

Ann Arbor Public Schools Budget Information

**Community Forum For
2012-13 Budget**

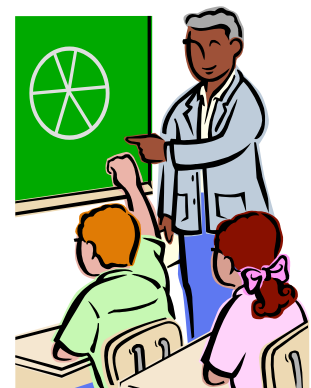


Tonight's Agenda

- I. Welcome and Introductions 5 minutes
- II. Presentation of Funding and Budget Information 40 minutes
- III. Table Discussion and Report Out 60 minutes

AAPS Mission

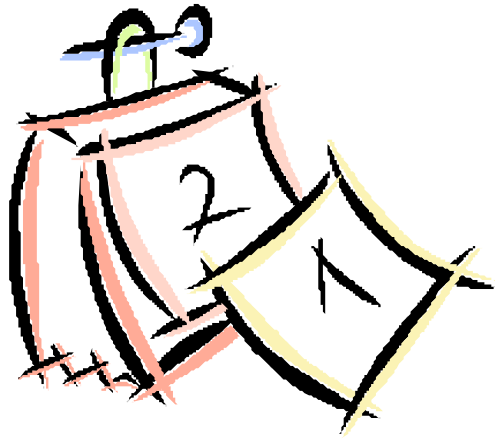
The mission of the Ann Arbor Public Schools is to ensure each student realizes his or her aspirations while advancing the common good, by creating a world-class system of innovative teaching and learning.



District Strategic Plan

1. We will create a complete educational program featuring personalized learning that realizes student aspirations and meets international standards.
2. We will develop and implement a personalized learning plan for each student.
3. We will actualize the potential for excellence in all students through inspiration and support.
4. We will ensure meaningful learning through effective instruction.
5. We will enhance the district's professional learning system in order to provide relevant learning experiences and support for all staff in order to continually improve academic and social achievement for all students.
6. We will engage and inform our constituents to engender trust and support to accomplish our mission and objectives.
7. We will create and maintain physical learning environments that enable us to fulfill our mission.
8. Ensuring resources adequate to accomplish our mission and vision.

Overview of Current 2011-12 AAPS Budget



Budget Development Timeline 2012-13

- Revenue & Expenditure Projections Sept.-Nov. 2012
- Input Gathering Forums (Staff, Parents, Community) November 2012
- Development of Draft Budget Plan Dec. 2011- March 2012
- **State Revenue Consensus Conference** January 2012
- Briefing to BOE on Draft Budget Plan April 2012
- Community Forums Present Draft Budget Plan April 2012
- Proposed Budget Revisions Based on Forum Information April -May 2012
- **State Revenue Consensus Conference** April/May
- **State Finalizes Budget/School Funding** April - October
- Briefing & Approval on Budget Resolution and Notice calling for a Public Hearing May 2012
- Publish Notice for a Public Hearing May 2012
- First Briefing & Public Hearing on Proposed Budget May 2012
- First Briefing of Millage Resolution May 2012
- Second Briefing and Adoption of Millage Resolution, & Approval of the General Appropriations Act June 2012

Restricted Use of School Funding

General Fund – Used for general operating expenses of the school district

- For salaries and benefits, utilities, supplies, equipment etc.

Grant Funds – **Restricted** by the grantor

- For grant use: Title I, IDEA , Career & Tech ed., etc.

Bond Funds – **Restricted** by the voters

- For use in capital projects: building construction, technology, bus purchases, etc.

Debt Service – **Restricted** by law

- to fund debt service for bonds.

•**Sinking Fund** – **Restricted** by law

- For use in capital projects: land acquisition, remodeling and repairing of current facilities by contracted sources.

Special Revenue Funds – **Restricted** for specific purposes

- Food Service, Rec & Ed, etc.

Total Revenue for the District as a Whole For Fiscal Year End June 30, 2011

(unaudited)

COMBINED GENERAL FUND		\$ 194,305,081
General Fund	\$ 185,506,972	
Grants Program	\$ 8,498,234	
Capital Needs	\$ 299,875	
BOND FUNDS		\$ 3,121
2004 Bonds	\$ 296	
2006 Bonds	\$ 1,188	
2008 Bonds	\$ 1,125	
Prior Year Bonds	\$ 512	
OTHER FUNDS		\$ 34,134,830
Special Revenue	\$ 10,539,463	
Debt Service	\$ 16,023,961	
Sinking Fund	\$ 7,571,406	
TOTAL REVENUE		\$ 228,443,032

How are Michigan School Districts Funded?

Foundation Allowance

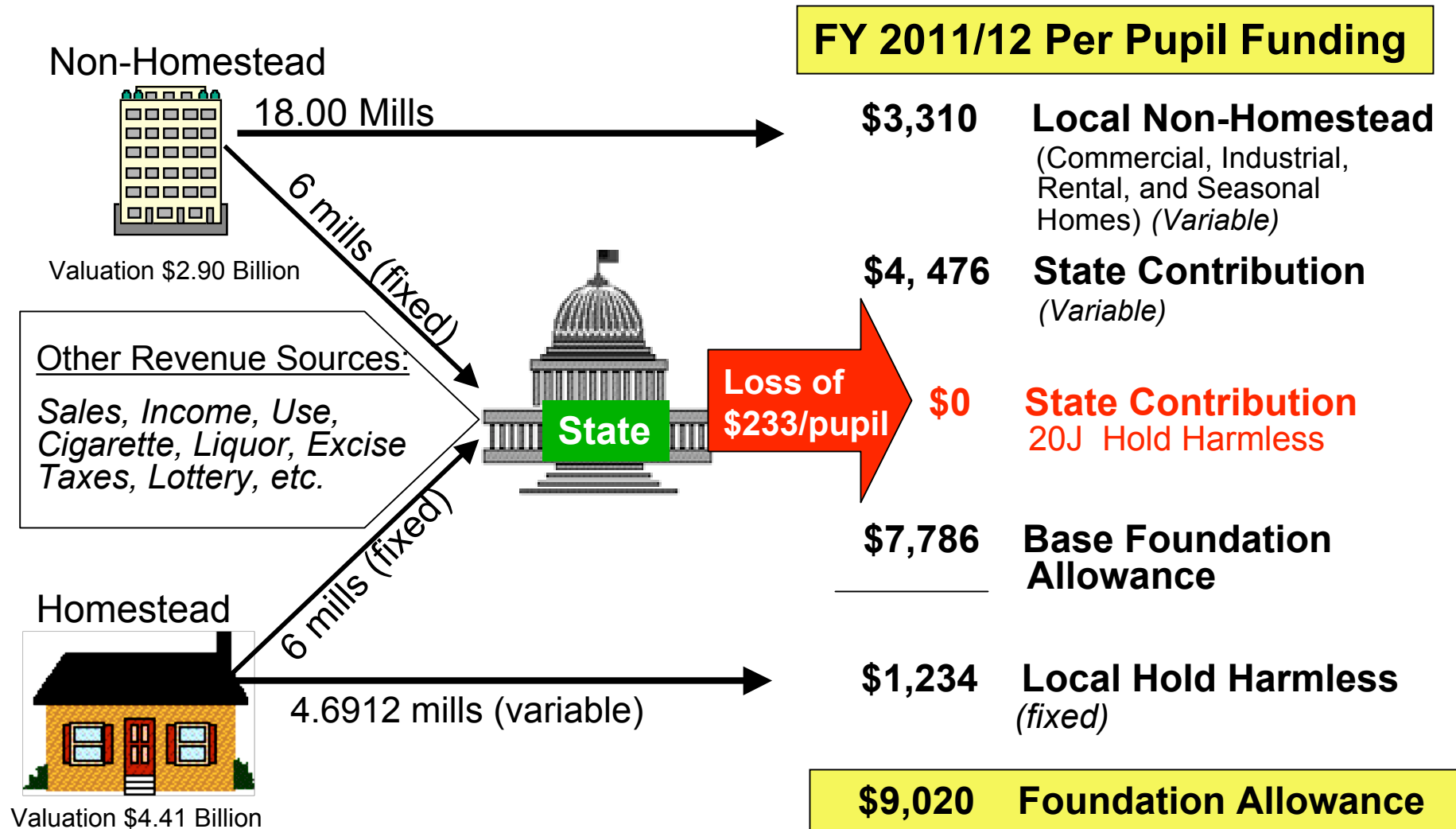
Proposal A legislation (enacted 1994) requiring school district funding to be based on per pupil allocation, determined by:

- ✓ Blended membership count: Actual number of students counted as of September (90%) and February (10%)
- ✓ the district's previous combined state and local revenue sources (all of which is held by the State of Michigan)

Increases in funding may only occur through:

- ✓ growth in the State Aid Fund
- ✓ legislative action

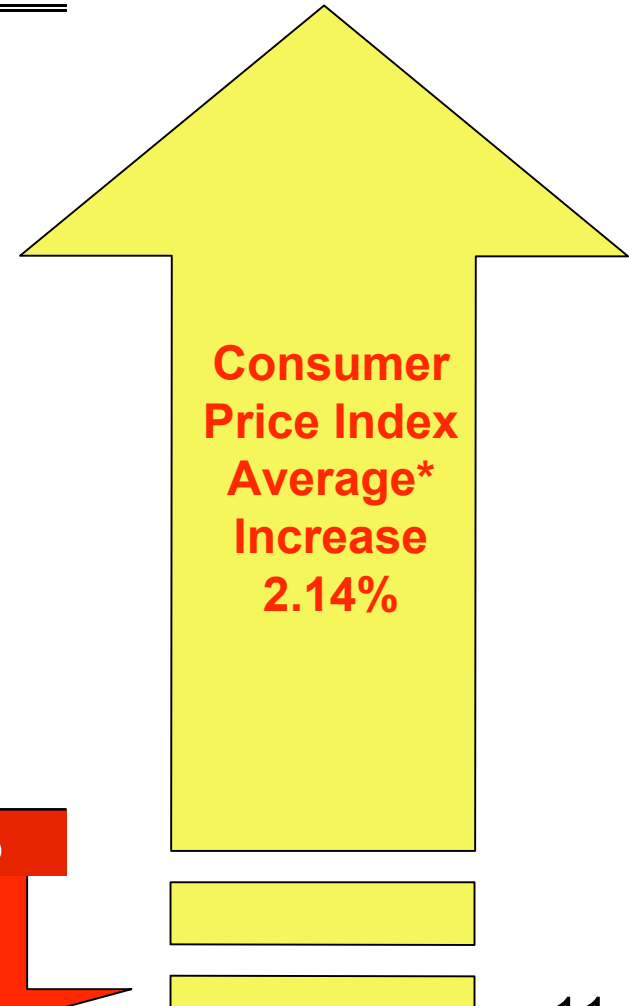
Building a Foundation Allowance



Funding Allocation Since Proposal A

Fiscal year	Per Pupil Allocation	\$ Incremental Increase	% Increase
93-94	\$7,574		
94-95	\$7,734	\$160	2.11%
95-96	\$7,887	\$153	1.98%
96-97	\$8,042	\$155	1.97%
97-98	\$8,196	\$154	1.91%
98-99	\$8,196	\$0	0.00%
99-00	\$8,434	\$238	2.90%
00-01	\$8,734	\$300	3.56%
01-02	\$9,034	\$300	3.43%
02-03	\$9,181	\$147	1.63%
03-04	\$9,160	-\$21	-0.23%
04-05	\$9,234	\$74	0.81%
05-06	\$9,409	\$175	1.90%
06-07	\$9,619	\$210	2.23%
07-08	\$9,667	\$48	0.50%
08-09	\$9,723	\$56	0.58%
09-10	\$9,490	-\$233	-2.40%
10-11	\$9,490	\$0	0.00%
11-12	\$9,020	-\$470	-4.95%

Average Increase \$80.33 1.00%

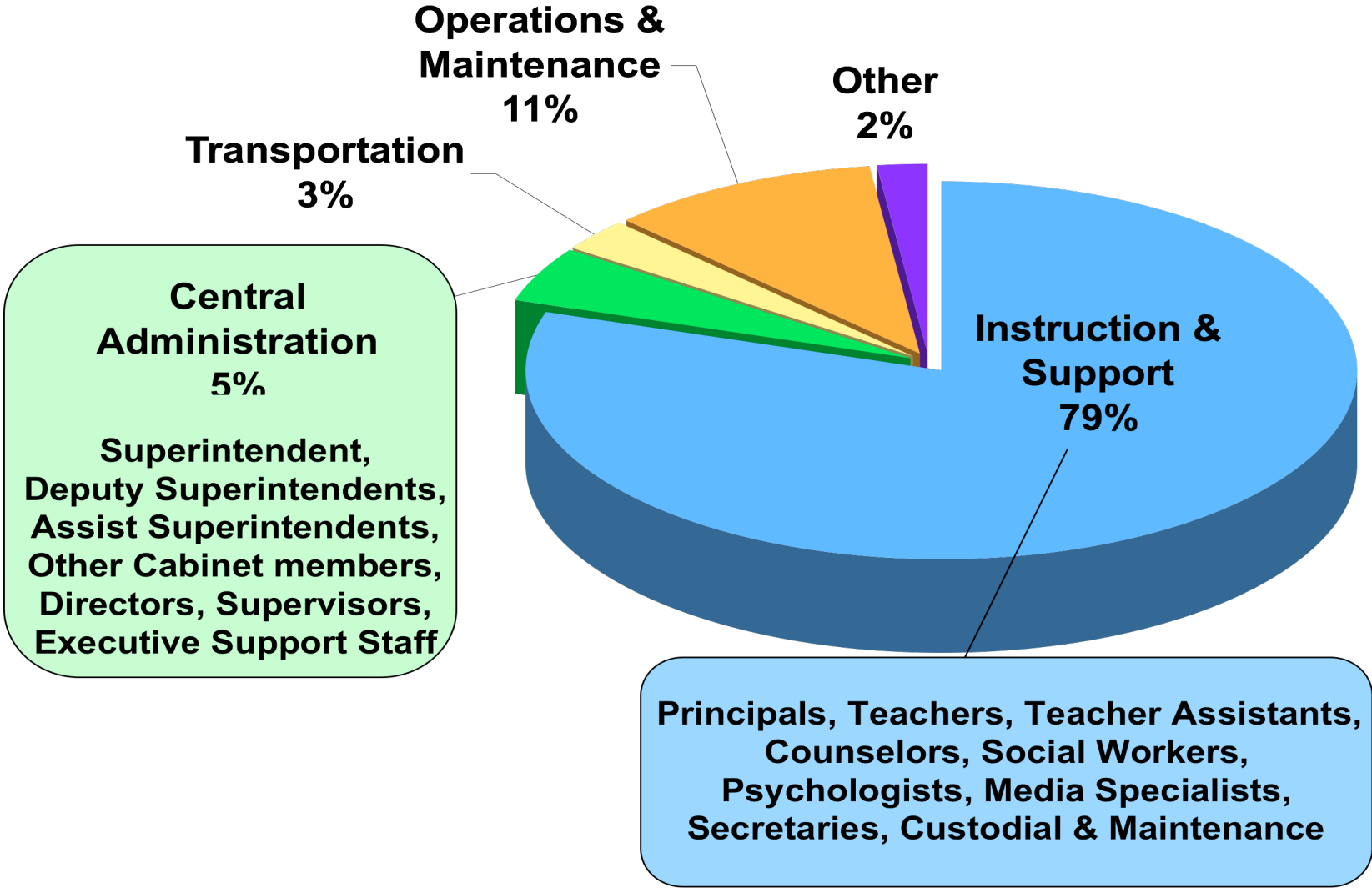


*Source: Bureau of Labor Statistics

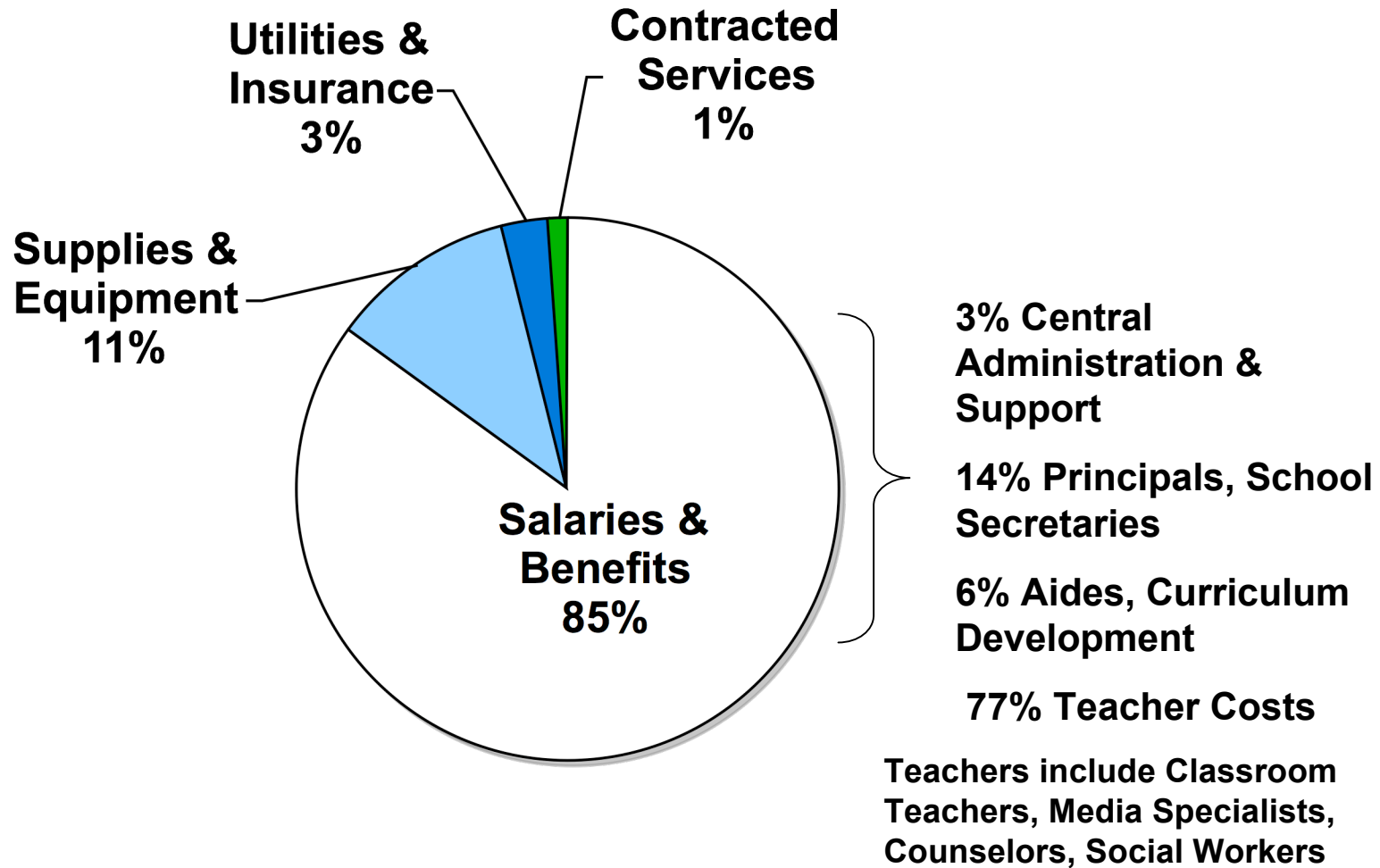
Analysis of Operating Budget Fiscal Year 11-12

• Basic & Added Instructional Needs	\$103,376,874	55.14%
• Adult Education	69,168	.01
• Student Support Services	43,449,724	23.34
• Executive Administration	1,703,442	1.09
• Central Administration	4,806,114	2.75
• Operations & Maintenance	19,409,028	10.45
• Business Services	2,209,507	1.20
• Transportation	4,805,473	4.00
• Community Services	601,238	0.26
• Outgoing Transfers	3,184,432	1.76
Total	\$183,510,493	100.00%

Expenditures as Percentage of Total Budget FY 2011-12



The Driving Cost in our District is People



How does AAPS administrative cost compare with districts of similar size?

- ✓ There are **783** school districts (including charters) in the State of Michigan
- ✓ There are **21** school districts with student populations between 10,000 and 19,999
- ✓ Ann Arbor is the **7th largest** district in the state based on student population
- ✓ Ann Arbor **ranks 363rd** in the state for expenditures per pupil for business and administration

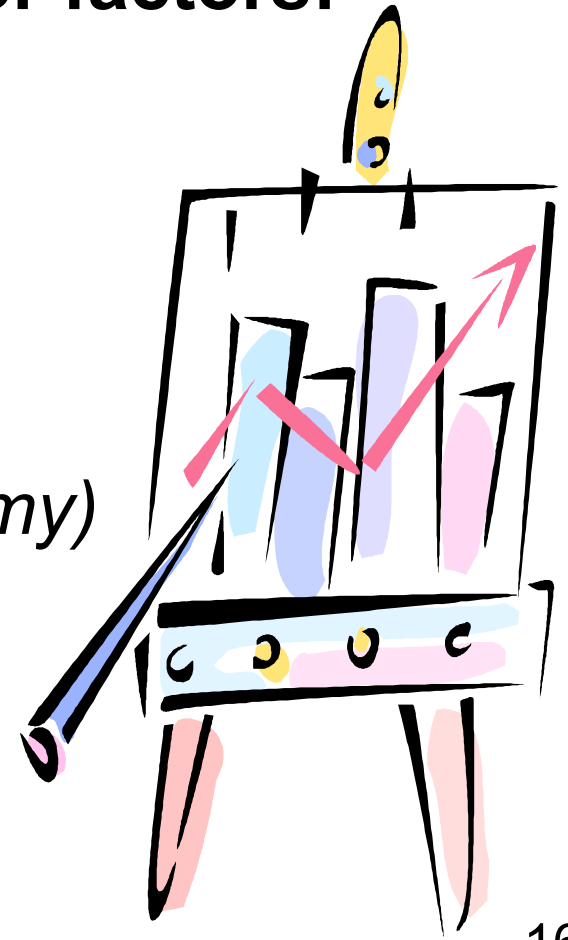
Source: 2009-10 Bulletin 1014

Available on Michigan Department of Education (MDE) website

Revenue Projections

Revenues are driven by two major factors:

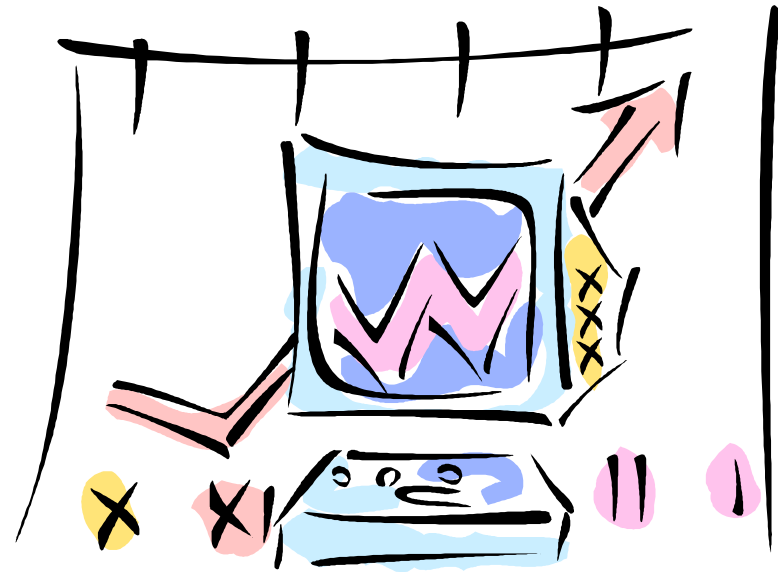
- ✓ Student population
(blended count)
- ✓ State revenues
(dependent on state economy)



Expenditure Projections

Key Components:

- ✓ Incremental Budget Increase
 - Step, FICA, Retirement
- ✓ Fringe Benefit Increases
 - Health, Life, Dental, etc.
- ✓ State Retirement Rate
- ✓ Contract Negotiations
- ✓ Other
 - Legal, Liability Insurance, Utilities, etc.





Assumptions Used for Expenditure Projections

- ✓ Annual expenditure increase of **8%** over the next three years for health benefits
- ✓ Retirement rates will increase from **20.66%** in FY 10/11 to:
 - **24.46%** in FY 11/12
 - **27.37%** in FY 12/13
 - **28.87%** in FY 13/14

State of Michigan Budget

	(In Millions)		
	FY 2010-11	FY 2011-12	FY 2012-13
ESTIMATED SCHOOL AID FUND REVENUE	\$13,461.60	\$13,365.00	\$13,775.40
ESTIMATED EXPENDITURES	(\$12,954.20)	(\$12,733.20)	(\$12,703.10)
ESTIMATED YEAR-END SCHOOL AID FUND BALANCE <i>prior to Executive Budget Recommendations</i>	\$507.40	\$631.80	\$1,072.30
2011-12 EXECUTIVE BUDGET RECOMMENDATION			
REVENUE ADJUSTMENTS			
Loss of carry forward from previous year (FY 13 only)			(\$536.00)
Additional General Fund Transfer		\$393.90	\$326.60
Elimination of Michign Business Tax & other Tax changes		(\$593.90)	(\$526.60)
Funding of Community Colleges		(\$195.90)	(\$195.90)
Funding of Higher Education Budget		(\$699.70)	(\$699.70)
Subtotal Budget Recommendations		(\$463.86)	(\$559.30)
PROGRAM REDUCTIONS			
Foundation Allowance Cut		\$455.80	\$455.80
Categorical Eliminations		\$82.80	\$82.80
Other Program Reductions		\$21.00	\$21.00
Subtotal Program Reducation		\$559.60	\$559.60
Year-end Executive Recommendation Balance		\$95.80	\$0.30

Three-Year Budget Projection

	Current 2011-12	PROJECTED		
		2012-13	2013-14	2014-15
Blended Membership Count:	16,699	16,699	16,699	16,699
TOTAL REVENUE (in millions)	\$182.81	\$177.29	\$178.22	\$178.22
EXPENDITURES:				
Basic Expenditures	\$183.62	\$183.62	\$191.07	\$197.16
Salary Differential/vacancy Savings		\$0.00	\$0.00	\$0.00
Step, FICA, Retirement, Fringes		\$1.76	\$1.77	\$1.77
Fringe Increase		\$1.69	\$1.83	\$1.83
Retirement Rate Adjustment		\$3.17	\$1.65	\$1.65
Utilities Increase		\$0.00	\$0.00	\$0.00
Athletics		\$0.83	\$0.84	\$0.84
AAEA negotiations settlement		\$0.00	\$0.00	\$0.00
Other Barg. Units (settled contracts)		\$0.00	\$0.00	\$0.00
WAY, ECA, IB Programs		\$0.00	\$0.00	\$0.00
Sub-Total		\$191.07	\$197.16	\$203.25
Budget Reduction Plan		\$0.00	\$0.00	\$0.00
TOTAL EXPENDITURES	\$183.62	\$191.07	\$197.16	\$203.25
Balance/ Deficit	(\$0.81)	(\$13.78)	(\$18.94)	(\$25.03)
Fund Equity - Beginning Balance	\$20.62	\$19.81	\$6.03	(\$12.91)
Fund Equity - Ending Balance (Est.) @	\$19.81	\$6.03	(\$12.91)	(\$37.94)

Budgeted Expenditure Reduction & Fund Equity Usage

Fiscal Year	Expenditure Reduction	Fund Equity Used
2007-08	\$5,666,000	\$660,000
2008-09	\$920,000	\$1,910,000
2009-10	\$2,710,000	\$1,965,000
2010-11	\$18,683,000	\$0
2011-12	\$12,635,000	\$810,000
Total	\$40,614,000	\$5,345,000

5-Year History of Budget Reductions

Category of Reductions	07/08	08/09	09/10	10/11	11/12
Elementary Education					\$1,800,000
Secondary Education	\$3,060,000				\$4,500,000
Staff Reductions	\$1,384,000	\$420,000	\$855,000	\$5,490,000	\$970,000
Employee Concessions				\$1,480,000	\$1,600,000
Health Care Expenditures			\$400,000		\$1,000,000
Early Retirement Incentive	\$97,000				
Consolidate Substitutes	\$200,000				
Transportation				\$1,500,000	\$1,000,000
Transfer Exp to ARRA			\$955,000	\$100,000	

5-Year History of Budget Reductions

Category of Reductions	07/08	08/09	09/10	10/11	11/12
Reduce Building Transfers & Dept. Budgets	\$100,000	\$400,000	\$500,000	\$2,280,000	\$950,000
Maintenance & Operations	\$525,000				\$200,000
Legal Services	\$300,000	\$100,000			\$50,000
Athletics				\$1,070,000	\$475,000
Other					\$90,000
TOTAL	\$5,666,000	\$920,000	\$2,710,000	\$18,638,000	\$12,635,000

5-Year History of Budget Reductions

Category of Reductions	07/08	08/09	09/10	10/11	11/12
Total Expenditure Reductions	\$5,666,000	\$920,000	\$2,710,000	\$18,638,000	\$12,635,000
Total FTE Reduction	58.3	3.0	8.7	122.6	83
Avg Class Size					
K-2	19-21	19-21	19-21	19-21	23-25
3-5	23-26	23-26	23-26	23-26	26-28
6-12	28	28	28	28	28-30

Where do we go from here?

Possible Means to Address/Manage Deficit

- ✓ **Lobby the State for Change in the Way Schools are Funded**
 - Increase local control over school funding
 - Changes to the funding of retirement costs
- ✓ **Focus on Increasing Student Enrollment**
 - 100 new students equals \$902,000 in additional revenue
 - Approximately 1,274 K-12 students live in AAPS district and attend charter schools and other public schools within the county
- ✓ **Continue to Focus on Consolidation and Collaboration With:**
 - Local Universities
 - WISD
 - Other area ISD's
 - Other local school districts

Guiding Principles for Addressing Budget Deficit

- ✓ Mission, Beliefs, Parameters, and Strategies in the District Strategic Plan
- ✓ Focus on student achievement and academic excellence
- ✓ Maintaining a variety of educational programs and learning opportunities for students
- ✓ Look at how to provide services and programs differently at a high quality while reducing costs
- ✓ Focus on new revenue options as well as cost savings

Considerations for Developing the Budget

✓ **Non-Instructional Areas**

- Maintaining service levels and providing the service differently
- Changing service levels
- Combination of the first two
- Consolidation with other districts

✓ **Instruction and Student Programs**

- Impact on student achievement
- Number of students impacted
- Equity
- Opportunity to provide instruction/learning differently

Table Discussions

1. Was the information provided tonight helpful?
2. Is there additional budget information that you would like to see at these forums?
3. The school district anticipates additional reductions in the 2012-2013 budget. This is a list of the main budget areas. Below are broad categories we will discuss this evening in greater detail at the individual tables.
 - ✓ Instruction
 - ✓ Athletics
 - ✓ Administration
 - ✓ Custodial services
 - ✓ Electives (music, art, PE)
 - ✓ Maintenance
 - ✓ Transportation
4. Do you have any additional suggestions for the Ann Arbor Public School District for more actively involving families in the budgeting process?
5. What could we do differently to save money?
6. What suggestions do you have for collaboration between AAPS and other entities?
7. What suggestions do you have for revenue enhancements?

QUESTIONS?



Your Presenters

Dr. Patricia Green

Superintendent

Mr. Robert Allen

Deputy Superintendent, Operations

Thank you!