



Financial Review Commission ' Public Meeting '

September 24, 2018



Overall Summary - DPS '

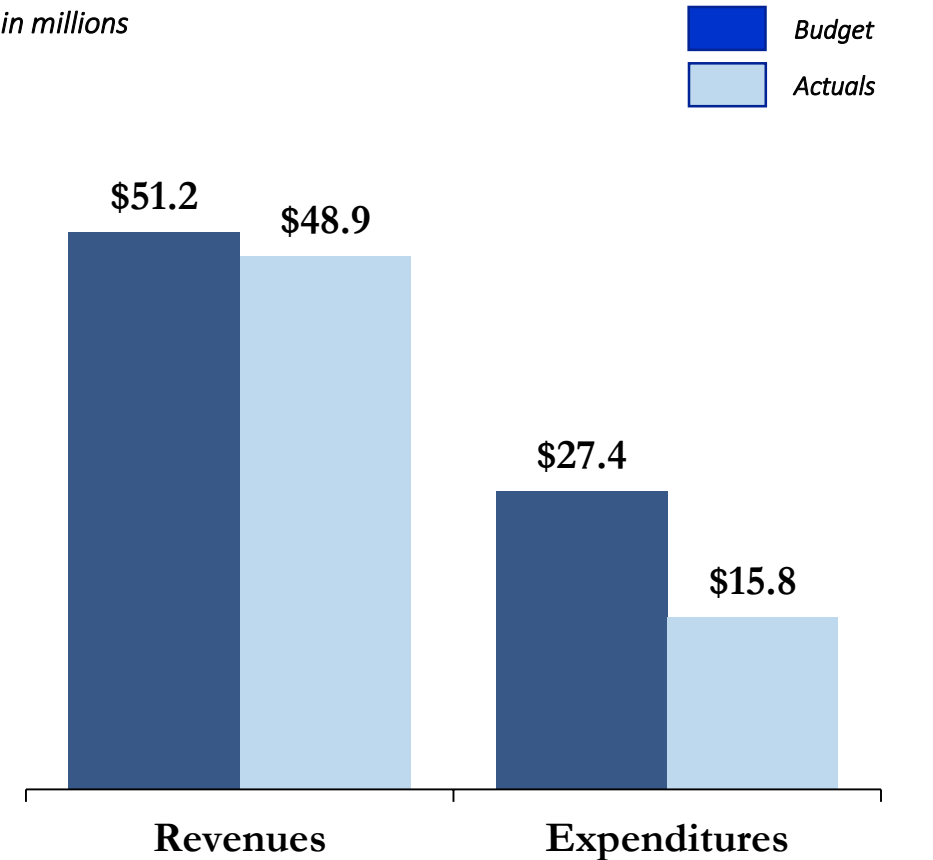
- Revenues and Expenditures
 - There were no tax collection receipts in July
- Cash Flow
 - A draw from BONY shifted from July to August
 - The ending cash balance for July was \$5.9M

Overall Summary – DPSCD Revenues and Expenditures '

- Year-to-Date revenues through July were slightly below budget (\$2.2M) (
 - Primarily driven by lower than expected Federal revenue
- Expenses were 42% lower than budgeted
 - Key driver was purchased services which were \$9.2M less than forecast (

Budget vs. Actuals – Through July 2018

\$ in millions

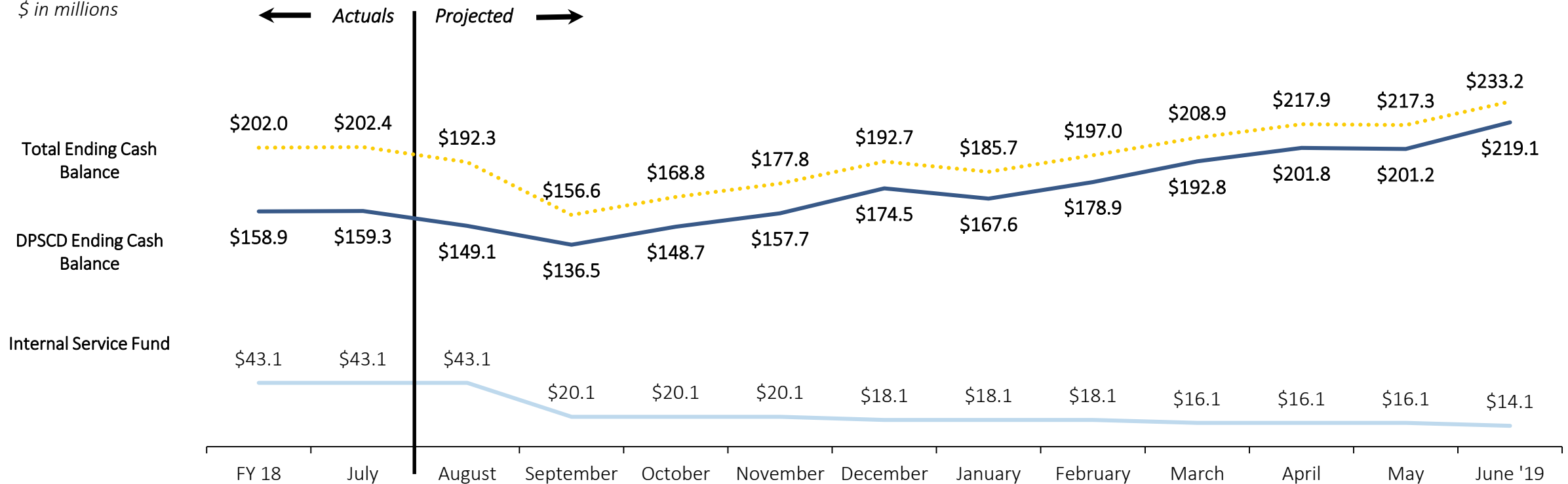


Overall Summary – DPSCD Cash Flow Analysis July 2018 '1

- DPSCD's ending cash balance for July was \$159.3M and the Internal Service Fund ending balance was \$43.1M, for a total ending balance of \$202.4M.
- The current cash balance is estimated to be equivalent to 12.6 weeks of average expenditures¹.

Actual & Projected Ending Cash Balance

\$ in millions



(1) Calculated by taking current cash balance as of July 27, 2018 and dividing it by the average actual YTD expenditures per week, excluding any extraordinary one-time items

DPS Update – July 2018 '

DPS Cash Forecast to Actuals Variance – July 2018 '

<i>\$ in thousands</i>	July Forecast	July Actuals	July Variance	Comment
Cash Receipts				
State Aid ;		\$ -	\$ -	
Property Tax (13 Mills) ;	951	-	(951)	Payment expected in future period ;
Transfer from DPSCD ;	54	-	(54)	
Draw from BONY ;	18,809	-	(18,809)	Draw delayed to August ;
Miscellaneous ;	-	465	465	Primarily DPSCD Scholarships paid to DPS
Total Cash Receipts	19,814	465	(19,349)	
Cash Disbursements				
Payroll Direct Deposit ;	-	-	-	
FICA ;	-	-	-	
Accounts Payable ;	(54)	(54)	(0)	
Pension (employer portion) ;	-	-	-	
Fringe Benefits ;	-	-	-	
Property Tax Transfer (1) ;	(3,320)	(2,369)	951	Additional transfers to be made in future periods
Transfer to DPSCD	-	-	-	
Other	(43)	(49)	(6)	
Total Cash Disbursements	(3,417)	(2,473)	944	
Net Cash Flow	16,397	(2,008)	(18,405)	
Beginning Cash Balance	7,929	7,929	-	
Net Cash Flow	16,397	(2,008)	(18,405)	
Ending Cash Balance	\$ 24,326	\$ 5,922	\$ (18,405)	

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

DPS Cash and Debt Payment Forecast '1

\$ in thousands

	2018						2019						FY 19 Total
	July Actual	August Forecast*	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
DPS General Fund (13 Mils)													
Beginning Cash Balance	\$ 7,929	5,922	21,405	3,799	3,799	3,799	3,799	3,699	3,699	7,510	7,709	7,709	7,929
Receipts													
Property Tax Receipts	-	3,898	19,965	4,076	1,748	1,137	2,468	4,366	17,553	828	2,243	16,985	75,265
Transfers from BONY	\$ -	\$ 23,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,810	\$ 199	\$ -	\$ 2,170	30,043
Other Cash Receipts	465	154	-	-	-	-	-	-	-	-	-	-	619
Disbursements													
Property Tax Transfers	(2,369)	(3,898)	(19,965)	(4,076)	(1,748)	(1,137)	(2,468)	(4,366)	(17,553)	(828)	(2,243)	(16,985)	(77,634)
Reimbursement to DPSCD	-	(441)	(13,100)	-	-	-	-	-	-	-	-	(6,900)	(20,441)
Other Cash Disbursements	(103)	(8,092)	(4,506)	-	-	-	(100)	-	-	-	-	-	(12,802)
Net Cash Flow	(2,008)	15,483	(17,606)	0	(0)	0	(100)	0	3,810	199	(0)	(4,730)	(4,951)
Ending Cash Balance	5,922	21,405	3,799	3,799	3,799	3,799	3,699	3,699	7,510	7,709	7,709	2,979	2,979
DPS Scheduled Bond Repayments (13 Mils)													
Beginning Property Tax Balance	22,577	24,946	28,844	48,809	52,885	11,618	12,755	15,223	19,588	37,142	138,872	0	22,577
Property Tax Transfers	2,369	3,898	19,965	4,076	1,748	1,137	2,468	4,366	17,553	828	2,243	16,985	77,634
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	100,902	-	-	100,902
Scheduled Bond Debt Payments	-	-	-	-	(43,014)	-	-	-	-	-	(141,114)	-	(184,128)
Ending Property Tax Balance	24,946	28,844	48,809	52,885	11,618	12,755	15,223	19,588	37,142	138,872	0	16,985	16,985
DPS Debt Fund (18 Mils - BONY)													
Beginning Cash Balance	\$ 28,775	28,799	7,531	28,667	16,570	18,623	19,775	26,247	33,575	27,048	4,938	12,451	28,775
Receipts													
Cash Receipts	24	2,595	22,118	2,906	2,053	1,152	6,472	7,328	266	469	7,513	15,903	68,799
Disbursements													
Transfers to DPS General Fund ¹	-	(23,863)	-	-	-	-	-	-	(3,810)	(199)	-	(2,220)	(30,092)
Scheduled EL/Bond Payments	-	-	(983)	(15,003)	-	-	-	-	(2,983)	(22,380)	-	-	(41,348)
Net Cash Flow	24	(21,268)	22,118	2,906	2,053	1,152	6,472	7,328	(3,544)	270	7,513	13,683	38,707
Ending Cash Balance	28,799	7,531	28,667	16,570	18,623	19,775	26,247	33,575	27,048	4,938	12,451	26,134	26,134
DPS Summary Cash Position													
General Fund (13 Mils)	5,922	21,405	3,799	3,799	3,799	3,799	3,699	3,699	7,510	7,709	7,709	2,979	2,979
DPS Debt Fund (18 Mils)	28,799	7,531	28,667	16,570	18,623	19,775	26,247	33,575	27,048	4,938	12,451	26,134	26,134
Ending Cash Position	\$ 34,721	\$ 28,936	\$ 32,466	\$ 20,369	\$ 22,422	\$ 23,574	\$ 29,946	\$ 37,274	\$ 34,558	\$ 12,647	\$ 20,160	\$ 29,112	\$ 29,112

*Forecast includes actuals through August 10, 2018

1) From the June BONY transfer to the DPS General Fund, \$50k will be paid to the Bank Trustee as part of the annual contractual management fee

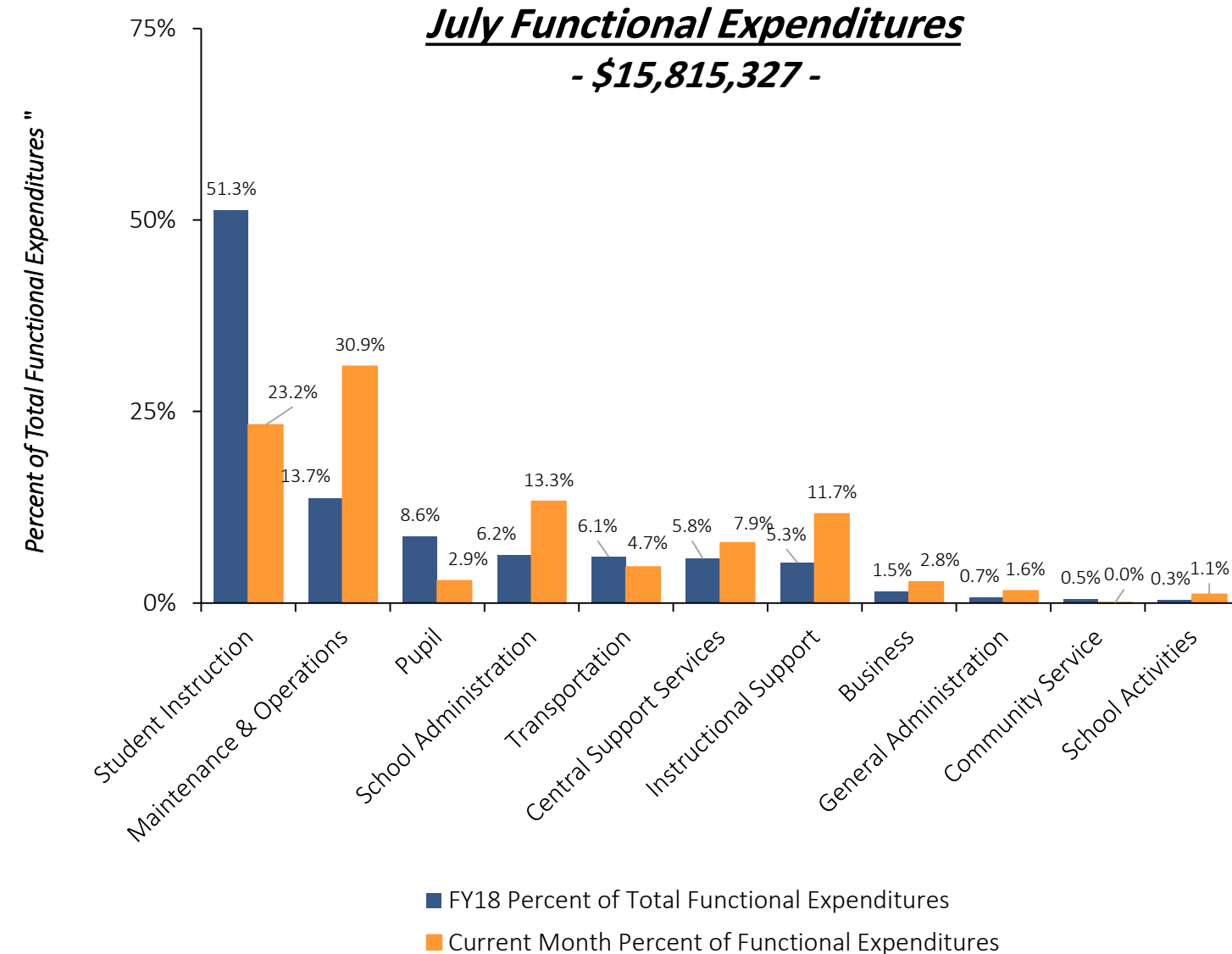
DPSCD Update – July 2018 '

Summary of revenues and expenditures '

Based on actual results through July 2018, DPSCDs overall surplus is \$9.3M.

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget	Actual	Variance		Budget	Actual	Variance	
	Month of July - FY19	Month of July - FY19	\$	%	YTD July - FY19	YTD July - FY19	\$	%
SUMMARY								
Revenues								
Local sources	\$ -	\$ 10,570	\$ 10,570	0%	\$ -	\$ 10,570	\$ 10,570	0%
State sources	41,940,797	41,923,459	(17,338)	(0%)	41,940,797	41,923,459	(17,338)	(0%)
Federal sources	9,256,847	7,015,943	(2,240,904)	(24%)	9,256,847	7,015,943	(2,240,904)	(24%)
Total revenues	51,197,644	48,949,972	(2,247,673)	(4%)	51,197,644	48,949,972	(2,247,673)	(4%)
Expenditures								
Salaries	7,978,151	6,448,166	(1,529,984)	(19%)	7,978,151	6,448,166	(1,529,985)	(19%)
Benefits	4,084,715	4,062,764	(21,950)	(1%)	4,084,715	4,062,764	(21,951)	(1%)
Purchased Services	12,911,673	3,718,793	(9,192,880)	(71%)	12,911,673	3,718,793	(9,192,881)	(71%)
Supplies & Textbooks	711,612	182,349	(529,263)	(74%)	711,612	182,349	(529,263)	(74%)
Utilities	1,387,453	1,387,453	-	0%	1,387,453	1,387,453	-	0%
Other	-	15,801	15,801	0%	-	15,801	15,801	0%
Total expenditures	27,396,655	15,815,327	(11,581,328)	(42%)	27,396,656	15,815,327	(11,581,329)	(42%)
Surplus (Deficit)	\$ 23,800,990	\$ 33,134,645	\$ 9,333,655	38%	\$ 23,800,990	\$ 33,134,645	\$ 9,333,656	38%

Expenditures by Function – July 2018 '



Notes:

- Student instruction in the summer is lighter than normal with Summer School as a primary driver of expenditures
- Maintenance and Operations run higher in the summer as work is being done to address facility issues while students are on summer holiday

DPSCD Cash Forecast to Actuals – July 2018 '

\$ in thousands

Cash Receipts

	July Forecast	July Actuals	July Variance	Comment ;
State Aid	\$ 39,097	\$ 39,713	\$ 616	
MPSERS (State Funded)	2,983	2,983	(0)	
Enhancement Millage	1,152	-	(1,152)	Receipts expected in future periods
Grants	11,676	5,380	(6,296)	Timing - receipts expected in future periods
Transfer from DPS	-	-	-	
WCRESA	-	-	-	
Food Service Reimbursement	167	-	(167)	Timing - reimbursement expected in future periods
Miscellaneous	1,205	1,200	(5)	
Total Cash Receipts	56,280	49,276	(7,004)	

Cash Disbursements

MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ 0	
Payroll Direct Deposit	(14,300)	(14,239)	61	
Taxes	(5,622)	(4,860)	762	
FICA	(1,580)	(1,457)	123	
Accounts Payable	(14,496)	(10,430)	4,066	Invoices submitted to AP lower than expected
Pension (employee portion)	(1,928)	(1,836)	92	
Pension (employer portion)	(5,961)	(5,927)	34	
Health	(3,500)	(2,403)	1,097	Health payments lower than forecast due to staffing adjustments
Fringe Benefits	(416)	(322)	94	
Food Service	(3,696)	(4,435)	(739)	
Transfer to DPS	(54)	-	54	
Other	(700)	-	700	
Total Cash Disbursements	(55,236)	(48,892)	6,344	
Net Cash Flow	1,044	384	(660)	
Beginning Cash Balance	158,940	158,940	-	
Net Cash Flow	1,044	384	(660)	
Ending Cash Balance	\$ 159,984	\$ 159,324	\$ (660)	

DPSCD FY 2019 monthly cash flows '

\$ in thousands

	2018						2019						FY 19 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Forecast*	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Receipts													
State Aid	\$ 39,713	\$ 39,097	\$ -	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 434,711
MPSERS (State Funded)	2,983	2,983	-	-	5,967	2,983	2,983	2,983	2,983	2,983	2,983	2,983	32,816
Enhancement Millage	-	1,086	2,272	3,569	3,243	1,742	320	2,229	2,831	-	11	-	17,304
Grants	5,380	20,831	15,200	15,200	15,927	20,944	14,185	14,185	14,185	14,185	15,673	14,185	180,081
Transfer from DPS	-	441	13,100	-	-	-	-	-	-	-	-	6,900	20,441
WCRESA	-	-	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	42,089
Food Service Reimbursement	-	601	1,410	3,241	4,051	3,241	4,051	3,241	3,241	3,241	4,051	3,241	33,612
Miscellaneous	1,200	701	23,941	941	1,092	2,941	1,092	941	2,941	941	1,092	2,941	40,762
Total Cash Receipts	49,276	65,740	60,132	66,705	74,033	75,604	66,385	67,333	69,935	65,104	67,565	74,004	801,816
Cash Disbursements													
MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ -	\$ -	\$ (5,967)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (32,816)
Payroll Direct Deposit	(14,239)	(19,795)	(27,711)	(14,714)	(14,714)	(14,714)	(25,214)	(14,809)	(14,809)	(14,809)	(14,809)	(14,809)	(205,149)
Taxes	(4,860)	(4,624)	(10,364)	(5,642)	(8,463)	(5,642)	(5,678)	(5,678)	(5,678)	(5,678)	(8,517)	(5,678)	(76,503)
FICA	(1,457)	(1,537)	(3,071)	(1,649)	(2,474)	(1,649)	(1,660)	(1,660)	(1,660)	(1,660)	(2,490)	(1,660)	(22,624)
Accounts Payable	(10,430)	(20,434)	(14,167)	(14,167)	(17,709)	(14,167)	(17,709)	(14,167)	(14,167)	(14,167)	(17,709)	(14,167)	(183,160)
Pension (employee portion)	(1,836)	(1,602)	(1,839)	(3,629)	(2,888)	(1,926)	(1,932)	(1,938)	(1,938)	(1,938)	(2,907)	(1,938)	(26,310)
Pension (employer portion)	(5,927)	(5,154)	(5,835)	(6,101)	(9,152)	(6,101)	(6,120)	(6,139)	(6,139)	(6,139)	(9,209)	(6,139)	(78,158)
Health	(2,403)	(5,271)	(4,427)	(4,427)	(4,427)	(4,427)	(6,684)	(4,456)	(4,456)	(4,456)	(4,456)	(4,456)	(54,347)
Fringe Benefits	(322)	(515)	(468)	(468)	(468)	(468)	(706)	(471)	(471)	(471)	(471)	(471)	(5,767)
Food Service	(4,435)	(713)	(800)	(2,339)	(2,923)	(2,339)	(2,923)	(2,339)	(2,339)	(2,339)	(2,923)	(2,339)	(28,750)
Transfer to DPS	-	(145)	-	-	-	-	-	-	-	-	-	-	(145)
Other	-	(1,050)	(1,400)	(1,400)	(1,750)	(1,400)	(1,750)	(1,400)	(1,400)	(1,400)	(1,750)	(1,400)	(16,099)
Total Cash Disbursements	(48,892)	(63,822)	(73,066)	(54,536)	(64,968)	(58,799)	(73,359)	(56,040)	(56,040)	(56,040)	(68,225)	(56,040)	(729,829)
Net Cash Flow	384	1,917	(12,933)	12,169	9,065	16,805	(6,974)	11,293	13,894	9,063	(660)	17,963	71,987
Beginning Cash Balance	158,940	159,324	161,241	148,308	160,477	169,542	186,347	179,373	190,666	204,560	213,623	212,964	158,940
Net Cash Flow	384	1,917	(12,933)	12,169	9,065	16,805	(6,974)	11,293	13,894	9,063	(660)	17,963	71,987
Ending Cash Balance	\$ 159,324	\$ 161,241	\$ 148,308	\$ 160,477	\$ 169,542	\$ 186,347	\$ 179,373	\$ 190,666	\$ 204,560	\$ 213,623	\$ 212,964	\$ 230,927	\$ 230,927

*Forecast includes actuals through August 10, 2018

DPSCD Internal Service & Capital Projects Funds '

	July Actual	August Forecast*	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	FY 19 Total
General Fund Cash Balance	\$ 159,324	\$ 161,241	\$ 148,308	\$ 160,477	\$ 169,542	\$ 186,347	\$ 179,373	\$ 190,666	\$ 204,560	\$ 213,623	\$ 212,964	\$ 230,927	\$ 230,927
Internal Service Fund and Fiduciary Account													
Beginning Balance	\$ 43,108	\$ 43,108	\$ 43,108	\$ 20,108	\$ 20,108	\$ 20,108	\$ 18,108	\$ 18,108	\$ 18,108	\$ 16,108	\$ 16,108	\$ 16,108	\$ 43,108
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	(23,000)	-	-	(2,000)	-	-	(2,000)	-	-	(2,000)	(29,000)
Ending Internal Service Fund Balance	43,108	43,108	20,108	20,108	20,108	18,108	18,108	18,108	16,108	16,108	16,108	14,108	14,108
Total General Fund and ISF Balance	\$ 202,432	\$ 204,349	\$ 168,416	\$ 180,585	\$ 189,650	\$ 204,455	\$ 197,481	\$ 208,774	\$ 220,668	\$ 229,731	\$ 229,071	\$ 245,035	\$ 245,035
Capital Projects Fund													
Beginning Balance	\$ 10,025	\$ 10,025	\$ 10,025	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,035	\$ 2,035	\$ 2,035	\$ 10,025
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) Payments for completed projects	-	-	(7,290)	-	-	-	-	-	(700)	-	-	(2,035)	(10,025)
Ending Balance	10,025	10,025	2,735	2,735	2,735	2,735	2,735	2,735	2,035	2,035	2,035	-	-
Total General Fund, ISF and Capital Projects Balance	\$ 212,457	\$ 214,374	\$ 171,151	\$ 183,320	\$ 192,385	\$ 207,190	\$ 200,216	\$ 211,509	\$ 222,703	\$ 231,766	\$ 231,106	\$ 245,035	\$ 245,035

*Forecast includes actuals through August 10, 2018



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2018-22

CERTIFYING THE DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT'S (DPSCD) COMPLIANCE WITH THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT

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's ("DPSCD"); and

WHEREAS, Section 6(2) of the Act requires the Commission to ensure that the Detroit Public Schools Community District and Detroit Public Schools (where applicable) is complying with the terms and conditions of the Act; and

WHEREAS, Section 6(2) of the Act further requires the Commission, except as otherwise provided in Section 8 of the Act, to certify by October 1 each year that the Detroit Public Schools Community District and Detroit Public Schools (where applicable) is in substantial compliance with the provisions of the Act; and

WHEREAS, at the Commission meeting on September 24, 2018, documentation of the Detroit Public School Community District and Detroit Public Schools (where applicable) compliance with the Act from September 1, 2016 through August 31, 2017 and September 1, 2017 through August 31, 2018 was presented for consideration.

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

1. That the Commission hereby certifies that the Detroit Public Schools Community District and Detroit Public Schools (where applicable) is in substantial compliance with the provisions of the Act for the period September 1, 2016 through August 31, 2017 and September 1, 2017 through August 31, 2018.
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.

DETROIT FINANCIAL REVIEW COMMISSION

Annual Certification of Detroit Public Schools Community District (“DPSCD”)
and Detroit Public Schools (“DPS”)
Compliance with the Michigan Financial Review Commission Act (Act 181 of 2014)
Per MCL 141.1636(2)

For the Period September 1, 2016 through August 31, 2017

Required Annually by October 1
Presented on September 24, 2018

Requirement	FRC Act Sec. No.	Compliance
Statutory compliance: Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568	6(3)(a)	See attached verification of compliance.
The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821	6(3)(c)	See attached verification of compliance.
The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	6(3)(d)	See attached verification of compliance.
Statutory compliance: The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852	6(3)(e)(i)	See attached verification of compliance.
Statutory compliance: Article I of the State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772	6(3)(e)(ii)	See attached verification of compliance.
Statutory compliance: The Public-School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437	6(3)(e)(iii)	See attached verification of compliance.
FRC review and approval of all applicable contracts	6(6)	DPSCD has submitted 37 applicable contracts. FRC has approved all of them.
DPSCD and its CFO provide needed information and documents to FRC and attend FRC meetings when needed	6(7), 7(d), and 7(o)	DPSCD and CFO have been responsive to requests for information and documents and have attended meetings when requested.
FRC review and approval of collective bargaining agreements (CBAs)	6(9)	DPSCD have a total of 8 CBAs to be ratified this year. A total of 7 CBAs has been presented to the FRC and approved by the FRC. The last bargaining union is currently in negotiation with the District representatives and it is expected to be presented to the FRC in the future.
Quarterly debt service certifications	6(11)	DPSCD has not issued any debt. DPS has provided all required quarterly certifications.
FRC review of revenue estimates	7(a)	DPSCD has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c). DPS has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c).
FRC review and approval of the annual budget and budget amendments	7(c)	DPSCD submitted its FY 2017 budget to the FRC on June 24, 2016. FRC approved it on June 27, 2016. DPSCD has submitted four amendments to the FY

FRC School District Resolution 2018-22

		2017 budget to date. The FY 2018 budget was submitted and approved at the June 26, 2017 FRC meeting. DPS has submitted one amendment to the FY 2017 budget to date. The FY 2018 budget was submitted and approved at the June 26, 2017 FRC meeting.
FRC review and approval of requests to issue debt	7(e)	DPSCD has not submitted any requests to issue debt. DPS submitted a request to issue bonds through the Michigan Finance Authority Local Government Loan Program to repay the School Bond Loan Fund for loans outstanding. The FRC approved the request on June 30, 2017.
FRC reviews compliance with a deficit elimination plan	7(f)	DPSCD has not been required to submit a deficit elimination plan. DPS has not been required to submit a deficit elimination plan.
FRC approval of Chief Financial Officer appointment	7(h)	DPSCD submitted its appointment of its Chief Financial Officer. FRC approved the appointment on July 25, 2016. The CFO resigned from the District effective June 30, 2017.
FRC approval to alter the DPSCD Superintendent's contract or to terminate the DPSCD Superintendent	7(i)	FRC approved the contract of DPSCD Superintendent effective May 22, 2017.
FRC review and approval of reimbursements for out-of-state travel	7(q)	DPSCD has submitted 72 reimbursement requests for out-of-state travel. FRC has approved all of them.

DETROIT FINANCIAL REVIEW COMMISSION

Annual Certification of Detroit Public Schools Community District (“DPSCD”)
and Detroit Public Schools (“DPS”)
Compliance with the Michigan Financial Review Commission Act (Act 181 of 2014)
Per MCL 141.1636(2)

For the Period September 1, 2017 through August 31, 2018

Required Annually by October 1
Presented on September 24, 2018

Requirement	FRC Act Sec. No.	Compliance
Statutory compliance: Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568	6(3)(a)	See attached verification of compliance.
The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821	6(3)(c)	See attached verification of compliance.
The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	6(3)(d)	See attached verification of compliance.
Statutory compliance: The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852	6(3)(e)(i)	See attached verification of compliance.
Statutory compliance: Article I of the State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772	6(3)(e)(ii)	See attached verification of compliance.
Statutory compliance: The Public-School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437	6(3)(e)(iii)	See attached verification of compliance.
FRC review and approval of all applicable contracts	6(6)	DPSCD has submitted 65 applicable contracts. FRC has approved all of them.
DPSCD and its CFO provide needed information and documents to FRC and attend FRC meetings when needed	6(7), 7(d), and 7(o)	DPSCD and CFO have been responsive to requests for information and documents and have attended meetings when requested.
FRC review and approval of collective bargaining agreements (CBAs)	6(9)	DPSCD have 1 CBA to be ratified this year and 1 that required a letter of agreement to amend. A total of 7 CBAs has been presented to the FRC and subsequently approved by the FRC.
Quarterly debt service certifications	6(11)	DPSCD has not issued any debt. DPS has provided all required quarterly certifications.
FRC review of revenue estimates	7(a)	DPSCD has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c). DPS has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c).
FRC review and approval of the annual budget and budget amendments	7(c)	DPSCD submitted its FY 2018 general fund budget to the FRC on June 26, 2017 and the FRC approved it. DPSCD has submitted three amendments to the FY 2018 general fund budget and three amendments to the FY 2018 food service fund budget to date. The FY 2019 general fund budget was submitted and

		approved at the April 16, 2018 FRC meeting. The FY 2019 food service fund budget, FY 2019 capital projects fund budget and the FY 2018 capital projects fund budget were submitted and approved at the June 25, 2018 FRC meeting. DPS has submitted one amendment to the FY 2018 budget and one amendment to the FY 2019 budget to date.
FRC review and approval of requests to issue debt	7(e)	DPSCD has not submitted any requests to issue debt. DPS has not submitted any requests to issue debt.
FRC reviews compliance with a deficit elimination plan	7(f)	DPSCD has not been required to submit a deficit elimination plan. DPS has not been required to submit a deficit elimination plan.
FRC approval of Chief Financial Officer appointment	7(h)	DPSCD submitted its appointment of its Chief Financial Officer. FRC approved the appointment on November 20, 2017.
FRC approval to alter the DPSCD Superintendent's contract or to terminate the DPSCD Superintendent	7(i)	DPSCD has not undertaken such actions.
FRC review and approval of reimbursements for out-of-state travel	7(q)	DPSCD has submitted 21 reimbursement requests for out-of-state travel. FRC has approved all of them.



Jeremy Vidito
Chief Financial Officer
Office of Finance

Fisher Building • 3011 West Grand Blvd., 11th Floor • Detroit, MI 48202
O (313) 873 - 6194 • Jeremy.vidito@detroitk12.org

detroitk12.org

September 24, 2018

TO: Financial Review Commission (FRC)
FROM: Jeremy Vidito, Chief Financial Officer, Detroit Public Schools Community District
SUBJECT: Certification of Detroit Public Schools Community District ("DPSCD") Compliance with the Public Act 181 of 2014 ("PA 181"), Section 6(3)

1. AUTHORITY

1.1. PA 181, Section 6(3) states that the commission shall ensure that, where applicable, a qualified school district complies with the provisions of all of the following, as applicable, and may request verification of compliance. The provisions of PA 181, Section 6(3) include: (a) Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568.; (c) The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.; (d) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.; (e)(i) The revised school code, 1976 PA 451, MCL 380.1 to 380.1852.; (e)(ii) Article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.; (e)(iii) The public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

2. PURPOSE

2.1 The FRC has requested the Chief Financial Officer of DPSCD verify compliance with the provisions outlined in Section 1.1 of this letter.

3. OBJECTIVES

Detroit Public Schools Community District (DPSCD) and as applicable Detroit Public Schools (DPS) are

- 3.1. In compliance with Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568.
- 3.2. In compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
- 3.3. In compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- 3.4. In compliance with the Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852.
- 3.5. In compliance with Article I of the State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.
- 3.6. Following the Public School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

In accordance with PA 181 and at the request of the FRC, I, Jeremy Vidito, Chief Financial Officer of Detroit Public Schools Community District, hereby certify that DPSCD and DPS were in compliance with all applicable provisions outlined in Section 1.1 of this letter from September 1st, 2016 through August 31st, 2018.

CERTIFIED



Jeremy Vidito, Chief Financial Officer

9/20/2018

Date

Students Rise. We all Rise

DPSCD does not discriminate based on race, color, national origin, sex, disability and/or religion
Contact Compliance for more information at (313) 240-4377 or detroitk12.org/admin/compliance.

Contract Requests '



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-23

**APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER 2018
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 September 24, 2018, 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 September 2018 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	Facilities	13-0422-2	Contract Amount: \$5,017,775 Contract Period: October 01, 2017 – November 30, 2018 Source: General Funds Purpose: To purchase Natural Gas for District schools Contractor: Constellation New Energy – Gas Division, LLC Location: 9960 Corporate Campus Drive, Suite 2000 Louisville, KY 40223	Increase	Yes	Yes	Board 09.11.2018 Anticipated Approval FRC 09.24.2018	<p>The District issued a Request for Proposal #13-0422 during the 2013-2014 school year for the Supply and Delivery of Natural Gas. There was only one response in which Constellation was awarded the contract with the option for two additional one-year renewals.</p> <p>This contract will end on September 30, 2018. This request is for approval for a two month extension and an increase of \$540,000 to enable sufficient time to re-bid and award these services.</p>
2	IT	071B6600111	Contract Amount: \$15,612,740 Contract Period: July 01, 2018 – June 30, 2019 Source: General Funds & Grant Funds Purpose: To allow individual schools to accelerate purchases of Dell Devices Contractor: Dell Location: One Dell Way, MS RR1-33 Round Rock, Texas 78682	Cooperative	N/A	N/A	Board 09.11.2018 Anticipated Approval FRC 09.24.2018	<p>This request is to increase the previously approved amount by \$2,750,000 bringing the total value of anticipated expenditures to \$15,612,740. The School Board and FRC previously approved expenditures totaling \$12,862,740 in July 2018 for student, teacher, and administrator laptops.</p> <p>The District’s Finance Department estimates that schools may be able to reallocate up to \$2M Title I grant dollars, through amendments, toward technology purchases over the course of next year. Accordingly, the district seeks to accelerate progress with individual schools purchasing their own devices.</p> <p>This co-operative contract (MiDeal) was bid through an authorized lead agency in compliance with Michigan statutes.</p>

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
3	Curriculum & Instruction	N/A	Contract Amount: \$1,700,000.00 Contract Period: July 30, 2018 – June 30, 2019 Source: Title Funds & Student Purchases Purpose: School level purchases Contractor: Scholastic, Inc. Location: 2931 E. McCarty St. Jefferson City, MO 65102	Increase	Yes	Yes	Board 09.11.2018 Anticipated Approval FRC 09.24.2018	This request is to increase the existing amount by \$500,000 bringing the total anticipated expenditures to \$1,700,000.00. The School Board and FRC approved \$1,200,000 in purchases in July 2018. This increase allows schools and classrooms the flexibility and autonomy to select additional supplementary text, from a trusted partner, that are aligned with the specific goals and interests of each school. As a point of reference, in the 2017/2018 school year, the district approved school level purchases from Scholastic totaling \$240,246.95.

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
4	Human Resources	New	Contract Amount: \$49,441,498 (Subject to actual enrollment) Contract Period: January 01, 2019 – December 31, 2019 Source: General Funds & Grant Funds Purpose: To provide medical, dental and vision benefits to District employees. Contractor: Blue Care Network, Health Alliance Plan, Delta Dental, Heritage Vision Location: 900 Wilshire Drive Suite 354 Troy, MI 48084 2850 W. Grand Blvd. Detroit, MI 48202 4100 Okemos Rd, Okemos, MI 48864 One Woodward Ave. Detroit, MI 48226	New	Yes	Yes	Board 09.11.2018 Anticipated Approval FRC 09.24.2018	<p>Kapnick, the District’s selected third-party benefits administrator, issued the District’s 2019 Benefits RFP in May. Eight (8) medical insurance providers in Southeastern Michigan were notified, and the District received four (4) responses. Finalists presented to District Leadership and the coalition of unions.</p> <p>The decision was made to continue with a contract for Blue Care Network (BCN) and add Health Alliance Plan (HAP) due to (i) continuity of service (with BCN) and adding HAP as a co-existing provider (ii) lowest market pricing while maintaining a significant network of physicians; and (iii) flexibility in providing alternative plans that meet the specific needs of the District.</p> <p>Dental and vision benefits will remain with Delta Dental and Heritage Vision, respectively. Buy up options will be added to each in order for the employee to add additional coverages and locations, if they choose.</p> <p>\$49,441,498 reflects the District and employee total projected spend across all benefit categories.</p>

Out-of-State Travel Requests '



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-24

APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER OUT-OF-STATE TRAVEL REIMBURSEMENT 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 21, 2016; and

WHEREAS, Section 7(q) of the Act provides that during the period of oversight, the Commission approve all Community District reimbursements to school board members, officials, and employees for travel outside the state; and

WHEREAS, at the Commission meeting on September 24, 2018, the Community District presented out-of-state travel reimbursement requests, 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 September 24 2018 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any reimbursements 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.

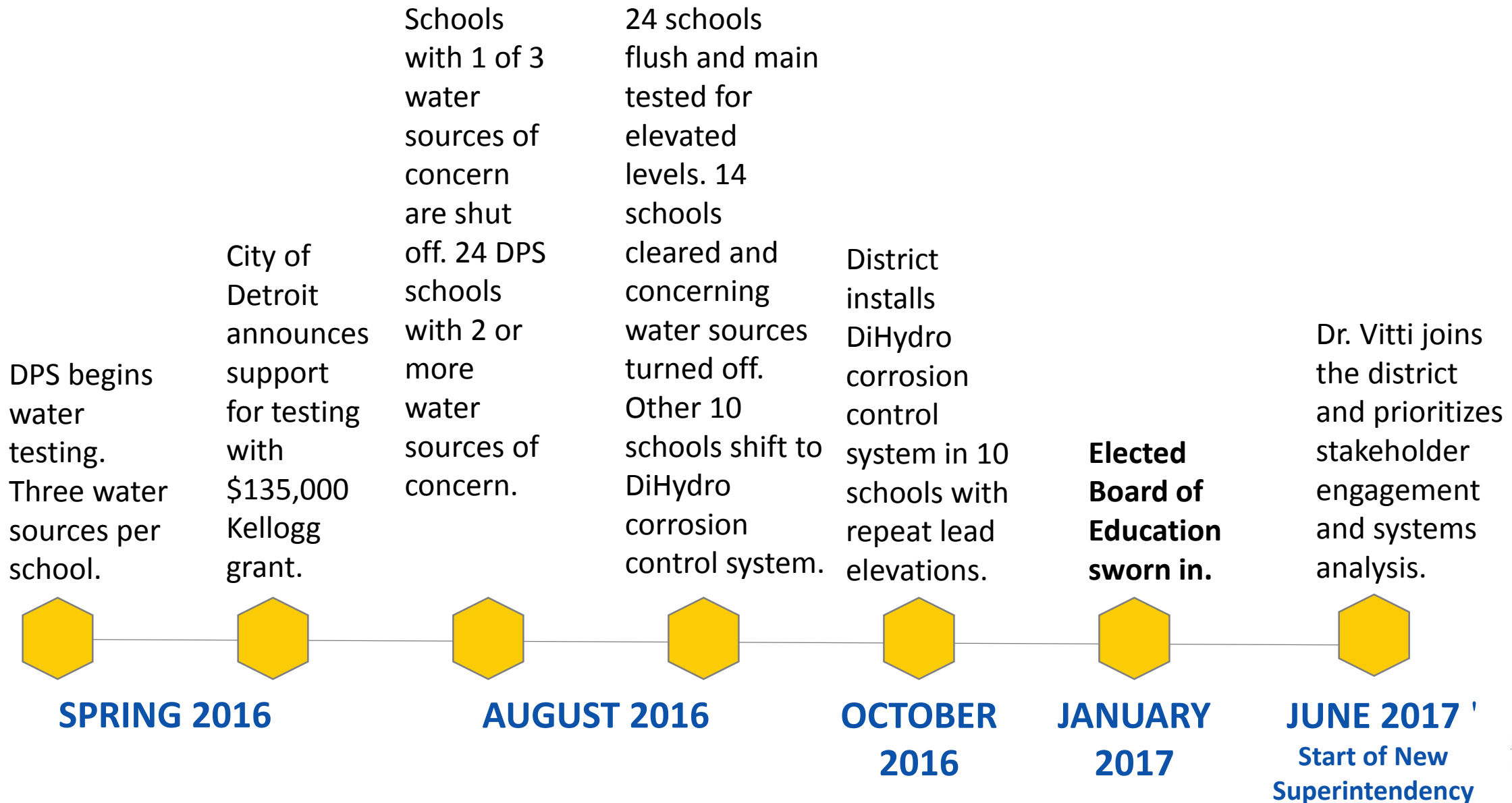
Out-of-State Travel Requests

The following reimbursements (estimated cost) are being provided to the Board of Education for review and approval. These must also be provided to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act.

	Conference Name	Location of Trip	Dates of Conference	School / Department	Central Office	Student	Faculty	Participants	Funding Source	Total Est. Cost	Approved by:	Notes
1	National Academy Foundation (NAF) – Data Champion Professional Development	Jennings, MO	10/10/2018	Career & Technical Education	0	0	1	1	Grants	Transportation: \$440.94 Per Diem: \$95.40 Total: \$534.90	Finance Committee 08.24.2018 Academic Committee 08.27.2018 Board 09.11.2018 Anticipated Approval FRC 09.24.2018	
2	The Historically Black College and University (HBCU) Tour	GA, FL, AL, TN, OH	10/14/18 – 10/19/18	Detroit Collegiate Preparatory Academy at Northwestern	0	42	5	47	School Improvement Grant (SIG)	All Inclusive: Transportation, Lodging & Food: \$910/Student & \$1,351/Chaperone. Total: \$44,975.00	Finance Committee 08.24.2018 Academic Committee 08.27.2018 Board 09.11.2018 Anticipated Approval FRC 09.24.2018	

Supplemental Reports '

Water Testing Timeline '



Water Testing Timeline (continued) '

Dr. Vitti orders all drinking water turned off in 10 schools with DiHydro treatment. Water coolers are provided.

DPSCD Board Approves Clean Water Resolution.

Results from follow up 2016 testing reveals 8 of 12 concerning schools have isolated water sources with elevated levels of copper and/or lead. Drinking water discontinued at 8 schools. Water coolers provided. District begins proactive annual testing despite any federal, state, or local requirements to do so.

First round of all schools tested received. 16 of the 24 schools tested show elevated levels of lead and or copper. Drinking water discontinued in 16 schools then all district schools. Water coolers used. Awaiting results from other schools.

**SEPTEMBER
2017**

**OCTOBER
2017**

**MAY
2018**

**AUGUST
2018**

Possible Causes to Elevated Levels

- Plumbing contains lead and copper that can dissolve into water, especially during long periods with no or low water use (e.g., weekends and school breaks).
- Lower usage of water due to smaller enrollment size leads to lead and copper release from the plumbing (schoolwide but namely at individual water sources). Lead and copper release tends to be higher in isolated (not frequently used) water sources.
- Older plumbing materials, including water fountains and sink outlets, contain more lead than fixtures sold starting in January 2014.

Suggested Solutions that Do Not Ensure Safety or are Too Costly

- Continue the previous practice of turning off individual water sources with elevated levels.

ISSUE: Prior strategy ignored new sources identified as concerns with new round of testing. Subjects staff and students to exposure.

- Conduct study of building plumbing in all schools to detect sources of concern.

ISSUE: Each school has separate and distinct plumbing components and configurations. Most plumbing contains lead; replacing some plumbing now does not prevent future exposure from the rest of the plumbing.

Suggested Solutions that Do Not Ensure Safety or are Too Costly

- Replace all water fountains or sinks.

ISSUE: Costly, time consuming and will not address internal piping issues.

- Replace water fountain and sink fixtures where concerns exist.

ISSUE: Recent test results from Spring and Summer surfaced larger number of concerns and unexpected sources as compared to previous tests. Lead release is unpredictable. A single low sample does not guarantee that a fixture is safe for drinking.

- Only turn off drinking water at schools where concerns were identified

ISSUE: Spring and Summer testing identified schools that were previously cleared, including new buildings such as Cass Tech and Renaissance

Water Hydration Stations '

- Filter removes contaminants (including copper and lead) as water leaves the fixture
- Cools water
- Promotes more water usage by students and staff ;
- Concentrates water use at a reduced number of fixtures resulting in fresher water
- Environmentally responsible
- Place one for every 100 students. In addition, kitchen, faculty lounge, and gyms.
- Commit to regular testing and filter replacement
- Equipment and labor ~\$2M



Next Steps '

- Engage School Board and community on proposed solution.
- Work with City Department of Health to provide child lead testing if requested by parents.
- Continue districtwide strategy of discontinuing drinking water in schools and use water coolers until hydration stations are implemented. Provide additional water bottles to students to fill daily.
- Use of water for washing hands and showers can continue and is safe.
- If water hydration systems approved, then units can be installed by the start of next school year in all schools.

<http://detroitk12.org/content/drinking-water/>

**Agenda Item Details**

Meeting	Sep 11, 2018 - Regular Board Meeting (Open)
Category	15. Administrative Action Items
Subject	15.08 Approval of Contract with Constellation Natural Gas
Access	Public
Type	Action
Recommended Action	Motion to approve two month extension of the contract with Constellation New Energy - Gas Division LLC to provide natural gas supply and delivery to DPSCD schools for the Not-To-Exceed (NTE) amount of \$540,000 for October 1, 2018 through November 30, 2018.

Public Content**Recommendation:**

That the School Board approve a two month extension of the contract with Constellation New Energy - Gas Division LLC ("Constellation") from October 1, 2018 through November 30, 2018 and an increase of \$540,000, for at total amended amount of \$5,017,775 for the period October 1, 2017 through November 30, 2018.

Description and Background:

The district buys natural gas from Constellation. Constellation sells these services at a discounted rate through a federally mandated easement agreement allowing it to use the DTE Energy natural gas distribution system. The district's pricing with Constellation is based on the published variable rate index. By extending the agreement, the district continues to lock in the published rates available at the time of signing. The district is then billed based on a monthly budgeted amount for predictability.

Gap Analysis:

If the District were to opt to not extend a two month extension of this contract, the District would be in the precarious position of not having natural gas during a pivotal time in the year when heating season begins.

Previous Outcomes:

In 2017-2018, the District expended \$3,032,427.29 in natural gas. The District also locked in a natural gas rate of \$2.99/DTH.

Expected Outcomes:

During October and November 2018, the school district budget billing for natural gas is projected to be \$270,000 per month or \$540,000 for the two months. Approving the contract extension for the two months will enable the District to competitively bid the services and commodity while ensuring that no break in service occurs.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

The District issued a Request for Proposal #13-0422 2013-2014 school year for the Supply and Delivery of Natural Gas. There was only one response in which Constellation was awarded the contract (October 1, 2013 through September 30, 2016) with the option for two additional one-year renewals. This contract will end on September 30, 2018. This request is for approval for a two month extension to enable sufficient time to re-bid and award these services.

Contact for Item:

Name: Felicia Venable
 Phone: 313-873-6532
 Email: felicia.venable@detroitk12.org

Supporting Documents/Attachments:

Constellation Contract
 Renewal Document

[Constellation Renewal.pdf \(92 KB\)](#)

[Constellation Two Month Extension.pdf \(130 KB\)](#)

**Agenda Item Details**

Meeting	Sep 11, 2018 - Regular Board Meeting (Open)
Category	15. Administrative Action Items
Subject	15.10 Approval of Cooperative Purchase by School and Departments of Dell Device
Access	Public
Type	Action
Recommended Action	That the School Board approve the purchase of Dell devices at the cost of \$2,750,000, with a total annual expenditure of \$15,612,740.

Public Content**Recommendation:**

That the School Board approve the purchase of additional Dell devices in the discretion of individual schools at an amount not-to-exceed \$2,750,000, with a total annual expenditure with Dell of \$15,612,740.

Description and Background:

As the District expands centralized efforts to improve access to technology, including the at-scale teacher and administrator laptop deployment this fall and the expansion of the 1:1 program to thousands of additional students during the 2018-19 school year, schools and departments wish to accelerate progress with their own device purchases.

The District's Finance Department estimates that, as schools spend down their Title I grant dollars over the course of next year, there may be up to \$2,000,000 in entitlement funds that could be reallocated toward technology purchase through amendments. These requests will be reviewed for alignment by the District's technology staff.

The approval of this item will empower school and departments to make technology purchases, on top of the \$3,411,278 allocated for teacher and administrator laptops and \$9,451,462 expansion of the 1:1 program to one quarter of the District's schools.

Gap Analysis:

Until the expansion of the 1:1 program this fall, for every one updated student device in the District, there are 6.22 students. This device ratio exceeds standards even from the late nineties, when the President's Committee of Advisors on Science and Technology recommended four to five students per device, and is well above current ratios nationally. In fact, as of the 2016 calendar year, EdWeek reported that more than half of American students and teachers had access to one-to-one computing in their schools. The purchase of new devices will narrow this digital divide for students, and allow schools to keep pace with new teacher and administrator technology purchases following the district's investment in this area.

Previous Outcomes:

Purchasing through the Dell MiDeal Collaborative has allowed the District to stay on track with two large scale deployments this fall. The devices available through the cooperative were also the highest rated by stakeholders who reviewed them for cost, performance, compatibility with the network environment, safety and security, and durability.

Expected Outcomes:

Schools and departments will be able to purchase the same devices used in 1:1 schools and in teacher and administrator laptop initiative, therefore accelerating our progress toward reaching a 1:1 device ratio more quickly.

Alignment to Strategic Plan:

Responsible Stewardship, Strategy 2

Financial Impact:

\$2,750,000.00 from school-based Title I Funds and General Funds

This purchase will be made through the state's MiDeal Dell buying cooperative purchasing agreement.

Contact for Item:

Name: Elizabeth Cutrona, Chief Strategy Officer
 Phone: (313) 873-6205
 Email: elizabeth.cutrona@detroitk12.org

Supporting Documents/Attachments:

MiDeal Dell Coopeative Contract.pdf (1,216 KB)



Agenda Item Details

Meeting	Sep 11, 2018 - Regular Board Meeting (Open)
Category	15. Administrative Action Items
Subject	15.03 Approval of School Level Purchases from Scholastic Inc., in an Amount Not To Exceed (NTE) \$500,000
Access	Public
Type	Action
Recommended Action	Motion to Approve School Level Purchases from Scholastic Inc., in an Amount Not To Exceed (NTE) \$500,000

Public Content

Recommendation:

That the School Board approve school level purchases from Scholastic Inc. in an amount not to exceed \$500,000. The District previously approved \$1,200,000. The vendor total fiscal year will not exceed \$1,700,000.

Description and Background:

In the 2017/2018 school year, the district approved purchases from schools totaling \$240,246.95 for Scholastic, Inc. These purchases included an array of good and services that Scholastic, Inc. offers in the education landscape. Scholastic sells approximately one out of every two children's books purchased in the U.S. Scholastic Trade Publishing releases about 600 original titles annually in the U.S. under [18 imprints](#), including bestsellers and award-winners, which appeal to established and fledgling readers. Scholastic Education is a leading provider of comprehensive literacy solutions reinforcing student achievement through instructional reading and writing, professional learning for teacher effectiveness and family and community engagement. [Scholastic Classroom Magazines](#) have 14 million subscribers to its 30 print and digital magazines. Scholastic also produces [Scholastic Teacher™](#), America's longest-running magazine for teachers in K–8 classrooms. Finally, schools throughout the district use Scholastic Book Clubs to support students access to high interest book and to grow a love for reading. All of these are services that schools may leverage Title funding to support their overall program. The district has already received approval from the Board of Education and Financial Review Commission for a district-wide purchase from Scholastic to provide schools classroom level texts to support independent reading that are topically aligned to the selected curriculum, EL Education K-8. Scholastic was the lowest cost bidder on this RFP.

Gap Analysis:

Without this approval, schools will not be able to pursue school level purchases from Scholastic. This provides schools and classrooms autonomy to select additional supplementary text from a trusted partner that are aligned with the specific goals and interests of each school.

Previous Outcomes:

Scholastic was the provider of 2018 Summer School materials in K-2 for the District and has been a strong provider of resources to the district and in the nation. They are a reliable vendor with unique resources.

Expected Outcomes:

Purchases from Scholastic will support the district's goal of building a culture of literacy.

Alignment to Strategic Plan:


Outstanding Achievement

Financial Impact:

The District posted RFP 19-0016 for supplemental textbooks and selected Scholastic, who were the lowest cost vendor. Scholastic Magazine and Teacher Magazine are unique to Scholastic and are being sourced through sole source designation. Funding comes from school level Title budgets and student purchases.

Contact for Item:

Name: Beth Gonzalez

Phone: 313-408-6765 

Email: beth.gonzalez@detroitk12.org

Supporting Documents/Attachments:**Administrative Content****Executive Content**

**Agenda Item Details**

Meeting	Sep 11, 2018 - Regular Board Meeting (Open)
Category	15. Administrative Action Items
Subject	15.12 Approval of Contracts for Medical, Dental and Vision Benefits
Access	Public
Type	Action
Recommended Action	That the School Board approve (a) the District's fully-insured medical plans (which include pharmacy benefits) with Blue Care Network and Health Alliance Plan for the period January 1, 2019 – December 31, 2019; (b) a renewal of the District's Delta Dental plans for the period January 1, 2019 – December 31, 2019; and (c) a renewal of the District's fully-insured Heritage Vision plans for the period January 1, 2019 – December 31, 2020.

Public Content**Recommendation:**

That the School Board approve:

- a. the District's fully-insured medical plans (which include pharmacy benefits) at an estimated total cost to the District of \$33,787,139 (subject to actual enrollment) for the period January 1, 2019 – December 31, 2019 with (i) Blue Care Network (BCN), and (ii) Health Alliance Plan (HAP);
- b. a renewal of the District's Delta Dental plans at an estimated total cost to the District of \$2,533,135 (subject to actual enrollment) for the period January 1, 2019 – December 31, 2019; and
- c. a renewal of the District's fully-insured Heritage Vision plans at an estimated total to the District cost of \$274,323 (subject to actual enrollment) for the period January 1, 2019 – December 31, 2020.

Description and Background:

In January 2018, issued a request for proposals (RFP) for a third party administrator to serve as a broker and facilitator for a benefits RFP. The District selected Kapnick Insurance Group (Kapnick) to serve as its administrator.

With Kapnick's assistance, the District, in full cooperation and transparency with its coalition of unions, obtained feedback through multiple employee surveys and five (5) focus groups regarding currently offered medical insurance plans and desired outcomes for future providers. Yielded data was shared with the coalition of unions and was used to inform the Request for Proposals (RFP) process for 2019 benefit plans. On May 16, 2018 a Pre-RFP meeting was held with Kapnick and the coalition of unions to discuss final terms of the RFP.

The RFP was released to all eight medical insurance providers conducting business in Southeastern Michigan on May 29, 2018. A follow-up RFP update meeting was held with the coalition of unions and Kapnick on May 31, 2018. Kapnick was notified by four carriers that they were not providing a bid response as their rates were not competitive based on the current BCN rates and the District's utilization of medical services. Four firms provided a response by the RFP deadline of June 22, 2018, these included BCN/BCBSM, HAP, MESSA and Total Health Care. A second survey was sent to all District employees to better inform the RFP response analysis and to ensure employee's needs, desires, issues, and concerns informed benefit plan selection. Kapnick presented the responses to

District Leadership in mid-July and to the coalition of unions in early August. Finalists were invited to present to District Leadership and the coalition of unions to address any questions from either parties regarding their plan offerings on August 9, 2018. District Leadership met again with the coalition of unions on August 13, 2018 and finalized the recommendations of the following plan offerings for the 2019 benefit plan year:

Medical (each plan is fully insured with prescription drug coverage):

1. Current BCN Core
2. Current BCN Core Plus
3. Current BCN Premium
4. Add a lower cost BCN plan with a higher deductible
5. Add a lower cost HAP HMO plan with the full HAP network, and a similar higher deductible

Dental

1. Current EPO (Fully insured with prescription coverage)
2. Modified PPO Standard (Self-Funded)
3. Add a PPO POS plan (Self-Funded)

Vision

1. Maintain current plan
2. Add a 12/12/12 vision benefit as a buy up plan with current network access
3. Add a 12/12/12 vision benefit as a buy up plan with larger network access

The District determined it was in the best interest of employees to continue its relationship with BCN due to (i) continuity of service; (ii) lowest market pricing while still maintaining a significant network of physicians; and (iii) flexibility in providing alternative plans that meet the specific needs of the

District. In addition, the District determined to add HAP as a co-existing provider due to (i) historical relationship with the District; (ii) willingness to co-exist; (iii) competitive pricing and plan design; and (iv) broad network of doctors.

The process utilized in determining the 2019 benefit plan options addressed the employee and coalition of union requests for greater choice and inclusion in the selection process. The Division of Human Resources and Talent, Office of Compensation, Benefits and Employee Health Services administers these benefits. Open enrollment is scheduled to commence in late November and all employees will be required to complete a benefit election.

Gap Analysis:

The district has historically provided medical, prescription, dental and vision coverage 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 following represents the projections for calendar year 2018:

Medical/Prescription Drug (Employee + District) = \$43,880,897

Dental (Employee + District) = \$3,027,534

Vision (District) = \$274,323

Expected Outcomes:

In calendar year 2019, total projected medical/prescription, dental, vision, cost is projected to be \$49,441,498. This represents a 5.057% increase in total combined cost and a 5.5% increase in medical/prescription. Table 1.0 delineates total projected benefit costs for 2019.

Table 1.0: Total Projected Medical Benefit Costs

INSURANCE CARRIER(S)	COVERAGE TYPE(S)	PROJECTED DISTRICT TOTAL CONTRIBUTION*	PROJECTED EMPLOYEE CONTRIBUTION**	TOTAL PROJECTED SPEND
Blue Care Network	Medical/Pharmacy	\$33,787,139	\$12,068,492	\$45,855,631
Health Alliance Plan	Medical/Pharmacy			
Delta Dental of Michigan	Dental	\$2,533,135	\$412,710	\$2,945,845
Heritage Vision Plans	Vision	\$274,323	\$0	\$274,323
** Projected employee spend will vary depending upon plan and coverage level selected				
** Vision Plans are 100% funded by the District unless an employee selects a buy-up plan				

Alignment to Strategic Plan:

Exceptional Talent

Financial Impact:

\$36,594,597, General and Grant Funds

Contact for Item:

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Supporting Documents/Attachments:

Benefit Summary

2019.01 DPSCD Benefit Costs - Medical, Dental, and Vision.pdf (290 KB)

Administrative Content