



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2019-13**

**APPROVING THE DETROIT PUBLIC SCHOOLS COMMUNITY  
DISTRICT'S GENERAL FUND BUDGET FOR FISCAL YEAR 2020**

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, 2020 ("fiscal year 2020") to the Commission at its meeting on June 10, 2019 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 2020 (the "Budget"), as presented to the Commission on June 10, 2019, 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.

# DPSCD FY 20 Proposed Budget – General Fund

# FY 20 Proposed Budget Summary

The FY 20 proposed budget is based on a strategic but conservative revenue and expense framework:

- ✓ Balanced budget based on conservative implementation of Governor's proposed budget.
- ✓ Budget includes a projected \$10M contingency, maintains 10% reserve (Rainy Day Fund), and a projected \$80-90M fund balance for potential one-time investments
- ✓ ~\$26M one-time costs through reoccurring revenue (salary bonuses, new schools, new curriculum, professional development)
- ✓ Assumes a one percent (500 students) increase in Fall 2019 enrollment
- ✓ Includes limited but strategic reoccurring salary increases and larger one-time bonus payments
- ✓ All district and school level positions fully funded
- ✓ Maintains and increases investments at school level through – School Staffing Model (deans for small Partnership schools, more PE/art/music teachers for large K-8s, level set for small school allocations, ~\$10M in add on school level positions for class size, programs, and school improvement), continues investment in grade level curriculum (science and social studies), and expansion of professional development
- ✓ Expansion of academic intervention through professional development and expansion of Academic Interventionists to second grade
- ✓ Completes the conversion to full-time District employment in IT

# FY 20 School Staff Allocations

Position	Allocation
Assistant Principal*	Minimum of 1 per school
Dean of Culture	<ul style="list-style-type: none"> <li>All Partnership schools: 1</li> <li>Schools with enrollment &gt;350: 1</li> </ul>
Master Teacher	<ul style="list-style-type: none"> <li>Elementary or Middle Schools &lt;350 students: 1</li> <li>K8s &lt;350 students: 2</li> <li>Elementary or Middle Schools &gt;350 students: 2</li> <li>K8s &gt;350 students: 4</li> <li>High Schools: 2</li> </ul>
Teachers	K-3: 1 per 25 students 4-5: 1 per 30 students 6-12: 1 per 35 students
Guidance Counselor	K8s: 1 per 500 students HS: 1 per 400 students
College Transition Advisors	HS: 1 per school
Attendance Agent & School Culture Facilitator	1 per school
Academic Interventionist	Grades 2 – 8: 1 per 150 students Grades 9-12: 1 per 400 students
ParaEducators	Grades K-1: 1 per 2 teachers
Clerical*	Minimum of 2 per school

## Staff Model Changes

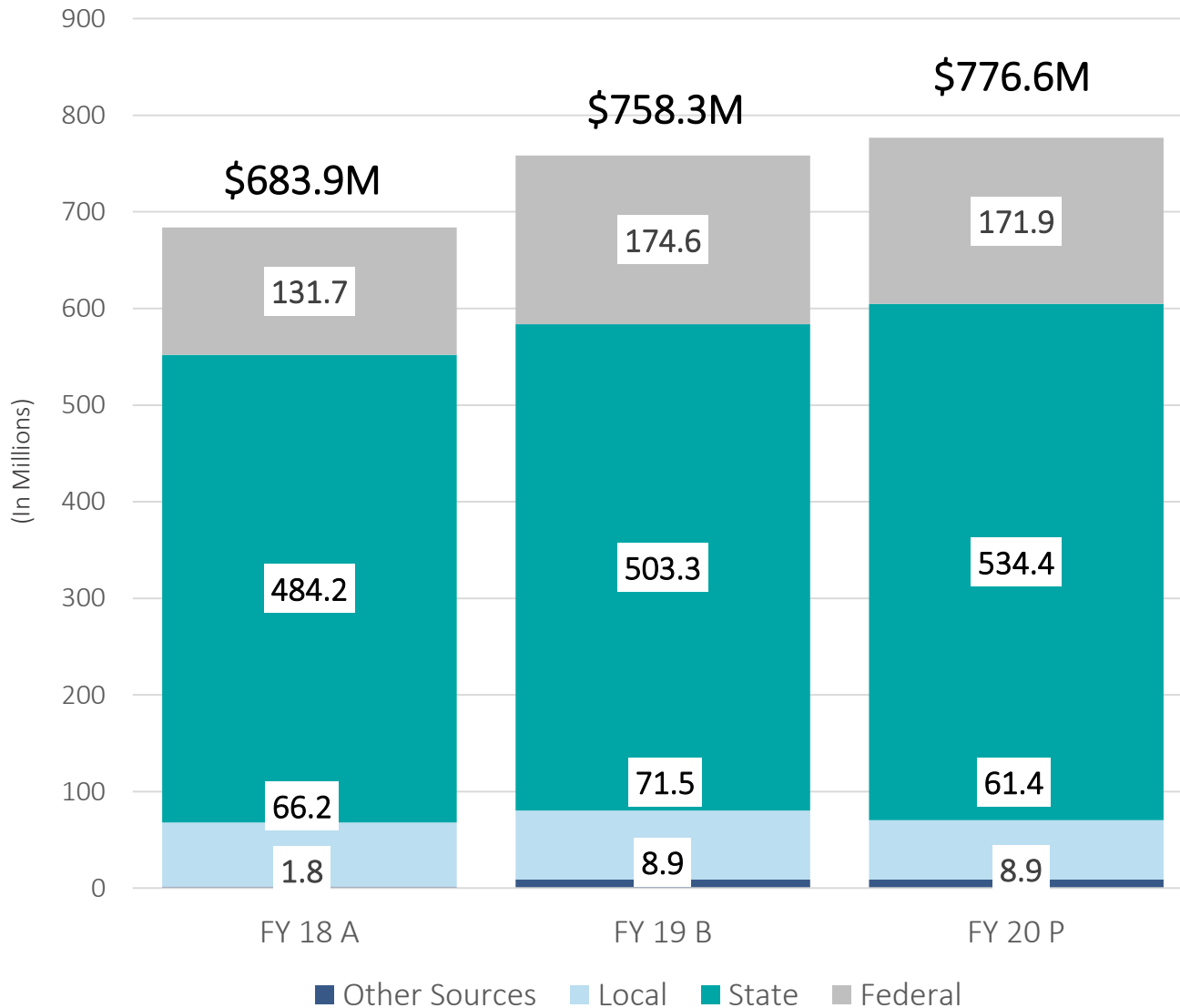
- ✓ Adjusted allocation of Master Teacher for school size
- ✓ Increased Dean of Culture allocation for small Partnership Schools
- ✓ Increased allocation of Academic Interventionists for K8s and to serve grade 2
- ✓ ParaEducators shifted to serve PK-1

## Teacher Allocation

- ✓ Additional allocations for preparation periods, Exceptional Student Education, Pre-Kindergarten, and English Language Learners
- ✓ Minimum of Art or Music and Gym Teacher for all schools, schools 700+ receive all 3

*\*Allocations increase by school size and type*

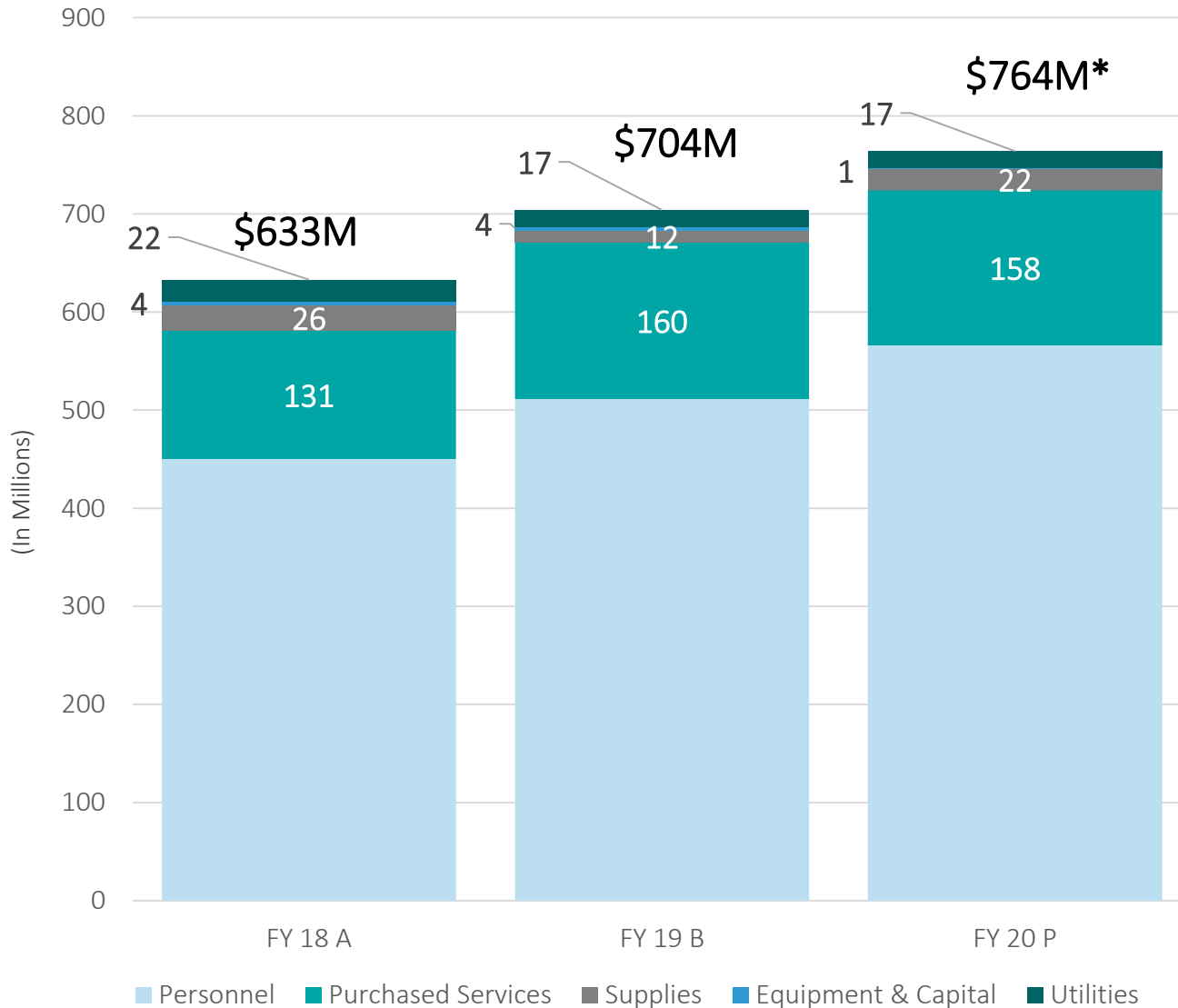
# FY 20 Projected Revenue



The District is projecting a 2.4% increase in funding in FY 20. Increased funding is based on:

- Increase in the Foundation Allowance matches the Governor's proposed increase, however it is approximately \$75 less than the Senate's version
- Includes Governor's proposed \$600 per student increase in "At Risk" funding - \$6M
- Includes Governor's proposed increase in Exceptional Student Education reimbursements from the state - \$4.3M
- 1% increase in student enrollment (500 students)
- Local Sources: Act 18 Revenue was reduced by \$10M to be in line with projected expenditures

# FY 20 Projected Expenses



Personnel: The increase (\$55M) is related to

- Projected salary increases
- Additional Professional Development stipends
- Conversion of IT staff to FTE

Purchased Services: Expenses are projected to remain constant, decrease in IT purchased services is offset by one-time purchases for PD, curriculum, and technology

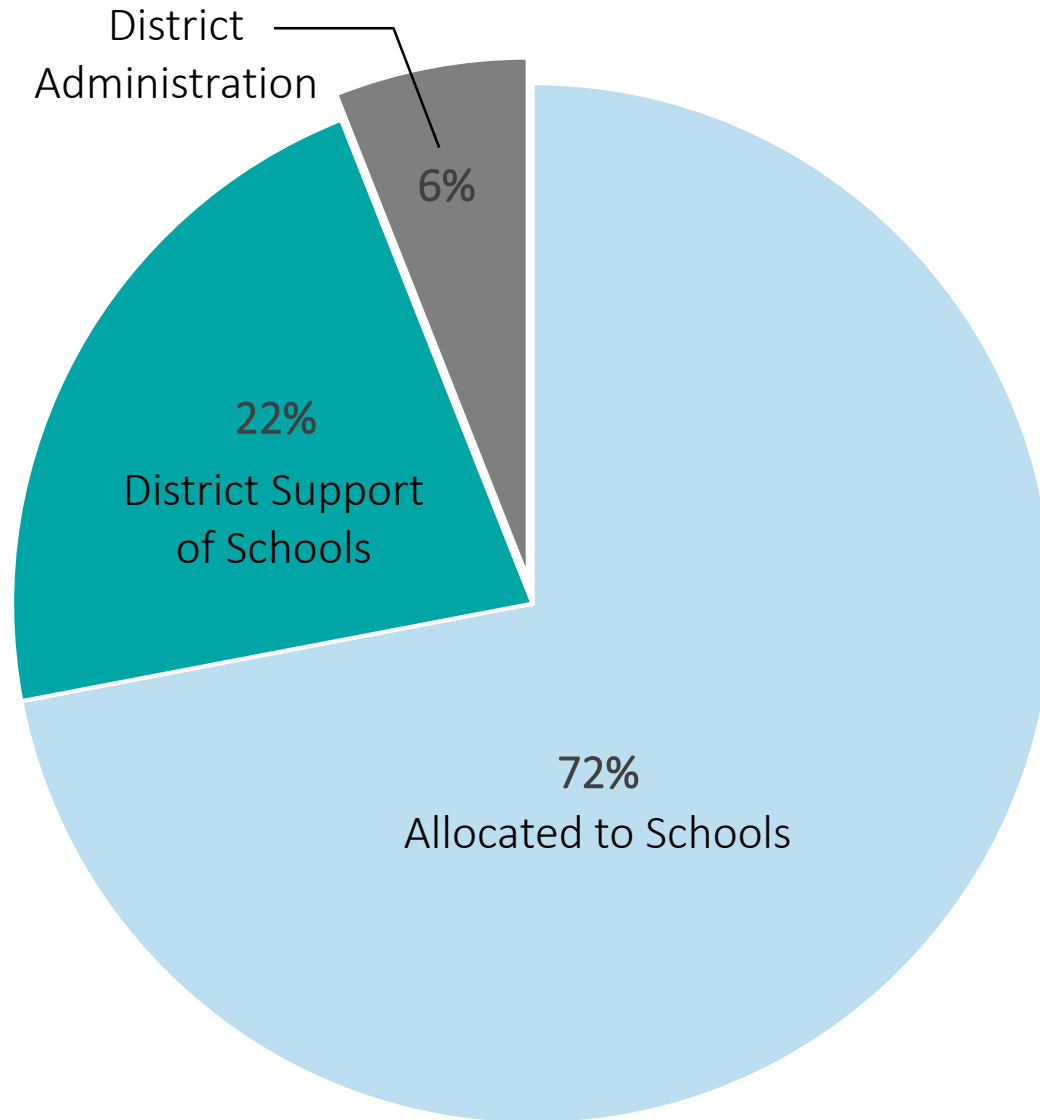
Supplies: The increase (\$9M) is related to additional professional development and curriculum purchases

Equipment & Capital: The decrease (\$3M) is related to Capital projects are included in Capital Projects budget

Utilities: Expenses are projected to remain constant

*\*Does not include Contingency/Restricted Funding*

# District Budget Overview



The District allocates 94% of its resources to schools or for District departments which support school functions. District supports include

- Curriculum & Instruction
- Custodial, Maintenance and Utilities
- Security
- Transportation

Administrative costs represent approximately ~6% of the total budget



# FY 2020 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT  
GENERAL FUND  
FY 2020 DRAFT BUDGET YEAR ENDING JUNE 30, 2020

	FY 2018 Actuals	FY 2019 Adopted	FY 2019 BA # 1	FY 2020 Draft Budget	FY 2020 - Increase (Decrease) Over FY 2019 BA # 1
<b>Revenue:</b>					
Local sources					
Local sources	66,222,793	71,531,138	66,455,987	61,438,220	(5,017,767)
State sources	484,209,873	503,289,568	512,763,670	534,394,178	21,630,508
Federal sources	131,731,039	174,565,369	183,058,492	171,902,060	(11,156,432)
<b>Total Revenue</b>	<b>682,163,705</b>	<b>749,386,075</b>	<b>762,278,149</b>	<b>767,734,458</b>	<b>5,456,309</b>
<b>Expenditures:</b>					
Instruction	324,511,382	390,136,373	378,051,491	373,572,765	(4,478,726)
Support services					
Pupil services	52,567,856	78,354,488	91,306,167	81,055,677	(10,250,490)
Instructional staff support	31,296,933	32,899,337	45,723,042	51,888,343	6,165,301
General administration	4,549,474	6,078,685	5,688,261	6,169,694	481,433
School administration	39,221,706	52,476,876	48,188,781	49,331,306	1,142,525
Business office	10,206,870	11,073,394	10,218,789	11,557,020	1,338,231
Operations & maintenance	93,223,006	81,961,782	92,615,755	93,592,373	976,618
Transportation	34,896,150	36,749,795	36,975,486	41,721,229	4,745,743
Central support service	34,934,693	38,949,349	41,881,594	48,719,542	6,837,948
Other support service	3,660,090	2,413,014	2,729,881	1,630,804	(1,099,077)
<b>Total support services</b>	<b>304,556,778</b>	<b>340,956,720</b>	<b>375,327,756</b>	<b>385,665,988</b>	<b>10,338,232</b>
Community service	4,047,594	1,271,230	5,463,516	7,428,069	1,964,553
Facilities acquisitions and improvement	-	-	28,171	-	(28,171)
<b>Total Expenditures</b>	<b>633,115,754</b>	<b>732,364,323</b>	<b>758,870,934</b>	<b>766,666,822</b>	<b>7,795,888</b>

# FY 2020 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT  
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FY 2020 DRAFT BUDGET YEAR ENDING JUNE 30, 2020

	FY 2018 Actuals	FY 2019 Adopted	FY 2019 BA # 1	FY 2020 Draft Budget	FY 2020 - Increase (Decrease) Over FY 2019 BA # 1
<b>Other Financial Sources (Uses)</b>					
<b>Sources</b>					
Proceeds from sale of capital assets	-	-	368,575	-	(368,575)
Payments From Detroit Public Schools	-	6,900,000	6,900,000	6,900,000	-
Transfer from Food Service Fund	1,779,586	2,000,000	2,000,000	2,000,000	-
<b>Total Sources</b>	<b>1,779,586</b>	<b>8,900,000</b>	<b>9,268,575</b>	<b>8,900,000</b>	<b>(368,575)</b>
<b>Uses</b>					
Contingency	-	(17,831,299)	-	-	-
<b>Total Uses</b>	<b>-</b>	<b>(17,831,299)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Financial Sources (Uses)</b>	<b>(8,931,299)</b>	<b>(8,931,299)</b>	<b>9,268,575</b>	<b>8,900,000</b>	<b>(368,575)</b>
<b>Special Item</b>	<b>11,244,572</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>62,072,109</b>	<b>8,090,453</b>	<b>12,675,790</b>	<b>9,967,636</b>	<b>(2,708,154)</b>
<b>Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>62,072,109</b>	<b>8,090,453</b>	<b>12,675,790</b>	<b>9,967,636</b>	<b>(2,708,154)</b>
<b>Fund Balance - Beginning</b>	<b>78,963,120</b>	<b>141,035,229</b>	<b>141,035,229</b>	<b>153,711,019</b>	
<b>Fund Balance - Ending</b>	<b>\$ 141,035,229</b>	<b>\$ 149,125,682</b>	<b>\$ 153,711,019</b>	<b>\$ 163,678,655</b>	