



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-24

**APPROVING AND ADOPTING NOTICE OF REGULAR MEETINGS OF
DETROIT FINANCIAL REVIEW COMMISSION FOR 2018**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the “Act”), allows for the creation of the Detroit Financial Review Commission (the “Commission”) within the Michigan Department of Treasury; and

WHEREAS, Section 5 of the Act provides, in part, that a Financial Review Commission shall exercise its duties through a ten-member Commission; and

WHEREAS, Section 5(6) of the Act provides that the Commission is subject to Public Act 267 of 1976, the Open Meetings Act, and the Commission members, in the interest of promoting transparency in the discharge of its duties, deems the Commission to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act, provides that “[f]or regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”; and

WHEREAS, Section 4 of the Act provides, in part, that “the budgeting, procurement, personnel, and related management functions of a commission shall be performed under the direction and supervision of the state treasurer.”

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Notice of Regular Meetings, attached as **Exhibit A** to this Resolution, is approved and adopted by the Detroit Financial Review Commission.
2. That the persons designated in Resolution 2017-24 are hereby directed to post the Notice of Regular Meetings within 10 days pursuant to Section 5(2) of Public Act 267 of 1976, the Open Meetings Act.
3. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
4. This Resolution shall have immediate effect.

DETROIT FINANCIAL REVIEW COMMISSION

Cadillac Place ▪ 3062 West Grand Boulevard ▪ Detroit, MI 48202

2018 NOTICE OF REGULAR MEETINGS

The **Detroit Financial Review Commission** will hold its regular meetings during the calendar year ending December 31, 2018, on the following dates at the following times at Cadillac Place, 3062 West Grand Boulevard, Detroit, MI 48202:

Date	Cadillac Place Room	City Meeting Time	School District Meeting Time
Monday, January 29, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, February 26, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, March 26, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, April 16, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, May 21, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, June 25, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, July 30, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, August 27, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, September 24, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, October 29, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, November 19, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, December 17, 2018	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Detroit Financial Review Commission should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Commission within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Commission within 5 business days after approval by the Commission.

The Commission may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notice will be posted in advance of special meetings.

Detroit Public Schools Community District

Discussion Document – Financial Review Commission Public Meeting

November 20, 2017

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- a. 2018 Regular Meeting Schedule**
 - b. Detroit Public Schools (Old Co.) Monthly Report**
 - c. Community District's Monthly Report**
 - d. Supplemental Reports**
 - e. FY 2018 Q1 Debt Certification**
 - f. Chief Financial Officer Nominee**
 - g. Collective Bargaining Agreements**
 - h. Contract Requests**

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- a. **2018 Regular Meeting Schedule**
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Summary statement of revenues and expenditures – budget to actual comparison

- Based on actual results through September 2017, DPS recorded a surplus of revenues over expenditures of \$9.9M.
- For the month of September, DPS received \$23.9M from 18 mills, which was used to pay debt service of \$15.8M.
 - The variance in state sources is due to renaissance zone, property tax abatements, which are recorded on a straight line basis for budgetary purposes, but not yet received on a cash basis.
 - The variance of \$0.9M in debt service for September is attributable to payment in-kind interest related to MPERS.

	Budget Month of Sep-17	Actual Month of Sep-17	Variance		Budget YTD Sep-17	Actual YTD Sep-17	Variance	
			\$	%			\$	%
Revenues								
Local sources	21,852,144	23,889,790	2,037,646	9%	23,459,055	25,646,540	2,187,485	9%
State sources	361,657	-	(361,657)	-100%	1,084,970	-	(1,084,970)	-100%
Federal sources	-	-	-	-	-	-	-	-
Interdistrict sources	-	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-
Total revenue	22,213,801	23,889,790	1,675,989	8%	24,544,025	25,646,540	1,102,515	4%
Expenditures								
Operating expenditures	-	-	-	-	-	-	-	-
Debt Service	16,640,210	15,765,032	(875,178)	-5%	18,390,566	15,765,032	(2,625,534)	-14%
Transfers out	-	-	-	-	-	-	-	-
Total expenditures	16,640,210	15,765,032	(875,178)	-5%	18,390,566	15,765,032	(2,625,534)	-14%
Surplus (Deficit)	5,573,591	8,124,758	2,551,167	46%	6,153,459	9,881,508	3,728,049	61%

DPS Cash Forecast to Actuals Variance – September 2017

<i>\$ in thousands</i>	September Forecast	September Actuals	September Variance	Comment
Cash Receipts				
Property Tax (13 Mills)	20,981	27,530	6,549	Timing of property tax collections
Transfer from DPSCD	-	-	-	
Draw from BONY	-	-	-	
Miscellaneous	-	1,014	1,014	Inter-account activity expected to reverse in subsequent weeks
Total Cash Receipts	20,981	28,543	7,562	
Cash Disbursements				
Accounts Payable	-	(304)	(304)	Final severance payments made to EPC, not included in forecast
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	(25,188)	(27,530)	(2,342)	Timing of property tax disbursements
Transfer to DPSCD	(19,779)	(19,779)	0	Reimbursement to DPSCD for short-term loans
Other	-	-	-	
Total Cash Disbursements	(44,967)	(47,612)	(2,645)	
Net Cash Flow	(23,986)	(19,069)	4,917	
Beginning Cash Balance	31,750	31,750	-	
Net Cash Flow	(23,986)	(19,069)	4,917	
Ending Cash Balance	\$ 7,764	\$ 12,681	\$ 4,917	

(1) Property tax transfer relates to 13 Mills property tax receipts collected to cover capital debt service.

FY 2018 monthly cash flows – DPS

\$ in thousands	2017						2018						FY 18 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Receipts													
Property Tax (13 Mills)	290	2,427	27,530	4,209	1,912	963	2,092	3,700	14,878	701	1,901	14,396	75,000
Transfer from DPSCD	-	16,000	-	-	-	-	3,463	-	-	-	-	-	19,463
Draw from BONY	-	16,740	-	-	-	-	-	-	10,211	173	408	2,596	30,128
Miscellaneous (1)	124	112	1,014	88	-	-	-	-	-	-	-	-	1,338
Total Cash Receipts	415	35,280	28,543	4,297	1,912	963	5,555	3,700	25,089	875	2,309	16,992	125,929
Cash Disbursements													
Payroll Direct Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable (2)	-	(16,209)	(304)	(58)	-	(400)	-	(2,000)	-	(2,000)	-	-	(20,971)
Pension (employee portion)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension (employer portion)	(4)	-	-	-	-	-	-	-	-	-	-	-	(4)
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefits	-	(0)	-	-	-	-	-	-	-	-	-	-	(0)
Property Tax Transfer (3)	-	(1,472)	(27,530)	(7,235)	(1,912)	(963)	(2,092)	(3,700)	(14,878)	(701)	(1,901)	(14,396)	(76,780)
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to DPSCD	-	-	(19,779)	-	-	-	-	-	-	-	-	(13,100)	(32,879)
Other (4)	(24)	(72)	-	-	(3,316)	-	-	-	-	-	-	-	(3,412)
Total Cash Disbursements	(28)	(17,754)	(47,612)	(7,293)	(5,229)	(1,363)	(2,092)	(5,700)	(14,878)	(2,701)	(1,901)	(27,496)	(134,047)
Net Cash Flow	386	17,526	(19,069)	(2,996)	(3,316)	(400)	3,463	(2,000)	10,211	(1,827)	408	(10,504)	(8,118)
Beginning Cash Balance	13,838	14,225	31,750	12,681	9,685	6,369	5,969	9,432	7,432	17,643	15,817	16,225	13,838
Net Cash Flow	386	17,526	(19,069)	(2,996)	(3,316)	(400)	3,463	(2,000)	10,211	(1,827)	408	(10,504)	(8,118)
Ending Cash Balance	\$ 14,225	\$ 31,750	\$ 12,681	\$ 9,685	\$ 6,369	\$ 5,969	\$ 9,432	\$ 7,432	\$ 17,643	\$ 15,817	\$ 16,225	\$ 5,721	\$ 5,721

Forecast includes actuals through September 29, 2017.

(1) September miscellaneous receipts include \$1M of control transfer (pass-through) disbursement, which is forecasted to net-off in November, 2017.

(2) Includes \$20M in settlement payments to Sodexo (the remaining \$8M will be paid in FY 2019) and \$400K in legal and audit fees, which are included in the Adopted FY 2018 Budget.

(3) Property tax transfer includes 13 Mills property tax transfers collected to cover debt service associated with 13 Mills debt.

(4) November activity includes a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds as well as the \$1M control transfer pass-through received in September.

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- a. **2018 Regular Meeting Schedule**
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Financial Update – September 2017

- DPSCD has developed a revised budget spread for FY 2018 Budget Amendment no. 1 (see p. 12), which reflects a realistic view of how revenues and expenditures are expected to be booked based on the provided assumptions (see p. 11).
- DPSCD recorded a surplus of revenues over expenditures of \$12.5M in the month of September 2017, compared to a budget surplus of (\$1.3M), a \$13.8M variance (see p. 9).
 - Relative to budget, revenues were behind plan by \$2.6M, or a 4% decrease, primarily due to lower than expected spend on federal sources, offset by higher revenues from state sources (see p. 9).
 - State Sources – \$3.4M (see p. 9) variance between budget and actuals for September due to change in methodology with calculating earned state sources.
 - Federal Sources – For the month of September, budgeted federal sources exceeded actuals by \$5.0M (see p. 9). This is largely driven by the fact that that budget includes total grant revenues and does not factor carryover dollars that will be applied to subsequent fiscal years.
 - On the expenditure side, actuals were below budget by \$16.4M, or a 25% decrease (see p. 10).
 - Salaries and benefits – During the month of September, the District made substantial progress in filling its vacancies, but there are still a number of positions that need to be filled. Given this, the variance between actuals and budget for salaries and benefits is largely due to budgeted unfilled vacancies. The District will address this with FY 2018 Budget Amendment no. 2.
 - Purchased Services – For the month of September, purchased services trailed budget by \$8.9M, or 62% (see p. 9), largely due to lower than expected accounts payable. The District has adopted a more rigorous contract review process which is ensuring all expenses are budgeted, and aligned to the Strategic Plan. We anticipate contract expenditure will increase and be realized in future months.
 - Contingency – Additionally, the District has \$15.5M in budgeted contingency (see p. 12), of which \$1.5M was budgeted in September; the remaining amount will be used for unplanned future expenditures.
- The net cash flow for September 2017 was (\$12.5M), putting the ending cash balance at \$64.4M (\$112.8M including the internal service fund and fiduciary account – see p. 14).

Summary statement of revenues and expenditures – budget to actual comparison

- Based on actual results through September 2017, DPSCD is \$13.8M ahead of budget. However at this point, DPSCD believes much of this favorable variance is due to timing and will reverse before the end of the fiscal year.
- Note: Monthly and YTD budget to actuals variance is the same for September because FY 2018 Budget Amendment no. 1 assumes actuals for July and August and Budget for the remaining months (see p. 12).

	Budget		Actual		Variance		Budget		Actual		Variance	
	Month of	Month of					YTD	YTD				
	Sep-17	Sep-17	\$		\$	%	Sep-17	Sep-17	\$		\$	%
Revenues												
Local sources	\$ 3,337,990	\$ 2,885,329	\$ (452,661)	(14%)	\$ 3,337,990	\$ 2,885,329	\$ (452,661)	(14%)				
State sources	42,248,276	45,697,060	3,448,784	8%	111,030,275	114,479,059	3,448,784	3%				
Federal sources	15,007,125	10,047,119	(4,960,005)	(33%)	23,874,823	18,914,818	(4,960,005)	(21%)				
Intergovernmental sources	4,480,222	3,852,062	(628,161)	(14%)	4,480,222	3,852,062	(628,161)	(14%)				
Other sources	-	-	-	-	-	-	-	-				
Total revenues	65,073,614	62,481,570	(2,592,044)	(4%)	142,723,311	140,131,267	(2,592,044)	(2%)				
Expenditures (Object)												
Personnel	\$ 29,441,478	\$ 27,970,317	\$ (1,471,160)	(5%)	\$ 47,751,570	\$ 46,280,409	\$ (1,471,161)	(3%)				
Benefits	16,749,417	13,425,086	(3,324,331)	(20%)	26,711,662	23,387,331	(3,324,331)	(12%)				
Purchased Services	14,337,062	5,407,302	(8,929,760)	(62%)	28,558,561	19,628,800	(8,929,760)	(31%)				
Supplies & Textbooks	2,040,677	1,290,561	(750,116)	(37%)	2,040,677	1,290,561	(750,116)	(37%)				
Equipment & Capital	1,001,686	335,457	(666,229)	(67%)	1,001,686	335,457	(666,229)	(67%)				
Utilities	1,313,900	1,470,000	156,100	12%	4,893,900	5,050,000	156,100	3%				
Contingency / Other	1,486,698	35,023	(1,451,676)	(98%)	1,486,698	35,023	(1,451,676)	(98%)				
Total Expenditures	66,370,919	49,933,746	(16,437,173)	(25%)	112,444,754	96,007,581	(16,437,173)	(15%)				
Surplus (Deficit)	\$ (1,297,305)	\$ 12,547,824	\$ 13,845,129	(1067%)	\$ 30,278,557	\$ 44,123,686	\$ 13,845,129	46%				

Summary statement of functional expenditures – budget to actual comparison

	Budget		Actual		Variance		Budget		Actual		Variance	
	Month of	Month of					YTD	YTD				
	Sep-17	Sep-17	\$	%			Sep-17	Sep-17	\$	%		
Expenditures (Function)												
Elementary Programs	\$ 13,433,545	\$ 13,890,159	\$ 456,614	3%	\$ 16,140,221	\$ 16,596,835	\$ 456,614	3%				
Middle School Programs	1,297,723	1,348,785	51,063	4%	1,576,511	1,627,574	51,063	3%				
High School & Summer Programs	5,903,492	5,646,660	(256,831)	(4%)	9,884,000	9,627,169	(256,831)	(3%)				
Special Education	7,719,801	6,855,790	(864,011)	(11%)	10,039,694	9,175,683	(864,011)	(9%)				
Compensatory Education	6,196,007	3,719,760	(2,476,247)	(40%)	8,162,479	5,686,232	(2,476,246)	(30%)				
Career and Technical Education	316,773	247,170	(69,603)	(22%)	356,317	286,714	(69,603)	(20%)				
Adult/Continuing Education - Basic	170,113	126,164	(43,948)	(26%)	189,468	145,520	(43,948)	(23%)				
Total Instruction	35,037,454	31,834,491	(3,202,963)	(9%)	46,348,690	43,145,727	(3,202,963)	(7%)				
Pupil	\$ 6,151,306	\$ 4,407,272	\$ (1,744,033)	(28%)	\$ 7,919,098	\$ 6,175,065	\$ (1,744,033)	(22%)				
Instructional Support	4,746,795	2,263,881	(2,482,914)	(52%)	9,696,877	7,213,963	(2,482,914)	(26%)				
General Administration	427,327	264,695	(162,632)	(38%)	1,578,357	1,415,725	(162,632)	(10%)				
School Administration	3,616,982	3,086,121	(530,861)	(15%)	8,202,130	7,671,269	(530,861)	(6%)				
Business	845,101	572,359	(272,742)	(32%)	1,735,388	1,462,645	(272,743)	(16%)				
Maintenance & Operations	8,448,459	5,359,395	(3,089,063)	(37%)	21,062,639	17,973,575	(3,089,064)	(15%)				
Transportation	3,642,643	1,020,634	(2,622,008)	(72%)	7,123,570	4,501,562	(2,622,008)	(37%)				
Central Support Services	2,812,430	908,331	(1,904,099)	(68%)	8,097,136	6,193,037	(1,904,099)	(24%)				
School Activities	158,683	69,069	(89,614)	(56%)	158,683	69,069	(89,614)	(56%)				
Total Supporting Services	30,849,725	17,951,758	(12,897,967)	(42%)	65,573,879	52,675,911	(12,897,968)	(20%)				
Community Service	\$ 483,740	\$ 147,496	(336,243)	(70%)	\$ 522,185	\$ 185,942	(336,243)	(64%)				
Facilities acquisitions and improvement	-	-	-	-	-	-	-	-				
Other uses	-	-	-	-	-	-	-	-				
Total Expenditures	\$ 66,370,919	\$ 49,933,745	\$ (16,437,173)	(25%)	\$ 112,444,754	\$ 96,007,581	\$ (16,437,173)	(15%)				

FY 2018 Budget Amendment no. 1 Spread Assumptions

- Current budget spread is based on FY 2018 Budget Amendment no. 1, which includes actuals for July and August and estimates for the rest of the fiscal year
- Revenues spread based on school days in the fiscal year
 - \$13.1M transfer from DPS to DPSCD assumed in June 2018 in connection with the reorganization
 - \$2.0M transfer from Food Service related to indirect cost (i.e., cost that DPSCD provides to Food Service)
- Expenditures spread on a functional level; object level expenditures follow as such
 - Instructional and Pupil Support Services spread based on fiscal year days remaining in the year and factors in a ~3% increase in wages beginning in January
 - General and School Administration spread evenly across the remaining months
 - Benefits assumed to be 57% of salaries for each of the remaining months
 - Operations and Maintenance spread evenly across the remaining months
 - Transportation spread across the remaining months based on school days
 - \$90.7M (\$38.2M general fund and \$52.5M of grants) of vacancies spread across the remaining months based on school days
 - \$15.5M (\$8.9M general fund and \$6.6M of restricted) of contingency spread relatively evenly across the remaining months

FY 2018 Budget Amendment no. 1 Spread

	Actual Month of Jul-17	Actual Month of Aug-17	Budget Month of Sep-17	Budget Month of Oct-17	Budget Month of Nov-17	Budget Month of Dec-17	Budget Month of Jan-18	Budget Month of Feb-18	Budget Month of Mar-18	Budget Month of Apr-18	Budget Month of May-18	Budget Month of Jun-18	FY18 Bud Amend no. 1	FY18 Adopted Budget
Revenues														
Local sources	\$ -	\$ -	\$ 7,818,212	\$ 9,012,462	\$ 7,818,212	\$ 6,623,963	\$ 7,022,046	\$ 6,225,880	\$ 8,614,379	\$ 6,623,963	\$ 9,012,462	\$ 6,623,963	\$ 75,395,542	\$ 75,128,217
State sources	29,252,515	39,529,484	42,248,276	48,919,057	42,248,276	35,577,496	37,801,089	33,353,902	46,695,463	35,577,496	48,919,057	35,577,496	475,699,609	475,732,309
Federal sources	5,874,304	2,993,395	15,007,125	17,376,671	15,007,125	12,637,579	13,427,427	11,847,730	16,586,822	12,637,579	17,376,671	12,637,579	153,410,004	144,305,730
Other sources	-	-	-	-	-	-	-	-	-	-	-	15,100,000	15,100,000	15,100,000
Total Revenues	35,126,819	42,522,878	65,073,614	75,308,190	65,073,614	54,839,037	58,250,563	51,427,512	71,896,664	54,839,037	75,308,190	69,939,037	719,605,155	710,266,256
Expenditures (Function)														
Instruction	7,196,634	4,114,603	35,037,454	36,950,688	35,037,454	35,017,848	36,220,526	32,650,589	37,509,086	34,923,167	37,831,226	34,923,167	367,412,441	368,474,924
Support services	18,753,527	15,970,627	30,849,725	32,202,185	30,849,725	30,049,718	30,665,353	29,094,325	32,100,331	30,022,095	32,459,076	30,022,095	343,038,783	332,734,488
Community service	23,484	14,961	483,740	487,666	483,740	479,813	481,122	478,505	486,357	479,813	487,666	479,813	4,866,680	4,706,607
Total Expenditures	25,973,645	20,100,191	66,370,919	69,640,539	66,370,919	65,547,380	67,367,001	62,223,418	70,095,774	65,425,076	70,777,967	65,425,076	715,317,904	705,916,019
Surplus (Deficit)	\$ 9,153,175	\$ 22,422,687	\$ (1,297,305)	\$ 5,667,651	\$ (1,297,305)	\$ (10,708,343)	\$ (9,116,439)	\$ (10,795,906)	\$ 1,800,890	\$ (10,586,038)	\$ 4,530,222	\$ 4,513,962	\$ 4,287,251	\$ 4,350,237
	Actual Month of Jul-17	Actual Month of Aug-17	Budget Month of Sep-17	Budget Month of Oct-17	Budget Month of Nov-17	Budget Month of Dec-17	Budget Month of Jan-18	Budget Month of Feb-18	Budget Month of Mar-18	Budget Month of Apr-18	Budget Month of May-18	Budget Month of Jun-18	FY18 Bud Amend no. 1	FY18 Adopted Budget
Expenditures (Object)														
Personnel	\$ 10,213,658	\$ 8,096,435	\$ 29,441,478	\$ 31,087,976	\$ 29,441,478	\$ 29,122,870	\$ 30,067,857	\$ 27,361,231	\$ 31,377,927	\$ 29,056,476	\$ 31,705,445	\$ 29,056,476	\$ 316,029,307	\$ 318,755,644
Benefits	5,229,268	4,732,977	16,749,417	17,687,344	16,749,417	16,563,074	17,099,939	15,563,984	17,849,453	16,525,495	18,036,831	16,525,495	179,312,689	181,185,098
Purchased Services	8,700,719	5,520,779	14,337,062	14,944,006	14,337,062	13,871,468	14,115,951	13,540,055	14,830,976	13,864,400	15,009,733	13,864,400	156,936,612	149,213,690
Supplies & Textbooks	-	-	2,040,677	2,090,875	2,040,677	2,081,776	2,125,746	1,981,659	2,131,812	2,077,212	2,133,328	2,077,212	20,780,977	19,464,436
Equipment & Capital	-	-	1,001,686	1,004,269	1,001,686	1,003,682	1,005,910	998,639	1,006,301	1,003,453	1,006,399	1,003,453	10,035,479	7,951,443
Utilities	1,830,000	1,750,000	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	1,313,900	16,719,000	18,004,000
Contingency	-	-	1,486,698	1,512,169	1,486,698	1,590,609	1,637,698	1,463,951	1,585,405	1,584,140	1,572,331	1,584,140	15,503,839	11,341,708
Total Expenditures	\$ 25,973,645	\$ 20,100,191	\$ 66,370,919	\$ 69,640,539	\$ 66,370,919	\$ 65,547,380	\$ 67,367,001	\$ 62,223,418	\$ 70,095,774	\$ 65,425,076	\$ 70,777,967	\$ 65,425,076	\$ 715,317,904	\$ 705,916,019

DPSCD Cash Forecast to Actuals Variance – September 2017

<i>\$ in thousands</i>	September Forecast	September Actuals	September Variance	Comment
Cash Receipts				
State Aid	\$ -	\$ -	\$ -	
MPSERS (State Funded)	-	-	-	
Enhancement Millage	-	2,128	2,128	Disbursement schedule from Wayne County adjusted to collect enhancement millage sooner in FY18
Grants	10,784	11,226	442	Catch up from previous months; reimbursements related to summer school
Transfer from DPS	19,779	19,779	(0)	
WCRESA	4,045	3,848	(197)	Previous overpayment of \$0.2M applied against this receipt
Food Service Reimbursement	10,976	-	(10,976)	Timing - receipts expected in future periods
Capital Asset Sales	-	-	-	
Miscellaneous	439	588	149	
Total Cash Receipts	46,023	37,569	(8,454)	
Cash Disbursements				
MPSERS (Pass through)	\$ (3,182)	\$ (3,186)	\$ (4)	
Payroll Direct Deposit	(18,207)	(16,264)	1,943	Forecast assumed higher payroll run-rate based on vacancies budgeted
Taxes	(5,976)	(7,221)	(1,245)	
FICA	(1,663)	(1,261)	402	
Accounts Payable	(17,555)	(10,524)	7,031	Timing - disbursements expected in future periods
Pension (employee portion)	(1,444)	(1,140)	304	
Pension (employer portion)	(4,513)	(3,459)	1,054	Forecast assumed higher pension expenses based on vacancies budgeted
Health	(9,655)	(1,068)	8,587	Timing - disbursements expected in future periods
Fringe Benefits	(572)	(592)	(20)	
Food Service	(1,668)	(5,345)	(3,677)	Expenses are reimbursable, catch up reimbursements forthcoming in future periods
Transfer to DPS	-	-	-	
Other	(1,434)	-	1,434	Forecast assumed contingency
Total Cash Disbursements	(65,869)	(50,059)	15,811	
Net Cash Flow	(19,846)	(12,489)	7,357	
Beginning Cash Balance	76,846	76,846	-	
Net Cash Flow	(19,846)	(12,489)	7,357	
Ending Cash Balance	\$ 57,000	\$ 64,357	\$ 7,357	

FY 2018 monthly cash flows – DPSCD

\$ in thousands

	2017						2018						FY 18 Total	
	July	August	September	October	November	December	January	February	March	April	May	June		
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
Cash Receipts														
State Aid	\$ 35,012	\$ 35,071	\$ -	\$ 39,508	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 409,416
MPERS (State Funded)	3,182	3,186	-	6,634	6,941	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	44,235
Enhancement Millage	1,078	1,017	2,128	3,342	3,423	383	631	1,280	1,280	701	3,569	3,569	3,569	22,403
Grants	18,108	12,295	11,226	3,970	11,244	11,244	10,454	13,424	13,424	13,424	13,424	13,424	13,424	145,661
Transfer from DPS	-	-	19,779	-	-	-	-	-	-	-	-	13,100	-	32,879
WCRESA	-	-	3,848	4,052	4,256	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	40,521
Food Service Reimbursement	4,897	2,828	-	2,977	11,330	4,938	2,625	2,625	2,625	2,625	2,625	3,938	-	44,035
Capital Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,593	578	588	360	980	784	4,784	980	784	2,784	980	784	-	16,977
Total Cash Receipts	64,870	54,974	37,569	60,843	75,652	62,350	63,495	63,310	63,114	64,535	65,599	79,816	756,127	
Cash Disbursements														
MPERS (Pass through)	\$ (3,182)	\$ (3,182)	\$ (3,186)	\$ -	\$ (10,500)	\$ (6,941)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (47,812)
Payroll Direct Deposit	(14,688)	(15,085)	(16,264)	(14,278)	(14,457)	(14,457)	(14,891)	(22,337)	(14,891)	(14,891)	(14,891)	(14,891)	(14,891)	(186,023)
Taxes	(4,878)	(4,182)	(7,221)	(5,129)	(8,323)	(5,549)	(5,714)	(5,714)	(5,714)	(5,714)	(8,571)	(5,714)	(5,714)	(72,424)
FICA	(2,017)	(1,752)	(1,261)	(1,554)	(2,602)	(1,735)	(1,787)	(1,787)	(1,787)	(1,787)	(2,680)	(1,787)	(1,787)	(22,537)
Accounts Payable	(4,013)	(4,348)	(10,524)	(9,401)	(23,712)	(19,038)	(19,038)	(21,712)	(19,038)	(19,038)	(21,712)	(19,038)	(19,038)	(190,614)
Pension (employee portion)	(1,635)	(1,454)	(1,140)	(1,751)	(2,912)	(1,946)	(1,975)	(2,004)	(2,004)	(2,004)	(3,006)	(2,004)	(2,004)	(23,832)
Pension (employer portion)	(5,029)	(4,622)	(3,459)	(5,504)	(9,027)	(6,031)	(6,119)	(6,206)	(6,206)	(6,206)	(9,309)	(6,206)	(6,206)	(73,925)
Health	(1,218)	(3,042)	(1,068)	(5,631)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(48,117)
Fringe Benefits	(215)	(937)	(592)	(683)	(638)	(560)	(577)	(785)	(577)	(577)	(657)	(577)	(577)	(7,376)
Food Service	(8,474)	(4,544)	(5,345)	(6,664)	(3,150)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(3,150)	(2,100)	(2,100)	(43,930)
Transfer to DPS	-	(16,000)	-	-	-	-	(3,463)	-	-	-	-	-	-	(19,463)
Other	(23)	-	-	(422)	(2,109)	(1,687)	(1,687)	(2,109)	(1,687)	(1,687)	(2,109)	(1,687)	(1,687)	(15,207)
Total Cash Disbursements	(45,374)	(59,148)	(50,059)	(51,018)	(82,075)	(64,689)	(65,467)	(72,870)	(62,120)	(62,120)	(74,201)	(62,120)	(751,259)	
Net Cash Flow	19,496	(4,174)	(12,490)	9,825	(6,423)	(2,339)	(1,972)	(9,560)	994	2,415	(8,602)	17,696	4,867	
Beginning Cash Balance	61,523	81,020	76,846	64,357	74,183	67,760	65,421	63,449	53,889	54,883	57,298	48,696	61,523	
Net Cash Flow	19,496	(4,174)	(12,490)	9,825	(6,423)	(2,339)	(1,972)	(9,560)	994	2,415	(8,602)	17,696	4,867	
Ending Cash Balance	\$ 81,020	\$ 76,846	\$ 64,357	\$ 74,183	\$ 67,760	\$ 65,421	\$ 63,449	\$ 53,889	\$ 54,883	\$ 57,298	\$ 48,696	\$ 66,392	\$ 66,391	
Memo:														
Internal Service Fund and Fiduciary Account														
Beginning Balance	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 44,976	\$ 44,976	\$ 44,976	\$ 42,976	\$ 42,976	\$ 48,439	
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-	
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	-	-	-	(3,463)	-	-	(2,000)	-	-	(5,463)	
Ending Balance	48,439	48,439	48,439	48,439	48,439	48,439	44,976	44,976	44,976	42,976	42,976	42,976	42,976	
Grand Total	\$ 129,459	\$ 125,285	\$ 112,796	\$ 122,622	\$ 116,199	\$ 113,859	\$ 108,425	\$ 98,865	\$ 99,859	\$ 100,274	\$ 91,672	\$ 109,367	\$ 109,366	

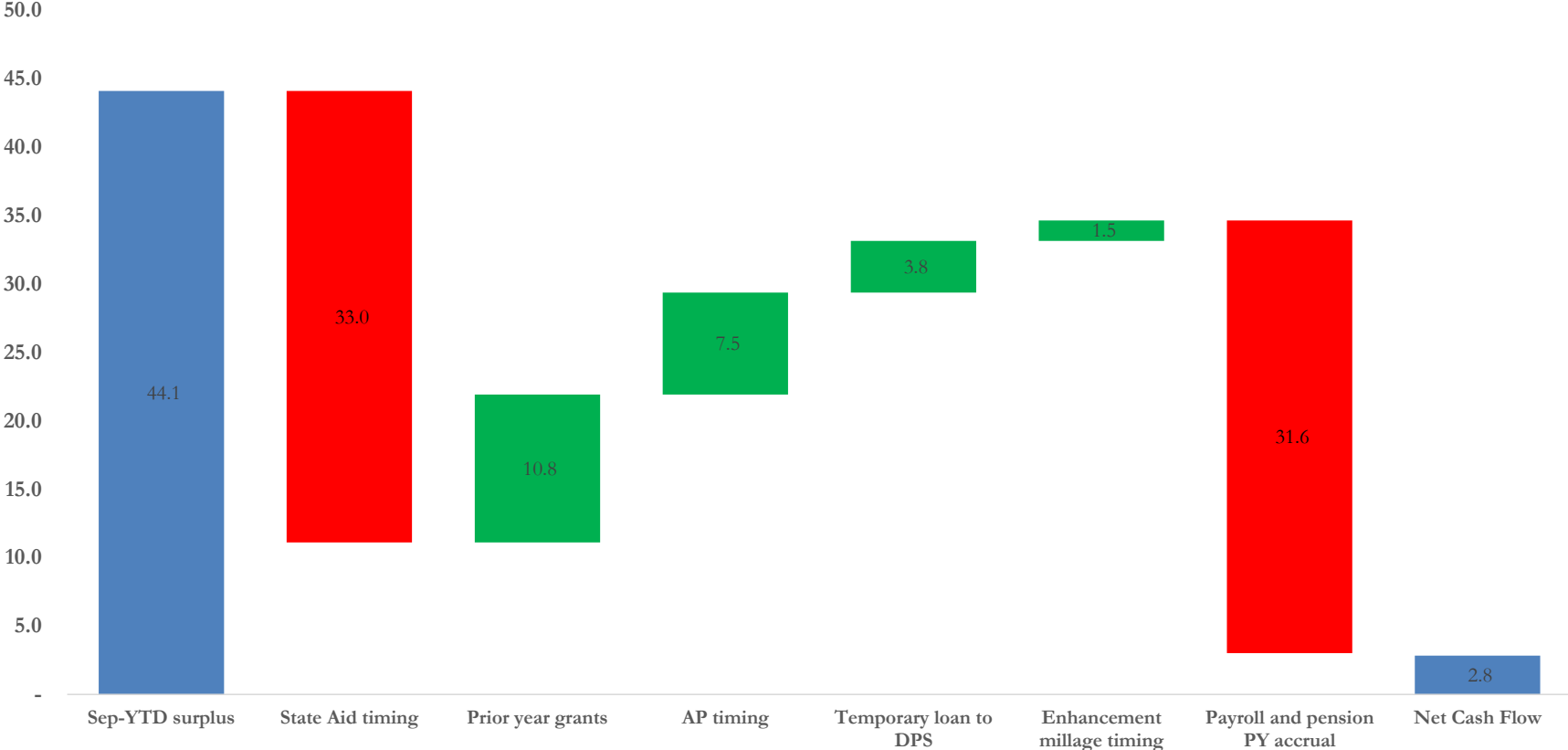
Forecast includes actuals through September 29, 2017.

The July 31, 2017 bank reconciliation was completed in August 2017 and DPSCD is currently working on the August 31, 2017 bank reconciliation.

Reconciliation of FY18 September YTD general ledger surplus to actual net cash flow

Revenues over Expenditures to Net Cash Flow Bridge

\$ in millions



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- a. 2018 Regular Meeting Schedule**
 - b. Detroit Public Schools (Old Co.) Monthly Report**
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 - e. FY 2018 Q1 Debt Certification**
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 - h. Contract Requests**

i. Internal Service Fund

ii. FTE Positions

iii. Interdistrict Transfer Detail

DPSCD Internal Service Fund

In FY 2017, DPSCD created an internal service fund to hold liabilities, and the respected cash, related to DPS that were agreed to be transferred based on the legislation. Total liabilities consist of the following:

1. **Workers Compensation, General, and Health Liabilities:** \$18.8 million

- These three liabilities (collectively referred to as the EE Liabilities) were incurred or accrued for as long-term liabilities by DPS until the restructuring event that occurred on June 30, 2016
- Effective June 30, 2016, the ending balances of the EE Liabilities on DPS' balance sheet were transferred to DPSCD's balance sheet so they can be liquidated.

2. **Legal Liability:** \$4.0 million

- These liabilities were incurred or accrued for as long-term liabilities by DPS until the restructuring event that occurred on June 30, 2016
- Effective June 30, 2016, the ending balance of the Legal Liability on DPS' balance sheet was transferred to DPSCD's balance sheet so it can be liquidated.

3. **Termination Incentive Plan (TIP) Liability:** \$25.6 million

- The TIP Liability was incurred or accrued for as long-term liabilities by DPS until the restructuring event that occurred on June 30, 2016, at which point, the ending balance of the TIP Liability on DPS' balance sheet were transferred to DPSCD's balance sheet so it can be liquidated.
- *Plan Description (From CAFR):* The Detroit Federation of Teachers (DFT), Local 231 union contract from July 1, 2009 through June 30, 2012 includes a professional compensation clause: Termination Incentive Plan. This plan started on January 12, 2010 and was expected to expire in fiscal year 2012. On August 19, 2011, the DPS' Emergency Manager signed an amended order relating to wages, compensation, and benefits structure for DPS employees. This amended order suspended the Termination Incentive Plan. The plan applies to all salaried members of DFT except assistant attendance officers, accompanists, and members who work less than 0.5 FTEs. A total of \$250 was deducted each pay except during the summer. Plan-to-date, these deductions amounted to \$49 million. If an employee retires or resigns after this agreement, the employee is entitled to \$1,000 for each year of service up to nine years with a cap of \$9,000. No payment will exceed the amount contributed. Payments are subject to pension calculations and reportable to the Office of Retirement at the time the employee receives the funds from DPSCD.

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- i. Internal Service Fund**
 - ii. FTE Positions**
 - iii. Interdistrict Transfer Detail**

Position Detail – FTE Level as of October 31, 2017

Category	Filled			Vacant			GRAND TOTAL		
	FTE	Salary	Salary & Benefits	FTE	Salary	Salary & Benefits	FTE	Salary	Salary & Benefits
Officials/ Administrators/Managers	160.1	\$ 15,151,036.04	\$ 22,910,825.46	42.2	\$ 3,679,093.50	\$ 5,586,318.95	202.3	\$ 18,830,129.54	\$ 28,497,144.41
Principals / Assistant Principals	153.8	14,323,659.64	21,835,372.79	3.6	361,317.68	562,206.13	157.4	14,684,977.32	22,397,578.91
Classroom Teachers	2,817.6	162,320,347.54	253,178,871.87	160.0	7,092,480.00	11,135,193.60	2,977.6	169,412,827.54	264,314,065.47
Unidentified Classroom Teachers	0.0	-	-	40.6	2,504,782.74	4,035,863.51	40.6	2,504,782.74	4,035,863.51
Guidance / Psychological	133.8	8,006,504.29	12,425,335.86	16.6	769,825.60	1,214,865.35	150.4	8,776,329.89	13,640,201.21
Consultants/Supervisors of Instruction	119.0	8,504,545.13	13,157,785.98	77.8	7,613,494.56	11,890,383.24	196.8	16,118,039.69	25,048,169.22
Other Professional Staff	332.3	19,701,890.95	30,628,989.18	95.8	4,776,936.22	7,338,152.17	428.1	24,478,827.16	37,967,141.35
Teacher Aides	962.0	18,438,034.66	31,926,083.21	180.2	3,310,024.24	5,791,434.33	1,142.2	21,748,058.90	37,717,517.54
Clerical/Secretarial Staff	261.8	8,506,237.93	13,991,823.86	23.4	689,364.57	1,177,771.82	285.2	9,195,602.50	15,169,595.69
Service Workers	226.0	5,509,945.00	9,159,763.36	26.0	598,169.07	1,012,390.92	252.0	6,108,114.07	10,172,154.28
Sub-total	5,166.4	260,462,201.18	409,214,851.56	666.2	31,395,488.19	49,744,580.01	5,832.6	291,857,689.37	458,959,431.57
Part-Time	163.0	856,320.95	1,234,864.82	43.0	248,766.43	340,098.02	206.0	1,105,087.38	1,574,962.83
Substitutes/Instructional	0.0	1,555,888.59	2,243,708.04	0.0	-	-	0.0	1,555,888.59	2,243,708.04
Substitutes/Non Instructional	4.0	68,146.86	103,386.25	8.3	72,364.74	104,355.39	12.3	140,511.60	207,741.64
Sub-total (Part-Time and Subs)	167.0	2,480,356.40	3,581,959.11	51.3	321,131.17	444,453.41	218.3	2,801,487.58	4,026,412.52
Other salaries / wages / benefits	24.0	11,847,706.54	14,630,497.68	38.0	7,657,659.61	13,145,963.88	62.0	19,505,366.15	27,776,461.56
Worker's Compensation	0.0	-	2,006,217.60	0.0	-	-	0.0	-	2,006,217.60
UAAL Adjustment	0.0	-	(371,357.09)	0.0	-	-	0.0	-	(371,357.09)
Sub-total Other Compensation	24.0	11,847,706.54	16,265,358.19	38.0	7,657,659.61	13,145,963.88	62.0	19,505,366.15	29,411,322.07
GRAND TOTAL	5,357.4	\$ 274,790,264.12	\$ 429,062,168.86	755.5	\$ 39,374,278.98	\$ 63,334,997.29	6,112.9	\$ 314,164,543.10	\$ 492,397,166.16
Vacancies previously eliminated as a result from PCN Cleanup/Funds to be redistributed	0.0	-	-	49.0	1,864,762.00	2,944,829.84	49.0	1,864,762.00	2,944,829.84

i. Internal Service Fund

ii. FTE Positions

iii. Interdistrict Transfer Detail

DPS / DPSCD Interdistrict Transfer Activity

- Future fund transfers will be included in subsequent budget amendments for review/approval by FRC
- All transfers serve dedicated purposes, as defined by legislation or approved by the Board. Board will be responsible for approving future cash transfer activity.

	Actual	Forecast	Forecast	Total	Comment
	FY2017	FY2018	FY2019		
<i>\$ in thousands</i>					
Sources of cash					
Emergency loan proceeds ("transition funds")	\$ 150,000	\$ -	\$ -	\$ 150,000	
State Aid (Jul/Aug)	65,661	-	-	65,661	
Grants & WCRESA	82,694	-	-	82,694	
Other operating receipts	8,103	1,338	-	9,441	
18 mills receipts (AP reimbursement)	10,333	22,028	11,638	44,000	
18 mills receipts (pension reimbursement)	-	8,100	6,900	15,000	Transfer of pension reimbursement (\$15M) - see below
DPSCD reimbursements for items paid by DPS	5,625	3,463	-	9,088	Reimbursement for legacy costs paid by DPS on behalf of DPSCD
Total sources	322,415	34,929	18,538	375,883	
Uses of cash					
Emergency loan uses:					
Salaries & benefits	(60,274)	-	-	(60,274)	
MPSERS settlement	(37,714)	-	-	(37,714)	
Accounts payable & other	(27,012)	-	-	(27,012)	
Transfer to DPSCD	(25,000)	-	-	(25,000)	Transfer of EL proceeds per legislation
Subtotal emergency loan uses	(150,000)	-	-	(150,000)	
Other operating uses during transition:					
Salaries & benefits	(679)	-	-	(679)	
Accounts payable & other	(47,383)	(1,072)	-	(48,455)	
Vendor litigation	-	(20,000)	(8,000)	(28,000)	
Transfer to bond redemption, net (13 mills)	(18,482)	(1,780)	-	(20,262)	
Debt service (SAN)	(52,264)	-	-	(52,264)	
MPSERS (Pass Through)	(9,201)	-	-	(9,201)	
DPSCD receipts collected at DPS (i.e. Grants, EAA)	(8,315)	-	-	(8,315)	Collected by DPS but belonging to DPSCD
WRESA repayment	(2,100)	(3,316)	(1,843)	(7,259)	
Subtotal other operating uses	(138,425)	(26,168)	(9,843)	(174,436)	
Transfers to DPSCD for other obligations:					
DPS Gen Fun ending cash (6/30/16)	(15,696)	-	-	(15,696)	Ending GF cash transfer per legislation
DPS Food Service ending cash (6/30/16)	(4,458)	-	-	(4,458)	Ending FS cash transfer per legislation
Outstanding DPS obligations (TIP/WC/Legal)	(48,439)	-	-	(48,439)	Funding for TIP, work comp, and legal claims
Reimbursement for Pension (18 mills)	-	(8,100)	(6,900)	(15,000)	Transfer of pension reimbursement (\$15M) - see above
Additional transfers	-	(5,000)	(7,515)	(12,515)	Subject to the availability of excess AP reimbursement receipts
Subtotal transfers to DPSCD	(68,593)	(13,100)	(14,415)	(96,109)	
Total uses and transfers	(357,018)	(39,268)	(24,258)	(420,544)	
Cash balance (before interdistrict borrowings):					
Beginning Balance	44,661	10,059	5,720	44,661	
Net Cash Flow	A (34,603)	(4,339)	(5,720)	(44,661)	
Ending Balance (before interdistrict borrowings):	\$ 10,059	\$ 5,720	\$ -	\$ -	
Memo:					
Net borrowing activity between DPS/DPSCD					
Borrow from / (Loan to) DPSCD:					
Short-term borrowing by DPS	3,779	-	-	3,779	Temp loan to fund legacy reserve (FY 17)
Repayment of loan to DPSCD	-	(3,779)	-	(3,779)	
Short-term borrowing by DPS	-	16,000	-	16,000	Temp loan to fund 1st payment of vendor settlement (FY 18)
Repayment of loan to DPSCD	-	(16,000)	-	(16,000)	
Short-term loan to DPSCD	(32,739)	-	-	(32,739)	Loan for working capital needs of DPSCD upon initiation
Repayment of loan by DPSCD	32,739	-	-	32,739	
Erroneous transfer from DPSCD	5,374	-	-	5,374	Wrong amount transferred; reversed (see below)
Erroneous transfer correction	(5,374)	-	-	(5,374)	Wrong amount transferred; reversed (see above)
Net borrowed from / (repaid to) DPSCD	A 3,779	(3,779)	-	-	
Ending Balance (net of interdistrict borrowings)	B \$ 13,838	\$ 5,720	\$ -	\$ -	

A = Total net cash flow for DPS (Old Co.)

B = DPS (Old Co.) ending cash balance

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**Detroit Public Schools
Debt Obligation Summary (FY 2018 Q1)**

Debt Obligation	September 30, 2017 Principal Balance	FY18 Required Debt Service	Payment (Current Quarter)	FY18 Year-To-Go Debt Service	Revenue source for payments
Series 1998 C	\$ 40,555,000	\$ 6,339,138	\$ -	\$ 6,339,138	13 mills (max levy) on all property
Series 2001 A	183,695,000	11,021,700	-	11,021,700	13 mills (max levy) on all property
Series 2002 A	35,785,000	2,147,100	-	2,147,100	13 mills (max levy) on all property
Series 2005 A	226,800,000	11,907,000	-	11,907,000	13 mills (max levy) on all property
Series 2009 A	63,000,000	9,412,232	-	9,412,232	13 mills (max levy) on all property
Series 2009 B	184,550,000	11,289,362	-	11,289,362	13 mills (max levy) on all property
Series 2010 A	129,425,000	10,548,917	-	10,548,917	13 mills (max levy) on all property
Series 2010 B	49,630,000	2,286,637	-	2,286,637	13 mills (max levy) on all property
Series 2012 A	287,735,000	23,111,750	-	23,111,750	13 mills (max levy) on all property
Series 2015 A	140,870,000	36,383,500	-	36,383,500	13 mills (max levy) on all property
Series 2017	291,755,000	5,353,461	-	5,353,461	13 mills (max levy) on all property
SLRF ¹	1,100	-	-	-	13 mills (max levy) on all property
Sub-total (13 mills)	1,633,801,100	129,800,797	-	129,800,797	
Series 2016 D1&2 ²	185,320,000	36,956,205	14,782,532	22,173,673	18 mills on non-homestead property
EL Note ³	150,000,000	1,965,000	982,500	982,500	18 mills on non-homestead property
MPSERS liability ⁴	133,168,440	2,000,000	-	2,000,000	18 mills on non-homestead property
Sub-total (18 mills)	468,488,440	40,921,205	15,765,032	25,156,173	
Total	\$ 2,102,289,540	\$ 170,722,003	\$ 15,765,032	\$ 154,956,970	

Notes

1. School Loan Revolving Fund; SLRF does not have a maturity, repayment is required when the millage rate necessary to cover the annual bonded debt service requirements falls below 7 mills.

Estimated balance as of September 30, 2017.

2. Refinancing of the 2011/2012 Notes (LT SAN). Principal as of date of issuance on September 30, 2016.

3. Principal as of date of borrowing on July 22, 2016.

4. Net of federal subsidy and federal sequestrations (6.6% of the federal subsidy in FY2018). MPSERS liability balance as of October 12, 2017; balance includes contribution amounts and applicable interest.



SEE IT BELIEVE IT

DETROIT PUBLIC SCHOOLS

Jeremy Vidito
Senior Executive Director of Finance

Fisher Building, 11th Floor
3011 West Grand Boulevard
Detroit, MI 48202

Phone: (313) 873-4149
Fax: (313) 873-4476
www.detroitk12.org

November 20, 2017

Detroit Financial Review Commission
3062 W. Grand Blvd.
Detroit, Michigan 48202

Re: Detroit Public Schools Debt Service Requirements and Certification Fiscal Year 2018,
Quarter 1

Dear Commissioners:

Enclose with this letter you will find the debt service requirements due on all bonds, leases and other debt of Detroit Public Schools in compliance with section 6 of the Michigan Financial Review Commission Act, Act 181, Public Acts of Michigan, 2014. I hereby certify as of the date of this letter: (1) that the amounts specified herein are accurate statements of Detroit Public Schools' debt service requirements; and (2) that Detroit Public Schools is financially able to meet the debt service requirements through the end of the fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Vidito', is written over a light blue horizontal line.

Jeremy Vidito
Senior Executive Director of Finance

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Jeremy Vidito

Senior Executive Director of Finance

Fisher Building, 11th Floor
3011 West Grand Boulevard
Detroit, MI 48202

Phone: (313) 873-4149
Fax: (313) 873-4476
www.detroitk12.org

November 20, 2017

Detroit Financial Review Commission
3062 W. Grand Blvd.
Detroit, Michigan 48202

Re: Detroit Public Schools Community District Debt Service Requirements and Certification
Fiscal Year 2018, Quarter 1

Dear Commissioners:

There are currently no debt service requirements due on all bonds, leases, and other municipal debt of the Detroit Public Schools Community District in compliance with section 6 of the Michigan Financial Review Commission Act, Act 181, Public Acts of Michigan, 2014.

I hereby certify as of the date of this letter there are no debt service requirements.

Sincerely,



Jeremy Vidito
Senior Executive Director of Finance

-
- a. **2018 Regular Meeting Schedule**
 - b. **Detroit Public Schools (Old Co.) Monthly Report**
 - c. **Community District's Monthly Report**
 - d. **Supplemental Reports**
 - e. **FY 2018 Q1 Debt Certification**
 - f. **Chief Financial Officer Nominee**
 - g. **Collective Bargaining Agreements**
 - h. **Contract Requests**



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2016-25

**APPROVING THE DETROIT PUBLIC SCHOOLS COMMUNITY
DISTRICT'S CHIEF FINANCIAL OFFICER NOMINEE**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 7(h) of the Act provides that during the period of oversight, the Commission approve the appointment of the Community District's chief financial officer upon written submission from the Community District; and

WHEREAS, the Community District provided a written submission on November, 15 2017, nominating Jeremy Vidito for appointment as its chief financial officer for the Commission's review and consideration; and

WHEREAS, Section 7(h) of the Act further provides that during the period of oversight, the Community District may not terminate its chief financial officer without the approval of the Commission.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's nomination of Jeremy Vidito as its chief financial officer, submitted on November, 15, 2017 is hereby approved.
2. That any effort by the Community District to remove Jeremy Vidito as its chief financial officer is subject to review and approval by the Commission.
3. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
4. This Resolution shall have immediate effect.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Office of the Superintendent

Nikolai P. Vitti, Ed.D.
Fisher Building, 14th Floor
3011 West Grand Boulevard
Detroit, MI 48202
313-873-7922

November 15, 2017

Financial Review Commission
c/o Department of Treasury
State of Michigan
Richard H. Austin Building
430 West Allegan
Lansing, Michigan 48922

RE: APPROVAL OF JEREMY VIDITO AS CHIEF FINANCIAL OFFICER

Dear Commissioners:

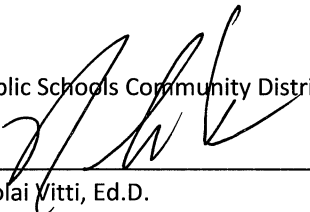
Pursuant to Section 387(a) of The Revised School Code, this letter serves as the formal request of the Detroit Public Schools Community District for approval, pursuant to Section 7(g) of the Michigan Financial Review Commission Act, of Jeremy Vidito as its Chief Financial Officer.

It is the District's determination that Mr. Vidito's experience, including over 16 combined years of service in public education as a Teacher, Principal, Chief Administrative Officer and Senior Executive Director of Finance for Detroit Public Schools Community District, uniquely qualifies him to be the District's Chief Financial Officer. For your reference and review in connection with leadership, enclosed with this letter are Mr. Vidito's bio, resume, degrees, as well as the scope of service for the position of CFO. In addition, please note that the background check required by The Revised School Code was conducted by the State of Michigan in the summer of 2017 and Mr. Vidito is eligible for employment thereunder.

Accordingly, the District, after a 7-0 School Board vote with my recommendation of appointment, hereby requests the Commission's expeditious review and approval of Mr. Vidito as the District's Chief Financial Officer.

Sincerely,

Detroit Public Schools Community District

By: 

Nikolai Vitti, Ed.D.
Superintendent

Ec: Romaneir Johnson, ED (JohnsonR@michigan.gov)

Job Title: Chief Financial Officer

Posting Date:

Closing Date:

Salary Range: Min - Max (annually)

Special Note:

Applications without proof of education attached will be considered incomplete; requested documentation must be provided at time of application.

Job Type: Administrative

Benefits Eligibility: Successful candidates will be eligible for medical, dental, vision and life insurance coverage, as well as illness and vacation days.

Reports to: Superintendent

Location: Finance

Qualifications

This position is responsible for ensuring compliance, fiscal integrity and providing leadership and management of the day-to-day financial functions and operations for the Detroit Public Schools. These responsibilities include but are not limited to the following areas: budget, payroll, accounts receivable, accounts payable, fixed assets, capital construction budgeting, investments, cash flow, risk management, Medicaid, grant accounting, staff training and support, oversee the preparation and development of the District budget and all operational and financial statements. Ensure that computer systems, networks, and software that supports all financial operations are current, up-to-date, and functioning. Provide for all financial related training for all District personnel.

Education: Candidates must have a Master's Degree from an accredited college/university, preference for degrees in Accounting, Business, and Business Administration. Candidates must also possess strong computer and computation/accounting skills, and strong analytic skills as documented by coursework/training, conferences, or job experience.

Experience: Must have a minimum of ten (10) years' experience working in K-12 setting with experience managing financial related functions such as governmental accounting, financial reporting, cash management operations, investment and borrowing of bonds, disbursement of revenues, economic forecasting, budgeting, as well as budget and Comprehensive Annual Financial Report (CAFR) preparation. Experience with financial management software packages desired, PeopleSoft preferred.

Duties and Responsibilities

Under the direction of the Superintendent, the Chief Financial Officer will:

Essential Functions

1. Insure the fiscal integrity of all District funds;
2. Responsible for the District's interim financial reporting and analysis and ensuring compliance with all applicable State and Federal laws;
3. Overall responsibility for fiscal operations of the school District;
4. Train, supervise and direct activities of all employees in the Finance Division;
5. Oversee the management of all accounting, budgeting and financial reporting for all funds, including grants, special programs, trust and agency funds, food services, debt service and capital projects;
6. Provide leadership of the financial aspects of future bond elections and bond sales. Ensure the timely sale of bonds in accordance with appropriately developed cash flows and ensure that sales are conducted in a manner to minimize interest cost;
7. Oversee the management of the Districts bond program related to payment, management and structure of bonded debt;
8. Develop and implement new financial systems to improve and ensure fiscal integrity;
9. Actively monitor all revenues and expenditures ensuring that fiscal integrity is constantly maintained in all operating funds;
10. Oversee the preparation of appropriate forecasts of revenue and expenditures;
11. Oversee the preparation of the annual financial plan, District budget, and subsequent budget amendments;
12. Ensure compliance with legally adopted budget limits and District operational spending objectives;
13. Oversee the District's accounting, collection, and cash receipts functions insuring internal controls, timeliness and accuracy of transactions;
14. Supervise and monitor the cash management and investment function, and ensure compliance with legal mandates and Board of Education adopted investment policies;
15. Oversee the management of the District's restricted checking program and implementation of finance division directed school level bookkeeping services;
16. Oversee the management of the District's Purchasing Card, Travel Reimbursement, Personal Reimbursement and Petty Cash systems;
17. Oversee the management of the District's fixed assets inventory control and reporting system, insuring proper safeguards, compliance with state mandates, and accuracy of District financial reports;
18. Serve as liaison to the District's external auditors and supervise the annual financial report and audit, including the Comprehensive Annual Financial Report (CAFR) and the Single Audit, required by State and Federal law;

19. Oversee the District's Risk Management program including but not limited to operation of the self-insurance programs for property, causality, liability and employee health, dental, vision and worker's compensation;
20. Develop and implement training and support of all financial functions. Operate a comprehensive training and technical support department;
21. Oversee the operations of the District's Payroll Department to ensure compliance with all applicable State and Federal requirements;
22. Provide, within the Division, expert technical expertise on the operation and management of all District financial software, hardware and network systems;
23. Develop policy recommendations regarding all financial matters;
24. Provide support to all labor negotiations efforts;
25. Conduct performance reviews of reporting department and office heads;
26. Attend all Board of Education meetings;
27. Fulfill other duties and responsibilities as assigned by the Superintendent.

The Board of Education of the School District of the City of Detroit does not discriminate against, deny benefits to or exclude participation by any person in its programs, activities or employment on the basis of age, race, sex, color, national origin, creed, religion or handicap

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Office of Finance

Jeremy Vidito
Fisher Building, 11th Floor
3011 West Grand Boulevard
Detroit, MI 48202
313-873-6194

Executive Biography for Jeremy Vidito
Senior Executive Director of Finance
Detroit Public Schools Community District

Jeremy Vidito is the Senior Executive Director of Finance at Detroit Public Schools Community District, with enrollment of approximately 50,000 students across the District's 106 schools. Mr. Vidito is responsible for the overall financial management of the District, its financial reporting and transparency.

Jeremy Vidito joined the Detroit Public Schools Community District on June 22, 2017 as the Senior Executive Director of Finance. Mr. Vidito oversees the DPSCD Office of Budget, General Finance, Payroll, Procurement & Logistics, Risk Management, and State & Federal Program departments. He has led a line item budget review of all Central Office expenses, resulting in the successful identification and funding of \$12.5 million in previously unbudgeted expenses, the elimination of approximately 58 Central Office positions, while maintaining a contingency reserve and increasing the overall fund balance.

Mr. Vidito previously served as the Chief Administrative Officer for the Education Achievement Authority, where he managed the Data & Accountability, Finance, Information & Technology, and Operations departments. In addition, Mr. Vidito managed the dissolution of the Education Achievement Authority and the transition of its 14 schools to Detroit Public Schools Community district on July 1st, 2017. In addition, he has served as principal, district administrator, and teacher during his 16 years of service in public education.

He holds a bachelor's degree in Sociology from University of Missouri – Columbia, a teaching credential from New College of California, and a Master's in Business Administration from the University of California-Davis.

Mr. Vidito is actively engaged in education work in Detroit and nationally. He cofounded Emerging Educators, a Detroit based educational organization whose goal is to connect educators, parents, community members across Detroit's educational landscape. He has contributed and spoken at various conferences including iNACOL, Schoolzilla and Learning Forward conferences. He also serves on the board of directors for Detroit Center for Family Advocacy.

Jeremy Elias Vidito

(510) 205-5976 • | jeremyvidito@gmail.com

PROFESSIONAL EXPERIENCES

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Detroit, MI 2017 – Present

Senior Executive Director of Finance

- Managing day to day operations of the finance department. Streamlining payroll process to improve customer service, increase controls, and reduce paperwork and data entry.
- Leading the restructuring of the finance department to align management to functional areas, and implement corrective action plan to respond to external audit findings.
- Implemented a line item review of all Central Office expenditures to ensure alignment between district priorities and costs.
- Review and development of financial and procurement policies for school district in alignment with state and federal guidelines and national best practices.

EDUCATION ACHIEVEMENT AUTHORITY

Detroit, MI 2015 – 2017

Chief Administrative Officer

- Managed finance department with an ~\$88 million district budget. Developed and launched a school based budgeting & consultation process to align school budgets with strategic priorities.
- Met regularly with Board Treasurer to review financials, budget projections, and current work plan. Led presentations of district financial information at school board meetings, and responded to ad-hoc board requests.
- Managed the wind down and transition of the EAA schools, staff, records, and assets back to Detroit Public Schools including facilitating EAA-DPSCD transition cabinet, negotiating transition of staff, vendors, and resources to DPSCD.
- Directed oversight of the Accountability, Evaluation & Research, Finance, Human Resources, Operations, and Technology departments overseeing a staff of over 200 employees and contractors with a combined departmental budget of ~\$18.7 million.

Chief Data and Accountability Officer

- Led the development and implementation of a district wide school performance accountability system and corresponding alignment with staff evaluations.
- Led the development and distribution of performance dashboards- weekly, monthly, and annual.
- Developed and launched “SchoolStat” process to focus district and schools on core strategies including regular 2 month monitoring of progress.
- Managed the teams and processes for local and state assessment, pupil accounting compliance reporting, and disciplinary hearings.

STARR EDUCATIONAL SERVICES/STARR DETROIT ACADEMY

Detroit, MI 2011 – 2015

Chief of Staff

- Facilitated the development of financial, academic, operational and ad-hoc reports for Board of Director and Committee meetings.
- Oversaw the finance department and led the budgeting process which resulted in the growth of the fund balance from 0% to 9% of annual budget in two years.
- Managed the fund development strategy which yielded over \$2.5 million dollars in startup funding – manage ongoing grant reporting and compliance functions.

Executive Director New School Operations

- Managed the financial operations for Starr Detroit Academy including the transition away from outsourced financial services through Plante Moran to an internal finance team, which saved the organization over \$100K per year.
- Managed the organization's audit process including facilitating work with auditors, Board and finance department to ensure a smooth annual audit process.
- Developed & implemented school performance evaluation metric dashboards to report progress towards achievement, financial, and operational goals to management company & board.

Founding Principal

- Managed design, startup and launch of an elementary school with 525 students, which promoted academic excellence and social/emotional development that translated into 1.2 to 1.4 years in growth as measured in NWEA.
- Established school-wide systems and procedures in alignment with organizational values.
- Provided regular performance reports to Board of Directors and authorizer through monthly meetings, progress reports, and leading onsite visits.

FIRSTLINE SCHOOLS

New Orleans, LA 2010 – 2011

Director of Data Management

- Managed special projects for the COO including an internal audit of grant funds and technology expenses which identified weak controls and resulted in new procedures and significant cost avoidance.
- Managed the day-to-day operations and staff on the data management team to formulate a network wide strategic plan for data collection & dissemination through various dashboards.
- Provided network leadership for multiple operational priorities including the development and launch of two new schools and the integration of an existing school into the network.

OAKLAND COLLEGIATE

Oakland, CA 2008 – 2009

Executive Director - Proposed Charter School

- As a Building Excellent Schools fellow, led the development of a proposed charter school, including the recruitment and establishment of a nonprofit school board, development of a charter school application, and petition to Oakland School District.
- Facilitated the Board's development of strategic plan, including the mission, vision, and guiding principles of the organization.

OAKLAND SCHOOL DISTRICT

Oakland, CA 2004 – 2007

Middle School Teacher

- Certified K-8 teacher, who taught 6th through 8th grade self-contained, Math and Science classes.
- Established classroom culture which facilitated student engagement and academic growth.
- As grade level chair, supported in building the master schedule, leading grade level meetings, coordinating field trips, and serving on the schools' leadership team.

EDUCATION / CREDENTIAL

- **Master of Business Administration**, University of California-Davis June 2008
- **California Teaching Credential**, New College of California-San Francisco July 2004
- **Bachelor of Arts, Sociology**, University of Missouri-Columbia May 2001



To all whom it may concern
Greeting:

Be it known that the Curators, having been advised by the Faculty that
Jeremy Elias Vidito
has completed the Course of Study required of candidates for the degree of
Bachelor of Arts
Sociology

and is qualified to receive the same, do hereby confer said degree
with all the honors and privileges appertaining thereto.
In testimony whereof the signatures of the proper officials and the
seal of the University are affixed.

Done at the University in the City of Columbia, State of Missouri,
this twentieth day of May, in the year of our Lord
two thousand one.

Paul Steele

President of the Board of Curators

Manuel T. Parker

President of the University



R. L. Wallace

Chancellor

John B. Dean

Dean

THE REGENTS OF THE
University of California

ON THE NOMINATION OF THE
GRADUATE COUNCIL OF THE DAVIS DIVISION
HAVE CONFERRED UPON

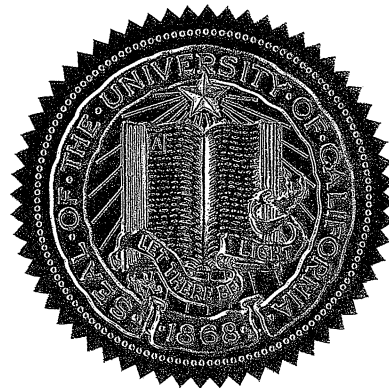
JEREMY ELIAS VIDITO

THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
WITH ALL THE RIGHTS AND PRIVILEGES THERETO PERTAINING


GIVEN AT DAVIS
THIS TWELFTH DAY OF JUNE IN THE YEAR
TWO THOUSAND AND EIGHT


GOVERNOR OF CALIFORNIA AND
PRESIDENT OF THE REGENTS


PRESIDENT OF THE UNIVERSITY




CHANCELLOR AT DAVIS


DEAN, GRADUATE SCHOOL OF MANAGEMENT
AT DAVIS

NEW COLLEGE OF CALIFORNIA

TEACHING: THE CHALLENGE OF CHANGE

RECLAIMING DEMOCRACY THROUGH SCHOOLING

Jeremy Vidito

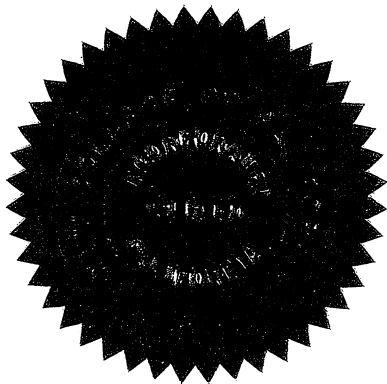
has participated in one year adventure of learning and struggle
with the goal of meeting the requirements for a

“Multiple Subjects Teaching Credential”

with a focus on Crosscultural and English Language Development

*Done at New College of California this thirteenth day of June
in the year Two-Thousand and Four*

San Francisco, CA





Dr. Sudia Paloma McCaleb
Dean of Education

-
- a. **2018 Regular Meeting Schedule**
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2017-26

**APPROVING THE COMMUNITY DISTRICT'S COLLECTIVE
BARGAINING AGREEMENT**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 6(9) of the Act requires that during the period of oversight, the Community District shall submit new and amended collective bargaining agreements, to which it is a party, to the Commission for review and approval after approval by the Community District's governing body and chief executive officer; and

WHEREAS, Section 6(9) of the Act further requires the Commission to approve or reject collective bargaining agreements submitted to it within 45 days of submission; and

WHEREAS, the Financial Review Commission has approved collective bargaining agreements between the Community District and AFSCME, DAEOE, Teamsters, Paras SSAS, Para NHA, & NISP for terms expiring (three Years) November 2020; and

WHEREAS, at the Commission meeting on November 20, 2017 the Community District presented the aforementioned collective bargaining agreements to the Commission.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's collective bargaining agreement between the Community District and the aforementioned bargaining units, as presented to the Commission on November 20, 2017 are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

CBA summary of projected terms (FY 2018 / FY 2019)

	FRC approved	<u>Ratified: 10/28</u>	<u>Ratified: 10/26</u>	<u>Ratified: 11/08</u>	<u>Ratified: 11/08</u>	<u>Ratified: 11/08</u>	<u>Ratified: 11/10</u>	
	DFT (3,900)	AFSCME (1,089)	DAEOE (516)	Teamsters¹ (80)	Paras (SSAS) (611)	Paras (NHA) (1,153)	NISP (52)	
FY 2018²	Top step 1st semester:	\$1,750 bonus	\$650 bonus (FT) \$250 bonus (PT)	No change	\$650 bonus	\$375 bonus	\$225 bonus to E.C. & Montessori	\$650 bonus
	Top step 2nd semester	3% on schedule	3% on-schedule	3% on-schedule	3% on-schedule	New wage by position	FSA: \$9.10 to \$10.50 FSS.: \$12.22 to \$13.25 NHA: \$9.05 to \$9.45	3% on-schedule
	On steps 1st semester:	No step	\$250 bonus	No change	\$250 bonus	\$375 bonus	No steps included in rate card	\$250 bonus
	On steps 2nd semester:	15-step schedule & annual step movement	3% on-schedule & 1 step movement	3% on-schedule & 1 step movement	3% on-schedule & 1 step movement	1 step movement	No change	3% on schedule and 1 step movement
	Other	Increased base \$33,683 to \$38,500	Bus att.: \$9.9-\$10.50 Bus disp.: \$11.50 Food: \$8.9-\$10.50	½ day paid holiday	Uniform allowance increase	Rate increases of \$0.35 to \$1.45, depending on job; 1 less work-day in FY	Possible OSN efficiency bonus; 3 hrs. added to year	Possible OSN efficiency bonus
FY 2019²	Top step 1st semester:	No change	\$650 bonus (FT) \$250 bonus (PT)	No change	\$650 bonus	\$375 bonus 2 less work days in FY ³	\$225 bonus to E.C. & Montessori	\$650 bonus
	Top step 2nd semester	4.13% on-schedule	4%-top step and Bus personnel	4%-top step	3% on-schedule	New wages by position	FSA: \$10.50 to \$10.75 FSS: \$13.25 to \$13.50 NHA: \$9.45 to \$9.60	3% on schedule
	On steps 1st semester:	No step	\$250 bonus	No change	\$250 bonus	\$375 bonus 2 less work days in FY ³	No steps included in rate card	\$250 bonus
	On steps 2nd semester:	Movement of one step	3% on-schedule 1 step movement	3% on-schedule & 1 step movement	3% on-schedule & 1 step movement	1 step movement	No change	3% on schedule and 1 step movement

FY 2020³
 Compensation structure effective in FY 2019 – 2nd semester assumed to continue throughout FY 2020, subject to wage opener.

(1) Teamsters includes LIEN operator's and Officer's terms

(2) All bonus amounts shown are assumed to be paid only to positions which were filled as of the beginning of the FY 2018

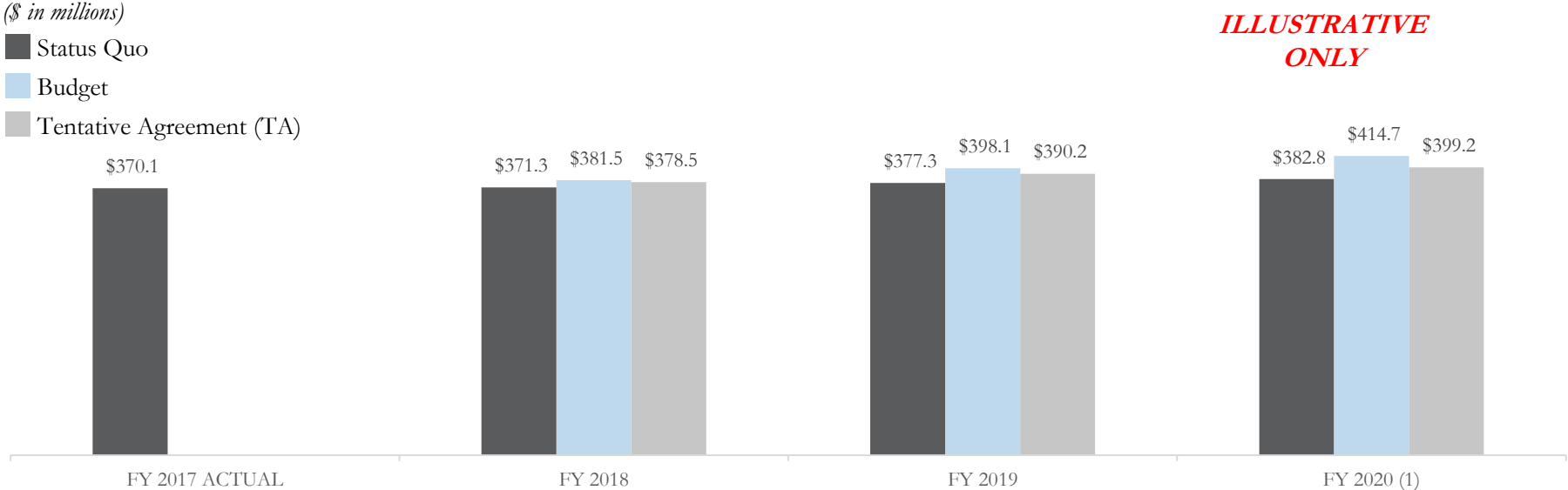
(3) Work day reductions are measured relative to the status quo. FY 2018 has a work day reduction of 1 day and FY 2019 has a work day reduction of 2 days.

Summary of CBAs cost (where tentative agreements have been reached; excludes OSAS)

For purposes of comparison, the following scenarios are based on salaries and benefits of actual filled, and vacant positions as of August 2017.

- **Status Quo** – Based on existing members and vacancies on the FY17 step schedule. FY18-FY20 assume 0% salary increase on FY17 step schedule and members move one step per year at the beginning of each fiscal year.
- **Budget** – assumes that members receive a 3% salary increase at all steps and a step increase at the beginning of the year.
- **Tentative Agreement** – assumes terms of the tentative CBAs dated October 20, 2017 for AFSCME, DAEOE, Teamsters, Paraprofessionals, and NISP, and the agreed upon CBA dated June 12, 2017 for DFT.
 - The 3rd year of the agreement (FY20) calls for an economic re-opener with all non-economic issues remaining unchanged; if no mutual agreement is reached, CBA calls for continuation of status quo at that time; accordingly, FY20 below is calculated with 0% salary increase and members receiving a step increase at beginning of 2nd semester. Actual result of negotiation may vary.

Estimated Annual Salaries and Benefits Economic Impact



Note: Figures assume 44.29% retirement costs (i.e., 36.64% for pension and 7.65% for FICA); Bonus figures only include FICA portion of benefits; Figures assume no attrition, retirements, or new hires; for comparison purposes only

Collective Bargaining Unit Requests

The FRC shall approve all collective bargaining agreements, including any addendums to those agreements, to which that qualified city or qualified school district is a party after approval by the governing body and mayor or chief executive officer of the qualified city or qualified school district as required by charter or law.

Bargaining Unit	Collective Bargaining Agreement Amendments	Approval Date						
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<p>Article VI – Holiday – clarifies that bargaining unit members shall again not work, but be paid one-half (1/2) day off with pay on the day before Thanksgiving.</p> <p>Article XL – Insurance – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.</p>			<p style="text-align: center;">Board 11.14.2017</p>					
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	Other Economic Amendments			<p style="text-align: center;">Board 11.14.2017</p>				
N/A			<p style="text-align: center;">FRC 11.20.2017</p>					
Non-Economic Amendments								
<p>Calendars – updated for 2017-2018 and 2018-2019; the 2019-2020 calendar to be negotiated.</p> <p>Article VII.D. – Workloads and Assignments – clarifies that the union will be notified in instances of reorganization that results in staff reduction.</p> <p>Article VIII.B. – Staff Reduction – clarifies that seniority is the determining factor for staff reductions.</p> <p>Article XIII – Promotions – clarifies that a clerical/technical shall not be required to retake a passed assessment until after eighteen (18) months.</p>								

Collective Bargaining Unit Requests Cont.

The FRC shall approve all collective bargaining agreements, including any addendums to those agreements, to which that qualified city or qualified school district is a party after approval by the governing body and mayor or chief executive officer of the qualified city or qualified school district as required by charter or law.

Bargaining Unit	Collective Bargaining Agreement Amendments	Approval Date						
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<p>Other Economic Amendments</p> <p>[LIEN] Article 18 – Vacation Bank and Holidays – Holidays – clarifies that bargaining unit members shall again not work, but be paid one-half (1/2) day off with pay on the day before Thanksgiving.</p> <p>[LIEN] Article 27.A.B – Employee Benefits – Health Insurance – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.</p> <p>[Police] Article 15 – Employee Benefits – Health Insurance – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.</p> <p>[Police] Article 18 – Vacation Banks and Holidays – increased vacation accrual to 25 days after 20 years of service.</p> <p>[Police] Article 18 – Vacation Banks and Holidays – clarifies that bargaining unit members shall again not work, but be paid one-half (1/2) day off with pay on the day before Thanksgiving.</p> <p>[Police] Outside Experience Credit – clarifies that new hires may receive up to two (2) years credit on the salary schedule. Possibly exceptions as prescribed by District for up to four (4) years credit.</p> <p>[Police] Badge Receipt upon Retirement – Bargaining Unit Members eligible for Retirement badge and identification subject to satisfaction of stated requirements.</p>								
<p>Non-Economic Amendments</p> <p>Calendars – District has adopted school calendars for the 2016-2017 and 2017-2018 school years.</p>								

Collective Bargaining Unit Requests Cont.

The FRC shall approve all collective bargaining agreements, including any addendums to those agreements, to which that qualified city or qualified school district is a party after approval by the governing body and mayor or chief executive officer of the qualified city or qualified school district as required by charter or law.

Bargaining Unit	Collective Bargaining Agreement Amendments	Approval Date						
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	<p>Other Economic Amendments</p> <p>Article XIV.E. – Holiday – clarifies that bargaining unit members shall again not work, but shall receive pay for one-half day the day before Thanksgiving.</p> <p>Article XIX – Insurance – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.</p> <p>Article XIV.E. – Sick Days – clarifies that bargaining unit members shall again not work, but shall receive pay for one-half day the day before Thanksgiving.</p> <p>Article XV – Staffing and Hours of Work – increased the work day by 25 minutes to align with the bell schedule.</p>	<p>FRC 11.20.2017</p>						
<p>Non-Economic Amendments</p> <p>Calendars – updated for 2017-2018 and 2018-2019; the 2019-2020 calendar to be negotiated. Additionally, the work year shall be reduced by 1-2 days.</p> <p>Title Change – changed the title of “School Service Assistant” to “Para-Educator” with no change in duties.</p>								
Paras. (NHA)	<p>Salary Schedule Amendments</p> <table border="0"> <thead> <tr> <th data-bbox="396 956 469 975">FY 2018</th> <th data-bbox="935 956 1008 975">FY 2019</th> <th data-bbox="1476 956 1549 975">FY 2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="170 981 668 1138"> <ul style="list-style-type: none"> • <i>Top Step 1st Semester:</i> \$225 bonus to E.C. & Montessori • <i>Top Step 2nd Semester:</i> FSA: \$9.10 to \$10.50, FSS.: \$12.22 to \$13.25, NHA: \$9.05 to \$9.45 • <i>On Steps 1st Semester:</i> No steps included in rate card • <i>On Steps 2nd Semester:</i> No change • <i>Other:</i> Possible OSN efficiency bonus; 3 hrs. added to year </td> <td data-bbox="716 981 1184 1113"> <ul style="list-style-type: none"> • <i>Top Step 1st Semester:</i> \$225 bonus to E.C. & Montessori • <i>Top Step 2nd Semester:</i> FSA: \$10.50 to \$10.75, FSS: \$13.25 to \$13.50, NHA: \$9.45 to \$9.60 • <i>On Steps 1st Semester:</i> No steps included in rate card • <i>On Steps 2nd Semester:</i> No change </td> <td data-bbox="1257 981 1775 1056"> <ul style="list-style-type: none"> • Compensation structure effective in FY 2019 – 2nd semester assumed to continue throughout FY 2020, subject to wage opener. </td> </tr> </tbody> </table>	FY 2018	FY 2019	FY 2020	<ul style="list-style-type: none"> • <i>Top Step 1st Semester:</i> \$225 bonus to E.C. & Montessori • <i>Top Step 2nd Semester:</i> FSA: \$9.10 to \$10.50, FSS.: \$12.22 to \$13.25, NHA: \$9.05 to \$9.45 • <i>On Steps 1st Semester:</i> No steps included in rate card • <i>On Steps 2nd Semester:</i> No change • <i>Other:</i> Possible OSN efficiency bonus; 3 hrs. added to year 	<ul style="list-style-type: none"> • <i>Top Step 1st Semester:</i> \$225 bonus to E.C. & Montessori • <i>Top Step 2nd Semester:</i> FSA: \$10.50 to \$10.75, FSS: \$13.25 to \$13.50, NHA: \$9.45 to \$9.60 • <i>On Steps 1st Semester:</i> No steps included in rate card • <i>On Steps 2nd Semester:</i> No change 	<ul style="list-style-type: none"> • Compensation structure effective in FY 2019 – 2nd semester assumed to continue throughout FY 2020, subject to wage opener. 	<p>Union 11.08.2017</p> <p>Board 11.14.2017</p>
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	<p>Other Economic Amendments</p> <p>Article VI – Holiday – clarifies that bargaining unit members shall again not work, but be paid for a half day the day before Thanksgiving.</p> <p>Article XIX – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.</p> <p>Sick Days – increases sick days from 3 to 6 for food service specialist.</p> <p>Serv-Safe Testing – clarifies that Office of School Nutrition funds will be used to cover the cost of Serv-Safe testing.</p> <p>Summer School Pay Rates – clarifies that the summer school rate is the same as the regular rates.</p>	<p>FRC 11.20.2017</p>						
<p>Non-Economic Amendments</p> <p>Calendars – updated for 2017-2018 and 2018-2019; the 2019-2020 calendar to be negotiated.</p> <p>Article XIII – Hours of Work – clarifies the length of the work day and break periods.</p> <p>Summer Assignments – clarifies preference for summer assignments will be given to employees with good performance evaluations and attendance.</p>								

Collective Bargaining Unit Requests Cont.

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	Other Economic Amendments							
Article 21 – Vacation and Holidays – clarifies that bargaining unit members shall again not work, but be paid one-half (1/2) day off with pay on the day before Thanksgiving.								
Article 28 – Employee Benefits – Health Insurance – clarifies that current health care plans and other insurance shall continue in effect through 2019, at which time, the parties shall engage in collective bargaining.								
Non-Economic Amendments								
Calendars – updated for 2017-2018 and 2018-2019; the 2019-2020 calendar to be negotiated. Members shall work the students’ calendar and such other days as determined by the District.								
<p style="text-align: center;">FRC 11.20.2017</p>								

-
- a. 2018 Regular Meeting Schedule**
 - b. Detroit Public Schools (Old Co.) Monthly Report**
 - c. Community District's Monthly Report**
 - d. Supplemental Reports**
 - e. FY 2018 Q1 Debt Certification**
 - f. Chief Financial Officer Nominee**
 - g. Collective Bargaining Agreements**
 - h. Contract Requests**



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2017-27

**APPROVING THE COMMUNITY DISTRICT'S NOVEMBER 2017
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on November 20, 2017, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's November 2017 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments	
1	Operations	N/A	<p>Contract Amount: \$7,593,037 REVENUE Contract Period: November 2017 – October 2023 with five (5) optional five (5) year renewal terms Source: Revenue to district Purpose: To allow T-Mobile to use DPSCD properties for wireless communication equipment in order to improve their service to the general public Contractor: T-Mobile Central LLC Location: 12920 SE 38th Street, Bellevue, WA 98006</p>	New	N/A	N/A	<p>Anticipated Approval Board 11.14.2017 FRC 11.20.2017</p>	Presently, the district has three smokestack/rooftop lease agreements and one ground/flag pole lease with other cellular service providers. With the addition of the seven schools proposed herein, that number will increase to 11.
2	Operations	17-0134-C	<p>Contract Amount: \$2,000,000 Contract Period: November 20, 2017 – December 31, 2018 Source: General Fund Purpose: To provide landscaping, snow and ice removal services Contractor: Payne Landscaping, Inc. Location: 7635 E. Davison St., Detroit, MI 48212</p>	New	Yes	Yes	<p>Anticipated Approval Board 11.14.2017 FRC 11.20.2017</p>	Payne has provided the same services to the District in the past
3	Operations	18-0005-C	<p>Contract Amount: \$1,000,000 Contract Period: November 20, 2017 – December 31, 2018 Source: General Fund Purpose: To provide landscaping, snow and ice removal services Contractor: Premier Group Associates Location: 535 Griswold, Suite 1420, Detroit, Michigan 48226</p>	New	Yes	Yes	<p>Anticipated Approval Board 11.14.2017 FRC 11.20.2017</p>	PGA is presently a supplier of the District. This is their first snow removal contract.

Contract Requests Cont.

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
4 Human Resources	N/A	<p>Contract Original Amt.: Originally, the incumbent advised 2017 premium would be \$6.1M, which assumes using the stop loss attachment point as the claims estimate. In October of 2017, EHiM advised that the policy was being cancelled by the insurer and that the estimated 2017 costs to the District will now be \$6.6M. Moving to BCN, the 2018 fully insured premium will be \$7.1M. This is a gross cost and would be shared between the district and employees via employee contributions.</p> <p>Contract Period: January 1, 2018 through December 31, 2018</p> <p>Source: General Fund/Grants</p> <p>Purpose: To provide fully-insured pharmacy benefits for DPSCD employees</p> <p>Contractor: Blue Care Network</p> <p>Location: 5575 Conner Suite 205, Detroit, MI 48213</p>	New	Yes	Yes	<p>Anticipated Approval</p> <p>Board 11.14.2017</p> <p>FRC 11.20.2017</p>	In 2016, EHiM was sourced by the Coalition of Unions and was not a part of the original RFP. BCN was a part of the original RFP. All three respondents to the RFP and EHiM were asked to refresh their bids for the 2018 plan year and BCN was the lowest, while the incumbent, EHiM, provided a quote of \$7.5M.
5 Human Resources	N/A	<p>Contract Amendment Amount: For calendar year 2017, total projected vision costs are \$266,000. For calendar years 2018-2020, total projected costs are \$290,000 annually.</p> <p>Contract Period: January 1, 2017* through December 31, 2021</p> <p>Source: General Fund/Grants</p> <p>Purpose: To provide vision benefits for DPSCD employees</p> <p>Contractor: Heritage Vision</p> <p>Location: 5716 Michigan Ave, Ste 3000, Detroit, MI 48210</p>	Renewal	No	N/A	<p>Anticipated Approval</p> <p>Board 11.14.2017</p> <p>FRC 11.20.2017</p>	Heritage has provided vision benefits to the district for over a decade. This contract was scheduled for renewal and approval during the Fall of 2016 by the Transition Manager.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Regular Board Meeting T-Mobile Telecommunications Cellular Tower Lease Agreement November 14, 2017¹

Recommendation:

That the School Board approve the telecommunications site rental agreement between T-Mobile Central LLC (T-Mobile) and the District at seven school locations (Vernor, Pasteur, Emerson, Hally, Trix, Western and Wayne) for \$1,900 per month per location, for a total of \$13,300 per month, for the first year with a 3% rental rate increase each subsequent year for an initial five-year term, with five optional five-year renewal terms.

Description and Background:

Cellular providers need telecommunication leases agreements to provide quality cellular coverage within a specified area. In the telecommunications industry, there are two types of telecommunication leases: a smokestack/rooftop lease agreement and a ground/light pole lease agreement.

T-mobile proposes a telecommunications lease agreement that will allow it to install, operate, repair, replace and maintain wireless communication equipment on the smokestack of each district property referenced above. Cell tower companies generally approach the school districts because of their building clearance. Cell towers must be at least 15-20 feet above the trees. There are limited locations in residential communities with properties high enough to meet that requirement.

Currently, the district has three smokestack/rooftop lease agreements and one ground/flag pole lease with other cellular service providers. With the addition of the seven schools proposed herein, that number will increase to 11.

Gap Analysis:

By entering this agreement with T-Mobile, the school district is expected receive a continuous stream of revenue over a term of 30 years. The lease is currently drafted to automatically renew unless either party gives 30 days written notice of intent not to renew.

Previous Outcomes:

The school district current annual revenue from cell tower leases is approximately \$93,036. The

¹ This item was approved at the Finance Sub-Committee Meeting on October 23, 2017.

T-Mobile Lease Agreement

Date: November 14, 2017

district has not experienced any disruption to its programming or services due to the presence of these towers and equipment.

Expected Outcomes:

T-Mobile will maintain and operate the wireless equipment at its sole cost. T-Mobile will use the site in a manner that will not disturb the district. T-Mobile will install separate metering for utilities and maintenance of their equipment on the smokestack. T-Mobile will carry its own insurance, and provide the district with proof of insurance.

Alignment to Strategic Plan:

The requested item aligns with the Strategic Plan priority of Responsible Stewardship, Strategy 2 “[d]evelop and implement a facilities management and technology infrastructure plan that accounts for current and future needs and identifies funding strategies to support maintenance and improvement.”

Financial Impact:

Upon execution T-Mobile will pay the District a \$2,000 processing fee and a \$5,000 initial fee for an upfront payment of \$7,000 per property or \$49,000 based on the lease agreement at the seven schools. After equipment is installed T-Mobile will pay the district a monthly fee of \$1,900 per property for a total of \$13,300 a month for the first year of the initial term of the agreement. The T-Mobile tower agreements is revenue generating for up to 30 years in successive five-year terms. The contract will automatically renew and increase 3% each year throughout each renewal term. Projected income is as follows:

Initial Term	First Renewal Term	Second Renewal Term	Third Renewal Term	Fourth Renewal Term	Fifth Renewal Term
\$ 847,338	\$ 982,297	\$ 1,138,751	\$ 1,320,126	\$ 1,530,386	\$ 1,774,139

If all 5 renewals are exercised the district will receive approximately \$7.59 million dollars in payments. Payment is due monthly and there is a 5% late fee along with a 10% daily interest fee charged until all payments due are made.

Contact for Item:

Felicia Venable, Sr. Executive Director of Facilities. Maintenance and Auxiliary Services

Phone: (313) 218-2876

Email: felicia.venable@detroitk12.org

Supporting Documents/Attachments:

Proposed T-Mobile Telecommunications Lease Agreement

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Finance Sub-Committee Proposed Contract for Landscaping and Snow Removal Services November 14, 2017¹

Recommendation:

That the School Board approve contracts for landscaping, snow, and ice removal services at open and closed district owned properties with (i) Premier Group Associates (PGA) and (ii) Payne Landscaping LLC in the Not-To-Exceed (NTE) amount of \$3,000,000 for the period November 15, 2017 through December 31, 2018.

Description and Background:

Payne Landscaping LLC is a Detroit-based contractor with over 25 years of experience and 73 employees. This contractor has performed landscape services within the school district for over 22 years. PGA, is locally-based in Detroit and Grosse Pointe. It also has over 25 years of experience in property maintenance, construction and landscaping services. This contractor has performed landscape services within the school district for 22 years.

These vendors will service all 109 active school locations, 22 closed properties and a limited number of vacant land parcels within the district's inventory of nearly 200 land parcels, on an as needed basis. Generally, Payne Landscaping will be assigned to eastside properties and PGA will be assigned to westside properties.

Gap Analysis:

Grounds and landscaping services allows the school district to maintain attractive and inviting facilities along with providing all students, staff, and visitors with safe passage while on district properties. Generally, when the snowfall is greater than two to three inches, the use of a contractor is recommended. This service contract allows the school district to reduce slip and fall occurrences, provides the external equipment and labor, and eliminates any employee liabilities associated with District employees performing this work.

Previous Outcomes:

During winter 2016, Payne Landscaping was the sole provider of snow removal services. Payne struggled to meet the demands of the school district during a year with relatively limited snowfall. It was evident that more than one contractor would be needed to perform these services for the

¹ This item was approved at the Finance Sub-Committee Meeting on October 23, 2017.

Landscaping Snow/Ice Removal Services

Date: November 14, 2017

coming winter. During winter 2016, with below average snowfall, Payne Landscaping billed slightly more than \$800,000 for snow removal services at open and closed school buildings and offices.

Expected Outcomes:

The school district will utilize the services of Payne Landscaping and Premier Group Associates to maintain grassy areas, improve curb appeal, clear fence-lines and trim shrubbery. During the winter services these contractors will be activated by the school district based on weather conditions. This contract provides flexibility in activating services for snowfall and accumulation at 1" or more, as well as activation for salt alone to walkways, driveways and parking lots. The availability of more than one service provider allows the District to meet the demands of services without limitations and delays. The amounts allocated provide flexibility among vendors and flexibility in total costs should snowfall substantially increase. Monies that remain unspent will be reinvested in future projects, subject to School Board approval, should the precipitation fail to occur.

The contract provides explicit deliverables. Payment is directly related to individual instances of specific services performed (*i.e.*, a cost per mow, a cost based on deployment of snow plows). Invoices must demonstrate in specific line items the location, date, and type of service. The Facilities and Operations team does regular site visits to verify work completion prior to remitting payment.

Financial Impact:

Summary of Contract #17-0134-C Landscaping and Snow Removal Services	Cost
1-Year Base Allocation Premier Group Assoc.	\$ 1,000,000.00
1-Year Base Allocation Payne Landscaping	\$ 2,000,000.00
Total NTE Amount	\$3,000,000.00

Fund Source: General Fund

Bid Process: DPSCD issued Request for Proposal #17-0134-C on August 14, 2017 for landscaping and snow/ice removal. The contract term for the base year of services is January 1, 2018 through December 31, 2018 with three (3) one-year options for renewal. There were five (5) companies; Payne Landscaping LLC, Premier Group Associates, DM Burr, RNA and One Sop Property Maintenance to submit bids for this service.

Landscaping Snow/Ice Removal Services

Date: November 14, 2017

Alignment to the Strategic Plan:

The requested item aligns with the Strategic Plan priority of Responsible Stewardship, Strategy 2 “[d]evelop and implement a facilities management and technology infrastructure plan that accounts for current and future needs and identifies funding strategies to support maintenance and improvement.”

Contact for Item:

Felicia Venable, Sr. Executive Director of Facilities, Maintenance & Auxiliary Services

Phone: (313) 218-2876

Email: felicia.venable@detroitk12.org

Supporting Documents/Attachments:

Contracts for Landscaping and Snow Removal Services

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Regular Board Meeting Medical and Prescription Coverage November 14, 2017¹

Recommendation:

That the School Board approve a fully-insured medical and prescription drug coverage plan through Blue Care Network of Michigan, for the period January 1, 2018 through December 31, 2018, at an estimated total cost of \$43,752,381 (subject to actual enrollment).

Description and Background:

The district has historically provided medical and prescription drug coverage as a part of the employee benefits package. In 2016, the district opened a Request for Proposals for fully-insured medical and prescription drug coverage for calendar years 2017 and 2018.

Four entities provided bids: two independent licensees of the Blue Cross and Blue Shield Association, Blue Cross Blue Shield of Michigan and Blue Care Network of Michigan (BCN); Total Health Care; and HAP, the incumbent provider. Upon review of the bids, BCN was selected to provide medical and prescription drug benefits.

At that same time, the district's council of unions conducted independent research regarding pricing for benefits. Through an independent broker, the council of unions obtained a quote from Employee Health Insurance Management, Inc. (EHIM), a third-party administrator for self-insured benefit programs, which indicated that the district could realize a savings in its prescription drug coverage by pursuing a self-insured option. The district agreed to split its medical and prescription drug coverage benefits and moved forward with a contract with BCN for medical benefits and selected EHIM as the third-party administrator for prescription drug coverage.

The Financial Review Commission (FRC) approved a one-year contract for calendar year 2017 with BCN and an additional one-year renewal of the BCN agreement subject to a cap on any rate increase of 11%. The FRC also approved a one-year agreement with EHIM.

¹ Approved prior to revision at the Finance Sub-Committee Meeting on October 23, 2017.

Medical and Prescription Drug Coverage

Date: November 14, 2017

2018 Benefits Coverage

This fall, BCN provided its rates for 2018 medical benefits coverage. BCN projected a cost increase to \$37,234,053, which on per contract basis is within the 11% cap previously approved. Accordingly, it was the district's intent to seek renewal of this coverage.

In early October, the district's insurance broker provided projections for self-insurance for prescription drug costs for 2018. Costs were projected to increase significantly and the self-insured program, with administrative costs, was projected to total between \$8.2 - \$8.6 million, without a guarantee that costs would not increase.

Upon learning of this projected cost increase, the district sought to refresh its 2016 bids for prescription drug coverage. Three of the bidders Blue Cross Blue Shield of Michigan, HAP and Total Health Care declined to refresh their bid. BCN refreshed its bid and the total projected cost for 2018 through a fully-insured BCN medical/pharmacy plan was \$44,383,813. The prior estimates for a self-insured pharmacy plan coupled with a BCN medical insurance plan totaled \$45,487,654. Based on the projected \$1.1 million savings, the district moved forward with a recommendation to move its prescription drug coverage to BCN. On October 23, 2017, the Finance Sub-Committee approved that recommendation.

On October 26, 2017, the district and the council of unions met directly with the pharmacy benefits manager, EHIM. EHIM projected a substantially more modest increase in cost than the district's insurance broker and agreed to make certain concessions with respect to administrative cost to the district for a projected total cost of \$7,538,325, subject to substantial fluctuation based on actual claims.²

Based upon the updated projected costs, which also include a projected increase in plan participants, the total for 2018 with BCN/EHIM blended coverage would be \$44,772,378 or about a 8.6% total cost increase.

On October 31, 2017, the district and the council of unions met with BCN. For a fully insured prescription drug program, BCN fixed its cost at \$7,076,839 (subject to actual enrollment). BCN also refreshed the medical benefits bid numbers and decreased the projected 2018 cost increase by 1.5%, contingent upon acceptance of BCN as the district's prescription drug benefits provider, for a total cost to the district of \$36,675,542 (subject to actual enrollment). Based upon the updated projected costs, the total for 2018 through a fully insured BCN medical/pharmacy plan would be \$43,752,381 or about a 6.1% total cost increase.

As noted above, at each of these meetings the district's council of unions was in attendance and allowed to fully participate and provide feedback and seek clarity on terms from the providers. The district's senior leadership plans to continue these meetings during calendar year 2018 to

² By way of example, claims for plan year 2017 are now projected to exceed projections by approximately \$500,000. This is in large part based on data quality concerns discovered late in the plan year; however, it is illustrative of the risk involved with a self-insured program.

Medical and Prescription Drug Coverage

Date: November 14, 2017

closely monitor the implementation of the benefits program. The council of unions will also be directly involved in the RFP for 2019 benefits.

Based on this updated information and the additional cost-savings realized since the Finance Subcommittee Meeting, the district reaffirms its recommendation to select BCN as the fully insured medical and prescription drug benefits provider.

Gap Analysis:

The district traditionally provides medical and prescription drug coverage to its employees. Proposed changes to cost structure and provider are primarily evaluated based on the eventual effect on the employee and the cost to the district.

Here, the change is cost effective and minimal disruption is projected from employees. Employees already receive their medical benefits through BCN, they will now have a signal agent for all claims, a single benefits card, and experience no change in the benefits enrollment process. Despite the savings over previously projected 2018 costs, both employee and employer will see a cost increase. For employees, the cost increase will be between 3% - 6% (or between \$85 - \$370 for the full calendar year) depending on the plan selected. In addition, although both benefit providers use the same copay structure (three "tiers" of escalating cost) each pharmacy benefits provider uses a slightly different formulary to determine the tier for certain drugs. The district has conducted a review of the 50 most costly drugs and determined that in 25 instances the copays were lower under BCN, in 7 instances the copays were lower under EHIM and in 18 instances the copays were identical.

By adding fully-insured prescription coverage to BCN, the district's costs will be set. This is efficient for the district's budget and represents a projected significant cost savings. When comparing the projected 2018 costs of a BCN fully-insured medical/EHIM self-insured prescription drug plan, to the cost of a fully-insured BCN medical and prescription drug benefits plan, in total, the district and its employees are projected to experience between \$1.02 – 1.88 million less in cost increases, subject to actual claims.

Previous Outcomes:

In calendar year 2017, medical costs are projected to be \$34,011,766 and prescription drug costs are projected to be \$7,207,862, for a total of \$41,219,628. The district budgeted an increase of 11% for each of its benefit providers.

Expected Outcomes:

In calendar year 2018, total projected medical and prescription drug costs are \$43,752,381, well within the 11% budgeted cost increase. In addition, the district will fully review all employee benefits in 2018 and conduct a Request for Proposals for medical and prescription drug coverage for plan year 2019.

Medical and Prescription Drug Coverage

Date: November 14, 2017

Alignment to Strategic Plan:

Exceptional Talent, Strategy 1

Contact for Item:

Luis B. Solano, Chief Operating Officer

Phone: (313) 873-8518

Email: luis.solano@detroitk12.org

David Donaldson, Senior Executive Director of Human Resources & Talent

Phone: (313) 873-8512

Email: david.donaldson@detroitk12.org

Supporting Documents/Attachments:

Contract and Benefit Summary

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Regular Board Meeting Heritage Vision Plans, Inc. November 14, 2017

Recommendation:

That the School Board (i) retroactively approve amounts paid to Heritage Vision Plans, Inc. (“Heritage”) for the period January 1, 2017 – November 30, 2017, at a total cost of \$5.23 per member, per month (at a projected total cost of \$266,000, subject to actual enrollment); and (ii) approve a contract with Heritage for the period December 1, 2017 - December 31, 2021 at a total cost of \$5.23 per member, per month (at a projected annual cost of \$290,000, subject to actual enrollment).

Description and Background:

Heritage has provided vision insurance benefits to the district for over a decade. All benefit eligible employees are eligible to participate in the Heritage plan. The plan provides, among other things, for annual eye exams, replacement glasses every two years (and annually for minors), or for the provision of contact lens.

On October 23, 2017, the expenditures associated with Heritage were approved by the Finance Sub-Committee for the period January 1, 2018 – December 31, 2018. At the time of that meeting, an unsigned copy of the contract was presented as the signed copy could not be readily located. Subsequently, it was confirmed by the vendor that an executed copy of the agreement did not exist.¹

Accordingly, the recommendation has been revised to request approval of 2017 costs and to seek execution of a contract for the remainder of the originally negotiated term, through December 31, 2021. As previously reported, the contract explicitly reserves the district’s right to review the agreement every two years for potential termination with 90 days’ notice.

During the term of the agreement, rates are locked and the district will see no increase in cost of benefits. Through the Human Resources and Talent Division, the Office of Compensation, Benefits and Employee Health Services administers these benefits. Open enrollment is scheduled to commence in late November.

¹ Due to the lengthy historical relationship of the parties, and the district’s remittance of payments, the vendor did not previously raise this issue with the district.

Heritage Vision**Date: November 14, 2017****Gap Analysis:**

The district has historically provided vision insurance as a part of the employee benefits package. Any change to these offerings would create significant, unexpected costs for employees, which could be detrimental to employee morale.

Previous Outcomes:

The district has reported no significant concerns with insurer's services.

Expected Outcomes:

The continuation of vision benefits for employees.

Alignment to Strategic Plan:

Exceptional Talent, Strategy One

Financial Impact:

Cost will vary according to the number of employees. Cost per employee is \$5.23 per month with an estimated total cost of \$1,450,000 over five years (\$290,000 estimated annual cost). The cost of benefits is general funded and/or, for grant-funded employees, grant funds may be used (in accordance with the grants terms).

Contact for Item:

David Donaldson, Senior Executive Director of Human Resources and Talent

Phone: (313) 873-8512

Email: david.donaldson@detroitk12.org

Supporting Documents/Attachments:

Contract and Benefit Summary