/13 and prior years, the State Aid Membership is a blended count of the preceeding school year's winter count and the current school year's fall count.

Note: The foundation allowance per pupil multiplied by the blended State Aid Membership determines the Foundation revenue amount for the fiscal year, including general education, center & non-center special education students.



## General Fund Key Revenue Changes Since 2008/09

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	Difference between '09 & '14
Net Foundation Allowance per Pupil	\$12,443	\$12,170	\$12,154	\$11,854	\$11,854	\$11,884	(\$ 559) less per pupil
x Enrollment, blended count	x 5,385	x 5,301	x 5,258	x 5,252	x 5,316	x 5,271	(114) less pupils
Total Foundation Revenue	\$ 67,005,555	\$ 64,513,170	\$ 63,905,732	\$ 62,257,208	\$63,015,864	\$62,640,564	(\$4.4 million) less revenue

Bit more history: Prior to 2008/09, Foundation Allowance amounts increased for 2006/07 \$210, 2007/08 \$48, and 2008/09 \$56



## Foundation Allowance History Cumulative Change compared to CPI

Foundation allowance history	Fiscal Yrs:							Cumulative
	1994/95	2007/08	2008/09	2009/10*	2010/11*	2011/12	2012/13	
Minimum foundation allowance	\$ 4,200	\$ 7,204	\$ 7,316	\$ 7,162	\$ 7,146	\$ 6,846	\$ 6,966	
Increase (decrease)		119	112	(154)	(16)	(300)	120	
Percent change		1.68%	1.55%	-2.10%	-0.22%	-4.20%	1.75%	65.86%
Basic foundation allowance	\$ 5,000	\$ 7,204	\$ 7,316	\$ 7,162	\$ 7,146	\$ 6,846	\$ 6,966	
Increase (decrease)		119	112	(154)	(16)	(300)	120	
Percent change		1.68%	1.55%	-2.10%	-0.22%	-4.20%	1.75%	39.32%
Maximum (Hold-harmless) foundation	\$ 6,500	\$ 8,433	\$ 8,489	\$ 8,335	\$ 8,319	\$ 8,019	\$ 8,019	
Increase (decrease)		48	56	(154)	(16)	(300)	-	
Percent change		0.57%	0.66%	-1.81%	-0.19%	-3.61%	0.00%	23.37%
Bloomfield Hills Schools Foundation	\$ 10,454	\$ 12,387	\$ 12,443	\$ 12,170	\$ 12,154	\$ 11,854	\$ 11,854	
Increase (decrease)		48	56	(273)	(16)	(300)	-	
Percent change		0.39%	0.45%	-2.19%	-0.13%	-2.47%	0.00%	13.39%
Consumer Price Index (CPI)	144.5	201.6	207.3	215.3	214.4	218.1	224.9	
Percent change		3.20%	2.80%	3.80%	-0.40%	1.68%	3.20%	55.64%

\*Fiscal yrs 2009/10 & 2010/11 are based on the effective foundation allowance, which is less than the published nominal foundation per pupil due to State budget actions.

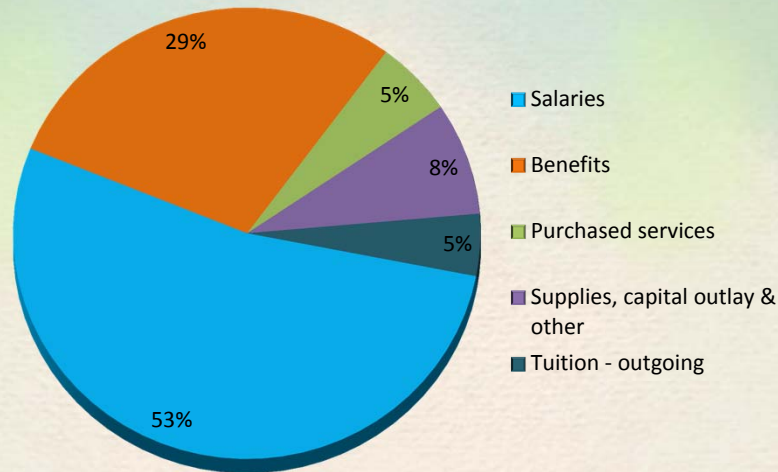
Note: Our pupil funding levels for this year & last year haven't been this low since 2001/02.



## Fiscal Year 2013/14 Expenditures



## Fiscal Year 2013/14 - General Fund Expenditures by Object



Our largest cost is our staff totaling about \$69 million, which comprises around 82% of our total General Fund expenditures.



## Fiscal Year 2013/14 General Fund Key Expenditure Factors

- Based upon fiscal year 2012/13 staffing levels, adjusted for key known changes
- Salary/wages in accordance with contracts
- Retirement rate of 24%, an estimated blend of several rates and based on monitoring the effective rate paid to the State this year
- Health insurance - continued implementation of new health plan for remaining groups, net change in health plan costs considering an inflationary increase, contract changes and PPACA
- Federal & state grant spending equal to award estimates
- Unspent budget monies from last year (carryover) have not been added to this year's original budget



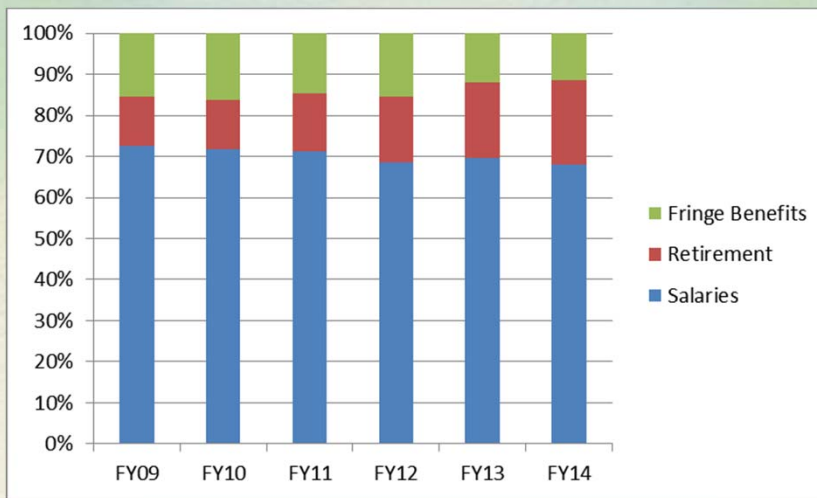


## General Fund Expenditure Changes Since 2008/09

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	Change From 2008/09
Salary/wages (AFSCME, etc)	\$47,600,000	\$45,300,000	\$43,900,000	\$43,200,000	\$44,500,000	\$44,800,000	\$ 2,800,000 Cost Decrease = 6%
MPSERS contribution	\$7,800,000	\$7,600,000	\$8,700,000	\$10,100,000	\$11,800,000	\$13,500,000	\$5,700,000 Cost Increase = 73%
Fringe benefits (Medical, Dental, Vision, LTD, STD, AD&D, workers compensation insurance, etc)	\$10,100,000	\$10,200,000	\$9,100,000	\$9,800,000	\$7,600,000	\$7,600,000	\$2,500,000 Cost Decrease = 25%



## General Fund Compensation Cost Trends

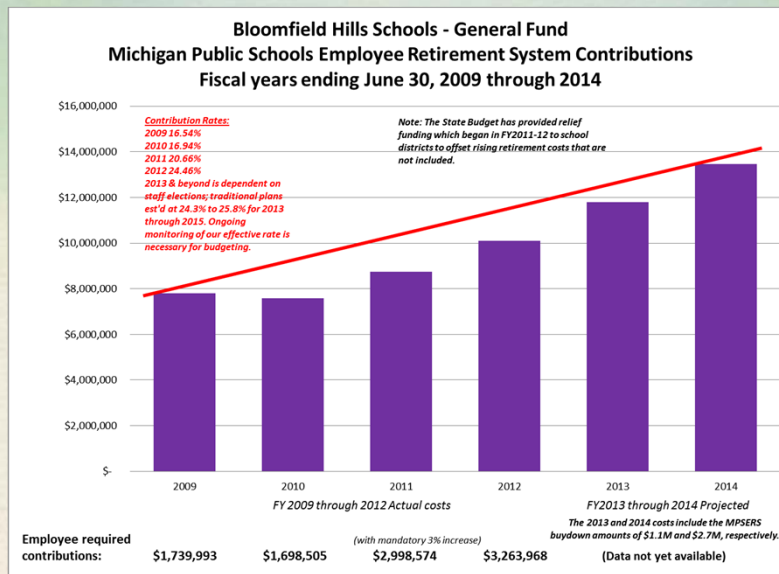


Note: The decreases for fringes benefit and retirement costs are partially offset by increased employee contributions for those benefits.





## General Fund MPSERS Contributions



## Updates to General Fund Long-term Forecast through 2016/17



## Preliminary Long-term Forecast General Fund

	Actual 2011-12	Final Budget 2012-13	Original Budget 2013-14	2014-15	2015-16	2016-17
Fund balance, beginning of year	\$ 23,977,477	\$ 24,754,777	\$ 23,484,154	\$ 21,678,777	\$ 19,505,744	\$ 17,655,333
Revenue	81,984,513	81,471,384	82,630,753	79,211,891	79,194,434	79,347,224
Expenditures	81,207,213	82,742,007	84,436,130	81,384,924	81,044,845	80,715,331
Annual surplus (deficit)	<b>777,300</b>	<b>(1,270,623)</b>	<b>(1,805,377)</b>	<b>(2,173,033)</b>	<b>(1,850,411)</b>	<b>(1,368,107)</b>
Fund balance, end of year	\$ 24,754,777	\$ 23,484,154	\$ 21,678,777	\$ 19,505,744	\$ 17,655,333	\$ 16,287,226
Fund balance, as a percent of expenditures	31%	28%	26%	24%	22%	20%

Note: Forecast variables continue to change as new information becomes available and further analysis is performed.



## Preliminary Long-term Forecast General Fund – Key Assumptions

### Revenue

- Enrollment based on latest projections and beating those slightly
- Foundation Allowance flat at the 2013/14 level.
- Most State “one-time” funding or criteria based categorical grants are not included beyond 2013/14

### Expenditures

- Salary/wages in accordance with contracts.
- Retirement rate is based on actual effective rate history that will continue to be monitored.
- Health care cost projections are based upon the Consumer Price Index change, which is in line with the implemented hard cap option.
- Budget balancing actions and BHHS savings are conservatively estimated and focus on continued non-personnel cost savings as well as staff cost savings primarily through attrition.

