

**DETROIT PUBLIC SCHOOLS**



**FISCAL YEAR 2014  
PROPOSED BUDGET**

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FY 2014 Proposed Budget

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# SECTION I

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## Transmittal Letter



# DETROIT PUBLIC SCHOOLS

**Roy S. Roberts**  
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June 20, 2013

Dear Detroit Public Schools Stakeholder:

When we launched the new Detroit Public Schools five-year strategic plan in April, which was the result of an intense community-driven effort, I stated that I truly believe that Detroit Public Schools is at the most important crossroads in its history. At that time, I said that DPS must make necessary and bold changes quickly in order to ensure that this district will not just survive, but thrive.

Collectively, we must work to create Neighborhood-Centered, Quality Schools that meet the needs of students and their families with high quality educational programs in a safe environment that sets the school as the true hub or center of the community it serves. In light of increasing competitive challenges, as well as long term demographic trends, we must work to increase our “market share” of school-age children by becoming the education provider of choice, and we must deliver real results.

In short, DPS must go on the offense. When I say this, I mean we must all be committed to doing everything in our power to not only retain the students currently attending Detroit Public Schools, but also to attract at least 5,000 new students through an unprecedented, aggressive summer-long enrollment campaign.

Because we understand that our schools know their neighborhoods and communities better than anyone, this campaign will – for the first time – place its focus on marketing individual school buildings and their academic and enrichment programs. We’re counting on all of our employees and stakeholders to rally around the schools to help them in this critical effort.

By planning to win, not to fail we can create a stronger, more sustainable DPS, and play an increasingly vital role in Detroit’s revitalization.

The proposed Fiscal Year 2014 budget is a bold statement and a tangible example of a school district that will no longer plan to fail. This budget is balanced and adheres to our responsibilities to reduce expenditures while emphasizing stability and reducing the negative effects of change and “churning” that have regrettably served as the hallmark of our district for a number of years.

It also represents the continuing need to evaluate central office services and all service areas to reduce costs and better serve customers while improving technology. For example, it is anticipated that utility expenditures will decrease by \$3.2 million, or 17%, through continued development of our comprehensive energy conservation plan.

The FY 2014 budget is based on a total membership for funding purposes of 51,160, which is an increase of 2.68 % over the FY2013 Amended Budget.

Because we understand and support that our schools are the center of our neighborhoods, the FY 2014 budget represents far fewer school closures than in many recent years for a total reduction of only four school programs. It also maintains class-size ratios at the same levels as the previous year with the exception of two grade levels, fourth and fifth grade, where averages will increase by two. And, it retains the class size set for the critical kindergarten through third grade, at 25, as well as for all grades six through 12. Overall, all expenditure line items will decrease, with a projected savings of \$87.5 million or 11%. The only expenditure line item that will increase is Instruction. Funding for Instruction will increase by \$1.8 million, or 1%. Debt service will remain generally constant, at \$53 million.

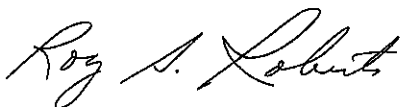
All Central Office Units participated in a Zero Base Budgeting process for the second consecutive year and presented strategies to reduce expenditures by 10-15% for each department. "Decision packages" were developed and final reductions represented those actions that would not negatively impact the educational programs or result in potential enrollment declines. Through the implementation of Zero Base Budgeting throughout central administration departments, DPS has identified \$27 million in cost savings and a reduction of 50 full-time positions. Across the school district, net savings from an Employee Severance program currently in effect is estimated at \$12.9 million.

The district will continue with the same methodology for the nine Detroit Rising Self-Governing Schools, with additional autonomy and schools not being restricted to the staffing formulas within this budget. The FY 2014 budget also assumes that the District will not borrow funds on behalf of the Education Achievement Authority (EAA).

As I write this, Strategic Planning Teams are working hard to deliver on the first phase of bold actions that will be evident to our parents by the first day of school this fall. These include: Universal PreK for all eligible 4-year-old students; Arts and Music enrichment programs district wide; Career Academies offering diploma, certification, associate degree and apprenticeships upon completion; Community Schools models; Safety enhancements; Customer Service programs and training; additional parenting programs including a new Parent University; and new Attendance and Code of Conduct policies. Combined with sustained academic progress as witnessed by MEAP score and graduation rate gains, along with fiscal responsibility, these programs will create a sustainable course forward for our city's public schools.

I want to thank you all for your strong commitment to being a critical part of our efforts to address DPS' challenges and to do what is best for our students. That need, and your support, has never been more important.

Sincerely,

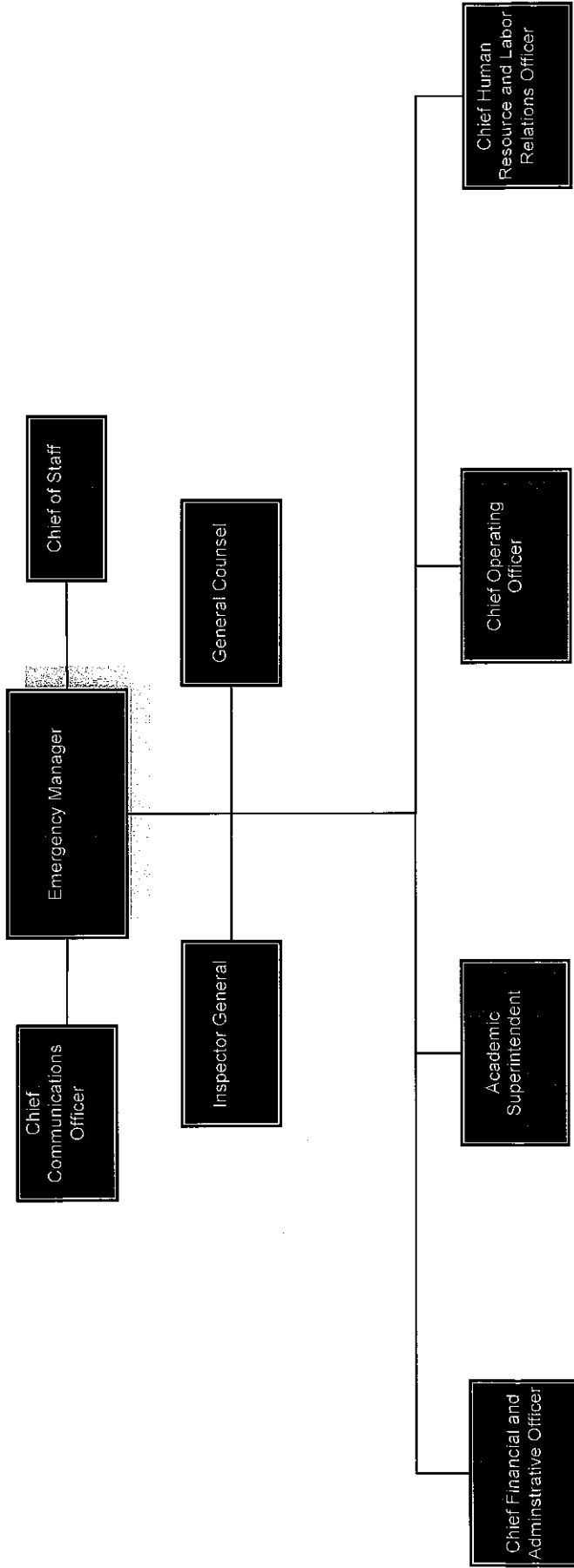
A handwritten signature in cursive script that reads "Roy S. Roberts".

Roy S. Roberts  
Emergency Manager

# SECTION II

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## Organizational Chart



# SECTION III

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## Major Planning Assumptions



**Detroit Public Schools  
FY 2014 Proposed Budget  
Major Planning Assumptions**

**Student Enrollment Projections (FTE):**

The FY 2014 General Fund Budget is based upon historical and projected Detroit Public Schools (DPS) student enrollment as outlined in the table that follows. The FY 2014 General Fund Budget reflects the State of Michigan per pupil funding formula based upon a blended 90-10 percentage split between the Fall 2013 and Spring 2014 projected FTE enrollments. The total projected blended FTE enrollment is 51,070 students.

The District recently completed a comprehensive strategic planning process that among other things, is designed to enhance student enrollment. As a part of the effort the District has developed an aggressive marketing campaign to increase enrollment by the Fall of 2013. This campaign anticipates recruiting an additional 5,000 students, which is included in the student enrollment projections. The Spring 2014 student enrollment estimate is based on a historical trend of a 2% decline from Fall actuals in the General Education student population and a 1% increase in the Special Education student population.

**Employee Severance Plan – ESP:**

The District has developed and is in the process of implementing an employee early severance plan. The plan provides for eligible participants to receive sixty-five percent of their FY 2013 base salary and wages over a sixty month period upon separation or exit from the District. The plan projects FY 2014 savings of approximately \$12.9 million.

	FY 2012 Actual	FY 2013 Amended ( 1)	FY 2014 Budget
<b>Weighted Enrollment Calculation</b>			
Total General Education Students	60,867	46,819	46,695
Total Special Education Students	5,878	4,500	4,375
Total State Aid Membership	66,745	51,319	51,070
<b>% Change</b>	<b>-11.05%</b>	<b>-23.11%</b>	<b>-0.49%</b>
<b>Fall Student Counted</b>			
General Election	60,255	45,464	46,789
Special Education	5,814	4,360	4,371
<b>Total Students</b>	<b>66,069</b>	<b>49,824</b>	<b>51,160</b>
<b>% Change</b>	<b>-9.57%</b>	<b>-24.59%</b>	<b>2.68%</b>

**Calculation of Student Count for State Aid**

<b>General Education Student count</b>			
Spring	66,376	59,011	45,853
Allocation Percentage	10%	10%	10%
Fall	60,255	45,464	46,789
Allocation Percentage	90%	90%	90%
<b>General Education Total</b>	<b>60,867</b>	<b>46,819</b>	<b>46,695</b>

**Special Education – Sec. 52 Student Count**

Spring	6,454	5,758	4,415
Allocation Percentage	10%	10%	10%
Fall	5,814	4,360	4,371
Allocation Percentage	90%	90%	90%
<b>Special Education – Sec. 52 Total</b>	<b>5,878</b>	<b>4,500</b>	<b>4,375</b>

The following is a chart that presents the proposed class sizes for the projected student population.

**Class Size Assumptions**

Grade	Size	Size	Size*
General, K-3	25	25	25
General, 4-5	30	33	35
General, 6-8	35	38	38
General, 9-12	35	38	38

\* Projected

(1) The significant decrease is due primarily to the transfer of fifteen schools and related students to the Education Achievement Authority.

**Significant Revenues and Expenditures Assumptions**

## **REVENUES**

The FY 2014 General Fund budget reflects total budgeted revenues of \$685.3 million. The District's most significant sources of revenues are funding from the State of Michigan which is anticipated to amount to \$368.1 million. Federal funding is projected at \$177.7 million and local revenues are anticipated to amount to \$139.5 million.

Most of the District's revenue is dependent on the number of students enrolled in our schools. For the year ending June 30, 2014 the District's student membership (for funding purposes) is projected at 46,695 for general membership and 4,375 for special education students for a total of 51,070. For FY 2014, the District's Foundation Allowance will be \$7,246 per student FTE.

### **State Sources – State Aid Unrestricted, Other Unrestricted and Categorical Revenues**

For the FY 2014 State revenues are projected to approximate \$368.1 million. State Aid revenue consists of three major components: State Aid Unrestricted, Other Unrestricted and Categorical.

**Unrestricted:** The Unrestricted portion of the State Aid revenue is \$259.3 million and consists primarily of two parts – 22a Proposal A Obligation and 22b Discretionary Payment.

**Prop A Obligation:** The Prop A Obligation represents dollars the District will receive from the state to meet the minimum funding requirements as set by Michigan State law. The projected budget for the Prop A Obligation is \$206.1 million.

**Discretionary Payment:** The discretionary payment is the amount above the state required funding of \$5,584 per pupil. The projected budget for the Discretionary Payment is \$53.2 million.

**State Aid Other Unrestricted:** The Other Unrestricted portion of the State Aid revenue is \$14.3 million and consists of the following items:

- 152a Headlee Obligation for Data Collection
- 26a Renaissance Zone
- 22f Best Practices Incentive
- 147a MPSERS Reimbursement

**State Aid Categorical Revenue:** State Aid categorical revenue is anticipated to be approximately \$91.9 million and consists primarily of 31a At Risk, Great Start Readiness programs and Section 51c Special Education Headlee Obligation revenues as well as other small grants.

## **Federal Sources – Title, USDA and Other Grants**

FY 2014 projected revenue is anticipated to be \$177.7 million.

### **Title I and Title II Grants:**

Title I is a federally administered program in which supplemental funds are given to schools with a large concentration of low-income students to assist in meeting the educational needs and goals of the students. The FY 2014 projected revenue includes \$130.2 million of Title I revenues.

Title II is categorized into two parts, A and D. The goal of Part A is to increase the academic achievement of all students by helping schools and districts improve teacher and principal quality and ensure that all teachers are highly qualified. The goal of Part D is to improve student academic achievement through the use of technology in elementary and secondary schools. The projected budget for Title II is \$19.2 million.

### **Other Federal Revenue:**

Other Federal revenue is projected at \$28.3 million and consists of the following grants:

- IDEA grant
- ARRA School Improvement
- Follow That Child grant
- Various other small grants

## **Local sources – Property Taxes, Special Education Millage and Other**

For FY 2014 Local revenue is projected to amount to \$139.5 million and consists of three major components: Property Taxes, Special Education Millage and Other Revenue.

### **Property Taxes:**

Property taxes are collected by the City of Detroit based on the assessed valuation of commercial and residential property. Residential property is taxed at a rate of 18 mills and commercial property is taxed at a rate of 6 mills. The Districts total property tax levy is expected to amount to \$78.3 million. DPS projects that it will collect approximately \$66.6 million due to an overall reduction in property values and the City's declining ability to collect property tax revenues. The 2014 projected property tax collections of \$66.6 million represent a nine percent decrease in tax collections when compared to the budgeted FY 2013 collections.

**Special Education Millage:**

Special Education Millage or ACT 18 revenue is comprised of funds received from the collection of property taxes by the Wayne County Regional Educational Service Agency (Wayne RESA). The projected revenue for FY 2014 is approximately \$43.2 million, a three percent increase when compared to FY 2013 budgeted ACT 18 revenue.

**Other Local Revenues:**

Other Local Revenues are budgeted at \$28.7 million and consist primarily of proceeds from Medicaid Reimbursements (\$11.8 million), Education Achievement Authority (EAA) payments (\$9.6 million) and other revenues.

**EXPENDITURES**

The FY 2014 proposed budget reflects significant reductions in every expenditure categories.

Personnel costs are projected to decrease by a total of \$67.3 million or 13.3%. During FY 2013 DPS initiated an Employee Severance Plan (ESP). The goal of the plan is to reduce the number of employee positions and the employee average cost of remaining employees. The ESP is estimated to save DPS \$12.9 million in FY 2014. The FY 2014 proposed budget also reflects the elimination of 665 employee positions, which also contributes to the \$67.3 million decrease.

With the continued implementation of Zero Base Budgeting throughout Central Administration Departments, DPS has identified \$27 million in cost reductions relating to both personnel and non-personnel expenditures.

The closure of six (6) school buildings and four (4) school programs will contribute to a decrease in the District's expenditures.

In addition, we anticipate realizing \$6 million cost savings during FY 2014 with the continued implementation of Strategic Sourcing and process improvement initiatives throughout the District. The District is anticipating an additional \$9 million savings from the District's reorganization and technology implementation of PeopleSoft 9.1 during FY 2014. We will evaluate other options to control costs including exploring more opportunities for outsourcing or in-sourcing.

The District also anticipates making other mid-year budget reductions.

**FUND 19 Consolidated Funds**

During FY 2014 the District will participate in a Michigan Department of Education pilot program that provides for the consolidation of restricted and unrestricted resources into Fund 19.

Fund 19 expenditures are based on a new Federal guideline that allows schools meeting certain criteria to consolidate Federal, State and local funds into a single conceptual pool of funds to support any qualified activity in their Schoolwide plan.

The consolidation of the restricted and unrestricted resources from various funds (General Purpose Fund - 11 and Grants Fund - 14) provides the District with enhanced flexibility in determining how the "Consolidated Funds" can be utilized.

## **Personnel Costs**

The FY 2014 General Fund Budget assumes a wage and compensation structure for all employee groups and non-union personnel that includes:

### **1. Salary & Wage Reductions**

All General Fund employees' salaries and wages reflect approximately a 10% reduction realized through prior concession. The prior concessions are now a part of the majority of employees' collective bargaining agreements.

### **2. Health/Dental/Life/Vision (HDLV) Insurance**

The FY 2014 General Fund Budget assumes the state mandated 80-20 cost sharing plan for medical benefits including; health, dental and vision.

### **3. State of Michigan Employer Pension**

The FY 2014 General Fund Budget reflects a blended pension rate of 24.67% which is a .35% increase over the current fiscal year rate of 24.32%.

### **4. Suspend Economic Wage Drivers**

The FY 2014 General Fund Budget includes savings from the suspension of certain economic wage drivers related to certification bonuses, missing prep periods, oversized classrooms and other wage drivers.

### **5. Funding for the District's Academic Plan – School Staffing**

The primary goal of the academic plan is to ensure the equity of student access to high quality instruction while maximizing the District's resources. Through continued partnership with parents and the community, the FY 2014 Academic plan utilizes the District's demographer's projections as the basis for developing the teacher staffing model.

#### **Staffing Assumptions:**

Schools will be given target staffing allocation based on their projected enrollment and the District's Instructional Staffing Assumptions.

**Teachers:**

During FY 2014, teachers will be staffed based on the following class sizes:

	FY 2013	FY 2014
<b>Grade</b>	<b>Class Size</b>	<b>Class Size</b>
K-3	25	25
4-5	33	35
6-8	38	38
9-12	38	38

Additional assumptions regarding teacher staffing:

- Advanced Placement students count as an additional 0.20 students.
- Bilingual students count as an additional 0.25 students.
- K-8 schools will receive at least four teachers for grades 6-8.

**Principal Allocations:**

All schools will receive one (1) Principal.

**Assistant Principals:**

Assistant Principals will be staffed based upon the following student enrollment projections:

<b>Projected Student Enrollment</b>		
<b>Allocations</b>	<b>K-8</b>	<b>High Schools</b>
1	600-1199	600-799
2	>=1,200	800-1,099
3	N/A	1,100-1,499
4	N/A	1,500-1,999
5	N/A	>=2,000

**Academic Engagement Administrators:**

If a school does not receive an Assistant Principal based upon its enrollment, the school will receive an Academic Engagement Administrator. The Academic Engagement Administrators will be split-funded between the General Fund (50%) and Title 1 Grant Funds (50%). In addition, the Academic Engagement Administrators are being budgeted centrally in the Department of Curriculum.

**Guidance Counselors:**

Guidance Counselors will be included in the General Fund budgets of the following eight schools:

- Cass Technical High School – 6
- Renaissance High School – 3
- East English Learning Academy – 3
- Martin Luther King High School – 3
- Western High School – 3
- Communication and Media Arts – 2
- Detroit International Academy of Young Women – 1
- Davis Aerospace – 1

**Clerical:**

DPS school clerical staff will be allocated based upon the following projected student enrollment:

<b>Projected Student Enrollment</b>			
<b>Allocation</b>	<b>Elementary</b>	<b>K-8/Middle</b>	<b>High Schools</b>
<b>1</b>	<b>&lt;200</b>	<b>N/A</b>	<b>N/A</b>
<b>2</b>	<b>200-1,199</b>	<b>1-500</b>	<b>1-400</b>
<b>3</b>	<b>&gt;=1,200</b>	<b>501-1,300</b>	<b>401-999</b>
<b>4</b>	<b>N/A</b>	<b>1,301-2,249</b>	<b>1,000-1,499</b>
<b>4.5</b>	<b>N/A</b>	<b>N/A</b>	<b>1,500-1,749</b>
<b>5</b>	<b>N/A</b>	<b>&gt;=2,250</b>	<b>1,750-1,999</b>
<b>6</b>	<b>N/A</b>	<b>N/A</b>	<b>2,000-2,749</b>
<b>7</b>	<b>N/A</b>	<b>N/A</b>	<b>2,750-3,499</b>
<b>9</b>	<b>N/A</b>	<b>N/A</b>	<b>&gt;=3,500</b>

**Staffing for Special Education Classrooms**

Teacher staffing service for all DPS special education programs are developed using staffing ratios. Class size maximums for “high incidence” programs are dictated by the State of Michigan. Class size maximums for “low incidence” programs are dictated by Wayne RESA guidelines, which fall within the State mandated limits.



**Purchased Services and Supplies:**

The initial non-personnel budgets will be allocated based upon the classification of the school as follows:

Type	Allocation per Student
Elementary	\$70
K-8	\$65
Middle	\$60
High School	\$65
Vocational	\$85

Additional assumptions regarding purchased services and supplies:

1. Textbooks will be budgeted centrally in the Department of Curriculum.
2. Detroit International Academy will be treated like a high school.
3. Each school will receive \$2,500 for Copier Maintenance.
4. The remainder of their allocation will be budgeted to Teaching/Testing Supplies.

**Janitorial Supply Costs:**

All schools will receive a janitorial supply budget equivalent to \$20 per enrolled student (Pre-K, through Grade 12, General Education, and Special Education).

**Detroit Rising Schools:**

The above mentioned allocation will apply to most of the District's schools. However, Detroit Rising Schools may decide to vary staff and other allocations in a completely different manner that is determined at the local school level.

**6. Facility/School Closure, Lease and Charter School Plans**

The District will close the following six (6) school buildings during the 2014 fiscal year:

- Beard (Being converted to an early learning center)
- Davis
- Ellington
- Oakman
- Wilkins
- Harris

Four (4) school programs will close during 2014 fiscal year:

- Ellington
- Northwestern
- Oakman
- Wilkins

## **Additional Assumptions Regarding Object Groups:**

### **Personnel:**

A significant reduction in personnel expenditures of \$67.3 million or 13.3% was the result of savings generated from the ESP Program, closing of six schools and Zero Base budgeting and other strategies.

### **Capital Assets:**

Equipment and Capital expenditures are projected to decrease \$2.1 million or 29% with the largest decline related to Adult Education.

### **Utilities:**

It is anticipated that utility expenditures will decrease by approximately \$3.2 million or 17%.

### **Restricted:**

Restricted expenses are expected to decline \$6.3 million or 143% with the largest decline related to the prior-year adjustment for Fund 16.

### **Debt Service:**

The FY 2014 budget assumes the District will not borrow funds on behalf of the Education Achievement Authority. In FY 2013, DPS borrowed \$12.2 million on behalf of the EAA.

### **Transfers:**

Inter fund transfers represent transactions that convey money from one fund to another. These have been increased by a total of \$259.5 million:

- Fund 11 to Fund 19: \$165.4 million
- Fund 14 to Fund 19: \$61.3 million
- Fund 22 to Fund 16: \$32.2 million
- Fund 16 to Fund 22: \$7.7 million
- Indirect Cost revenue: (\$1.9 million)
- Fund 11 to Special Education: (\$5.2 million)

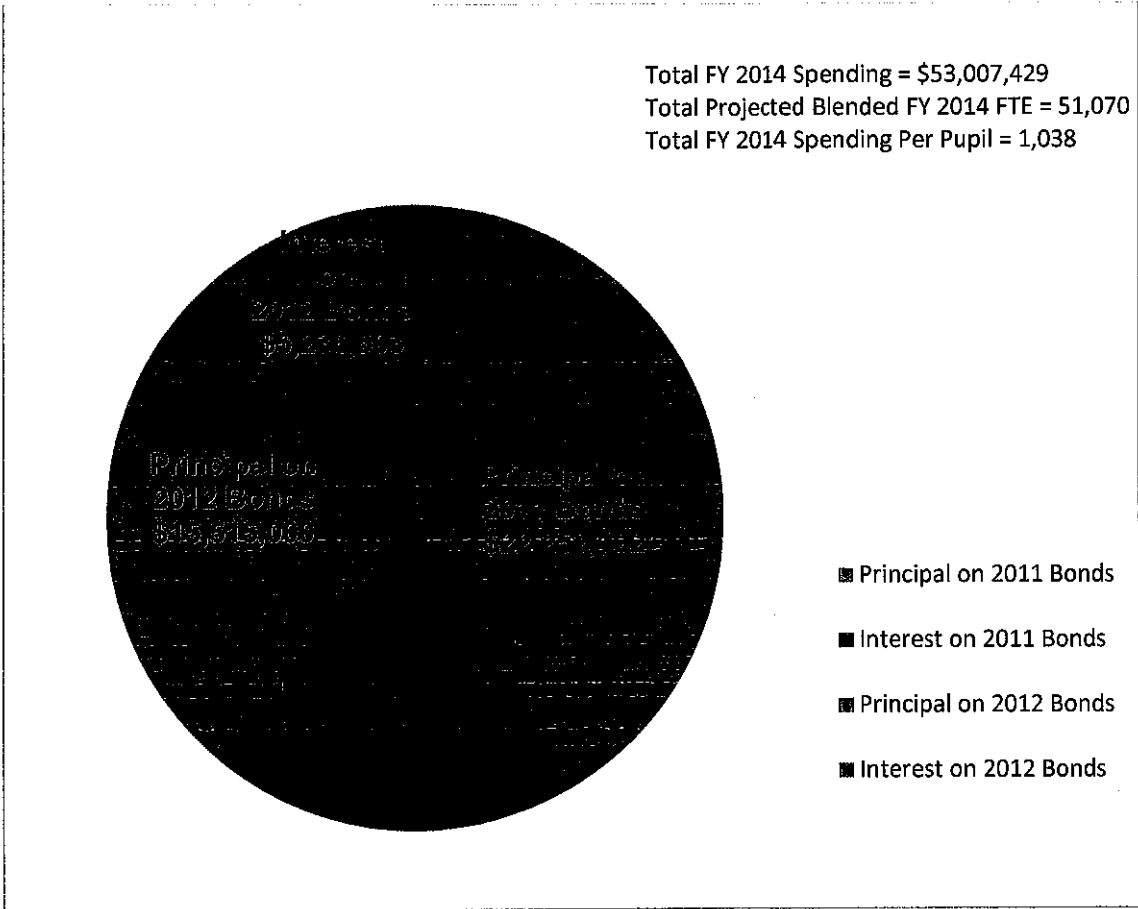
## **Debt Service**

The General Purpose Fund is responsible for repayment of principal and interest related to State Aid notes (short-term debt) issued during the academic year, and any outstanding long-term bonds that represent refinanced State Aid Notes.

On May 10, 2012, the District took advantage of favorable municipal market rate conditions, completing the restructuring of its 2005 B long-term debt and eliminating the requirement of the insurer of the 2005 B bonds to accelerate repayment. This saves the District an additional \$22

million per year over four years and will result in interest expense savings of over \$8 million between 2013 through 2020. In addition, the financing received an A+ rating by Standard & Poor's.

**FY 2014 DPS Debt Service and Spending Per Pupil**



The FY 2014 General Purpose Budget includes a total of \$53,007,429 (\$32,255,926 in principal and \$20,751,503 in interest) as debt service payments for the 2011 and 2012 revenue bonds.

As a result of the successful completion of restructuring the 2005B long-term debt in May 2012, the requirement of the insurer of the bonds to accelerate repayment which would have cost the District an additional \$22 million per year over four years was eliminated, therefore, the FY 2014 Operating Budget does not include funding for accelerated bond premium payments.

As provided for in the Inter-governmental agreement between the EAA and the District, DPS facilitated the EAA issuing note obligations amounting to \$12.2 million in FY 2013. The FY 2014 budget does not assume another EAA issuance.

	FY 2012 Actual	FY 2013 Amended	FY 2014 Proposed
<b>Summary by Major Debt Service Series:</b>			
<b>2005B Revenue Bonds</b>			
Principal	\$ 14,070,000	\$ -	\$ -
Interest	7,758,250	-	-
Sub-Total	21,828,250	-	-
<b>SAN-State Aid Anticipation Note</b>	10,546,552	-	-
<b>2011 Revenue Bonds</b>			
Principal	13,059,713	\$ 21,245,768	22,252,192
Interest	7,367,721	11,012,908	10,003,734
Sub-Total	20,427,434	32,258,676	32,255,926
<b>2012 Revenue Bonds</b>			
Principal	-	14,300,000	15,515,000
Interest	-	6,443,085	5,236,503
Sub-Total	-	20,743,085	20,751,503
<b>EAA Borrowing</b>	-	12,200,000	-
<b>Total Debt Service</b>	\$ 52,802,236	\$ 65,201,761	\$ 53,007,429

# SECTION IV

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## Proposed Budgets

**DETROIT PUBLIC SCHOOLS  
FY 2014  
DRAFT BUDGET  
GENERAL FUND  
YEAR ENDING JUNE 30, 2014**

	FY 2012 - Actual	FY 2013 - Amended	FY 2014 - Proposed	Increase (Decrease)	% Increase (Decrease)
<b>Revenue:</b>					
<b>Local sources</b>					
Special education millage	\$ 45,061,947	\$ 42,660,000	\$ 44,193,718	\$ 1,533,718	4%
Property Taxes	65,704,812	73,306,161	66,557,170	(6,748,991)	(9%)
Other	39,270,109	31,037,538	28,780,919	(2,256,619)	(7%)
<b>Total local sources</b>	<b>150,036,868</b>	<b>147,003,699</b>	<b>139,531,807</b>	<b>(7,471,892)</b>	<b>(5%)</b>
State sources	495,366,418	384,007,862	368,125,410	(15,882,452)	(4%)
Federal sources	247,048,812	224,473,353	177,741,702	(46,731,651)	(21%)
<b>Total Revenue</b>	<b>892,452,098</b>	<b>755,484,914</b>	<b>685,398,919</b>	<b>(70,086,995)</b>	<b>(9%)</b>
<b>Expenditures:</b>					
Instruction	513,815,419	358,857,180	360,695,346	1,838,166	1%
<b>Support services</b>					
Pupil services	62,971,856	58,504,882	53,138,245	(5,366,637)	(9%)
Instructional staff support	71,578,709	73,667,529	60,540,534	(13,126,995)	(18%)
General administration	8,257,115	7,319,514	6,326,771	(992,743)	(14%)
School administration	50,061,313	39,848,498	33,714,836	(6,133,662)	(15%)
Business office	17,145,564	11,069,185	7,432,704	(3,636,481)	(33%)
Operations & maintenance	79,043,010	81,932,018	57,967,608	(23,964,410)	(29%)
Transportation	35,948,007	31,730,759	21,375,282	(10,355,477)	(33%)
Central support service	35,948,026	37,686,838	27,101,764	(10,585,074)	(28%)
Other support service	2,020,678	1,142,634	861,038	(281,586)	(25%)
<b>Total support services</b>	<b>362,974,278</b>	<b>342,901,657</b>	<b>268,458,782</b>	<b>(74,443,075)</b>	<b>(22%)</b>
Community service	4,599,477	6,531,441	4,913,922	(1,617,519)	(25%)
Facilities acquisitions and improvement	125,966	1,079,166	-	(1,079,166)	(100%)
Debt service	52,802,236	65,201,761	53,007,429	(12,194,332)	(19%)
<b>Total Expenditures</b>	<b>934,317,376</b>	<b>774,571,406</b>	<b>687,075,479</b>	<b>(87,496,926)</b>	<b>(11%)</b>
<b>Other Financial Sources (Uses)</b>					
<b>Sources</b>					
Proceeds from sale of capital assets	2,292,439	2,400,000	2,343,000	(57,000)	(2%)
Issuance of Long Term Debt	386,005,407	-	-	-	0%
Proceeds from EAA borrowing	-	12,200,000	-	(12,200,000)	(100%)
Transfers In	50,502,706	59,404,161	318,882,106	259,477,945	437%
<b>Total Sources</b>	<b>438,800,552</b>	<b>74,004,161</b>	<b>321,225,106</b>	<b>247,220,945</b>	<b>334%</b>
<b>Uses</b>					
Transfers Out	(48,214,343)	(57,101,450)	(316,482,106)	259,380,656	454%
Payment to bond escrow agent	(141,095,000)	-	-	-	-
Prior Year Adjustments	-	(3,815,434)	2,557,552	(6,372,986)	(167%)
<b>Total Uses</b>	<b>(189,309,343)</b>	<b>(60,916,884)</b>	<b>(313,924,554)</b>	<b>263,007,670</b>	<b>415%</b>
<b>Total Other Financial Sources (Uses)</b>	<b>249,491,209</b>	<b>13,087,277</b>	<b>7,300,552</b>	<b>(5,786,725)</b>	<b>(44%)</b>
<b>Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>207,625,931</b>	<b>(5,999,214)</b>	<b>5,623,992</b>	<b>11,623,206</b>	<b>(194%)</b>
<b>Beginning Fund Balance</b>	<b>(283,929,316)</b>	<b>(76,303,384)</b>	<b>(82,302,598)</b>		
<b>Ending Fund Balance</b>	<b>\$ (76,303,384)</b>	<b>\$ (82,302,598)</b>	<b>\$ (76,678,606)</b>		

**DETROIT PUBLIC SCHOOLS  
FY 2014 DRAFT BUDGET  
REVENUES AND OTHER SOURCES - GENERAL FUND  
YEAR ENDING JUNE 30, 2014**

Fund	FY 2012 - Actual	FY 2013 - Amended	FY 2014 - Proposed	Increase (Decrease)	% Increase (Decrease)
<b>Fund 11 General Purpose Fund</b>					
State Aid					
22a Prop A Obligation	\$ 298,596,649	\$ 208,287,401	\$ 206,147,767	\$ (139,634)	0%
22b Discretionary Payment	66,873,601	50,055,747	53,195,805	3,140,058	6%
152a Headlee Obligation - Adair & 94a.9	1,452,507	1,258,728	1,258,391	(337)	0%
26a Renaissance Zone	4,571,979	4,568,914	4,846,188	279,272	6%
22f Best Practice Incentive	6,674,494	2,888,547	2,655,681	(12,866)	0%
147a MPGRs Cost Offset	9,411,058	8,596,129	8,140,681	(455,448)	(5%)
61a Vocational Education	1,143,719	785,322	814,757	29,435	4%
Pupil Transfer Adjustment	-	(17,184)	3,739	20,923	(122%)
Prior Year Adjustments	14,697,753	-	-	-	0%
Local					
Property Tax Net	65,704,812	73,306,161	68,567,170	(6,748,991)	(9%)
Earnings on Investments	69,289	69,289	69,289	-	0%
Medicaid Reimbursement	26,864,003	10,862,025	11,829,636	967,611	8%
JROTC	1,098,779	1,170,924	1,056,614	(114,310)	(10%)
Charter School Administration Fee	703,778	948,655	774,750	(173,915)	(18%)
Other	3,498,962	5,270,872	3,384,810	(1,985,862)	(38%)
Federal					
Indirect Cost Revenue	3,452,527	9,544,017	7,687,978	(1,886,039)	(20%)
Medicaid Administrative Outreach	198,126	-	-	-	0%
Other					
Proceeds from Debt Refinancing	368,005,407	12,200,900	-	(12,200,000)	(100%)
Services to Other Schools	684,929	748,359	1,751,429	1,005,070	135%
Payment from EAA - Debt Service Offset	118,274	9,052,707	7,512,588	(1,540,119)	(17%)
Payment from EAA - Services	-	2,070,804	2,070,804	-	0%
Proceeds from sale of capital assets and other	2,292,439	2,400,000	2,343,000	(57,000)	(2%)
Transfer from Fund 18	(419,454)	-	-	-	0%
Transfer from Fund 25	2,288,493	2,457,970	2,400,000	(57,970)	(2%)
<b>Total Fund 11</b>	<b>896,078,123</b>	<b>404,401,197</b>	<b>384,371,075</b>	<b>(20,030,122)</b>	<b>(5%)</b>
<b>Fund 13 Adult Education</b>					
State Aid	14,408,343	4,798,143	4,980,624	182,481	4%
Deferred Revenue	-	3,200,000	-	(3,200,000)	(100%)
Prior Year Adjustment	693,231	-	-	-	0%
Other - Earnings on Investments	7,052	-	-	-	0%
<b>Total Fund 13</b>	<b>15,168,626</b>	<b>7,998,143</b>	<b>4,980,624</b>	<b>(3,007,519)</b>	<b>(38%)</b>
<b>Fund 14 Grants</b>					
Title I	156,686,942	149,511,008	109,295,650	(40,215,358)	(27%)
Title I / Title II / Title III Carryover	-	2,158,580	20,879,239	18,720,649	897%
31a At Risk	26,115,407	34,969,573	26,694,283	(8,275,290)	(24%)
IDEA	25,553,863	17,503,603	13,318,500	(4,185,103)	(24%)
Title II	3,849,184	35,890,452	19,229,794	(16,660,658)	(46%)
Great Start Readiness	-	14,381,600	14,381,600	-	0%
Other Grants	58,769,705	18,345,798	9,541,711	(5,804,085)	(32%)
Transfer from Fund 11	855,357	-	-	-	0%
<b>Total Fund 14</b>	<b>269,830,458</b>	<b>269,740,622</b>	<b>213,320,777</b>	<b>(56,419,645)</b>	<b>(21%)</b>
<b>Fund 16 Special Education Center Based Programs</b>					
Act 13	45,005,149	42,000,000	43,188,888	1,188,888	3%
Follow That Child	58,798	660,000	1,004,832	344,832	52%
Transfer from Fund 11	14,532,502	31,146,731	-	(31,146,731)	(100%)
Transfer from Fund 22	-	-	32,204,775	32,204,775	100%
<b>Total Fund 16</b>	<b>59,596,449</b>	<b>73,806,731</b>	<b>76,398,493</b>	<b>2,591,762</b>	<b>4%</b>
<b>Fund 17 State Fiscal Stabilization Fund</b>					
EdJobs	1,259,310	-	-	-	0%
<b>Total Fund 17</b>	<b>1,259,310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Fund 18 ARRA Stimulus</b>					
ARRA School Improvement	22,127,182	7,987,791	6,059,706	(1,928,085)	(24%)
ARRA Other	541,064	-	-	-	0%
Transfer from Fund 11	1,495,246	-	-	-	0%
<b>Total Fund 18</b>	<b>24,163,492</b>	<b>7,987,791</b>	<b>6,059,706</b>	<b>(1,928,085)</b>	<b>(24%)</b>
<b>Fund 19 Consolidated Funds</b>					
Transfer from Fund 11	-	-	165,383,090	165,383,090	100%
Transfer from Fund 14	-	-	61,358,209	61,358,209	100%
<b>Total Fund 19</b>	<b>-</b>	<b>-</b>	<b>226,741,299</b>	<b>226,741,299</b>	<b>100%</b>
<b>Fund 22 Special Education</b>					
State Aid	56,343,839	49,299,148	44,883,997	(4,435,151)	(9%)
Prior Year Adjustment	(19,423,682)	-	-	-	0%
Transfer from Fund 11	28,298,035	18,255,443	42,157,354	25,901,911	159%
Transfer from Fund 16	-	-	7,720,700	7,720,700	0%
<b>Total Fund 22</b>	<b>65,218,192</b>	<b>65,554,591</b>	<b>94,742,051</b>	<b>29,187,460</b>	<b>45%</b>
<b>Total</b>	<b>\$ 1,331,252,650</b>	<b>\$ 829,489,075</b>	<b>\$ 1,006,624,025</b>	<b>\$ 177,134,950</b>	<b>21%</b>

**DETROIT PUBLIC SCHOOLS**  
**FY 2014 DRAFT BUDGET**  
**EXPENDITURES AND OTHER USES - GENERAL FUND**  
**YEAR ENDING JUNE 30, 2014**

	FY 2012 - Actual	FY 2013 - Amended	FY 2014 - Proposed	Increase (Decrease)	% Increase (Decrease)
<b>Fund 11 General Purpose Fund</b>					
Personnel	\$ 310,685,092	\$ 196,910,470	\$ 51,176,730	\$ (145,733,740)	(74%)
Purchased Services	123,422,308	92,705,176	68,315,062	(24,390,114)	(26%)
Supplies	9,449,706	10,437,328	2,859,674	(7,577,654)	(73%)
Equipment & Capital	195,820	34,526	(229,879)	(264,405)	(766%)
Utilities	8,401,041	18,197,571	15,137,710	(3,059,861)	(17%)
Restricted	390,609	(20,488,596)	(19,060,087)	1,428,509	(7%)
Principal & Interest	193,897,236	65,201,761	53,007,429	(12,194,332)	(19%)
Transfers	45,181,270	47,402,175	207,540,444	160,138,269	338%
<b>Total Fund 11</b>	<b>691,623,084</b>	<b>410,400,411</b>	<b>378,747,083</b>	<b>(31,653,328)</b>	<b>(8%)</b>
<b>Fund 13 Adult Education</b>					
Personnel	2,908,063	4,155,226	3,477,095	(678,131)	(16%)
Purchased Services	925,493	1,173,524	918,766	(254,758)	(22%)
Supplies	61,138	673,840	594,763	(79,077)	(12%)
Equipment & Capital	11,222,559	1,995,553	-	(1,995,553)	(100%)
<b>Total Fund 13</b>	<b>15,117,253</b>	<b>7,998,143</b>	<b>4,990,624</b>	<b>(3,007,519)</b>	<b>(38%)</b>
<b>Fund 14 Grants</b>					
Personnel	196,684,744	195,925,768	79,652,889	(116,272,879)	(59%)
Purchased Services	52,590,372	42,470,499	52,931,619	10,461,120	25%
Supplies	11,023,736	17,347,920	10,417,617	(6,930,303)	(40%)
Equipment & Capital	2,899,522	4,286,959	1,234,473	(3,052,486)	(71%)
Utilities	-	10,200	67,994	57,794	567%
Restricted	-	4,081	-	(4,081)	(100%)
Transfers	3,452,527	9,695,195	69,016,185	59,320,990	612%
<b>Total Fund 14</b>	<b>266,650,901</b>	<b>269,740,622</b>	<b>213,320,777</b>	<b>(56,419,845)</b>	<b>(21%)</b>
<b>Fund 16 Special Education Center Based Programs</b>					
Personnel	55,671,421	50,725,233	52,000,216	1,274,983	3%
Purchased Services	3,277,847	4,418,172	3,247,200	(1,170,972)	(27%)
Supplies	444,776	546,337	507,640	(38,697)	(7%)
Equipment & Capital	409	256,989	200,534	(56,455)	(22%)
Transfers	-	-	7,720,700	7,720,700	100%
Restricted	-	17,860,000	12,722,203	(5,137,797)	(29%)
<b>Total Fund 16</b>	<b>59,594,453</b>	<b>73,806,731</b>	<b>76,398,493</b>	<b>2,591,762</b>	<b>4%</b>
<b>Fund 17 State Fiscal Stabilization Fund</b>					
Personnel	1,259,310	-	-	-	0%
<b>Total Fund 17</b>	<b>1,259,310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Fund 18 ARRA Stimulus</b>					
Personnel	8,498,594	4,733,983	3,896,079	(837,904)	(18%)
Purchased Services	5,074,156	2,148,172	1,754,312	(393,860)	(18%)
Supplies	9,600,763	320,615	139,516	(181,099)	(56%)
Equipment & Capital	1,409,438	785,021	269,799	(515,222)	(66%)
Transfers	(419,454)	-	-	-	0%
Restricted	-	-	-	-	0%
<b>Total Fund 18</b>	<b>24,163,497</b>	<b>7,987,791</b>	<b>6,059,706</b>	<b>(1,928,085)</b>	<b>(24%)</b>
<b>Fund 19 Consolidated Funds</b>					
Personnel	-	-	195,050,639	195,050,639	100%
Purchased Services	-	-	13,123,435	13,123,435	100%
Supplies	-	-	14,813,954	14,813,954	100%
Equipment & Capital	-	-	3,753,271	3,753,271	100%
<b>Total Fund 19</b>	<b>-</b>	<b>-</b>	<b>226,741,299</b>	<b>226,741,299</b>	<b>100%</b>
<b>Fund 22 Special Education</b>					
Personnel	63,128,581	54,185,159	54,059,859	(125,300)	0%
Purchased Services	1,413,566	3,278,663	3,065,266	(213,397)	(7%)
Supplies	658,068	964,006	909,000	(55,006)	(6%)
Equipment & Capital	18,006	82,073	68,000	(14,073)	(17%)
Transfers	-	-	32,204,775	32,204,775	100%
Restricted	-	7,044,690	4,435,151	(2,609,539)	(37%)
<b>Total Fund 22</b>	<b>65,218,221</b>	<b>65,554,591</b>	<b>94,742,051</b>	<b>29,187,460</b>	<b>45%</b>
<b>Total</b>	<b>\$ 1,123,626,719</b>	<b>\$ 835,488,289</b>	<b>\$ 1,001,000,033</b>	<b>\$ 165,511,744</b>	<b>20%</b>



# SECTION V

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## **Other Governmental Funds Proposed Budgets**

**Capital Projects:**

While not an annual operating budget, the Capital Project Funds are used to record major capital improvements. Detroit voters approved the Proposal S Bond Referendum in November of 2010 which enabled the District to access \$500.5 million in federal dollars for school capital improvements projects. DPS received the sixth largest allocation in the nation.

Federal regulations stipulate the bond dollars must be spent within three years. Through this project, DPS is building safer, state-of-the-art facilities to help students achieve success.

The Capital Projects Fund includes program staffing which is managed by an internal staff of four District employees and an independent program management team. This core staff is assisted by additional contracted staff to manage:

- Project Oversight and Coordination
- Project Planning, Programming and Design Review
- Procurement and Contract Management
- Invoicing and Budget Controls
- Building Commissioning and Transition to DPS
- Local Inclusion and Student Work Management
- Communications and Community Engagement

Following are the budgets for the District's capital funds:

	2009B Building Site Improvement Bond Fund	2010A Building Site Improvement Bond Fund	2009A Building Site Improvement Bond Fund	2010B Building Site Improvement Bond Fund
<b>Revenue</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	-	-	-	-
<b>Expenditures</b>				
Issuance costs	-	-	-	-
Capital Outlay	2,831,130	425,091	0	1,694,691
<b>Total Expenditures</b>	2,831,130	425,091	0	1,694,691
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$2,831,130	\$425,091	\$0	\$1,694,691
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
Net Change in Fund Balances	(2,831,130)	(425,091)	(0)	(1,694,691)
<b>Fund Balances (deficit) – June 30, 2013</b>	2,831,130	425,091	0	1,694,691
<b>Fund Balances (deficit) – June 30, 2014</b>	\$ -	\$ -	\$ -	\$ -

**Food Service:**

The District records food service economic transactions in Fund 25 – Food Service. Fund 25 is a special revenue fund that is not a part of the General Fund and as such is presented separately. This Fund continues to maintain a positive fund balance while still providing high quality food service to our students. Following is the FY 2014 budget for the District's food service operations.

**DETROIT PUBLIC SCHOOLS  
PROPOSED BUDGET  
FOOD SERVICE FUND  
YEAR ENDING JUNE 30, 2014**

	FY 2012 - Actual	FY 2013 - Amended	FY 2014 - Proposed	Increase (Decrease)	% Increase (Decrease)
<b>Revenue:</b>					
Local sources					
Other	\$ 1,578,934	\$ 1,638,850	\$ 1,638,850	\$ -	0%
State sources	958,024	1,122,000	1,122,000	-	0%
Federal sources	38,952,885	43,588,821	43,588,821	-	0%
<b>Total Revenue</b>	<b>41,489,843</b>	<b>46,349,671</b>	<b>46,349,671</b>	<b>-</b>	<b>0%</b>
<b>Expenditures:</b>					
Support services					
Personnel	11,987,196	18,872,210	19,532,792	660,582	4%
Purchased services	1,575,114	2,753,979	2,464,886	(289,093)	(10%)
Supplies	18,804,564	23,069,696	22,919,181	(150,515)	(1%)
Other	31,667	-	-	-	0%
Capital Outlay	1,097,343	9,195,817	5,432,812	(3,763,005)	(41%)
<b>Total support services</b>	<b>33,495,884</b>	<b>53,891,702</b>	<b>50,349,671</b>	<b>(3,542,031)</b>	<b>(7%)</b>
<b>Total Expenditures</b>	<b>33,495,884</b>	<b>53,891,702</b>	<b>50,349,671</b>	<b>(3,542,031)</b>	<b>(7%)</b>
<b>Other Financial Sources (Uses)</b>					
<b>Sources</b>					
Proceeds from sale of capital assets	19,364	-	-	-	0%
<b>Total Sources</b>	<b>19,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Uses</b>					
Transfers Out	(2,288,493)	(2,457,969)	(2,400,000)	(57,969)	(2%)
Prior Year Adjustments	-	-	6,400,000	(6,400,000)	100%
<b>Total Uses</b>	<b>(2,288,493)</b>	<b>(2,457,969)</b>	<b>4,000,000</b>	<b>(6,457,969)</b>	<b>(263%)</b>
<b>Total Other Financial Sources (Uses)</b>	<b>(2,269,129)</b>	<b>(2,457,969)</b>	<b>4,000,000</b>	<b>6,457,969</b>	<b>(263%)</b>
<b>Excess (deficiency) of Revenue Over and Other Sources (Under) Expenditures and Other Uses</b>	<b>5,724,830</b>	<b>(10,000,000)</b>	<b>-</b>	<b>10,000,000</b>	<b>(100%)</b>
<b>Beginning Fund Balance</b>	<b>12,513,705</b>	<b>18,238,535</b>	<b>8,238,535</b>		
<b>Ending Fund Balance</b>	<b>\$ 18,238,535</b>	<b>\$ 8,238,535</b>	<b>\$ 8,238,535</b>		