

Moving



***Welcome to
Farmington Public Schools
Budget Forums***

January 14, 2010 – 7 p.m.

January 21, 2010 – 7 p.m.

January 26, 2010 – 11 a.m.

Maxfield Training Center

Purpose of this Forum



- Gain understanding of the School Funding Crisis in Michigan and its impact on Farmington Public Schools
- Opportunity for student, staff, parent and community feedback on potential budget cuts
- To gain an understanding of staff and community priorities to assist us in making difficult budgetary decisions in the months ahead.



Status of State School Aid FY 2009-10



FPS is served
by Oakland
Schools

- \$165 per pupil reduction (\$263 million)
- ISD operation reduction of 20% (\$2 million)
- Elimination and reduction of specific categorical programs totaling \$32.8 million
- Governor vetoed the Sec. 20j payments which reduced funding to 39 districts by a total of \$51.5 million
- Governor issued proration letter to further reduce payments to districts by an additional \$127 per pupil and \$8.8 million to ISDs which was rescinded.

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Impact on Farmington Public Schools =

\$165 + \$191 20j + \$127? = \$483/student = \$5.8 million

Or \$165 + \$191 20j = \$365/student = \$4.4 million

2010-2011 State Funding Cuts also Projected

2010-2011 School Year cuts Projected by State:

Additional cuts of \$300-600/pupil =
\$3.6 - \$7.2 million

Foundation Grant

Reduction to P.P.	\$10,556/student
-\$165	=\$10,391/student
-\$191 (20j)	=\$10,200/student
-\$127 (not used)	=\$10,200/student
-\$300	=\$ 9,900/student
-\$300	=\$ 9,600/student

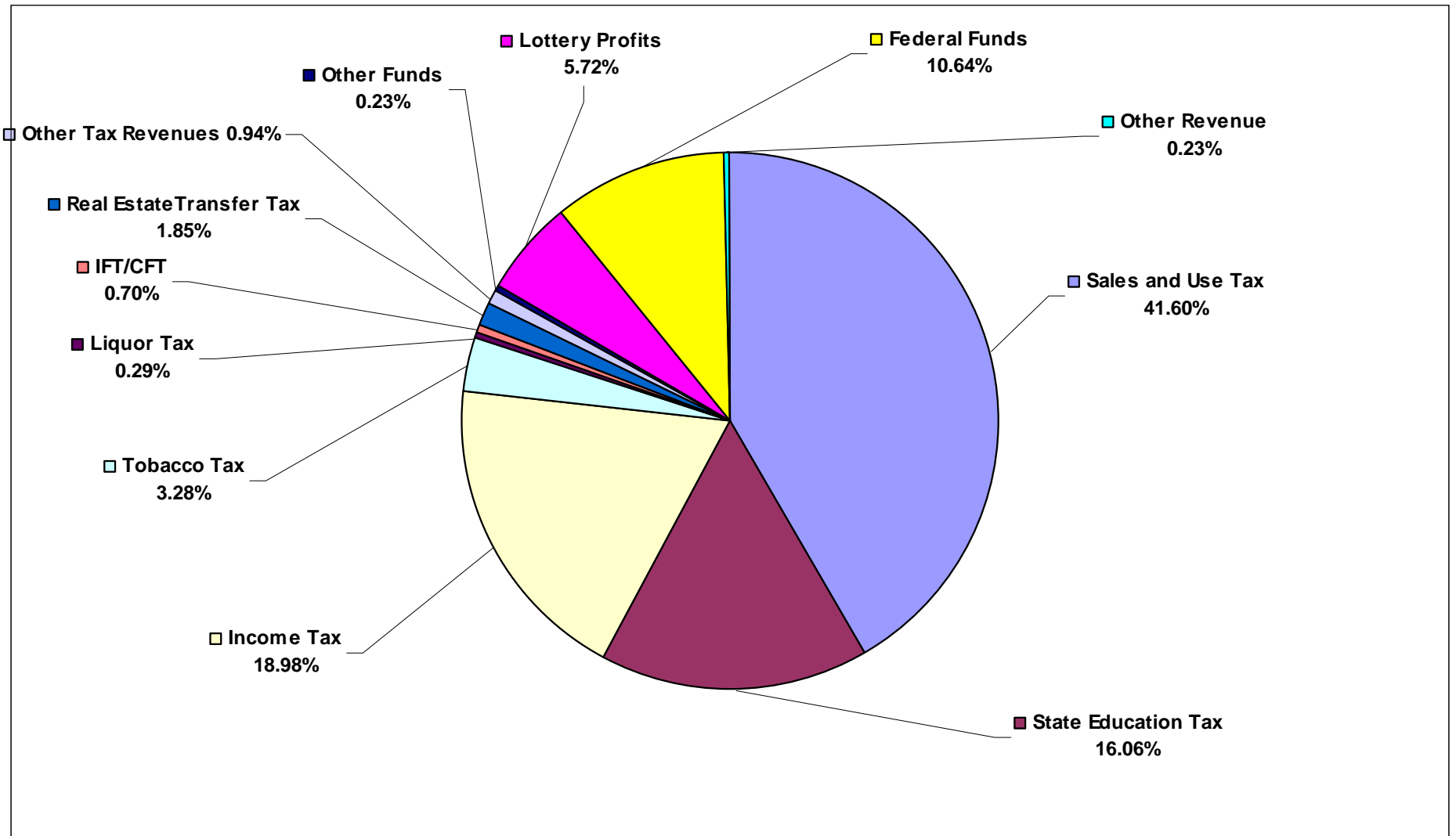
\$4.4 million + \$3.6 - \$7.2 million =
Potential \$8 - \$11.6 million cut

Why We Have a Problem:

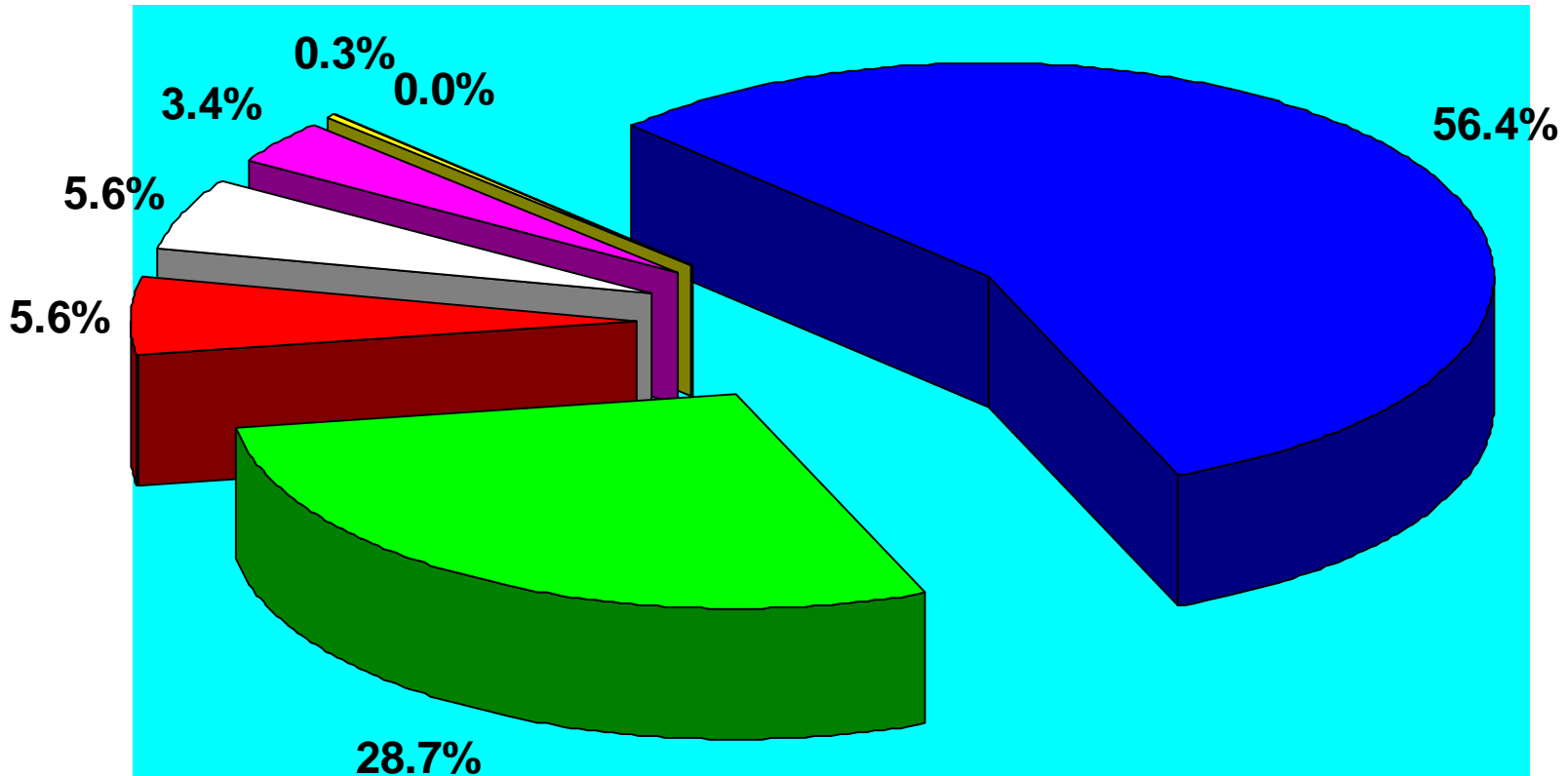
School Aid Revenues & Expenditures

- Expenditures grow 5% per year
- Revenues at 1960s levels
- Shortfall of 2-5% each and every year without spending and revenue policy changes
- State Budget Year – Oct. 1
School Budget Year – July 1

SOURCES OF 2008 SCHOOL AID REVENUE



FARMINGTON PUBLIC SCHOOLS EXPENDITURES BY OBJECT 2009-10 General Fund Budget



- | | |
|----------------------------|-------------------|
| Salaries | Employee Benefits |
| Purchase Services | Supplies & Other |
| Transfers | Capital Outlay |
| Intergovernmental Payments | |

Total Salaries & Benefits = 85%

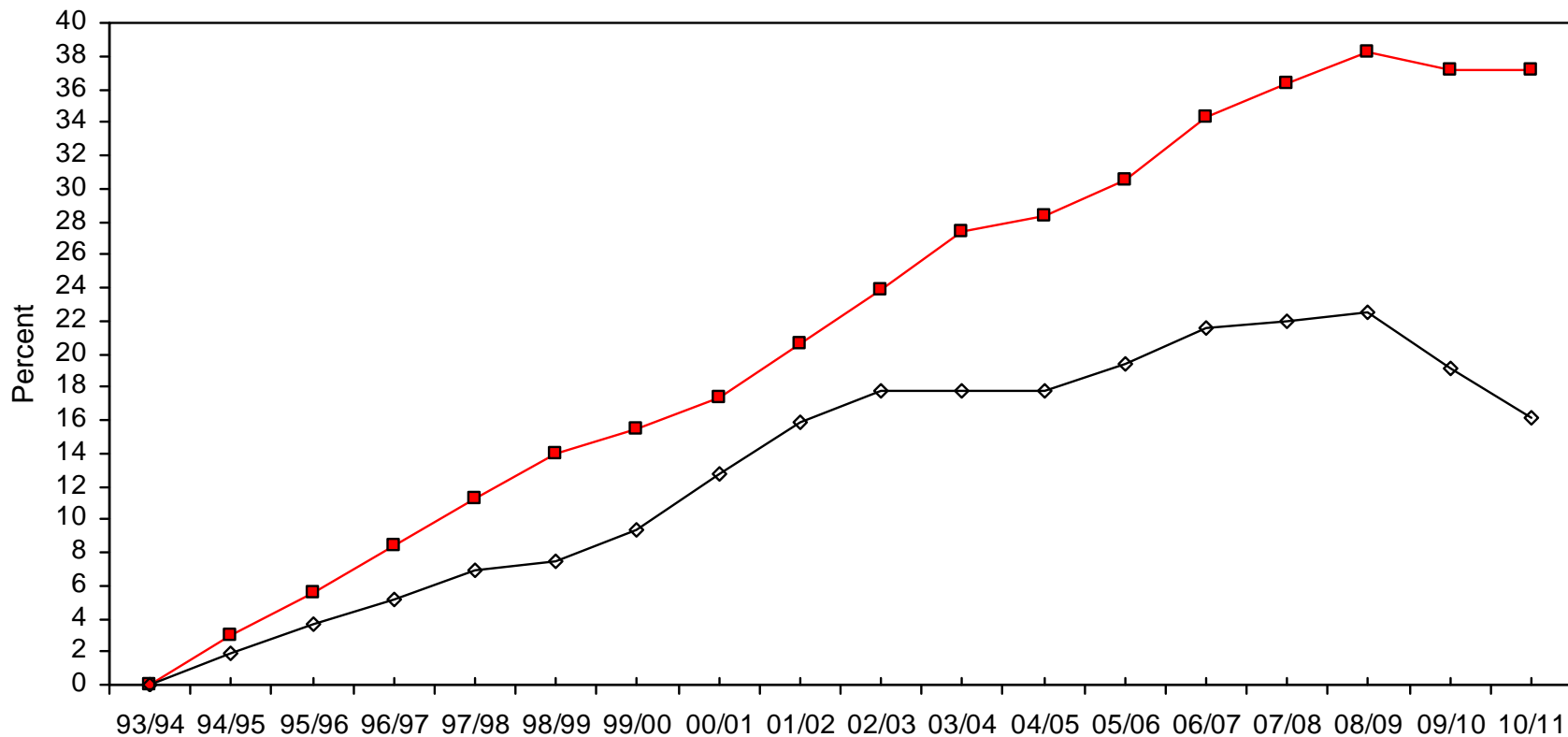
BUDGET FACTORS

- **Foundation Allowance**
- **Wages/Benefits**
- **Retirement Rate**
- **Students - Enrollment**

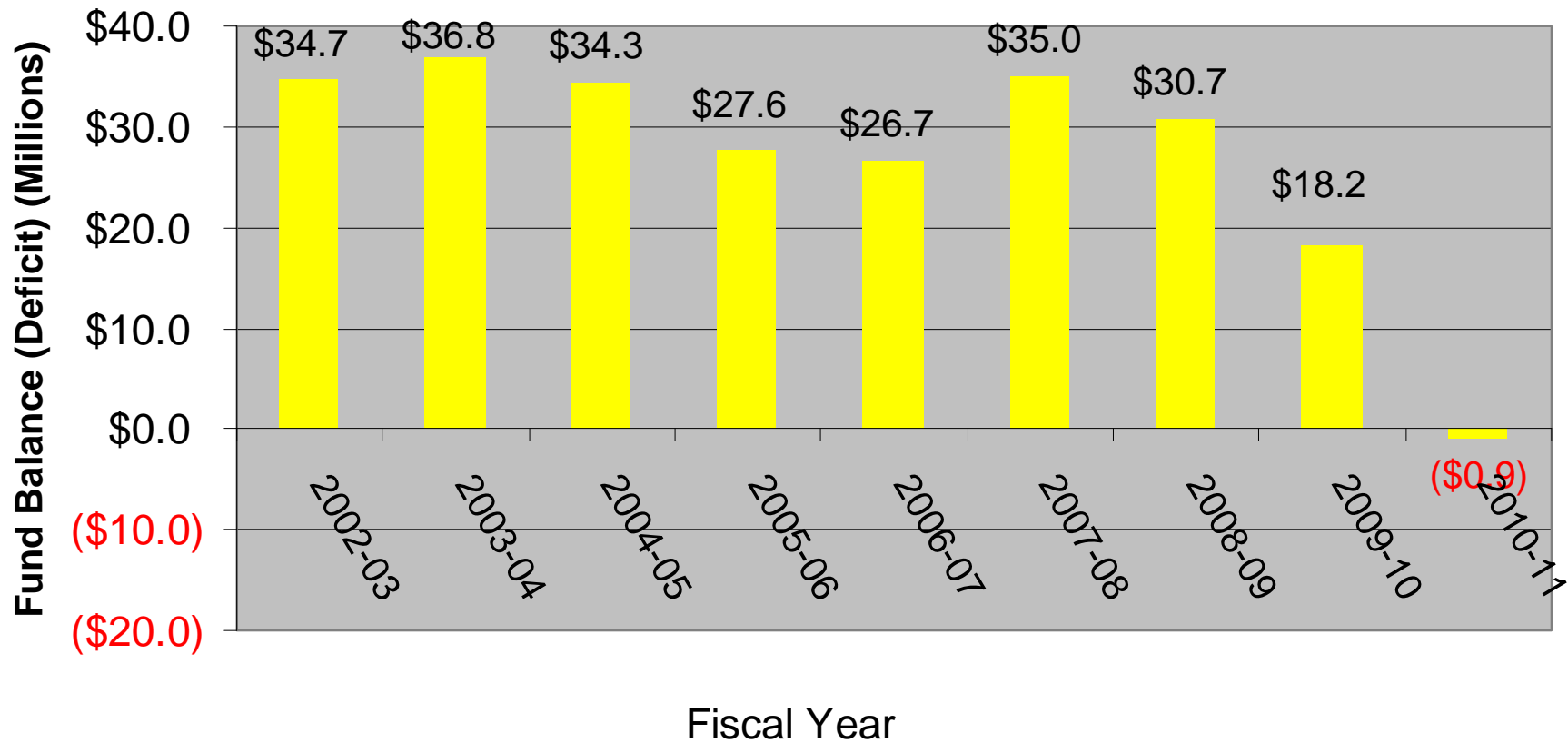
BASE FOUNDATION

School Year	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<u>Fiscal Year</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ Increase	\$192	\$0	\$0	\$175	\$210	\$48	\$56	(\$356) = (\$165+ \$191 20J)	(\$664) = (\$356+ \$308)
% Increase	1.9%	0	0	1.7%	1.7%	.5%	.5%	(3.4%)	(6.3%)
MID-YEAR REDUCTION	(\$59)	(\$74)	0	0	0	0	0	(\$127)??	????

Farmington Public School District Cumulative Rate of Inflation vs Percent Increase Per Pupil Foundation Funding 1993/94 to 2010/11



Fund Balance History with a Projection for 2010-11



FARMINGTON PUBLIC SCHOOLS

PROJECTED GENERAL FUND FORECAST

For 2010/11

Total Revenue	\$141,875,233
Total Expenditures	\$161,068,777
Projected Shortfall	\$19,193,544
Beginning Fund Balance (6/30/2010)	\$18,246,539
Projected Fund Balance (6/30/2011)	\$(947,005)
Beginning Fund Balance %	11.36%
Ending Fund Balance %	(.59%)

Key Assumptions

- \$664 less per Pupil (\$165 + \$191 20J + \$308)
- 110 less Students
- No Wage increases, except FEA steps = \$1.7 million
- Benefit Costs + 10%
- Retirement Cost + 6.3% = 18%

Reasons for a Fund Balance

- To smooth State Aid “Take Backs”
- Federal/State Legislative Action
- Assists in offering a continuous program, avoids knee jerk reactions
- Emergency Expenditures
- Sound Fiscal Management
- Cash flow
- Interest Earnings

Reasons for a Fund Balance

- Avoid Borrowing Costs
- Uncertainty of Revenues and Revenue Stream
- Unanticipated Expenditures
- Auditor Recommendation
- Budget Stabilization
- Board Policy – 8 to 12%

**TOTAL PROJECTED REDUCTIONS
NEEDED TO MAINTAIN FUND
BALANCE (11%) TO AVOID
BORROWING -**

\$16.8 Million

What Have We Done in the Past?

- Reduced \$33 million – tightened our belts
 - Includes 225 Positions
 - See Website for Detail Listing of the Past Years' Reductions
 - Conscious Effort Toward Three Areas: Revenue Enhancements, Efficiencies and Cost Reduction

Future thoughts, while not the focus of these forums:

There are many ideas worth exploring for the future, however, not practical to implement in the next 6-12 months. These include:

- An option to pay for transportation (requires change in law)
- Local Millage increase election (requires a change in law)
- Sinking Fund Election (cannot use for general fund – for buildings and renovations/repairs only)
- County-Wide Enhancement Millage (would require county-wide support)

Great Efforts Continuing, while not the primary focus of these forums:

There are also many very worthy efforts already underway or being further explored to raise revenue and/or decrease costs. Examples include:

- Facilities Study Team recommendations to close schools/facilities
- Negotiations with unions
- Energy management/conservation = avoided \$5 million increased costs
- Consolidation of services
- Keeping the pressure on Lansing – Governor and legislators - stop by the PTA/SOS and other information tables

Focus of Forum:

Potential budget reductions that yield significant savings. Key stations were selected based on \$\$ associated with these areas/services:

Station #1

Elementary Program

Station #2

**Middle/High School
Program**

Station #3

District Support Services

Station #4

Athletic Program

Station #5

**District Instructional
Support Services**

Station #6

Human Resources

Keep in mind ...

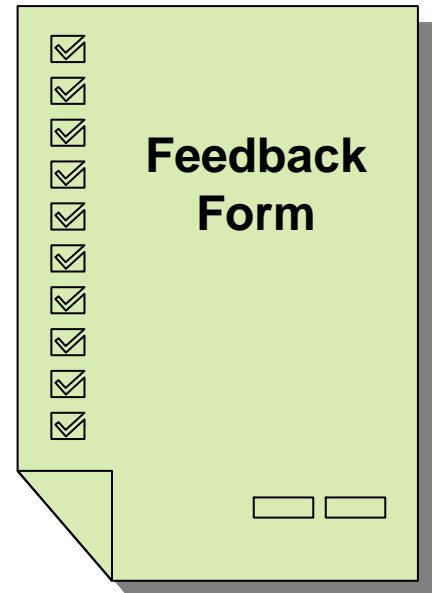


- At each station, you will hear a brief presentation outlining examples of potential cuts and the approximate cost savings associated with each. **Presentations will repeat about every 20 minutes.**
- We want your feedback and questions. **Fill out a comment card or complete the feedback form.**
- This is a painful and difficult process – due to: the magnitude of the cuts that are necessary, the fact that +85% of the budget is in staffing, the reality is that people’s jobs, their compensation, the services provided to families and the opportunities that our children have are likely to be impacted.

Next steps ...



- Please complete a feedback form, tonight or anytime before January 29, 2010.
- There are mobile labs for your convenience
- Go to District website:
www.farmington.k12.mi.us



Next steps ...



- Feedback will be compiled, with a report to the Board of Education on Wednesday, February 24, 2010. This feedback, considered together with our FPS Farmington Forward collective vision, mission and goals, will guide the Board's decision-making process.



Important Dates ...



Thursday, January 14, 2010

2010-2011 Budget Public Forum #1 – 7 pm – MTC

Thursday, January 21, 2010

2010-2011 Budget Public Forum #2 – 7 pm – MTC

Tuesday, January 26, 2010

2010-2011 Budget Public Forum #3 – 11 am – MTC

Board of Education Meeting – 7:30 pm – NFHS

Presentation of Facilities Study Team recommendations (no Board action at this meeting)

Important Dates ...

Tuesday, February 2, 2010 – 7 pm – NFHS

Public Forum on Facilities Study Team recommendations
Present the recommendations/options and receive feedback

Tuesday, February 16, 2010

Board of Education meeting – 7:30 pm – NFHS
Board votes on Facilities Study Team recommendations

Wednesday, February 24, 2010

Special Board of Education meeting – 7:30 pm – NFHS
Review of public/staff input/public comments on budget priorities and suggested reductions. Budget Reduction Plan presented. (No Board action at this meeting).

Important Dates ...

Tuesday, March 2, 2010

Board of Education meeting – 7:30 pm – NFHS

Authorization to implement 2010-2011 Budget Reduction Plan as presented on February 25, 2010

Tuesday, June 8, 2010

Board of Education Public Hearing – 2010-2011 Budget – 7:30 pm – Central Office, Board Room

Tuesday, June 22, 2010

Board of Education meeting – Approval of 2010-2011 Budget – 7:30 pm – Central Office, Board Room

All Budget Information



- Is also available on the District website at:
www.farmington.k12.mi.us
- There is an opportunity to submit the Feedback form online at:

<http://www.surveymonkey.com/s/FLR83WD>



Thank you for your participation!

