

FY 20 Budget Amendment #1



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2020-1

**APPROVING THE COMMUNITY DISTRICT'S FY 20 BUDGET
AMENDMENT #1 REQUESTS**

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

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

WHEREAS, Section 7(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the Community District's proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

WHEREAS, Section 6(3) of the Act further requires the Commission to ensure that the Community District complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the Community District from deviating from its original general appropriations act without amending it and requires the Community District to amend its general appropriations act as soon as it becomes apparent that a

deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on January 27, 2020 the Community District presented budget amendment requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

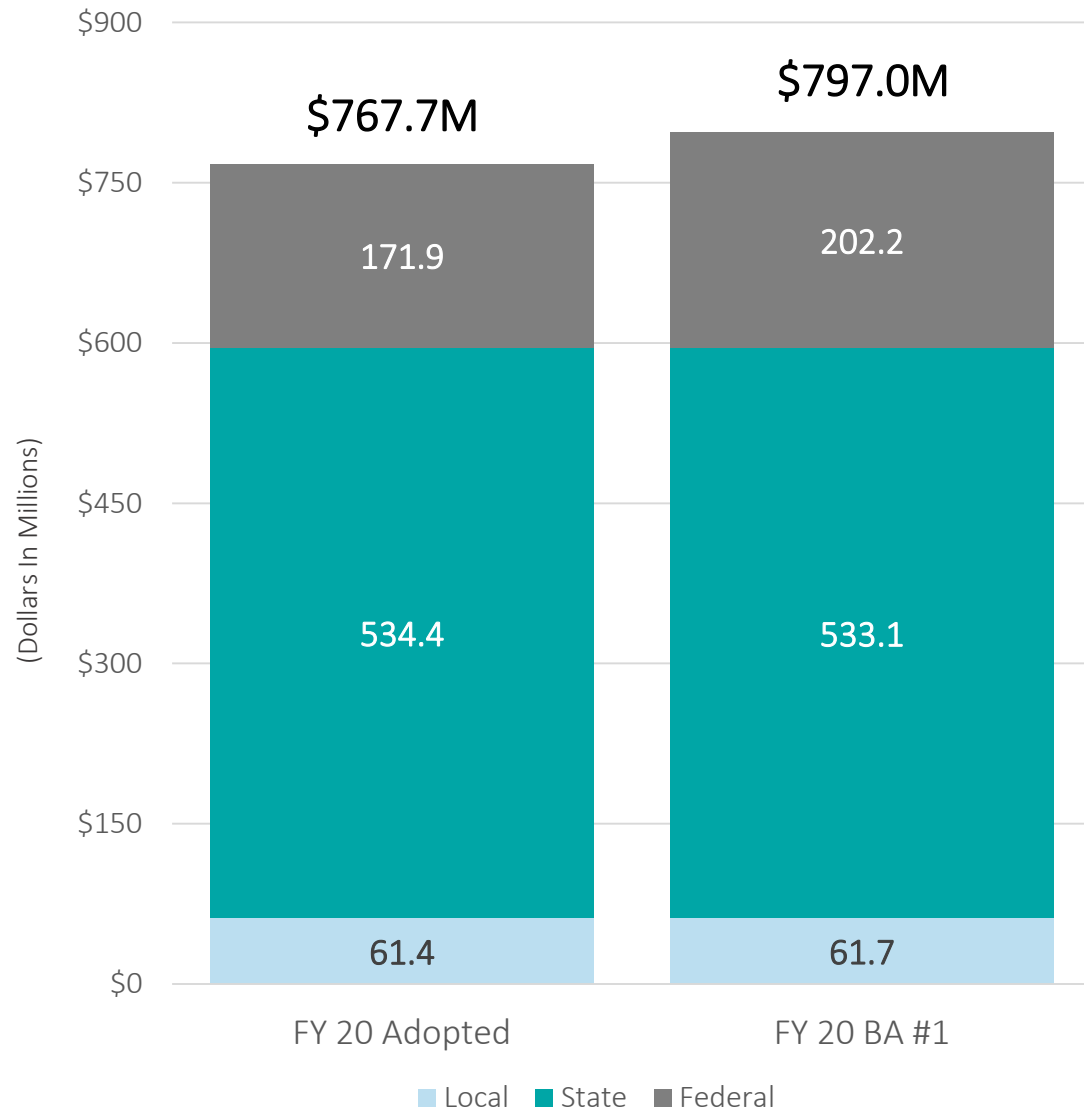
NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's January 2020 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments 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.

Budget Amendment No. 1 Takeaways

- The District continues to project a balanced budget for FY 2019 with an estimated year end surplus of \$8.7M. All positions continue to be fully funded and in alignment with approved CBAs.
- General Fund revenues increased by \$29.3M from the adopted budget due increases in Fall enrollment, the per pupil Foundation Allowance and available federal revenue.
- The District is reallocating funding to provide \$8.6M for consumable ELA and Math materials as well as the adoption of new Science and Social Studies curriculum. An additional \$1.5M in funding is allocated to expand Summer School programs for K-3 students.
- The District is allocating \$26.1M for strategic, one-time investments in professional development, equipment and technology as highlighted below:
 - \$2.6M in additional PD to expand training for teachers and staff to implement reading interventions;
 - \$1.0M in equipment and material purchases to expand Career Academies in high schools;
 - \$4.0M to increase technology for high schools including laptop carts and interactive monitors;
 - \$1.7M to purchase new laptops and desktops for school level employees who previously did not receive them;
 - \$16.8M in one-time bonuses agreed upon in CBAs.

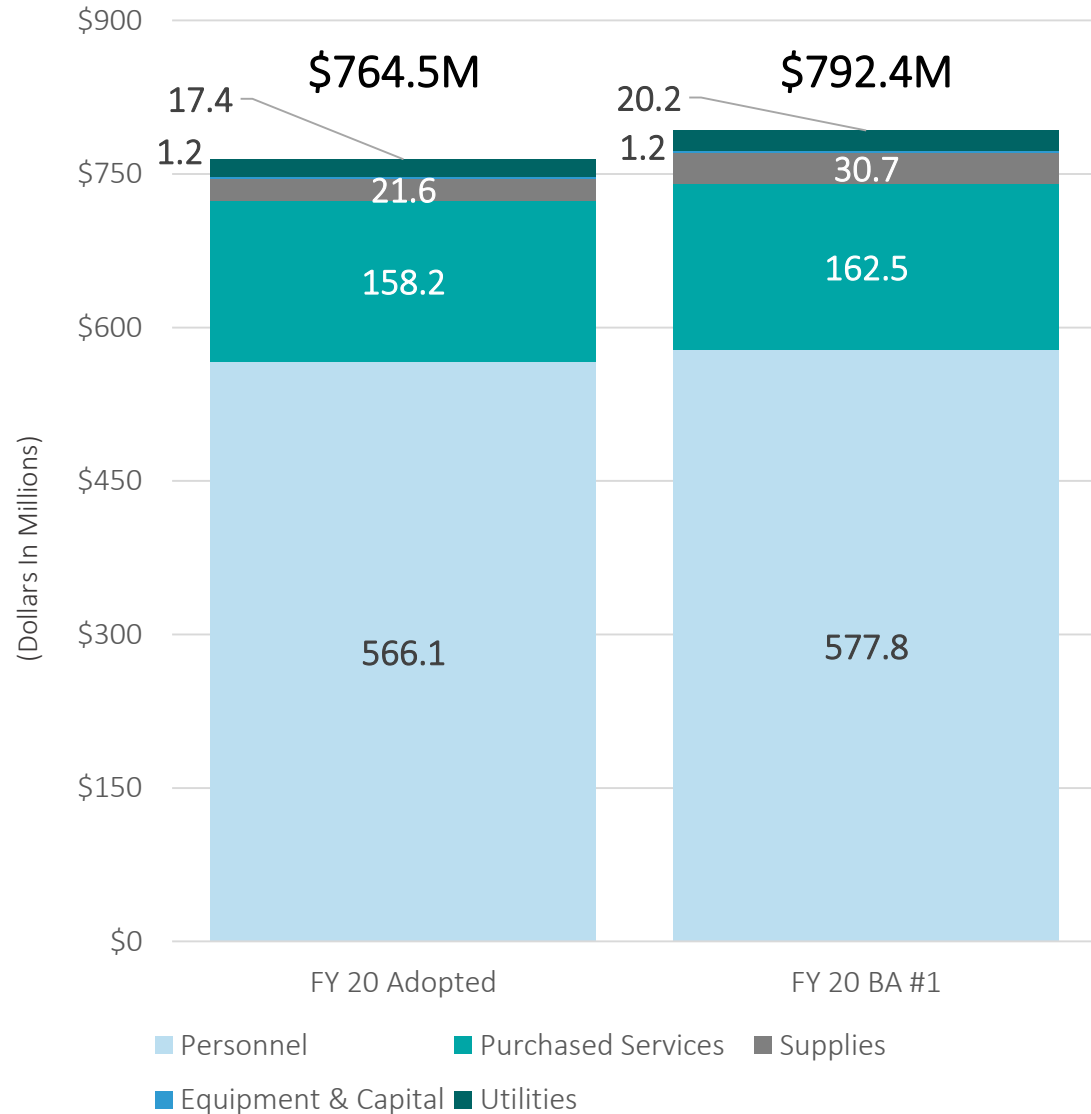
Revenue Comparison



The District is projecting a 3.8% increase in funding based on the State's adopted budget, Fall enrollment, and additional grants:

- Fall FTE Enrollment is projected to be 50,350 which is approximately 250 students above the adopted budget.
- The state adopted budget included a \$236 per student increase in the Foundation Allowance, \$60 per pupil more than budgeted.
- The adopted budget included the Governor's proposed increases in Exceptional Student Education reimbursements and 31a allocations. These funding increases were cut in the State's final adopted budget.
- Federal sources were adjusted to reflect carryover and additional available federal revenue.
- Local revenue increased due to anticipated increases in Medicaid reimbursements.

Expense Comparison



The District is projecting an overall 3.4% increase in expenses which includes \$26.1M in one-time expenditures.

Personnel: Increase in cost recognizes \$16.8M in one-time bonus payments as negotiated in CBAs, additional professional development stipends, and increase for K-3 Summer programs.

Purchased Services: Increase includes contracted services for professional development, one-time technology infrastructure investments as well as technology for high schools, and CTE Career Academies.

Supplies: Increase in supplies for Art and Music programs and curriculum.

Equipment & Capital: Remains constant and will be addressed through Capital Budget allocations.

Utilities: Increased costs are based on additional buildings, increase in technology use, and rate increases from our providers.

FY 2020 Proposed Budget Amendment No. 1

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT FY 2020 PROPOSED GENERAL FUND BUDGET AMENDMENT #1 - YEAR ENDING JUNE 30, 2020

	FY 2019 Budget Amendment # 1	FY 2020 Adopted Budget	FY 2020 Proposed BA #1	Increase/(Decrease) Over FY 2020 Adopted Budget
Revenue:				
Local sources	66,455,987	61,438,220	61,652,278	214,058
State sources	512,763,670	534,394,178	533,137,291	(1,256,887)
Federal sources	183,058,492	171,902,060	202,227,802	30,325,742
Total Revenue	762,278,149	767,734,458	797,017,371	29,282,913
Expenditures:				
Instruction	378,051,491	373,572,765	381,630,838	8,058,073
Support services				
Pupil services	91,306,167	81,055,677	87,322,459	6,266,782
Instructional staff support	45,723,042	51,888,343	59,126,546	7,238,203
General administration	5,688,261	6,169,694	6,458,566	288,872
School administration	48,188,781	49,331,306	49,743,457	412,151
Business office	10,218,789	11,557,020	11,737,348	180,328
Operations & maintenance	92,615,755	93,592,373	100,955,153	7,362,780
Transportation	36,975,486	41,721,229	39,994,927	(1,726,302)
Central support service	41,881,594	48,719,542	45,703,559	(3,015,983)
Other support service	2,729,881	1,630,804	2,522,069	891,265
Total support services	375,327,756	385,665,988	403,564,084	17,898,096
Community service	5,463,516	7,428,069	7,237,328	(190,741)
Facilities acquisitions and improvement	28,171	-	-	-
Total Expenditures	758,870,934	766,666,822	792,432,250	25,765,428

FY 2020 Proposed Budget Amendment No. 1

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	FY 2019 Budget Amendment # 1	FY 2020 Adopted Budget	FY 2020 Proposed BA #1	Increase/(Decrease) Over FY 2020 Adopted Budget
Total Revenue	762,278,149	767,734,458	797,017,371	29,282,913
Total Expenditures	758,870,934	766,666,822	792,432,250	25,765,428
Other Financial Sources/ (Uses)				
Sources				
Proceeds from sale of capital assets	368,575	-	2,100,000	2,100,000
Payments From Detroit Public Schools	6,900,000	6,900,000	-	(6,900,000)
Transfer from Food Service Fund	2,000,000	2,000,000	2,000,000	-
Total Other Financial Sources/ (Uses)	9,268,575	8,900,000	4,100,000	(4,800,000)
Excess (Deficiency) of Revenue and Other Financial Sources/ (Uses) Over Expenditures and Other Uses	12,675,790	9,967,636	8,685,121	(1,282,515)

FY 2020 Proposed Budget Amendment No. 1 – Comparison by Object

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT FY 2020 PROPOSED GENERAL FUND BUDGET AMENDMENT #1 - YEAR ENDING JUNE 30, 2020

Expenditures	FY 2019	FY 2020	FY 2020	Increase/(Decrease)
	<u>Budget Amendment # 1</u>	<u>Adopted Budget</u>	<u>Proposed BA #1</u>	<u>Over FY 2020 Adopted Budget</u>
Salaries	311,440,470	360,604,548	370,006,717	9,402,170
Benefits	181,292,046	205,519,001	207,754,942	2,235,941
Purchased Services	183,677,304	158,197,220	162,534,944	4,337,724
Supplies	31,102,291	21,589,508	30,692,748	9,103,240
Equipment & Capital	3,001,586	1,215,272	1,214,150	(1,122)
Utilities	18,841,750	17,368,750	20,228,750	2,860,000
Contingency/Restricted				
General Purpose Fund	-	-	-	-
Section 51C	367,871	-	-	-
Title I/Grants Restricted	29,147,616	2,172,523	-	(2,172,523)
Total Expenditures	<u>758,870,934</u>	<u>766,666,822</u>	<u>792,432,250</u>	<u>25,765,429</u>