




Board of Education
Public Hearing
Budget Update
June 21, 2012



2012 Millage Rate Summary


<u>Tax Base</u>	<u>Purpose</u>	<u># of Mills</u>
Non-Homestead	General Operating	18.0000
Commercial Personal Property	General Operating	14.2526
Homestead & Qualified Agricultural Property	General Operating	8.2526
All Classifications of Property	Debt Retirement	0.9586
	Sinking Fund	1.4834

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**Public Hearing
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Updates to General Fund Current Year Budget




Proposed Final Budget Fiscal Year 2011/12

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General Fund – Fund balance as of July 1, 2011 (audited)	\$ 23,977,477
Revenue	\$ 82,303,599
Expenditures	<u>(\$ 82,233,213)</u>
Revenue over expenditures	<u>\$ 70,386</u>
General Fund – Fund balance as of June 30, 2012 (projected)	\$ 24,047,863

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General Fund Current Year Budget Progression

Fiscal Year 2011/12	<u>Revenue</u>	<u>Expenditures</u>	Revenue over (under) <u>Expenditures</u>	<u>Projected Fund Balance</u>
Original Budget	\$ 77,487,410	\$ 80,634,221	(\$ 3,146,811)	\$20,830,666
Mid-Year Budget	\$ 80,407,533	\$ 81,533,970	(\$ 1,126,437)	\$22,851,040
Final Budget*	\$ 82,303,599	\$ 82,233,213	\$ 70,386	\$24,047,863
Better or (Worse) from Original to Final			\$ 3,217,197	

<u>Forecast history</u>	<i>Surplus (Deficit):</i>	<i>Fund balance forecast:</i>
3 years ago:	(\$ 4,602,000)	\$ 14,344,000
2 years ago:	(\$ 5,571,000)	\$ 12,662,000

*Note: Approximately \$1 million of MPSERS offset funding was reclassified from a reduction in expenditures (mid-year budget) to State revenue (final budget) since it is paid to us through a categorical (specific section of the State Aid Act)

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Fiscal Year 2011/12 Final Budget What Changed from Mid-Year?

Description	Amount
Mid-Year Budget – Expenditures over revenue	(\$1,126,437)
Oakland Schools – Medicaid settlements past 3 years & initial payment for this year earlier than in past years	777,230
Diesel fuel costs (<i>increased shuttles & fuel cost per gallon</i>)	(104,000)
Energy costs (<i>a milder winter contributed to savings</i>)	81,785
Staffing – Net reduction through attrition, unpaid leave time, unfilled positions, net of substitute costs (total compensation, including wages, retirement, FICA, etc.)	884,065
Vehicle/bus purchases	(143,000)
Tax tribunal refunds	(354,231)
Other revenue/expenditure changes - net	54,974
Final Budget – Revenue over expenditures	\$ 70,386

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Fiscal Year 2012/13 General Fund Budget



**Proposed General Fund Budget
Fiscal Year 2012/13**

General Fund – Fund balance as of July 1, 2012 (projected)		\$ 24,047,863
Revenue	\$ 79,203,148	
Expenditures	<u>(\$ 82,715,779)</u>	
Expenditures over revenue		<u>(\$ 3,512,631)</u>
General Fund – Fund balance as of June 30, 2013 (projected)		\$ 20,535,232

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General Fund Budget Progression Current Year to Next Year

<u>Fiscal Year 2011/12</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Current Year Surplus (Deficit)</u>
Original Budget	\$ 77,487,410	\$ 80,634,221	(\$ 3,146,811)
Mid-Year Budget	\$ 80,407,533	\$ 81,533,970	(\$ 1,126,437)
Final Budget*	\$ 82,303,599	\$ 82,233,213	\$ 70,386
 <u>Fiscal Year 2012/13</u> Proposed Budget	 \$ 79,203,148	 \$ 82,715,779	 (\$ 3,512,631)

*Note: Approximately \$1 million of MPSERS offset funding was reclassified from a reduction in expenditures (mid-year budget) to State revenue (final budget) since it is paid to us through a categorical (specific section of the State Aid Act)

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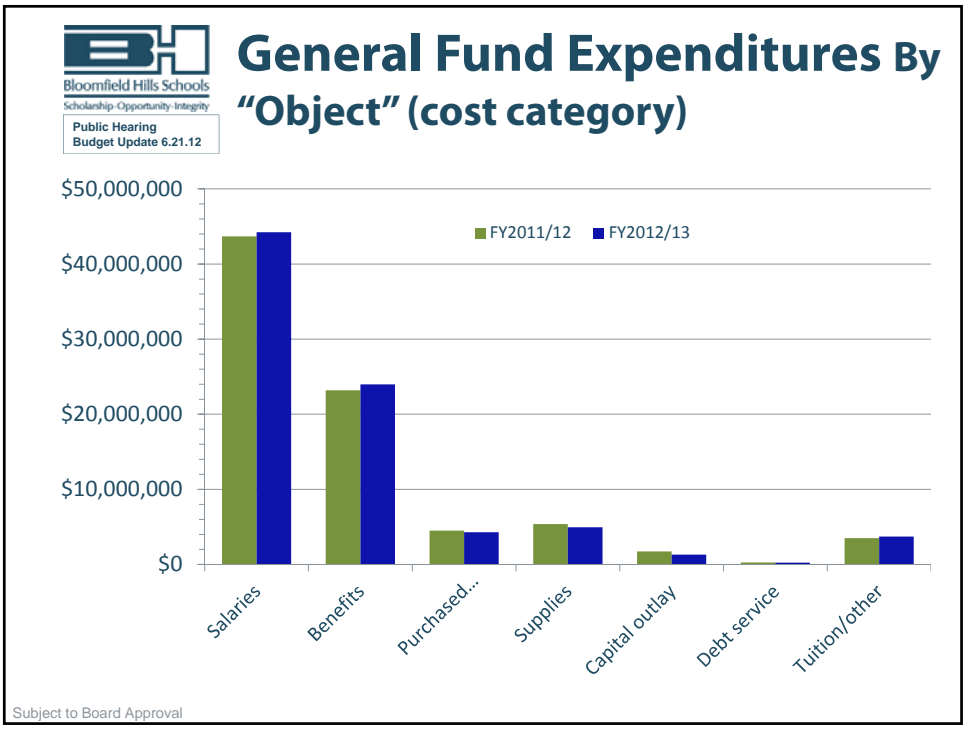
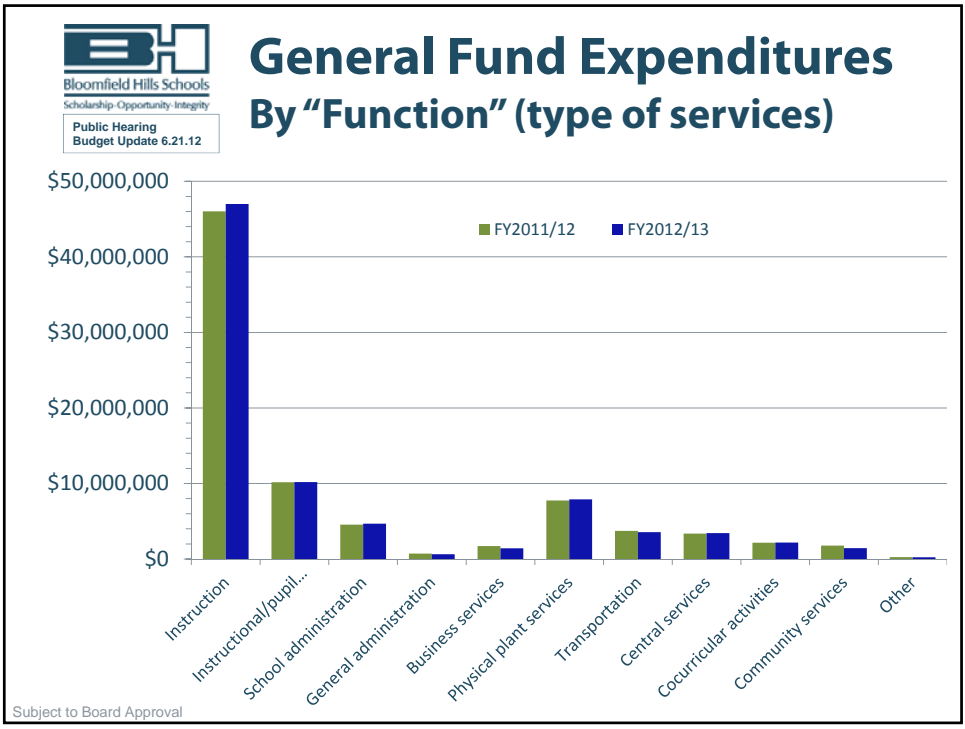
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Fiscal Year 2012/13 Budget What changed from last year?

Description	Amount
<i>Final Budget Projection – Revenue over Expenditures</i>	\$ 70,386
Oakland Schools PA18 monies (County special education tax levy) and Medicaid reimbursement	(2,705,648)
Best practices/performance incentives	(245,878)
Enrollment change projected	(416,075)
Loss of EDK revenue due to implementation of all day kindergarten	(472,489)
MPSERS contribution rate increase	(1,468,314)
Non-personnel & non-instructional spending reductions	1,053,284
Contractual wage changes, including all day kindergarten staff increases, net of turnover savings	(384,000)
Health insurance – savings from Public Act 152 hard cap implementation during FY2012/13 for expiring contract groups, net of estimated claim increases	806,611
Outgoing tuition	211,867
Other revenue/expenditure changes – net	37,625
<i>Fiscal Year 2012/13 Budget Projection – Expenditures over revenue</i>	<i>(\$ 3,512,631)</i>

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Fiscal Year 2012/13 Special Revenue Funds Budget

	Center Programs	International Academy	All Other Special Revenue Funds
Revenue	\$ 13,416,160	\$ 5,703,711	\$ 3,698,182
Expenditures	<u>13,059,265</u>	<u>6,057,653</u>	<u>3,769,083</u>
Revenue over (under) expenditures	356,895	(353,942)	(70,901)
Projected Fund balance, Beginning of year	<u>4,264,252</u>	<u>2,265,428</u>	<u>721,797</u>
Projected Fund balance, end of year	\$ 4,621,147	\$ 1,911,486	\$ 650,896

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Fiscal Year 2012/13 Debt Service & Endowment Funds

	Debt Service Fund	Endowment Fund
Revenue	\$ 2,880,577	\$ 3,310
Expenditures	<u>2,792,241</u>	-
Revenue over (under) expenditures	88,336	3,310
Projected Fund balance, Beginning of year	<u>137,130</u>	<u>396,830</u>
Projected Fund balance, end of year	\$ 225,466	\$ 400,140

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Impact of State Budget Decisions on the General Fund Budget

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	This year FY12:	Next year FY13:
	Increase (Decrease)	to fund balance
Best practices - 4 of 5 criteria this year & \$100 per pupil; 7 of 8 criteria next year & \$52 per pupil		
Performance incentives based on FY2010/11 data - no money this year & up to \$100 per pupil next year. It is estimated that we may receive \$40 per pupil, but we need to review closely	\$ 500,000	\$ 300,000
MPSERS offset funding to help with contribution increases	\$ 1,000,000	\$ 1,000,000
MPSERS contribution increases: 20.66% to 24.46% to 27.37%	\$ (1,400,000)	\$ (2,900,000)
All day kindergarten*	<i>EDK offered</i>	\$ (1,000,000)
Foundation allowance per pupil - \$300 per pupil funding decrease this year & no change next year	\$ (1,500,000)	\$ (1,500,000)
	\$ (1,400,000)	\$ (4,100,000)
Cumulative over 2 years:	(\$5,500,000)	


* Note that approximately \$1.7M of revenue would have been lost if all day kindergarten was not implemented
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What Changed Since 2008/09?



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General Fund – *Let's revisit our largest revenue source*

Our largest source of revenue is the foundation allowance totaling about **\$62 million**, which comprises around **76%** of our total General Fund revenue:

$$\text{foundation per pupil} \times \text{BHS General Fund blended membership} \\ \$11,854^* \times 5,252$$

Blended BHS membership is a weighted average of the winter & fall counts as follows:

- 2011 Winter 5,273 (weighted @ 10%)**
- 2011 Fall 5,250 (weighted @ 90%)**

*The Foundation was re-based this year, which resulted in a decrease of \$470 from \$12,324 to \$11,854 per pupil. The last 2 fiscal years included reductions of \$154 and \$170, respectively. This year's per pupil funding of \$11,854 reflects an additional \$300 reduction over last year.

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Foundation Allowance History Cumulative Change compared to CPI

Foundation allowance history	Fiscal Years:						Cumulative
	1994/95	2007/08	2008/09	2009/10*	2010/11*	2011/12	
Minimum foundation allowance	\$ 4,200	\$ 7,204	\$ 7,316	\$ 7,162	\$ 7,146	\$ 6,846	
Increase (decrease)		119	112	(154)	(16)	(300)	
Percent change		1.68%	1.55%	-2.10%	-0.22%	-4.20%	63.00%
Basic foundation allowance	\$ 5,000	\$ 7,204	\$ 7,316	\$ 7,162	\$ 7,146	\$ 6,846	
Increase (decrease)		119	112	(154)	(16)	(300)	
Percent change		1.68%	1.55%	-2.10%	-0.22%	-4.20%	36.92%
Maximum (Hold-harmless) foundation	\$ 6,500	\$ 8,433	\$ 8,489	\$ 8,335	\$ 8,319	\$ 8,019	
Increase (decrease)		48	56	(154)	(16)	(300)	
Percent change		0.57%	0.66%	-1.81%	-0.19%	-3.61%	23.37%
Bloomfield Hills Schools	\$ 10,454	\$ 12,387	\$ 12,443	\$ 12,170	\$ 12,154	\$ 11,854	
Increase (decrease)		48	56	(273)	(16)	(300)	
Percent change		0.39%	0.45%	-2.19%	-0.13%	-2.47%	13.39%
Consumer Price Index (CPI)	144.5	201.6	207.3	215.3	214.5	218.1	
Percent change		3.20%	2.80%	3.80%	-0.40%	1.68%	50.93%

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

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General Fund Key Revenue Changes Since 2008/09

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	Difference between '09 & '12
Net Foundation Allowance per Pupil	\$12,443	\$12,170	\$12,154	\$11,854	(\$ 589) less per pupil
x Enrollment, blended count*	x 5,385	x 5,301	x 5,258	x 5,252	(133) less pupils
Total Foundation Revenue	\$ 67,005,555	\$ 64,513,170	\$ 63,905,732	\$ 62,257,208	(\$4.7 million) less revenue

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

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- ### General Fund Revenue Changes Since 2008/09 (continued)
- ARRA/Federal stimulus & Edujobs monies **contributed approximately \$7 million in revenue** from 2008/09 through the final allocation of \$46,000 announced recently. These monies funded General Fund costs during these years and helped the State of Michigan fund the foundation allowance per pupil.
 - Low interest rates decreased our interest income since 2008/09 over \$300,000
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General Fund – *Let's revisit our largest expenditure category*

Our largest cost is our staff totaling about **\$67 million**, which comprises around **81%** of our total General Fund expenditures.

Salary/wages in accordance with contracts

Retirement rate: 24.46% for FY2011/12, an 18.4% increase in costs (up from 20.66% for FY2010/11.) The rate for next year, FY2012/13, is 27.37%, an 11.9% increase in costs.

Benefit cost increases of approximately 6.8% is included in the FY2011/12 final budget.

A decrease of 7.8% is projected for FY2012/13 due to the implementation of Public Act 152 (hard cap) along with significant plan design changes. This represents an overall savings of almost 15% as opposed to annual average increases of 6-8% before these changes.

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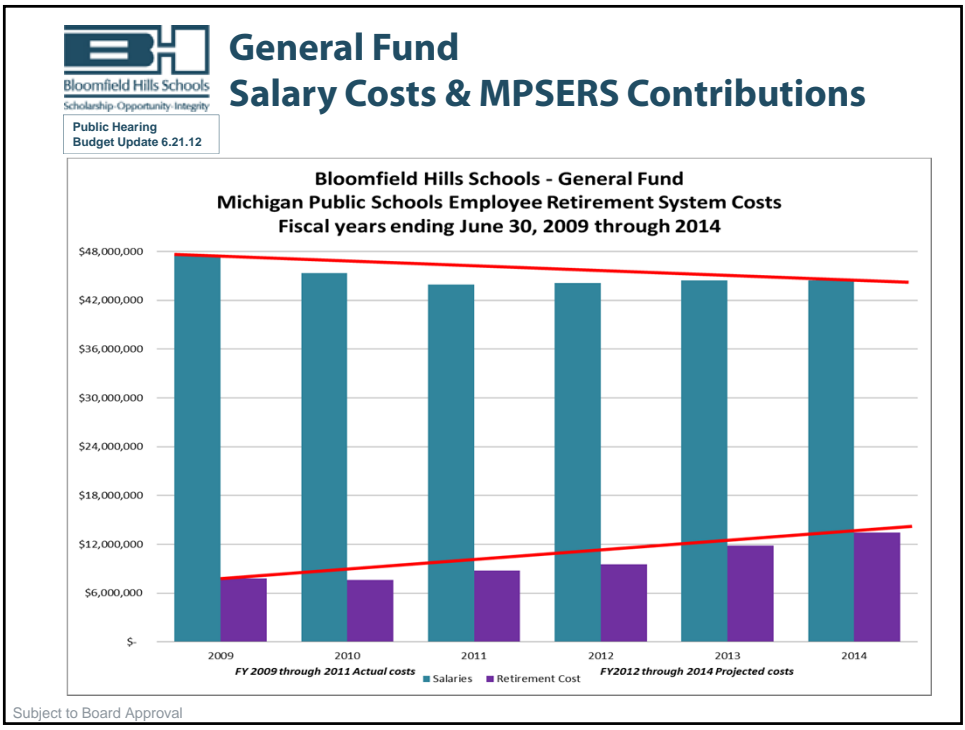
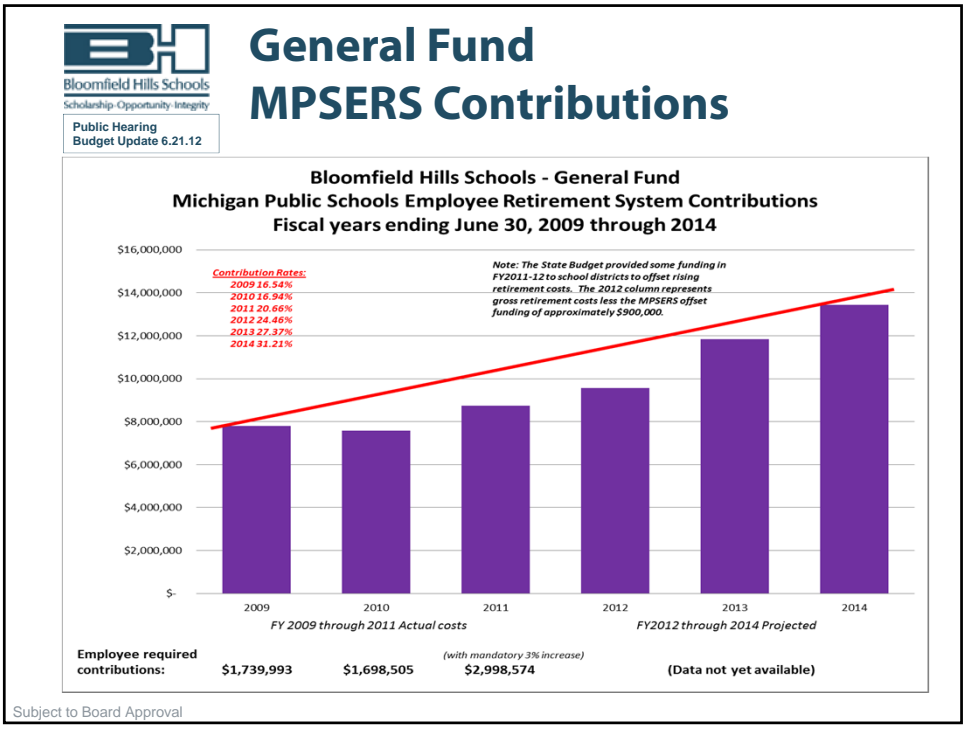


General Fund Expenditure Changes Since 2008/09

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	Change From 2008/09
Salary/wages (AFSCME, etc)	\$47,600,000	\$45,300,000	\$43,900,000	\$44,000,000	(\$ 3,600,000) Decrease = 8%
MPSERS contribution	\$7,800,000	\$7,600,000	\$8,700,000	\$10,300,000	\$2,500,000 Cost Increase = 32%
Fringe benefits (Medical, Dental, Vision, LTD, STD, AD&D, workers compensation insurance, etc)	\$10,100,000	\$10,200,000	\$9,100,000	\$9,700,000	(\$400,000) Decrease = 4%

Note: Change in claims cost not yet reflected above.

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General Fund Budget Reductions Since 2008... **\$13.7 million & counting**

- Renegotiated labor contracts
- Increased contributions to health care
- Implementation of Public Act 152 (hard cap)
- Medical plan design changes, including high deductibles and health savings accounts
- Closed 2 elementary schools
- Reduced central office staff & operating budgets
- Reduction of support staff, including through attrition
- Administration & unaffiliated wage freeze
- Reduction/realignment of staff due to enrollment changes
- Shared services with Oakland Schools
- Non-personnel & non-instructional spending reductions, including supplies, energy, printing, etc.
- Added revenue generating programs/activities

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