

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT



ADOPTED OPERATING BUDGET YEAR-ENDING JUNE 30, 2018

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DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT



I. MAJOR PLANNING ASSUMPTIONS

Student Enrollment Projections (FTE):

The Detroit Public Schools Community District (DPSCD) will welcome back eleven schools, which have spent the last five years under the Educational Achievement Authority. Because of the infusion of these students, DPSCD enrollment is expected to increase 7.4% from the current year (FY 2017). As a result, DPSCD's anticipated District membership consists of 44,023 General Education Students and 3,927 Special Education students for a total of 47,950 students in FY 2018.

REVENUES

The FY 2018 General Fund budget reflects a \$32.6 million increase or 3.2% in total revenues from the DPSCD FY 2017 Budget. The increase is primarily attributed to an increase of \$36.2 million in state sources due to the return of the EAA schools.

The District's anticipated revenues can be broken down by their source:

- \$475.7 million from the State of Michigan (includes Foundation Allowance of \$7,651 per student, which is a \$99 increase from FY 2017)
- \$144.3 million in federal funds
- \$75.1 million in local revenues (includes \$17.7 million from the Revenue Enhancement Millage)

Other Sources:**Transfer from Detroit Public Schools**

DPSCD anticipates \$13.1 million of DPS' remaining cash balance.

Food Service Transfer

The transfer from Fund 25 to Fund 11 is expected to be \$2.0 million. The amount of these transfers has been relatively consistent at DPSCD over recent years.

EXPENDITURES

The FY 2018 Adopted Budget reflects a \$55.9 million or 8.6% increase in total expenditures from the DPSCD FY 2017 budget, with most of that increase related to the return of the EAA schools (\$46.2 million).

Personnel Costs

The FY 2018 General Fund Budget assumes a wage and compensation structure for all employee groups and non-union personnel that includes:

- **Salary & Wage Levels:** The budget assumes an across the board wage increase of 3% for all employees along with salary steps or increments. The budget will have to be modified to accommodate any salary or benefit increases for union personnel due to pending collective bargaining negotiations.
- **Health/Dental/Life/Vision (HDLV) Insurance:** The budget assumes a 11% increase in health care costs mid-way through FY 2018, leading to a net increase of 5.5% for the year.
- **State of Michigan Employer Pension:** The budget assumes a pension rate of 25.15% and a UAAL rate of 11.41%. These are the same rates used in the FY 2017 Budget.

Teacher Staffing Assumptions

Each school’s general fund core teacher staffing allocation is based on its projected enrollment and the District’s instructional staffing assumptions.

During FY 2018, teachers will be staffed based on the following targeted class sizes, which are consistent with those at DPSCD in FY 2017:

	FY 2017	FY 2018
Grade	Class Size	Class Size
K-3	25	25
4-5	30	30
6-8	35	35
9-12	35	35

Forty-three (43) additional teaching positions are included in the budget to help serve DPSCD students. Twenty-five (25) of these teaching positions will be placed in the EAA schools.

FUND BALANCE

The FY 2018 Budget reflects a \$4,350,237 annual surplus, which would increase the anticipated legacy surplus to \$80,069,011. Included in the \$4,350,237 annual surplus are a \$10.0 million Contingency and \$8.0 million in funded generally funded vacancies.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT



II. ADOPTED BUDGETS FOR DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
ADOPTED BUDGET
YEAR ENDING JUNE 30, 2018**

	<u>FY 2017 - Final</u>	<u>FY 2018 - Adopted</u>	<u>FY 2018 - Adopted Increase (Decrease) Over FY 2017 - Final</u>
Revenue:			
Local sources			
Special education millage	\$ 43,262,078	\$ 43,151,615	\$ (110,463)
Revenue enhancement millage	16,482,670	17,740,760	1,258,090
Payments from the EAA	2,449,999	2,546,317	96,318
Other	<u>12,455,584</u>	<u>11,689,525</u>	<u>(766,059)</u>
Total local sources	74,650,331	75,128,217	477,886
State sources	439,541,179	475,732,309	36,191,130
Federal sources	<u>159,145,678</u>	<u>144,305,730</u>	<u>(14,839,948)</u>
Total Revenue	<u>673,337,188</u>	<u>695,166,256</u>	<u>21,829,068</u>
Expenditures:			
Instruction	<u>330,065,300</u>	<u>368,474,924</u>	<u>38,409,624</u>
Support services			
Pupil services	57,005,607	64,545,884	7,540,277
Instructional staff support	55,883,400	53,486,475	(2,396,925)
General administration	3,609,034	5,421,503	1,812,469
School administration	35,588,016	39,684,565	4,096,549
Business office	11,162,082	7,718,860	(3,443,222)
Operations & maintenance	85,161,107	90,944,957	5,783,850
Transportation	35,689,754	39,401,259	3,711,505
Central support service	27,785,246	29,494,567	1,709,321
Other support service	<u>1,929,552</u>	<u>2,036,418</u>	<u>106,866</u>
Total support services	<u>313,813,798</u>	<u>332,734,488</u>	<u>18,920,690</u>
Community service	<u>6,050,153</u>	<u>4,706,607</u>	<u>(1,343,546)</u>
Facilities acquisitions and improvement	<u>95,093</u>	<u>-</u>	<u>(95,093)</u>
Total Expenditures	<u>650,024,344</u>	<u>705,916,019</u>	<u>55,891,675</u>
Other Financial Sources (Uses)			
Sources			
Proceeds from sale of capital assets	9,453,597	-	(9,453,597)
Payments From Detroit Public Schools	40,696,275	13,100,000	(27,596,275)
Transfer from Food Service Fund	<u>2,256,058</u>	<u>2,000,000</u>	<u>(256,058)</u>
Total Sources	<u>52,405,930</u>	<u>15,100,000</u>	<u>(37,305,930)</u>
Total Other Financial Sources (Uses)	<u>52,405,930</u>	<u>15,100,000</u>	<u>(37,305,930)</u>
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>75,718,774</u>	<u>4,350,237</u>	<u>(71,368,537)</u>
Beginning Reserves	-	75,718,774	
Ending Reserves	<u>\$ 75,718,774</u>	<u>\$ 80,069,011</u>	
Restricted Reserves	<u>\$ 32,750,000</u>	<u>\$ 34,750,000</u>	
Unrestricted Reserves	<u>\$ 42,968,774</u>	<u>\$ 45,319,011</u>	

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT



III. ADOPTED BUDGETS FOR DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT OTHER GOVERNMENTAL FUNDS

Food Service

The District records food service economic transactions in Fund 25, which 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 providing high quality food service to our students. Following is the FY 2018 budget for the District's food service operations:

	<u>FY 2017 - Final</u>	<u>FY 2018 - Adopted</u>	<u>FY 2018 - Adopted Increase (Decrease) Over FY 2017 - Final</u>
Revenue:			
Local sources			
Other	\$ 980,500	\$ 980,500	\$ -
Total local sources	980,500	980,500	-
State sources	1,665,117	1,283,000	(382,117)
Federal sources	47,340,473	45,815,884	(1,524,589)
Total Revenue	49,986,090	48,079,384	(1,906,706)
Expenditures:			
Support services			
Personnel	15,979,630	18,110,553	2,130,923
Purchased Services	2,320,859	1,924,400	(396,459)
Supplies	28,012,181	24,864,431	(3,147,750)
Equipment & Capital	1,417,362	930,000	(487,362)
Utilities	-	250,000	250,000
Total support services	47,730,032	46,079,384	(1,650,648)
Total Expenditures	47,730,032	46,079,384	(1,650,648)
Other Financial Sources (Uses)			
Sources			
Payments From Detroit Public Schools	4,458,220	-	(4,458,220)
Total Sources	4,458,220	-	(4,458,220)
Uses			
Transfers Out	(2,256,058)	(2,000,000)	256,058
Total Uses	(2,256,058)	(2,000,000)	256,058
Total Other Financial Sources (Uses)	2,202,162	(2,000,000)	(4,202,162)
Excess (deficiency) of Revenue Over (Under) Expenditures	4,458,220	-	-
Beginning Fund Balance	-	4,458,220	-
Ending Fund Balance	\$ 4,458,220	\$ 4,458,220	-