

Community Forum

South Redford School District

Presenters:

Dr. Linda Hicks, Superintendent
Susan Wright-Barnes, Director of Finance
Cathy Lloyd-Langley, Accountant
Nicholas Griswold, Accountant

Monday, March 15, 2010

OUR COMMITMENT

- Our commitment is to be transparent.
- Our commitment is to make decisions in the best interest of the students.

PURPOSE FOR COMMUNITY BUDGET FORUMS

- To hear about the funding challenges for the 2010-2011 school year.
- To inform the community about District finances.
- To discuss how the budget will impact South Redford School District.
- To allow our school community to give input on the difficult budget choices ahead.

PROCESS FOR COMMUNITY BUDGET FORUMS

- 6:30-7:00 – Budget Presentation
(Dr. Linda Hicks, Superintendent and Business Office).
 - Update on school funding and presentation of the 2010-2011 budget projections.
- 7:00-8:00 – Small Group Meetings
(Board of Education and Administration).
 - Questions, Dialog, Input, Comments, Suggestions
- Written Survey
 - Before you leave we will ask you to complete a survey so that we can use the data in improving our next presentation and in making decisions regarding budget reductions.

QUESTIONS TO ANSWER

- Why are we facing a budget crisis?
- Revenue: How are schools funded?
- Expense: Where does the district spend funds?
- What challenges does the district face next year?
- How can you help?

NEXT STEPS

- Community Forums
 - March 4, Jefferson – 6:30pm
 - March 9, Administration Building – 9:30am
 - March 15, Thurston High School – 6:30pm
- Board Workshops
 - March 25, Pierce Middle School – 6:30pm
 - March 29, Addams Elementary – 6:30pm (as needed)
- Staff Forums
 - March 16, Vandenberg Elementary – 4:00pm
 - March 17, Addams Elementary – 4:15pm

NEXT STEPS

- A recommendation from the Superintendent will be presented to the Board of Education at the April 12 Board Meeting for 2010-11 Budget Reductions decisions.

Nicholas R. Griswold - Accountant

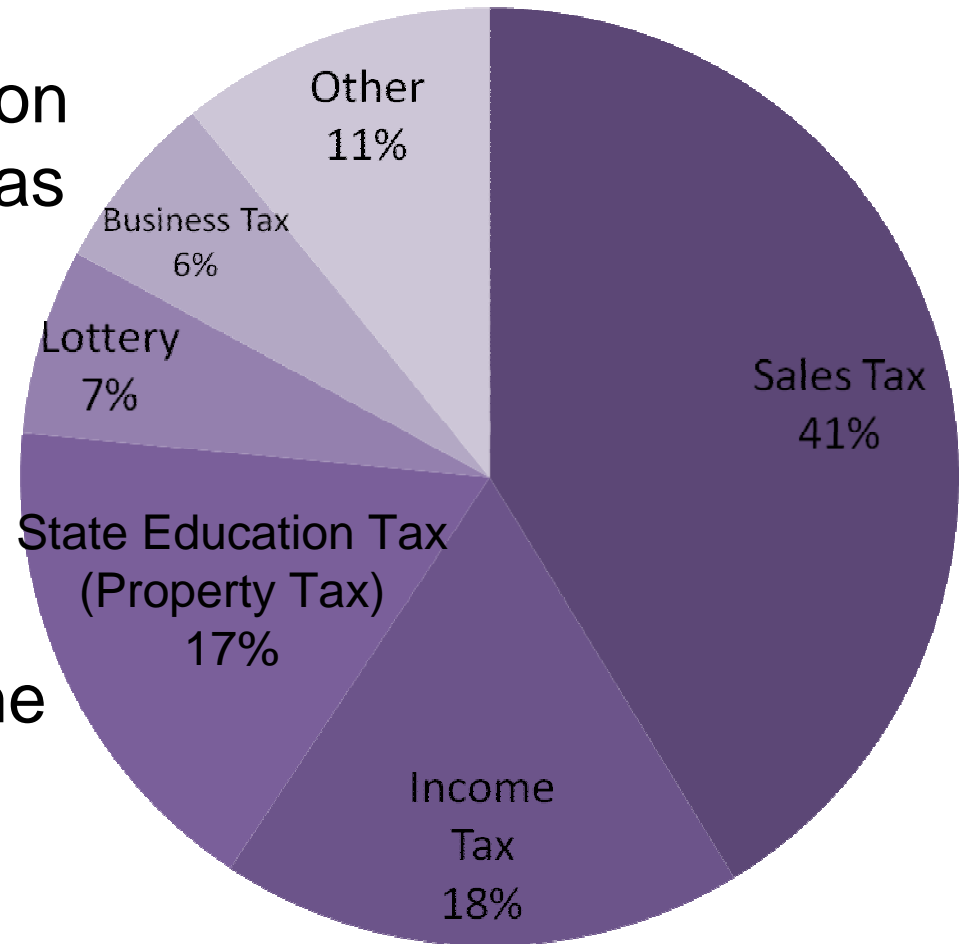
HOW DOES SOUTH REDFORD RECEIVE REVENUE?

HOW DOES SOUTH REDFORD RECEIVE REVENUE?

- Prior to Proposal A, schools were funded by local property taxes.
 - For the 1993-1994 school year, South Redford School District received approximately 95% of its revenue from local sources.
- Proposal A, effective with the 1994-1995 school year, drastically changed the funding formula for school districts.

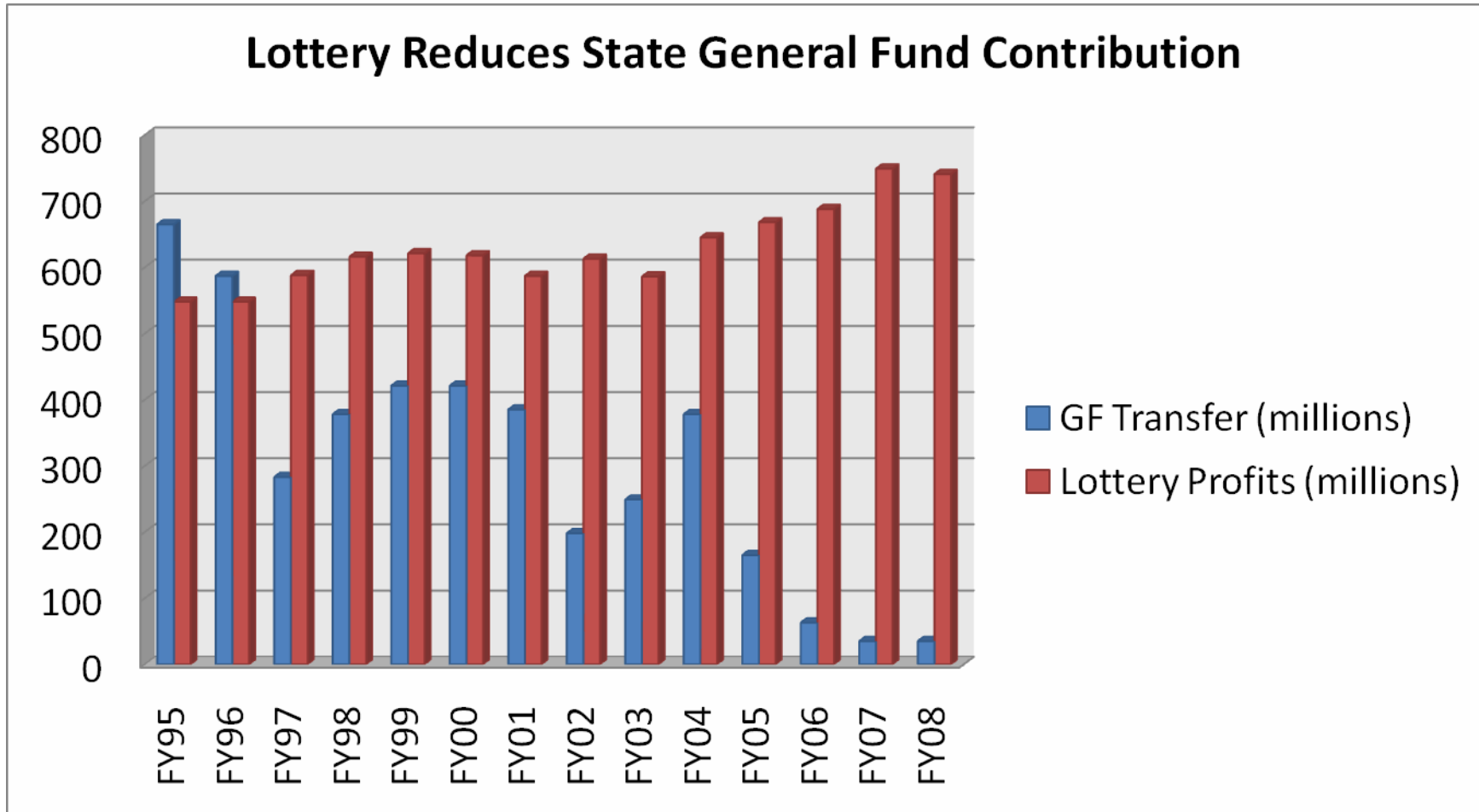
HOW DOES SOUTH REDFORD RECEIVE REVENUE?

- Schools are now funded on a per pupil basis, known as ‘foundation allowance’, based on available resources in the State School Aid Fund (SAF).
- Revenues to the School Aid Fund fluctuate with the economy.
- Legislature adjusts foundation allowance annually.



Source: MDE

THE TRUTH ABOUT THE LOTTERY



Source: MDE

HOW DOES SOUTH REDFORD RECEIVE REVENUE?

$$\begin{array}{r} \text{Total Number of Students} \\ \times \\ \hline \text{Foundation Allowance (Set by Legislature)} \\ \text{Membership Allowance} \\ - \\ \hline \text{Local Property Taxes (Non-homestead)} \\ \text{State Aid} \end{array}$$

How to increase state revenue:

- Increase student count
- Increase foundation allowance

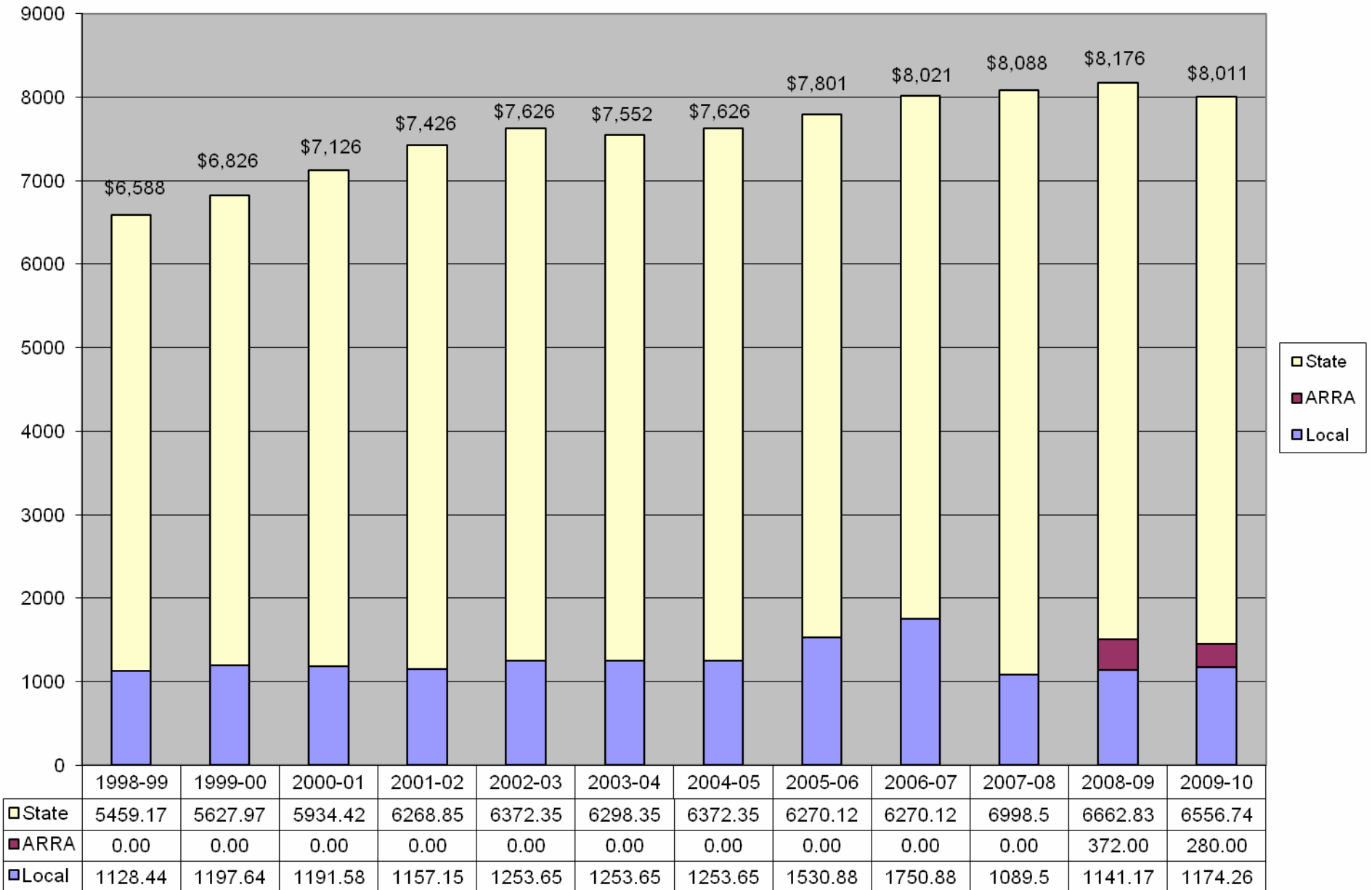
Cathy Lloyd-Langley - Accountant

THE CHALLENGES WE FACE

THE CHALLENGES WE FACE

- Difficult economic climate
- State revenue reductions
- Politics in Lansing
- Increasing costs

South Redford Foundation Allowance - History



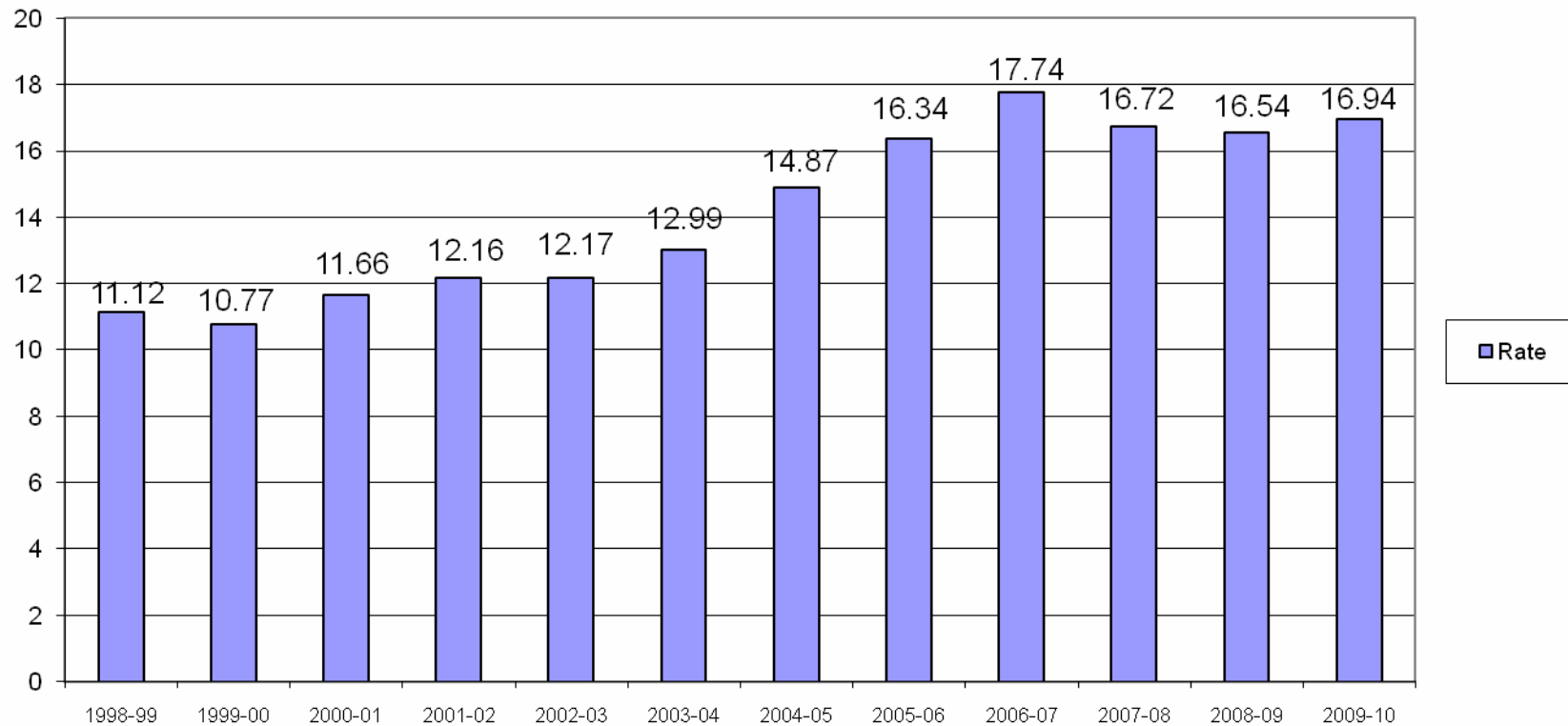
THE CHALLENGES WE FACE - REVENUE

Granholm Budget Proposal	Cost to South Redford	Senate Fiscal Agency Proposal	Cost to South Redford
\$165 per pupil cut	\$565,019	\$165 per pupil cut	\$565,019
		\$118 per pupil cut	\$404,075
Total	\$565,019	Total	\$969,094

	FY09	FY10	FY11 Gov	FY11 SFA
Per pupil allowance	8,176	8,176	8,176	8,176
Less Reductions	0	(165)	(165)	(165)
Less Reductions	0	0	0	(118)
Revised pp allowance	8,176	8,011	8,011	7,893

THE CHALLENGES WE FACE - EXPENDITURES

MPSERS Retirement Rate History - (Percentages)



THE CHALLENGES WE FACE - EXPENDITURES

- Under the **Granholt budget proposal**, the MPSEERS retirement rate is increasing by 2.47 percentage points (16.94% to 19.41%).

Cost to District : \$457,899

- Under the **Senate Fiscal Agency's proposal**, the MPSEERS rate is increasing by 0.14 percentage points (16.94% to 17.08%).

Cost to District: \$25,953

THE CHALLENGES WE FACE – EXPENDITURES (CONT)

- Health Care - assuming an increase of 10% for FY11. Cost to District: \$350,400
- At current staffing levels, the following contractual increases will occur:

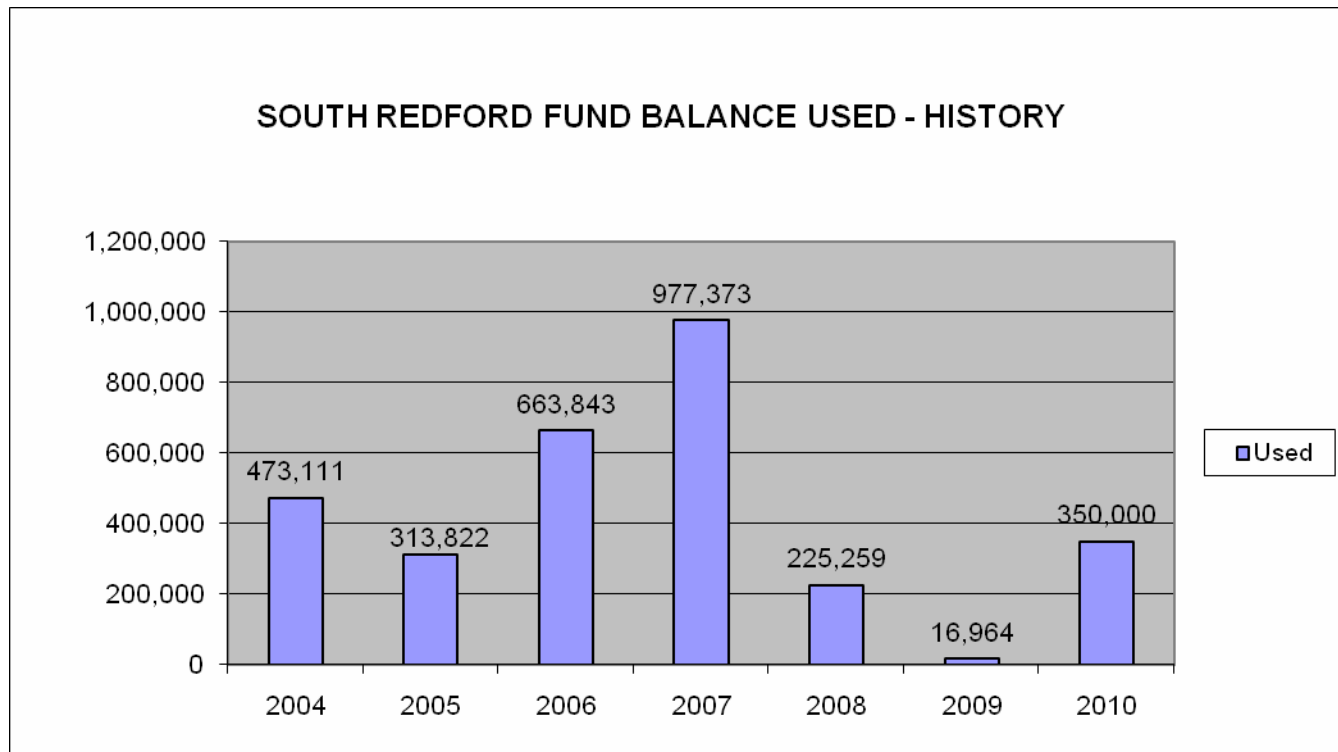
	Contract Increase	FICA/Retire	Total
Administrators	21,018	5,687	26,705
Clerical	0	0	0
Cust/Maint/Trans	(23,866)*	n/a	n/a
Teachers	473,593	128,154	601,747
Non-union	0	0	0
Total Increase	494,611	133,842	628,453

** CMT union gave back 2% raise in FY10 as of 11/23/2009 and returned to 2008-2009 rates for the remainder of 2009-2010 and for 2010-2011.*

	Granholm Budget District Impact	Senate Fiscal Agency District Impact
Revenue Challenges		
\$165 per pupil cut (continued from FY10)	(\$565,019)	(\$565,019)
\$118 per pupil cut (Senate Fiscal Agency Proposal)	\$0	(\$404,075)
<i>Total Revenue Decrease</i>	(\$565,019)	(\$969,094)
Expense Challenges		
MPSERS retirement increase to 19.41% (Granholm Budget Proposal)	\$457,899	
MPSERS retirement increase to 17.08% (Senate Fiscal Agency Proposal)		\$25,953
Health Care cost increase estimated at 10%	\$350,400	\$350,400
Contractual Salary Increases:		
Adminstrators	\$21,018	\$21,018
Teachers	\$473,593	\$473,593
Fica/Medicare, MPSERS on increases above	\$133,842	\$133,842
<i>Total Expenditure Increase</i>	\$1,436,752	\$1,004,806
Resulting hole in South Redford budget:	\$2,001,771	\$1,973,900

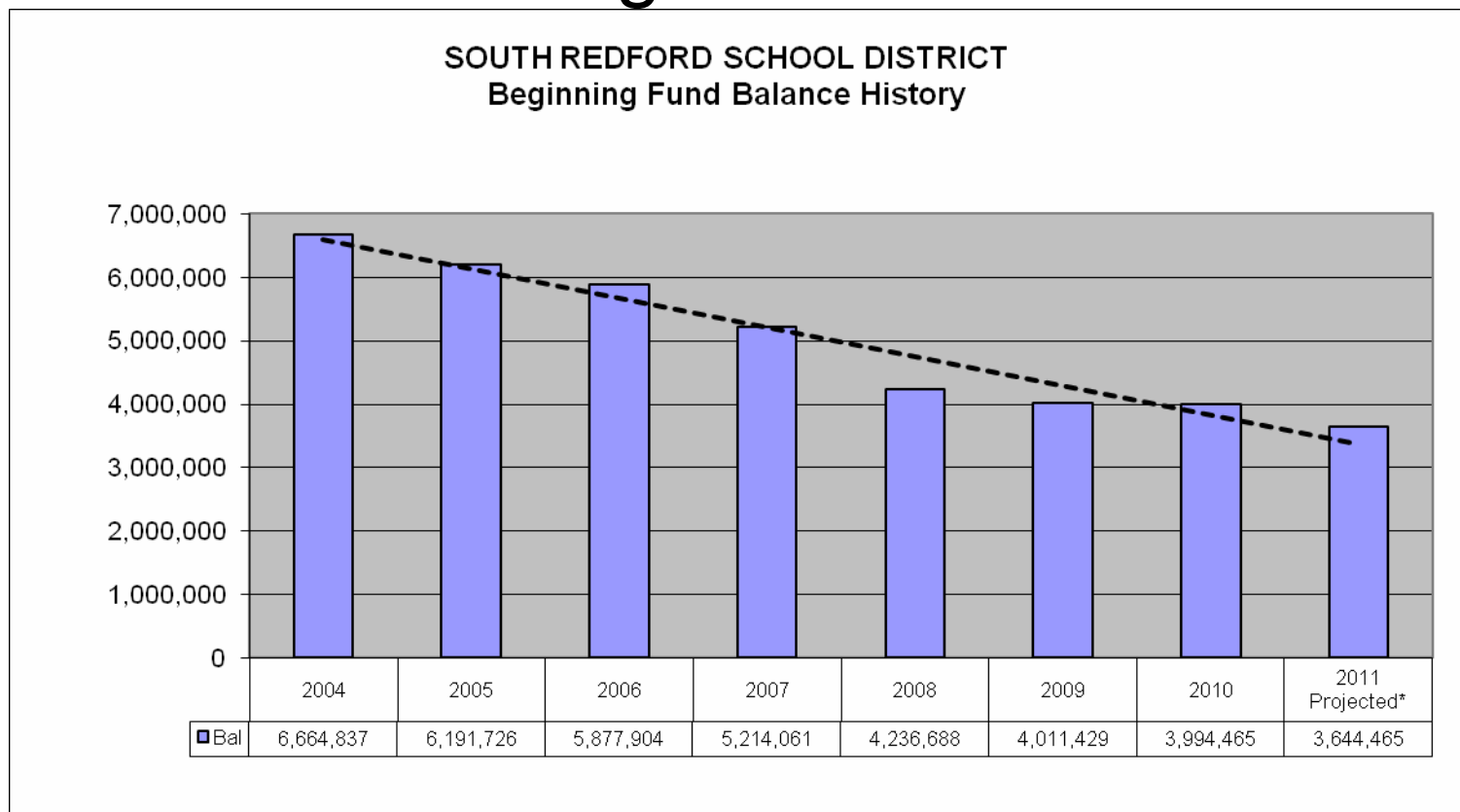
THE CHALLENGES WE FACE

- Expenditures have exceeded revenues in each of the last 7 years. Total use of fund balance projected is \$3,020,372 or 45.3% of FY04's beginning fund balance.



THE CHALLENGES WE FACE

- The district has been using its fund balance, but it will not sustain us. \$1,715,850 of fund balance is the original Durant fund reserve.



DURANT SETTLEMENT

- Durant V. State of Michigan settled in 1998, SRSD was a plaintiff district.
- Expenditures To Date
 - 6 Servers
 - 2 Maintenance Vehicles
 - HVAC Assessment at THS
 - THS Roof Repairs
- Lifetime Interest Earnings & Expenditures
 - Interest Earnings 4/1998 – 2/2010 = \$661,855
 - Expenditures 4/1998 – 2/2010 = \$659,301

THE CHALLENGES WE FACE – FUND BALANCE

- 15% of expenditures is the recommendation of MSBO and our auditors. Why?
 - Cash flow – Last State Aid payment 8/20, next payment 10/20
 - Unexpected major repairs
 - Purchase of high cost new (replacement) equipment
 - Unexpected decreases in student enrollment
 - Mid-year pupil cuts in State Aid
 - Credit Rating – Cash flow borrowing, equipment financing or leasing, bonds ('98 Bond Refinance saved taxpayers \$274,000)

2010-2011

BUDGET CONSIDERATIONS

Susan Wright-Barnes, Director of Finance

FY 2009-2010 Mid-Year Reductions

Approved December 14, 2009

- Furlough Days (Admin)
 - No textbook adoptions
 - Shift 0.6 FTE Reading Specialist
 - Reduce Mail by $\frac{3}{4}$ Hour
 - Shift Nurse 0.5 to ARRA
 - Eliminate 0.5 Technology
 - Reduce Building Budgets
 - Eliminate ELL Position
 - Eliminate Personal Appliances
 - No weekend transportation band/athletics
 - Shift 1 Elementary Classroom Teacher
 - Shift 1 Middle School Classroom Teacher
 - Reduce Assistant Track B/G
 - JV Softball
 - Thurston Reduction 2 School Improvement Leaders
 - 50% Reduction of Thurston Class Sponsors
 - Reduction of 3 Thurston Department Chairs
 - Newspaper
 - Yearbook
 - Reduction of 6 Pierce Department Heads
 - Math Counts
 - Reduce 1 Safety Patrol Addams & Fisher
 - Elementary – No Evening performance stipend
 - Elementary – 50% Reduction for Clubs
- Total Mid-Year Reductions (Board Approved 12/14/09) \$289,698

FY 2010/2011

Potential Reductions

Basic Programs

- Reduce Classroom Teachers (K-12)
- Art (K-12)
- Music (K-12)
- Physical Education (K-12)
- 5th Grade Band
- 5th Grade Storer Camp

Pupil Support Services

- Reduce Counselors
- Media Specialist
- Kindergarten Aides

Support Services

- Building/Central Office Administrator
- Clerical
- Custodians
- Transportation all general education
- One way transportation MS/HS
- No Athletic Transportation

Extra-curricular Activities (Schedule B)

- Athletics
- Band
- Drama
- Clubs
- Choir

FY 2010/2011

Financial Challenges

- Continued use of fund balance (\$350,000)
- Projected enrollment decrease of 25 students estimated \$204,000
- Decrease in foundation allowance is a certainty
- Continuation of \$165 per student reduction from FY10 \$565,019
- Additional \$118 per student reduction \$404,075 (SFA)
- Contractual increases \$494,600
- MPSERS rate increase
- As salary increases so does taxes on earning's Board FICA match increase
- Health Care increase estimated at 10%

APPENDIX FINANCIAL SUPPLEMENTAL DATA

ATHLETICS				
	<u>Salary</u>	<u>Benefits</u>	<u>Health (Net of copay)</u>	<u>Total</u>
Athletic Director	93,120	25,627	14,000	132,747
Coaches	159,530	27,250		186,780
Crowd Control	21,472			21,472
Officials	21,315			21,315
Other Contracted Svc				3,307
Supplies				40,131
Dues & Fees				7,522
Transportation				30,632
Gate Receipts				(40,546)
Pay to Participate				(60,106)
	295,437	52,877	14,000	343,254

APPENDIX

FINANCIAL SUPPLEMENTAL DATA

BAND				
	<u>Salary</u>	<u>Benefits</u>	<u>Health (Net of copay)</u>	<u>Total</u>
THS - Teacher Salary	85,049.00	20,913.55	13,363.56	119,326.11
Band Director THS	5,937.36	1,460.00		7,397.36
Band Director PMS	1,619.28	398.18		2,017.46
Jazz/Symphony	1,079.52	265.45		1,344.97
	93,685.16	23,037.18	13,363.56	130,085.90
PMS - Teacher Salary	77,270.00	19,000.69	3,731.04	100,001.73
Band Director PMS	1619.28	398.18		2017.46
	78,889.28	19,398.87	3,731.04	102,019.19
TOTAL BAND*	172,574.44	42,436.05	17,094.60	232,105.09
*Does not include supplies, fees or transportation costs				

APPENDIX FINANCIAL SUPPLEMENTAL DATA

VOCAL				
	<u>Salary</u>	<u>Benefits</u>	<u>Health (Net of copay)</u>	<u>Total</u>
Teacher Salary	77,270.00	19,000.69	13,363.56	109,634.25
Concert Choir THS	4318.08	1,061.82		5,379.90
Vocal Director PMS	3238.56	796.36		4,034.92
	84,826.64	20,858.87	13,363.56	119,049.07
DRAMA				
	<u>Salary</u>	<u>Benefits</u>	<u>Health (Net of copay)</u>	<u>Total</u>
THS - Teacher Salary	16,808.33	4,133.17	4,454.52	25,396.02
Dramatics	3,448.44	847.97		4,296.41
Choreographer	1,453.76	357.48		1,811.24
Orchestra Director	949.34	233.44		1,182.78
Production Mgr	1,453.76	357.48		1,811.24
Prod Mgr Musical	1,453.76	357.48		1,811.24
Scenery	2,747.44	675.60		3,423.04
	28,314.83	6,962.62	4,454.52	39,731.97

APPENDIX

SALARY AND BENEFITS COST

<u>Building Administration</u>		<u>CMT (Custodial, Maint, Trans)</u>	
Salaries	879,103	Salaries	681,253
Longevity	14,865	Longevity	10,400
Fica/ Retire	219,827	Fica/ Retire	170,078
Health	100,803	Health	180,616
<i>Total</i>	1,214,598	<i>Total</i>	1,042,347
<u>Central Office Administration</u>		<u>Executive Secretaries</u>	
Salaries	529,948	Salaries	119,849
Longevity	5,238	Longevity	1,750
Fica/ Retire	131,602	Fica/ Retire	29,901
Health	67,451	Health	21,335
<i>Total</i>	734,239	<i>Total</i>	172,835
<u>Classroom Aides</u>		<u>Monitors</u>	
Salaries	448,898	Salaries	268,218
Longevity	-	Longevity	-
Fica/ Retire	110,384	Fica/ Retire	65,955
Health	-	Health	-
<i>Total</i>	559,282	<i>Total</i>	334,173

APPENDIX

SALARY AND BENEFITS COST

<u>Non-Union Central Office</u>		<u>Supervisors</u>	
Salaries	208,738	Salaries	129,602
Longevity	675	Longevity	1,350
Fica/ Retire	51,495	Fica/ Retire	32,201
Health	44,216	Health	15,279
<i>Total</i>	305,124	<i>Total</i>	178,432
<u>SREA (Teachers)</u>		<u>Total All Groups</u>	
Salaries	13,532,417	Salaries	17,891,497
Longevity	(ind. in sal.)	Longevity	56,328
Fica/ Retire	3,327,621	Fica/ Retire	4,413,371
Health	2,415,878	Health	3,205,492
<i>Total</i>	19,275,916	<i>Total</i>	25,566,688
<u>SROPA (Clerical)</u>			
Salaries	681,253		
Longevity	10,400		
Fica/ Retire	170,078		
Health	180,616		
<i>Total</i>	1,042,347		

BREAKOUT SESSIONS

- When you leave this presentation please go to the following locations based on the color of your ticket.

–Orange Ticket – Room 111

–Green Ticket – Room 110

–Yellow Ticket - Cafeteria

Orange Ticket – Room 117

Green Ticket – Room 110

Yellow Ticket - Cafeteria

THANK YOU