

Ann Arbor Public Schools

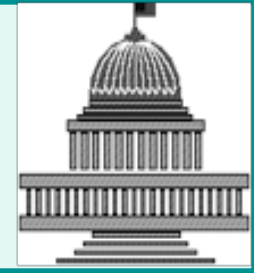
Revenue Projections

2013-14

Presented to the Board of Education

April 10, 2013

Details of Governor's Budget Proposal



- Continuation of MPSERS Offset Funds of \$155 million statewide
 - Equivalent to \$141 per student for AAPS in 2012/13
- MPSERS contribution rate to remain relatively constant at 24.5% of payroll
 - Variable, depending on employee elections

Additional \$403.3 million allocated to fund MPERS unfunded liability

- Reduces state liability from \$46 billion to \$31 billion
- Additional \$65 million funding statewide for Great Start Readiness Program (GSRP)
 - Increased per student funding \$225 to \$3,625
 - Expanded number of slots for preschool program

Details of Governor's Budget Proposal



- Consistent funding for Categorical Grants
 - 31a At-Risk Grants
 - CTE Grants (Secondary Perkins III for Career & Tech Ed)
 - Adult Education Grants (Sec 107)
- Increase of \$34 per student for districts at minimum foundation allowance to \$7,000
 - Not applicable for AAPS - Currently at \$9,020
- \$10 million allocated for new Digital Learning Initiative
- \$8 million allocated for competitive “Student Centric Learning” grants
 - AKA Education Achievement Authority

Details of Governor's Budget Proposal



- Continuation of Best Practice Funds at reduced level of \$16 per student
 - \$52 per student for AAPS in 2012/13
 - \$100 per student for AAPS in 2011/12
- Continuation of Performance Grant Funds of up to \$100 per student
 - \$40 per student for AAPS in 2012/13

Definitions



Foundation Allowance:

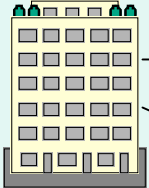
A funding formula providing for a per pupil distribution of State Aid based on the district's previous combined state and local revenue, the growth in the State's School Aid Fund and legislative action. Since determined in 1994, growth can only occur by legislative action.

Blended Membership Count:

The actual number of pupil membership (converted to full-time equivalent) for the February and September counts. A 10% to 90% blend respectively of these counts determines the number of pupils eligible for Foundation Allowance Funding.

Building a Foundation Allowance

Non-Homestead



Valuation \$2.89 Billion

18.00 mills

6 mills (fixed)

Revenue Sources:

Sales, Income, Use,
Cigarette, Liquor,
Excise Taxes, Lottery,
etc.

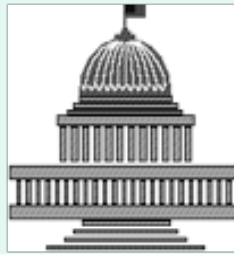
Homestead



Valuation \$4.46 Billion

6 mills (fixed)

4.7084 mills (variable)



State

FY 2012/13 Per Pupil Allocation

\$3,292

Local Non-Homestead

*Commercial, Industrial,
Rental, and Seasonal
Homes (Variable)*

\$4,494

State Contribution (Variable)

\$0

State Contribution

-20J Hold Harmless

\$7,786

Foundation Allowance (Base)

\$1,234

Hold Harmless (fixed)

\$9,020

Foundation Allowance

(per-pupil funding)

Funding Allocations Since Proposal A

Fiscal Year	Per Pupil Allocation	\$ Incremental Increase	% Increase
93-94	\$7,574		
94-95	\$7,734	160	2.11%
95-96	\$7,887	153	1.98%
96-97	\$8,042	155	1.97%
97-98	\$8,196	154	1.91%
98-99	\$8,196	0	0.00%
99-00	\$8,434	238	2.90%
00-01	\$8,734	300	3.56%
01-02	\$9,034	300	3.43%
02-03	\$9,181	147	1.63%
03-04	\$9,160	(21)	-0.23%
04-05	\$9,234	74	0.81%
05-06	\$9,409	175	1.90%
06-07	\$9,619	210	2.23%
07-08	\$9,667	48	0.50%
08-09	\$9,723	56	0.58%
09-10	\$9,336	(387)	-3.98%
10-11	\$9,490	0	0.00%
11-12	\$9,020	(316)	-3.38%
12-13	\$9,020	0	0.00%
*Est. *13-14	\$9,020	0	0.00%
	Average Increase	\$72.30	0.89%

Summary of State Gross/Net Support per Student FTE

	FY 2002	FY 2007	FY2012	FY2014
Nominal Foundation Allowance	\$9,034	\$9,619	\$9,020	\$9,020
Foundation Allowance Less MPSERS	\$8,245	\$8,332	\$7,371	\$7,371
Net Allowance Adjusted for Inflation, 2002	\$8,245	\$7,361	\$5,990	\$5,801
Change from 2002 in Adjusted Net	---	-11%	-27%	-30%

Revenue Projections

Revenues are driven by two major Factors:

- Student population (blended count)
- State revenues (dependent on state economy and state tax policy)



Assumptions Used for Revenue Projections

- Stable enrollment
- No change in Foundation allowance
- Other local funding to remain flat (i.e., Interest Income, Tower Rentals, Parking Project)



Foundation Allowance

In Millions

General Ed Student Blended Count (FTE)	16,269
Foundation Allowance (per student)	<u>9,020</u>
Total Foundation	\$146.75
Adjustments:	
Delinquent and Previous Year Tax Adjustment	(0.70)
Schools of Choice Differential	<u>(0.15)</u>
Total Foundation Allowance	\$145.90



Revenue: Other Local Sources

In Millions

Tuition (includes summer school fees)	\$0.06
Income from Investments	0.02
Tower Rentals at School Facilities	0.50
Athletics/Pay to Participate	0.80
Parking Project	1.00
Reimbursements (USA Hockey Tchr., MEA Salary)	0.20
Website Advertising	0.06
Miscellaneous	<u>0.20</u>

Total Other Local Sources

\$2.84



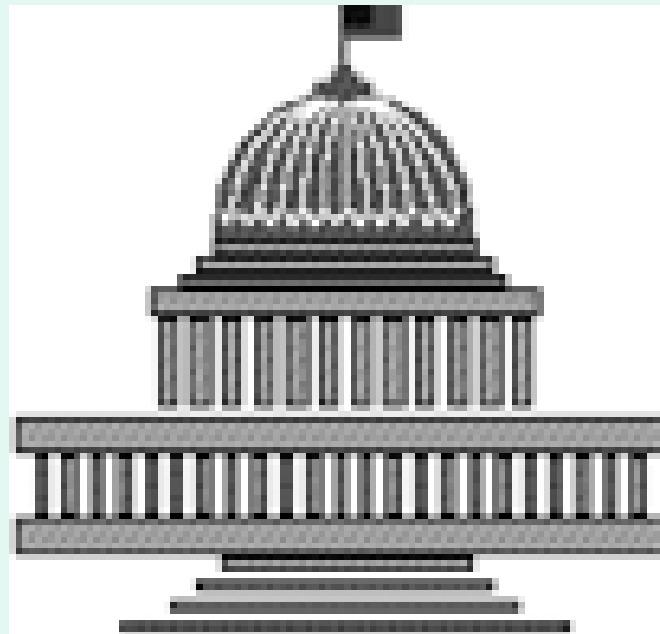
Revenue: State Sources

In Millions

Special Education Reimbursement (Includes 430 Spec Ed FTE)	\$10.30
Vocational Education (Added/Administration)- Sec 61a.1	0.10
MPERS (Retirement) - Sec 147a	2.20
Best Practices - Sec 22F	0.26
Prior Year Adjustments	<u>0.67</u>

Total State Sources

\$13.53



Best Practice Incentive Funds - Section 22f

Requirements 2011/12 - \$100 per student	Current Requirements 2012/13 - \$52 per student	Governor's Budget Proposal 2013/14 - \$16 per student
Meet 4 of 5 Financial Best Practices	Meet 7 of 8 Best Practices	Meet 7 of 8 Best Practices
Post a public dashboard	Post a public dashboard that includes student performance measures	Post a public dashboard that includes student performance measures and budget information
District must be health plan policy holder	District must be health plan policy holder	District must be health plan policy holder or participate in VEBA that contributes no more than PA152 limits
Competitive bids on non-instructional service	Competitive bids on non-instructional services	Competitive bids on non-instructional services - exclude unfunded liability costs for MPSERS from analysis
Enter into a consolidation plan	Participate in Schools of Choice sections 105 or 105c	Participate in Schools of Choice sections 105 or 105c
District employees pay at least 10% of benefit premiums	Offer online or blended learning opportunities	Offer online or blended/hybrid learning opportunities
	Monitor student growth twice annually	Monitor student growth twice annually using online assessments
	Offer opportunities for post-secondary credit	Offer opportunities for post-secondary credit
	Provide Health and PE consistent with state guidelines	Provide health and PE consistent with state guidelines

Performance Based Funding

Section 22j

Current Requirements 2012/13 - \$100 per student	Governor's Budget Proposal 2013/14 - \$100 per student
\$30 per pupil based on pupil performance on state assessments in mathematics in grades 3 - 8	\$30 per pupil based on pupil performance on state assessments in mathematics in grades 3 - 8
\$30 per pupil based on pupil performance on state assessments in reading in grades 3 - 8	\$30 per pupil based on pupil performance on state assessments in reading in grades 3 - 8
\$40 per pupil based on high school improvement over a 4 year period in the percentage of high school pupils testing as proficient in all tested subject areas on the state assessments of high school students	\$40 per pupil based on high school improvement over a 4 year period in the percentage of high school pupils testing as proficient in all tested subject areas on the state assessments of high school students

Revenue: Federal - Medicaid Outreach

In Millions

Interdistrict Sources:

County Special Education	\$18.00
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(68% of Special Ed expenditures after
adjusting for reimbursement from the state)

Medicaid	0.2
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Other Financing Sources:

Transfer from Other Funds	<u>0.12</u>
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Total Interdistrict and Financing Sources \$18.32

Total Revenue Sources

In Millions

Total Foundation Allowance	\$145.90
Total Other Local Sources	2.84
Total Other State Sources	13.53
Total Interdistrict and Financing Sources	<u>18.32</u>
Total General Fund Revenue	\$180.59



Comparison of Total Revenue Sources

In Millions

	<u>2012/13</u>	<u>2013/14</u>
Total Foundation Allowance	\$145.80	\$145.90
Total Other Local Sources	2.87	2.84
Total Other State Sources	15.49	13.53
Total Interdistrict and Financing Sources	<u>17.17</u>	<u>18.32</u>
Total General Fund Revenue	\$181.33	\$180.59



Balancing the 2013/14 Budget

In Millions

Total Projected General Fund Revenue	<u>\$180.59</u>
Basic Expenditures (as of 2nd Qtr)	189.90
Step Increment (Includes FICA & Retirement)	1.86
Fringe Increment	<u>.90</u>
Total Expenditures	\$192.66
Staff Concessions to Date	<u>(3.40)</u>
Total Net Expenditures (after concessions)	\$189.26
Remaining Budget Reductions Required to Balance FY 2013/14 Budget	<u><u>\$ 8.67</u></u>

Factors that will Affect 2013/14 Revenue Budget

- Governor's budget proposal will need to work its way through the legislative process
- Actual student enrollment - determined in the fall
- Final WISD Special Education Reimbursement Rate
- Budget must be adopted by June 30, 2013, in accordance with Michigan law



2013/14 Revenue Projections

Questions & Discussion