

# DPS Update – July 2020

# Overall Summary – DPS

- **Revenues and Expenditures – July**

- DPS received \$1.1M in 13 mills receipts.

- Current 13 mill tax receipt reserves are \$20.7M.

- *Should property tax receipts be delayed due to the COVID pandemic, borrowing from the SLRF may be required to meet the required fall debt payments.*

- DPS received \$1k in 18 mills receipts.

- A total of \$15.9M in supplemental payments were made on the outstanding ORS debt.

- Total 18 mills account balances total \$2M.

- **Cash Flow**

- The ending general fund cash balance for June was \$4.1M.

# DPS Cash Forecast to Actuals Variance – July 2020

<i>\$ in thousands</i>	July Forecast	July Actuals	July Variance	Comment
<b>Cash Receipts</b>				
State Aid	\$ -	\$ -	\$ -	
Property Tax (13 Mills)	1,000	1,099	99	
Transfer from DPSCD	-	-	-	
Draw from BONY	-	-	-	
Miscellaneous	10	-	(10)	Interest received was less than \$500
<b>Total Cash Receipts</b>	<b>1,010</b>	<b>1,099</b>	<b>89</b>	
<b>Cash Disbursements</b>				
Payroll Direct Deposit	-	-	-	
FICA	-	-	-	
Accounts Payable	-	-	-	
Pension (employer portion)	-	-	-	
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	-	-	-	
Transfer to DPSCD	-	-	-	
Other	-	-	-	
<b>Total Cash Disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Cash Flow</b>	<b>1,010</b>	<b>1,099</b>	<b>89</b>	
Beginning Cash Balance	2,981	2,981	-	
Net Cash Flow	1,010	1,099	89	
<b>Ending Cash Balance</b>	<b>\$ 3,991</b>	<b>\$ 4,081</b>	<b>\$ 89</b>	

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

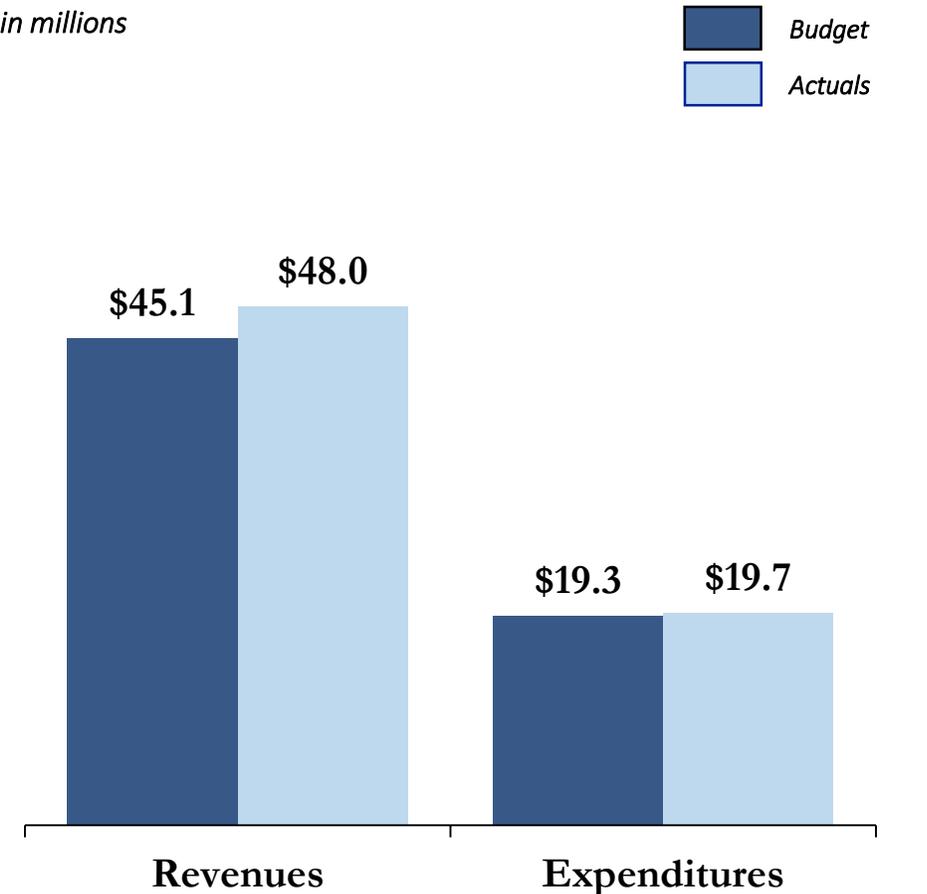
# DPSCD Update – July 2020

# Overall Summary – DPSCD Revenues and Expenditures

- Fiscal year 2021 revenues through July are running slightly ahead of budget ~\$2.9M.
  - Local revenue is ahead due to higher than expected private donations (~1.6M).
- Year-to-date expenses are running slightly ahead of budget (~\$0.3M).
  - Expenditures related to PPE and equipment for the safe return to school plan were higher than forecast.

Budget vs. Actuals – Through July 2020

\$ in millions



# Summary of Revenues and Expenditures

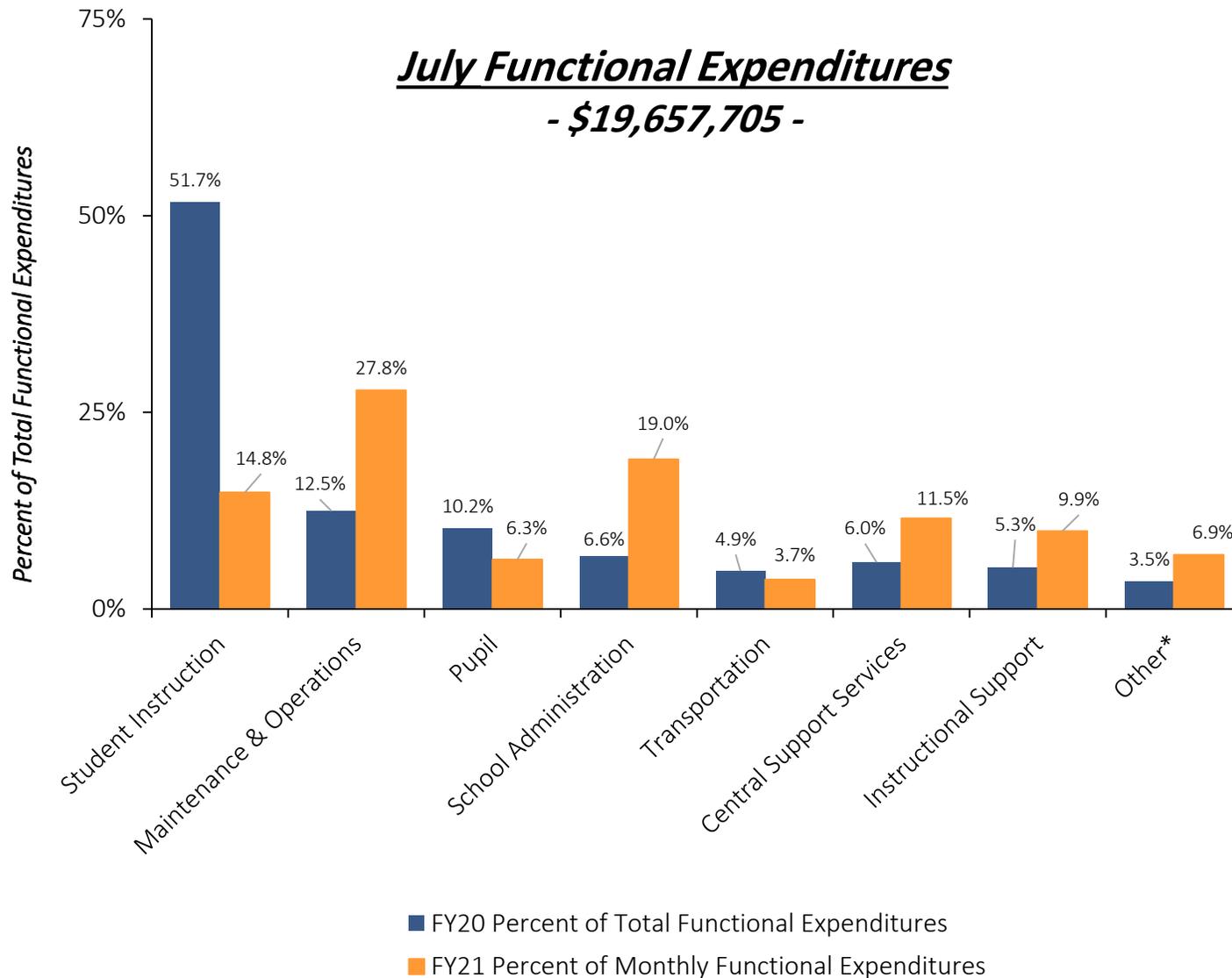
## Budget to Actual Comparison Current Month

## Budget to Actual Comparison YTD

### SUMMARY

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD				
	Budget Month of Jul FY21	Actual Month of Jul FY21	Variance		Budget YTD Jul FY21	Actual YTD Jul FY21	Variance		
			\$	%			\$	%	
<b>Revenues</b>									
Local sources	\$ 54,258	\$ 2,185,334	\$ 2,131,076	3928%	\$ 54,258	\$ 2,185,334	\$ 2,131,076	3928%	
State sources	40,155,085	40,948,786	793,701	2%	40,155,085	40,948,786	793,701	2%	
Federal sources	4,866,261	4,907,033	40,772	1%	4,866,261	4,907,033	40,772	1%	
<b>Total revenues</b>	<b>45,075,604</b>	<b>48,041,153</b>	<b>2,965,549</b>	<b>7%</b>	<b>45,075,604</b>	<b>48,041,153</b>	<b>2,965,549</b>	<b>7%</b>	
<b>Expenditures</b>									
Salaries	7,602,158	7,253,792	(348,366)	(5%)	7,602,158	7,253,792	(348,366)	(5%)	
Benefits	5,523,487	5,685,650	162,163	3%	5,523,487	5,685,650	162,163	3%	
Purchased Services	4,525,786	4,363,504	(162,282)	(4%)	4,525,786	4,363,504	(162,282)	(4%)	
Supplies & Textbooks	130,502	881,515	751,013	575%	130,502	881,515	751,013	575%	
Equipment & Capital	60,000	54,989	(5,011)	(8%)	60,000	54,989	(5,011)	(8%)	
Utilities	1,507,880	1,418,254	(89,626)	(6%)	1,507,880	1,418,254	(89,626)	(6%)	
<b>Total expenditures</b>	<b>19,349,813</b>	<b>19,657,705</b>	<b>307,891</b>	<b>2%</b>	<b>19,349,813</b>	<b>19,657,705</b>	<b>307,891</b>	<b>2%</b>	
<b>Surplus (Deficit)</b>	<b>\$ 25,725,791</b>	<b>\$ 28,383,449</b>	<b>\$ 2,657,658</b>	<b>5%</b>	<b>\$ 25,725,791</b>	<b>\$ 28,383,449</b>	<b>\$ 2,657,658</b>	<b>5%</b>	

# Expenditures by Function – July 2020



## Notes:

Additional investments in PPE for schools, as well as planned school maintenance while students are off for the summer break, drove the following functional expenses in July:

- Maintenance and Operations
- School Administration
- Central and Instructional Support Services

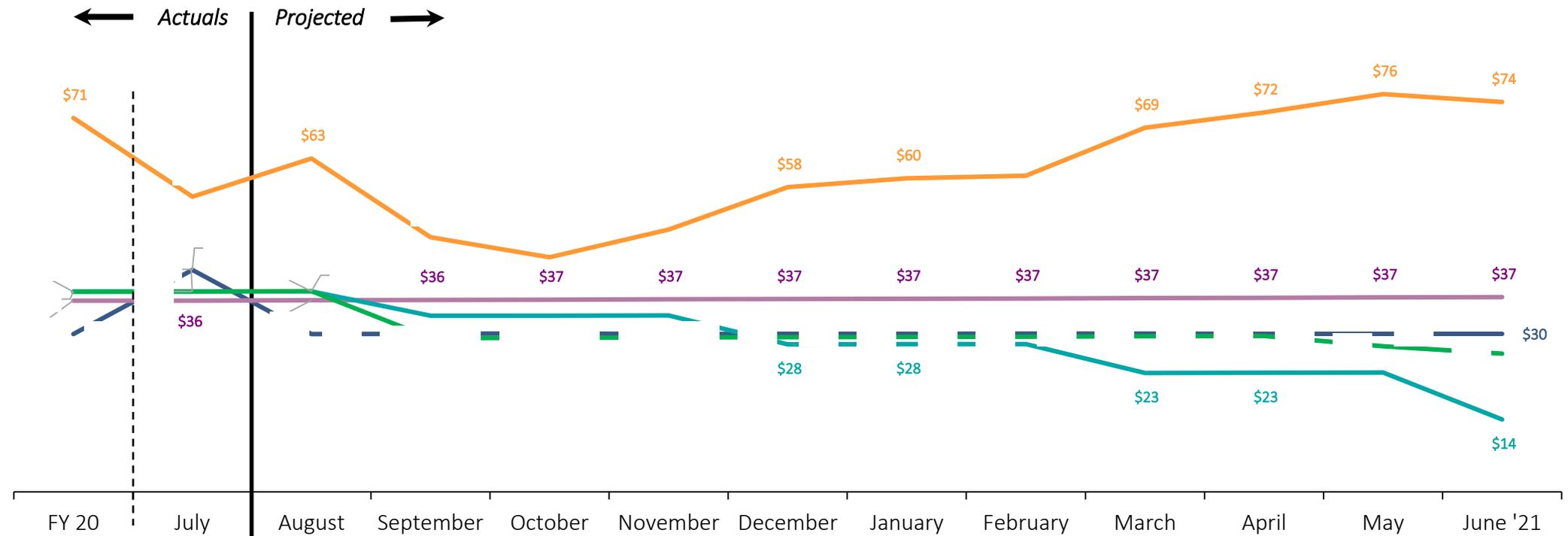
Student instruction is largely comprised of summer school classes.

# DPSCD July 2020 Cash Flow Analysis

- At the end of July, DPSCD's ending balances were as follows: General Fund - \$42.2M, Rainy-Day Fund - \$36.3M, Capital Projects Fund - \$38.1M, MILAF Investment Account - \$56.1M and Other\* remaining funds - \$38.0M.
  - The District plans to maintain a monthly GF cash balance of approximately \$30M while directing all excess funds into the MILAF Investment account to maximize interest income.
- The current General Fund balance is estimated to be equivalent to 7.5 weeks of average expenditures<sup>1</sup>.

## Actual & Projected Ending Cash Balance

\$ in millions



<sup>1)</sup> Calculated by taking the General Fund + MILAF balance as of July 31, 2020 and dividing it by the rolling average actual YTD expenditures per week (excludes all other funds and extraordinary, one-time items)

\*Other Funds include: Internal Service Fund, Legal Reserve Fund and the Food Service Fund

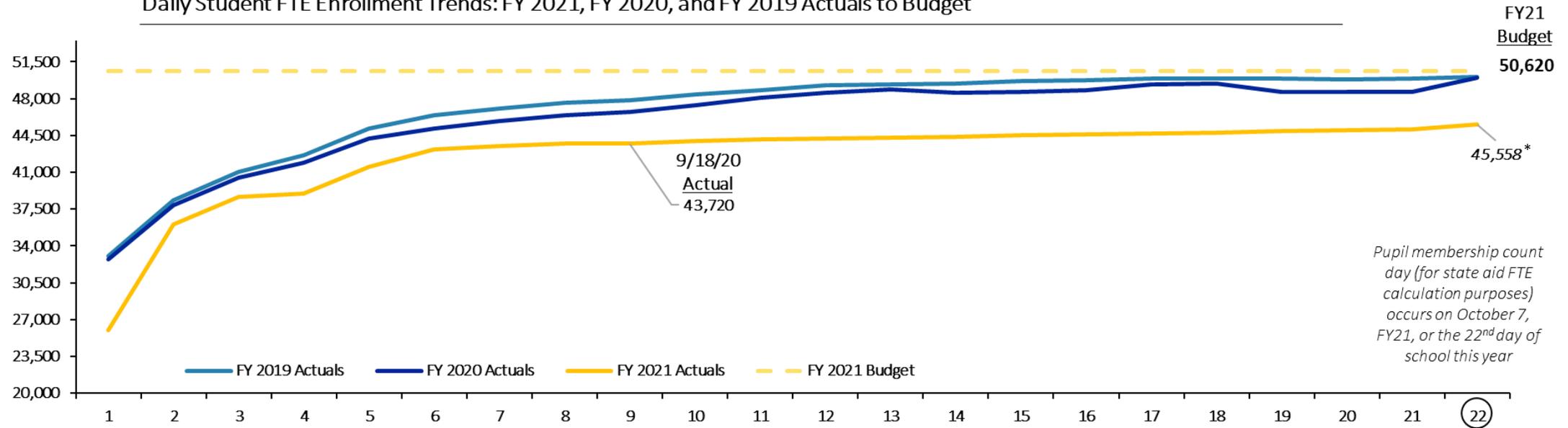
# DPSCD Cash Forecast to Actuals – July 2020

<i>\$ in thousands</i>	July Forecast	July Actuals	July Variance	Comment
<b>Cash Receipts</b>				
State Aid	\$ 32,100	\$ 43,926	\$ 11,826	State aid was not reduced as forecast
MPSERS (State Funded)	3,024	3,745	721	
Enhancement Millage	767	-	(767)	Timing - receipts expected in future periods
Grants	14,000	15,875	1,875	
Transfer from DPS	-	-	-	
Transfers from MILAF GF Investment Account	15,000	15,000	-	
Transfers from GF Related Accounts	-	-	-	
WCRESA	2,506	-	(2,506)	Timing - WCRESA performing year end reconciliations, payments expected in future periods
Food Service Reimbursement	1,625	1,185	(440)	
Miscellaneous	750	1,334	584	
<b>Total Cash Receipts</b>	<b>69,772</b>	<b>81,064</b>	<b>11,292</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	(3,745)	(3,745)	0	
Payroll Direct Deposit	(20,122)	(19,795)	327	
Employee Withholdings	(5,938)	(5,864)	74	
Employer Taxes	(2,227)	(1,987)	240	
Fringe Benefits	(2,026)	(1,186)	840	
Health	(5,401)	(4,841)	560	
Pension (employee portion)	(2,171)	(2,324)	(153)	
Pension (employer portion)	(7,851)	(7,997)	(146)	
Accounts Payable	(16,000)	(18,902)	(2,902)	AP higher than forecast due to FY20 year end processing of invoices
Capital Projects Accounts Payable	(7,000)	(1,685)	5,315	Capital projects delayed due to COVID, projects have ramped up and invoices are expected in future periods
Food Service	(500)	(411)	89	
Transfer to DPS	-	-	-	
Other	(300)	(173)	127	
<b>Total Cash Disbursements</b>	<b>(73,281)</b>	<b>(68,908)</b>	<b>4,373</b>	
Beginning Cash Balance	<b>(3,509)</b>	<b>12,156</b>	<b>15,665</b>	
Net Cash Flow				
<b>Ending Cash Balance</b>	29,995	29,995	-	
	(3,509)	12,156	15,665	
	<b>\$ 26,486</b>	<b>\$ 42,151</b>	<b>\$ 15,665</b>	

# DPSCD Enrollment & Budget Projections

# DPSCD *Projected\** Student Enrollment FY21

Daily Student FTE Enrollment Trends: FY 2021, FY 2020, and FY 2019 Actuals to Budget



Actual to Budget Variance

School Day:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
FY 2021	(24,619)	(14,599)	(11,961)	(11,614)	(9,095)	(7,462)	(7,127)	(6,882)	(6,900)	TBD	-(5,062)*												
FY 2020	(18,757)	(13,581)	(10,983)	(9,537)	(7,215)	(6,265)	(5,551)	(5,043)	(4,700)	(4,061)	(3,372)	(2,865)	(2,583)	(2,887)	(2,796)	(2,641)	(2,087)	(1,988)	(2,832)	(2,831)	(2,831)	(2,831)	(1,450)
FY 2019	(16,812)	(11,518)	(8,781)	(7,211)	(4,664)	(3,444)	(2,780)	(2,258)	(1,969)	(1,461)	(996)	(582)	(472)	(380)	(143)	(66)	40	64	40	32	98	230	

Budgeted student count for FY19 was: 49,839, Budgeted student count for FY20 was: 50,961

\*Represents a student enrollment that is 10% below the targeted enrollment (50,062 based on the State's 75/25 count formula). Despite the drop in enrollment, the District expects an increase in revenue as the recently approved budget maintains 2020 funding levels.

# PA 181 Certifications



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

## **DETROIT FINANCIAL REVIEW COMMISSION**

### **RESOLUTION 2020-5**

### **CERTIFYING THE SCHOOL DISTRICT OF THE CITY OF DETROIT (DPS) COMPLIANCE WITH THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT**

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

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools (“DPS”); and

WHEREAS, Section 6(2) of the Act requires the Commission to ensure that the School District of the City of Detroit is complying with the terms and conditions of the Act; and

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

WHEREAS, at the Commission meeting on September 28, 2020, documentation of the School District of the City of Detroit (DPS) compliance with the Act from September 1, 2019 through August 31, 2020 was presented for consideration.

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

1. That the Commission hereby certifies that the School District of the City of Detroit (DPS) is in substantial compliance with the provisions of the Act for the period September 1, 2019 through August 31, 2020.
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.



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 - 6194 • [Jeremy.vidito@detroitk12.org](mailto:Jeremy.vidito@detroitk12.org)

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

September 28, 2020

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

## 1. AUTHORITY

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

## 2. PURPOSE

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

## 3. OBJECTIVES

Detroit Public Schools (DPS) is

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

In accordance with PA 181 and at the request of the FRC, I, Jeremy Vidito, Chief Financial Officer of Detroit Public Schools Community District, hereby certify that DPS was in compliance and/or substantial compliance with all applicable provisions outlined in Section 1.1 of this letter for the period of September 1, 2019 through August 31, 2020.

**CERTIFIED**

  
\_\_\_\_\_  
Jeremy Vidito, Chief Financial Officer

9/28/20  
Date

Students Rise. We all Rise

**DETROIT FINANCIAL REVIEW COMMISSION**

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

For the Period September 1, 2019 through August 31, 2020

Required Annually by October 1  
 Presented on September 28, 2020

<b>Requirement</b>	<b>FRC Act Sec. No.</b>	<b>Compliance</b>
Statutory compliance: Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568	6(3)(a)	See attached verification of compliance.
The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821	6(3)(c)	See attached verification of compliance.
The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	6(3)(d)	See attached verification of compliance.
Statutory compliance: The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852	6(3)(e)(i)	See attached verification of compliance.
Statutory compliance: Article I of the State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772	6(3)(e)(ii)	See attached verification of compliance.
Statutory compliance: The Public-School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437	6(3)(e)(iii)	See attached verification of compliance.
FRC review and approval of all applicable contracts	6(6)	DPS has not submitted any contracts.
The CFO provide needed information and documents to FRC and attend FRC meetings when needed	6(7), 7(d), and 7(o)	The CFO has been responsive to requests for information and documents and have attended meetings when requested.
FRC review and approval of collective bargaining agreements (CBAs)	6(9)	DPS has not submitted any CBAs for review or approval.
Quarterly debt service certifications	6(11)	DPS has provided all required quarterly certifications.
FRC review of revenue estimates	7(a)	DPS has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c).
FRC review and approval of the annual budget and budget amendments	7(c)	DPS submitted its FY 2020 general fund budget to the FRC on June 24, 2019 and the FRC approved it. DPS has submitted one amendment to the FY 2020 general fund budget to date. The FY 2021 general fund budget was submitted and approved at the June 29, 2020 FRC meeting.
FRC review and approval of requests to issue debt	7(e)	DPS submitted a request to issue and sell bonds to JP Morgan Chase in a direct replacement to refund outstanding DPS unlimited tax general obligation bonds and the School Bond Loan Fund loan outstanding on February 24, 2020 and the FRC approved it. DPS submitted a request to issue and sell bonds to Siebert Williams Shank & Co. as Senior Managing

**FRC School District Resolution 2020-4**

		underwriter, in a public offering to refund outstanding DPS unlimited tax general obligation bonds and the School Bond Loan Fund loan outstanding on February 24, 2020 and the FRC approved it.
FRC reviews compliance with a deficit elimination plan	7(f)	DPS has not been required to submit a deficit elimination plan.
FRC approval of Chief Financial Officer appointment	7(h)	Refer to Resolution 2020-19.
FRC approval to alter the Superintendent's contract or to terminate the Superintendent	7(i)	Refer to Resolution 2020-19.
FRC review and approval of reimbursements for out-of-state travel	7(q)	DPS has not submitted any reimbursement requests for out-of-state travel.



GRETCHEN WITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**RESOLUTION 2020-19**

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

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

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District's ("DPSCD"); and

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

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

WHEREAS, at the Commission meeting on September 28, 2020, documentation of the Detroit Public School Community District compliance with the Act from September 1, 2019 through August 31, 2020 was presented for consideration.

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

1. That the Commission hereby certifies that the Detroit Public Schools Community District is in substantial compliance with the provisions of the Act for the period September 1, 2019 through August 31, 2020.
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.



Jeremy Vidito  
Chief Financial Officer  
Office of Finance

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

September 28, 2020

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

## 1. AUTHORITY

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

## 2. PURPOSE

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

## 3. OBJECTIVES

Detroit Public Schools Community District (DPSCD) is

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

In accordance with PA 181 and at the request of the FRC, I, Jeremy Vidito, Chief Financial Officer of Detroit Public Schools Community District, hereby certify that DPSCD was in compliance and/or substantial compliance with all applicable provisions outlined in Section 1.1 of this letter for the period of September 1, 2019 through August 31, 2020.

**CERTIFIED**

  
\_\_\_\_\_  
Jeremy Vidito, Chief Financial Officer

9/28/20  
Date

**Students Rise. We all Rise**

**DETROIT FINANCIAL REVIEW COMMISSION**

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

For the Period September 1, 2019 through August 31, 2020

Required Annually by October 1  
 Presented on September 28, 2020

<b>Requirement</b>	<b>FRC Act Sec. No.</b>	<b>Compliance</b>
Statutory compliance: Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568	6(3)(a)	See attached verification of compliance.
The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821	6(3)(c)	See attached verification of compliance.
The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	6(3)(d)	See attached verification of compliance.
Statutory compliance: The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852	6(3)(e)(i)	See attached verification of compliance.
Statutory compliance: Article I of the State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772	6(3)(e)(ii)	See attached verification of compliance.
Statutory compliance: The Public-School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437	6(3)(e)(iii)	See attached verification of compliance.
FRC review and approval of all applicable contracts	6(6)	DPSCD has submitted 83 applicable contracts. FRC has approved all of them.
The CFO provide needed information and documents to FRC and attend FRC meetings when needed	6(7), 7(d), and 7(o)	The CFO has been responsive to requests for information and documents and have attended meetings when requested.
FRC review and approval of collective bargaining agreements (CBAs)	6(9)	DPSCD presented 8 amendments to previously ratified CBAs that required a letter of agreement (LOA). A total of 8 CBAs and 8 LOAs has been presented to the FRC and subsequently approved by the FRC.
Quarterly debt service certifications	6(11)	DPSCD has not issued any debt.
FRC review of revenue estimates	7(a)	DPSCD has provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c).
FRC review and approval of the annual budget and budget amendments	7(c)	DPSCD submitted its FY 2020 general fund budget to the FRC on June 10, 2019 and the FRC approved it. The FY 2020 food service fund budget was submitted and approved at the June 24, 2019 FRC meeting. The FY 2019 capital projects fund budget was submitted and approved at the June 25, 2018 FRC meeting. DPSCD has submitted two amendments to the FY 2020 general fund budget, one amendment to the FY 2020 food service fund budget and one amendment to the FY 2019 capital projects fund budget to date. The FY 2021 general fund budget was submitted and approved at the June 29,

**FRC School District Resolution 2020-19**

		2020 FRC meeting. The FY 2021 food service fund budget was submitted and approved at the June 29, 2020 FRC meeting. The FY 2020 and FY 2021 student activity fund budgets were submitted and approved at the June 29, 2020 FRC meeting.
FRC review and approval of requests to issue debt	7(e)	DPSCD has not submitted any requests to issue debt.
FRC reviews compliance with a deficit elimination plan	7(f)	DPSCD has not been required to submit a deficit elimination plan.
FRC approval of Chief Financial Officer appointment	7(h)	DPSCD submitted its appointment of its Chief Financial Officer. FRC approved the appointment on November 20, 2017.
FRC approval to alter the Superintendent's contract or to terminate the Superintendent	7(i)	DPSCD has not undertaken such actions.
FRC review and approval of reimbursements for out-of-state travel	7(q)	DPSCD has submitted 14 reimbursement requests for out-of-state travel. FRC has approved all of them.

# Contract Requests



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2020-20**

**APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER 2020  
CONTRACT REQUESTS**

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

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

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

WHEREAS, at the Commission meeting on September 28, 2020, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

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

1. That the Community District's September 28, 2020 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	Human Resources	19-0034-C 16-0311-C 18-0035-C	<p><b>Contract Amount:</b> \$58,932,741  <b>Contract Period:</b> January 1, 2021 – Dec 31, 2021  <b>Source:</b> General and 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>Academic Committee 08.24.2020</p> <p>Finance Committee 08.28.2020</p> <p>Board 09.15.2020</p> <p>Anticipated Approval FRC 09.28.2020</p>	<p>In April 2020, a Request for Proposal was released to medical and pharmacy benefit plan vendors. Priority Health responded with competitively priced plan structured similar to BCBSM, BCN and HAP. Adding Priority Health into the carrier mix would have resulted in BCBSM, BCN and HAP not guaranteeing renewal rates. 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 coexisting provider); and (iii) flexibility in providing alternative plans that meet the specific needs of the District.</p> <p>In April 2020, a Request for Proposal was release to Dental Plan vendors. RFP results confirmed that the District’s existing dental plans are competitively priced. Benchmarking data further confirmed that the District’s dental plans are as good or better than the benchmark. Although BCBS was the only carrier showing savings, they were unable to duplicate existing plans. Dental benefits will remain with Delta Dental.</p> <p>In April 2020, a Request for Proposal was release to Vision Plan vendors. RFP results confirmed that existing District vision plans are priced competitively. While benchmarking data for vision plans was limited, the data shows that the District’s vision plan is as good or better than the benchmark. Vision Service Plan (VSP) was the only carrier offering savings, however District employees would experience provider disruption if the District were to move away from Heritage Vision Plan.</p> <p>\$58,932,741 reflects the total projected spend across all benefit categories for this term, subject to enrollment. The anticipated employee contribution of \$16,050,659 will offset this total bringing expected District costs to \$42,882,082. For Dental and Vision, buy up options will be added to each so employees can elect to add additional coverages and locations.</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
2	Operations	21-0039-C	<b>Contract Amount:</b> \$2,084,187 <b>Contract Period:</b> July 27, 2020 – June 30, 2021 <b>Source:</b> General and Capital Funds <b>Purpose:</b> Roof replacements and repairs <b>Contractors:</b> Lutz Roofing <b>Locations:</b> Shelby Twp, MI 48317	Increase	Yes	No	Academic Committee 08.24.2020  Finance Committee 08.28.2020  Board 09.15.2020  Anticipated Approval FRC 09.28.2020	<p>Lutz Roofing was awarded contracts along with three other roofing companies for responses to RFP 19-0234, posted in April 2020. Lutz was awarded a contract for \$1,469,700.</p> <p>In July 2020, RFP 21-0047 was issued for replacement of roofs at Barton, Poe, Edmonson, and for repair services District-wide. Of the five responses received, Lutz was one of the two vendors awarded. Lutz confirmed the schedule to meet the District’s timeline for Barton as well as the additional capacity to assist with various repairs District-wide. The two lower cost vendors, having already been awarded work by the District, were not able to communicate the ability to quickly add capacity. This request is to increase the contract with Lutz by \$614,487 for a total not to exceed \$2,084,187.</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	Operations	18-0036-C	<b>Contract Amount:</b> \$814,764 <b>Contract Period:</b> July 1, 2020 – June 30, 2021 <b>Source:</b> General and Capital Funds <b>Purpose:</b> Warehouse Management, Warehousing & Distribution Services <b>Contractor:</b> Progressive Distribution Centers <b>Locations:</b> Melvindale, MI 48122	Increase	Yes	Yes	Academic Committee 08.24.2020  Finance Committee 08.28.2020  Board 09.15.2020  Anticipated Approval FRC 09.28.2020	<p>RFP #18-0078 was issued on DemandStar on April 13, 2018 and received one response. Based on evaluation of the proposal, Progressive Distribution Systems was awarded a renewal for \$249,000 based on their previous experience and customer satisfaction.</p> <p>Due to the current COVID-19 pandemic and to support its reopening plan, the District requires additional warehousing support for storage and distribution of personal protective equipment. Progressive Distribution Systems will receive, count, store, and distribute PPE as directed by the District.</p> <p>This request will increase the contract value for Progressive Distribution Systems for an additional \$565,764 for a total value NTE \$814,764.</p>



**Agenda Item Details**

Meeting	Sep 15, 2020 - *Virtual*Regular Board Meeting
Category	13. Consent Agenda (Administrative Items)
Subject	13.02 Approval of Contracts with Blue Care Network, Blue Cross Blue Shield, and Health Alliance Plan
Access	Public
Type	Action
Recommended Action	Motion to approve the District’s fully-insured medical and pharmacy benefit plans with Blue Care Network, Blue Cross Blue Shield and Health Alliance Plan for the period of January 1, 2021 through December 31, 2021 in an amount not-to-exceed \$39,779,356.

**Public Content**

**Recommendation:**

That the School Board approve the District’s fully-insured medical and pharmacy benefit plans with (i) Blue Care Network (BCN), (ii) Blue Cross Blue Shield (BCBS), and (iii) Health Alliance Plan (HAP) for the period of January 1, 2021 through December 31, 2021 at an amount not-to-exceed \$39,779,356 (subject to actual enrollment).

**Description and Background:**

This item was recommended for approval by the Academic Committee on August 24, 2020 and the Finance Committee on August 28, 2020.

In January 2018 the District issued a Request for Proposals (RFP) for a benefits consultant to serve as a broker and consultant for the District’s medical and pharmacy benefit plans. The District selected Kapnick Insurance Group (Kapnick) to serve as its broker and consultant. As the District’s broker and consultant in January 2020, Kapnick received renewal estimates from current health and prescription benefit vendors with a resulting annual increase in contract year 2021 estimated between 17.37% (\$10,115,452) to 21.58% (\$12,572,043).

Given the untenable level of projected medical and pharmacy benefit cost increases, the District worked diligently in partnership with Kapnick, to negotiate cost efficiencies through an outcome-based RFP process which focused on cost containment, maintaining medical and pharmacy benefit choice options, limiting disruption, and optimizing plan design. The District leveraged the RFP process to encourage the District’s existing medical and pharmacy benefit providers, as well as other RFP respondents, to demonstrate their ability to achieve cost savings on behalf of the District.

With Kapnick’s assistance, the District, in full cooperation and transparency with The Coalition developed the RFP for 2021 benefit plans. On February 5, 2020, a Pre-RFP meeting was held with Kapnick and The Coalition of Unions (The Coalition) to discuss final terms of the RFP including carrier markets and timelines.

On April 2, 2020, the RFP was released to medical and pharmacy benefit plan vendors. Current and prospective carriers were provided detailed information on RFP outcomes the District sought to achieve through the RFP process, as well as health benefit plan designs and specifications by line of coverage. Table 1.0 delineates lines of coverage, carriers invited to quote, as well as the number of plans reviewed. The carriers referenced in Table 1.0 were directed to provide proposals including: (a) equivalent or improved plan designs at lower cost(s); (b) funding alternatives (fully insured and self-insured); (c) multi-year rate guarantees, renewal rate caps and performance/service guarantees, and (d) all other features, services, or terms favorable to the District. Medical and prescription drug carriers that declined to quote cited an inability to match existing plan designs and or competitive rates for not responding to the released RFP.

**Table 1.0: Request for Proposal Summary from Health, Dental, and Vision Benefit Vendors**

Lines of Coverage	Number of Carriers Invited to Quote	Number of Carriers Issuing Quotes	Number of Plans Reviewed
Medical/Rx	10	7	36
<b>Total</b>	<b>10</b>	<b>7</b>	<b>36</b>

RFP Results Summary – Medical and Pharmacy Benefits

Key considerations of the medical and pharmacy benefit RFP included the District's interest in remaining fully insured due to budget constraints, volatility of aging population, risk aversion and a limited number of medical carriers in the Michigan marketplace. Benchmarking data determined that the District's Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) plan designs were competitively priced, as good or better than the benchmark. The RFP was released to nine (9) medical insurance providers including three (3) incumbents, Aetna, United HealthCare, Cigna, Priority Health, Total Health Care and the Michigan Education Special Services Association (MESSA).

Priority Health was the only newly introduced carrier that was competitively priced with plan structures similar to BCBSM, BCN and HAP. Although Priority Health expressed a willingness to coexist with BCBSM, BCN, and HAP, adding Priority Health into the carrier mix would have resulted in BCBSM, BCN and HAP not guaranteeing renewal rates. The potential of increased costs made adding Priority Health into the carrier mix less attractive to the District and Coalition.

The initial renewal offers from BCBSM, BCN and HAP initially resulted in a 9.8% (\$5,257,490) increase to current medical and pharmacy benefit plans. At the Direction of the District, Kapnick negotiated revised renewal pricing from incumbent carriers based on competition and market leverage resulting in an overall increase to the current medical plans of 3.1% (\$1,653,647), yielding a \$3,603,843 in savings over the initial renewal offer with no disruption to District employees and their dependents.

#### Negotiated Contract Year 2021 Medical and Pharmacy Benefit Plans

At the direction of the District, Kapnick presented the responses to The Coalition on June 18, 2020, and proposed the plan offerings for the 2021 contract year which follow.

#### Medical and Prescription Drug – Fully Insured

- a. Current BCN Core Plan;
- b. Current BCN Core Plus Plan;
- c. Current BCN Premium Plan;
- d. Current BCN Economy Plan;
- e. Current BCBS PPO Plan, and
- f. Current HAP HMO Plan

It was therefore determined that it was in the best interest of the District's 7,367 employees to:

- a. Continue the relationship with BCN as a co-existing medical provider 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;
- b. Continue the relationship with BCBS as a co-existing medical provider due to (i) BCBS's relationship with BCN; (ii) an expanded national network; (iii) willingness to co-exist and (iv) employee request for the PPO plan;
- c. Continue the relationship with HAP as a co-existing medical provider due to (i) historical relationship with the District; (ii) willingness to co-exist with other carriers; (iii) competitive pricing and plan design; (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 2021 medical and pharmacy benefit plan options considered the aforementioned and addressed employee and Coalition requests for maintaining choice and inclusion in the selection process. The Office of Labor Relations, Benefits and Employee Health Services administers these benefits. Open enrollment for the 2021 contract year is scheduled to commence no later than November 2020 and only employees who wish to maintain their Flexible Spending Account participation or make a change to their benefits will need to participate in open enrollment activities.

#### Additional Considerations

#### Funding

The RFP request also included the exploration of funding alternatives to determine whether the District should consider self-funding medical and pharmacy benefit plans for contract year 2021.

The most significant disadvantage of self-funding is that claim costs for District members are not guaranteed. The District would be responsible for actual claims costs of its members in addition to plan expenses. While the District could purchase medical 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 2021. Given that fully insured premiums are guaranteed, the District determined that remaining fully insured for medical and pharmacy benefit coverage would be more advantageous due to additional risks associated with self-funding.

An additional funding alternative considered by the District for contract year 2021 was a two-tier contribution structure where new hires would pay higher contributions for medical benefits. The potential goal of this strategy was to either reduce costs for current employees or the District. Costs were modeled assuming 300 annual new hires and lower District subsidies (50% or 75% of the amount paid for current employees) for new hires. While this dramatically increased the cost of medical benefits for new hires, an approximate 300 new hires represent only 6.29% of employee population enrolled for medical benefits; the savings yielded from this strategy were insufficient to generate meaningful savings for the remaining 4,470 current employees. This strategy was therefore ruled out for contract year 2021 because it made limited financial sense and may be contrary to the District's goal of recruiting and retaining new employees. Such a strategy would also complicate employee communications and management of employee data for administrative purposes.

### Benchmarking

Through Kapnick's assistance, the District participated in a benchmarking study administered by Milliman. The Milliman 2020 Comprehensive Assessment of Health Plans Report is a standardized report which benchmarks medical and dental plan designs, rating, employee contribution strategies, funding and risk management.

Selected benchmarks included, National: 20,382 employers represented (all industries, locations, and employer types); Educational Services: 338 employers represented (all locations and employer types); Elementary and Secondary Schools: 33 employers represented (all locations).

### Median Medical Results

#### 1. PPO Medical Plans (One Plan):

- a. The District's PPO plan design was deemed competitive, as good or better than benchmarks, across the board except for out-of-pocket maximums and the generic prescription drug copay (higher by \$5), and
- b. The District's subsidy was deemed lower than benchmarks, but the plan is much richer. If benefits were reduced to match the benchmarks, the District subsidy would cover a greater share of the premium.

#### 2. HMO Medical Plans (Five Plans):

- a. The District's HMO plan designs are competitive, as good or better than benchmarks in most cases, and
- b. The District's subsidy is at or above the benchmarks for most of the plans offered.

### Public Act 152 Considerations

An analysis of the hard cap contribution limits for medical plans was completed. The analysis compared the existing 80/20 limits on the District contributions against the 2021 hard cap limits. The 2021 hard cap limits increased 3.3% over 2020 limits. Based on the current medical participation counts, if the District were to utilize the 2021 hard cap limits, the District's costs would increase by 34% and the employee costs would decrease by 66%.

### COVID-19 Impact

There is no immediate impact from COVID-19 on the rates for the 2021 plan year due to the timing of incurred claims and when the 2021 renewal rates were released. It is anticipated that the District will experience a greater impact in renewal rates for contract year 2022 and possibly beyond depending on the extent of the pandemic. The uncertainty related to the impact of COVID-19 on medical expenses supports the decision to remain fully insured to limit risks and disruption to the District.

### Gap Analysis:

The District has historically provided medical and prescription 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. Through the healthcare insurance RFP process the District confronted the reality that its employee workforce is rapidly aging at a time when healthcare costs and demands are increasing. The shift toward an aging District workforce has significant implications, especially in the cost of medical and prescription benefits. Through this RFP process the District explored healthcare plan designs and adjustments to decrease healthcare costs. As healthcare costs continue to soar, the District has increasingly assumed a greater share of the financial risks. Through the implemented RFP process the District aimed to attain the optimum balance of maintaining high-quality care, limiting care disruption, and cost containment—the building blocks of success for a healthcare benefits RFP process.

### Previous Outcomes:

The following represents the projections for calendar year 2020:

- a. Medical/Prescription Drug (Employee + District) = \$53,470,517 (11.49% increase from prior year which also includes an increase in enrollment of 328); and
- b. Table 2.0, 2.1, and 2.3 represent total actual costs for contract years 2018 and 2019 as well as projected benefit costs for contract year 2020 (Employee and District).

**Tables 2.0, 2.1, and 2.2: Three-Year Medical and Pharmacy Benefits Actual Costs**

TABLE 2.0: ACTUAL TOTAL DISTRICT CONTRIBUTION		
2018	2019	2020*
\$32,262,094	\$36,677,755	\$40,580,164

TABLE 2.1: ACTUAL TOTAL EMPLOYEE CONTRIBUTIONS		
2018	2019	2020*
\$11,883,839	\$11,539,037	\$12,890,355

TABLE 2.2: ACTUAL TOTAL SPEND (DISTRICT + EMPLOYEE CONTRIBUTIONS)		
2018	2019	2020*
\$44,145,934	\$48,216,792	\$53,470,518

\* 2020 actual costs are based on annualized data taken from an April 2020 census

**Financial Impact:**

- a. For the 2021 contract year the total medical and prescription benefits overall spend is projected at \$55,124,163 which represents a 3.09% (\$1,653,646) increase in total projected spend over 2020 projected cost, yielding a total District projected final contribution of 1.97% (-\$800,806) less than 2020 projected benefit spend;
- b. 3,783 employees are enrolled in the BCN HMO plan which equates to 53.95% of the overall employee population, or 74% of health benefit plan enrollees. Based on claims experience and projected plan expenses anticipated for 2021, BCN initially applied a 13% increase in BCN HMO plan rates for 2021. A reduced 4.8% rate was ultimately negotiated for 2021;
- c. 235 employees are enrolled in the BCBS PPO plan which equates to 3.36% of the overall employee population, or 5% of health benefit plan enrollees. Based on the risks of the BCBS PPO population, claims experience and projected plan expenses, BCBS initially applied a 10.2% increase in PPO plan rates for 2021. A reduced 2.2% rate increase was ultimately negotiated for 2021;
- d. 1,080 employees are enrolled in the HAP HMO plan which equates to 15.44% of the overall employee population, or 21% of health benefit plan enrollees. Because the HAP HMO plan was implemented effective January 1, 2019, actual claims data for a 2021 rate projection is limited. As the limited claims data has been somewhat favorable, a 4.0% decrease in rates was ultimately negotiated;
- e. Employee contributions were restructured to reduce the District subsidy of the Core Plan from 79.5% of the BCN Core to 74.89% of the BCN Core Plan and maintaining the current HAP employee contributions. This resulted in an \$800,806 savings to the District and an overall District subsidy of 72.16% of the total medical premium;
- f. For the 2021 contract year, 675 employees are projected to decline medical benefit coverage (i.e., "Opt-out"). Each "Opt-out" election saves the District an approximate \$7,803 per employee (projected annual yield of \$5,267,025); and
- g. Table 3.0 represents total projected benefit costs (Employee and District) for contract year 2021.

Table 3.0: Total 2021 Projected Benefit Costs				
INSURANCE CARRIER(S)	COVERAGE TYPE(S)	PROJECTED DISTRICT TOTAL CONTRIBUTION*	PROJECTED EMPLOYEE CONTRIBUTION **	TOTAL PROJECTED SPEND
Blue Care Network	Medical/Pharmacy	\$39,779,356	\$15,344,807	\$55,124,163
Blue Cross Blue Shield	Medical/Pharmacy			
Health Alliance Plan	Medical/Pharmacy			
<b>Total Projected Spend</b>		<b>\$39,779,356</b>	<b>\$15,344,807</b>	<b>\$55,124,163</b>
* 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				

**Alignment to Strategic Plan:**

Exceptional Talent

**Financial Impact:**

Projected District total contribution of \$39,779,356 General and Grant Funds (Dependent on Actual Employee Enrollment).

**Contact for Item:**

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Email: [luis.solano@detroitk12.org](mailto:luis.solano@detroitk12.org)

**Supporting Documents/Attachments:** Medical and Prescription Contracts

**Administrative Content**

[DPSCD 2021 BCBS-MI Renewal Rate Sheet.pdf \(154 KB\)](#)

[DPSCD - 2021 HAP Renewal Rate Sheet.pdf \(140 KB\)](#)



**Agenda Item Details**

Meeting	Sep 15, 2020 - *Virtual*Regular Board Meeting
Category	13. Consent Agenda (Administrative Items)
Subject	13.03 Approval of Contract Renewal with Delta Dental
Access	Public
Type	Action
Recommended Action	Motion to approve a renewal of the District’s Delta Dental plans for the period from January 1, 2021 through December 31, 2022 in an amount not-to-exceed \$2,771,165.

**Public Content**

**Recommendation:**

That the School Board approve a contract renewal with Delta Dental for the period of January 1, 2021 through December 31, 2022 at an amount not-to-exceed \$2,771,165 (subject to actual enrollment).

**Description and Background:**

This item was recommended for approval by the Academic Committee on August 24, 2020 and the Finance Committee on August 28, 2020.

In January 2018 the District issued a Request for Proposals (RFP) for a Benefits Consultant to serve as a broker and consultant for the District’s benefit plans. The District selected Kapnick Insurance Group (Kapnick) to serve as its broker and consultant.

Given the untenable level of projected health benefit cost increases, the District worked diligently in partnership with Kapnick, to negotiate cost efficiencies through an outcome-based RFP process which focused on cost containment, maintaining dental plan choice options, limiting disruption, and maximizing dental benefits plan design. The District leveraged the RFP process to encourage current dental benefit vendors, as well as other RFP respondents, to prove their ability to achieve dental benefit insurance cost savings.

With Kapnick’s assistance, the District, in full cooperation and transparency with The Coalition developed the RFP for 2021 benefit plans. On February 5, 2020, a Pre-RFP meeting was held with Kapnick and The Coalition of Unions (The Coalition) to discuss final terms of the RFP including carrier markets and timelines.

On April 2, 2020, RFPs were released to dental plan vendors. Current and prospective carriers were provided detailed information on RFP outcomes the District sought to achieve through the RFP process, as well as dental benefit plan designs and specifications by line of coverage. Table 1.0 delineates lines of coverage, carriers invited to quote, as well as the number of plans reviewed. The carriers referenced in Table 1.0 were directed to provide proposals including: (a) equivalent or improved plan designs at lower cost(s); (b) funding alternatives (fully insured and self-insured); (c) multi-year rate guarantees, renewal rate caps and performance/service guarantees, and (d) all other features, services, or terms favorable to the District. Dental carriers that declined to quote cited an inability to match existing plan designs and or competitive rates for not responding to the released RFP.

**Table 1.0: Request for Proposal Summary from Health, Dental, and Vision Benefit Vendors**

Lines of Coverage	Number of Carriers Invited to Quote	Number of Carriers Issuing Quotes	Number of Plans Reviewed
Dental	13	7	21
<b>Total</b>	<b>13</b>	<b>7</b>	<b>21</b>

RFP Results Summary – Dental

Key considerations of the dental RFP included carrier’s ability to match the existing benefits, funding levels, Delta Dental’s extensive network. The RFP was released to thirteen dental insurance providers including the incumbent.

RFP results confirmed that the District's existing dental plans are competitively priced. Benchmarking data further confirmed that the District's dental plans are as good or better than the benchmark. Although BCBS was the only carrier showing savings, they were unable to duplicate existing plans. Furthermore, provider disruption was anticipated. The initial renewal offer from Delta Dental would have resulted in a 0.8% (\$28,504) increase to the current dental plans. At the direction of the District, Kapnick renegotiated revised renewal pricing from Delta Dental based on competition and market leverage resulting in a 3.6% (-\$123,516) decrease to current dental plans and \$152,020 in savings over the initial renewal offer with no disruption to District employees and their dependents.

#### Negotiated Contract Year 2021 Plans

At the direction of the District, Kapnick presented the responses to The Coalition on June 18, 2020, and proposed the plan offerings for the 2021 contract year which follow.

#### Dental – Fully Insured

- a. Current Delta Dental Exclusive Provider Organization (EPO) Plan;
- b. Current Delta Dental PPO Core Plan, and
- c. Current Delta Dental PPO Core Plus Plan.

It was therefore determined that it was in the best interest of the District's 7,367 employees to Continue the relationship with Delta Dental as the sole dental provider due to (i) historical relationship with the District; (ii) competitive pricing and plan design offerings; (iii) a broad network of dentists.

The process utilized in determining the 2021 benefit plan options considered the aforementioned and addressed employee and Coalition requests for maintaining choice and inclusion in the selection process. The Office of Labor Relations, Benefits and Employee Health Services administers these benefits. Open enrollment for the 2021 contract year is scheduled to commence no later than November 2020 and only employees who wish to maintain their Flexible Spending Account participation or make a change to their benefits will need to participate in open enrollment activities.

#### Additional Considerations

##### Funding

The RFP request also included the exploration of funding alternatives to determine whether the District should consider self-funding Dental Health Plan benefits for contract 2021.

The most significant disadvantage of self-funding is that claim costs for District members are not guaranteed. The District would be responsible for actual claims costs of its members in addition to plan expenses. While the District could purchase medical 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 2021.

In addition, based on the analysis of historical dental claims and the fully insured guarantees, the District determined that it would be most advantageous to the District and its employees to move the dental PPO plans to fully insured.

##### Benchmarking

Through Kapnick's assistance, the District participated in a benchmarking study administered by Milliman. The Milliman 2020 Comprehensive Assessment of Health Plans Report is a standardized report which benchmarks dental plan designs, rating, employee contribution strategies, funding and risk management.

Selected benchmarks included, National: 20,382 employers represented (all industries, locations, and employer types); Educational Services: 338 employers represented (all locations and employer types); Elementary and Secondary Schools: 33 employers represented (all locations).

#### Median Dental Results

##### PPO Dental Plans (Two Plans)

- a. The District's PPO plan designs are as good or better than benchmarks across the board, and
- b. Premiums and employee contributions are lower than benchmark while employer subsidies are better than the benchmarks across the board.

##### EPO (DHMO) Dental Plan (One Plan)

- a. The plan designs are better than benchmark plans;

- b. Premiums are higher than the benchmarks and in some cases employee contributions are higher. This is due to the richness of plan designs, and
- c. Employer subsidies are higher than benchmarks for most levels.

### Gap Analysis:

The District has historically provided dental 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. Through the RFP process the District confronted the reality that its employee workforce is aging at a time when dental costs and demands are increasing. The shift toward an aging District workforce has significant implications, especially in the cost of dental benefits. Through this RFP process the District explored dental plan designs and adjustments to decrease costs. As costs continue to increase, the District has increasingly assumed a greater share of the financial risks. Through the implemented RFP process the District aimed to attain the optimum balance of maintaining high-quality care, limiting care disruption, and cost containment.

### Previous Outcomes:

The following represents the projections for calendar year 2020:

- a. Dental (Employee + District) = \$3,467,715 (7.36% increase from prior year which also includes an increase in enrollment of 293).
- b. Table 2.0 represents total actual costs for contract years 2018 and 2019 as well as projected benefit costs for contract year 2020 (Employee and District).

INSURANCE CARRIER(S)	COVERAGE TYPE(S)	ACTUAL DISTRICT TOTAL CONTRIBUTION			ACTUAL EMPLOYEE CONTRIBUTION			ACTUAL TOTAL SPEND		
		2018	2019	2020*	2018	2019	2020*	2018	2019	2020*
Delta Dental of Michigan	Dental	\$2,553,158	\$2,703,939	\$2,771,166	\$612,924	\$548,347	\$696,550	\$3,166,082	\$3,252,287	\$3,467,716
<b>Total Actual Spend</b>		<b>\$2,553,158</b>	<b>\$2,703,939</b>	<b>\$2,771,166</b>	<b>\$612,924</b>	<b>\$548,347</b>	<b>\$696,550</b>	<b>\$3,166,082</b>	<b>\$3,252,287</b>	<b>\$3,467,716</b>
* 2020 actual costs are based on annualized data taken from an April 2020 census										

### Financial Impact:

- a. For the 2021 contract year the total dental benefits overall spend is projected at \$3,344,198 which represents a 3.56% (-\$123,517) decrease in total projected spend over 2020 projected cost, yielding a total District projected final contribution equal to the 2020 projected benefit spend (\$2,771,165);
- b. The Delta Dental EPO plan is fully insured with 1,358 employees selecting this plan. Delta Dental initially proposed a 7.9% decrease in the EPO rates for 2021. An overall decrease of 12.5% guarantee and an increase of the dependent child age limit to twenty-six was ultimately negotiated;
- c. The two Delta Dental PPO plans are self-funded with a combined 4,069 employees selecting these plans. While administration expenses are not changing for 2021, PPO claims experience justifies a 3.6% to 4.0% increase in illustrative rates for the two plans. A transition to fully insured plan guarantee and an increase of the dependent child age limit to twenty-six was negotiated which minimizes the District's risk exposure and results in an estimated savings of 1.0%. The fully insured dental rates are guaranteed for two years.

Table 3.0 represents total projected benefit costs (Employee and District) for contract year 2021.

INSURANCE CARRIER(S)	COVERAGE TYPE(S)	PROJECTED DISTRICT TOTAL CONTRIBUTION*	PROJECTED EMPLOYEE CONTRIBUTION **	TOTAL PROJECTED SPEND
Delta Dental of Michigan	Dental	\$2,771,165	\$573,033	\$3,344,198
<b>Total Projected Spend</b>		<b>\$2,771,165</b>	<b>\$573,033</b>	<b>\$3,344,198</b>
* 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				

### Alignment to Strategic Plan:

Exceptional Talent

**Financial Impact:**

Projected District total contribution of \$2,771,165 General and Grant Funds (Dependent on Actual Employee Enrollment).

**Contact for Item:**

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Phone: Phone: (313) 873-8518

Email: [luis.solano@detroitk12.org](mailto:luis.solano@detroitk12.org)

**Supporting Documents/Attachments:** Dental Benefit Provider Contracts

[DPSCD - 2021Contract PPO Core, et al Fully Insured.pdf \(307 KB\)](#)

[DPSCD - 2021Contract PPO Core, et al Fully Insured.pdf \(307 KB\)](#)

[DPSCD - 2021Contract PPO Core+, et al Fully Insured.pdf \(308 KB\)](#)

**Administrative Content**



**Agenda Item Details**

Meeting	Sep 15, 2020 - *Virtual*Regular Board Meeting
Category	13. Consent Agenda (Administrative Items)
Subject	13.04 Approval of Contract Renewal with Heritage Vision
Access	Public
Type	Action
Recommended Action	That the School Board approve a renewal of the District’s fully-insured Heritage Vision plans for the period from January 1, 2021 through December 31, 2024 for an amount not-to-exceed \$331,561.

**Public Content**

**Recommendation:**

That the School Board approve a renewal of the District’s fully-insured Heritage Vision plans for the period of January 1, 2021 through December 31, 2024 for an amount not-to-exceed \$331,561 (subject to actual enrollment).

**Description and Background:**

This item was recommended for approval by the Academic Committee on August 24, 2020 and the Finance Committee on August 28, 2020.

In January 2018 the District issued a Request for Proposals (RFP) for a Benefits Consultant to serve as a broker and consultant for the District’s benefit plans. The District selected Kapnick Insurance Group (Kapnick) to serve as its broker and consultant. The District worked diligently in partnership with Kapnick, to negotiate cost efficiencies through an outcome-based RFP process which focused on cost containment, maintaining vision plan choice options, limiting disruption, and maximizing vision benefits plan design. The District leveraged the RFP process to encourage current vision benefit vendors, as well as other RFP respondents, to prove their ability to achieve vision benefit insurance cost savings.

With Kapnick’s assistance, the District, in full cooperation and transparency with The Coalition developed the RFP for 2021 vision benefit plans. On February 5, 2020, a Pre-RFP meeting was held with Kapnick and The Coalition of Unions (The Coalition) to discuss final terms of the RFP including carrier markets and timelines.

On April 2, 2020, RFPs were released to vision plan vendors. Current and prospective carriers were provided detailed information on RFP outcomes the District sought to achieve through the RFP process, as well as vision benefit plan designs and specifications by line of coverage. Table 1.0 delineates lines of coverage, carriers invited to quote, as well as the number of plans reviewed. The carriers referenced in Table 1.0 were directed to provide proposals including: (a) equivalent or improved plan designs at lower cost(s); (b) funding alternatives (fully insured and self-insured); (c) multi-year rate guarantees, renewal rate caps and performance/service guarantees, and (d) all other features, services, or terms favorable to the District. Vision carriers that declined to quote cited an inability to match existing plan designs and or competitive rates for not responding to the released RFP.

**Table 1.0: Request for Proposal Summary from Health, Dental, and Vision Benefit Vendors**

Lines of Coverage	Number of Carriers Invited to Quote	Number of Carriers Issuing Quotes	Number of Plans Reviewed
Vision	14	8	23
<b>Total</b>	<b>37</b>	<b>15</b>	<b>80</b>

RFP Results Summary – Vision

Key considerations of the vision RFP included the carrier’s ability to maintain or improve current benefit levels and to maximize the choice of providers. The RFP was released to fourteen (14) vision insurance providers including the incumbent.

RFP results confirmed that existing District vision plans are priced competitively. While benchmarking data for vision plans was limited, the data shows that the District’s vision plan is as good or better than the benchmark. Vision Service Plan (VSP) was the only carrier showing savings. Although savings were evident, District employees would experience provider disruption if the District were to move away from Heritage Vision Plan.

The initial renewal offer from Heritage Vision would have resulted in a 1.1% (-\$5,077) decrease to the current vision plans. At the direction of the District, Kapnick negotiated revised renewal pricing from Heritage based on competition and market leverage resulting in a 3.3% (-\$15,984) decrease to the current vision plans and \$10,907 in savings over the initial renewal offer with no disruption to District employees and dependents.

Negotiated Contract Year 2021 Plans

At the direction of the District, Kapnick presented the responses to The Coalition on June 18, 2020, and proposed the plan offerings for the 2021 contract year which follow.

Vision – Fully Insured

- a. Current Heritage Vision Core Plan (12/24/24 benefit frequency) with the Select Network;
- b. Current Heritage Vision Core Plus Plan (12/12/12 benefit frequency) buy up plan with the Select Network access, and
- c. Current Heritage Vision Premium Plan (12/12/12 benefit frequency) buy up plan with the National Network access.

It was therefore determined that it was in the best interest of the District’s 7,367 employees to Continue the relationship with Heritage Vision Plan as the sole vision provider due to (i) historical relationship with the District; (ii) competitive pricing and plan design offerings; (iii) a broad network of vision providers.

The process utilized in determining the 2021 benefit plan options considered the aforementioned and addressed employee and Coalition requests for maintaining choice and inclusion in the selection process. The Office of Labor Relations, Benefits and Employee Health Services administers these benefits. Open enrollment for the 2021 contract year is scheduled to commence no later than November 2020 and only employees who wish to maintain their Flexible Spending Account participation or make a change to their benefits will need to participate in open enrollment activities.

**Gap Analysis:**

The District has historically 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. Through the vision insurance RFP process the District confronted the reality that its employee workforce is rapidly aging at a time when vision costs and demands are increasing. The shift toward an aging District workforce has significant implications, especially in the cost of vision benefits. Through this RFP process the District explored vision plan designs and adjustments to decrease vision costs. As vision costs continue to soar, the District has increasingly assumed a greater share of the financial risks. Through the implemented RFP process the District aimed to attain the optimum balance of maintaining high-quality care, limiting care disruption, and cost containment—the building blocks of success for a vision benefits RFP process.

**Previous Outcomes:**

The following represents the projections for calendar year 2020

- a. Vision (Employee + District) = \$480,363 (7% increase from prior year which also includes an increase in enrollment of 341).

Table 2.0 represents total actual costs for contract years 2018 and 2019 as well as projected benefit costs for contract year 2020 (Employee and District).

Table 2.0: Three Year Benefit Actual Costs										
INSURANCE CARRIER(S)	COVERAGE TYPE(S)	ACTUAL DISTRICT TOTAL CONTRIBUTION			ACTUAL TOTAL EMPLOYEE CONTRIBUTION			COMBINED TOTAL SPEND		
		2018	2019	2020*	2018	2019	2020*	2018	2019	2020*
Heritage Vision Plans**	Vision	\$294,889	\$325,615	\$345,431	\$0.00	\$115,115	\$134,932	\$294,889	\$440,729	\$480,363
<b>Total Actual Spend</b>		<b>\$294,889</b>	<b>\$325,615</b>	<b>\$345,431</b>	<b>\$0.00</b>	<b>\$115,115</b>	<b>\$134,932</b>	<b>\$294,889</b>	<b>\$440,729</b>	<b>\$480,363</b>
* 2020 actual costs are based on annualized data taken from an April 2020 census										
** Vision Plans are 100% funded by the District unless an employee selects an enhanced plan										

**Financial Impact:**

- a. For the 2021 contract year the total vision benefit overall spend is projected at \$464,380 which represents a 3.33% (-\$15,984) decrease in total projected spend over 2020 projected cost, yielding a total District projected final contribution of 4.02% (-\$13,870) less than 2020 projected benefit spend;
- b. Heritage Vision plans are fully insured with 5,504 employees enrolled in these plans. Heritage initially proposed a 1.1% decrease in rates, an additional 2.2% reduction was also obtained for an overall decrease of 3.3% with a four-year rate guarantee and an increase of the dependent child age limit to twenty-six (26) was ultimately negotiated. The District and employee contributions will decrease from current with no additional risks to the District.

Table 3.0 represents total projected benefit costs (Employee and District) for contract year 2021.

<b>Table 3.0: Total 2021 Projected Vision Benefit Costs</b>				
<b>INSURANCE CARRIER(S)</b>	<b>COVERAGE TYPE(S)</b>	<b>PROJECTED DISTRICT TOTAL CONTRIBUTION*</b>	<b>PROJECTED EMPLOYEE CONTRIBUTION **</b>	<b>TOTAL PROJECTED SPEND</b>
Heritage Vision Plans***	Vision	\$331,561	\$132,819	\$464,380
<b>Total Projected Spend</b>		<b>\$331,561</b>	<b>\$132,819</b>	<b>\$464,380</b>
* 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 an enhanced plan				

**Alignment to Strategic Plan:**

Exceptional Talent

**Financial Impact:**

Projected District total contribution of \$331,561 General and Grant Funds (Dependent on Actual Employee Enrollment).

**Contact for Item:**

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**Supporting Documents/Attachments:** Vision Benefit Provider Contracts

[Heritage Vision Plans\\_DPSCD\\_Amendment\\_eff January 1 2021.pdf \(193 KB\)](#)

**Administrative Content**



**Agenda Item Details**

Meeting	Sep 15, 2020 - *Virtual*Regular Board Meeting
Category	13. Consent Agenda (Administrative Items)
Subject	13.05 Approval of Contract Amendments with Lutz Roofing and Schena Roofing
Access	Public
Type	Action
Recommended Action	Motion to approve the contract amendments with Lutz Roofing and Schena Roofing for an increase for roof repairs and replacements for the period of July 1, 2020 through June 30, 2021 in an amount not-to-exceed \$2,602,653.

**Public Content**

**Recommendation:**

That the School Board approve contract amendments with Lutz Roofing and Schena Roofing for an increase for roof repairs and replacements for the period of July 1, 2020 through June 30, 2021 in a total amount not-to-exceed \$2,602,653.

**Description and Background:**

This item was recommended for approval by the Academic Committee on August 24, 2020 and the Finance Committee on August 28, 2020.

The District would initiate roof replacements and repairs at Barton Elementary School with Lutz Roofing and at Poe for the boiler room at Edmonson Elementary School with Schena Roofing. Lutz Roofing will also perform general roofing repairs for the District. The unit pricing in the contracts proposed by the vendors is noted below. In addition, the District would immediately implement a roofing maintenance plan to protect these roofs once replaced that is aligned to the manufacturer’s warranty parameters.

Lutz Roofing, is a full-service roofing and sheet metal commercial contractor with over 35 years of experience installing single ply commercial roof systems in Michigan, Ohio, Illinois and Indiana. Lutz Roofing installed roofing systems at Emerson Elementary-Middle School, Bagley Elementary School of Journalism and Technology, and Spain Elementary-Middle School in 2016-2017 fiscal year. Spain’s roof was the system financed by the Ellen Degeneres Show and attracted sizable local media attention. Also, during the 2017-2018 fiscal year, Lutz worked on a series of District-wide repairs at Cody High School, Mann Learning Community, Carver STEM Academy, Henry Ford High School, and several other District schools. All projects were successfully completed.

Schena Roofing, is a full-service roofing commercial contractor. The firm is family owned, and services the Michigan, Indian, Ohio areas. Schena has been in business of commercial and institutional, large scale roofing projects for over 50 years. Our roofing consultant, Plante-Moran highly recommends them for this work.

Both roofing contracted companies offer one-year warranties on workmanship on every new roof installation, with 20-year warranties on materials. They are also certified and authorized to repair every roof system they offer by the manufacturers of the roofing systems. Therefore, if unforeseen water intrusion occurs, the District can be assured the roof is repaired correctly.

**Previous Outcomes:**

Lutz Roofing	Contract Expenditure
Fiscal Year 2017 – 2018	\$237,515
Fiscal Year 2018 – 2019	\$227,343
Fiscal Year 2019 – 2020	\$435,590

**Expected Outcomes:**

Lutz Roofing and Schemata Roofing currently have a contract with the District to complete the roof repairs and replacements at Bennett, Carver, Edmonson, and Logan for a total amount NTE \$1,946,923. The amendment will increase the contract value for Lutz Roofing for an additional \$614,487 for a total value NTE \$2,084,187 and Schemata Roofing for an additional \$41,243 for a total value NTE \$518,466.

<b>Lutz Roofing Barton Elementary School ROOF REPLACEMENTS</b>	
Cost	\$300,510
15% Contingency	\$45,077
<b>Lutz Roofing District-Wide ROOF REPAIRS</b>	
Cost	\$268,900
<b>Total NTE</b>	<b>\$614,487</b>

<b>Schemata Roofing Poe @ Edmonson ROOF REPAIRS</b>	
Cost	\$35,863
15% Contingency	\$5,380
<b>Total NTE</b>	<b>\$41,243</b>

**Alignment to Strategic Plan:**

Responsible Stewardship

**Financial Impact:**

\$2,362,653 from Capital Funds  
 \$240,000 from General Funds

*Bid Process:* On July 15, 2020 the District issued a Request for Proposals (RFP 21-0047) for roof replacement and repair of three schools: Barton Elementary School, Southeastern High School and Poe located at Edmonson Elementary School. DemandStar received five qualified responses for the three schools. Based on evaluation of the proposal Schemata Roofing and Lutz Roofing were selected as the suppliers due to pricing, past work history with DPSCD, overall capability, qualifications, and the ability to meet the District’s project timeline. There was not a vendor selected for Southeastern High School.

**Contact for Item:**

Name: Machion Jackson, Assistant Superintendent of Operations  
 Phone: 313-873-6532  
 Email: machion.jackson@detroitk12.org

21-0041-C Schemata Contract Amendment.pdf (737 KB)	DOC082520-08252020084141.pdf (1,004 KB)
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**Administrative Content**





**Agenda Item Details**

Meeting	Sep 15, 2020 - *Virtual*Regular Board Meeting
Category	13. Consent Agenda (Administrative Items)
Subject	13.06 Approval of Contract Amendment with Progressive Distribution Systems
Access	Public
Type	Action
Recommended Action	Motion to approve a contract amendment and increase for Progressive Distribution Systems for storage and distribution of personal protective equipment for the period of July 1, 2020 through June 30, 2021 to increase the not-to-exceed amount by \$565,764 from \$249,000 for a revised amount not-to-exceed \$814,764.

**Public Content**

**Recommendation:**

That the School Board approve a contract amendment and increase for Progressive Distribution Systems for storage and distribution of personal protective equipment for the period of July 1, 2020 through June 30, 2021 to increase the not-to-exceed amount by \$565,764 from \$249,000 for a total amount not-to-exceed \$814,764.

**Description and Background:**

This item was recommended for approval by the Academic Committee on August 24, 2020 and the Finance Committee on August 28, 2020.

In support of the District's Reopening Plan, COVID-19 related supplies and equipment will be ordered from multiple vendors for monthly distribution at all schools and offices. The expected volume and frequency of these items will exceed the District owned warehouse's capacity. Progressive Distribution Systems has agreed to provide logistical services specific to the COVID-19 supplies. The contract renewal includes the transition of services between July and October and the receipt, count verification, storage, and subsequent delivery of COVID-19 related supplies and equipment to school and District office every month.

In May 2019 the School Board approved a contract renewal with Progressive Distribution Systems to continue to provide labor, materials, supplies and management of the District's warehouse. The renewal provided support of the 1:1 initiative and extraction of high school textbooks no longer needed due to the purchase of new curriculum. Additionally, the warehouse supported the reactivation of schools that were previously chartered and/or leased and continued to provide courier service between District schools and offices.

The District completed a financial analysis of the services rendered and moved forward with a plan to in-source warehouse operations including hiring staff, purchasing trucks, equipment and supplies and refining operations for the 2020-21 school year. Recognizing the need for support during the busiest time of the year for warehouse operations, the District entered into a short-term transition agreement with Progressive Distribution Systems during the summer months.

Progressive Distribution System is a warehouse and distribution company owned by Evans Distribution Systems its parent company established in 1929. Evans Distribution System also owns Central Detroit Warehouse and three truckload carriers (Merchants Forwarding Co., Maverig Freight and Alden Logistics), a transportation management company (Evans Logistics) and a temporary staffing agency (Evans Resource Solutions). In the Detroit area, Progressive's expertise is in automotive logistics, from warehousing to just-in-time deliveries. The company performs logistics for major companies like Girl Scouts of America and Crown Royal.

**Gap Analysis:**

The District's warehouse and schools lack the capacity to receive, count, store, and distribute the expected number of supplies and equipment.

**Previous Outcomes:**

Fiscal Year	Previous Expenditures

2017 – 2018	\$1,072,602
2018 – 2019	\$1,056,277
2019 – 2020	\$664,250

**Expected Outcomes:**

Progressive Distribution System currently has a contract with the District to warehouse management services for a total amount NTE \$249,000. The amendment will increase the contract value for Progressive Distribution Systems for an additional \$565,764 for a total value NTE \$814,764.

As the District prepares to order and receive large quantities of PPE, Progressive Distribution Systems will receive, count, store and distribute PPE as directed by the District.

**Alignment to Strategic Plan:**

Responsible Stewardship

**Financial Impact:**

\$814,764 from General Funds

*Bid Process:* RFP #18-0078-0-2018/OPS was issued on DemandStar on April 13, 2018 and received only one response. Based on evaluation of the proposal, Progressive Distribution Systems was recommended for a one-year renewal as the supplier due to its competitive pricing, previous experience and customer satisfaction with services.

**Contact for Item:**

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Email: machion.jackson@detroitk12.org

18-0036-C Mod 7 signed.pdf (458 KB)

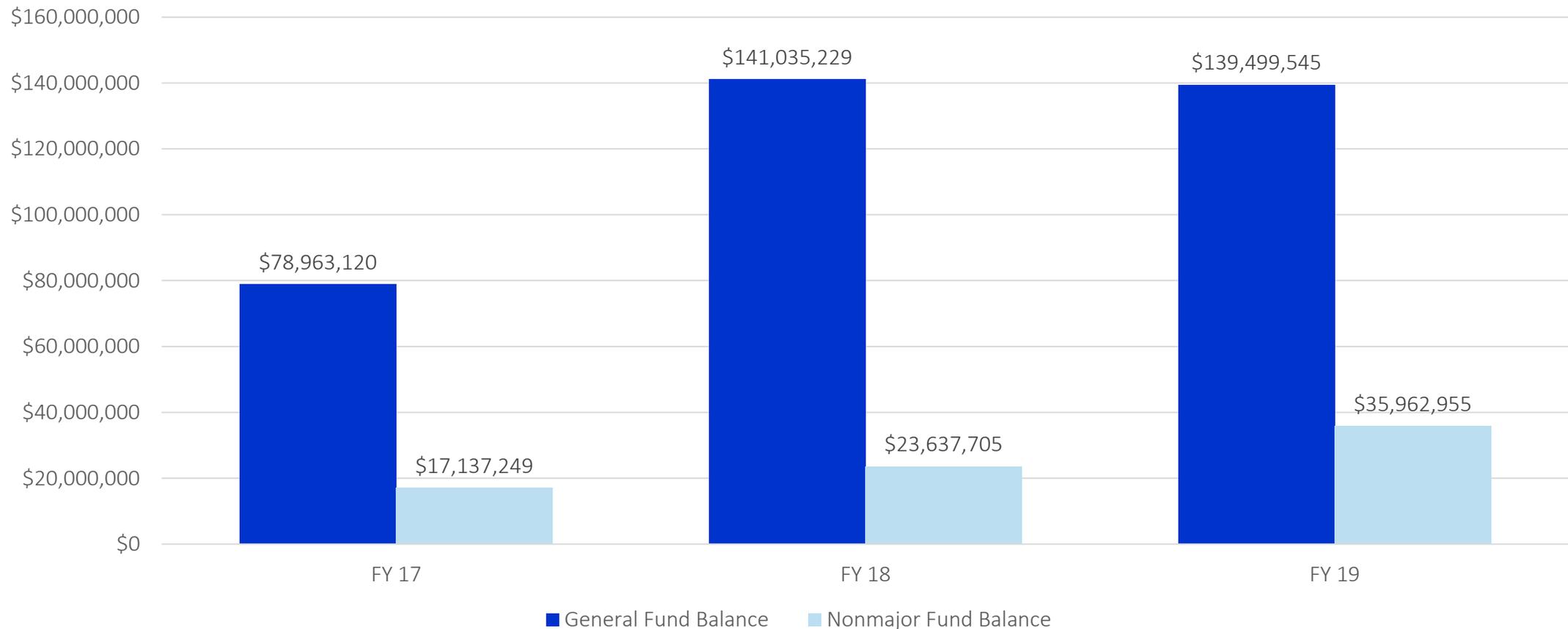
21-0036-C Mod 6 Attachment C signed.pdf (468 KB)

**Administrative Content**

# **Finance Review Commission - Waiver Request**

# Financial Results (2016 – Present)

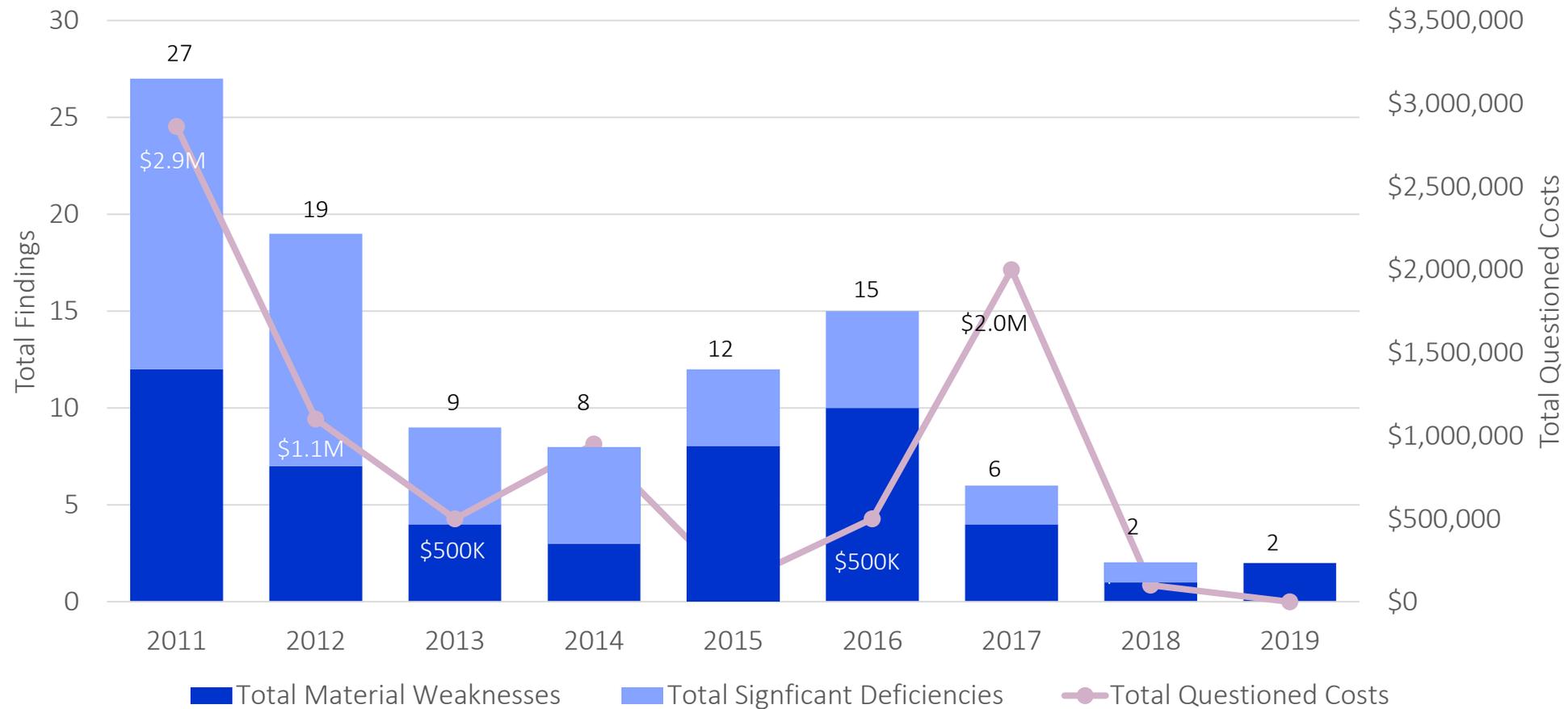
The District has grown an unrestricted general fund balance, while transferring funding to capital projects. The District projects unrestricted general fund balance will remain at or near its current levels depending on implementation of restricted state funding as part of the state's K-12 budget.



The Nonmajor Fund Balance includes restricted fund balances for School Nutrition and Capital Projects.

# DPS/DPSCD Financial Audit Results

Over the past 10 years the District has seen a significant improvement in the financial operations as evidenced by the decrease in audit findings and questioned costs.



# District Accomplishments

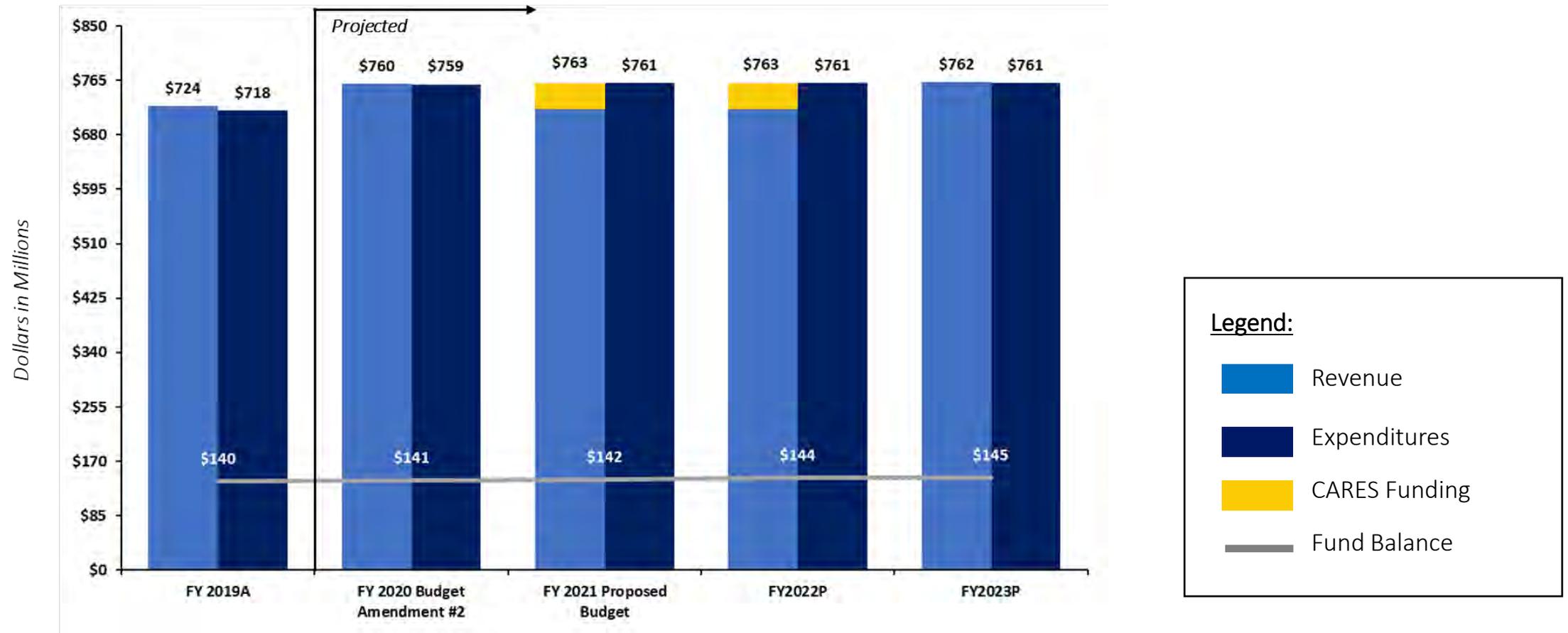
- The District financial health has improved as the District's student performance has improved in all areas:
  - Improved academic performance on state (greater growth than state in nearly every grade level and subject) and national exams (NAEP – among highest growth districts in the country);
  - 27% decrease in chronic absenteeism;
  - 63% decrease in out of school suspensions;
  - Increase in student perception of school.
- The District has opened 5 new schools and programs over the past 4 years including The School at Marygrove (a partnership with the University of Michigan) and Edmonson Montessori school.
- The District has reduced teacher vacancies from over 350 in 2016-17 to less than 50 moving into the 2020-21 school year.
- These factors have helped reverse the decades decline in enrollment, which has stabilized and is showing growth. Overall enrollment has increased approximately 6,000 students since 2017.
- DPS Operating Millage was renewed until 2032 with 85% approval.

# Financial Accomplishments

- As referenced, the District has maintained balanced budgets for the past 3 years and projects a balanced budget in FY 20 while
  - Providing annual salary increases for all staff, including increasing starting teacher salary to \$51,000;
  - Aligned funding to school needs and 1,000 school-based staff by shifting away from inefficient contracted services for professional development, art and music programming and social-emotional support for students.
- The District continued to meet all compliance requirements outlined in the USDOE, MDE MOU resulting in the relaxation of reporting requirements.
- In agreement with MDE and Wayne RESA, administration of the Private Nonpublic School programs transitioned back to the District in 2020.
- District completed bond refunding of 2010 BAB, 2012 BAB, and School Loan Revolving Fund Balance which demonstrated the ability of the District to access the financial market at lower interest rates yielding savings for taxpayers.

# 3 Year Projection

The District projects a balanced budget (assuming steady enrollment) over the next two years even with a 10% reduction in per pupil funding in FY21 and then holding steady through FY22 due to COVID-19. The projection assumes the Enhancement Millage is renewed in FY 2023, and the per pupil funding is expected to return to pre-COVID-19 levels in FY 2023.



# FRC Supplemental Questions

# Supplemental FRC Questions

## Question

DPSCD has publicly stated that the District has more than \$500 million in capital needs. How does the statement and needs comport with only \$25 million allocated for capital improvements over the next few years? Does the District have a 5-year capital plan?

- The FRC requirement does not require the District to access capital markets to address **all** capital needs, only those in the present and presiding fiscal year. In February 2020, the District allocated \$25.3M from the unrestricted general fund surplus to address immediate and long-term facility issues in the present and presiding fiscal year.
- In 2018, the District completed a comprehensive facility assessment to identify capital needs. This assessment identified \$500 million in outstanding capital projects.
- Since 2018, the District has allocated \$56 million from the unrestricted general fund contingency to address facility issues based on the type and urgency of the issue.
- The District began community engagement in the Fall of 2019 on its long-term facility needs which resulted in the school and program shifts for this year. With the passage of the Operating Millage and the confirmation that DPSCD has the authority to issue Capital Debt, the District will engage citizens on a possible bond.

# Supplemental FRC Questions

## Question

Can DPSCD provide a detailed list of the expenditures associated with the \$25 million in capital improvements and conformance with the State School Aid Act of 1979?

In February 2020, the District identified the \$25.3 M in capital projects to be addressed through June 30, 2021. Projects scheduled to start in Spring 2020 were delayed until Summer and Fall 2020 due to COVID-19.

Capital Project Areas	Expenditures
Exterior Construction (e.g., site work, exterior walls, roofing, windows, doors)	\$10,513,711
Interior Construction (e.g., kitchen, serving areas, stairs, interior walls, toilet partitions, doors, lockers and finishes)	4,993,009
Interior Systems (e.g., accessibility, fire protection, electrical, fixtures, communications and security systems, plumbing and lighting)	9,808,828
<b>Total</b>	<b>\$25,315,548</b>

*Note: A detailed breakdown by building is provided in the appendix to this report*

# Supplemental FRC Questions

The District is in compliance with School Aid Act of 1979, the following components apply to Capital project expenditures.

State Aid Act 1979	Requirement	Compliance
Section 388.1618	<p>(1) ...Each district or other entity shall apply the money received by the district or entity under this article to salaries and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district under sections 22a and 22b ... may be transferred by the board to either the capital projects fund or to the debt retirement fund for debt service. A district or other entity shall not apply or take the money for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this article the apportionment otherwise due upon a violation by the recipient.</p>	
Section 388.1618	<p>(4) For the purposes of determining the reasonableness of expenditures, whether a district or ...has received the proper amount of funds under this article, and whether a violation of this article has occurred, all of the following apply:</p> <p>(a) The department shall require that each district ... have an audit of the district's ... financial and pupil accounting records conducted at least annually, and at such other times as determined by the department, at the expense of the district ..., as applicable. ... A district ... shall retain these records for the current fiscal year and from at least the 3 immediately preceding fiscal years.</p>	
	<p>(5) By November 1 each fiscal year, each district ... shall submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with the district's or intermediate district's audited financial statements and consistent with accounting manuals and charts of accounts approved and published by the department.</p>	

# Supplemental FRC Questions

- In previous fiscal years, the District has allocated \$30.7M from its unassigned fund balance to address Capital Project needs. As of June 30, 2020 the funds have been invested into the following Capital Project types:

Capital Project Areas	Expenditures
Exterior Construction (e.g., site work, exterior walls, roofing, windows, doors)	\$11,097,011
Interior Construction (e.g., kitchen, serving areas, stairs, interior walls, toilet partitions, doors, lockers and finishes)	2,408,474
Interior Systems (e.g., accessibility, fire protection, electrical, fixtures, communications and security systems, plumbing and lighting)	4,276,666
<b>Total</b>	<b>\$17,782,151</b>

# Supplemental FRC Questions

## Question

Is DPSCD still planning to put capital mills on the ballot in 2021?

- On August 4, the citizens of Detroit passed the renewal of the “18 Mills” Operating Millage by a resounding margin, nearly 85% voted yes.
- The District believes that the voters would respond favorably to a future capital projects campaign to address current facilities and ensure every student attended a school built for the 21<sup>st</sup> Century.
- The District still plans on engaging community and stakeholders on a capital bond campaign. Given the current COVID-19 pandemic and signs of a recession, the District and will reassess timelines after we launch the FY 21 school year.

# Supplemental FRC Questions

## Question

If the additional capital mills are not passed, what will be the District's plan for addressing the \$500 million in capital needs previously discussed?

- The District is already addressing current facility needs through its unrestricted general fund balance. Additionally the District could consider seeking approval to issue:
  - sinking fund,
  - energy savings agreements for specific types of facility modifications, or
  - issuing general fund obligation bonds.

# Supplemental FRC Questions

## Question

How does the District perceive they will be received by investors when it does go to the market for a large bond issuance?

- In FY20, the District successfully refunded 2010B School Building and Site Bonds, 2012 Refunding Bonds and the School Loan Revolving Fund totaling \$546M.
- We believe the investor's reception would be favorable. In 2018, the City of Detroit issued standalone bonds gaining significant interest from investors.
- The issuance of new debt would have the unlimited tax general obligation tax pledge of the District. In addition, the District intends to work with the State to provide guarantees through the SBQLP program.

# Supplemental FRC Questions

## Question

What outstanding environmental factors within its facilities exist that would require the District to make capital investments within the next few years? Does the District have adequate means to address any environmental concerns that could arise requiring capital investment in excess of the \$25 million currently allocated?

- There are no current environmental factors within District facilities which have not already been addressed.
- The District regularly identifies low level safety projects (patching sidewalks, roof patches, playground equipment repairs) which are being completed by facilities through the annual general fund operations budget.

# Supplemental FRC Questions

## Question

Is DPSCD aware of any illnesses or other medical conditions in the last three years that were caused or may be caused by any physical issues in any of its facilities? Has there been any internal or external reports prepared in the last three years which raise concerns of health-related issues? Has there been any litigation regarding any such claims in the last three years? If the answer to any question in this paragraph is yes, please describe in detail?

- In 2018, the District received water quality reports of possible increased lead levels at schools.
  - The District installed Water Hydration filtration stations at all schools.
- The District is aware of one legal claim relating to alleged elevated levels of lead and/or copper in the school water supply.
- The District has not received any other reports (internal or external) relating to health issues caused by District facilities.

# Waiver Requirements

# Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(a)	<p><b>Requirement:</b> The commission certifies that the City has adopted and adhered to deficit-free budgets for 3 consecutive years that comply with generally accepted accounting principles and are in accordance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.</p>	
	<p><b>DPS Response:</b> The FRC adopted preliminary and deficit-free budget amendments for DPS since July 1, 2016. Plante Moran served as the auditor for the past 3 consecutive years (FY 17, FY 18, FY 19). The DPS legacy deficit as of 6/30/16 has been steadily reduced and eliminated in accordance with the plan set in place with the Michigan Department of Treasury. The District's auditor, Plante Moran acknowledges substantial progress made by the District and confirms compliance with both Act 2 and the Revised Municipal Finance Act audit requirements. The State Treasurer also confirmed compliance for FY 17 and FY 18 in his December 1, 2018 memo.</p>	✓
	<p><b>DPSCD Response:</b> The FRC adopted preliminary and deficit-free budget amendments for DPSCD since July 1, 2016. Plante Moran served as the auditor for the past 3 consecutive years (FY 17, FY 18, FY 19).</p>	✓
8(2)(b)(i)	<p><b>Requirement:</b> Both State Treasurer and CFO certify that: All municipal securities or debt obligations sold by the qualified school district in the general public during the immediately preceding fiscal year and current fiscal year satisfied the capital and other financial requirements of the qualified school district during that period (MCL 141.1638(b)(i)).</p>	✓
	<p><b>DPS Response:</b> DPS completed refunding of 2010B (\$41M), 2012B (\$257M), and School Loan Revolving Fund (SLRF) (\$265M) loans in Spring of 2020. DPS has not needed, nor is it authorized to undertake any new borrowing to manage the retirement of its legacy obligations.</p>	✓
	<p><b>DPSCD Response:</b> DPSCD did not sell any municipal securities or debt obligations during the immediately preceding (FY 19) and current fiscal year (FY 20). DPSCD has available unrestricted general fund resources necessary to address working capital and facility needs.</p>	✓

# Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(b)(ii)	<p><b>Requirement:</b> Both the State Treasurer and the CFO certify: There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified school district during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements (MCL 141.1638(b)(ii)).</p>	
	<p><b>DPS Response:</b> As referenced in 8(2)(b)(i) DPS completed refunding 2010B, 2012A, and SLRF loan balance during Spring 2020. DPS received 17 proposals from banks and underwriters to purchase or underwrite refunding bonds to refinance these outstanding unlimited tax bonds and SLRF loans. The FRC authorized DPS to proceed with these financings.</p>	✓
	<p><b>DPSCD Response:</b> DPSCD has the legal authority to borrow, under Section 1351a of the Revised School Code, on a voted or non-voted basis, to finance its capital requirements. Authority is also available under Act 99 of 1933, as amended (MCL 123.721, et. seq) (installment contracts) and Revised School Code Section 1374a (Energy Conservation Improvements) to finance capital improvements. The settlement Gary B., v. Whitmer, confirmed DPSCD is not prohibited from pre-qualifying and qualifying DPSCD bonds for capital expenditures under the SBQAL program.</p>	
	<p>DPS received 16 responses from banks and underwriters to the RFP for proposals to refinance DPS UTGO debt obligations, and the fact that the City of Detroit, in 2018, issued unenhanced UTGO bonds for capital needs.</p> <p>DPSCD reasonably expects that it could, between the use of a portion of its general fund, and other available bond options, successfully finance capital requirements for FY 2021. The FY2020 budget allocated \$25.3 million of \$139.5 million of DPSCD's FY2019 fund balance for capital improvements.</p> <p>DPSCD is undertaking a strategic Capital Improvement Planning process which should be completed in June 30, 2021 after input from the community. This plan will provide basis for any future voted or non-voted capital financing over the following 10-year period. In August, Detroit voters passed the Operating Millage renewal with 85% favorable vote, providing the District confidence that approval of a future bond millage is possible.</p>	✓

# Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(d)	<p><b>Requirement:</b> The qualified school district has demonstrated to the commission's satisfaction that the qualified school district has sufficient ability to borrow in the municipal securities market (MCL 141.1638(d)).</p>	
	<p><b>DPS Response:</b> DPS accessed the market in 2017 to complete a refunding of its outstanding SLRF loan balance. As referenced in the previous two sections, DPS received 17 proposals for senior managing underwriting services and direct placement of bonds to refund a portion of its Capital Debt and SLRF loans.</p>	✓
	<p><b>DPSCD Response:</b> DPSCD has the legal authority, with voter approval, to issue unlimited tax general obligation bonds payable from additional debt millage and to incur non-voted debt as described above. The City of Detroit issued unenhanced UTGO bonds without an investment grade rating for capital purposes in 2018. DPSCD also has the legal authority to issue non-voted bonds, including energy conservation bonds, payable from its general fund.</p>	✓
8(2)(e)	<p><b>Requirement:</b> The qualified school district did not violate the plan for adjustment in the immediately preceding fiscal year, as applicable, and is not in violation in the current fiscal year (MCL 141.1638(e)).</p>	
	<p><b>DPS Response:</b> Not applicable because DPS has not filed a bankruptcy petition nor has a plan of adjustment.</p>	✓
	<p><b>DPSCD Response:</b> Not applicable because DPSCD has not filed a bankruptcy petition nor has a plan of adjustment.</p>	✓

# Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(f)	<p><b>Requirement:</b> The state treasurer certifies that qualified school district is in compliance with uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.</p>	
	<p><b>DPS Response:</b> The District received unmodified audits for DPS, which were provided as part of the documentation for 8(2)(a). Additionally, the Districts' auditors, Plante Moran, provided a letter stating the District has been in compliance with PA 2, the uniform budgeting and accounting act.</p>	✓
	<p><b>DPSCD Response:</b> The District received unmodified audits for DPSCD, which were provided as part of the documentation for 8(2)(a). Additionally, the Districts' auditors, Plante Moran, provided a letter stating the District has been in compliance with PA 2, the uniform budgeting and accounting act.</p>	✓
8(2)(g)	<p><b>Requirement:</b> The commission certifies that the qualified school district is in substantial compliance with Act 181 (MCL 141.1638(g)).</p>	
	<p><b>DPS Response:</b> The District and FRC staff provide a summary of activities and statement of compliance with the Public Act 181. The FRC has adopted annual resolutions stating DPS is in compliance with PA 181.</p>	✓
	<p><b>DPSCD Response:</b> The District and FRC staff provide a summary of activities and statement of compliance with the Public Act 181. The FRC has adopted annual resolutions stating DPSCD is in compliance with PA 181.</p>	✓

# Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(h)	<p><b>Requirement:</b> The qualified school district has fully satisfied all of its current obligations to the system created under the public-school employee's retirement act of 1979 (MCL 141.1638(2)(h)).</p>	
	<p><b>DPS Response:</b> DPS has made all payments to the public-school employee's retirement system (ORS), per the Master Debt Schedule. Due to an increase in property value and collection rates, DPS made supplemental payments to ORS of \$3.2 million in FY 19 and \$18.6 million in FY 20.</p>	✓
	<p><b>DPSCD Response:</b> DPSCD is current on all payments to ORS.</p>	✓
8(2)(i)	<p><b>Requirement:</b> The qualified school district has implemented a program in which all contracts awarded by the qualified school district are posted on the qualified school district's public website within 30 days of the contract award, including the identity of the parties to the contract, the dollar amount of the contract, and a brief description of the goods or services provided by the contract (MCL 141.1638(i)).</p>	
	<p><b>DPS Response:</b> Not applicable as all operational functions for DPS are managed by DPSCD.</p>	✓
	<p><b>DPSCD Response:</b> All District contracts are currently available on the District website through the public budget accountability and transparency link. The District website is integrated with our financial reporting system PeopleSoft, which posts required information on the website – vendor and contract name, dollar amount, and description- within 30 days of contract award.</p>	✓

# Previously Shared Materials



# **FRC CONTRACTS COMMITTEE – CONTRACT REQUIREMENTS**

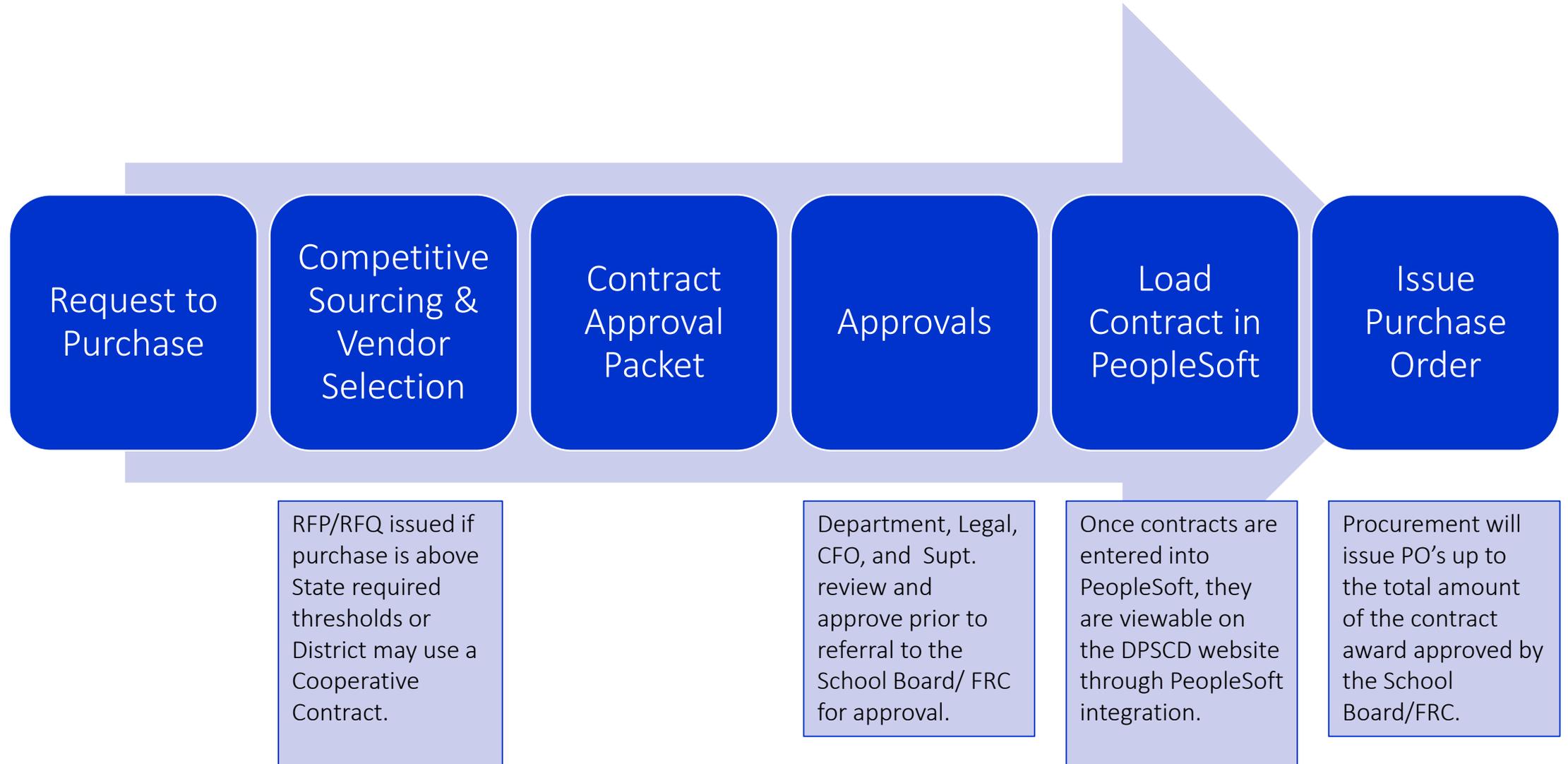
JANUARY 24, 2020



Students Rise. We All Rise

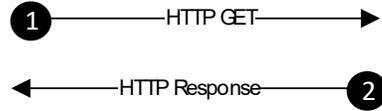
# PeopleSoft-Website Integration

# Contract Approval Process

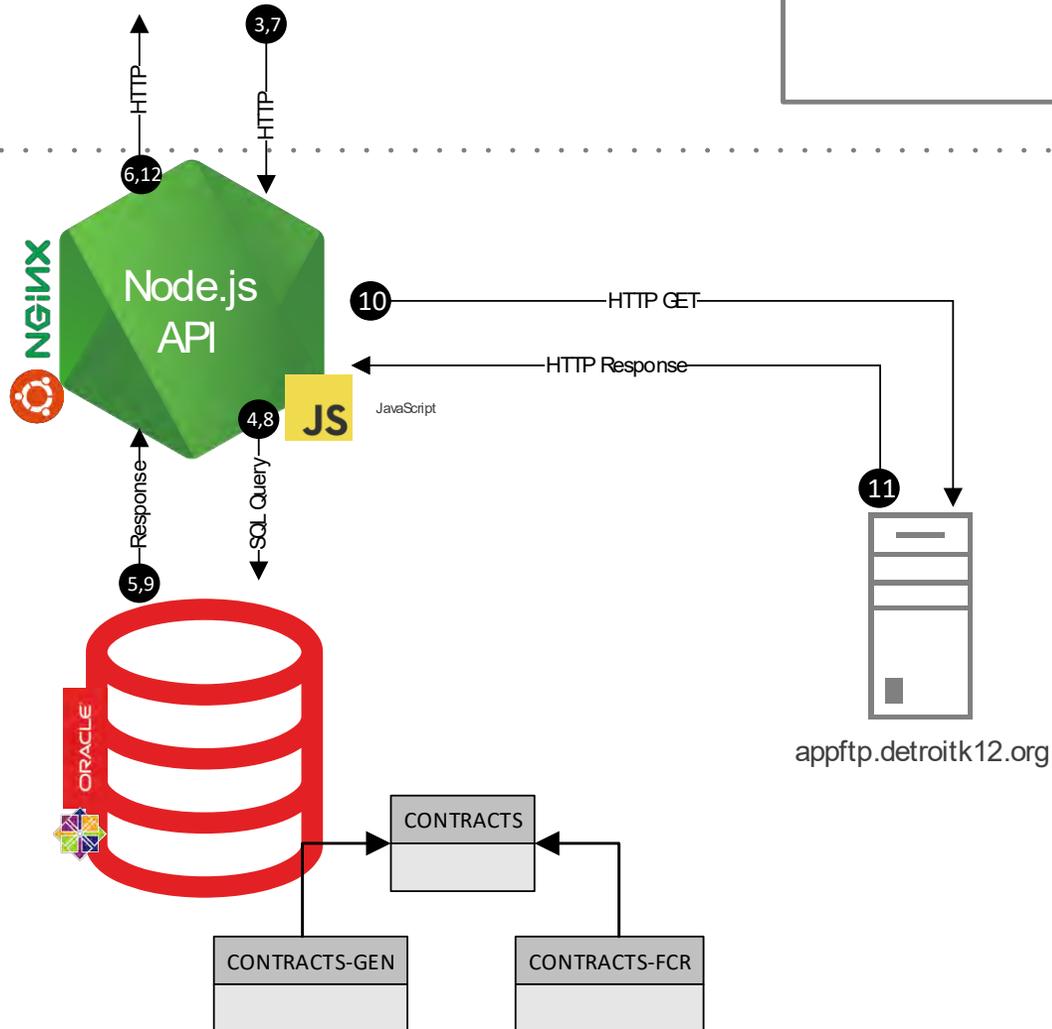




Client Browser



Blackboard

Blackboard  
WCM

# PeopleSoft Architecture & Data Flow

1. User requests [detroitk12.org/contracts](http://detroitk12.org/contracts).
2. Blackboard responds with HTML page with JavaScript app.
3. JavaScript app requests contracts list from the API server.
4. API server queries the PeopleSoft Oracle database for the list of contracts.
5. PeopleSoft Oracle database response with list of contracts.
6. API server responds with list of contracts, JavaScript app renders list as an HTML table with file download links.
7. User clicks a download link for a contract.
8. API server queries the PeopleSoft Oracle database for the attachment file names.
9. PeopleSoft Oracle database responds with the list attachment names.
10. The API server requests file attachments from `appftp.detroitk12.org` via SFTP.
11. The API server downloads the file attachments. Multiple files are combined into a single zip file.
12. The API server responds with a zip file of multiple attachments, or a single PDF file.



# District Policies

# DPSCD Policy

- No employee may procure goods or services outside of the procurement process.
- Per Board Policy 6320, suppliers are not allowed to provide goods or services to schools or departments without a valid purchase order.
- The Superintendent is the only person in the District authorized to sign a contract with a vendor.

The procurement process is governed by State and Federal requirements as well as School Board Policies 6110, 6320, 6325, and 6470.



# Purchase Thresholds

All contracts require Legal,  
CFO, and Superintendent  
sign-off

Superintendent Approval (*District  
Procedure*)

Any purchase or combined  
purchases with a single vendor  
greater than \$250,000

Board Approval (*Board Policy*)

Any purchase or combined  
purchases with a single vendor  
greater than \$750,000 or for more  
than 2 years

Financial Review Commission (FRC)  
Approval (*Public Act 192 of 2016*)

# Travel Process

ALL OUT OF STATE TRAVEL REQUIRES BOARD AND FRC APPROVAL. REQUESTS MUST BE SUBMITTED AT LEAST 90 DAYS BEFORE THE FIRST DATE OF TRAVEL TO ACCOMMODATE APPROVAL TIMELINES. REFER TO THE [Travel Handbook](#) FOR SPECIFIC PROCESS REQUIREMENTS.

Things to remember:

- Upon receiving supervisor approval for a trip, a requisition must be submitted for travel which initiates the Board/FRC approval process
- In-State Travel Requests must be approved by Cabinet Administrator for Principals and Central Office staff; Principals for School Staff
- Out-of-State Travel Requests require the approval by the Superintendent, School Board, and the Financial Review Commission (FRC)
  - Out-of-State travel requisitions must have been approved by the board and FRC (with approved Travel Request forms) before they can be approved and dispatched to the travel agent
- If you are requesting a Per Diem or Pre-Paid Check as part of your travel request, those requisitions ***must be submitted 90 days PRIOR*** to the date of travel to allow for adequate approval(s)

# Procurement Process



# FY 21 Budgeting Timelines

Date	District Milestone
1-Jul-20	First Day to Submit FY 2021 requisitions
28-Aug-20	Last day to submit purchased service requisitions for 1st Semester
6-Nov-20	Deadline to submit Federal Title budget amendments
11-Dec-20	Last day to submit purchased service requisitions for 2nd semester
12-Feb-21	Last day to submit FY 2021 requisitions which require competitive solicitations (RFP/RFQ - Goods: +\$24K; Services: +\$150K)
<b>9-Apr-21</b>	<b>Last day to submit FY 2021 requisitions</b>
24-Apr-21	Last day to provide outstanding information to convert an outstanding FY 2021 requisition into a purchase order
30-Jun-21	Last day for FY 2021 General Fund goods to be delivered or services to be received
23-Jul-21	Last day for departments to receive on FY 2021 invoices in PeopleSoft and to submit to Accounts Payable for processing

# What is a Requisition?

Suppliers are not allowed to provide goods or services to schools or departments without a valid purchase order.

It all starts with a requisition.....

A **requisition** is the request to purchase a good or service. It is submitted through PeopleSoft. It is **not** the approval to make a purchase.

A **Purchase Order (PO)** is a legally binding agreement between the District and vendor to complete a purchase. Departments/Schools may not receive goods or services until a PO has been issued to the vendor. A vendor may not begin work until a PO has been issued.

# Streamlined Procurement Processes

The District has implemented a streamlined purchasing process for specific vendors. These vendors have been awarded large cooperative contracts – primarily for supplies, materials and technology.

- Amazon
- Staples
- Office Depot
- School Specialty
- Dell

Through PeopleSoft, District staff utilize vendor websites to create requisitions. Only those approved items are available for purchase, and required information is streamlined, speeding up the requisition process.

# Requisition Approval Process



# Requisition Departmental Approval Review

## ***Requisition Requirements***

- \* **Clear Description of Service** – Ensure the description in the line items are clear and that the requisition contains a thorough approval justification.
- \* **Supplier Selected or Suggested** – Every requisition should have a supplier selected for every line. If it is a new supplier, provide the new supplier forms. At the very least, a suggested supplier must be entered, and supplier contact information provided.
- \* **Quotes** – Requisitions must include at least one quote to determine how the price was calculated. The quote must include quantity and pricing.
- \* **Documentation** – Any additional documentation available should be attached to the requisition in order to expedite approval of the requisition.
- **Statement of Work (SOW)** - Grant-funded purchases may require that a SOW is attached to the corresponding requisition, depending on the purchase. Please review the FAQs for a list of purchases that require a SOW.
- **MIPO (Multiple Invoice Purchase Order)** – A MIPO is a special purchase order that allows a vendor to submit multiple invoices throughout the year to schools/departments – typically only used for contract services.

\* Required on all requisitions



# Required Quotes Based on Dollar Value

Less than \$10,000

At Least One Quote *(checks for reasonableness may be verified via a price comparison)*

\$10,000 - \$24,924\*

Multiple Quotes Required

Goods above \$24,924\*  
Services above \$150,000\*\*

Competitive Bid Required

\* This threshold is adjusted annually by the State of Michigan.

\*\* The District may require a RFP for services below \$150,000 to ensure price competitiveness

# Competitive Solicitations as a Sourcing Method

The District is required to issue competitive solicitations for the purchase of any good, material, or supply over the state bid threshold, currently \$24,924 and any purchase of services over \$150,000.

Most often, Procurement utilizes the request for quote (RFQ) and request for proposal (RFP) methods.

# RFP Timeline & Requirements

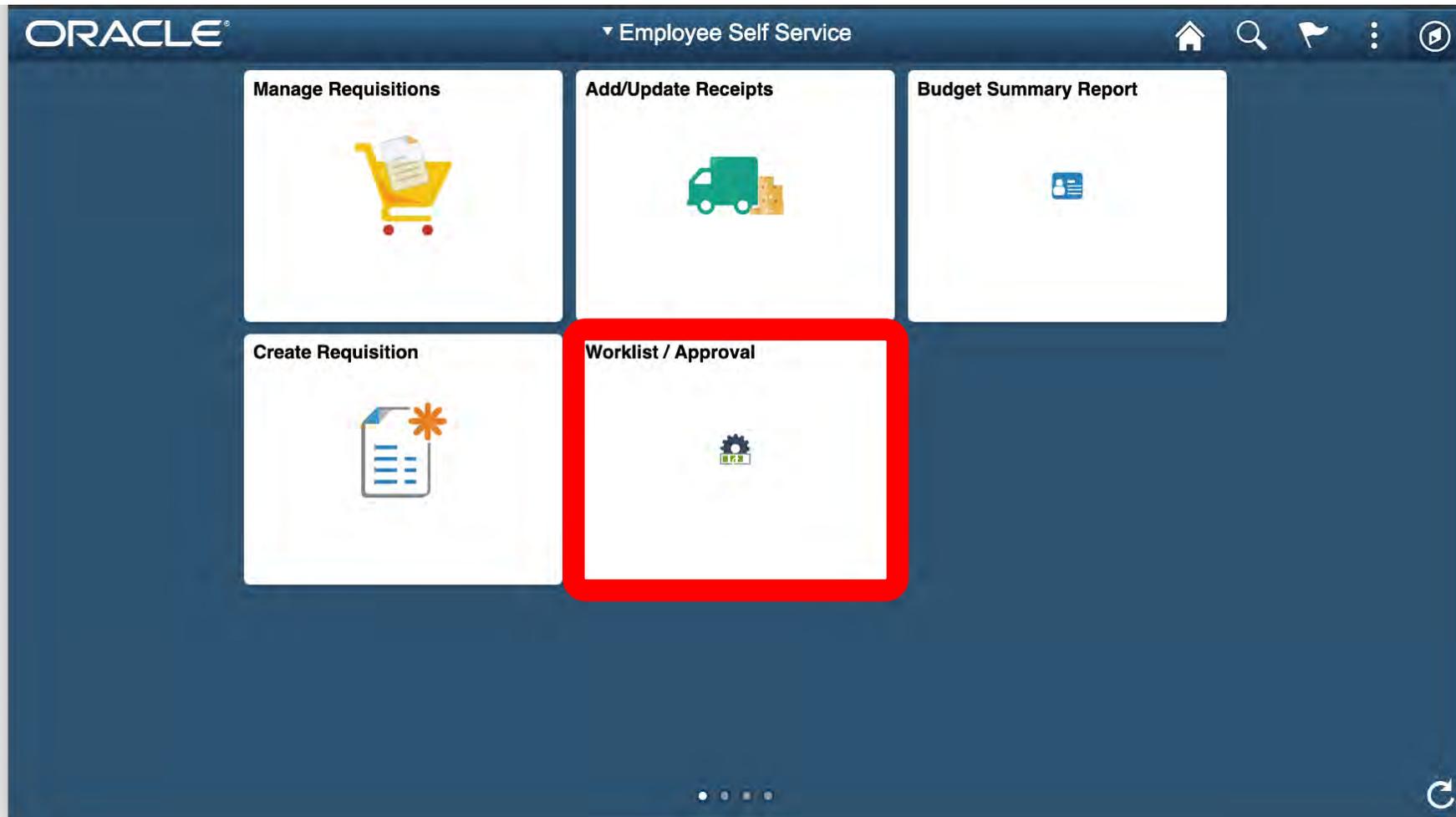
Activity	Timeline	Lead
Department submits requisition including (if applicable) statement of work and completed "Request for Proposal Template".	As required	Department
Develop RFP/RFQ document to publicly post, review by Risk Mgmt., unless submitted on last day.	1 Week	Procurement
RFP/RFQ is publicly posted, during which department will have to respond to questions during the RFP/RFQ Q&A period.	4 Weeks	Procurement & Department
Evaluation committee reviews responses and independently scores responses to RFPs, the evaluation committee is convened by Procurement to review and finalize scoring. Timing does not reflect demonstrations or interviews.	2 -3 Weeks	Evaluation Committee & Procurement
Selected vendor is routed to Superintendent for approval.	1-2 Weeks	Procurement & Cabinet Member
Requesting department review of contract.	1 Week	Department

# RFP Timeline & Requirements – Cont'd

Activity	Timeline	Lead
Negotiate and finalize contract and obtain vendor signature. Timing assumes no changes to District terms.	2 Weeks	Procurement & General Counsel
Approved contract and approval packet are routed for final approval if Board and FRC approval are not required.	1 Week	Procurement & Cabinet Member
If applicable, Agenda item is submitted to Board/FRC.	Up to 60 days	Cabinet Member
Upon appropriate approvals, Procurement will route approval package and contract for signature and process the requisition to issue a PO to vendor.		Procurement

# Requisition Approval Process

Enter the Approver Module:



# Approval Process – Locate Requisition For Review

## Locate Requisition For Review:

**Worklist**

Worklist for alex.hardesty: Alex Hardesty

[Detail View](#)

Worklist Filters Approval Routing Feed

**Worklist Items**

1-25 of 120 | [View 100](#)

From	Date From	Work Item	Worked By Activity	Priority	Link		
Londre Gilkey	11/01/2018	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_805672_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519035401</a>	Mark Worked	Reassign
Nicole Cummings	01/11/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_823796_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519037816</a>	Mark Worked	Reassign
Gwendolyn Allen	04/03/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_845923_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519040642</a>	Mark Worked	Reassign
Wanda Roper-Jones	04/08/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_847080_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519042105</a>	Mark Worked	Reassign
Adriana Rendon	04/12/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_859282_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519040027</a>	Mark Worked	Reassign
Londre Gilkey	04/17/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_865707_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519044177</a>	Mark Worked	Reassign
Gwendolyn Allen	04/22/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_862577_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519040991</a>	Mark Worked	Reassign
Nina Nettles	05/03/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_872747_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519045383</a>	Mark Worked	Reassign
Nina Nettles	05/03/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_872742_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519042281</a>	Mark Worked	Reassign
Mark Carter	05/14/2019	Approval Routing	Approval Workflow	2-Medium	<a href="#">Requisition_873509_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519045892</a>	Mark Worked	Reassign
				Medium	<a href="#">Requisition_873560_DPS01_2018-03-19_N_0_BUSINESS_UNIT:DPSCD REQ_ID:0519045898</a>	Mark Worked	Reassign

Find Requisition to review

- Hack: Use CTRL+F to search for the req number

Click on the link

# 61 Requisition Approval Process

## Approving a Requisition:

1. Validate information
  1. Budget Status: Valid
  2. Clear Approval justification
  3. All items entered
  4. Item description: Complete
  5. Supplier on every line
  6. Attachments on
    - Line Item Comments
    - Header Comments
- ❖ If there is any error or missing information then deny the requisition (see next page)
2. If all the information is correct, click "Approve" button

Favorites Main Menu Worklist Worklist

**Enforce Process Discipline**  
**DPS Community District**

Requisition Approval

Business Unit DPSCD  
 Requisition ID  
 Requisition Name STAPLE OFFICE SUPPLY - OFFICE  
 Requester  
 Entered on 09/07/2018  
 Status Pending  
 Priority Medium  
 Total Amount 434.56 USD

1.1 Budget Status Valid

1.2 Requester's Justification  
 PLEASE DELIVER ALL GOODS TO: EARLY INTERVENTION DIAGNOSTIC CENTER, MAIN OFFICE, 4555 JOHN C. LODGE, DETROIT, MI 48201. CONTACT NINETTA JORDAN OR ANGELA TURNER AT (313) 263-2810 WITH ANY QUESTIONS AND/OR CONCERNS. THANK YOU.

Edit Requisition Header Comments View printable version

1.3

Line	Item Description	Supplier Name	Quantity	UOM	Price		Requester's Comments
1	FEL0062701 - SmoothMove Prim...	ARROW OFFI-001	5.0000	EA	47.85000	USD	
2	PIL57050 - B2P Bottle-2 Pen ...	ARROW OFFI-001	4.0000	EA	41.08000	USD	
3	ALEFANP16B - Alert 16" 3-Spe...	ARROW OFFI-001	1.0000	EA	30.99000	USD	

1.4 1.5

Select All / Deselect All

View Line Details 2 Approve Deny

Review/Edit Approvers

Enter Approver Comments

Return to Worklist

# Requisition Approval Process

Favorites ▾ Main Menu ▾ > Worklist ▾ > Worklist

Enforce Process Discipline  
DPS Community District

Requisition Approval

Business Unit DPSCD  
Requisition ID  
Requisition Name STAPLE OFFICE SUPPLY - OFFICE  
Requester  
Entered on 09/07/2018  
Status Pending  
Priority Medium  
Budget Status Not Chk'd

Total Amount 434.56 USD

Requester's Justification  
PLEASE DELIVER ALL GOODS TO: EARLY INTERVENTION DIAGNOSTIC CENTER, MAIN OFFICE, 4555 JOHN C. LODGE, DETROIT, MI 48201.  
CONTACT NINETTA JORDAN OR ANGELA TURNER AT (313) 263-2810 WITH ANY QUESTIONS AND/OR CONCERNS. THANK YOU.

Edit Requisition Header Comments View printable version

Line Information ?

Line	Item Description	Supplier Name	Quantity	UOM	Price	Requester's Comments
1	FEL0062701 - SmoothMove Prim...	ARROW OFFI-001	5.0000	EA	47.85000	USD
2	PIL57050 - B2P Bottle-2 Pen ...		4.0000	EA	41.08000	USD
3	ALEFANP16B - Alert 16" 3-Spe...	ARROW OFFI-001	1.0000	EA	30.99000	USD

Select All / Deselect All

View Line Details Approve Deny 3

Review/Edit Approvers

2 Enter Approver Comments

Return to Worklist

## Denying a Requisition:

If there is *any* error or missing information, then deny the requisition:

2. Enter note detailing the reason for the denial

❖ *Best practice:* Notify the requester that the requisition was denied, why, and corrections needed for re-submission.

3. Press "Deny" button

FYI: Click arrow to expand text entry box

# Approval Timeline

The timelines below indicate the optimal processing time once a requisition has been submitted, and is completed accurately, to the Procurement Department. These time windows assume that all information required in the requisition is submitted accurately and completely.



*This does not apply to  
“Direct Connect”  
purchases which may  
be completed faster.*



# **Contract Management**

# Contract Management

Department Heads/Principals are responsible for the oversight of their budgets/contracts for all purchased services. This includes ensuring there are established processes to:

- Record vendor's time and effort (sign-in and out records)
- Supervise work (Work completed matches contract scope of work)
- Confirm vendor invoices match hours worked and rate to be charged

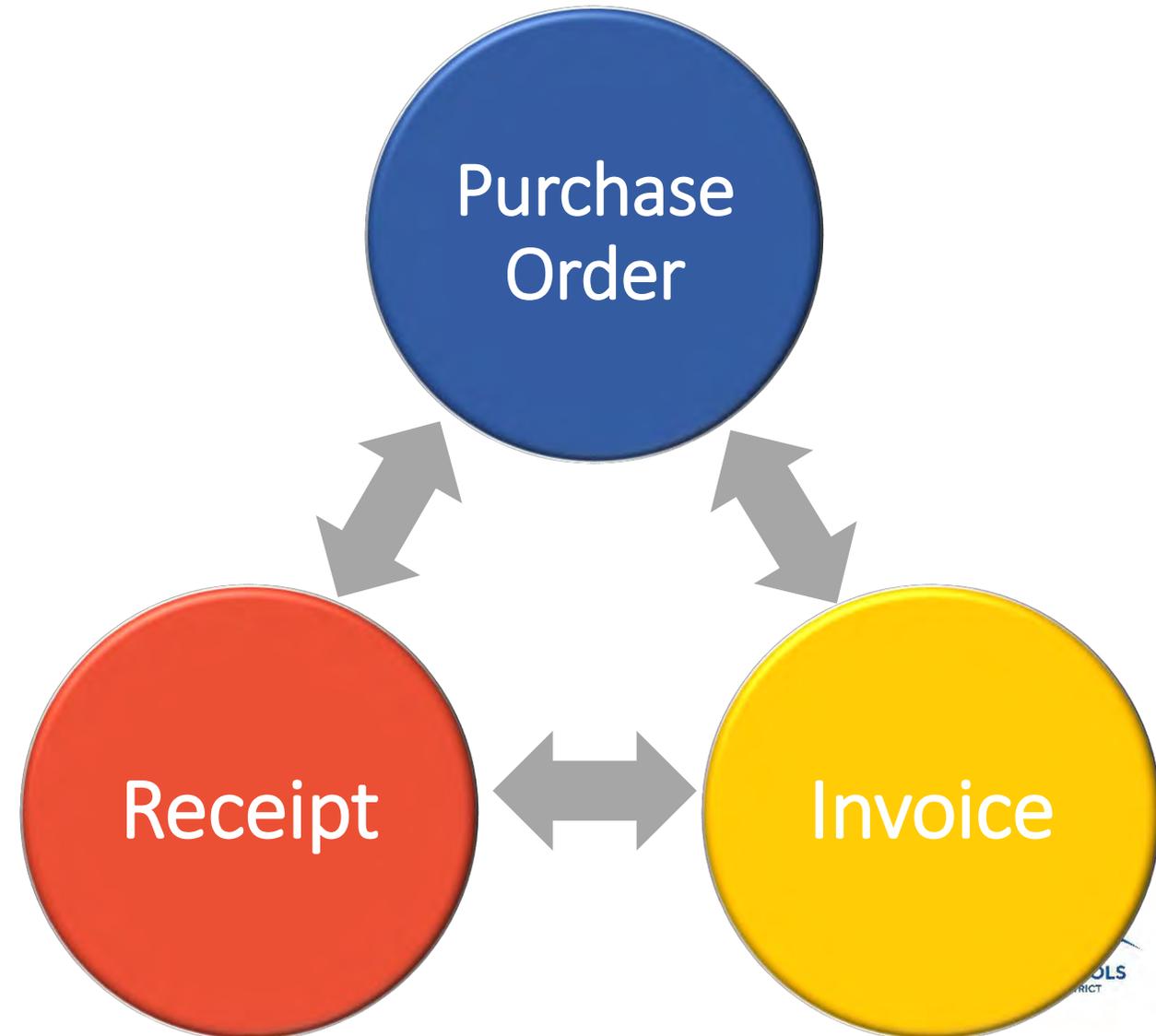
Failure to adequately monitor contracted vendors may result in employee disciplinary action up to and including possible termination.

# Vendor Payment

# PeopleSoft Controls for Payments

## Three Way Match:

- Invoice amounts must match the pricing and terms of the PO as well as the Receipt.
- Any mismatch will suspend the issuance of payment until the discrepancies are resolved.



# What does “Receiving” mean?

It is the verification from the School/Department that the goods or services have been delivered (received). A “receiver”, typically a clerical, must go into PeopleSoft and enter a “receipt” (*acknowledges that what has been provided matches to what was ordered/requested*).



# Submitting Invoices to Accounts Payable

After you've received on goods/service

- Write the PO and Receipt number on the invoice
- Scan the Invoice (PDF)
- Email the signed copy to [accounts.payable@detroitk12.org](mailto:accounts.payable@detroitk12.org)
- Subject Field: "Invoice to Pay [PO Number]"

An Invoice needs to include the following:

Vendor info (name/address)

1. Description: Quantity, price per unit, total
2. Receipt Number
3. Invoice Number
4. PO Number
5. Invoice Date
6. Signature of the Principal or Department Head

http://mrsinvoice.com

## Invoice

Your Company LLC Address 123, State, My Country P 111-222-333, F 111-222-334

**BILL TO:**  
John Doe  
Alpha Bravo Road 33  
P: 111-222-333, F: 111-222-334  
client@example.net

**SHIPPING TO:**  
John Doe Office  
Office Road 38  
P: 111-333-222, F: 122-222-334  
office@example.net

Invoice #	00001
Invoice Date	12/12/2001
Name of Rep.	Bob
Contact Phone	101-102-103
Payment Terms	Cash on Delivery

Amount Due: \$4,170

NO	PRODUCTS / SERVICE	QUANTITY / HOURS	RATE / UNIT PRICE	AMOUNT
1	Tyre	2		
2	Steering Wheel	5		
3	Engine Oil	10		



Nikolai P. Vitti, Ed.D.  
Superintendent

Fisher Building • 3011 West Grand Blvd., 11<sup>th</sup> Floor • Detroit, MI 48202  
O (313) 873 - 7922 • Nikolai.Vitti@detroitk12.org

detroitk12.org

September 23, 2020

Rachael Eubanks  
State Treasurer  
Chairman, Financial Review Commission  
3062 West Grand Blvd  
Detroit, MI 48202

As Superintendent of Detroit Public Schools Community District, I am requesting a closed session with FRC members at the September 28, 2020 meeting to discuss confidential updates regarding negotiations on collective bargaining agreements. The District would like to provide Commissioners with information related to the financial impact of potential negotiations.

The District deems it critical that the FRC be given this information at this time, as the FRC has a duty to approve and disapprove all modifications of collective bargaining agreements. In order for the FRC to understand the positions taken by the District in negotiations, the potential financial impact, and whether the FRC is in favor of the actions the District is proposing. The District desires to discuss the negotiations with the FRC in closed session.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Vitti", is written over the word "Sincerely,".

Nikolai P. Vitti, Ed.D.  
Superintendent  
Detroit Public Schools Community District

Students Rise. We all Rise.

# Appendix

# DPS FY 2021 Monthly Cash Flows

\$ in thousands

	2020						2021						FY 21 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Forecast*	Forecast										
<b>DPS General Fund</b>													
<b>Beginning Cash Balance</b>	\$ 2,981	4,081	2,992	2,972	2,982	2,992	2,972	2,982	2,992	2,972	2,982	2,992	2,981
<b>Receipts</b>													
Property Tax Receipts	1,099	5,421	26,395	9,826	303	899	1,949	17,849	871	674	3,350	16,116	84,755
Transfers from BONY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other Cash Receipts	-	10	10	10	10	10	10	10	10	10	10	10	110
<b>Disbursements</b>													
Property Tax Transfers <sup>1</sup>	-	(6,521)	(26,395)	(9,826)	(303)	(899)	(1,949)	(17,849)	(871)	(674)	(3,350)	(16,116)	(84,755)
Reimbursement to DPSCD	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Disbursements	-	-	(30)	-	-	(30)	-	-	(30)	-	-	-	(90)
<i>Net Cash Flow</i>	<i>1,099</i>	<i>(1,089)</i>	<i>(20)</i>	<i>10</i>	<i>10</i>	<i>(20)</i>	<i>10</i>	<i>10</i>	<i>(20)</i>	<i>10</i>	<i>10</i>	<i>10</i>	<i>20</i>
<b>Ending Cash Balance</b>	<b>4,081</b>	<b>2,992</b>	<b>2,972</b>	<b>2,982</b>	<b>2,992</b>	<b>2,972</b>	<b>2,982</b>	<b>2,992</b>	<b>2,972</b>	<b>2,982</b>	<b>2,992</b>	<b>3,002</b>	<b>3,002</b>
<b>DPS Scheduled Bond Repayments (13 Mils)</b>													
Beginning Property Tax Balance	20,750	20,750	27,271	53,666	23,625	23,928	24,827	26,777	44,626	45,496	545	3,896	20,750
Scheduled Bond Debt Payments	-	-	-	(39,868)	-	-	-	-	-	(145,625)	-	-	(185,493)
Property Tax Transfers <sup>2</sup>	-	6,521	26,395	9,826	303	899	1,949	17,849	871	674	3,350	16,116	84,755
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	100,000	-	-	100,000
Ending Property Tax Balance	20,750	27,271	53,666	23,625	23,928	24,827	26,777	44,626	45,496	545	3,896	20,012	20,012
<b>DPS Debt Fund (18 Mils - BONY)</b>													
<b>Beginning Cash Balance</b>	\$ 17,978	2,045	6,801	19,658	20,860	21,531	23,042	33,947	36,844	13,604	13,620	13,621	17,978
<b>Receipts</b>													
Cash Receipts	1	4,756	28,761	1,202	671	1,511	10,905	8,897	1,642	329	1,034	12,585	72,294
<b>Disbursements</b>													
Transfers to DPS General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Scheduled EL/Bond Payments	-	-	(15,904)	-	-	-	-	(6,000)	(23,277)	-	-	-	(45,181)
Supplemental ORS Payment	(15,934)	-	-	-	-	-	-	-	(1,604)	(313)	(1,033)	(513)	(19,397)
<i>Net Cash Flow</i>	<i>(15,933)</i>	<i>4,756</i>	<i>12,857</i>	<i>1,202</i>	<i>671</i>	<i>1,511</i>	<i>10,905</i>	<i>2,897</i>	<i>(23,239)</i>	<i>16</i>	<i>1</i>	<i>12,072</i>	<i>7,715</i>
<b>Ending Cash Balance</b>	<b>2,045</b>	<b>6,801</b>	<b>19,658</b>	<b>20,860</b>	<b>21,531</b>	<b>23,042</b>	<b>33,947</b>	<b>36,844</b>	<b>13,604</b>	<b>13,620</b>	<b>13,621</b>	<b>25,693</b>	<b>25,693</b>
<b>DPS Summary Cash Position</b>													
General Fund (13 Mils)	4,081	2,992	2,972	2,982	2,992	2,972	2,982	2,992	2,972	2,982	2,992	3,002	3,002
DPS Debt Fund (18 Mils)	2,045	6,801	19,658	20,860	21,531	23,042	33,947	36,844	13,604	13,620	13,621	25,693	25,693
<b>Ending Cash Position</b>	<b>\$ 6,125</b>	<b>\$ 9,793</b>	<b>\$ 22,629</b>	<b>\$ 23,841</b>	<b>\$ 24,522</b>	<b>\$ 26,013</b>	<b>\$ 36,928</b>	<b>\$ 39,835</b>	<b>\$ 16,576</b>	<b>\$ 16,602</b>	<b>\$ 16,613</b>	<b>\$ 28,695</b>	<b>\$ 28,695</b>

\*Actuals through August 14, 2020

# DPSCD FY 2021 Monthly Cash Flows

\$ in thousands

	2020						2021						FY 21 Total
	July Actual	August Forecast*	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
<b>Cash Receipts</b>													
State Aid	\$ 43,926	\$ 32,100	\$ -	\$ 40,500	\$ 40,500	\$ 40,500	\$ 40,500	\$ 40,500	\$ 40,500	\$ 40,500	40,500	\$ 40,500	\$ 440,526
MPSERS (State Funded)	3,745	3,745	-	-	6,740	3,370	3,370	3,370	3,370	3,370	3,370	3,370	37,821
Enhancement Millage	-	543	702	4,640	4,052	789	156	2,867	1,976	670	595	61	17,053
Grants	15,875	18,000	23,000	11,000	12,000	28,000	23,000	13,000	26,000	20,000	19,000	18,000	226,875
Transfers from MILAF GF Investment Account	15,000	-	15,000	3,800	-	-	-	-	-	-	-	1,500	35,300
Transfers from Related Accounts	-	-	13,685	-	-	5,500	-	-	5,500	-	2,000	10,500	37,185
WCRESA	-	2,506	2,506	2,506	1,900	2,506	2,506	2,506	2,506	2,506	2,506	2,506	26,955
Food Service Reimbursement	1,185	1,761	800	800	4,123	6,723	2,000	2,000	4,123	3,156	3,969	3,019	33,658
Miscellaneous	1,334	750	750	750	750	750	750	750	750	750	750	750	9,584
<b>Total Cash Receipts</b>	<b>81,064</b>	<b>59,404</b>	<b>56,443</b>	<b>63,995</b>	<b>70,065</b>	<b>88,138</b>	<b>72,282</b>	<b>64,993</b>	<b>84,724</b>	<b>70,951</b>	<b>72,690</b>	<b>80,206</b>	<b>864,956</b>
<b>Cash Disbursements</b>													
MPSERS (Pass through)	\$ (3,745)	\$ (3,745)	\$ (3,745)	\$ -	\$ -	\$ (6,740)	\$ (3,370)	(3,370)	\$ (3,370)	\$ (3,370)	\$ (3,370)	\$ (3,370)	\$ (38,195)
Payroll Direct Deposit	(19,795)	(18,327)	(13,200)	(25,898)	(19,298)	(19,298)	(19,298)	(19,298)	(28,946)	(19,298)	(19,298)	(19,298)	(241,249)
Employee Withholdings	(5,864)	(7,315)	(4,224)	(2,816)	(4,377)	(8,907)	(8,907)	(5,938)	(3,958)	(4,948)	(5,938)	(8,907)	(72,097)
Employer Taxes	(1,987)	(2,524)	(1,584)	(1,056)	(1,641)	(3,340)	(3,340)	(2,227)	(1,484)	(1,856)	(2,227)	(3,340)	(26,606)
Fringe Benefits	(1,186)	(898)	(924)	(866)	(1,082)	(2,598)	(1,299)	(1,299)	(866)	(1,082)	(1,299)	(2,598)	(15,996)
Health	(4,841)	(5,401)	(5,401)	(5,401)	(5,401)	(5,401)	(5,563)	(5,563)	(5,563)	(5,563)	(5,563)	(5,563)	(65,224)
Pension (employee portion)	(2,324)	(1,716)	(1,544)	(1,030)	(1,600)	(3,256)	(3,256)	(2,171)	(1,447)	(1,809)	(2,171)	(3,256)	(25,582)
Pension (employer portion)	(7,997)	(5,553)	(5,016)	(3,344)	(5,198)	(10,577)	(10,577)	(7,051)	(4,701)	(5,876)	(7,051)	(10,577)	(83,515)
Accounts Payable	(18,902)	(16,000)	(19,000)	(19,000)	(21,000)	(16,000)	(11,000)	(13,000)	(20,000)	(18,000)	(16,000)	(17,000)	(204,902)
Capital Projects Accounts Payable	(1,685)	(2,000)	(1,000)	(2,000)	(2,000)	(1,500)	(1,500)	(2,000)	(2,000)	(3,000)	(3,000)	(3,000)	(24,685)
Food Service	(411)	(500)	(500)	(2,197)	(3,000)	(2,197)	(2,197)	(2,197)	(3,000)	(3,000)	(3,000)	(3,000)	(25,200)
Transfer to MILAF GF Investment Account	-	(7,276)	-	-	(5,261)	(8,024)	(1,676)	(500)	(9,100)	(2,900)	(3,450)	-	(38,187)
Transfer to Related Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(173)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(3,473)
<b>Total Cash Disbursements</b>	<b>(68,908)</b>	<b>(71,555)</b>	<b>(56,438)</b>	<b>(63,907)</b>	<b>(70,158)</b>	<b>(88,137)</b>	<b>(72,282)</b>	<b>(64,913)</b>	<b>(84,736)</b>	<b>(71,002)</b>	<b>(72,666)</b>	<b>(80,208)</b>	<b>(864,912)</b>
<b>Net Cash Flow</b>	<b>12,156</b>	<b>(12,151)</b>	<b>5</b>	<b>88</b>	<b>(93)</b>	<b>1</b>	<b>(0)</b>	<b>80</b>	<b>(12)</b>	<b>(50)</b>	<b>24</b>	<b>(2)</b>	<b>45</b>
Beginning Cash Balance	29,995	42,151	30,000	30,004	30,092	30,000	30,000	30,000	30,080	30,068	30,018	30,042	29,995
Net Cash Flow	12,156	(12,151)	5	88	(93)	1	(0)	80	(12)	(50)	24	(2)	45
<b>Ending Cash Balance</b>	<b>\$ 42,151</b>	<b>\$ 30,000</b>	<b>\$ 30,004</b>	<b>\$ 30,092</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 30,080</b>	<b>\$ 30,068</b>	<b>\$ 30,018</b>	<b>\$ 30,042</b>	<b>\$ 30,040</b>	<b>\$ 30,040</b>

\*Actuals through August 14, 2020

# DPSCD FY 2021 Other Cash Accounts

	July Actual	August Forecast*	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	FY 21 Total
<b>General Fund Cash Balance</b>	\$ 42,151	\$ 30,000	\$ 30,004	\$ 30,092	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,080	\$ 30,068	\$ 30,018	\$ 30,042	\$ 30,040	\$ 30,040
<b>Internal Service Fund and Fiduciary Account</b>													
<b>Beginning Balance</b>	\$ 14,761	\$ 14,764	\$ 14,797	\$ 14,828	\$ 14,857	\$ 14,883	\$ 14,909	\$ 14,934	\$ 14,957	\$ 14,992	\$ 15,027	\$ 15,063	\$ 14,761
(+) Liability Balance Transfer from DPS	4	33	31	29	26	26	25	23	35	35	35	35	337
(-) Workers' Compensation Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Internal Service Fund Balance</b>	<b>14,764</b>	<b>14,797</b>	<b>14,828</b>	<b>14,857</b>	<b>14,883</b>	<b>14,909</b>	<b>14,934</b>	<b>14,957</b>	<b>14,992</b>	<b>15,027</b>	<b>15,063</b>	<b>15,098</b>	<b>15,098</b>
<b>Legal Fund</b>													
<b>Beginning Balance</b>	\$ 1,171	\$ 1,171	\$ 1,174	\$ 1,176	\$ 1,177	\$ 1,179	\$ 1,181	\$ 1,183	\$ 1,184	\$ 1,186	\$ 1,188	\$ 1,191	\$ 1,171
(+) Transfers in	0	2	2	2	2	2	2	1	2	2	2	2	22
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>1,171</b>	<b>1,174</b>	<b>1,176</b>	<b>1,177</b>	<b>1,179</b>	<b>1,181</b>	<b>1,183</b>	<b>1,184</b>	<b>1,186</b>	<b>1,188</b>	<b>1,191</b>	<b>1,193</b>	<b>1,193</b>
<b>Rainy Day Fund</b>													
<b>Beginning Balance</b>	\$ 36,328	\$ 36,334	\$ 36,400	\$ 36,462	\$ 36,522	\$ 36,576	\$ 36,630	\$ 36,683	\$ 36,731	\$ 36,800	\$ 36,869	\$ 36,939	\$ 36,328
(+) Transfers in	6	66	62	60	54	54	53	48	69	69	69	69	680
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>36,334</b>	<b>36,400</b>	<b>36,462</b>	<b>36,522</b>	<b>36,576</b>	<b>36,630</b>	<b>36,683</b>	<b>36,731</b>	<b>36,800</b>	<b>36,869</b>	<b>36,939</b>	<b>37,008</b>	<b>37,008</b>
<b>MILAF Investment</b>													
<b>Beginning Balance</b>	\$ 71,051	\$ 56,062	\$ 63,349	\$ 48,360	\$ 44,571	\$ 49,843	\$ 57,878	\$ 59,565	\$ 60,076	\$ 69,187	\$ 72,098	\$ 75,559	\$ 71,051
(+) Transfers in	11	7,287	11	11	5,272	8,035	1,687	511	9,111	2,911	3,461	11	38,319
(-) Transfers out	(15,000)	-	(15,000)	(3,800)	-	-	-	-	-	-	-	(1,500)	(35,300)
<b>Ending Balance</b>	<b>56,062</b>	<b>63,349</b>	<b>48,360</b>	<b>44,571</b>	<b>49,843</b>	<b>57,878</b>	<b>59,565</b>	<b>60,076</b>	<b>69,187</b>	<b>72,098</b>	<b>75,559</b>	<b>74,070</b>	<b>74,070</b>
<b>Total Available General Fund Dollars</b>	<b>\$ 150,483</b>	<b>\$ 145,719</b>	<b>\$ 130,830</b>	<b>\$ 127,220</b>	<b>\$ 132,481</b>	<b>\$ 140,598</b>	<b>\$ 142,365</b>	<b>\$ 143,027</b>	<b>\$ 152,233</b>	<b>\$ 155,201</b>	<b>\$ 158,793</b>	<b>\$ 157,409</b>	<b>\$ 157,409</b>
<b>Capital Projects Fund</b>													
<b>Beginning Balance</b>	\$ 38,067	\$ 38,072	\$ 38,104	\$ 33,450	\$ 33,480	\$ 33,504	\$ 28,028	\$ 28,052	\$ 28,076	\$ 22,600	\$ 22,623	\$ 22,691	\$ 38,067
(+) Transfers in	5	33	31	30	24	24	24	24	24	24	68	68	377
(-) Payments for completed projects	-	-	(4,685)	-	-	(5,500)	-	-	(5,500)	-	-	(9,000)	(24,685)
<b>Ending Balance</b>	<b>38,072</b>	<b>38,104</b>	<b>33,450</b>	<b>33,480</b>	<b>33,504</b>	<b>28,028</b>	<b>28,052</b>	<b>28,076</b>	<b>22,600</b>	<b>22,623</b>	<b>22,691</b>	<b>13,759</b>	<b>13,759</b>
<b>Food Service</b>													
<b>Beginning Balance</b>	\$ 22,107	\$ 22,112	\$ 22,152	\$ 13,190	\$ 13,227	\$ 13,259	\$ 13,290	\$ 13,322	\$ 13,350	\$ 13,376	\$ 13,403	\$ 11,429	\$ 22,107
(+) Transfers in	5	40	38	36	32	32	31	28	26	26	26	26	349
(-) Transfers out	-	-	(9,000)	-	-	-	-	-	-	-	(2,000)	(1,500)	(12,500)
<b>Ending Balance</b>	<b>22,112</b>	<b>22,152</b>	<b>13,190</b>	<b>13,227</b>	<b>13,259</b>	<b>13,290</b>	<b>13,322</b>	<b>13,350</b>	<b>13,376</b>	<b>13,403</b>	<b>11,429</b>	<b>9,955</b>	<b>9,955</b>
<b>Total General Fund, ISF, Rainy Day Fund, MILAF Investment, Legal, Capital Projects and Food Service</b>	<b>\$ 210,666</b>	<b>\$ 205,976</b>	<b>\$ 177,470</b>	<b>\$ 173,926</b>	<b>\$ 179,244</b>	<b>\$ 181,917</b>	<b>\$ 183,739</b>	<b>\$ 184,453</b>	<b>\$ 188,209</b>	<b>\$ 191,227</b>	<b>\$ 192,914</b>	<b>\$ 181,124</b>	<b>\$ 181,124</b>

# Expenditures by Function – July 2020

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget Month of Jul FY21	Actual Month of Jul FY21	Variance		Budget YTD Jul FY21	Actual YTD Jul FY21	Variance	
			\$	%			\$	%
<b>FUNCTION LEVEL EXPENDITURES</b>								
<b>INSTRUCTION</b>								
Elementary Programs	\$ 1,314,886	\$ 980,402	\$ (334,484)	(25%)	1,314,886	\$ 980,402	\$ (334,484)	(25%)
Middle School Programs	27,409	87,967	60,558	221%	27,409	87,967	60,558	221%
High School & Summer Programs	1,563,971	393,798	(1,170,173)	(75%)	1,563,971	393,798	(1,170,173)	(75%)
Special Education	623,360	408,395	(214,965)	(34%)	623,360	408,395	(214,965)	(34%)
Compensatory Education	1,067,506	958,690	(108,816)	(10%)	1,067,506	958,690	(108,816)	(10%)
Career and Technical Education	10,953	58,835	47,882	437%	10,953	58,835	47,882	437%
Adult/Continuing Education	10,575	28,421	17,846	169%	10,575	28,421	17,846	169%
<b>Total Instruction</b>	<b>4,618,660</b>	<b>2,916,510</b>	<b>(1,702,150)</b>	<b>(37%)</b>	<b>4,618,660</b>	<b>2,916,510</b>	<b>(1,702,150)</b>	<b>(37%)</b>
<b>SUPPORTING SERVICES</b>								
Pupil	859,959	1,236,235	376,276	44%	859,959	1,236,235	376,276	44%
Instructional Support	1,673,840	1,943,923	270,083	16%	1,673,840	1,943,923	270,083	16%
General Administration	345,478	597,581	252,103	73%	345,478	597,581	252,103	73%
School Administration	3,750,162	3,739,053	(11,109)	(0%)	3,750,162	3,739,053	(11,109)	(0%)
Business	634,685	635,384	699	0%	634,685	635,384	699	0%
Maintenance & Operations	5,039,280	5,464,474	425,194	8%	5,039,280	5,464,474	425,194	8%
Transportation	775,914	736,757	(39,157)	(5%)	775,914	736,757	(39,157)	(5%)
Central Support Services	1,531,572	2,262,788	731,216	48%	1,531,572	2,262,788	731,216	48%
School Activities	113,083	30,123	(82,960)	(73%)	113,083	30,123	(82,960)	(73%)
<b>Total Supporting Services</b>	<b>14,723,973</b>	<b>16,646,316</b>	<b>1,922,343</b>	<b>13%</b>	<b>14,723,973</b>	<b>16,646,316</b>	<b>1,922,343</b>	<b>13%</b>
Community Service	7,180	94,879	87,699	1221%	7,180	94,879	87,699	1221%
<b>TOTAL EXPENDITURES</b>	<b>\$ 19,349,813</b>	<b>\$ 19,657,705</b>	<b>\$ 307,892</b>	<b>2%</b>	<b>19,349,813</b>	<b>\$ 19,657,705</b>	<b>\$ 307,892</b>	<b>2%</b>

# Capital Projects Details

# Detailed Capital Projects Schedule

Facility	Capital Improvement Recommendations											Program Move Recommendations			Repair Totals
	FCI Score (2018)	Utilization (2019)	Boiler/ HVAC	Masonry	Pavement	Roofing	Signage	Swimming Pools	Windows	Playgrounds	Power Monitoring System	Exterior Construction i.e. Site Work, Exterior Enclosure, Window Repairs	Interior Construction i.e. Kitchen, Serving Area, Stairs, Plaster, Toilet Partitions, Doors, Lockers, and Painting	Interior Systems i.e. Accessibility, Fire Protection, Electrical, Fixed Furnishes, Communications, Security, Plumbing, and Lighting	
A.L. Holmes	33%	56%		\$ 200,000			\$ 20,000			\$ 9,500				\$ 229,500	
Academy of Americas	17%	116%			\$ 50,000					\$ 2,000				\$ 52,000	
Ann Arbor Trail	22%	71%								\$ 11,103				\$ 11,103	
Pulaski @ Adult Ed East	4%									\$ 50,000		\$ 500,000		\$ 550,000	
Bagley	45%	98%					\$ 20,000			\$ 124,600				\$ 144,600	
Barton	28%							\$ 250,000		\$ 124,600				\$ 374,600	
Bates	16%	72%								\$ 37,100				\$ 37,100	
Bennet	4%	75%				\$ 423,000				\$ 12,000				\$ 435,000	
Blackwell	22%	70%								\$ 27,800				\$ 27,800	
Bow	40%	116%			\$ 7,000					\$ 22,000				\$ 29,000	
Brewer	24%	79%								\$ 26,600				\$ 26,600	
Brown, Ron	15%	93%					\$ 20,000			\$ 25,000				\$ 45,000	
Bunche	4%	107%				\$ 35,000				\$ 5,000				\$ 40,000	
Burns	40%	76%								\$ 12,000				\$ 12,000	
Burton	12%	84%								\$ 17,000				\$ 17,000	
Carleton	43%	89%								\$ 78,300				\$ 78,300	
Carstens	49%	48%								\$ 1,200				\$ 1,200	
Carver	26%	69%			\$ 100,000	\$ 535,000				\$ 34,000				\$ 669,000	
Cass Tech	7%	92%		\$ 200,000		\$ 151,040	\$ 20,000	\$ 375,540						\$ 746,580	
Central/Durfee	12%/12%	23%/100%		\$ 200,000			\$ 20,000	\$ 225,540		\$ 103,000				\$ 548,540	
Chrysler	51%	76%	\$ 175,000							\$ 53,000				\$ 228,000	
Clemente	11%	84%					\$ 20,000			\$ 10,000				\$ 30,000	
Clark	10%	92%			\$ 45,000					\$ 33,600				\$ 78,600	
CMA @ Ludington	28%						\$ 6,500				\$ 85,000	\$ 908,500		\$ 1,000,000	
Coleman Young	10%	75%	\$ 450,000							\$ 21,800				\$ 471,800	
Cooke	41%	108%								\$ 25,000				\$ 25,000	
Davison	27%	98%			\$ 10,000					\$ 28,600				\$ 38,600	
Denby	3%	42%			\$ 25,000			\$ 350,540						\$ 375,540	
Detroit Lions	22%	44%	\$ 50,000											\$ 50,000	
DIA @ White	69%		\$ 4,206,776			\$ 506,623	\$ 10,000			\$ 50,000	\$ 250,000	\$ 1,361,549	\$ 615,052	\$ 7,000,000	
District - Wide		62%									\$ 362,000			\$ 362,000	
Dixon	52%	71%								\$ 26,600				\$ 26,600	
Dossin	26%	111%								\$ 8,000				\$ 8,000	

# Detailed Capital Projects Schedule

Facility	Capital Improvement Recommendations											Program Move Recommendations			Repair Totals
	FCI Score (2018)	Utilization (2019)	Boiler/ HVAC	Masonry	Pavement	Roofing	Signage	Swimming Pools	Windows	Playgrounds	Power Monitoring System	Exterior Construction i.e. Site Work, Exterior Enclosure, Window Repairs	Interior Construction i.e. Kitchen, Serving Area, Stairs, Plaster, Toilet Partitions, Doors, Lockers, and Painting	Interior Systems i.e. Accessibility, Fire Protection, Electrical, Fixed Furnishes, Communications, Security, Plumbing, and Lighting	
Drew	37%	62%			\$ 180,000										\$ 180,000
Earhart	0%	112%								\$ 10,000					\$ 10,000
Early Intervention	60%				\$ 100,000					\$ 5,000					\$ 105,000
East English Village	0%	66%					\$ 20,000	\$ 180,540							\$ 200,540
Eastside Bus Terminal					\$ 20,000										\$ 20,000
Edison	19%	82%								\$ 4,940					\$ 4,940
Edmonson	38%					\$ 55,548				\$ 73,300					\$ 128,848
Ellington, Duke	0%	88%								\$ 30,300					\$ 30,300
Emerson	15%	64%	\$ 200,000		\$ 25,000					\$ 18,600					\$ 243,600
FLICS	15%	77%								\$ 5,000					\$ 5,000
Fisher L	15%	73%	\$ 350,000							\$ 10,000					\$ 360,000
Fisher U	5%	45%								\$ 12,000					\$ 12,000
Ford	4%	30%			\$ 12,000		\$ 20,000	\$ 424,640							\$ 456,640
Gardner	43%	106%				\$ 326,638				\$ 64,500					\$ 391,138
Garvey	20%	54%								\$ 10,000					\$ 10,000
Golightly Ed	29%	42%	\$ 200,000							\$ 86,000					\$ 286,000
Golightly CTC			\$ 350,000												\$ 350,000
Gompers	0%	105%								\$ 9,200					\$ 9,200
Greenfield Union	37%	58%	\$ 200,000		\$ 12,000					\$ 6,475					\$ 218,475
Hamilton	33%			\$ 200,000						\$ 20,000					\$ 220,000
Harms	42%	109%								\$ 7,000					\$ 7,000
Henderson	11%	98%					\$ 20,000			\$ 4,000					\$ 24,000
Hutchinson	2%	47%								\$ 3,500					\$ 3,500
JR King	17%	67%			\$ 15,000					\$ 8,000					\$ 23,000
Keidan	56%	25%								\$ 9,000					\$ 9,000
Logan				\$ 200,000		\$ 393,258	\$ 20,000			\$ 12,000					\$ 625,258
Mann	38%	100%								\$ 10,000					\$ 10,000
Marion Law	5%	48%								\$ 9,500					\$ 9,500
Mark Twain	34%	20%			\$ 153,000					\$ 74,300					\$ 227,300
Marquette	20%	72%	\$ 200,000							\$ 31,300					\$ 231,300
Marshall, Thurgood	54%	71%								\$ 61,000					\$ 61,000
Mason	36%	59%			\$ 180,000					\$ 103,000					\$ 283,000
Maybury	33%	76%								\$ 6,000					\$ 6,000

# Detailed Capital Projects Schedule

Facility	Capital Improvement Recommendations											Program Move Recommendations			Repair Totals
	FCI Score (2018)	Utilization (2019)	Boiler/ HVAC	Masonry	Pavement	Roofing	Signage	Swimming Pools	Windows	Playgrounds	Power Monitoring System	Exterior Construction i.e. Site Work, Exterior Enclosure, Window Repairs	Interior Construction i.e. Kitchen, Serving Area, Stairs, Plaster, Toilet Partitions, Doors, Lockers, and Painting	Interior Systems i.e. Accessibility, Fire Protection, Electrical, Fixed Furnishes, Communications, Security, Plumbing, and Lighting	
McLeod Bethune	4%	53%								\$ 17,000				\$ 17,000	
ML King	0%	128%					\$ 20,000	\$ 154,540						\$ 174,540	
Moses Field	32%	23%	\$ 400,000							\$ 103,000				\$ 503,000	
Mumford	0%	66%					\$ 20,000	\$ 155,540						\$ 175,540	
Munger	0%	107%								\$ 14,200				\$ 14,200	
Neinas	11%	96%								\$ 25,500				\$ 25,500	
Nichols	61%	73%								\$ 73,300				\$ 73,300	
Noble	42%	52%	\$ 1,200,000		\$ 84,000					\$ 50,000				\$ 1,334,000	
Nolan	22%	53%		\$ 200,000						\$ 22,300				\$ 222,300	
Palmer Park	67%	39%					\$ 20,000			\$ 22,000				\$ 42,000	
Pasteur	40%	80%								\$ 25,000				\$ 25,000	
Priest	18%	82%	\$ 200,000							\$ 23,600				\$ 223,600	
Randolph	12%		\$ 450,000											\$ 450,000	
Renaissance	0%	89%			\$ 80,000		\$ 20,000							\$ 100,000	
Robeson	16%	97%								\$ 15,600				\$ 15,600	
Sampson-Webber	29%	31%								\$ 41,600				\$ 41,600	
Schulze	9%	79%					\$ 20,000			\$ 16,000				\$ 36,000	
Southeastern	9%	7%			\$ 10,000	\$ 1,369,561		\$ 165,540						\$ 1,545,101	
Spain	22%	34%					\$ 20,000			\$ 129,100				\$ 149,100	
Scott, Brenda	15%	70%								\$ 16,000				\$ 16,000	
Thirkell	45%	107%								\$ 57,766				\$ 57,766	
Turning Point @ Fleming	48%	19%			\$ 25,000					\$ 98,000				\$ 123,000	
Vernor	28%	63%								\$ 72,300				\$ 72,300	
Wayne	42%	85%								\$ 58,000				\$ 58,000	
Westside Academy	3%	102%								\$ 21,600				\$ 21,600	
Wright, Charles	0%	68%								\$ 10,200				\$ 10,200	
Western	2%	145%					\$ 20,000	\$ 190,540						\$ 210,540	
Westside Bus Terminal			\$ 200,000		\$ 20,000	\$ 828,159								\$ 1,048,159	
<b>Total</b>			<b>\$ 8,831,776</b>	<b>\$ 1,200,000</b>	<b>\$ 1,153,000</b>	<b>\$ 4,623,827</b>	<b>\$ 356,500</b>	<b>\$ 2,222,960</b>	<b>\$ 250,000</b>	<b>\$ 2,595,384</b>	<b>\$ 362,000</b>	<b>\$ 335,000</b>	<b>\$ 2,770,049</b>	<b>\$ 615,052</b>	<b>\$ 25,315,548</b>



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Chief Financial Officer  
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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer 

SUBJECT: DPSCD Certification FRC Requirement 8(2)(b)(ii)

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As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that there is a substantial likelihood that municipals securities or debt obligations can be sold by DPSCD during the FY 21 and FY 22 in the amounts sufficient to substantially satisfy all of the capital and other financial requirements.

DPSCD has the legal authority to borrow funds to address capital needs. This is applicable under Section 1351a of the Revised School Code to borrow through voted or non-voted basis to finance its capital requirements. Authority is also available under Act 99 of 1933, as amended (MCL 123.721, et. Seq) (installment contracts) and Revised School Code Section 1374a (Energy Conservation Improvements) to finance capital improvements.

DPSCD allocated \$25.3M to address facility issues in FY 20 and FY 21 and has a remaining unrestricted general fund balance of \$139.5M to satisfy all capital requirements in the succeeding year.

As of August 2020, DPSCD has approximately 8 weeks of available working capital, and is projected to have enough working capital to meet all financial requirements in FY 20 and FY 21.

Requirement: 8(2)(b)(ii): Both the State Treasurer and the CFO certify: There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified school district during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements (MCL 141.1638(b)(ii)).

**Students Rise. We all Rise**

DPSCD does not discriminate on the basis of race, color, national origin, sex, sexual orientation, transgender identity, disability, age, religion, height, weight, citizenship, marital or family status, military status, ancestry, genetic information, or any other legally protected category, in its educational programs and activities, including employment and admissions Questions? Concerns? contact the Civil Rights Coordinator at (313) 240-4377 or [dpscd.compliance@detroitk12.org](mailto:dpscd.compliance@detroitk12.org) or 3011 West Grand Bouievard, 14th Floor, Detroit MI 48202.



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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer

A handwritten signature in black ink, appearing to read "J. Vidito", is written over the printed name of the sender.

SUBJECT: DPS Certification FRC Requirement 8(2)(b)(i)

---

As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that DPS completed refunding of 2010 Build America Bonds (\$41M), 2012 Build America Bonds (\$257M) and available School Loan Revolving Fund (SLRF) Balance (\$257M) during the preceding (FY 20) and current (FY 21) fiscal year. On an annual basis DPS evaluates the cost savings from potential capital debt refunding and available SLRF refunding. DPS does not currently anticipate completing any additional refunding during the current (FY 21) fiscal year.

Requirement: 8(2)(b)(i): Both State Treasurer and CFO certify that: All municipal securities or debt obligations sold by the qualified school district in the general public during the immediately preceding fiscal year and current fiscal year satisfied the capital and other financial requirements of the qualified school district during that period (MCL 141.1638(b)(i)).

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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer

SUBJECT: DPSCD Certification FRC Requirement 8(2)(b)(i)

---

As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that all contracts are posted to the District's website under Transparency Reporting within 30 days of applicable approval, Superintendent, School Board, Financial Review Commission.

FRC Act: 8(2)(i): The qualified school district has implemented a program in which all contracts awarded by the qualified school district are posted on the qualified school district's public website within 30 days of the contract award, including the identity of the parties to the contract, the dollar amount of the contract, and a brief description of the goods or services provided by the contract (MCL 141.1638(i)).

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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer

SUBJECT: DPSCD Certification FRC Requirement 8(2)(b)(i)

---

As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that DPSCD did not sell any municipal securities or debt obligations in the preceding (FY 20) fiscal year and does not plan to sell any in the current (FY 21) fiscal year. DPSCD has available unrestricted general fund balance to meet all capital and other financial requirements during the time period.

Requirement: 8(2)(b)(i): Both State Treasurer and CFO certify that: All municipal securities or debt obligations sold by the qualified school district in the general public during the immediately preceding fiscal year and current fiscal year satisfied the capital and other financial requirements of the qualified school district during that period (MCL 141.1638(b)(i)).

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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer 

SUBJECT: DPS Certification FRC Requirement 8(2)(b)(ii)

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As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that there is a substantial likelihood that municipals securities or debt obligations can be sold by DPS during the FY 21 and FY 22 in the amounts sufficient to substantially satisfy all of the capital and other financial requirements.

In January 2020, DPS received 17 responses for underwriting and direct purchase of capital debt and available School Loan Revolving Fund Balances. DPS completed refunding those transactions totaling \$546 million - 2010 and 2012 Build America Bonds and available School Loan Revolving Fund Balance.

DPS does not currently anticipate completing any additional refunding during the current (FY 21) and succeeding (FY 22) fiscal years.

Requirement: 8(2)(b)(ii): Both the State Treasurer and the CFO certify: There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified school district during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements (MCL 141.1638(b)(ii)).

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August 24, 2020

TO: Financial Review Commission

FROM: Jeremy Vidito, Chief Financial Officer *JV*

SUBJECT: DPSCD Certification FRC Requirement 8(2)(b)(ii)

---

As Chief Financial Officer of Detroit Public Schools Community District (DPSCD) and Detroit Public Schools (DPS), I certify that there is a substantial likelihood that municipals securities or debt obligations can be sold by DPSCD during the FY 21 and FY 22 in the amounts sufficient to substantially satisfy all of the capital and other financial requirements.

DPSCD has the legal authority to borrow funds to address capital needs. This is applicable under Section 1351a of the Revised School Code to borrow through voted or non-voted basis to finance its capital requirements. Authority is also available under Act 99 of 1933, as amended (MCL 123.721, et. Seq) (installment contracts) and Revised School Code Section 1374a (Energy Conservation Improvements) to finance capital improvements.

DPSCD allocated \$25.3M to address facility issues in FY 20 and FY 21 and has a remaining unrestricted general fund balance of \$139.5M to satisfy all capital requirements in the succeeding year.

As of August 2020, DPSCD has approximately 8 weeks of available working capital, and is projected to have enough working capital to meet all financial requirements in FY 20 and FY 21.

Requirement: 8(2)(b)(ii): Both the State Treasurer and the CFO certify: There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified school district during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements (MCL 141.1638(b)(ii)).

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