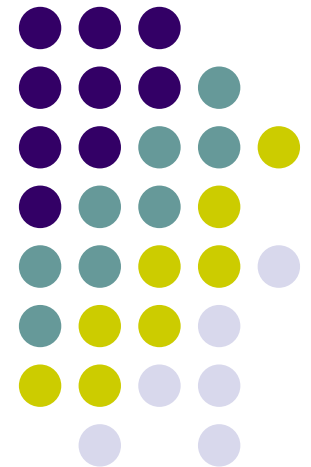


# Financial Presentation

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November, 2011





We ended the 2009-10 school year with a deficit fund balance of **\$1,573,791.**



We are projected to end the 2010-11 school year with a deficit fund balance of \$2,367,220.



A Deficit Elimination Plan was Submitted in December 2010 to the Michigan Department of Education showing elimination of the deficit within four years.



A revised Deficit Elimination Plan was required to be submitted in July 2011.



# 2011 – 2012

## Foundation Allowance

- \$6,861 per student (FTE)
- Annual amount per student
- Consists of property taxes and state revenue

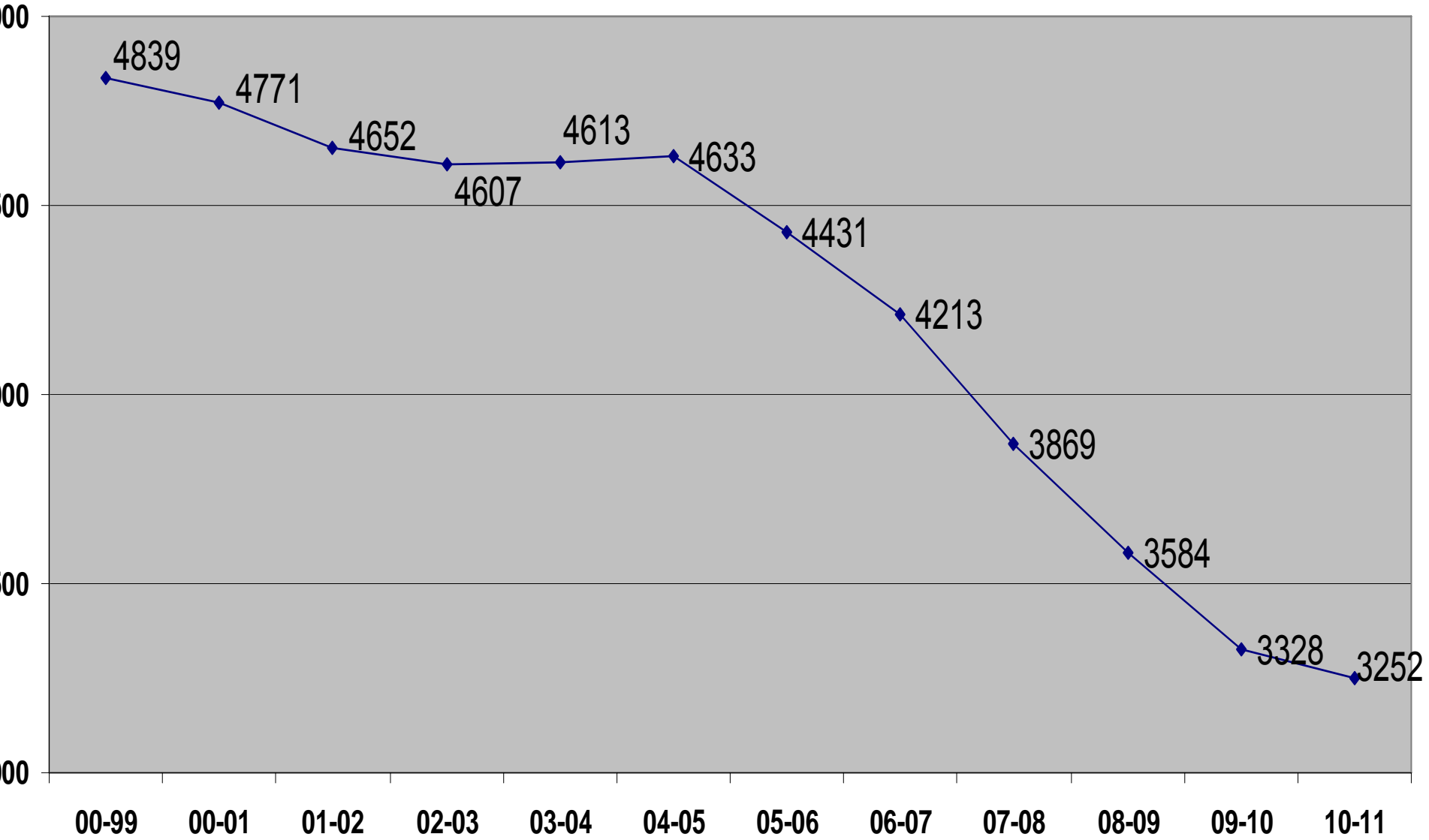


**If the district has 3,252 students  
(FTE): \$22,311,972**

$$3,252 \times \$6,861 = \$22,311,972$$

(annual amount)

# Blended Student Count (FTE)





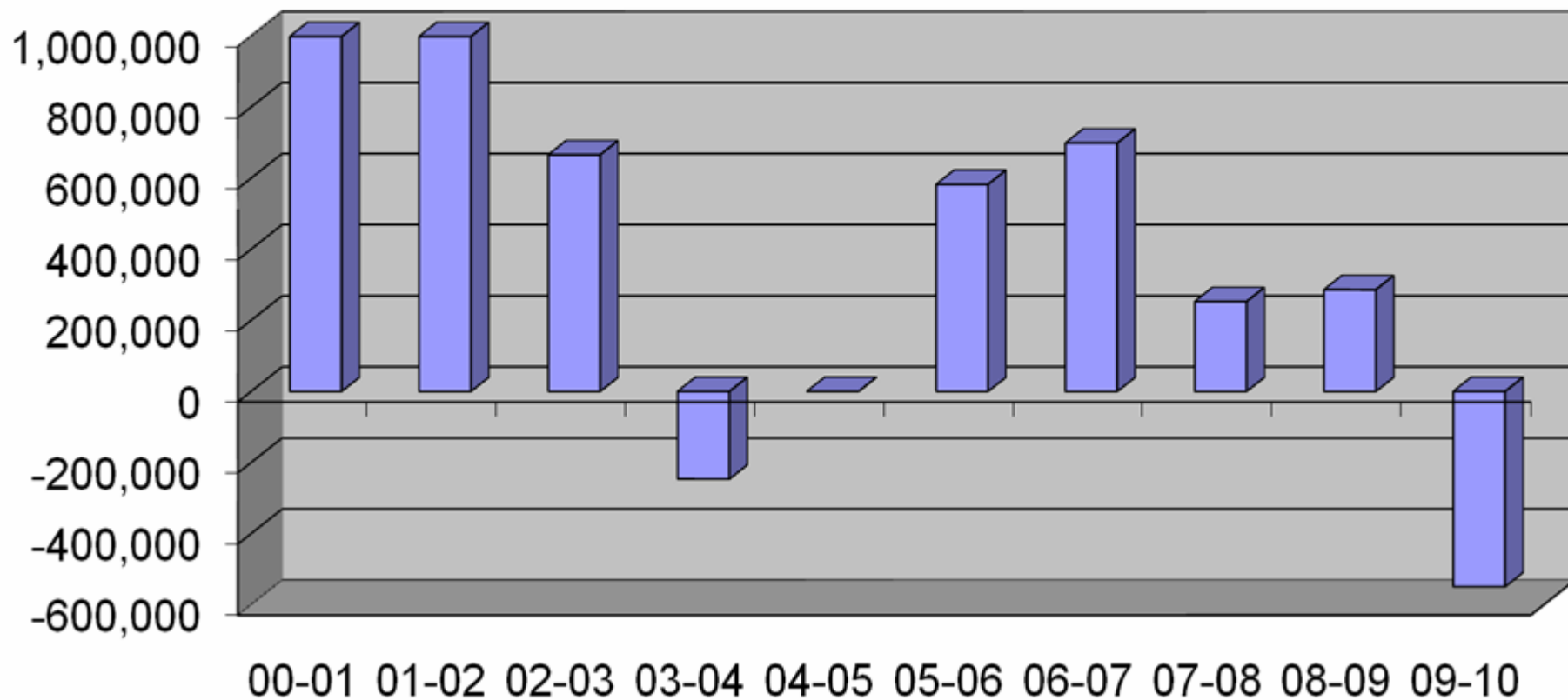


We have lost 1,305 students  
in the past 5 years which  
equates to \$9.6 million per  
year

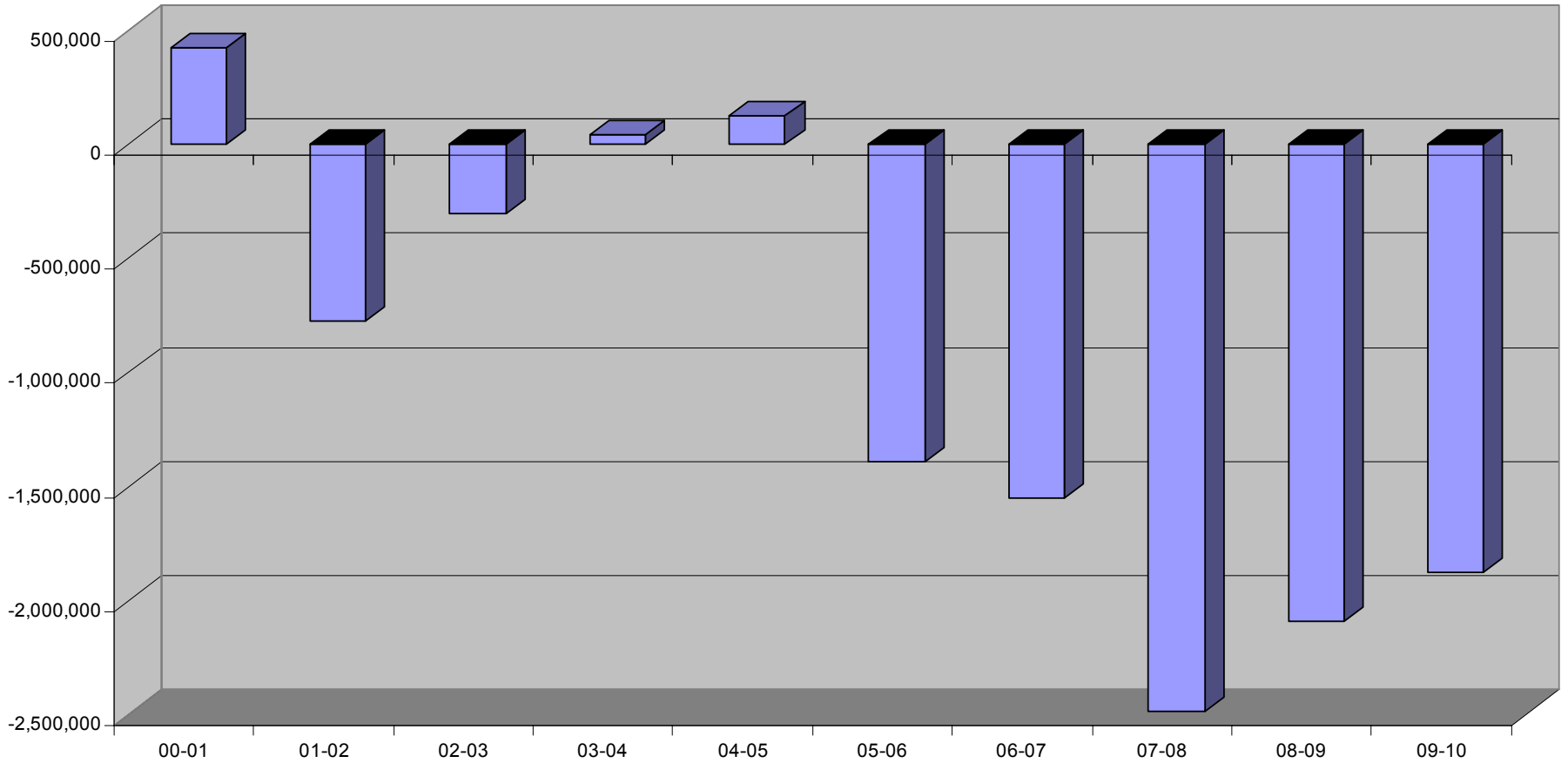


We have lost 1,511 students in the past 10 years which equates to \$11.0 million per year.

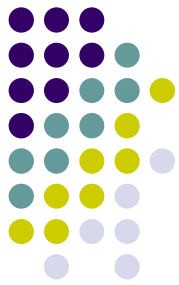
## Foundation Allowance Revenue Increases for 3,328 Students (FTE)



## Revenue Loss Due to Loss of Students (FTE)



# FOUNDATION ALLOWANCE COMPARISON



DISTRICT	FOUNDATION ALLOWANCE	ADDITIONAL FOUNDATION	ADDITIONAL FUNDS*
SOUTHFIELD	\$10,821	\$3,960	\$13,178,880
LIVONIA	\$7,807	\$946	\$3,148,288
CLARENCEVILLE	\$7,775	\$914	\$3,041,792
SOUTH REDFORD	\$7,706	\$845	\$2,812,160
REDFORD UNION	\$6,861		

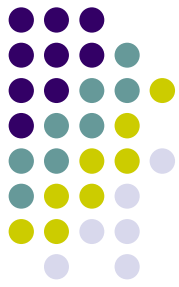
\*Additional funds Redford Union would receive if they had the same foundation allowance as the district listed.

# Comparable School Districts



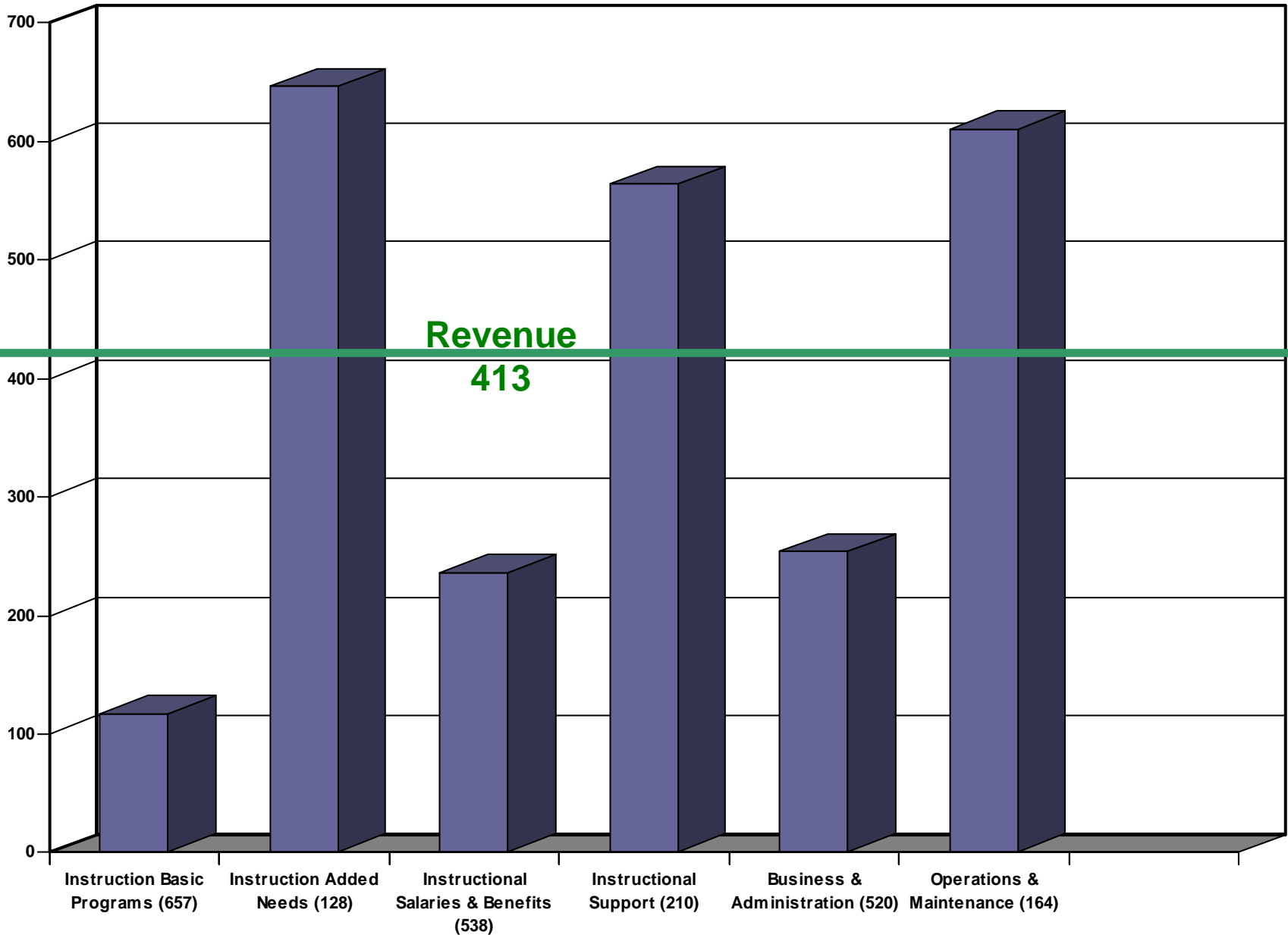
School District	County	Foundation Allowance	Projected Fund Balance 6-30-11
Allen Park	Wayne	\$7,645	\$1,827,761
Brandon	Oakland	\$7,316	\$2,667,802
Dearborn Heights #7	Wayne	\$7,316	\$ 417,588
Gibraltar	Wayne	\$7,645	\$ 823,379
Hamtramck	Wayne	\$7,316	(\$3,972,714)
Holly	Oakland	\$7,316	\$3,796,836
Lincoln Park	Wayne	\$7,316	(\$7,173,769)
<b>Redford Union</b>	<b>Wayne</b>	<b>\$7,331</b>	<b>(\$5,217,766)</b>
Southgate	Wayne	\$7,535	(\$5,116,733)
Wyandotte	Wayne	\$7316	\$ 24,094

# BULLETIN 1014



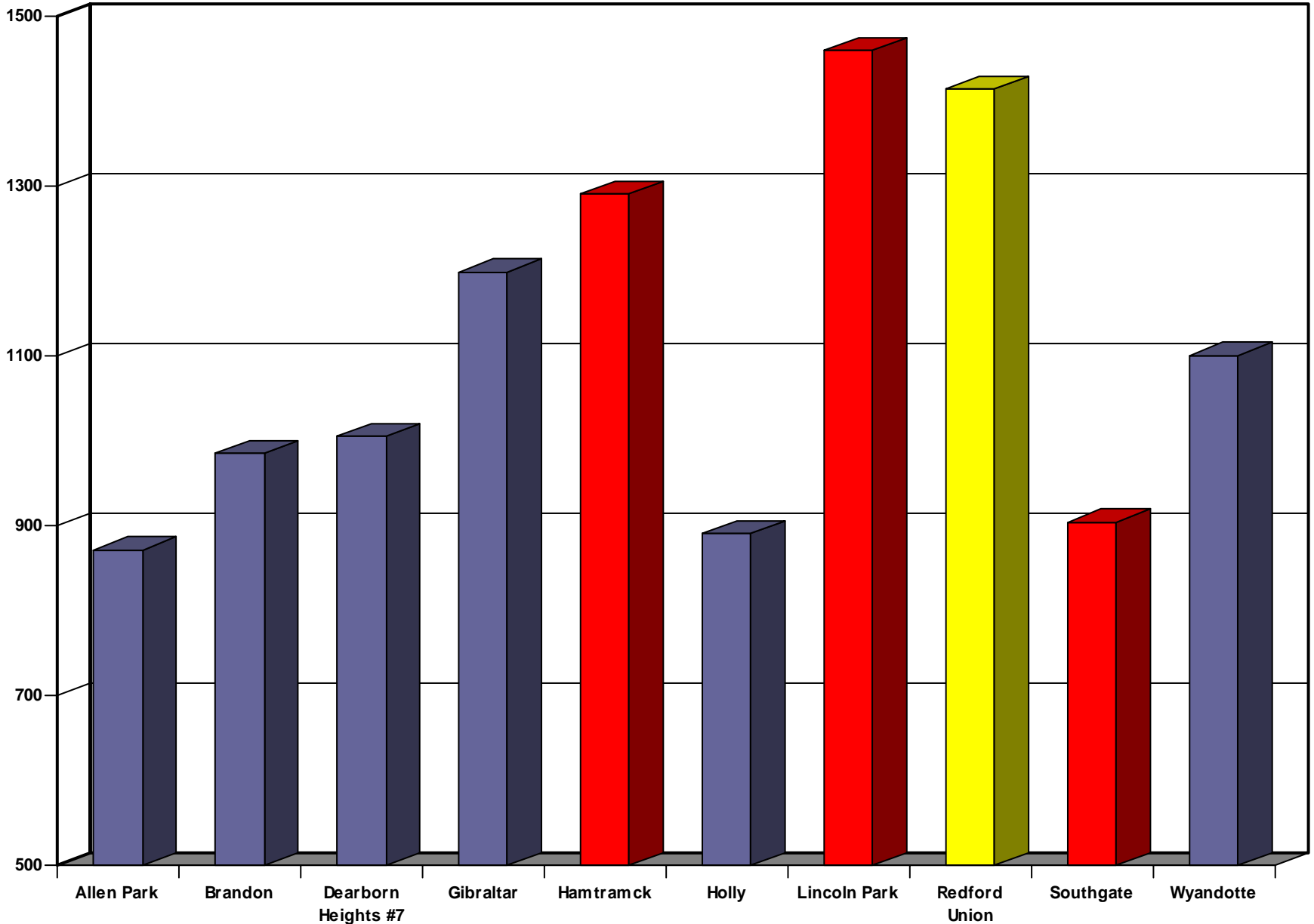
- ✓ RANKS SCHOOL DISTRICTS BY REVENUE AND EXPENDITURES PER STUDENT
- ✓ BASED ON FINANCIAL DATABASE INFORMATION SUBMITTED ANNUALLY BY EACH DISTRICT TO THE STATE
- ✓ ONLY INCLUDES GENERAL FUND INFORMATION

# 2008-2009 Bulletin 1014

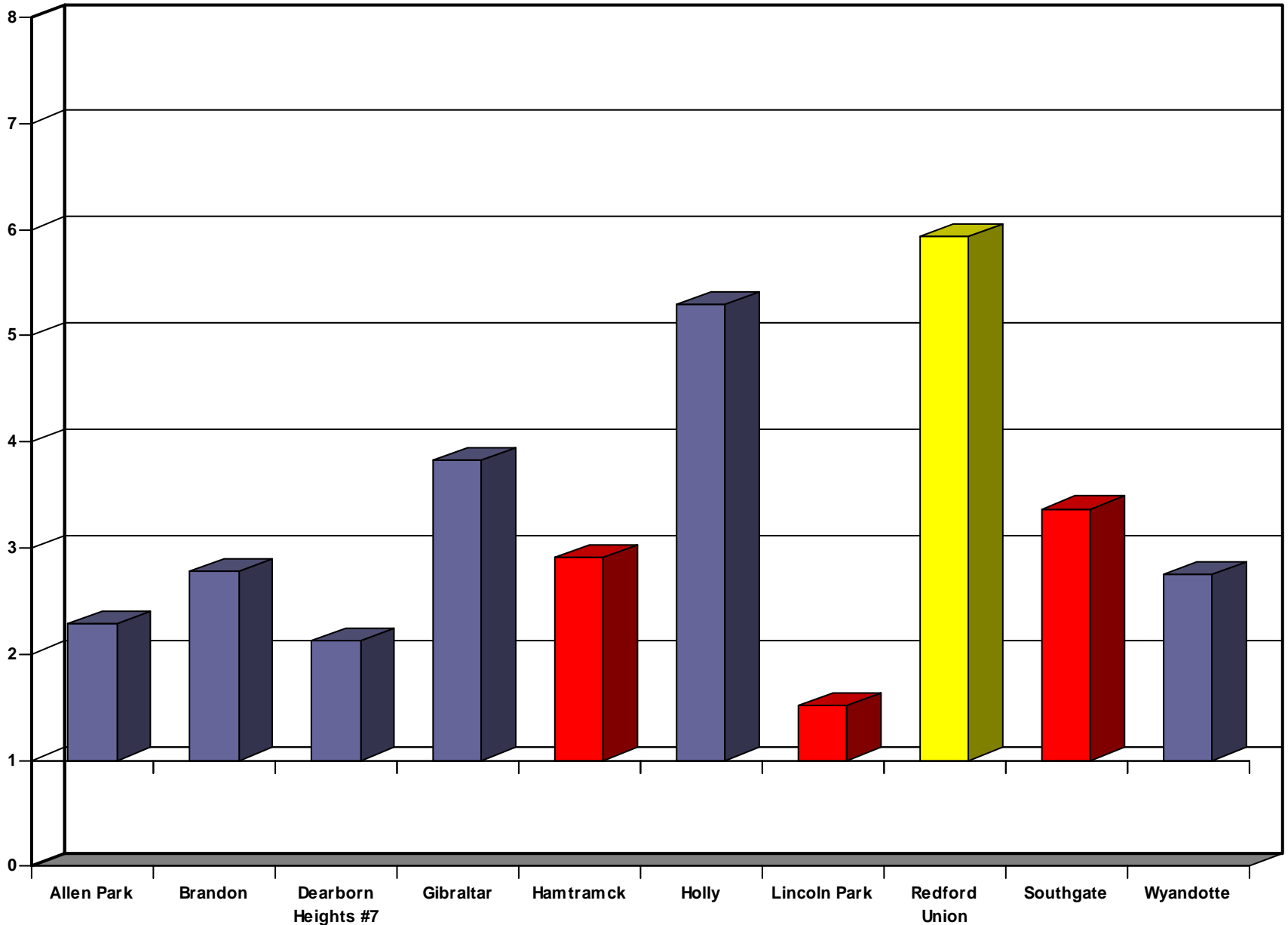




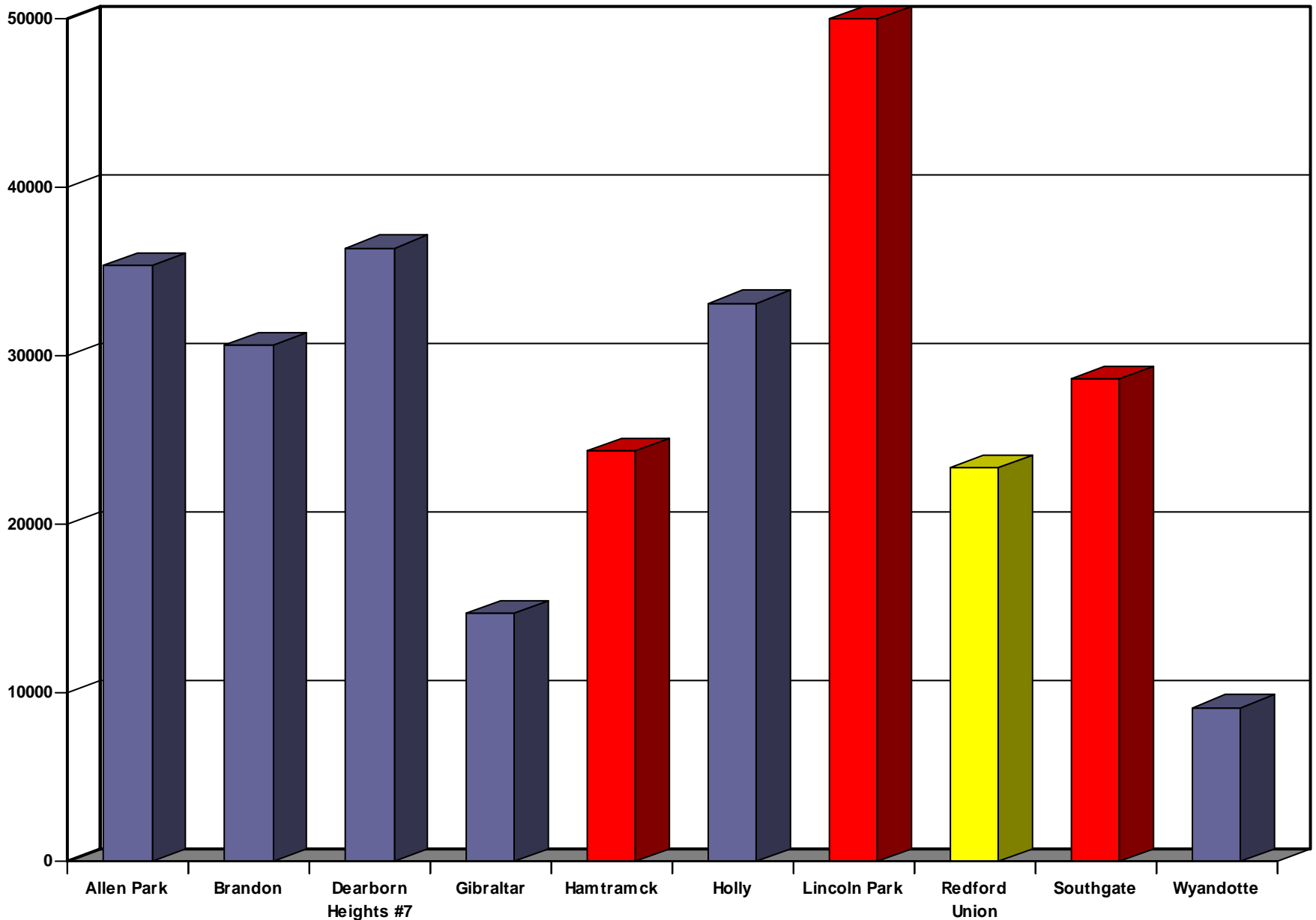
# Operations and Maintenance Costs per Student



# % Special Education Students



# Special Education Costs per Student



# Major Impacts on the 2011-2012 Budget



\$470/Student Foundation Allowance  
Reduction = \$1.5 million  
or  
\$6,861/student



**This Rolls Back the Foundation Allowance to Near the Same Level as the Foundation Allowance in the 2005-2006 School Year**

# Major Impacts on the 2011-2012 Budget



A Retirement Rate Increase from 20.66% to 24.46% of Salary.

An 18% Increase Costing Approximately \$.5 Million.

# Major Impacts On The 2011-2012 Budget



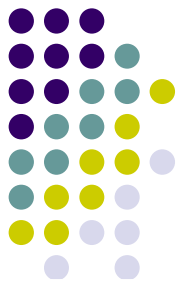
Salary Step Increases Costing  
\$300,000.

# 2011-12 Expenditure Reductions



<b>Reductions</b>	<b>Savings</b>
Closed 4 Buildings	\$ 650,000
Eliminated 10 Teaching/Student Support Positions	\$ 750,000
Eliminated 7.5 Custodial/Maintenance Positions	\$ 470,000
Eliminated 1.5 Administrative Positions	\$ 130,000
Eliminated 1.5 Educational Assistant Positions	\$ 70,000
Reduce All Bus Driver Positions to Part-Time	\$ 70,000





# General Fund Budget Summary

	<b>2011-12 Budget Adopted 6/13/11</b>	<b>2011-12 Deficit Elimination Plan</b>
Revenue	\$ 27,461,170	\$ 27,621,064
Expenditures	\$ 27,386,593	\$ 27,546,521
Excess of Revenue over (under) Expenditures	\$ 74,577	\$ 74,543
Fund Balance, July 1	\$ (2,367,220)	\$ (2,367,374)
Fund Balance, June 30	\$ (2,292,643)	\$ (2,292,831)



**The Deficit Plan and Budget  
Projected Stable Student Enrollment  
(no loss or gain) Based on an  
Enrollment Study and an Expected  
Increase in Student Enrollment Due  
to the Addition of All-Day  
Kindergarten and a Gifted and  
Talented Program**

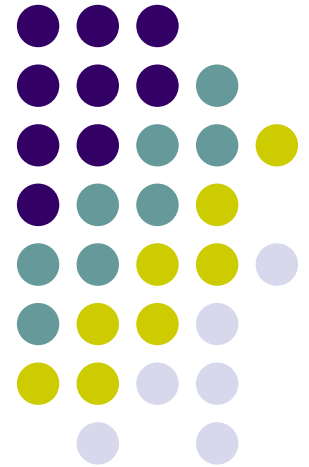


**Preliminary Student  
Enrollment Figures Show a  
Loss of 240 Students or \$1.7  
Million**

# ISSUE

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We Need to Cut an Additional  
\$1.7 Million From our 2011-12  
Budget to Comply With Our  
Deficit Elimination Plan





**If We Don't Make These Reductions  
We Risk an Emergency Manager  
Coming in and Making the  
Reductions Necessary to Eliminate  
Our Deficit**

# An Emergency Manager Can:



- Void All Collective Bargaining Agreements
- Make Salary and Benefit Reductions
- Eliminate Positions
- Eliminate Programs
- Fire the Superintendent and Business Manager
- Fire the Board of Education



**It's Best That**  
**WE HAVE CONTROL**  
**Over the Decisions That**  
**Are Made**

# Looking at the Numbers...



Evaluate Staffing for Mid-Year Savings	
1% of Salaries for all Employees	\$200,000
10% Health Insurance Contribution from all Employees	\$189,000
20% Health Insurance Contribution from all Employees	\$268,000
Move all Employees to PPO 1 with Deductible	\$127,000



# The Elephant in The Room





## RUAA Contract Settlement

### Savings (Cost)

Switched to PPO #1 \$600/\$1,200, \$25 Co-Pay effective Oct 1, 2011	\$22,416
Pay 10% of Total Cost of PPO#1 effective Oct 1, 2011	\$177
1% off Schedule Payment	(\$9,931)
Add One Step at 3% Increase to Salary Schedule	(\$30,449)
Reduced Leave Pay-Out from \$379/Day to \$250/Day (assumes 8 days/admin)	\$11,234
Reduced Daily Rate for Summer Work from \$350/Day to \$250/Day	
Allowed Elimination of Athletic Director position	\$93,158
Allowed Removal of Hearing Impaired Director from bargaining unit	\$61,927
Allow Restructuring of Special Services Director position	<u>\$7,927</u>
<b>Total Savings (Cost)</b>	<b>\$156,459</b>