

# DPS Update – June 2019

# Overall Summary – DPS

- **Revenues and Expenditures**

- June 13 Mills tax receipts totaled ~\$9.3M with an additional \$8.8M received on July 5 attributable to FY19. This brings total 13 Mill receipts for FY19 to ~\$86.0M. June's 18 Mills receipts were \$12.5M bringing total receipts to \$69.5M for FY19. This allowed for an additional \$13.4M in payments against DPS' outstanding retirement debt above FY19 forecasts.

- **Cash Flow**

- The ending general fund cash balance for June was \$13.2M. The increase in balance over forecast is primarily driven by the timing of tax receipts and transfers to the reserve payment account.

# DPS Cash Forecast to Actuals Variance – June 2019

<i>\$ in thousands</i>	June Forecast	June Actuals	June Variance	Comment
<b>Cash Receipts</b>				
State Aid		\$ -	\$ -	
Property Tax (13 Mills)	16,985	9,271	(7,714)	Timing - additional property tax payment of \$8.8M received on July 5
Transfer from DPSCD	-	-	-	
Draw from BONY	-	-	-	
Miscellaneous	-	212	212	Includes a reimbursement from DPSCD resulting from P-card reconciliations
<b>Total Cash Receipts</b>	<b>16,985</b>	<b>9,483</b>	<b>(7,502)</b>	
<b>Cash Disbursements</b>				
Payroll Direct Deposit	-	-	-	
FICA	-	-	-	
Accounts Payable	-	-	-	
Pension (employer portion)	-	-	-	
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	(16,985)	(1,956)	15,029	Timing, transfer scheduled for July to adjust actuals to match receipts
Transfer to DPSCD	-	(0)	(0)	
Other	-	(2)	(2)	
<b>Total Cash Disbursements</b>	<b>(16,985)</b>	<b>(1,958)</b>	<b>15,027</b>	
<b>Net Cash Flow</b>	<b>-</b>	<b>7,525</b>	<b>7,525</b>	
Beginning Cash Balance	5,697	5,697	-	
Net Cash Flow	-	7,525	7,525	
<b>Ending Cash Balance</b>	<b>\$ 5,697</b>	<b>\$ 13,222</b>	<b>\$ 7,525</b>	

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

# DPS 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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	
<b>DPS General Fund (13 Mills)</b>													
<b>Beginning Cash Balance</b>	\$ 7,929	5,922	10,119	10,102	5,581	6,183	5,946	7,528	6,086	5,733	5,729	5,697	7,929
<b>Receipts</b>													
Property Tax Receipts	-	5,484	26,368	2,889	8,334	583	2,059	18,200	586	1,040	2,361	9,271	77,173
Transfers from BONY	\$ -	\$ 25,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25,803
Other Cash Receipts	465	62	30	4	192	11	33	372	38	12	40	212	1,470
<b>Disbursements</b>													
Property Tax Transfers	(2,369)	(5,484)	(26,387)	(2,869)	(7,878)	(823)	(488)	(19,996)	(586)	(1,040)	(2,357)	(1,956)	(72,233)
Reimbursement to DPSCD	-	(13,134)	-	-	-	-	-	-	(355)	-	(1)	(0)	(13,490)
Other Cash Disbursements <sup>1</sup>	(103)	(8,534)	(27)	(4,544)	(46)	(8)	(22)	(18)	(35)	(16)	(75)	(2)	(13,430)
<b>Net Cash Flow</b>	<b>(2,008)</b>	<b>4,197</b>	<b>(17)</b>	<b>(4,521)</b>	<b>602</b>	<b>(237)</b>	<b>1,582</b>	<b>(1,442)</b>	<b>(353)</b>	<b>(4)</b>	<b>(32)</b>	<b>7,525</b>	<b>5,293</b>
<b>Ending Cash Balance</b>	<b>5,922</b>	<b>10,119</b>	<b>10,102</b>	<b>5,581</b>	<b>6,183</b>	<b>5,946</b>	<b>7,528</b>	<b>6,086</b>	<b>5,733</b>	<b>5,729</b>	<b>5,697</b>	<b>13,222</b>	<b>13,222</b>
<b>DPS Scheduled Bond Repayments (13 Mills)</b>													
Beginning Property Tax Balance	22,577	24,946	30,430	56,817	16,672	24,550	25,373	25,861	45,857	46,442	138,992	236	22,577
Property Tax Transfers	2,369	5,484	26,387	2,869	7,878	823	488	19,996	586	1,040	2,357	1,956	72,233
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	91,510	-	-	91,510
Scheduled Bond Debt Payments	-	-	-	(43,014)	-	-	-	-	-	-	(141,114)	-	(184,128)
Ending Property Tax Balance	24,946	30,430	56,817	16,672	24,550	25,373	25,861	45,857	46,442	138,992	236	2,191	2,191
<b>DPS Debt Fund (18 Mills - BONY)</b>													
<b>Beginning Cash Balance</b>	\$ 28,775	28,799	8,618	31,113	19,445	20,176	20,923	22,946	38,257	38,976	17,082	18,615	28,775
<b>Receipts</b>													
Cash Receipts	24	5,622	23,477	3,335	731	747	2,024	17,311	1,701	486	1,533	12,511	69,502
<b>Disbursements</b>													
Transfers to DPS General Fund <sup>2</sup>	-	(25,803)	-	-	-	-	-	-	-	-	-	-	(25,803)
Scheduled EL/Bond Payments	-	-	(983)	(15,003)	-	-	-	(2,000)	(983)	(22,380)	-	-	(41,348)
Supplemental ORS Payment	-	-	-	-	-	-	-	-	-	-	-	(13,449)	(13,449)
<b>Net Cash Flow</b>	<b>24</b>	<b>(20,181)</b>	<b>22,495</b>	<b>(11,668)</b>	<b>731</b>	<b>747</b>	<b>2,024</b>	<b>15,311</b>	<b>719</b>	<b>(21,894)</b>	<b>1,533</b>	<b>(938)</b>	<b>(11,098)</b>
<b>Ending Cash Balance</b>	<b>28,799</b>	<b>8,618</b>	<b>31,113</b>	<b>19,445</b>	<b>20,176</b>	<b>20,923</b>	<b>22,946</b>	<b>38,257</b>	<b>38,976</b>	<b>17,082</b>	<b>18,615</b>	<b>17,677</b>	<b>17,677</b>
<b>DPS Summary Cash Position</b>													
General Fund (13 Mills)	5,922	10,119	10,102	5,581	6,183	5,946	7,528	6,086	5,733	5,729	5,697	13,222	13,222
DPS Debt Fund (18 Mills)	28,799	8,618	31,113	19,445	20,176	20,923	22,946	38,257	38,976	17,082	18,615	17,677	17,677
<b>Ending Cash Position</b>	<b>\$ 34,721</b>	<b>\$ 18,737</b>	<b>\$ 41,214</b>	<b>\$ 25,026</b>	<b>\$ 26,359</b>	<b>\$ 26,869</b>	<b>\$ 30,474</b>	<b>\$ 44,344</b>	<b>\$ 44,709</b>	<b>\$ 22,811</b>	<b>\$ 24,312</b>	<b>\$ 30,899</b>	<b>\$ 30,899</b>

\*Unaudited actuals through June 30, 2019, figures are subject to change

(1) The \$8M payment in August was the last settlement payment to Sodexo; The \$4.5M payment in October is a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds

(2) Represents the scheduled reimbursement, as agreed by the Department of Treasury, for transition costs related to establishing the new District

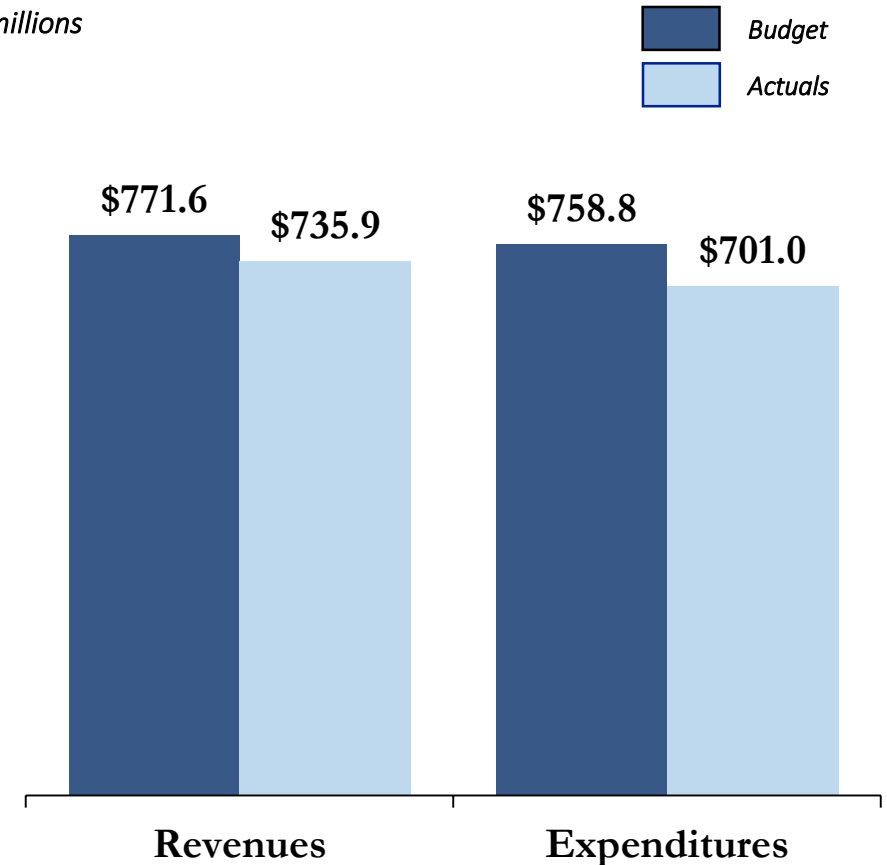
# DPSCD Update – June 2019

# Overall Summary – DPSCD Revenues and Expenditures

- Budget numbers reflect projections from Budget Amendment No. 1.
- Preliminary fiscal year-end results are as follows:
  - Revenues through June 30 were ~5.0% below budget (*approx. \$35.7M*).
    - Federal revenue was below budget based on lower than expected costs for purchased services and salaries.
  - Expenses through June 30 were ~8.0% lower than budgeted.
    - Primary driver was lower purchased services and employment related costs.
- Overall, preliminary fiscal year-end surplus approximates \$34.9M.

## Budget vs. Actuals – Through June 2019\*

*\$ in millions*



# Summary of Revenues and Expenditures

## Budget to Actual Comparison Current Month

## Budget to Actual Comparison YTD

### SUMMARY

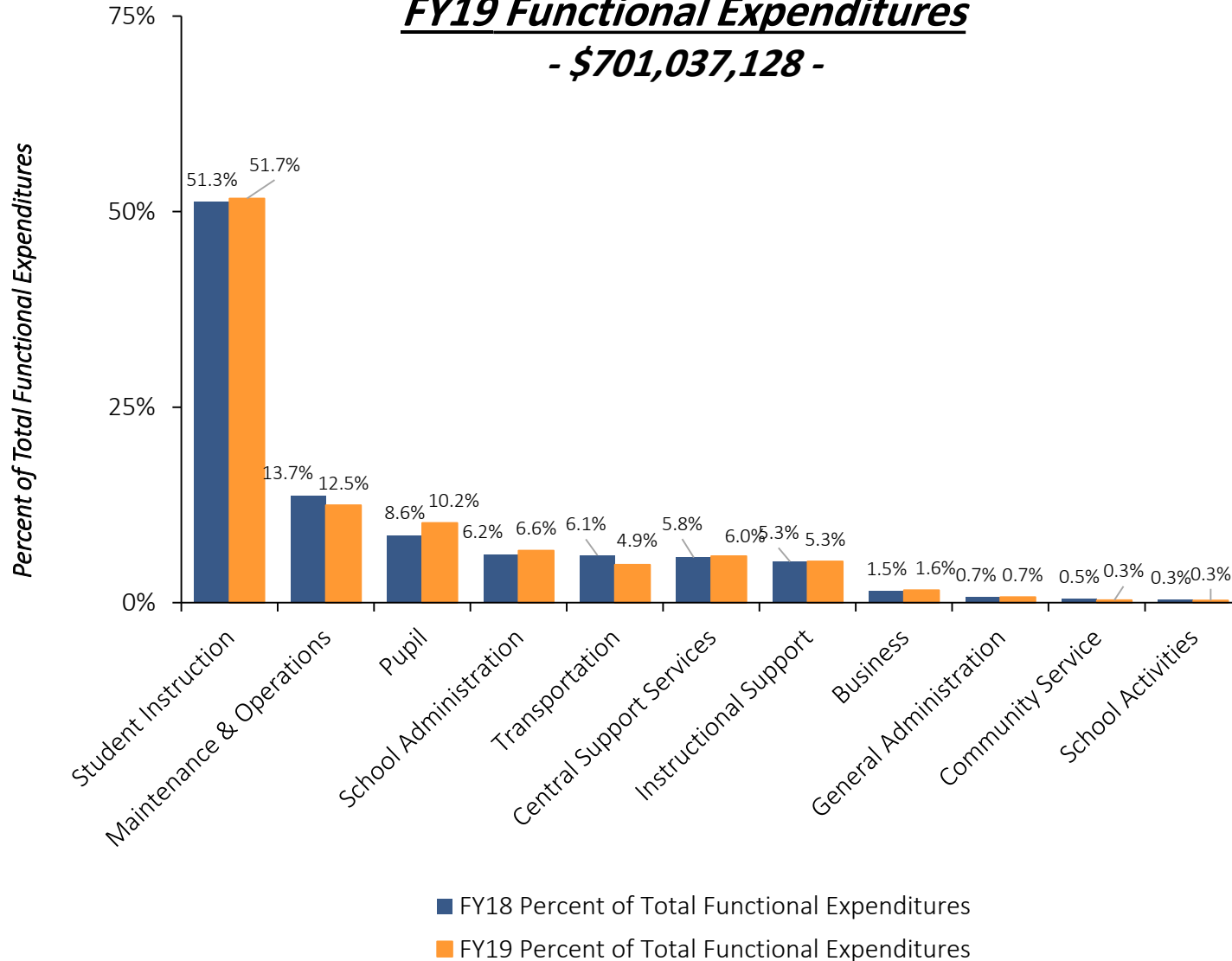
#### Revenues

	Budget		Actual		Variance		Budget		Actual		Variance	
	Month of	Month of	Month of	Month of	\$	%	YTD	YTD	\$	%	YTD	%
	Jun-FY19	Jun-FY19	Jun-FY19	Jun-FY19			Jun-FY19	Jun-FY19			Jun-FY19	Jun-FY19
Local sources	\$ 3,736,577	\$ 4,781,480	\$ 1,044,903	28%	\$ 71,022,929	\$ 68,487,292	\$ (2,535,637)	(4%)				
State sources	42,396,605	42,426,666	30,060	0%	508,104,430	504,655,705	(3,448,725)	(1%)				
Federal sources	14,628,356	13,838,455	(789,901)	(5%)	183,214,318	160,748,599	(22,465,719)	(12%)				
Other sources	2,000,000	2,000,000	-	0%	9,263,575	2,000,000	7,263,575	(78%)				
<b>Total revenues</b>	<b>62,761,538</b>	<b>63,046,600</b>	<b>285,062</b>	<b>0%</b>	<b>771,605,252</b>	<b>735,891,596</b>	<b>(35,713,656)</b>	<b>(5%)</b>				
<b>Expenditures</b>												
Salaries	32,979,455	33,950,037	970,582	3%	332,239,799	327,945,813	(4,293,986)	(1%)				
Benefits	20,438,432	18,481,577	(1,956,855)	(10%)	193,867,956	178,957,144	(14,910,812)	(8%)				
Purchased Services	54,570,924	30,534,087	(24,036,837)	(44%)	179,827,040	146,245,268	(33,581,772)	(19%)				
Supplies & Textbooks	6,344,792	1,121,482	(5,223,310)	(82%)	31,064,147	29,173,777	(1,890,370)	(6%)				
Equipment & Capital	341,241	315,498	(25,743)	(8%)	3,001,586	2,588,654	(412,932)	(14%)				
Utilities	3,177,180	1,068,832	(2,108,348)	(66%)	18,841,750	16,126,472	(2,715,278)	(14%)				
<b>Total expenditures</b>	<b>117,852,023</b>	<b>85,471,513</b>	<b>(32,380,510)</b>	<b>(27%)</b>	<b>758,842,278</b>	<b>701,037,128</b>	<b>(57,805,149)</b>	<b>(8%)</b>				
<b>Surplus (Deficit)</b>	<b>\$ (55,090,484)</b>	<b>\$ (22,424,913)</b>	<b>\$ 32,665,571</b>	<b>28%</b>	<b>\$ 12,762,975</b>	<b>\$ 34,854,468</b>	<b>\$ 22,091,493</b>	<b>3%</b>				

Note: Unaudited actuals through June 30, 2019, figures are subject to change.

# Expenditures by Function – June 2019

## FY19 Functional Expenditures - \$701,037,128 -



### Notes:

- Overall, functional expenses for FY19 closely tracked to FY18 levels.
  - During FY19, approximately 17% more funds were invested in student instruction and pupil support.
- On a total dollars spent basis, in FY19 an additional \$2.5M was invested in maintenance and operations to address aging facility issues.

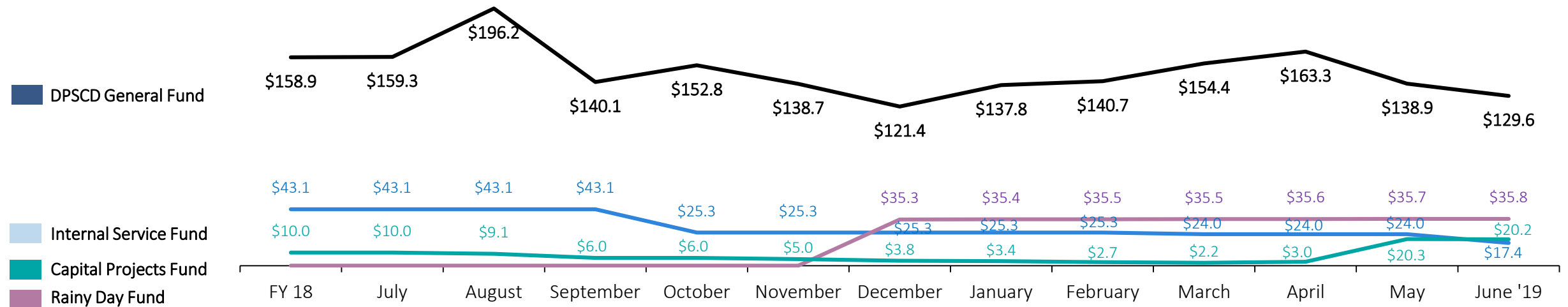


# 6 DPSCD June 2019 Cash Flow Analysis

- DPSCD’s General Fund ending balance was \$129.6M, the ISF ending balance was \$17.4M, the Capital Projects Fund ending balance was \$20.2M and the Rainy Day Fund was \$35.7M
  - GF receipts include a transfer from the ISF of \$6.6M to cover TIP, Legal, & worker’s compensation claims.
  - Expenses were higher than forecast due to improved procedures to ensure timely payment before fiscal year-end
- The current General Fund balance is estimated to be equivalent to 9.9 weeks of average expenditures<sup>1</sup>.

## Actual & Projected Ending Cash Balance

\$ in millions



<sup>1</sup> Calculated by taking the General Fund balance as of June 30, 2019 and dividing it by the rolling average actual YTD expenditures per week (excludes the ISF, Capital Projects and Rainy Day Fund balances as well as any extraordinary, one-time items)

Note: Unaudited actuals through June 30, 2019, figures are subject to change.

# DPSCD Cash Forecast to Actuals – June 2019

<i>\$ in thousands</i>	June Forecast	June Actuals	June Variance	Comment
<b>Cash Receipts</b>				
State Aid	\$ 41,148	\$ 40,999	\$ (149)	
MPSERS (State Funded)	3,361	3,361	(0)	
Enhancement Millage	-	185	185	
Grants	13,185	9,974	(3,211)	Actual differs based on timing - receipts expected in future periods
Transfer from DPS	1	1	0	
WCRESA	2,971	2,334	(637)	Payment adjusted to account for outstanding DPSCD invoices due to WCRESA
Food Service Reimbursement	3,641	3,668	27	
Miscellaneous	2,941	6,943	4,002	While the Transfer from ISF for TIP, Legal & Worker's Comp was higher than forecast, overall yearly transfers align to annual expectations
<b>Total Cash Receipts</b>	<b>67,248</b>	<b>67,463</b>	<b>215</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ (3,361)	\$ (3,361)	\$ 0	
Payroll Direct Deposit	(19,639)	(19,116)	523	
Taxes	(5,678)	(6,447)	(769)	
FICA	(1,660)	(2,006)	(346)	
Accounts Payable	(13,567)	(28,850)	(15,283)	Variance is driven by the implementation of procedures to ensure invoices are paid by fiscal year end
Pension (employee portion)	(1,976)	(2,298)	(322)	
Pension (employer portion)	(6,573)	(7,153)	(580)	
Health	(5,100)	(4,333)	767	
Fringe Benefits	(471)	(243)	228	
Food Service	(2,339)	(2,309)	30	
Transfer to DPS	-	(196)	(196)	Transfer to DPS reconciles P-card transactions that should have been attributed to DPSCD
Other	(1,570)	(412)	1,158	Forecast assumed contingency
<b>Total Cash Disbursements</b>	<b>(61,934)</b>	<b>(76,722)</b>	<b>(14,788)</b>	
<b>Net Cash Flow</b>	<b>5,314</b>	<b>(9,259)</b>	<b>(14,573)</b>	
Beginning Cash Balance	138,854	138,854	-	
Net Cash Flow	5,314	(9,259)	(14,573)	
<b>Ending Cash Balance</b>	<b>\$ 144,168</b>	<b>\$ 129,595</b>	<b>\$ (14,573)</b>	

# DPS Debt Certification



**Jeremy Vidito**  
Chief Financial Officer  
Office of Finance

Fisher Building • 3011 West Grand Blvd., 11<sup>th</sup> Floor • Detroit, MI 48202  
O (313) 873-4149 • F (313) 873-4476 • [Jeremy.vidito@detroitk12.org](mailto:Jeremy.vidito@detroitk12.org)

[detroitk12.org](http://detroitk12.org)

August 26, 2019

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

Re: Detroit Public Schools Community District Debt Service Requirements and Certification  
Fiscal Year 2020, Quarter 2

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.

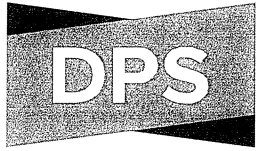
I hereby certify that, as of the date of this letter, there are no debt service requirements.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Vidito".

Jeremy Vidito  
Chief Financial Officer

Students Rise. We all Rise



# SEE IT BELIEVE IT

## DETROIT PUBLIC SCHOOLS

**Jeremy Vidito**  
**Chief Financial Officer**

Fisher Building, 11<sup>th</sup> Floor  
3011 West Grand Boulevard  
Detroit, MI 48202

Phone: (313) 873-4149  
Fax: (313) 873-4476  
[www.detroitk12.org](http://www.detroitk12.org)

August 26, 2019

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

Re: Detroit Public Schools Debt Service Requirements and Certification Fiscal Year 2020,  
Quarter 2

Dear Commissioners:

Enclosed 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 that, as of the date of this letter:

- 1) The amounts specified herein are accurate statements of Detroit Public Schools' debt service requirements.
- 2) Detroit Public Schools is projected to be financially able to meet the debt service requirements through the end of the Second Quarter of Fiscal Year 2020.
- 3) Detroit Public Schools estimates that it will borrow approximately \$105M from the School Loan Revolving Fund in the Fourth Quarter to meet the remaining debt service requirements through the end of Fiscal Year 2020.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Vidito", written over a faint, larger version of the signature.

Jeremy Vidito  
Chief Financial Officer

Enclosure

# DPS FY2020 Q2 Debt Summary

Debt Obligation	FY20 Required Debt Service*	YTD Payment (Q1)	Current Quarter Payment (Q2)	Remaining Payments (Q3-Q4)
Series 1998 C	\$ 6,335,538	\$ -	\$ 837,769	\$ 5,497,769
Series 2001 A	11,021,700	-	5,510,850	5,510,850
Series 2002 A	13,387,700	-	736,350	12,651,350
Series 2005 A	11,907,000	-	5,953,500	5,953,500
Series 2009 A	9,547,574	-	1,435,500	8,112,074
Series 2009 B	11,340,863	-	7,012,972	4,327,891
Series 2010 A	10,057,578	-	5,346,235	4,711,343
Series 2010 B	2,286,637	-	1,698,587	588,050
Series 2012 A	22,995,500	-	6,747,750	16,247,750
Series 2015 A	25,146,250	-	2,260,625	22,885,625
Series 2017	57,795,401	-	3,522,701	54,272,700
<b>Sub-total (13 mils)</b>	<b>\$ 181,821,741</b>	<b>\$ -</b>	<b>\$ 41,062,839</b>	<b>\$ 140,758,902</b>
Series 2016 D1 & D2	\$ 37,303,181	\$ 14,962,016	\$ -	\$ 22,341,165
EL Note	1,965,000	982,500	-	982,500
MPSERS Liability	6,000,000	-	-	6,000,000
<b>Sub-total (18 mils)</b>	<b>\$ 45,268,181</b>	<b>\$ 15,944,516</b>	<b>\$ -</b>	<b>\$ 29,323,665</b>
<b>Total</b>	<b>\$ 227,089,922</b>	<b>\$ 15,944,516</b>	<b>\$ 41,062,839</b>	<b>\$ 170,082,567</b>

# DFT Wage Reopener – FY20



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2019-18**

**APPROVING THE COMMUNITY DISTRICT'S/DETROIT FEDERATION  
OF TEACHERS (LOCAL UNIT 231) 2019-20 WAGE REOPENER LETTER  
OF 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 School Board has approved a letter of agreement between the Community District and the Detroit Federation of Teachers (DFT) Local 231 and;

WHEREAS, at the Commission meeting on August 26, 2019, the Community District presented the aforementioned Letter of Agreement to the Commission.



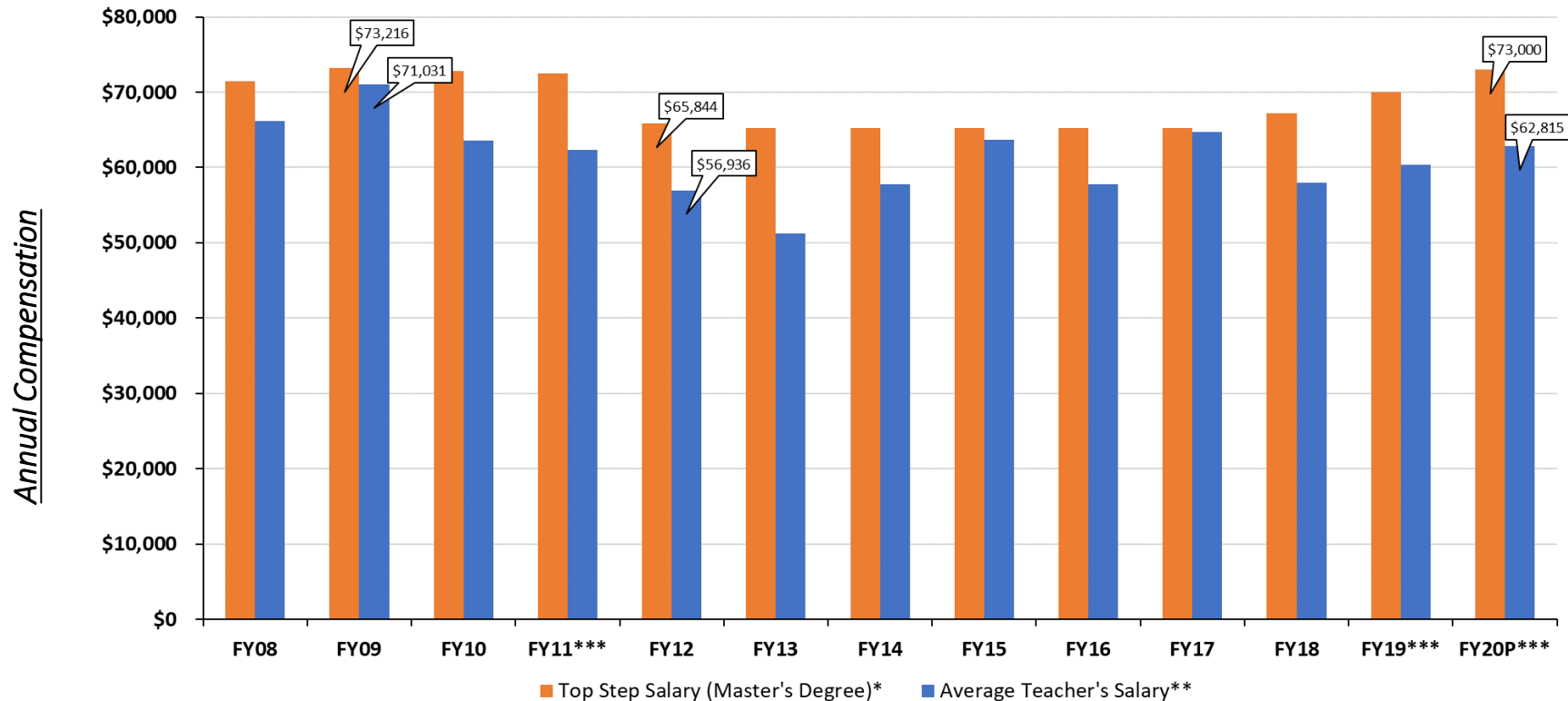
NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's Letter of Agreement between the Community District and the aforementioned bargaining unit, as presented to the Commission on August 26, 2019, 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.

# DFT Wage Reopener – FY20

## Background

The chart below illustrates the salary history for DFT members (Masters, Top Step and District average) from FY 2008 to the proposed FY 2020 rates. It is important to note that in FY 2011 DFT members agreed to a 10% wage reduction to help reduce mounting budget deficits. In FY 2018 DFT members agreed to extend the salary step scale from 10 to 15 steps.



*The proposed FY20 DFT adjustments will bring compensation levels to the approximate level they were nearly 10 years ago*

\*According to DPSCD Salary Schedules

\*\*Per MDE Bulletin 1014

\*\*\*Calculated from internal DPSCD data as MDE data is unavailable or artificially low due to reporting inconsistencies

# DFT Wage Reopener – FY20

		Current State	Proposed Agreement*	
DFT Members	Top Step Members	Current salary (Lane 2, Step 15): \$70,000	Increase of ~4.3% to \$73,000	\$4,477,407
	Members on Steps	On step scale from steps 1 to 14	Move one step on the salary scale	\$1,897,416
	Members <u>NOT</u> on Steps	Paid an hourly rate and NOT on a step scale	Increase pay by 3%	\$279,760
	DFT Members including new hires	No defined bonus	Eligible members received a one-time \$1,500 Bonus paid in December 2019	\$7,087,620
	Auxiliary staff	Credit for internal/external experience not recognized	Recognize internal and external experience ( <i>Semester 1</i> )	\$1,068,905
	Psychologists, School Social Workers, Speech & Language Therapists, Occupational & Physical Therapists	On step scale ranging from 1 to 14	Step movements ( <i>Semester 1</i> ): 1 to 10 – move to Step 11 11 to 14 – move to Step 15	\$1,577,307
	DFT Members	No performance bonus	Eligible members can earn a \$500 performance based bonus	\$2,541,704
	DFT Members who instruct state assessed grades	No performance bonus	Eligible members can earn an additional \$500 performance based bonus	\$1,267,115
	DFT Members who are assigned to a Priority School	No bonus to recognize hard-to-staff status	One-time bonus of \$3,000	\$3,166,494

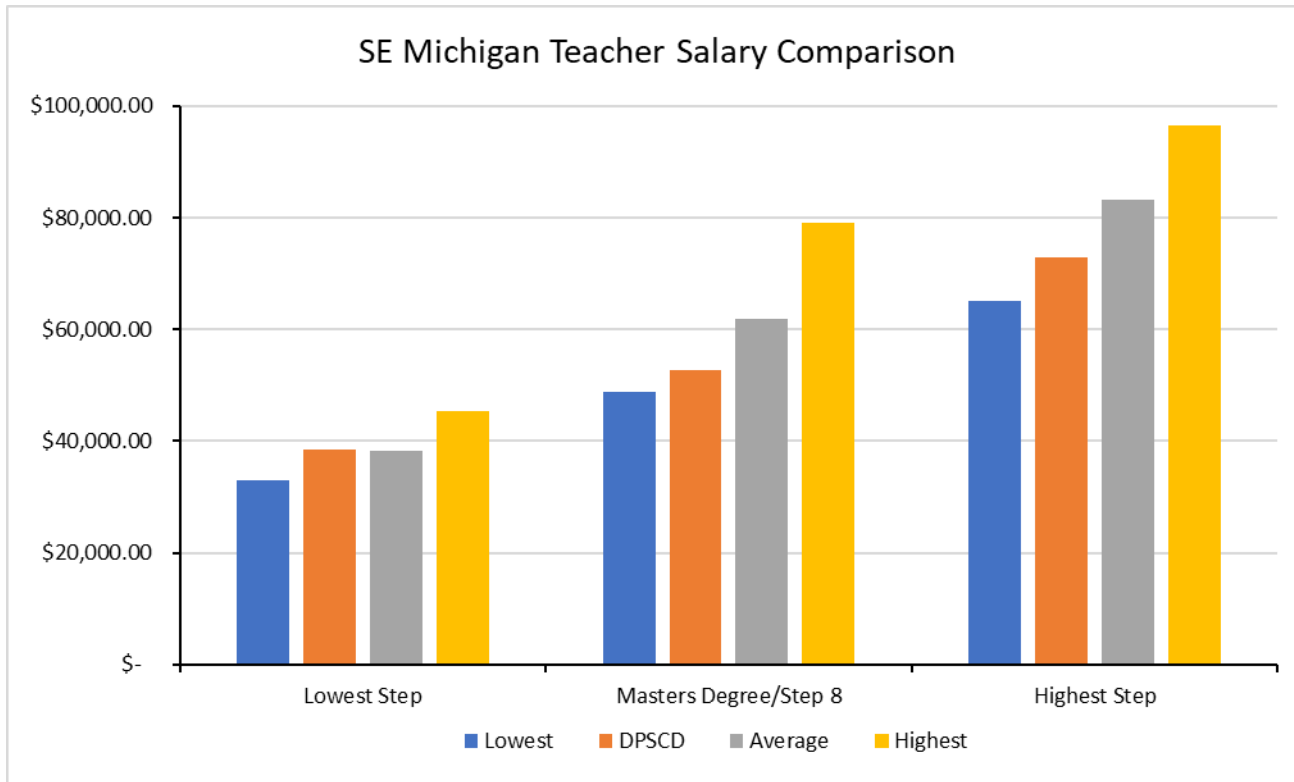
**Total Incremental Cost: \$23,363,728**

\*Unless otherwise indicated, all increases/step movements will take place in Semester 2 of FY20

# DFT Wage Reopener – FY20

## *Southeast Michigan Teacher Salary Comparison*

The proposed adjustments to the DFT agreement will narrow the gap between the top step DPSCD salary (Master’s Degree) and the average salary in surrounding Southeast Michigan school districts by 5%.

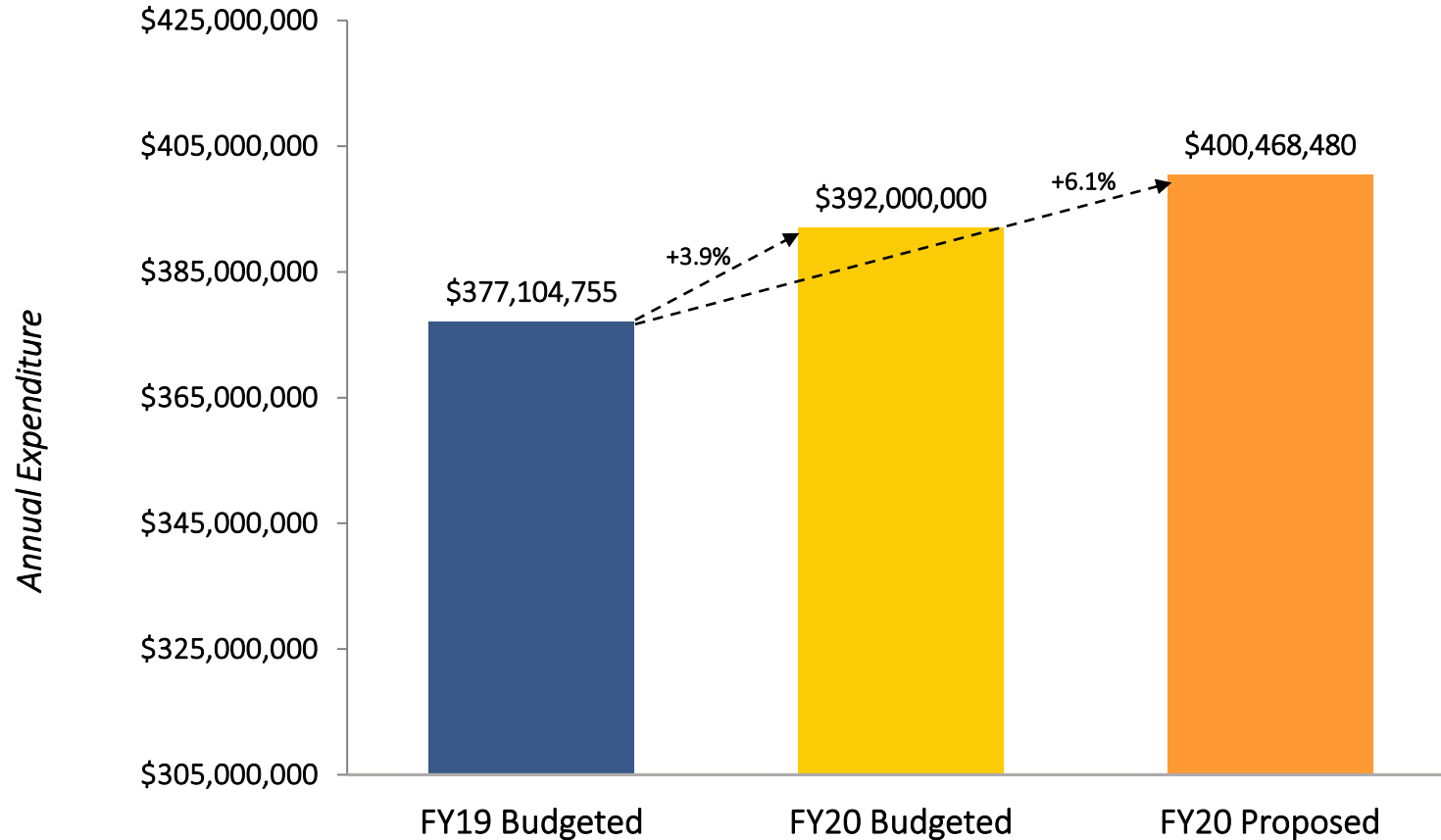


### *Southeast Michigan Teachers Salary Comparison - Details by Step -*

	Lowest Step	Masters Degree/Step 8	Highest Step
<b>Lowest Salary</b>	\$ 33,072	\$ 48,712	\$ 65,137
<b>DPSCD Salary</b>	\$ 38,500	\$ 52,800	\$ 73,000
<b>Average Salary</b>	\$ 38,325	\$ 61,898	\$ 83,195
<b>Highest Salary</b>	\$ 45,398	\$ 78,993	\$ 96,486

# DFT Wage Reopener – FY20

## *Expenditure Comparison – Current to Proposed*



The District budgeted \$26.0M for one-time expenditures including bonus payments for various unions. The \$8.0M increase in DFT costs above the FY20 Budgeted amount will be covered through a reallocation of one-time General Fund and Grant expenditures.

The proposed DFT wage reopener costs are segmented as follows:

- \$12.9M General Fund
- \$10.5M Grant Funds

Of the projected \$23.4M in incremental DFT costs, approximately \$14.1M will be one-time expenditures.

# Contract Requests



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2019-19**

**APPROVING THE COMMUNITY DISTRICT'S AUGUST 2019  
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 August 26, 2019, 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 August 2019 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	19-0237-C	<p><b>Contract Amount:</b> \$2,297,100  <b>Contract Period:</b> August 26, 2019 – June 30, 2020  <b>Source:</b> General Fund and Capital Projects  <b>Purpose:</b> HVAC improvements and Repairs: Barton Elementary, Blackwell, Bates Academy, Carstens, CMA HS  <b>Contractor:</b> Complete Mechanical Contracting  <b>Location:</b> 681 Manufacturers Drive, Westland, MI 48186</p>	New	Yes	Yes	<p>Anticipated Approval</p> <p>Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>RFPs for each school’s project were posted on DemandStar between June 19 and July 11, 2019, to solicit proposals to replace and repair HVAC systems at multiple schools. The RFPs were available to over 550 vendors. One response from one vendor to each proposal was received by the due date.</p> <p>Complete Mechanical is already contracted (NTE \$485,000) to complete HVAC updates at three DPSCD schools (Board approved June 18, 2019).</p> <p>The increased scope by adding five schools, results in increased costs of \$1,811,600 for a total contract value not to exceed \$2,297,100.</p>
2	School Nutrition	N/A	<p><b>Contract Amount:</b> \$11,000,000  <b>Contract Period:</b> August 26, 2019 – June 30, 2020  <b>Source:</b> National School Lunch Program and General Fund  <b>Purpose:</b> Cafeteria Furniture  <b>Contractor:</b> Staples Business Advantage, Office Depot, School Specialty and Amazon Goods  <b>Location:</b> 500 Staples Drive Framingham, MA 01702  17335 Haggerty Rd. Northville, MI 48168  W6316 Design Drive, Greenville, WI, 54942  PO Box 81207, Seattle, WA 98108</p>	Cooperative / Increase	N/A	N/A	<p>Anticipated Approval</p> <p>Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>Office Depot, Amazon, Staples, and School Specialty and were previously approved by the School Board and FRC in June, 2019 in the amount of \$7,500,000 to be spent across all four vendors through various cooperatives for general school supplies. This increase of \$3,500,000 is requested for cafeteria furniture purchases that will specifically be made via School Specialty, thereby increasing the total spend across the four vendors to \$11,000,000.</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	Facilities	19-0081-C	<p><b>Contract Amount:</b> \$5,246,534  <b>Contract Period:</b> December 1, 2018 – November 30, 2019  <b>Source:</b> General Funds  <b>Purpose:</b> Natural Gas Service  <b>Contractor:</b> Constellation New Energy – Gas Division, LLC  <b>Locations:</b> 9960 Corporate Campus Drive, Suite 2000 Louisville, KY 40223</p>	Increase	Yes	Yes	<p>Anticipated Approval Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>The District issued Request for Proposal (RFP) 19-0081 on August 30, 2018 for natural gas service. The RFP closed on September 13, 2018. There was one respondent – Constellation. The contract will run from December 1, 2018 – November 30, 2019 with four (4) one-year renewals.</p> <p>Because the District did not lock in pricing at a fixed rate, the variable rate prevailed, and additional money is owed to the vendor for the previous winter months. This request is for an increase of \$1,542,090 through November 2019 for a total contract value not-to-exceed (NTE) \$5,246,534.</p>								
4	Facilities	19-0227	<p><b>Contract Amount:</b> \$796,698  <b>Contract Period:</b> September 1, 2019 – June 30, 2020  <b>Source:</b> General Funds &amp; Capital Improvement  <b>Purpose:</b> Installation and Repair of Concrete, Asphalt and Drainage Systems  <b>Contractor:</b> City Contracting Services  <b>Locations:</b> 132 N. Old Woodward Ave, Birmingham, MI 48009</p>	New	Yes	Yes	<p>Anticipated Approval Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>On April 16, 2019, an RFP was distributed via DemandStar to solicit services for district-wide paving and drainage management. A total of 162 vendors were notified of the RFP, and three responses were received on or by May 1, 2019. City Contracting Services was selected as the supplier providing the highest value at the lowest cost.</p> <table border="0"> <thead> <tr> <th><u>Respondent</u></th> <th><u>Score</u></th> </tr> </thead> <tbody> <tr> <td>City Contracting Services</td> <td>91</td> </tr> <tr> <td>Premier Group Associates</td> <td>88</td> </tr> <tr> <td>Gibraltar</td> <td>79</td> </tr> </tbody> </table>	<u>Respondent</u>	<u>Score</u>	City Contracting Services	91	Premier Group Associates	88	Gibraltar	79
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# 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												
5	Exceptional Student Services	19-0004-C	<p><b>Contract Amount:</b> \$7,857,559  <b>Contract Period:</b> July 1, 2019 – June 30, 2020  <b>Source:</b> Fund 16 (ESE)  <b>Purpose:</b> Provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for the District’s students.  <b>Contractor:</b> EBS Healthcare  <b>Locations:</b> 200 Skiles Blvd., West Chester, PA</p>	Increase / Renewal	Yes	No	<p>Anticipated Approval</p> <p>Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>The District is seeking approval to fund the full number of required ancillary staff through contracted services.</p> <p>RFP 19-0004 was posted on April 16, 2018 to solicit Social Work, Speech-Language Pathology, Physical Therapy, Occupational Therapy and Physiological services. The evaluation committee reviewed 11 supplier proposals and moved five forward for interviews. The team selected this highest scoring firm, EBS Healthcare. Though not the lowest cost in all six positions needed, they were the lowest cost in three.</p> <p>This request is to increase their present contract of \$240,000 by \$7,617,559 for an amount not to exceed \$7,857,559 through June 30, 2020.</p> <table border="1"> <thead> <tr> <th><u>Respondent</u></th> <th><u>Score</u></th> </tr> </thead> <tbody> <tr> <td>EBS</td> <td>96</td> </tr> <tr> <td>Supplemental Health</td> <td>69</td> </tr> <tr> <td>Invo</td> <td>65</td> </tr> <tr> <td>Delta T</td> <td>63</td> </tr> <tr> <td>Therapy Staff</td> <td>52</td> </tr> </tbody> </table>	<u>Respondent</u>	<u>Score</u>	EBS	96	Supplemental Health	69	Invo	65	Delta T	63	Therapy Staff	52
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6	Academics	19-0044-C	<p><b>Contract Amount:</b> \$1,100,000  <b>Contract Period:</b> September 1, 2019 – July 31, 2020  <b>Source:</b> Title Funds Title Funds  <b>Purpose:</b> Intervention Services  <b>Contractor:</b> City Year Detroit  <b>Location:</b> 287 Columbus Ave. Boston, MA 02116</p>	Renewal	No	N/A	<p>Anticipated Approval</p> <p>Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<p>City Year is an education focused, nonprofit organization that unites AmeriCorps members of all backgrounds for a year of full-time service with students to keep them in school and on track to graduate. City Year's vision is to implement research-based strategies that reduce the number of dropouts by leveraging the talent and energy of corps members to serve as tutors, mentors, and role models in schools to help students stay on track, get back on track, and graduate. This service, utilizing AmeriCorps members is not offered by any other organization, therefore, they are the sole provider. Further, the program is subsidized by donations to the organization.</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
7	Human Resources	19-0034-C 16-0311-C 18-0035-C	<p><b>Contract Amount:</b> \$54,824,657 (Subject to actual enrollment)  <b>Contract Period:</b> January 01, 2019 – December 31, 2020  <b>Source:</b> General Funds &amp; Grant Funds  <b>Purpose:</b> To provide medical, dental and vision benefits to District employees.  <b>Contractor:</b> Blue Cross Blue Shield and Blue Care Network, Health Alliance Plan, Delta Dental, Heritage Vision  <b>Location:</b> 415 E Jefferson Ave, Detroit, MI 48226            20500 Civic Center Dr, Southfield, MI 48076            2850 W. Grand Blvd. Detroit, MI 48202            27500 Stansbury St, Farmington Hills, MI 48334            One Woodward Ave. Detroit, MI 48226</p>	Renewal	Yes	Yes	<p>Anticipated Approval</p> <p>Board 08.13.2019</p> <p>FRC 08.26.2019</p>	<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 Cross Blue Shield (BCBS) and Blue Care Network (BCN) and Health Alliance Plan (HAP) due to (i) continuity of service; (ii) lowest market pricing while maintaining a significant network of physicians (HAP as a co-existing provider); 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>\$54,824,657 reflects the total projected spend across all benefit categories for this term, subject to enrollment. The anticipated employee contribution of \$13,340,901 will offset this total bringing expected District costs to \$41,483,757.</p>

**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	Approve the Contract Increase with Complete Mechanical Contracting for HVAC Installation and Repairs for Capital Repairs
Access	Public
Type	Action
Recommended Action	Motion to Approve the Contract Increase with Complete Mechanical Contracting for HVAC Installation and Repairs for Capital Repairs

**Public Content****Recommendation:**

That the School Board approve a contract increase with Complete Mechanical Contracting to perform general contracting services to the District, including heating ventilation and air conditioning installation, piping, and welding in an amount Not-to-exceed (NTE) \$2,297,100.

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

Complete Mechanical Contracting (CMC) is a multi-service firm offering full-service heating ventilation and air conditioning installation (HVAC), piping, and welding. CMC was founded in 2002 and operates its offices locally. CMC has experience with installing HVAC systems for the healthcare industry, municipal facilities, and education institutions. Their specialized services range from boiler solutions and repair, chiller installation and service, heating and cooling, cooling towers, including, but not limited to refrigeration and plumbing.

CMC will install new rooftop HVAC units at Barton Elementary, Bates Academy, CMA & Carstens Academy; and new PTAC window A/C units at Blackwell. CMC will also remove the existing boiler system and install a new boiler system at Blackwell, and repair the steam and condensate lines at Cooke Elementary School.

**Gap Analysis:**

For many years the District has been without cool air in several of its school buildings due to poor maintenance and age of cooling units. The spring, summer, and early fall temperatures in the State of Michigan are known to create uncomfortable conditions within these schools without functioning air conditioning. These problems have historically been due the District's inability to repair and/or replace the units that were out of service due to age and wear.

**Previous Outcomes:**

N/A

**Expected Outcomes:**

Complete Mechanical Contracting currently has a contract with the District to complete the approved HVAC systems installation at Law, F.L.I.C.S., and Wright for the amount NTE \$485,500. The amendment will increase the contract value for Complete Mechanical Contracting for an additional \$1,811,600 for a total value NTE \$2,297,100. The following schools will receive HVAC repairs or installation as reflected in the table below.

LOCATION	SCOPE	ESTIMATED COSTS
Barton Elementary	Complete the replacement of 3 rooftop HVAC units	\$399,000
Blackwell (PTAC)	Remove and replace existing classroom window air conditioning units with new PTAC (heating & cooling) units	\$68,000
Carstens	Complete Rooftop Heating, Cooling and Domestic Water Heater Replacements	\$473,500
CMA HS	Rooftop Heating & Cooling unit replacements	\$65,000
Blackwell	Completely remove and replace the boiler heating system	\$332,700
Bates Academy	Remove the rooftop heat only units and install a new heating and cooling roof top system	\$399,900
Cooke Elementary	Repair the steam and condensate lines under the	\$73,500

Kindergarten rooms	
Project Total (NTE)	\$1,811,600

**Alignment to Strategic Plan:**

Responsible Stewardship

**Financial Impact:****Capital Funds:**

Current Contract Total NTE: \$485,500

Amended Project Total NTE: \$1,811,600

New Contract Total NTE: \$2,297,100

Bid Process: RFPs #19-0305, #19-0302, #19-0306, #19-0303, #19-0301, and #19-0304 were issued on DemandStar in which companies were notified of the RFPs. The District received one response for each; Complete Mechanical Contractors. Complete Mechanical Contracting was awarded the work as the supplier to provide these services based on its capability, experience, and competitive pricing to provide the services requested. Three vendors, Complete Mechanical, Global Green Mechanical Services, and RHAC Heating & Cooling bid on the steam line repair at Cooke Elementary School; Complete Mechanical Contracting was selected for this work.

**Contact for Item:**

Name: Machion Jackson  
 Phone: (313) 873-6532  
 Email: machion.jackson@detroitk12.org

**Administrative Content****Executive Content**

**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	Approval of Cooperative Contract Amendment with School Specialty for Student Furniture
Access	Public
Type	Action
Recommended Action	Motion to Approve Cooperative Contract Amendment with School Specialty for Student Furniture.

**Public Content****Recommendation:**

That the School Board approve an amendment to expenditures with with School Specialty for the purchase and installation of school furniture for the period of September 1, 2019 through June 30, 2020 in an amount of \$3,500,000

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

The Michigan Department of Education approved the District's school nutrition spend down plan MDE on May 10, 2019. The plan included upgrading cafeteria furniture in District high schools. With an ultimate goal of enhancing student success through increasing the number of students eating meals, the Office of School Nutrition is committed to enhancing the cafeteria environment.

The cafeteria furniture program will be phased starting with Renaissance High School, Henry Ford High School and The School at Marygrove. Each of the three schools will serve as a design model and provide potential arrangement concepts for future high school remodeling allowing each high school to select its own unique design concept. Each of the design concepts will also be American Disability Act (ADA) compliant and meet cafeteria seating capacity needs for each meal service period. The completion of the first phase is scheduled for October 31, 2019. The goal of remodeling our high school cafeterias is to create dining environments that will emulate higher learning and/or a collegiate dining facility. According to recent studies by Smarter Lunchrooms, a warm, welcoming dining environment produces positive and healthy perceptions of school food and have lead to an increase in average daily participation when implemented in the K-12 environment.

Many schools also have broken or outdated classroom furniture. Using \$226,835 from the general fund, School Specialty will also provide modern, attractive, and practical furniture for student use in the classroom. The new furniture will also be American Disability Act (ADA) compliant to accommodate our student population.

**Gap Analysis:**

Furniture upgrades will produce more attractive and inviting environments for students.

**Previous Outcomes:**

School Specialty provided cafeteria furniture for Communication and Media Arts High School during school year 2015 and Western High School during school year 2014. The purchased furniture allowed OSN to meet the seating capacity needs of each school and has proven sturdy and reliable over the years. School Specialty has also provided student classroom furniture for the District in previous years for a variety of programs including the Montessori and certain Arts programming.

SY 2018-19 - \$990,338

**Expected Outcomes:****RENAISSANCE HIGH SCHOOL & JERRY L. WHITE SCHOOL CAFETERIA**

Quantity	Description	Price	Amount
4	4 ADA Spot Elliptical Table, Wild Cherry Laminate, Black Edge, Black Frame, Gray Stools	\$1,605.22	\$6,420.88
6	60" Round Stool with 2 ADA Spots	\$1,329.66	\$7,977.96
1	Interior Systems Cafe	\$272,690	\$272,690
1	60" Round, Mobile Table with 8 Gray Stools	\$1,246.91	\$1,246.91

Total	\$288,335.75
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HENRY FORD HIGH SCHOOL CAFETERIA

Quantity	Description	Price	Amount
13	Mobile Table With 8 Black Stools	\$1,749.95	\$17,744.48
6	Mobile Elliptical Table with 12 Black Stools	\$1,786.16	\$10,716.96
1	ISI Custom Cafeteria Modernization	\$145,740	\$145,750
	Total		\$174,211.44

THE SCHOOL AT MARYGROVE CAFETERIA

Quantity	Description	Price	Amount
6	Classroom Select's Mobile Shape Solid Top EasyFold Tables	\$927.71	\$5,548.26
1	ISI Custom Cafeteria Modernization	\$93,600.00	\$93,600.00
	Total		\$99,148.26

Based on quotes from the three first phase schools, OSN has created a budget for the remaining schools based on cafeteria size and student population as follows:

School Name	Enrollment	Cafeteria Square footage	Estimated Cost
Cass Tech	2467	8,371	\$300,000
Denby	516	5,289	\$175,000
Ben Carson	386	3,000	\$75,000
Pershing	380	3,861	\$190,000
Cody	1029	3,600 & 2,400	\$200,000
Southeastern	155	8,970	\$100,000
Fredrick Douglass	181	6,650	\$100,000
DSA	434	7,300	\$190,000
DIA	310	2,250	\$90,000
Mumford	1029	8,900	\$200,000
MLK	1073	6,725	\$175,000
Osborn	625	5,730	\$190,000
Central	892	3,400	\$175,000
East English Village	863	13,200	\$250,000
Northwestern	628	7,600	\$200,000
Westside Academy	484	2,400	\$90,000

The following schools will also receive replacement furniture in identified classrooms:

Benjamin Carson  
 Carstens Academy  
 Carver STEM  
 Catherine Blackwell Inst.  
 Chrysler Elementary  
 Cody High School  
 CMA  
 Cook Stem Academy  
 Denby High School  
 Detroit Lions  
 Edison  
 Emerson Elementary  
 Fisher Lower  
 John R. King  
 Keidan  
 Ludington Middle  
 Mackenzie Elementary  
 Martin Luther King



Mason Academy  
Mayberry Elementary  
Nolan  
Pasteur  
; Polaski  
Schultz Academy  
Turning Point Academy

The use of the cooperative purchasing agreement will ensure competitive pricing on numerous furniture items to be purchased by the District.

**Alignment to Strategic Plan:**

Whole Child Commitment

**Financial Impact:**

The board approved a multi vendor board agenda item in June of 2018. The vendors included Office Depot, Amazon, Staples, and School Specialty and was approved in the amount of \$7.5M to be spent across all four vendors. This increase of \$3,500,000 will be targeted specifically for School Specialty.

Funding Source: National School Lunch Program (NSLP) excess fund balance; \$3,171,695

General Fund: \$226,835

Contingency: \$101,470

*Bid Process:* The District will utilize the NIPA cooperative for School Specialty.

**Contact for Item:**

Name: Machion Jackson  
Phone: 313-873-6532  
Email: machion.jackson@detroitk12.org

**Supporting Documents/Attachments:**

**Administrative Content**

**Executive Content**



#### Agenda Item Details

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	Approval of a Contract Amendment with Constellation New Energy - Gas Division for District Gas Services
Access	Public
Type	Action
Recommended Action	Motion to amend the contract with Constellation New Energy – Gas Division, LLC to provide natural gas supply and delivery to District schools for the period December 1, 2018 through November 30, 2019 to include an increased value in the amount of \$1,542,090 for a total contract value not-to-exceed (NTE) \$5,246,534.

#### Public Content

#### Recommendation:

That the School Board approve a contract amendment with Constellation New Energy – Gas Division, LLC (“Constellation”) to provide natural gas supply and delivery to District schools for the period December 1, 2018 through November 30, 2019 with an increased amount of \$1,542,090 for a total contract value not-to-exceed (NTE) \$5,246,534.

#### Description and Background:

This item was recommended for approval by the Finance Committee on July 26, 2019.

Constellation provides gas distribution services at a fixed rate, selling them at a discounted rate through a federally mandated easement agreement allowing them to use the DTE Energy natural gas distribution system. The District’s pricing with Constellation is based on the published variable rate index which resets in April of each year. By entering into this agreement, the District locks in the published rates available at the time of signing. The District is then billed based on a monthly budgeted amount for predictability. In the spring, the District and Constellation reconcile any over or underpayments for the fiscal year. A credit is issued to the District for overpayments. Consequently, as in this case, if the estimated budget has been exceeded due to a higher consumption of gas, distribution costs, and gas rate variation, the overtures beyond the estimated budget are to be paid by the District. The current contract value is at a value NTE \$3,074,444.

#### Gap Analysis:

Locking the price of natural gas will provide predictability to the district’s budget. Notably, if the market rate decreases after locking in unit pricing, the school District will be obligated to pay the rate that is locked in. Historically, the savings and predictability associated with rate locking has overcome any losses the District has experienced. In the event the District does not approve the renewal of the contract, thereby locking the purchasing price of natural gas, the District will purchase its required gas at the price prevailing when the order for natural gas is placed; prices will be subject to fluctuation. Without the renewal, the District will have its natural gas delivered to the schools and its other sites by DTE Energy without the accompanying savings provided by the Constellation easement agreement.

Additionally, Constellation is the only natural gas provider with a distribution contract with DTE Energy that affords its customers substantial savings.

#### Previous Outcomes:

During fiscal year 2018, the District was billed based on a fixed rate of \$3.09 per natural gas unit. The fiscal year 2019 winter was historically harsh and produced frigid temperatures that significantly increased the gas consumption across the District, and in turn increased the distribution costs of the commodity. Furthermore, the rates during the onset of the contract were published at a high rate and were not at a value where a rate lock was not cost beneficial to the District, leading to the usage of market rates for the gas commodity (rate average of \$3.715 per natural gas unit).

#### Expected Outcomes:

During fiscal year 2018, the District was billed based on a fixed rate of \$3.09 per natural gas unit. The fiscal year 2019 winter was historically harsh and produced frigid temperatures that significantly increased the gas consumption across the District, and in turn increased the distribution costs of the commodity. Furthermore, the rates during the onset of the contract were published at a high rate and were not at a value where a rate lock was not cost beneficial to the District, leading to the usage of market rates for the gas commodity (rate average of \$3.715 per natural gas unit).

#### Alignment to Strategic Plan:

Responsible Stewardship

#### Financial Impact:

General Funds: Increased value \$1,542,090  
 General Funds: Total Contract NTE \$5,246,534

Bid Process: The District issued a Request for Proposal (RFP) 19-0081 on August 30, 2018 for natural gas service. There was one respondent – Constellation. The RFP closed on September 13, 2018. The contract will run from December 1, 2018 – November 30, 2019 with three (3) one-year renewals.

**Contact for Item:**

Name: Machion Jackson, Assistant Superintendent of Operations  
Phone: (313) 682-7067  
Email: Machion.Jackson@Detroitk12.org

**Administrative Content**

**Executive Content**

**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.06 Approval of Contract Renewal with City Contracting Services to Conduct District-wide Installation and Repair of Concrete, Asphalt and Drainage Systems
Access	Public
Type	Action
Recommended Action	Motion to approve contract renewal with City Contracting Services to conduct District-wide installation and repair of concrete, asphalt paving and drainage systems for general and Capital Improvements for the period September 1, 2019 through June 30, 2020 in the amount not-to-exceed \$796,698.

**Public Content****Recommendation:**

That the School Board approve contract renewal with City Contracting Services to conduct District-wide installation and repair of concrete, asphalt paving and drainage systems for general and Capital Improvements for the period September 1, 2019 through June 30, 2020 in an amount not-to-exceed \$796,698.

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

City Contracting Services is a full service general contracting firm that specializes in construction management, consulting, design build, and general construction. It is a multi-service firm, registered with the city of Detroit to perform general building services in addition to grounds maintenance and repair. City Contracting Services has been a Michigan-based business since 2013 and its scope of work includes commercial and industrial building projects in addition to specializing in K-12 projects. Its previous work within the District includes renovation of the kitchen and servicing area at Brewer Elementary-Middle School and paving the student parking lot at Cass Technical High School. The company also performed District-wide repairs on an as-needed basis.

City Contracting Services is experienced in the installation of sidewalks, Americans with Disabilities Act (ADA) approved ramps, patching concrete, striping lots, pouring curbs, and other paving related installations. This contract will also be used to repair and/or install new pavement for the District buildings outlined in the Capital Improvement plan and for the four renovated schools returning to the District.

**Gap Analysis:**

Incidents of trip and falls occur within the District. This is partly due to settlement and damage to sidewalks, drives and other paved surfaces having failures due to weathering, age and wear. Also, potholes and paving depressions are responsible for ice formations during winter months. To combat these issues, Operations will prioritize paving renovations using this contracted service to ensure a protected environment for pedestrians to walk and upon which students, staff and visitors can safely drive and park their vehicles.

City Contracting Services can coordinate performance of these services at all needed locations. This eliminates the opportunity for delays due to coordination of multiple contractors with varying levels of expertise and availability. Finally, the firm is a local company that can respond quickly to the District's needs.

**Previous Outcomes:**

The District contracted with City Contracting for Fiscal Year 2019. Under the previous contract the vendor performed such jobs as paving the student parking lot at Cass Technical High School and responded to general and emergency paving needs throughout the District. The District budgeted and spent 1,000,000.

**Expected Outcomes:**

City Contracting Services will repair and install new concrete or asphalt paving, along with repairing drainage systems for general and emergency needs using general funds in the amount NTE \$50,000.

City Contracting will also conduct paving repairs, along with installation of related paving services and drainage systems for projects in the Capital Improvement plan in the amount NTE \$579,698.

Services for the four returning schools are NTE \$167,000.

The following needs have been identified for this year.

Facility	Area of Need
Academy of Americas Elementary	Parking lot potholes, sidewalk repairs
Academy of Americas Middle/High School	West alley approach drive, potholes, sidewalks
Adult Ed East	Parking lot potholes concrete scaling
Adult Ed West	Parking lot potholes, sidewalk repairs
Ann Arbor Trail	Slight pothole work, west entry re-pave, pave staff lot, deteriorating concrete porch entries on west side
Bagley	Potholes, parking lot needs some work
Barton	Parking lot needs replacement
Bates	Walkway from Santa Maria needs to be raised, areas of flooding, some drainage structures need

	installation
Ben Carson	Parking lot replacement completed by Velodrome owners
Blackwell	Pothole work needed in parking lot
Bow	Parking lot potholes
Brewer ( Formerly Columbus)	Parking lot and drive, sidewalk repairs by SRTS, Principal wants bb court paved
Brown, Ron	Main entrance walkway
Bunche	Area near west door needs paving, potholes
Burns	Potholes
Burton	Brick areas need to be totally replaced, but spot repairs this year
Carleton	Sidewalk and parking lot repairs
Carstens	New lot needed for additional staff, sidewalk repairs by SRTS
Carver	Front entrance concrete needs replacement, modify existing lot for additional staff , repair asphalt lot
Cass Tech	Student Parking Lot Paving
Central HS	Potholes
Chrysler	Pothole repair
Clark	Side drive repairs, potholes
Clemente	Drain replacement, front entrance, due care paving needed
Clippert	Rear stairs need some type of covering, additional paving needed at rear entry
Cody	Extensive potholes in dead end lot
Comm./Media Arts	Sidewalk repairs needed
Cooke	Potholes
Davison & Annex	Sunken drain, Potholes
Day School For Deaf/Early Intervention	Lot needs total replacement, catch basins
Denby	Potholes
Detroit International Academy	Re-do driveway east of building, remove and repave brick entry
Dixon	Potholes in north lot, sunken catch basins
Dossin	Potholes
Douglass, Frederick	Lot expansion needed at east lot, repairs
Drew DTC	Rear delivery area needs 6" paving for trucks, paved storage area, front drive needs catch basin cleared
East English Village/Dianne Banks	Bollards at street entry, Bus signage and marking at Diane Banks
Edison	Potholes
Edmonson	Potholes, minor repairs
Emerson	Lot needs barricades at main entry, porches are badly deteriorated
Ellington, Duke	Sidewalk repairs needed
F.L.I.C.	Potholes, sunken catch basins, underground drainage issues
Field, Moses	Sidewalk repairs needed
Fisher L	Sidewalk extension needed(SRTS), front entrance paving replacement, extensive potholes in parking lot
Fisher U	See above, SRTS for sidewalk repair
Fleming	Potholes in staff lot, raise catch basin
Ford, Henry	Sunken drain, Potholes
Gardner	Parking lot in bad shape
Garvey, Marcus (Formerly Butzel)	Front Plaza needs extensive work
Golightly Ed. Center	Pothole in front drive
Greenfield Union	Pave in areas of turf stabilizers, staff lot sink hole
Hamilton	Potholes, minor repairs
Harms	Reshaping of woodchips and turf to drain away from school
Henderson Academy	South lot needs repairs
Holmes, A.L.	Potholes in staff lot, stair repair
Keidan	Minor paving repairs needed
King, Dr. M.L.	Tennis court repair
King, J.R.	Sunken drainage structures (2), other issues in parking lot
Lions Academy	Potholes
Mann	North parking lot needs significant reworking
Marquette	Slight repairs needed
Marshall, Thurgood	Potholes, curb work
Mason	Front horseshoe drive needs serious repair, paving at school entry needs replacement, rear lot needs paving at gate
Mumford	Clogged catch basin
Munger	Need steps from street to school
Neinas	Parent dropoff repairs
Nichols	Repairs to alley side access needed
Noble	Driveway to dumpster pad, drainage problems in east parking lot
Northwestern DCP	Parking lots need rehab, driveway needs repaving
Osborn	Potholes, minor repairs
Palmer Park Preparatory	Parking lots need re-surfacing, front and rear entry walkway completed this year
Pasteur	Remove and replace two slabs at main entrance. Expand parking lot

Priest	Total replacement of parking lot is needed to comply with Due Care requirements, but crack filling will be done for now. Potholes in parking lot entry.
Randolph	Potholes
Renaissance/JL White	Potholes, sunken catch basins, underground drainage issues
Robeson/Malcolm X	Potholes, slight paving issues
Sampson-Webber	Delivery area behind school needs work, front plaza severely spalled
Schulze	Sunken drainage structures (2)
Spain	See Ben Carson
Thirkell	Minor paving repairs needed
Twain, Mark (formerly Boynton)	North lot needs drainage structure repair, some paving repair
Vernor	Auxiliary Lot needs Paving
Wayne	Parking lot needs total replacement, 11,000 sf
Western	Areas where foot traffic has worn out turf should be paved, potholes
Wright, Charles	Potholes
Young, Coleman A.	Potholes
East Bus Terminal	Water main break determination, Potholes
West Bus Terminal	Pothole repair, sunken catch basins (2)
SSC ABC	Pothole repairs at Bldg A gate entry

Of this work, the newly activated schools will be prioritized.

**Alignment to Strategic Plan:**

Responsible Stewardship

**Financial Impact:**

Total NTE \$796,698

*Bid Process:* RFP 19-0227 was issued on Demandstar and multiple companies were notified of the RFP. The District received three responses: City Contracting Services, Premier Group Associates, and Gibraltar Paving Company for District-wide asphalt, concrete paving and drainage services. Based on evaluation of the proposal, City Contracting Services INC was selected to provide the services requested.

**Contact for Item:**

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**Administrative Content**

**Executive Content**

**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.13 Approval of EBS Contract Renewal
Access	Public
Type	Action
Recommended Action	Motion to Approve EBS Contract Renewal

**Public Content****Recommendation:**

That the School Board approve a contract renewal with EBS Healthcare in an amount not to exceed \$7,857,559.

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

The District contracts with vendors to provide supplemental special education support services to students who are being assessed for or have been identified as having an Individualized Education Plan ("IEP"). The District currently employs 67 School Social Workers for exceptional students, 15 Occupational Therapists, 3 Physical Therapists, 28 School Psychologists, and 53 Speech & Language Pathologists (SLPs) and Clinical Fellows from contracted vendors.

The District is responsible for providing services to all District schools, 14 private parochial schools located in Wayne County, 71 non-public head-start centers and for Child Find Referrals for 2018-2019.

**Gap Analysis:**

Contracted services are needed as a supplement to the District to provide clinical services to meet the needs of our students. The department seeks to fill positions through full-time employment, but will need contracted services as positions are filled.

**Previous Outcomes:**

For the 18-19 school year, EBS provided 16 School Social Workers, 15 Occupational Therapists, 5 Physical Therapists, 6 School Psychologists, and 38 Speech & Language Pathologists (SLPs).

Staff Needed	2018-2019 Outcomes		
	Caseload	Services	Assessments
Speech Language Pathologists (SLP) including EIDC	2280	2052	800
School Social Workers (SSW)	880	792	350
School Psychologists	N/A	N/A	540
Occupational Therapists	675	608	250
Physical Therapists	225	203	90

Expenditures for the last two years were as follows:

FY	Expenditures
2018	\$2,389,783
2019 (to date)	\$3,470,484

**Expected Outcomes:**

For the 2019-2020, 27 School Social Workers, 12 Occupational Therapists, 3 Physical Therapists, 25 School Psychologists and 35 SLPs will be needed to provide clinical support to students based on IEP needs.

Although the District is seeking approval to fund the full number of required ancillary staff through contracted services, the new DFT Tentative Agreement recognizes internal and external experience to accelerate pay. This is likely to increase the number of full-time employees for Occupational Therapist, Physical Therapists, SLPs, School Social Workers and School Psychologists in the District.

Staff Need	Projected 2019-2020		
	Caseload	Services	Assessments
Speech Language Pathologists (SLP), including EIDC	2100	1890	840
School Social Workers	1485	1336	600

(SSW)			
School Psychologists	N/A	N/A	2250
Occupational Therapists (OT)	540	486	220
Physical Therapist (PT)	135	122	60

**Financial Impact:**

\$7,857,559, Special Education/IDEA Funds

	Speech & Language CCC	Speech and Language CFY*	Speech and Language Teacher*	School Psychologist	School Social Worker	OT	PT
<b>EBS Cost per hour</b>	58.85	56.85	56.85	68.85	56.85	58.85	59.85
<b>Work Days</b>	181	181	181	181	181	181	181
<b>Hour per day</b>	7	7	7	7	7	7	7
<b>Yearly Cost per position</b>	\$74, 563	\$72,029	\$72,029	\$87,233	\$72,029	\$74, 563	\$75,830
<b>Number of Est Positions</b>	35	N/A	N/A	25	27	12	3
<b>TOTAL COST</b>	\$2,609,705.00	N/A	N/A	\$2,180,825.00	\$1,944,783.00	\$894,756.00	\$227,490.00

**Contact for Item:**

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**Administrative Content****Executive Content**





### Agenda Item Details

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.17 Approval of Contract Renewal with City Year
Access	Public
Type	Action (Consent)
Recommended Action	Motion to Approve City Year Contract

### Public Content

#### Recommendation:

That the School Board approve a contract with City Year to provide intervention services to 11 schools: Bethune, Brenda Scott, Burns, Clark, Durfee, Central, Gompers, Mason, Noble, Osborn and Cody for the period September 1, 2019 to July 31, 2020 in an amount not to exceed (NTE) \$1,100,000.

#### Description and Background:

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

City Year is an education focused, nonprofit organization that unites AmeriCorps members of all backgrounds for a year of full-time service with students to keep them in school and on track to graduate. City Year's vision is to implement research-based strategies that reduce the number of dropouts by leveraging the talent and energy of corps members to serve as tutors, mentors, and role models in schools to help students stay on track, get back on track, and graduate.

Based on a comprehensive study from Johns Hopkins University, it was determined that students who are most at risk of dropping out of school can be identified as early as middle school through three early warning indicators: attendance, behavior, and course performance in Math and English.

Beginning the 2016-2017 and extending through 2017-2018, Brenda Scott, Burns, Noble, Osborn, Bethune, Gompers and Clark implemented the City Year initiative. During the 2018-2019 school year Mason, Durfee and Central were added, and the district assumed financial responsibility for the program. The addition of these schools allowed the redefined Central and Osborn feeder patterns to receive support from City Year. As a part of the Cody redesign and overall school improvement efforts, Cody will be added for the 2019-2020 school year.

#### Gap Analysis:

A review of student data identifies that students benefit from concentrated focus to reach grade level proficiency. The identified schools are in the bottom 5% with respect to state-monitored proficiency. The schools have shown improvement as evidenced by the most recent assessment data and the 18-month Partnership Agreement status review; however, additional support is required to maintain improvement in academics, behavior and attendance. One hundred and five City Year corps members will be deployed to schools to provide one on one classroom consultant support, academic strategies, parental contact, attendance monitoring and behavioral coaching.

### Previous Outcomes:

City Year Corp members provide support to students in grades 3<sup>rd</sup> - 9<sup>th</sup> with a student focus on attendance, behavior, math and ELA (See Chart 1)

School	Students Served in 18-19			
	Attendance	Behavior	Math	ELA
Bethune Elementary-Middle School	27	54	52	58
Brenda Scott Academy	36	56	73	49
Burns Elementary-Middle School	36	44	54	52
J.E. Clark Preparatory Academy	27	56	54	56
Durfee Elementary-Middle School	35	48	66	60
Central High School	20	18	20	20
Gompers Elementary-Middle School	38	58	52	61
Mason Academy	18	42	57	48
Noble Elementary-Middle School	27	53	45	62
Osborn High School	55	37	43	47

Chart 1: Number of students served

A review of individual student data indicates that 50% of the students targeted for literacy and 57% targeted for math support showed at least one year of growth or more. As the expected outcome is 70%, two schools met this expectation for math and one for literacy. Students saw an improvement in average daily attendance. The highlighted data below indicates schools where the 70% was met for literacy or math.

Schools Served	Growth School Year 18-19				
	Attendance	Math (Fall - Spring) iReady	Math (Fall - Spring) iReady	ELA (Fall - Spring) iReady	ELA (Fall - Spring) iReady
	% of students who improved attendance	% of students that met 1 yr. growth target	% of students that exceeded 1 yr. growth target	% of students that met 1 yr. growth target	% of students that exceeded 1 yr. growth target
Bethune Elementary-Middle School	37% (n=27)	40% (n=30)	40% (n=30)	58% (n=48)	56% (n=48)
Brenda Scott Academy	50% (n=36)	42% (n=48)	42% (n=48)	44% (n=32)	44% (n=32)
Burns Elementary-Middle School	41% (n=29)	65% (n=52)	63% (n=52)	74% (n=42)	74% (n=42)
J.E. Clark Preparatory Academy	27% (n=26)	48% (n=52)	46% (n=52)	58% (n=52)	56% (n=52)
Durfee-Central	40% (n=50)	73% (n=49)	71% (n=49)	58% (n=50)	56% (n=50)
				Achieve - 3000	Achieve - 3000

9th grade				33% (n=21)	33% (n=21)
Gompers Elementary-Middle School	39% (n=38)	73% (n=51)	67% (n=51)	44% (n=55)	44% (n=55)
Mason Academy	43% (n=14)	53% (n=49)	47% (n=49)	45% (n=40)	45% (n=40)
Noble Elementary-Middle School	68% (n=25)	47% (n=38)	45% (n=38)	48% (n=21)	43% (n=21)
Osborn High School	40% (n=47)			35% (n=43)	33% (n=43)
9th grade	40% (n=47)			35% (n=43)	33% (n=43)

### Expected Outcomes:

- City Year will provide interventions in literacy, math and attendance to targeted District students who fall into the lowest 35% of academic achievement and engagement.
- City Year will enroll targeted students to receive academic interventions for literacy development and targeted students to receive academic interventions for math development.
- 70% of targeted students who receive literacy support will show growth on District based assessments and/or statewide assessments, and City Year's targeted cohort shall be a minimum of 500 targeted students.
- 70% of targeted students who receive math support will demonstrate learning gains on statewide assessments, and City Year's targeted cohort shall be a minimum of 500 targeted students.
- Students who were previously chronically absent will improve by 10%. City Year's targeted cohort shall be a minimum of 500 students.
- City Year shall implement surveys and the data collected shall demonstrate the following anticipated outcomes: that 90% of Principals, Teachers, and
- Students will agree or strongly agree that the services provided helped students in attendance, behavior (discipline), and coursework (academics).
- Overall, the District plans to intensify training and support for City Year principals, teachers and corp members to strengthen the academic intervention plan which will raise student achievement.

### Alignment to Strategic Plan:

Whole Child Commitment  
Transformative Culture

### Financial Impact:

The total District funding required through Title I Funds is an amount NTE \$1,100,000. This a sole source vendor with no bid required.

### Contact for Item:

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## **Supporting Documents/Attachments:**

**Administrative Content**

**Executive Content**

**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.15 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, Blue Cross Blue Shield and Health Alliance Plan for the period January 1, 2020 – December 31, 2020; (b) a renewal of the District's Delta Dental plans for the period January 1, 2020 – December 31, 2020; and (c) a renewal of the District's fully-insured Heritage Vision plans for the period January 1, 2020 – 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 \$38,400,870 (subject to actual enrollment) for the period January 1, 2020 – December 31, 2020 with (i) Blue Care Network (BCN), (ii) Blue Cross Blue Shield (BCBS) and (iii) Health Alliance Plan (HAP);
- b. a renewal of the District's Delta Dental plans at an estimated total cost to the District of \$2,758,857 (subject to actual enrollment) for the period January 1, 2020 – December 31, 2020; and
- c. a renewal of the District's fully-insured Heritage Vision plans at an estimated total cost to the District of \$324,030 (subject to actual enrollment) for the period January 1, 2020 – December 31, 2020.

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019.

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

With Kapnick's assistance, the District, in full cooperation and transparency with The Coalition of Unions (The Coalition), obtained feedback through multiple employee surveys and five (5) focus groups regarding currently offered health plans and desired outcomes for future providers. Yielded data was shared with The Coalition 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 to discuss final terms of the RFP.

The RFP was released to all eight medical insurance providers (Aetna, BCN/BCBS, Cigna, HAP, MESSA, Total Healthcare, Priority, United) conducting business in Southeastern Michigan on May 29, 2018. A follow-up RFP update meeting was held with The Coalition and Kapnick on May 31, 2018. Kapnick was notified by four carriers of the eight that they were not in a position to submit bid responses as their rates were not competitive based on the current BCN rates and the District's utilization of medical services. Four of the eight medical insurance carriers 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 RFP response analysis and ensure employee's needs, desires, issues, and concerns informed health benefit plan selection. Kapnick presented the responses to District Leadership in mid-July and to The Coalition in early August. RFP finalists were invited to present to District Leadership and The Coalition to address any questions from parties' regarding their plan offerings on August 9, 2018. District Leadership met again with The Coalition on August 13, 2018 and finalized plan offerings for the 2019 benefit plan year as follows:

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

1. Current BCN Core Plan
2. Current BCN Core Plus Plan
3. Current BCN Premium Plan
4. Current BCN Economy Plan
5. Current BCBS PPO Plan
6. Current HAP HMO Plan

Dental

1. Current Delta Dental EPO Plan (Fully insured)
2. Current Delta Dental PPO Core Plan (Self-Funded)
3. Current Delta Dental PPO Core Plus Plan (Self-Funded)

## Vision

1. Current Heritage Vision Core Plan (12/24/24 benefit frequency)
2. Current Heritage Vision Core Plus Plan (12/12/12 benefit frequency) buy up plan with current network access
3. Current Heritage Vision Premium Plan (12/12/12 benefit frequency) buy up plan with broader network access

It was therefore determined it was in the best interest of the District's 7,195 employees to continue the 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. The District also determined that the addition of a PPO Plan with BCBS would be beneficial due to (i) BCBS's relationship with BCN; (ii) an expanded national network; (iii) willingness to co-exist and (iv) employee request for a PPO plan. 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 with other carriers; (iii) competitive pricing and plan design offerings; (iv) a broad network of doctors that increases access to medical services and limits disruption and (v) employee request for a HAP plan.

The process utilized in determining the 2019 benefit plan options considered the aforementioned and addressed employee and Coalition requests for increased 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 no later than November 2019 and all employees will be required to complete a benefit election.

Beginning in November 2018, Kapnick conducted an analysis of funding alternatives to determine whether the District should consider self-funding medical/prescription drug benefits. Full details of this analysis were presented to District leadership and The Coalition in January 2019. The biggest disadvantage of self-funding is that claim costs for District members is not guaranteed. The District would be responsible for actual claims costs of its members in addition to plan expenses. While the District could purchase stop-loss insurance to cap its exposure for large claims and greater than anticipated claims in aggregate, the analysis indicated that the projected self-funded plan costs would likely exceed what the District would be paying in fully insured premiums in 2019. Given that fully insured premiums are guaranteed, Kapnick determined that remaining fully-insured would be more advantageous to the District due to the additional risk associated with self-funding. The District also requested that Kapnick explore direct contracting with physicians and medical facilities. The concept was presented; however, the District would need to be self-funded before any provider would consider a direct contract relationship with the District.

On Friday, June 7, 2019 BCN presented plan year 2017 and 2018 paid claims data to District Leadership and The Coalition. The information provided demonstrated an increase in paid claims year over year and supported Kapnick's recommendation that the District not take on the additional risk of self-funding due to a 6% increase in paid medical claims. The areas of spend were in the following body systems: musculoskeletal, cancer, endocrine and metabolic conditions.

### 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 and disruption of services for employees, which could be detrimental to employee morale, recruitment and retention.

### Previous Outcomes:

The following represents the projections for calendar year 2019:

Medical/Prescription Drug (Employee + District) = \$47,958,024  
 Dental (Employee + District) = \$3,230,101  
 Vision (Employee + District) = \$432,933  
 Total (Employee + District) = \$51,621,058

### Expected Outcomes:

In calendar year 2020, total medical/prescription, dental, vision, cost is projected to be \$54,824,657. This represents a 6.21% increase in total combined cost and a 6.51% increase in medical/prescription premiums.

Medical/Prescription Drug claims cost for District employees represent about 82.4% of premiums paid to the District's medical insurance carriers. Kapnick has examined the renewal rate developments provided by the carriers and presented the following to District Leadership and The Coalition on Friday, June 7, 2019:

- The BCN HMO plans have 3,837 members which is 53.33% of the overall employee population. Based upon claims experience and plan expenses anticipated for 2020, BCN would typically request a 17.7% increase in premium rates for 2020. However, during the development of the 2019 plans, Kapnick negotiated a 7% cap on the 2020 renewal rates. However, Kapnick negotiated a 5.76% increase for the BCN Economy plan. As a result, BCN rates will increase by 6.96% in 2020.
- The BCBS PPO plan has 145 members which is 2.02% of the overall employee population. BCBS requested a 24.5% increase in PPO plan rates for 2020 based upon the claims risk of the PPO population. However, Kapnick negotiated a 10% increase in 2020 BCBS rates.
- The HAP HMO plan has 788 members which is 10.95% of the overall employee population. Because the HAP HMO plan was implemented effective January 1, 2019, actual claims data for a 2020 rate projection is extremely limited. HAP requested a 6.5% increase in rates. However, Kapnick negotiated a 3.2% increase in HAP rates due to limited claims experience available for the projection.

Kapnick has requested pricing for alternate plan designs that would reduce 2020 BCN and HAP premiums. While these options could result in lower premium rates and employee payroll deductions, they would not reduce the net cost to the District and would result in benefit reductions to District employees. In alignment with best industry practices, Kapnick recommends against reducing benefits or introducing new carriers or plans for 2020. Any major shifts in enrollment (away from BCN) would allow BCN to adjust their 2020 rates. This could result in loss of the 7% cap on the BCN rate increase. Given that 53.33% of District employees are enrolled in BCN plans, the District is avoiding disruption by limiting the risk pool at this time.

The Delta Dental EPO plan is fully insured. Rates for this plan are not changing for 2020 due to a rate guarantee negotiated by Kapnick in 2019. The Delta Dental PPO plans are self-funded. Under this arrangement, the District is responsible for actual dental claims costs and administrative expenses. Delta Dental PPO rates decreased by 8% for 2019. While administration expenses are not changing for 2020, PPO claims experience justifies a 3.4% to 3.9% increase in illustrative rates for the two PPO dental plans. The recommended District contribution for 2020 is roughly the same percentage as 2019, employees would pay the balance of the increase in the form of slightly higher payroll contributions.

Heritage vision rates are not changing for 2020. The District and employee contributions will remain the same as current with no additional risks to the District.

Table 1.0 delineates total projected benefit costs for 2020.

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	\$38,400,870	\$12,680,837	\$51,081,707
Blue Cross Blue Shield	Medical/Pharmacy			
Health Alliance Plan	Medical/Pharmacy			
Delta Dental of Michigan	Dental	\$2,758,857	\$551,160	\$3,310,017
Heritage Vision Plans***	Vision	\$324,030	\$108,904	\$432,933
Total Projected Spend		\$41,483,757	\$13,340,901	\$54,824,657
* Projected employer spend will vary based on actual plan and coverage level selected				
** 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:**

\$41,483,757, General and Grant Funds

**Contact for Item:**

Name: Luis B. Solano, Deputy Superintendent  
 Phone: Phone: (313) 873-8518  
 Email: luis.solano@detroitk12.org

**Supporting Documents/Attachments:**

Benefit Summary

[2020.01 DPSCD Renewal Final.pdf \(105 KB\)](#)

**Administrative Content**

**Executive Content**

Detroit Public Schools Community District  
Plan Design and Cost Comparison - Medical and Prescription (Carriers Coexisting)

Plan Designs <sup>1,2</sup>		Current 2019 Plans						Renewal 2020 Plans					
		BCN HBL HMO Core PCP Focus	BCN HBL HMO Core+ PCP Focus	BCN HBL HMO Premium Full Network	BCN HBL HMO Economy PCP Focus	HAP HMO Full Network	BCBSM PPO Full Network	BCN HBL HMO Core PCP Focus	BCN HBL HMO Core+ PCP Focus	BCN HBL HMO Premium Full Network	BCN HBL HMO Economy PCP Focus	HAP HMO Full Network	BCBSM PPO Full Network
Select Preventive Care		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Deductible	Individual	\$500	N/A	\$500	\$1,500	\$1,200	\$500	\$1,000	N/A	\$500	\$1,500	\$1,200	\$500
	Family	\$1,000		\$1,000	\$3,000	\$2,400	\$1,000	\$1,000		\$1,000	\$3,000	\$2,400	\$1,000
Out-of-Pocket Maximum	Individual	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600
	Family	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200
Co-Insurance		10%	N/A	10%	10%	10%	20%	10%	N/A	10%	10%	20%	20%
Co-Insurance Maximum	Individual	\$1,500	N/A	\$1,500	\$1,500	\$2,000	\$1,500	\$1,500	N/A	\$1,500	\$1,500	\$2,000	\$1,500
	Family	\$3,000		\$3,000	\$3,000	\$4,000	\$3,000	\$3,000		\$3,000	\$3,000	\$4,000	\$3,000
Co-Pay	Office Visit	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
	Specialist	\$40	\$20	\$40	\$30	\$40	\$40	\$40	\$20	\$40	\$30	\$40	\$40
	Urgent Care	\$40	\$50	\$40	\$35	\$75	\$40	\$40	\$50	\$40	\$35	\$75	\$40
	ER	\$100	\$100	\$100	\$250 after ded.	\$250	\$150	\$100	\$100	\$100	\$250 after ded.	\$250	\$150
Prescription 30 Day (Retail)	Generic	\$7	\$5	\$7	\$4/\$15	\$7/\$20	\$15	\$7	\$5	\$7	\$4/\$15	\$7/\$20	\$15
	Preferred	\$25	\$25	\$25	\$40	\$30	\$30	\$25	\$25	\$25	\$40	\$30	\$30
	Non-Preferred	\$50	\$40	\$50	\$80	\$60	\$60	\$50	\$40	\$50	\$80	\$60	\$60
	Prefered Specialty/Non-Preferred Specialty	\$25/50	\$25/40	\$25/50	20%-\$200/\$300	20%/50%-\$200	\$30/60	\$25/50	\$25/40	\$25/50	20%-\$200/\$300	20%/50%-\$200	\$30/60
Retail/Mail	31-90 days	2x copay	2x copay	2x copay	3x copay minus \$10	2x copay	2x copay	2x copay	2x copay	2x copay	3x copay minus \$10	2x copay	2x copay
Plan Rates		BCN HBL HMO Core	BCN HBL HMO Core+	BCN HBL HMO Premium	BCN HBL HMO Economy	HAP HMO	BCBSM PPO	BCN HBL HMO Core	BCN HBL HMO Core+	BCN HBL HMO Premium	BCN HBL HMO Economy	HAP HMO	BCBSM PPO
Employee Counts	Single	1,217	691	54	89	387	111	1,217	691	54	89	387	111
	Two-Person	499	229	17	31	162	19	499	229	17	31	162	19
	Family	661	304	2	43	239	15	661	304	2	43	239	15
	<b>Totals</b>	<b>2,377</b>	<b>1,224</b>	<b>73</b>	<b>163</b>	<b>788</b>	<b>145</b>	<b>2,377</b>	<b>1,224</b>	<b>73</b>	<b>163</b>	<b>788</b>	<b>145</b>
Monthly Rates <sup>4,5</sup>	Single	\$471.61	\$599.98	\$704.95	\$424.37	\$419.00	\$681.82	\$504.62	\$641.98	\$754.30	\$448.83	\$432.09	\$750.00
	Two-Person	\$1,009.47	\$1,278.15	\$1,498.99	\$886.95	\$896.86	\$1,636.38	\$1,080.13	\$1,367.62	\$1,603.92	\$938.08	\$924.89	\$1,800.02
	Family	\$1,260.86	\$1,596.38	\$1,872.17	\$1,107.63	\$1,120.21	\$2,045.46	\$1,349.12	\$1,708.13	\$2,003.22	\$1,171.49	\$1,155.21	\$2,250.01
Annual Premium	Monthly	\$1,911,103	\$1,192,582	\$67,294	\$112,892	\$575,175	\$137,455	\$2,044,876	\$1,276,065	\$72,005	\$119,400	\$593,146	\$151,201
	Annual	\$22,933,240	\$14,310,985	\$807,534	\$1,354,710	\$6,902,094	\$1,649,462	\$24,538,509	\$15,312,776	\$864,063	\$1,432,805	\$7,117,754	\$1,814,406
Annual Premium	<b>Total</b>	<b>\$47,958,024</b>						<b>\$51,080,314</b>					
		% Change by Benefit						7.00%	7.00%	7.00%	5.76%	3.12%	10.00%
		\$ Change						\$3,122,290					
		Total % Change						6.51%					
Employer/Employee Costs		BCN HBL HMO Core	BCN HBL HMO Core+	BCN HBL HMO Premium	BCN HBL HMO Economy	HAP HMO	BCBSM PPO	BCN HBL HMO Core	BCN HBL HMO Core+	BCN HBL HMO Premium	BCN HBL HMO Economy	HAP HMO	BCBSM PPO
	Single	\$380.90	\$380.90	\$380.90	\$380.90	\$380.90	\$380.90	\$401.17	\$401.17	\$401.17	\$401.17	\$401.17	\$401.17
	Two-Person	\$815.30	\$815.30	\$815.30	\$815.30	\$815.30	\$815.30	\$858.70	\$858.70	\$858.70	\$858.70	\$858.70	\$858.70
	Family	\$1,018.34	\$1,018.34	\$1,018.34	\$1,018.34	\$1,018.34	\$1,018.34	\$1,072.55	\$1,072.55	\$1,072.55	\$1,072.55	\$1,072.55	\$1,072.55
	Monthly	\$1,543,513	\$759,481	\$36,465	\$102,963.02	\$522,870.16	\$73,045.70	\$1,625,676	\$799,909	\$38,406	\$108,444	\$550,703	\$76,934
Employer Totals	Annual	\$18,522,153	\$9,113,772	\$437,585	\$1,235,556	\$6,274,442	\$876,548	\$19,508,114	\$9,598,906	\$460,877	\$1,301,326	\$6,608,441	\$923,206
	<b>Total</b>	<b>\$36,460,056</b>						<b>\$38,400,870</b>					
	<b>\$ Change</b>							<b>\$1,940,815</b>					
Employee Costs <sup>3</sup>	Single	\$90.71	\$219.08	\$324.05	\$43.47	\$38.10	\$300.92	\$103.45	\$240.81	\$353.13	\$47.66	\$30.92	\$348.83
	Two-Person	\$194.17	\$462.85	\$683.69	\$71.65	\$81.56	\$682.08	\$221.43	\$508.92	\$745.22	\$79.38	\$66.19	\$941.32
	Family	\$242.52	\$578.04	\$853.83	\$89.29	\$101.87	\$1,027.12	\$276.57	\$635.58	\$930.67	\$98.94	\$82.66	\$1,177.46
	Monthly	\$367,591	\$433,101	\$30,829	\$9,929	\$52,304	\$64,409	\$419,200	\$476,156	\$33,599	\$10,957	\$42,443	\$74,267
Employee Totals <sup>3</sup>	Annual	\$4,411,087	\$5,197,213	\$369,949	\$119,153	\$627,652	\$772,913	\$5,030,394	\$5,713,870	\$403,187	\$131,479	\$509,314	\$891,201
	<b>Total</b>	<b>\$11,497,968</b>						<b>\$12,679,444</b>					
	<b>\$ Change</b>							<b>\$1,181,475</b>					

<sup>1</sup> The above illustration is not a complete summary of benefits. An official description of benefits is contained in applicable certificates and riders or plan documentation.

<sup>2</sup> For comparison purposes, we are only showing enhanced benefit levels for the BCN Healthy Blue Living (HBL) HMO plans and In-Network benefits for the BCBSM PPO plan.

<sup>3</sup> Does not include spouse surcharge of \$50 per month (if applicable).

<sup>4</sup> HAP Premium rates are illustrative and are subject to change based upon the Department of Insurance and Financial Services (DIFS) approval of each carrier's annual rate filing. All rates include taxes and fees, where applicable.

<sup>5</sup> Blue Care Network premium rates are subject to change if total enrollment does not remain above 3,500 employees. All rates include taxes and fees, where applicable.

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Detroit Public Schools Community District  
Plan Design and Cost Comparison - Delta Dental

Plan Designs <sup>1</sup>		Current 2019 Dental Plans					Renewal 2020 Dental Plans				
		Delta EPO	Delta PPO Core	Delta PPO Core + Premier & Non Par	Delta PPO Core + Premier & Non Par	Delta EPO	Delta PPO Core	Delta PPO Core + Premier & Non Par	Delta PPO Core + Premier & Non Par		
Diagnostic and Preventative	Exam, Cleanings	No Limit, Copay Schedule for All Services	100%	100%	100%	100%	No Limit, Copay Schedule for All Services	100%	100%	100%	100%
Basic	X-Rays, Radiographs	100%	85%	85%	85%	85%	100%	85%	85%	85%	85%
Basic & Restorative	Fillings, Root Canals, Extractions	Copay Schedule	85%	75%	85%	75%	Copay Schedule	85%	75%	85%	75%
Major Services	Crowns	Copay Schedule	50%	50%	85%	75%	Copay Schedule	50%	50%	85%	75%
Major Services	Dentures, Implants, Bridges	Copay Schedule	50%	50%	50%	50%	Copay Schedule	50%	50%	50%	50%
Orthodontics	Braces	Copay Schedule	50%	50%	50%	50%	Copay Schedule	50%	50%	50%	50%
Deductible	Applies to Basic and Major Services Only	None	None	None	\$50 individual, \$150 family	\$50 individual, \$150 family	None	None	None	\$50 individual, \$150 family	\$50 individual, \$150 family
Annual Maximum		No Annual Maximum	\$1,500	\$1,500	\$1,250	\$1,250	No Annual Maximum	\$1,500	\$1,500	\$1,250	\$1,250
Orthodontia Lifetime Maximum		No Lifetime Maximum	\$1,000	\$1,000	\$1,000	\$1,000	No Lifetime Maximum	\$1,000	\$1,000	\$1,000	\$1,000
Employee Counts		EPO	Delta PPO Core	Delta PPO Core +	Delta PPO Core +	Delta PPO Core +	EPO	Delta PPO Core	Delta PPO Core +	Delta PPO Core +	Delta PPO Core +
	Single	714	1437	428	428	428	714	1437	428	428	428
	Two-Person	323	641	198	198	198	323	641	198	198	198
	Family	398	810	185	185	185	398	810	185	185	185
	<b>Totals</b>	<b>1,435</b>	<b>2,888</b>	<b>811</b>	<b>811</b>	<b>811</b>	<b>1,435</b>	<b>2,888</b>	<b>811</b>	<b>811</b>	<b>811</b>
Monthly Rates <sup>2</sup>											
	Single	\$31.16	\$25.10	\$31.68	\$31.68	\$31.68	\$31.16	\$26.01	\$32.88	\$32.88	\$32.88
	Two-Person	\$62.31	\$47.65	\$59.58	\$59.58	\$59.58	\$62.31	\$49.32	\$62.01	\$62.01	\$62.01
	Family	\$96.57	\$93.50	\$111.69	\$111.69	\$111.69	\$96.57	\$96.53	\$116.19	\$116.19	\$116.19
	Monthly	\$80,809	\$142,347	\$46,019	\$46,019	\$46,019	\$80,809	\$147,180	\$47,846	\$47,846	\$47,846
	Annual	\$969,711	\$1,708,168	\$552,222	\$552,222	\$552,222	\$969,711	\$1,766,157	\$574,149	\$574,149	\$574,149
Annual Premium <sup>3</sup>	<b>Total</b>		<b>\$3,230,101</b>					<b>\$3,310,017</b>			
% Change by Benefit							0.00%	3.39%	3.97%		
\$ Change								\$79,916			
Total % Change								2.47%			
Employer/Employee Costs		EPO	Delta PPO Core	Delta PPO Core +	Delta PPO Core +	Delta PPO Core +	EPO	Delta PPO Core	Delta PPO Core +	Delta PPO Core +	Delta PPO Core +
Monthly Employer Costs											
	Single	\$26.06	\$21.77	\$21.77	\$21.77	\$21.77	\$26.06	\$22.63	\$22.63	\$22.63	\$22.63
	Two-Person	\$52.12	\$40.94	\$40.94	\$40.94	\$40.94	\$52.12	\$42.42	\$42.42	\$42.42	\$42.42
	Family	\$80.78	\$82.04	\$82.04	\$82.04	\$82.04	\$80.78	\$84.95	\$84.95	\$84.95	\$84.95
	Monthly	\$67,592	\$123,978	\$32,601	\$32,601	\$32,601	\$67,592	\$128,512	\$33,801	\$33,801	\$33,801
Employer Totals	Annual	\$811,104	\$1,487,741	\$391,213	\$391,213	\$391,213	\$811,104	\$1,542,146	\$405,607	\$405,607	\$405,607
	<b>Total</b>		<b>\$2,690,059</b>					<b>\$2,758,857</b>			
	\$ Change							\$68,799			
Monthly Employee Costs											
	Single	\$5.10	\$3.33	\$9.91	\$9.91	\$9.91	\$5.10	\$3.38	\$10.25	\$10.25	\$10.25
	Two-Person	\$10.19	\$6.71	\$18.64	\$18.64	\$18.64	\$10.19	\$6.90	\$19.59	\$19.59	\$19.59
	Family	\$15.79	\$11.46	\$29.65	\$29.65	\$29.65	\$15.79	\$11.58	\$31.24	\$31.24	\$31.24
	Monthly	\$13,217	\$18,369	\$13,417	\$13,417	\$13,417	\$13,217	\$18,668	\$14,045	\$14,045	\$14,045
Employee Totals	Annual	\$158,606	\$220,427	\$161,009	\$161,009	\$161,009	\$158,606	\$224,011	\$168,543	\$168,543	\$168,543
	<b>Total</b>		<b>\$540,043</b>					<b>\$551,160</b>			
	\$ Change							\$11,118			

<sup>1</sup> The above illustration is not a complete summary of benefits. An official description of benefits is contained in applicable certificates and riders or plan documentation. Additional deviations may exist.

<sup>2</sup> Assumes fully insured rates for the EPO plan. Assumes premium equivalency rates for the PPO and POS plans. All 2019 rates include a load for Michigan claims taxes. These taxes are not applicable in 2020, unless State Law changes.

<sup>3</sup> Monthly and annual premiums are calculated using May enrollment numbers.

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Detroit Public Schools Community District  
Plan Design and Cost Comparison - Heritage Vision

Heritage Vision Triple Option - no change to rates in 2020									
Plan Designs <sup>1</sup>	Core Plan			Core Plus Plan			Premium Plan		
	Heritage Vision			Heritage Vision			Heritage Vision		
	Benefits	In Network	Out-of-Network	Benefits	In Network	Out-of-Network	Benefits	In Network	Out-of-Network
<b>Network</b>		Select Network			Select Network			National Network	
<b>Exam for Eyeglasses</b>	Once every 12 months <sup>1</sup>	100%, no copay	Reimbursed up to \$39	Once every 12 months <sup>1</sup>	100%, no copay	Reimbursed up to \$39	Once every 12 months <sup>1</sup>	100% after \$10 copay	Reimbursed up to \$25
<b>Frames</b>	Once every 24 months <sup>1,2</sup>	\$50 Retail Allowance <sup>3</sup>	Reimbursed up to \$34	Once every 12 months <sup>1,2</sup>	\$50 Retail Allowance <sup>3</sup>	Reimbursed up to \$34	Once every 12 months <sup>1,2</sup>	\$130 Retail Allowance <sup>3</sup>	Reimbursed up to \$50
<b>Single/Bifocal/Trifocal Lenses<sup>4</sup></b>	Once every 24 months <sup>1,2</sup>	100%, no copay	Reimbursement Schedule	Once every 12 months <sup>1,2</sup>	100%, no copay	Reimbursement Schedule	Once every 12 months <sup>1,2</sup>	100% after \$15 copay	Reimbursement Schedule
<b>Lens Tint</b>	Therapeutic Rose Tint # or #2	100%, no copay	N/A	Therapeutic Rose Tint # or #2	100%, no copay	N/A	Therapeutic Rose Tint # or #2	20% preferred pricing discount	N/A
<b>Other Lens Enhancements</b>	Once every 24 months <sup>1,2</sup>	20% preferred pricing discount	N/A	Once every 12 months <sup>1,2</sup>	20% preferred pricing discount	N/A	Once every 12 months <sup>1,2</sup>	20% preferred pricing discount	N/A
<b>Exam for Contacts</b>	Once every 12 months <sup>1</sup>	\$45 Retail Allowance	Reimbursed up to \$39	Once every 12 months <sup>1</sup>	\$45 Retail Allowance	Reimbursed up to \$39	Once every 12 months <sup>1</sup>	100% after \$10 copay	Reimbursed up to \$25
<b>Elective Contact Lenses</b>	Once every 24 months <sup>1,2</sup>	\$45 Retail Allowance	Reimbursed up to \$45	Once every 12 months <sup>1,2</sup>	\$45 Retail Allowance	Reimbursed up to \$45	Once every 12 months <sup>1,2</sup>	\$130 Retail Allowance <sup>3</sup>	Reimbursed up to \$105
<b>Medically Necessary Contact Lenses</b>	Once every 24 months <sup>1,2</sup>	\$45 Retail Allowance	Reimbursed up to \$45	Once every 12 months <sup>1,2</sup>	\$45 Retail Allowance	Reimbursed up to \$45	Once every 12 months <sup>1,2</sup>	100% after \$15 copay	Reimbursed up to \$210
<b>Employee Counts</b>	Single	1703		232		641			
	Two-Person	812		123		232			
	Family	1035		126		259			
	<b>Totals</b>	<b>3,550</b>		<b>481</b>		<b>1,132</b>			
<b>Monthly Rates<sup>2</sup></b>	Single	\$5.23		\$5.28		\$7.73			
	Two-Person	\$5.23		\$9.51		\$13.91			
	Family	\$5.23		\$13.74		\$20.09			
	Monthly	\$18,567		\$4,126		\$13,385			
	<b>Annual</b>	<b>\$222,798</b>		<b>\$49,511</b>		<b>\$160,624</b>			
<b>Annual Premium</b>	<b>Total</b>	<b>\$432,933</b>							
<b>Employer/Employee Costs</b>									
<b>Monthly Employer Costs</b>	Single	\$5.23		\$5.23		\$5.23			
	Two-Person	\$5.23		\$5.23		\$5.23			
	Family	\$5.23		\$5.23		\$5.23			
	Monthly	\$18,567		\$2,516		\$5,920			
<b>Employer Totals</b>	<b>Annual</b>	<b>\$222,798</b>		<b>\$30,188</b>		<b>\$71,044</b>			
<b>Annual Employer Cost</b>	<b>Total</b>	<b>\$324,030</b>							
<b>Monthly Employee Costs</b>	Single	\$0.00		\$0.05		\$2.50			
	Two-Person	\$0.00		\$4.28		\$8.68			
	Family	\$0.00		\$8.51		\$14.86			
	Monthly	\$0.00		\$1,610.30		\$7,465.00			
<b>Employee Totals</b>	<b>Annual</b>	<b>\$0</b>		<b>\$19,324</b>		<b>\$89,580</b>			
<b>Annual Employee Cost</b>	<b>Total</b>	<b>\$108,904</b>							

The above illustration is not a complete summary of benefits. An official description of benefits is contained in applicable certificates and riders or plan documentation. Additional deviations may exist.

<sup>1</sup> The benefit period is once every 12 months (or 24 months) from the last date of service as opposed to calendar year.

<sup>2</sup> Eyeglasses or Contact Lenses, not both, during the 12 or 24 month benefit period.

<sup>3</sup> Member pays retail cost over \$50 (or \$30) less 20% preferred pricing discount.

<sup>4</sup> Children (under age 19) may receive new lenses once every 12 months with a prescription change of +0.5 diopters or more.

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# Out-of-State Travel Requests



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHAM WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2019-20**

**APPROVING THE COMMUNITY DISTRICT'S AUGUST 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 August 26, 2019, 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 August 26, 2019 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/ Chaperones	Participants	Funding Source	Total Est. Cost	Approved by:	Notes
1	EL Education 2019 National Conference	Atlanta, GA	October 15-19, 2019	Office of Curriculum & Instruction	11	0	16	27	Title IIA	\$69,450	Finance Committee 07.26.2019  Academic Committee 07.29.2019  Anticipated Approval  Board 08.13.2019  FRC 08.26.2019	



**Agenda Item Details**

Meeting	Aug 20, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.12 Out of state travel to the EL Education 2019 National Conference in the amount of \$64,450 through Title II funding.
Access	Public
Type	Action
Recommended Action	Motion to approve the request for out of state travel to the EL Education 2019 National Conference in the amount of \$64,450 through Title II funding.

**Public Content**

**Recommendation:**

That the School Board approve the requests for out-of-state travel to the EL Education 2019 National Conference in the amount of \$64,450.00 through Title II funding.

**Description and Background:**

This item was recommended for approval by the Finance Committee on July 26, 2019 and the Academic Committee on August 1, 2019.

Last school year, our district implemented EL Education, a new ELA/Literacy curriculum in grades K-8. Throughout the school year, the district offered professional development to Principals and Teachers aligned to the Common Core State Standards and Best Practices in Literacy, leveraging our new instructional materials. As we move into our second year of implementation and plan to accelerate and scale our initial growth in K-8 Literacy, it is important that we continue to grow knowledge and expertise for district leaders, school leaders, and teachers. At the EL Education 2019 National Conference, attendees will learn from national experts on related topics, network with other leaders and teachers throughout the nation using EL Education, and unpack issues of implementation, race, equity, and personal biases.

The District worked with EL Education to develop model schools. These school agreed to increase intensive professional learning, coaching, and accountability. As we scale the model school project, the Principals and Master Teachers will emerge as mentors for new model schools. The District’s ELA/Literacy Training and Support Coordinators are critical resources for school leaders and teachers as they develop and facilitate ELA/Literacy supports in their schools. Attending the conference will better prepare these leaders as they plan and deliver professional learning for the school year.

Furthermore, students and leaders from one of our model school, Burns Elementary have been selected to present at the conference. They will be sharing information about the literacy curriculum and how it has empowered them to be citizens contributing to their own community.

This immersive 3-day PD experience was designed to build, improve, and sustain equitable instructional excellence in ELA/Literacy. Participants will engage in master classes, PD sessions, and enriching conversations, that will reinvigorate and shape our approach to helping students become curious, ethical citizens who can build a better world.

The following represents the travel requests for approval:

<i>Conference:</i> EL Education 2019 National Conference	<i>Registration:</i>	\$21,200
<i>Location:</i> Atlanta, GA	<i>Transportation:</i>	\$7,000
<i>Dates:</i> 10/15/19 – 10/19/19	<i>Lodging:</i>	\$32,250
<i>Department:</i> Office of Curriculum and Instruction	<i>Per Diem:</i>	\$9,000
<i>Participants:</i> 27 (Principals, Teachers, and central office staff members) See attached proposed list of attendees.	<i>Total:</i>	\$69,450
<i>Funding Source:</i> Grants		

**Gap Analysis:**

A deep understanding of our state’s ELA/Literacy standards and how our instructional materials empower teachers to deliver standards-based instruction is essential for our teachers. As we prepare to accelerate and scale our ELA/Literacy growth in student achievement, it is imperative that implementation leaders (District, Principal and Teacher) continue to grow in knowledge.

**Previous Outcomes:**

i-Ready Assessment data indicates strong student growth from the first year of implementation, as well as an increase in predicted proficiency for grades 3-8 on M-Step. The district as made 103% progress toward typical growth in grades K-8. Indicated the district met and exceeded the scale score growth needed to meet the district’s typical growth target.

**Expected Outcomes:**

We intend to administer a survey to participating educators and expect that at least 90% of selected participants will agree that attendance at the EL Education 2019 National Conference has better prepared them to serve as an instructional leader in K-8 ELA/Literacy.

We expect to see in acceleration of student performance and growth in literacy for grades K-8 resulting in a 3.8% improvement on M-STEP proficiency for the 19\_20 school year.

**Alignment to Strategic Plan:**

Exceptional Talent

**Financial Impact:**

\$69,450.00 from Title IIA

**Contact for Item:**

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[EL Conference Attendance.pdf \(69 KB\)](#)

**Administrative Content****Executive Content**



# Appendix – DPSCD Detailed Schedules

# 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	
	7/27/2018	8/31/2018	9/28/2018	10/26/2018	11/30/2018	12/28/2018	2/1/2019	3/1/2019	3/29/2019	4/26/2019	5/31/2019	6/28/2019	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	
<b>Cash Receipts</b>													
State Aid	\$ 39,713	\$ 39,854	\$ -	\$ 39,999	\$ 41,533	\$ 41,148	\$ 39,417	\$ 39,472	\$ 44,507	\$ 46,622	\$ 41,261	\$ 40,999	\$ 454,526
MPSERS (State Funded)	2,983	2,986	-	-	6,721	3,361	3,361	3,361	3,361	3,361	3,361	3,361	36,214
Enhancement Millage	-	-	-	2,986	5,572	762	-	3,979	2,544	1,976	992	185	18,996
Grants	5,380	29,612	4,226	5,585	8,587	40,493	21,505	7,546	23,385	8,704	11,600	9,974	176,597
Transfer from DPS	-	13,134	-	7	0	0	0	-	355	-	1	1	13,498
WCRESA	-	486	2,055	3,540	3,097	3,097	2,971	2,971	2,971	3,533	2,896	2,334	29,950
Food Service Reimbursement	-	1	30	47	3,981	5,202	52	23	46	2,698	4,783	3,668	20,530
Miscellaneous	1,200	1,381	1,200	17,679	1,261	1,236	479	930	2,884	766	619	6,943	36,578
<b>Total Cash Receipts</b>	<b>49,276</b>	<b>87,453</b>	<b>7,512</b>	<b>69,843</b>	<b>70,753</b>	<b>95,298</b>	<b>67,786</b>	<b>58,281</b>	<b>80,053</b>	<b>67,660</b>	<b>65,512</b>	<b>67,463</b>	<b>786,889</b>
<b>Cash Disbursements</b>													
MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ (2,986)	\$ -	\$ -	\$ (6,721)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (35,836)
Payroll Direct Deposit	(14,239)	(16,180)	(30,834)	(17,583)	(18,077)	(20,545)	(23,996)	(16,466)	(17,983)	(17,039)	(17,610)	(19,116)	(229,668)
Taxes	(4,860)	(4,345)	(7,714)	(6,431)	(9,001)	(8,054)	(5,116)	(5,899)	(6,281)	(5,617)	(10,220)	(6,447)	(79,987)
FICA	(1,457)	(1,657)	(4,662)	(1,948)	(2,829)	(2,192)	(1,763)	(1,900)	(1,906)	(1,887)	(2,954)	(2,006)	(27,161)
Accounts Payable <sup>1</sup>	(10,430)	(14,104)	(11,522)	(15,876)	(28,584)	(21,511)	(7,658)	(11,432)	(20,111)	(13,390)	(13,877)	(28,850)	(197,343)
Pension (employee portion)	(1,836)	(1,382)	(1,331)	(1,923)	(3,196)	(2,100)	(2,111)	(2,149)	(2,177)	(2,359)	(3,419)	(2,298)	(26,284)
Pension (employer portion)	(5,927)	(4,475)	(4,145)	(6,354)	(10,537)	(6,696)	(6,701)	(6,680)	(6,752)	(7,360)	(10,648)	(7,153)	(83,428)
Health	(2,403)	(5,138)	(40)	(5,659)	(8,726)	(4,324)	(217)	(4,076)	(5,186)	(5,159)	(8,018)	(4,333)	(53,277)
Fringe Benefits	(322)	(208)	(172)	(236)	(228)	(332)	(183)	(187)	(173)	(360)	(390)	(243)	(3,036)
Food Service	(4,435)	(115)	(172)	(1,063)	(3,480)	(4,842)	(260)	(2,643)	(2,481)	(2,180)	(1,794)	(2,309)	(25,774)
Transfer to DPS	-	-	-	-	(172)	-	-	-	-	-	-	(196)	(368)
Other <sup>2</sup>	-	-	(36)	(22)	(17)	(35,314)	(49)	(526)	(28)	(25)	(17,643)	(412)	(54,071)
<b>Total Cash Disbursements</b>	<b>(48,892)</b>	<b>(50,588)</b>	<b>(63,615)</b>	<b>(57,096)</b>	<b>(84,848)</b>	<b>(112,632)</b>	<b>(51,414)</b>	<b>(55,318)</b>	<b>(66,439)</b>	<b>(58,737)</b>	<b>(89,934)</b>	<b>(76,722)</b>	<b>(816,234)</b>
<b>Net Cash Flow</b>	<b>384</b>	<b>36,865</b>	<b>(56,103)</b>	<b>12,747</b>	<b>(14,095)</b>	<b>(17,333)</b>	<b>16,372</b>	<b>2,963</b>	<b>13,614</b>	<b>8,923</b>	<b>(24,422)</b>	<b>(9,259)</b>	<b>(29,345)</b>
Beginning Cash Balance	158,940	159,324	196,189	140,086	152,833	138,738	121,405	137,776	140,739	154,353	163,276	138,854	158,940
Net Cash Flow	384	36,865	(56,103)	12,747	(14,095)	(17,333)	16,372	2,963	13,614	8,923	(24,422)	(9,259)	(29,345)
<b>Ending Cash Balance</b>	<b>\$ 159,324</b>	<b>\$ 196,189</b>	<b>\$ 140,086</b>	<b>\$ 152,833</b>	<b>\$ 138,738</b>	<b>\$ 121,405</b>	<b>\$ 137,776</b>	<b>\$ 140,739</b>	<b>\$ 154,353</b>	<b>\$ 163,276</b>	<b>\$ 138,854</b>	<b>\$ 129,595</b>	<b>\$ 129,595</b>

\*Unaudited actuals as of June 30, 2019, figures are subject to change

1) October Accounts Payables includes an adjustment reconciling for previous Capital Projects payments that are now reported in the Capital Projects schedule

2) Includes a transfer to establish the Rainy Day Fund (\$35.3M) in December and a transfer to the Capital Projects Fund in June for the Water Hydration Station project

# DPSCD Internal Service, Capital Projects and Rainy Day Funds

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual*	FY 19 Total
<b>General Fund Cash Balance</b>	\$ 159,324	\$ 196,189	\$ 140,086	\$ 152,833	\$ 138,738	\$ 121,405	\$ 137,776	\$ 140,739	\$ 154,353	\$ 163,276	\$ 138,854	\$ 129,595	\$ 129,595
<b>Internal Service Fund and Fiduciary Account</b>													
<b>Beginning Balance</b>	\$ 43,108	\$ 43,108	\$ 43,108	\$ 43,108	\$ 25,342	\$ 25,342	\$ 25,342	\$ 25,342	\$ 25,342	\$ 23,970	\$ 23,970	\$ 23,970	\$ 43,108
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	(17,766)	-	-	-	-	(1,371)	-	-	(6,575)	(25,713)
<b>Ending Internal Service Fund Balance</b>	<b>43,108</b>	<b>43,108</b>	<b>43,108</b>	<b>25,342</b>	<b>25,342</b>	<b>25,342</b>	<b>25,342</b>	<b>25,342</b>	<b>23,970</b>	<b>23,970</b>	<b>23,970</b>	<b>17,395</b>	<b>17,395</b>
<b>Total General Fund and ISF Balance</b>	<b>\$ 202,432</b>	<b>\$ 239,297</b>	<b>\$ 183,194</b>	<b>\$ 178,174</b>	<b>\$ 164,080</b>	<b>\$ 146,746</b>	<b>\$ 163,118</b>	<b>\$ 166,080</b>	<b>\$ 178,323</b>	<b>\$ 187,246</b>	<b>\$ 162,824</b>	<b>\$ 146,990</b>	<b>\$ 146,990</b>
<b>Capital Projects Fund</b>													
<b>Beginning Balance</b>	\$ 10,025	\$ 10,025	\$ 9,139	\$ 6,049	\$ 5,983	\$ 4,983	\$ 3,767	\$ 3,424	\$ 2,744	\$ 2,456	\$ 3,000	\$ 20,321	\$ 10,025
(+) Transfers in <sup>1</sup>	-	-	-	-	-	-	-	-	300	750	17,611	-	18,661
(-) Payments for completed projects	-	(886)	(3,090)	(66)	(1,000)	(1,215)	(344)	(680)	(588)	(206)	(290)	(133)	(8,498)
<b>Ending Balance</b>	<b>10,025</b>	<b>9,139</b>	<b>6,049</b>	<b>5,983</b>	<b>4,983</b>	<b>3,767</b>	<b>3,424</b>	<b>2,744</b>	<b>2,456</b>	<b>3,000</b>	<b>20,321</b>	<b>20,188</b>	<b>20,188</b>
<b>Rainy Day Fund</b>													
<b>Beginning Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,321	\$ 35,395	\$ 35,470	\$ 35,544	\$ 35,620	\$ 35,697	\$ -
(+) Transfers in	-	-	-	-	-	35,321	75	75	75	76	76	76	35,773
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,321</b>	<b>35,395</b>	<b>35,470</b>	<b>35,544</b>	<b>35,620</b>	<b>35,697</b>	<b>35,773</b>	<b>35,773</b>
<b>Total General Fund, ISF, Capital Projects and Rainy Day Fund Balance</b>	<b>\$ 212,457</b>	<b>\$ 248,435</b>	<b>\$ 189,242</b>	<b>\$ 184,157</b>	<b>\$ 169,062</b>	<b>\$ 185,834</b>	<b>\$ 201,937</b>	<b>\$ 204,294</b>	<b>\$ 216,324</b>	<b>\$ 225,867</b>	<b>\$ 218,842</b>	<b>\$ 202,951</b>	<b>\$ 202,951</b>

\*Unaudited actuals as of June 30, 2019, figures are subject to change

1) Includes receipts/transfers to account for FY20 projects as well as Water Hydration Station philanthropic reimbursements

# Expenditures by Function – June 2019

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD				
	Budget	Actual	Variance		Budget	Actual	Variance		
	Month of Jun-FY19	Month of Jun-FY19	\$	%	YTD Jun-FY19	YTD Jun-FY19	\$	%	
<b>FUNCTION LEVEL EXPENDITURES</b>									
<b>INSTRUCTION</b>									
Elementary Programs	\$ 15,120,197	\$ 15,231,530	\$ 111,333	1%	134,476,683	\$ 143,616,781	\$ 9,140,098	7%	
Middle School Programs	1,262,624	1,435,059	172,435	14%	11,963,258	13,375,243	1,411,985	12%	
High School & Summer Programs	5,876,073	6,361,701	485,628	8%	56,053,059	58,973,450	2,920,391	5%	
Special Education	7,459,503	7,700,160	240,657	3%	61,752,312	73,440,439	11,688,127	19%	
Compensatory Education	24,002,216	5,228,569	(18,773,647)	(78%)	109,176,678	69,115,512	(40,061,166)	(37%)	
Career and Technical Education	423,839	116,223	(307,616)	(73%)	2,982,268	2,366,161	(616,107)	(21%)	
Adult/Continuing Education	497,724	142,928	(354,796)	(71%)	1,647,233	1,360,783	(286,450)	(17%)	
<b>Total Instruction</b>	<b>54,642,176</b>	<b>36,216,170</b>	<b>(18,426,006)</b>	<b>(34%)</b>	<b>378,051,491</b>	<b>362,248,369</b>	<b>(15,803,122)</b>	<b>(4%)</b>	
<b>SUPPORTING SERVICES</b>									
Pupil	10,567,045	11,173,607	606,562	6%	91,306,167	71,592,958	(19,713,209)	(22%)	
Instructional Support	8,723,552	3,413,991	(5,309,561)	(61%)	45,723,041	37,022,908	(8,700,133)	(19%)	
General Administration	881,735	408,718	(473,017)	(54%)	5,688,261	5,008,165	(680,096)	(12%)	
School Administration	5,734,874	4,335,926	(1,398,948)	(24%)	48,188,780	46,611,447	(1,577,333)	(3%)	
Business	1,033,319	497,311	(536,008)	(52%)	10,218,789	11,148,562	929,773	9%	
Maintenance & Operations	13,469,232	10,531,432	(2,937,800)	(22%)	92,615,756	87,366,111	(5,249,645)	(6%)	
Transportation	7,770,117	5,191,866	(2,578,251)	(33%)	36,975,486	34,038,202	(2,937,284)	(8%)	
Central Support Services	12,616,048	13,350,261	734,213	6%	41,852,939	41,729,169	(123,770)	(0%)	
School Activities	222,461	152,197	(70,264)	(32%)	2,758,052	1,978,193	(779,859)	(28%)	
<b>Total Supporting Services</b>	<b>61,018,383</b>	<b>49,055,309</b>	<b>(11,963,074)</b>	<b>(20%)</b>	<b>375,327,271</b>	<b>336,495,715</b>	<b>(38,831,556)</b>	<b>(10%)</b>	
Community Service	2,191,465	200,034	(1,991,431)	(91%)	5,463,516	2,293,044	(3,170,472)	(58%)	
<b>TOTAL EXPENDITURES</b>	<b>\$ 117,852,024</b>	<b>\$ 85,471,513</b>	<b>(32,380,511)</b>	<b>(27%)</b>	<b>\$ 758,842,278</b>	<b>\$ 701,037,128</b>	<b>(57,805,150)</b>	<b>(8%)</b>	