



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**  
**SCHOOL DISTRICT RESOLUTION 2020-13**

**APPROVING THE DETROIT PUBLIC SCHOOLS COMMUNITY  
DISTRICT'S GENERAL FUND BUDGET FOR FISCAL YEAR 2021**

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, the Community District presented its budget for the fiscal year ending June 30, 2021 (“fiscal year 2021”) to the Commission at its meeting on June 29, 2020 for the Commission’s review and consideration.

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

1. That the Community District's budget for fiscal year 2021 (the "Budget"), as presented to the Commission on June 29, 2020, is 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.

# CARES Act Funding

The Federal Government allocated the District an additional \$85M in one-time funding (CARES Act) to respond to the COVID-19 pandemic. The funds may be used to support eligible programs, respond to the COVID-19 pandemic and maintain operations.

In response to projected state cuts in school funding in FY 21 and FY 22, the District will include \$43M in CARES Act funding in the FY 21 budget and reserve \$42M for the FY 22 budget.

The FY 21 CARES Act funding will:

- ✓ Procure Personal Protective Equipment (PPE), body temperature testing equipment, and cover costs associated with additional deep cleaning;
- ✓ Expansion of student technology and cover costs for student internet connectivity;
- ✓ Expand District capacity to provide remote learning through Learning Management Systems additional curriculum, and training to staff to implement new systems;
- ✓ Fund Wrap Around Services (Social Workers and Counselors) to provide social and emotional support to students and families during this time.
- ✓ Fund the hiring of additional literacy and math teachers to reduce class sizes beyond school allocation

# FY 21 Proposed Budget Summary

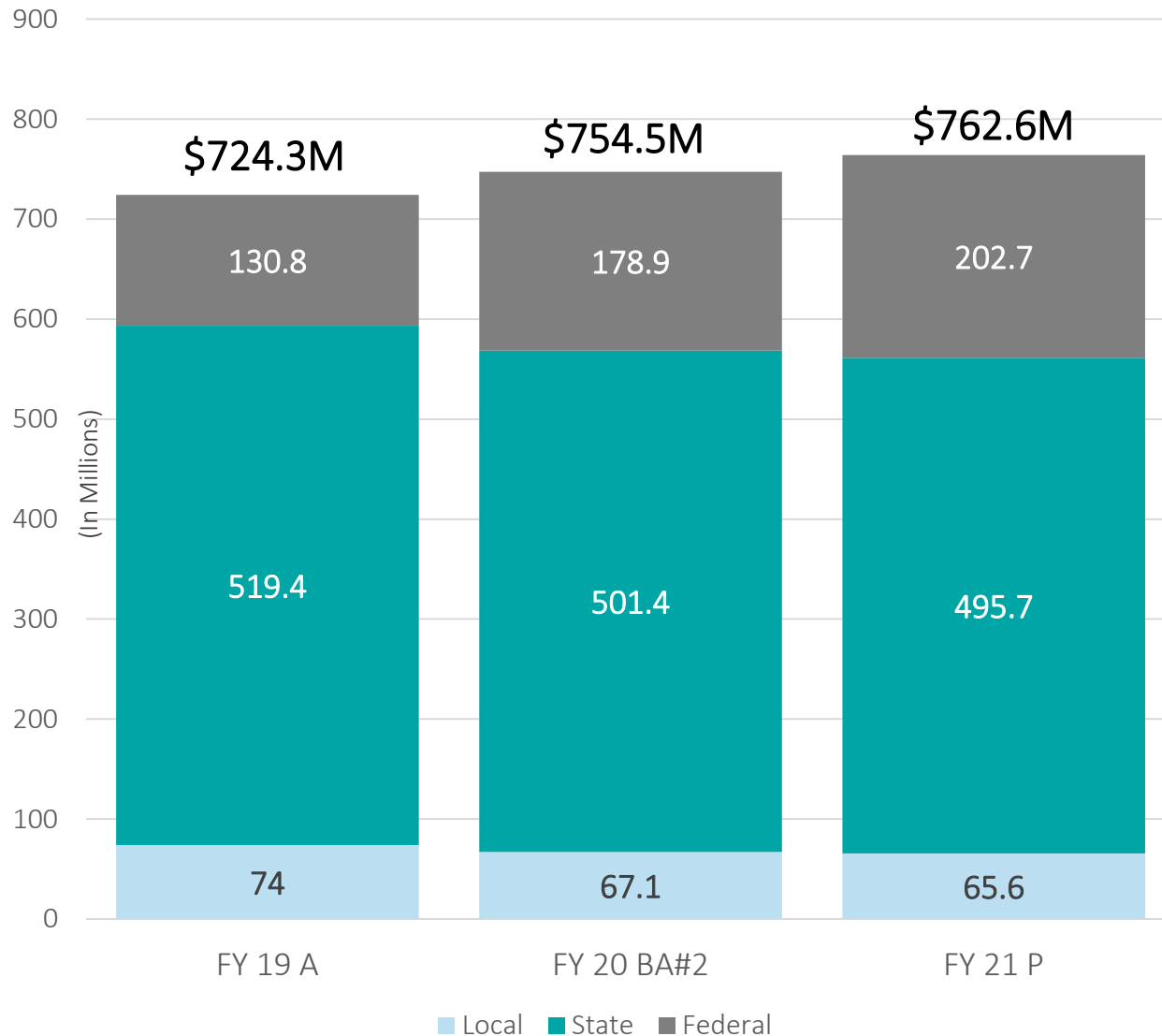
The FY 21 proposed budget is balanced while protecting core school-based programming. The proposed budget:

- ✓ Anticipates a 10% reduction (\$43M) in overall state funding while assuming enrollment remains steady for Fall 2020;
- ✓ Includes a projected \$3M contingency, maintains the 10% reserve and projects a \$140M fund balance;
- ✓ Maintains all school-based positions and programs;
- ✓ Does not include any position reductions, salary reductions ,or furloughs;
- ✓ Includes an anticipated 10% increase in healthcare costs;
- ✓ Includes \$43M in CARES Act funding, with an additional \$42M available to address continued budget deficits in FY 22.

**In order to address the projected reduction in funding, the following cuts are proposed:**

- ✓ No recurring salary increases, negotiated one-time bonuses only; recognized in the future if 1) enrollment maintains at 19-20 levels 2) November enhancement millage passes 3) state per pupil restored to 19-20 pre-COVID level;
- ✓ A ten (10) percent reduction in central office discretionary spending;
- ✓ Reductions for District Office funding for in-person training, staff travel, conferences, and student field trips;
- ✓ Reductions to Central Office positions;
- ✓ Strategically shift Operations (facilities and maintenance) reoccurring expenses to one-time projects based on need.

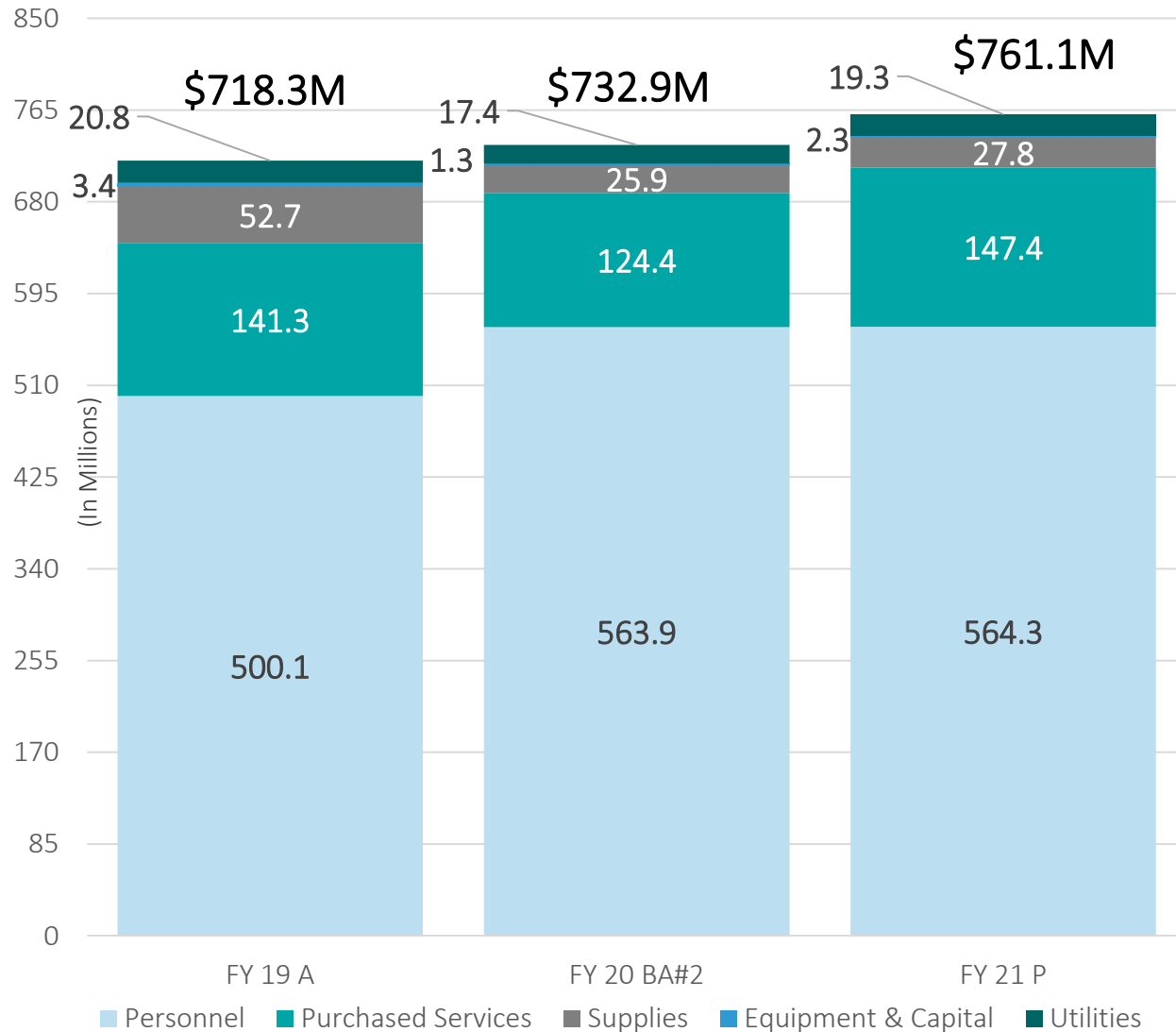
# FY 21 Revenue



The state is projecting a 10 – 25% decrease in funding. The proposed budget includes a ~10% decrease in general fund revenue.

- \$814 reduction in the per student Foundation Allowance ~ (\$41M)
- A projected 5% reduction in the Wayne County Enhancement Millage tax collections ~(\$1M)
- No change in Act 18 funding (District Center-Based programs)
- Student enrollment remains constant
- Federal sources includes ~\$43M in CARES funding allocated to FY 21

# FY 21 Expenses



The budget protects funding for staffing, student services and expanding services to protect students and staff from COVID-19.

### Personnel:

- No reduction in filled positions, employee salaries or furloughs
- Central Office positions are strategically removed

Purchased Services: A 10% reduction in Central Office discretionary spending, reduction in staff travel, conferences and student field trips. An increase in services related to distance learning funded through CARES.

Supplies: Include both reductions in general spending and additions for purchase of PPE through Cares Act funding

Utilities: Expenses are projected to remain constant

# FY 2021 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT  
GENERAL FUND  
FY 2021 DRAFT BUDGET FOR THE YEAR ENDING JUNE 30, 2021

	FY 2019 Audited Actuals	FY 2020 Proposed Budget Amendment #2	FY 2021 Proposed Budget	Variance from FY 20 BA #2
<b>Revenue:</b>				
Local Sources	\$ 74,069,365	\$ 66,525,840	\$ 64,066,612	\$ (2,459,228)
State Sources	519,494,195	501,450,433	495,741,786	(5,708,646)
Federal Sources	130,779,965	186,557,044	202,760,866	16,203,822
<b>Total Revenue</b>	<b>724,343,525</b>	<b>754,533,316</b>	<b>762,569,264</b>	<b>8,035,948</b>
<b>Expenditures:</b>				
Instruction	375,019,602	388,773,265	389,690,235	916,970
Support Services				
Pupil Services	67,821,786	81,159,431	83,135,226	1,975,795
Instructional Staff Support	41,530,227	45,993,513	49,942,682	3,949,169
General Administration	5,201,194	5,162,705	7,882,355	2,719,650
School Administration	47,157,627	47,449,137	47,749,371	300,234
Business Office	10,999,653	14,843,994	12,682,677	(2,161,317)
Operations & Maintenance	94,293,371	76,185,840	90,446,807	14,260,967
Transportation	35,358,139	28,161,733	37,336,081	9,174,348
Central Support Service	34,519,996	40,794,207	35,898,976	(4,895,231)
Other Support Service	2,928,297	1,236,299	3,064,455	1,828,156
Total Support Services	339,810,290	340,986,859	368,138,630	27,151,771
Community Service	3,395,888	3,126,006	3,232,277	106,271
<b>Total Support Services</b>	<b>718,225,780</b>	<b>732,886,130</b>	<b>761,061,142</b>	<b>28,175,012</b>

# FY 2021 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT  
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FY 2021 DRAFT BUDGET FOR THE YEAR ENDING JUNE 30, 2021

	FY 2019 Audited Actuals	FY 2020 Proposed Budget Amendment #2	FY 2021 Proposed Budget	Variance from FY 20 BA #2
<b>Excess of Revenue over Expenditures</b>	6,117,745	21,647,186	1,508,122	
<b>Other Financial Sources/(Uses)</b>				
Proceeds from sale of capital assets	1,445,670	2,886,251	-	
Transfers in	1,580,445	1,500,000	1,500,000	-
Transfers out	(17,621,381)	(25,315,000)	-	25,315,000
<b>Total Other Financial Sources/(Uses)</b>	<b>(14,595,266)</b>	<b>(20,928,749)</b>	<b>1,500,000</b>	<b>25,315,000</b>
Special Items - Payment from DPS	6,941,837			
<b>Net Change in Fund Balance</b>	(1,535,684)	718,437	3,008,122	2,289,685
<b>Beginning Fund Balance</b>	<b>141,035,229</b>	<b>141,035,229</b>	<b>141,753,666</b>	
<b>Ending Fund Balance</b>	<b>\$ 139,499,545</b>	<b>\$ 141,753,666</b>	<b>\$ 144,761,788</b>	