

# **Ann Arbor Public Schools Budget Update**

**April 2012**





# **Overview of the 2011-12 Ann Arbor Public Schools Budget**



# Specific Fund Use

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- General Fund – Used for general operating expenditures of the school district such as salaries and benefits, utilities, supplies, equipment etc.
- Grant Funds - **Restricted** by the *grantor*, i.e Title I, IDEA , Career & Tech Ed., etc.
- Bond Funds – **Restricted** by the *voters* to fund capital projects such as building construction, technology, bus purchases, etc.
- Debt Service – **Restricted** by *law* to fund debt service for bonds.
- Sinking Fund – **Restricted** by *state law* to fund capital projects including land acquisition and remodeling, and repairing of current facilities by contracted sources.
- Special Revenue Funds – **Restricted** for specific purposes such as Food Service and Rec & Ed.



# Analysis of Operating Budget Fiscal Year 11-12

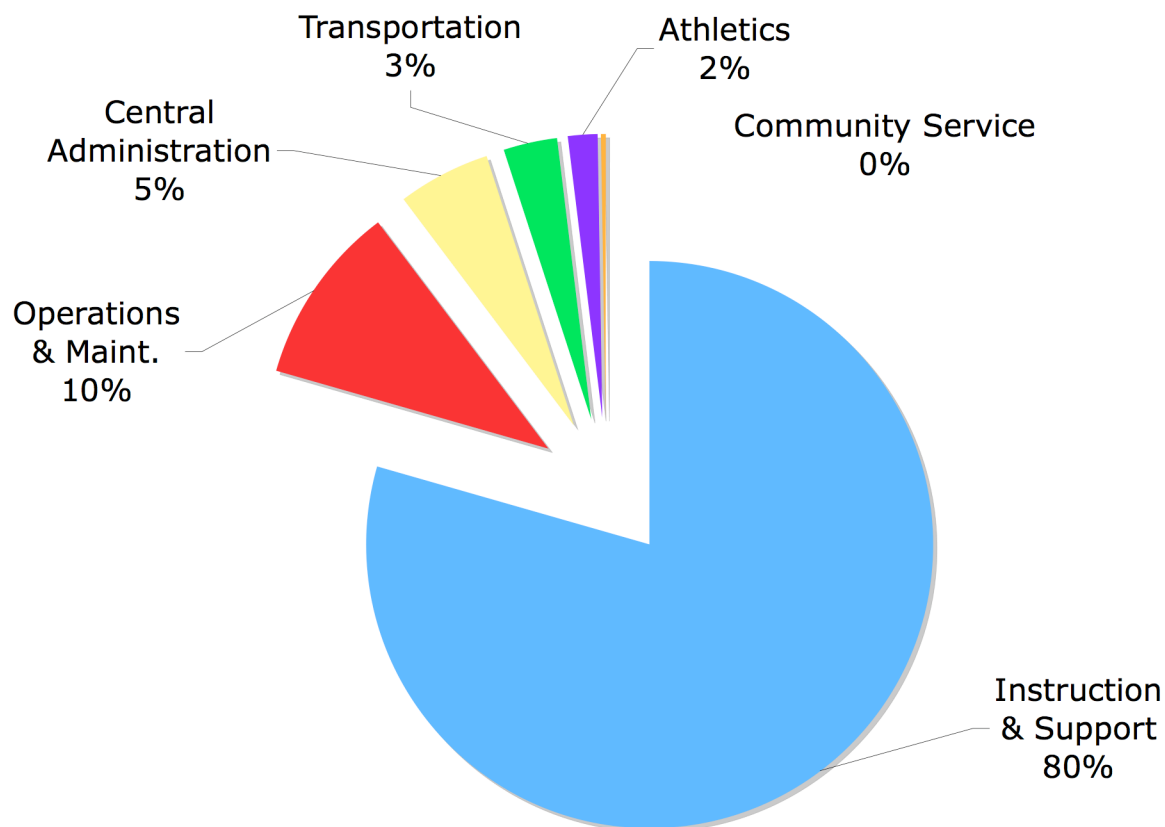
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• Basic & Added Instructional Needs	\$104,215,132	56.09%
• Adult Education	69,168	.04
• Student Support Services	43,282,570	23.29
• Executive Administration	1,823,042	0.98
• Central Administration	5,544,657	2.98
• Operations & Maintenance	19,247,862	10.36
• Business Services	2,209,507	1.19
• Transportation	5,603,495	3.02
• Community Services	601,238	0.32
• Outgoing Transfers	3,218,329	1.73
<b>Total</b>	<b>\$185,815,000</b>	<b>100.00%</b>



# Expenditures as Percentage of Total Budget FY 2011-12

**Total Budget \$185.5 Million**





# What's Included?

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## **Instruction & Support**

- Teachers
- Teacher Assistants
- Technical Assistants
- Coordinators
- Building Administration
- Building Secretaries

## **Administration & Support**

- Central Administration
- Directors/Supervisors
- Administrative Support (Executive Secretaries)
- Custodial/Maintenance
- Transportation



# Definitions

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## **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.

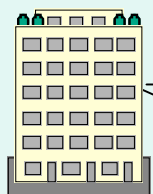
## **Blended Membership Count:**

The actual number of pupil membership (converted to full-time equivalent) for the February and September counts. A 25% to 75% blend respectively of these counts determines the number of pupils eligible for Foundation Allowance Funding.



# Building a Foundation Allowance

## Non-Homestead



18.00 mills

6 mills (fixed)

Valuation \$2.90 Billion

### Revenue Sources:

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

**State**



## FY 2011/12 Per Pupil Allocation

**\$3,310** **Local Non-Homestead**  
*Commercial, Industrial,  
Rental, and Seasonal  
Homes (Variable)*

\$4,476 State Contribution (Variable)

\$ 0 State Contribution  
-20J Hold Harmless

\$7,786 Foundation Allowance (Base)

## Homestead



6 mills (fixed)

4. 6912 mills (variable)

Valuation \$4.41 Billion

**\$1,234** **Hold Harmless (fixed)**

**\$9,020** **Foundation Allowance**  
(per-pupil funding)





# Funding Allocation 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	\$154	1.65%
11-12	\$9,020	(\$470)	(3.38%)
<b><i>Average Increase</i></b>		<b>\$80.33</b>	<b>1.00%</b>

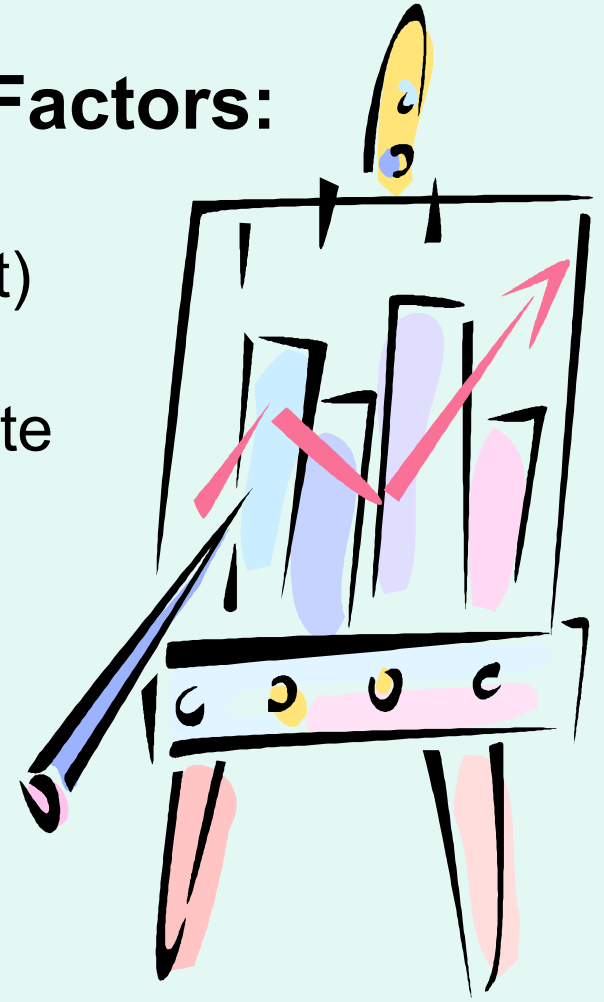


# Revenue Projections

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**Revenues driven by two major Factors:**

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





# Assumptions Used for Revenue Projections

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



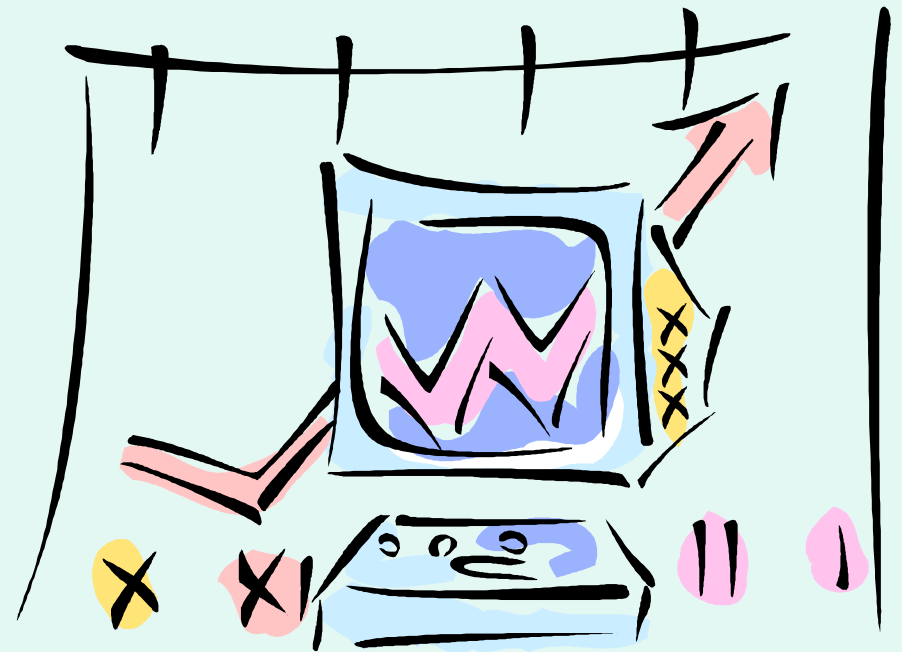


# Expenditure Projections

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## Key Components:

- ✓ Incremental Budget Increases  
(Step, FICA, Retirement)
- ✓ Fringe Increases  
(Health, Life, Dental, etc.)
- ✓ State Retirement Rate
- ✓ Contract Negotiations
- ✓ Other  
(Legal, Liability Insurance, Utilities, etc)





# Assumptions Used for Expenditure Projections

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- Annual expenditure **increase of 8%** over the next three years for health benefits
- Retirement rate will increase from 24.46% to **27.37%** for FY 12/13
- Retirement rate will increase to **31.21%** for FY 13/14 and to **33.21%** for FY 14 /15





# Three-Year Budget Projection

(In millions)

----- PROJECTED -----

ITEM DESCRIPTION	2011/12	2012/13	2013/14	2014/15
Blended Count:	16,699	16,699	16,699	16,699
Revenue (September 23, 2011)	\$184.05	\$176.42	\$177.29	\$178.22
EXPENDITURES:				
Basic Expenditures (Estimated for FY12)	\$185.82	\$187.59	\$194.21	\$201.76
Step Increment (includes FICA & Retirement)		\$1.62	\$1.81	\$1.83
Fringe Increase		\$1.90	\$1.61	\$1.74
Retirement Rate Adj.		\$3.10	\$4.13	\$1.63
Utilities Increase		\$0.00	\$0.00	\$0.00
AAEA Negotiations Settlement		\$0.00	\$0.00	\$0.00
Other Barg. Units (settled contracts)		\$0.00	\$0.00	\$0.00
Budget Reduction Plan	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL EXPENDITURES	\$185.82	\$194.21	\$201.76	\$206.96
Balance/ (Deficit)	(\$1.77)	(\$17.79)	(\$24.47)	(\$28.74)
Fund Equity - Beginning Balance	\$ 20.50	\$ 18.73	\$ 0.94	(\$23.53)
Fund Equity Appropriation		(\$17.79)	\$ -	\$ -
Fund Equity - Ending Balance (Est.)	\$ 18.73	\$ 0.94	\$ (23.53)	\$ (52.27)



**Ann Arbor Public Schools**

**Proposed Budget Plans  
(A, B, C)  
2012-13**



# District Instructional Services

## Proposed Budget Reductions

### Plan A

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Teaching Staff	Reduce Teaching Positions	• Increase class size	\$3,200,000	32
Counselors	Staff Counselors to Contract (300-1)	• Counselor ration increases to 300-1 from 250-1	\$400,000	4
Alternative Program	Restructure/Combine Alternative Program	• Potentially close the Roberto Clemente site	\$400,000	TBD
Summer School	Consolidate Summer School Program @ HS	• Elimination of one summer school location	\$80,000	TBD
Central Office	Eliminate Site Based Budget	• Review/adjust site based spending plan	\$250,750	
<b>Total District Instructional Services Potential Reductions</b>			<b>\$4,330,750</b>	<b>36</b>





# Operations

## Proposed Budget Reductions

### Plan A

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Transportation	Change Starting Time of Skyline by 15 Minutes	<ul style="list-style-type: none"> <li>• Allow greater utilization of busses used for 2nd tier</li> <li>• Earlier start time for Skyline students</li> </ul>	\$266,400	
Transportation	Combine Bus Routes of Bryant & Pattengill	<ul style="list-style-type: none"> <li>• Could impact start time</li> </ul>	\$16,560	
Transportation	Eliminate Midday Shuttles	<ul style="list-style-type: none"> <li>• Reduction in Transportation service</li> </ul>	\$230,184	
Transportation	Eliminate Transportation of Choice and Roberto Clemente	<ul style="list-style-type: none"> <li>• Reduction of service for Skyline, A2 Open, Roberto Clemente</li> </ul>	\$266,400	
				Continued



# Operations

## Proposed Budget Reductions

### Plan A

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Transportation	Eliminate 4pm Middle School Bus	• Impacts after school programs	\$85,284	
ITD	Restructuring	• Contingent on passage of Tech Bond	\$200,000	
Central Office	Eliminate Early Notification Incentive	• Impacts timing of notification • Could impact staffing	\$40,000	
Physical Properties	Phase 5 Energy Services		\$500,000	
Total Operations Potential Reductions			\$1,604,828	



# District Wide

## Proposed Budget Reductions

### Plan A

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Rec & Ed	Move Rec & Ed Director & OP Salary to Fund 06		\$205,000	
Budget	Reduction in District Wide Departmental Budgets	•Reduction in department budgets	\$250,000	
Health Care	District Wide Health Care Savings	• Based on projected renewal rates for health care	\$100,000	
Police Liaison	Eliminate / Reduce Costs	• Reduce police presence at building level	\$350,000	
Noon Hour Supervision	Outsource Noon Hour Supervisors	• Significant savings on MPSERS costs	\$75,000	
Band Camp	Eliminate District Contribution	• Option of outside fundraising	\$60,000	Continued



# District Wide

## Proposed Budget Reductions

### Plan A

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Sub Teachers	Reduce Budget for Substitute Teachers	• Move budgets to buildings for more efficiency	\$200,000	
Athletics	Eliminate MS Athletic Directors	• Restructure administration of MS athletic program	\$37,500	
Athletics	Eliminate Funding for Athletic Entry Fee	• Fundraising	\$58,000	
Athletics	Move Lacrosse to Club Sport	• Cost reduction	\$93,000	
Total District Wide Potential Reductions			\$1,428,500	
Total Plan A Potential Reductions			\$7,364,078	



# Instruction / Operations

## Proposed Budget Reductions

### Plan B

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Instruction	Reduce Teaching Positions	• Increase class size	\$1,600,000	48
Operations	Eliminate High School Bussing	• Reduction in service	\$545,000	
District Wide	Reduction in District Wide Departmental Budgets	• Reduction in department budgets	\$250,000	
Total Additional Plan B Potential Reductions			\$2,395,000	48



# Instruction / Operations

## Proposed Budget Reductions

### Plan C

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Instruction	Reduce Teaching Positions	• Increase class size	\$1,600,000	64
Operations	Combine Bus Runs for Pattengill & Bryant	• Could impact start time	\$(16,560)	
Operations	Eliminate 4pm Middle School Bus	• Impacts after school programs	\$(85,284)	
Operations	Eliminate Midday Shuttles	• Reduction in Transportation service	\$(230,184)	
Operations	Eliminate Transportation of Choice and Roberto Clemente	• Impacts Skyline, A2 Open, Roberto Clemente	\$(266,400)	
				Continued



# Instruction / Operations

## Proposed Budget Reductions

### Plan C

Category	Recommendations	Implications	Potential Reduction	Est. Staff Red.
Operations	Eliminate High School Bussing	<ul style="list-style-type: none"><li>• Reduction in service</li></ul>	\$(545,000)	
Operations	Eliminate all but Special Ed Bussing	<ul style="list-style-type: none"><li>• Reduction in service (including private schools)</li></ul>	\$3,500,000	
Operations	Change Starting Time at Skyline by 15 Minutes	<ul style="list-style-type: none"><li>• Increase efficiency</li><li>• Reduce costs</li></ul>	\$(266,400)	
Total Additional Plan C Potential Reductions			\$3,690,172	64



## Proposed Budget Reductions

# Total Proposed Budget Reductions

Category	Plan A	Plan B	Plan C	
Instructional Services	\$4,330,750			
Operations	\$1,604,828			
District Wide	\$1,428,500			
<b>Total Proposed Budget Reductions</b>	<b>\$7,364,078</b>	<b>\$2,395,000</b>	<b>\$3,690,172</b>	
<b>Cumulative Totals</b>		<b>\$9,759,078</b>	<b>\$13,449,250</b>	





# Potential Revenue Enhancements

Proposed Budget Reductions

Item Description	Plan A	Plan B	Plan C
Schools of Choice	\$1,100,000	\$1,100,000	\$1,100,000
Medicaid Reimbursement	\$ 500,000	\$500,000	\$500,000
MPERS Offset*	\$1,800,000	\$1,800,000	\$1,800,000
Best Practice Incentive*	\$2,600,000	\$2,600,000	\$2,600,000
Total Revenue Enhancements	\$6,000,000	\$6,000,000	\$6,000,000
•Governor Snyder's Proposal not yet approved			



# Total Expenditure Reductions & Revenue Enhancements

## Proposed Budget Reductions

Item Description	Plan A	Plan B	Plan C
<b>Total Expenditure Reduction &amp; Revenue Enhancement</b>	<b>\$13,364,078</b>	<b>\$15,759,078</b>	<b>\$19,449,250</b>
Original Expenditure Reduction Target	\$16,000,000	\$16,000,000	\$16,000,000
2011-12 Deficit as of 2nd Quarter	\$1,800,000	\$1,800,000	\$1,800,000
<b>Total to Account for</b>	<b>\$17,800,000</b>	<b>\$17,800,000</b>	<b>\$17,800,000</b>
Use of Fund Equity	(\$4,435,922)	(\$2,040,922)	\$1,649,250

# QUESTIONS?

