

District Finance Forums - Questions and Answers

1 What is our Foundation Allowance for 2012-2013?

\$6,966.00 per FTE (Full Time Equivalent) student.

2 Explain when we receive the foundation allowance.

We receive 11 equal payments on the 20th of each month from October through August, unless this date falls on a holiday.

3 What is Act 18?

This is a Wayne County Center Program that provides services for Hearing Impaired, Autistic and Day Treatment programs for both Redford Union and non-Redford Union students. A separate Wayne County tax millage was leveraged to support this program.

4 What is the \$560,000 charge back for?

The \$560,000 is not a chargeback. It is a receivable that may be due to Wayne RESA for the Act 18 program.

5 Will we owe more than the \$500,000?

At this time the actual amount owed to Wayne RESA is unknown. Wayne RESA conducts their settlements two years in arrears.

6 For Act 18 - is it better to over staff or under staff?

It is better to under staff, then make adjustments (if needed) based on actual student headcount.

7 Will there be any more Wayne County Program charge backs for other years?

There is a possibility. However, we are confident we have staffed at the appropriate level for 2012-2013.

8 Explain the borrowed funds - Why do we borrow?

Because of negative cash flow, the District borrows annually to meet short-term obligations (pay salaries, operating expenses, etc).

9 Why do we need to borrow money if we are losing students and staff?

The loss of students reduces revenue. The loss of staff reduces variable expenses, but we continue to have fixed costs to pay.

10 Cash Flow explanation - really explain money set aside

As opposed to repaying our loan at the end of the school year, we repay our loan from our state aid payment on a monthly basis.

11 Are we in this "pool" because of our DEP (Deficit Elimination Plan)?

No. More school districts are borrowing money from the finance authority, and this entity is nervous that some districts may default on their loans. All borrowing districts are now in the "set aside" pool. RU has never defaulted on a loan.

12 Is there another "pool" we can borrow money from?

We could use other borrowing sources (i.e, Line of Credit or Tax Anticipation Note) but they are not financially friendly to the District.

13 Explain the \$1.2 mil in increased costs - could we have planned better for this?

We did plan for the non-operating costs (legacy, healthcare and worker's comp). We accrue for these costs and they are reflected on the balance sheet. Leave days were already earned by employees, so this is not an added cost. Worker's Comp cost is an expense driven by employees. If employees are injured on the job, then by law the District provides compensation for them. Healthcare expenses are driven by employees own health needs. We are a self-insured district, and excess health claims are the responsibility of the District. The District has stop-loss coverage to help pay for large healthcare claims.

14 Is being self-insured the best option for us?

We believe the self-insured model gives us the best chance to control costs. However, should we choose to move to a straight capitation (fully-insured) model, the District will still be responsible for all IBNR (incurred but not reported) costs from the old plan.

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15 Did we sell busses that we still owed money on? How much and what is the interest rate?

Yes, we sold our bus fleet for \$486,000. We currently owe about \$255,000.00 on three installment loans, of which one loan will be paid off in full in May 2013. The interest rates are 3.49% - 4.29%. This means we will have money to go back into the classroom

16 When is the projected payoff of the bus loan(s)?

One (1) loan will be paid off in May 2013, the other two (2) loans will be paid off in May 2015

17 Do we own any school buses at all now?

No, we do not own any school buses. Nor do we have to pay for repair expenses, insurance, replacing an aging fleet, or upgrading bus radios to become compliant with FCC. We received a \$2,500.00 rebate back from the insurance company when we sold our bus fleet.

18 How are we billed for transportation now? (per bus, stop, etc.?)

We have a three year fixed-contract amount that covers general transportation, athletic events and field trips. It is a per route calculation

19 Did the District lose money on outsourcing Transportation?

No. Last year the district spent \$1,490,126.00 on transportation expense. This year's budget is \$1,260,689.00. The projected savings is more than \$200,000. In addition, the district does not have to pay for bus insurance, additional repairs or to replace the aging fleet, incur training expenses or incur additional worker's comp claims related to bus drivers.

20 Did the District lose money on outsourcing Custodian/Maintenance?

No. Last year the district spent \$3,653,215.00 on custodian/maintenance expense. This year's budget is \$2,690,983.00. The projected savings is more than \$900,000. In addition the district does not have to pay for cleaning equipment, supplies or consumables or incur worker's comp expense associated with those employees.

21 Are field trips covered or are they an extra cost to district?

Field tips are covered under "Additional Services".

22 Is there a short term vision for the District (2 to 4 years)?

From a financial perspective, the District's goal is to be out of deficit at the conclusion of the 2014-2015 year.

23 Is there a long term vision for the District (5 - 10 years)?

The District will continue to seek ways to increase student enrollment and manage expenses in fiscally responsible ways.

24 Is there a demographics of student count estimation for the next few years?

We increased student count a modest 1% in the DEP over the next few years, however we plan to exceed those goals.

25 How does the district budget for projected loss or gain of students?

We staff low initially, then ramp up staff if needed

26 How will we budget enrollment better for next school year?

Over the last several years, we have had a transient student population. We are very conservative in budgeting revenue based on student counts.

27 Will we open the entire district to schools of choice?

That is not being discussed at this time.

28 Are we looking at any other revenue enhancing items?

Yes. If you have any suggestions, please forward them to the Superintendent's Office.

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29 QZAB (Qualified Zone Academy Bond) - Did we get this bond? Why or Why not?

No. The State rescinded our approval letter which made the investor nervous and so they pulled out of the potential deal. QZAB is a non-voted bond.

30 Can we initiate a District led Energy Savings Program?

Yes. We have already begun a lighting project to replace existing T12 lights which will save on energy costs and qualify us for rebates.

31 Are the IEP (Individual Education Plan) numbers and the ratio numbers the same as last year?

Our special education percentage to general education is 24% for the 2012-13 school year. We were at 29% for the 2011-12 school year.

32 What can we do to help with student/teacher ratio numbers?

Eliminating the deficit and concentrating on our special education numbers.

33 Would early interventions help? (Model for Rtl - Response to Intervention)

I do think an early intervention model would help the district. There are some "student assistive teams" currently working in the district, but we might want to analyze our current practices and see if they are meeting our needs across the district.

34 What is Virtual Oakland?

A virtual academy for students (K-8) in Oakland, Genesee, Lapeer, Livingston, Washtenaw and Wayne counties. It is also known as VLA (Virtual Learning Academy).

35 What is SEMCA?

Southeast Michigan Cyber Academy for students in grades 9-12.

36 Who is being targeted for enrollment at SEMCA?

Non-Redford Union students that reside in any county that touches Wayne County.

37 Are district resident students allowed to enroll at SEMCA?

Not without the approval of Redford Union Administration. There may be a situation where an RU student may be a candidate to enroll in SEMCA.

38 What is the cost vs revenue for SEMCA? (total net gain/loss)

Redford Union gets \$6,966.00 FTE per student, and we give SEMCA \$5,200.00 for contracted services. The District also gets \$52 per SEMCA student for "best practices" and \$100.00 per student for retirement reimbursement that we don't share with SEMCA

39 What line item is the revenue in for SEMCA?

It's included in the State Sources in the revenue section of the Deficit Elimination Plan

40 What does the new person do that the district hired for SEMCA?

The requirements for student participation are very demanding and this person is monitoring these requirements. These requirements are directly related to collecting the student foundation from the Michigan Department of Education. It is my understanding that each one of these programs will be audited by the State, and this person will ensure our compliance and that we are maximizing the potential State Aid.

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41 Is the new person at SEMCA a secretary?

No, this person is not a secretary.

42 What is the "other" line item increase for?

Marketing budget. Last year we spent \$25,000 and got more than \$200,000 in revenue from new students.

43 Are the mid-year cuts in the classroom instruction line?

Mid-year cuts are reflected in the instruction, school administration and central line items on the Deficit Elimination Plan

44 What line shows the concessions/donations received from employees?

Concessions are shown as a reduction to expenses in the expense section, donations are shown in the Local Revenue Line in the revenue section of the Deficit Elimination Plan.

45 Are we currently on track with the Revenue vs Expenses Chart used today?

Revenue is slightly down and expenses are slightly down.

46 When will the state review our numbers again? What will they look for?

We submit our updated financial results to the State on a monthly basis.

47 Why are we using Curriculum Crafter instead of WRESA provided?

Currently, WRESA does not offer a comprehensive curriculum tool. Class A has valuable information and tools but not for what our curricular needs are.

48 Can we add "Bussing" to "owned and operated by ..." on the sides of busses?

We can look into making this change with Durham Transportation.

49 What is happening with Keeler?

The Presbyterian Village continues to show interest in purchasing the property. Also, the district is discussing potential new programming for the facility in hope of generating revenue.

50 Are we planning a cyber academy for district students?

The administration is investigating possibilities for the very near future. We are looking for ways to creatively serve students needs and generate revenue for the district.

51 Will the presentation slides be e-mailed to employees?

This request will be taken into consideration

52 Will answers to all of the questions asked be e-mailed to employees?

They will be posted on the District's website