

ANN ARBOR PUBLIC SCHOOLS

FY 2003/2004 APPROVED BUDGET



*Prepared by:
Planning & Business Services*

June 18, 2003

One Focus, One Agenda: Academic Success for All Students

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2002-2003**

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ANN ARBOR PUBLIC SCHOOLS
Business Services Division

MEMORANDUM

TO: George Fornero, Superintendent

FROM: Ormeela Lapp, Deputy Superintendent

DATE: June 3, 2003

SUBJECT: *FY 2003-2004 Budget*

The following budget is submitted in accordance with the requirements under the State of Michigan Uniform Budgeting and Accounting Act (PA 621). The presentation schedule follows the requirements of Act 43 and Article 10 for public involvement in the budget approval process. This is a balanced budget; in accordance with legislative and board policy, following good management practices.

This document continues the process of the three-year rolling budget concept introduced in Fiscal Year 97/98 to aid in our long-term efforts to balance our future needs with expected revenue levels. It should be noted that the second and third years of the rolling budget will always be less detailed than the first or upcoming budget year. The rolling budget plan is an ongoing, continuous process that requires constant monitoring, changing, refining and fine-tuning throughout the year. As forecasts become available, the projections will be updated.

Included in the budget document are the required budget resolutions and an introduction regarding current & future fiscal situation. More detailed financial information will be prepared and presented in the User Friendly budget in the Fall 2003. The most current version of the user-friendly document can be found on our website at www.aaps.k12.mi.us.

Another useful reference document is the school district's annual Financial Report. This report includes a comprehensive financial accounting, detailing the appropriations and actual expenditures by levels and programs. These reports are available in the fall, for the preceding fiscal year ending June 30th.

I would like to emphasize that the budget, in its simplest form, is an annual operating plan which contains an estimate of the proposed expenditures balanced against anticipated revenue. Adjustments to revenue and expenditures—after the adoption of the budget—are typically presented to the Board of Education for approval as part of the general appropriations act.

I wish to extend my appreciation and thanks to the Board Finance Committee, Building and Central Administration for their support and suggestions in the development of the budget. Special recognition and thanks to the Business Office Staff for their assistance in the completion of this document.

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INTRODUCTION

INTRODUCTION

The following budget document represents our investment plan for the students and patrons of the Ann Arbor Public Schools. During the budgeting process, we often focus our attention on the fiscal aspects, assuming student and societal benefits to be self-evident. It is all too easy to get lost in the financial fine points. We must always remember that our focus on student achievement remains the district's primary mission.

This is a particularly uncertain time for the district, due to the state's economic downturn. Many of our worst-case financial scenarios have become reality. For the first time since the inception of Proposal A, districts throughout Michigan received a 'pro-ration' of their foundation allowance ('pro-ration' meaning a temporary cut- approximately 3.8% for our district). For Ann Arbor, this amounts to nearly \$1 million for the current fiscal year. The 'good news' is that the Governor's Executive budget proposal for FY 2003/04 is promising no continuation of the 'pro-ration', and proposes restoring the basic foundation allowance to the 2002/03 level. However, this means no per-pupil increase for the district beyond the FY2002/03 level.

There remains considerable uncertainty in the availability of funds to support these assurances. In a recent email from Tom White, Executive Director for MSBO, he noted that; ". . .some of the revenue and/or assumptions made in the Executive Budget introduced by the Governor early this year will probably change. For example, if the Legislature does not approve 'plugging' the tax loopholes as the Governor proposed, or if the new lottery games are not implemented or don't generate as much revenue as anticipated, there will be a greater shortfall . . . we are still dealing with estimates and uncertainties and will for some time."

Our ongoing challenge has been to maintain a rich set of offerings in the face of declining resources, resulting from Proposal A. The recent downturn in the economy has only accelerated the inevitable effects of Proposal A. What steps have we taken to minimize the negative effects on the classroom? For the past seven years, we have taken disproportionate cuts in administration and support areas to concentrate our finances in instruction. In terms of cost savings, we have saved about as much as we can in the support areas without significantly curtailing services. These savings have been accomplished through efficiency improvements, selective outsourcing, etc. In the next few years we will need to prioritize what we can keep and what we can no longer afford.

At the present time, the district is fortunate to have an adequate fund equity to help smooth these unanticipated budget shortfalls; this is where careful fiscal management pays off. Over the past couple of years, in anticipation of the State's fiscal problem, expenditures were budgeted lower than revenue. Several years ago, we took a proactive approach in positioning the district for the revenue shortfalls we have recently experienced. Notwithstanding our good financial position, it is easy for us to become complacent since the district has weathered these fiscal issues in the past without serious problems. In fact, we should complete FY02-03 and

still realize revenues in excess of expenditures. However, future budget years do not look so positive.

The result of the recent contract settlement will- based on our estimations- require some budget realignment by FY2004/05. We can rely on fund equity for the short term, but keep in mind that part of the state's budgetary problems resulted from the state spending one-time money on recurring expenses and thus depleting the State's Fund Equity. Those of us in public finance are always warned against this dangerous practice. It is easy to lose sight of this wisdom when coming up with short-term solutions, but predicating expenses on non-existent monies can have serious long-term consequences to the district's financial health. With the considerable risks we are facing, such as a slow economic recovery, we could quickly deplete our fund equity and find ourselves in a deficit situation.

As we look to the future, the inevitable cuts that will be needed in only a few years will undoubtedly require staffing adjustments. The district will need to vigilantly control hiring, allowing only for the replacement or consolidation of positions.

Ormeela D. Lapp
Deputy Superintendent for Business Services

BUDGET TIMELINES

Budget Timeline

Fiscal Year 2003/04

- Revenue Projection (Demographers' Projection and Estimated Foundation Allowance)
(BOE Finance Committee) March 14, 2003

- Budget Priorities FY 2003/04
(BOE Finance Committee) April 4, 2003

- Projected Expenditure Plan
(Budget Increases/Decreases & Initiatives)
(BOE Finance Committee) May 2, 2003
May 9, 2003
May 16, 2003

- *Briefing on Budget Resolution and notice calling for a Public Hearing May 14, 2003
- Review Budget Priorities with Board of Education

- *Approval on the Budget Resolution and notice calling for a Public Hearing May 28, 2003

- First Briefing of the 3-Yr. Rolling Budget Plan June 4, 2003

- *Publish notice for a Public Hearing
(At least 6 days prior to the date of hearing) June 5, 2003

- *Public Hearing on the Proposed Budget
(Compliance w/Truth in Budgeting Act) June 11, 2003
- *Briefing of Millage Resolution

- *Adoption of Millage Resolution June 18, 2003
- *Approval of the General Appropriation Act

*Legally required

Ann Arbor Public Schools: Budget Development Process

— Fiscal Year 2003/04 and Beyond —

GOALS

- Redefine the way we do business
- Reduce or eliminate programs or services
- Examine alternative delivery systems
- Reallocate resources to support emerging needs

OBJECTIVES

- Achieve balanced operating budget
- Build reserve fund to minimum requirement (1/6 of general fund operating budget)
- Develop a three-year rolling budget process
- Engage broad community in setting priorities for programs & services
- Become as efficient as possible

Development of Timeline and Baseline Data

Timeline	Who	Steps	Supporting Activities
July – September	Business Services Division	Load Board approved FY 2002/03 budget	Prepare changes to line items in the FY 2002/03 budget and establish new base for FY 2003/04.
September – December	Business Services Division	Development of the User Friendly Budget document for FY 2002/03	Update document to include new sections and prepare breakout of expenditures by individual school building. This data will be used as a guide to formulate the FY 2003/04 staffing budget.
January	BOE Finance Committee, Cabinet, Instructional Council	Determine action plan for dissemination of information via website and hard copy.	Publish and disseminate User Friendly Budget document highlighting changes and focus attention on new sections regarding building and district wide allocation.
January – February	BOE Finance Committee, BOE, Cabinet	Develop budget timeline for FY 2003/04 and beyond. Prepare status report on revenue shortfall.	Present timeline as information item to full Board. Prepare an update to Superintendent and Board on status of state revenue and potential for pro-rata in FY 2002/03.

Timeline	Who	Steps	Supporting Activities
March-April	BOE Finance Committee, Cabinet, Instructional Council, Negotiations Team	Review three-year revenue and expenditure projection to reflect changes in funding and enrollment.	Analyze budget components, student count, fixed costs, variable costs and fund equity. Prepare and present preliminary budget information.
April – May	BOE Finance Committee, Cabinet	Develop priorities for FY 2003/04	Discuss budget priorities with BOE finance committee.
May	BOE Finance Committee, Cabinet	Review budget priorities with Board of Education. Briefing on budget resolution and notice calling for a public hearing.	Compile information for budget additions and reduction. Formulate list of budget priorities for FY 2003/04 and present to the Board of Education.
May	BOE Finance Committee, Cabinet	Approval of budget resolution.	Prepare resolution and notice calls for public hearing of 2003/04 budget.
June	BOE, General Public	First briefing on the three year rolling budget plan.	Prepare power point presentation highlighting the three year rolling budget
June	BOE, General Public	Provide input at annual budget hearing. briefing re: millage resolution.	Presentation of the FY 2003/04 budget. Prepare millage resolution.
June	Superintendent, Deputy Superintendent	Approval of millage resolution. recommend budget to BOE for approval.	Adoption of the FY 2003/04 budget. Approval of the general appropriation act.

DISTRICT STRATEGIC PLAN

DISTRICT STRATEGIC PLAN

Mission

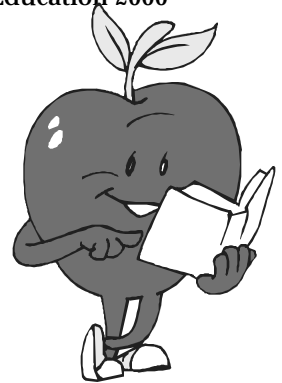
The Ann Arbor Public Schools, working with families and the community, will educate and empower every student to succeed in a changing environment as a responsible participant in a democratic society.

Ann Arbor Board of Education 2000

Core Values

The Ann Arbor Public Schools is committed to:

- Putting the needs of students first in all decisions and actions
- Having high expectations for all students and staff
- Meeting students' educational and social needs
- Valuing and treating students as individuals
- Serving students, families, and the community in a professional manner
- Facilitating open, inclusive communication within the school and with the greater community
- Encouraging and supporting students to become responsible, independent lifelong learners
- Maintaining a safe and orderly school environment
- Providing equitable access to opportunities and resources for students
- Practicing mutual respect among students, staff, parents, and community members
- Welcoming parents' involvement in the education of their children



Goals

- Ensure achievement for all students
- Implement a system of district-wide accountability with appropriate consequences for employees, students and programs
- Provide effective educational programs and services to meet students' needs
- Attract, hire, retain, and support highly qualified and diverse staff
- Increase revenue and allocate resources to maximize student learning in the classroom

**BUDGET PRIORITIES & LONG-RANGE
BUDGET STRATEGY & PLAN**

Budget Priorities 2003/2004

The Ann Arbor Public Schools Board of Education is committed to the following budget priorities:

- **Student Achievement**
The focus on student achievement will be in every classroom.
- **High School Initiative**
 - **Ninth Grade Connection** - creating smaller learning environments for all ninth graders to build that crucial connection during the first year of high school.
- **Early Childhood Program**
 - **Full Day Kindergarten** - Initiate total Full-Day Kindergarten programs in one elementary school (Bryant) Expand Full-Day Kindergarten to an additional building (Abbot). Monitor enrollment and assess the progress of all students in the Full-Day program.
 - **Extended Day Option** (tuition based) - Expand the tuition based Kindergarten program to elementary schools in the district with adequate space and enrollment.
 - **Early 4/5 Program** - Investigate programs that would address appropriate learning environments for the early learner.
 - **Pre School Program** - Assess current program and recommend future initiatives.
- **Middle School Literacy Program**
Every teacher must be a reading teacher. Literacy is paramount to the learning and comprehension of every subject taught in the district.
- **Technology**
 - **Curriculum Integration** - Technology will become an integral part of all curriculums taught in the district.
 - **Courses** - Technology courses will be expanded to reflect the growing and changing realm of technology.

- **Marketing/Communications**

Marketing Plan - A marketing plan will be developed that will address the goal of increasing enrollment from the current base of 84 percent to at least 86 percent by 2006. This will include a base line satisfaction survey of parents/guardians across the district as well as promotion, community relations and communication efforts to achieve the goal.

- **Customer Relations**

Every initiative and goal of the district must have a positive effect on our customers - the student and parent/guardian.

- **Accountability/Rewards**

All employees of the district will be held accountable to the district's mission, core values and strategic goals. In addition, a system of rewards will be developed to recognize those employees who have demonstrated remarkable accomplishments.

- **Risk Management**

- **Compliance**
- **Employment**
- **Facilities/Equipment**

In conjunction with our cost-containment initiative the district will evaluate and monitor behaviors that place the organization at risk, especially in terms of compliance and employment issues along with facilities and equipment maintenance.

- **Facility Plan (Educational Master Plan)**

We will develop a comprehensive, long-range plan that addresses our facility needs. This plan will look at current and projected needs in the areas of facilities, enrollment and instructional programs.

- **Long Range Bonding/Millage Plan**

A comprehensive bonding and millage plan will be developed that addresses future financial needs of the district. This plan will consider the expiration of current long-term bonds, proposed county-wide assessments, Headlee restrictions along with district long term facility, enrollment and programmatic needs.

- **Cost Containment**

- Legal Services
- Benefits
- Compliance

The district will continue to explore cost containment avenues, especially in the areas of legal services, employee benefits and legal compliance issues.

- **Staffing Efficiencies**

We will continue to staff our buildings, programs and divisions at an efficient, fiscally responsible level.

- **Outsourcing**

The district will continue to explore outsourcing opportunities. We will evaluate the effectiveness of contracting service delivery models outside of the organization

- **Revenue Enhancement**

- **Market Share - Increase student market share from 84% to 86% by 2006**
- **Private Giving - Investigate to increase amount of funding from private sources**
- **Schools of Choice - Institute School of Choice program at Stone School for 2003/2004 school year.**
- **Grant Writing - Work with the Ann Arbor Education Foundation to hire a full-time grant writer with the goal of increasing alternative funding options for the district.**

Long Range Budget Strategy and Plan - FY 2003/04

<i>Strategy</i>	<i>Timeline</i>
I Personnel Management	
▪ Established staffing model	2001 & beyond
▪ Continue to analyze instructional programs & services	On-going
▪ Conduct fringe benefits analysis (Explore co-pay, increase deduction and secure competitive bids)	2004 & beyond
▪ Examine employment contracts for potential savings – reduce/contain costs	2003 & beyond
II Outsourcing/Regionalization of Services	
▪ Achieve efficiency in transportation – explore outsourcing of services such as preschool & special ed.	2003 & beyond
▪ Implemented on-line purchasing of school supplies – dissolved Warehouse Operation.	Completed
▪ Outsourced copy service which eliminated Central Duplicating	Completed
▪ Analyzed career tech program – build partnerships and regional opportunities	On-going
▪ Implemented Custodial/Maintenance Plan of Operations	2003 & beyond
▪ Explore Outsourcing of Technology and Transportation Services	2003 & beyond
II Non K-12 Programs	
▪ Phased out general fund support to Rec & Ed	Completed
▪ Contain costs for pre-school program (limit to grants) minimize general fund support (i.e., transportation cost)	On-going
IV Other Non-salary Items	
▪ Continue implementation of energy management	On-going
▪ Strengthen competitive bidding process of services (e.g., utilities, school supplies, etc.)	On-going
▪ Reduced travel and conference expenses	2002-03 & beyond
▪ Monitor textbook & supplies usage (e.g., review replacement schedule)	2002-03 & beyond
▪ Continued emphasis on risk analysis to reduce legal fees	Immediately
V Revenue Enhancement	
▪ Explore local and county millage options – develop a plan and timelines	2003-04 & beyond
▪ Develop marketing plan for increasing/maintaining enrollment (increase market share)	Immediately
▪ Improve student count for General and Special Education student accounting	Immediately
▪ Maximize return on investment (within state guidelines)	On-going
▪ Increase grants, fund raising, and development opportunities	Immediately
▪ Coordinate budgeting across all revenue sources to optimize fund availability (e.g., bond and capital needs)	On-going
▪ Increase local revenue sources, i.e., parking project fees, scoreboard, vending machines and cell towers, etc.	On-going
▪ Explore Schools of Choice	2003/04 & beyond

THREE-YEAR REVENUE PROJECTION

Revenue Projection Discussion FY 2004 thru FY 2006

Following Proposal A, forecasting revenue has concentrated on estimating student population growth since the funding formula is so highly based on the 'Blended Count' of students. This formula funding accounts for more than 90% of the general fund revenue.

While there are some risks in forecasting the number of students, population and growth rates have been relatively stable and predictable. In the last couple of years, a straight-line extrapolation has been shown to be a useful predictor, and has been consistently accurate to within a few tenths of a percent.

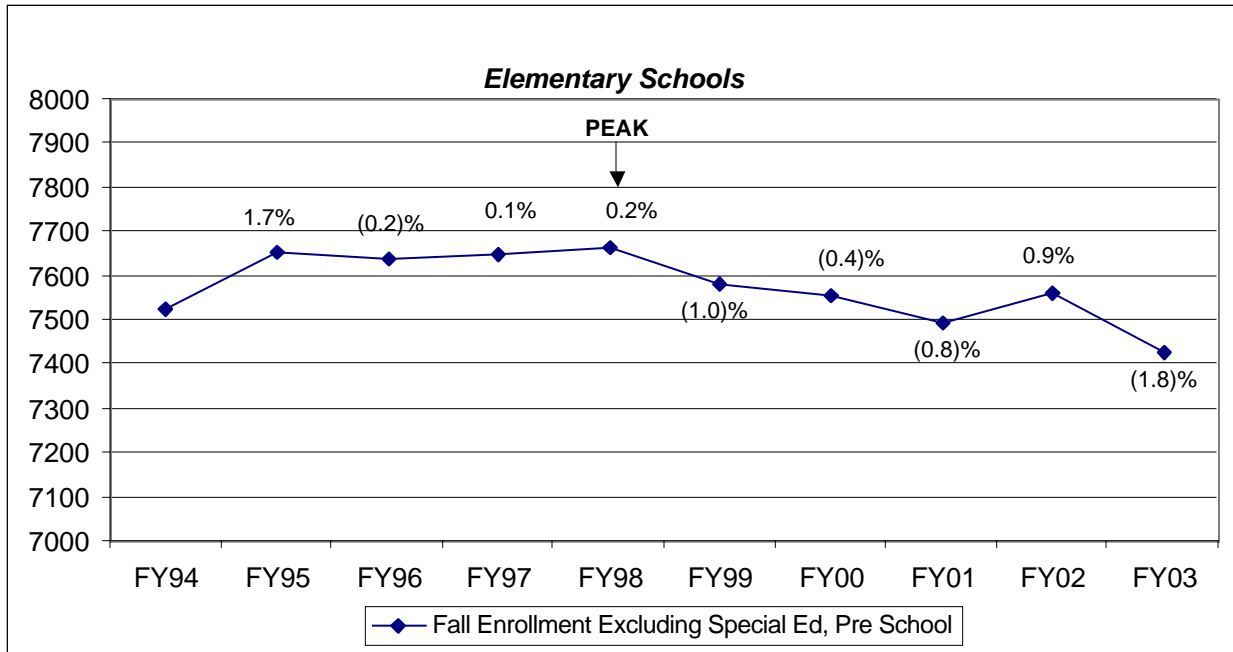
Over the past 9 years, growth has averaged about 1.4%. More recently, the past 3-year growth has averaged 0.6% and in the past 2 years has averaged 0.52%. Looking at longer-term growth patterns, it appears that the district is experiencing slowing growth with a potential for flat and then a gradual decline in overall enrollment. Over this period, the highest single-year growth was slightly more than 3% in FY99, but a portion of that was due to the transfer of Project Ed into the district. If that transfer is adjusted out, the true growth for that year is about 2%. At the opposite extreme, the lowest annual growth happened in FY 2003 at 0.22%.

Several organizations conduct long-term demographic studies of future student population growth. The demographers' numbers are given in terms of fall headcount, rather than the blended count that is used to determine funding. In addition, some segments of the student population are excluded in those estimates. During the past couple of years, I had developed a series of historical offsets to correct those numbers and make them comparable with the blended count used to develop revenue projections. This also allowed comparisons of the demographers' data with my trending-based estimates. Unfortunately, past results with these 'adjusted' numbers have not been very useful and discussion of the process has been confusing to many people, because it is fairly involved mathematically.

I have again done these conversions, but have decided not to publish the results this year. What we really are interested in are estimations of growth rate. Thus, this year I have decided to show the data in terms of percentage change, values which will likely be easily understood and more useful.

Based on recent trending I am projecting a growth rate of 0.16% for FY 2003/04, flat for FY 2004/05 and a reduction of 0.3% for FY 2005/06.

Official Fall Head Count

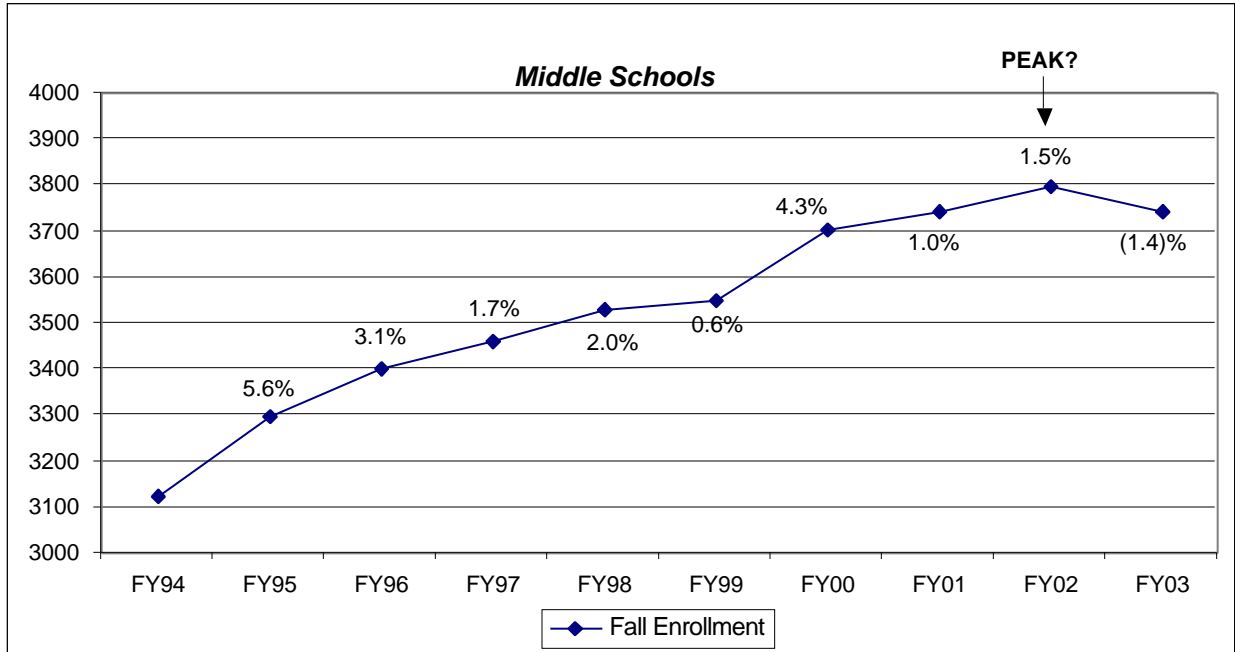


As we project our revenue for the FY 2004 and beyond it is very important that we analyze our student enrollment and pay particular attention to the trends. Though the funding is based on a blend of the February and September FTE student count, the budget (for staffing purposes) is built on the anticipated student head count – which is normally higher than the blended FTE count.

As shown above the elementary level experienced a small growth from FY 94 to FY 95, flat for 3 years and then a gradual but steady decline from the 3 years FY 98 – FY 01. In FY 02 we have again seen a small growth, followed by a decline that has resulted in an overall net loss since FY 98 of about 0.6% per year.

Some of the demographers are expecting stabilization or slight growth, but I am postulating that over the short term there will be a continuing enrollment loss averaging about 0.6%.

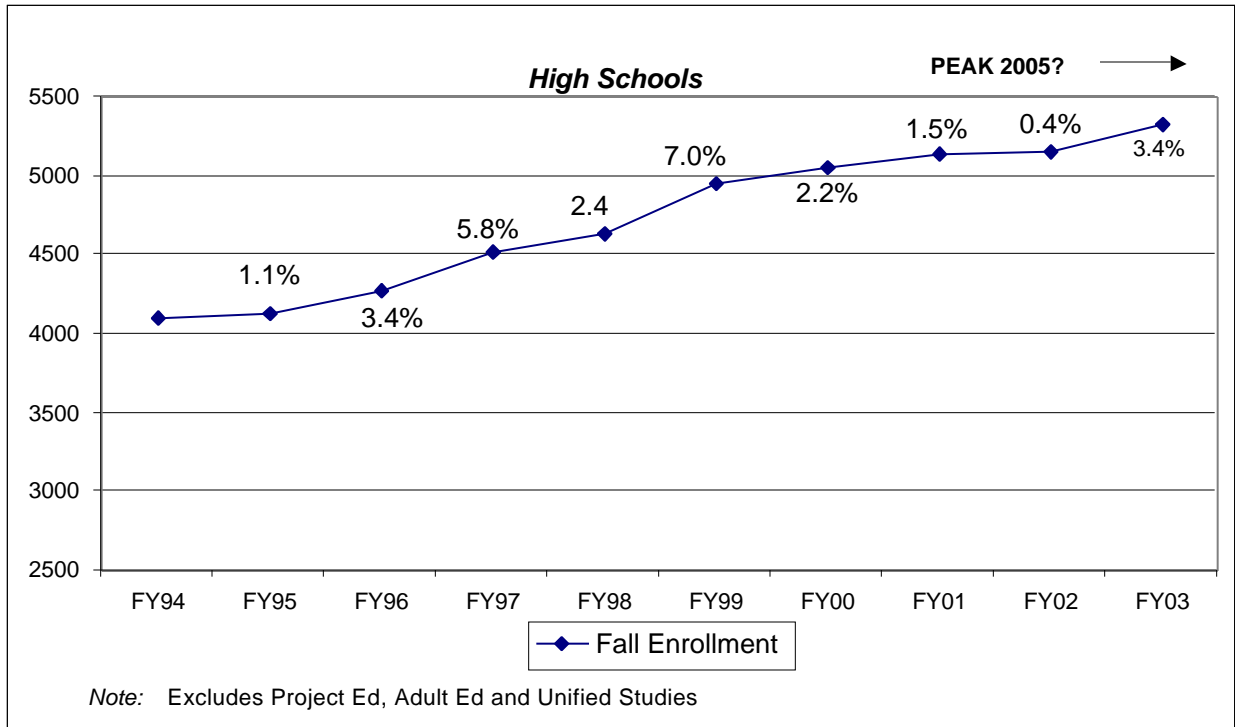
Official Fall Head Count



The middle schools have shown a steady growth trend that indicates signs of a slowing growth rate. The demographers feel that middle school enrollment will peak in FY 03/04 and decline at about 2.5% following the peak.

Extrapolating from historical enrollment, it appears that it may be another year or two until the enrollment peaks. Thus, I am postulating a 0.5% growth for the next year, though the demographers are likely correct that a decline will occur in the next few years.

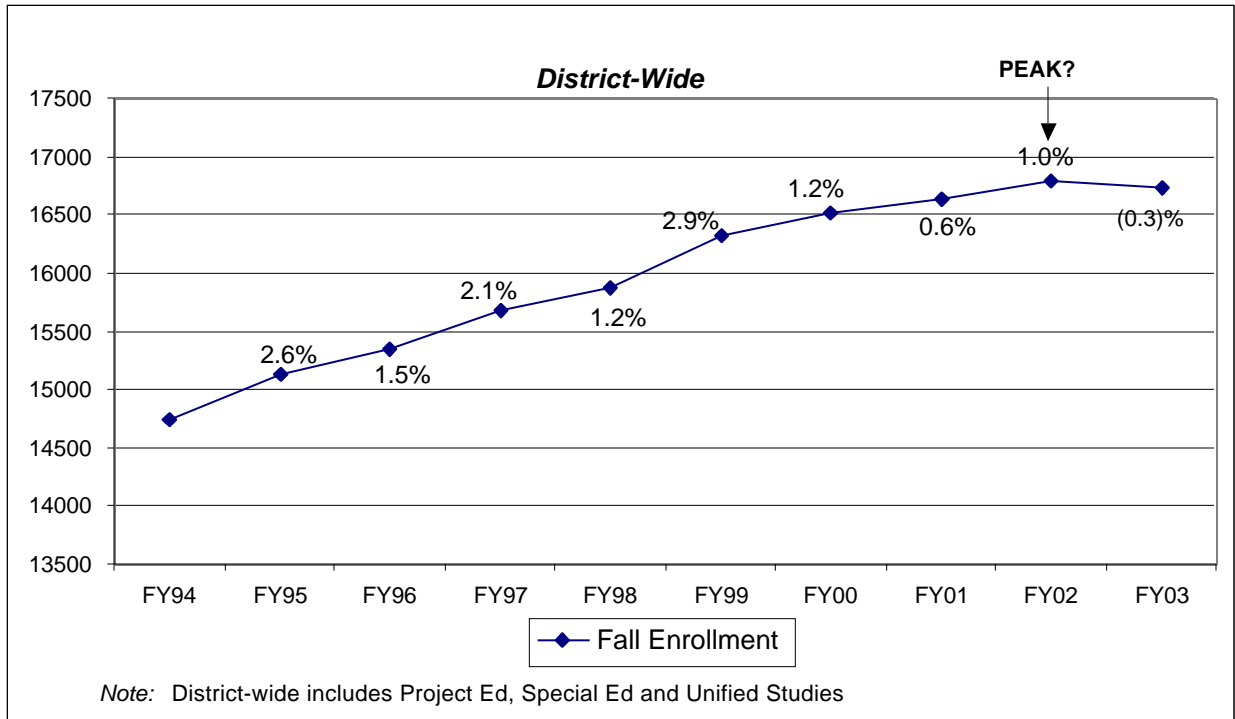
Official Fall Head Count



As with middle school, the historical data suggests slowing growth for the high schools. The demographers are showing a fairly significant 2.3% growth for the next couple of years. My trending estimate is lower than the demographers projection. I am estimating a 1% - 1.2% growth which is slightly less than the demographers projection.

We need to consider the demographers long term projection that high school population will peak in a few years and will decline at a slightly more than 1% rate following the peak.

Official Fall Head Count



The demographers all agree that district enrollment will peak; however, they disagree to when the peak enrollment will occur. They are projecting a peak in one to three years. Though we saw a slight drop in the fall headcount this year, my trending estimation would suggest small growth for the next year. We need to heed the demographers warning that our future will be declining enrollment – at maybe 0.5% or more per year. In addition, we need to keep in mind the growth of charters and private schools and their impact on district enrollment over the next few years.

Comparison of District Enrollment Projections (Headcount)

Based on AAPS enrollment through September 2002

AAPS				STANFRED					MIDDLE CITIES		
Grades K-5											
	5-Year	3-Year	1-Year	Low	Most Likely	High	Facilities Planning¹	Budget Planning²	5-Year	Avg.	1-Year
03/04	7342	7351	7293	7214	7288	7364	7313	7263	7352	7316	7277
04/05	7349	7363	7250	7085	7224	7369	7272	7178	7349	7275	7198
05/06	7381	7392	7243	7062	7254	7457	7322	7190	7434	7327	7216
06/07	7390	7397	7226	7071	7306	7552	7388	7228	7534	7398	7259
07/08	7411	7408	7231	7122	7387	7669	7481	7299	7661	7504	7345
Grades 6-8											
	5-Year	3-Year	1-Year	Low	Most Likely	High	Facilities Planning¹	Budget Planning²	5-Year	Avg.	1-Year
03/04	3829	3822	3792	3763	3796	3829	3807	3785	3829	3809	3791
04/05	3787	3777	3716	3659	3727	3792	3749	3704	3787	3749	3713
05/06	3702	3699	3597	3505	3606	3704	3639	3572	3704	3648	3594
06/07	3609	3619	3486	3360	3487	3615	3530	3445	3610	3546	3483
07/08	3595	3620	3441	3280	3438	3600	3492	3385	3596	3516	3435
08/09	3633	3657	3438	3240	3429	3629	3496	3366	3636	3533	3432
09/10	3643	3662	3421	3188	3414	3656	3495	3339	3654	3528	3399
Grades 9-12											
	5-Year	3-Year	1-Year	Low	Most Likely	High	Facilities Planning¹	Budget Planning²	5-Year	Avg.	1-Year
03/04	5383	5356	5392	5273	5370	5466	5402	5338	5386	5389	5391
04/05	5500	5467	5518	5318	5488	5663	5546	5431	5502	5512	5517
05/06	5560	5500	5559	5311	5541	5777	5620	5464	5562	5564	5559
06/07	5550	5473	5526	5243	5523	5813	5620	5430	5553	5540	5525
07/08	5520	5440	5457	5135	5458	5791	5569	5350	5525	5489	5455
08/09	5443	5370	5333	4976	5342	5723	5469	5220	5449	5389	5330
09/10	5368	5305	5211	4803	5206	5633	5348	5072	5375	5290	5206
10/11	5262	5221	5071	4626	5061	5524	5215	4916	5268	5168	5063
11/12	5281	5247	5034	4543	5020	5537	5192	4861	5289	5157	5028
12/13	5313	5275	5025	4479	5005	5584	5198	4830	5330	5166	5001
Grades K-12											
	5-Year	3-Year	1-Year	Low	Most Likely	High	Facilities Planning¹	Budget Planning²	5-Year	Avg.	1-Year
03/04	16,554	16,529	16,477	16,250	16,454	16,659	16,522	16,386	16,567	16,514	16,459
04/05	16,636	16,607	16,484	16,062	16,439	16,824	16,567	16,313	16,638	16,536	16,428
05/06	16,643	16,591	16,399	15,878	16,401	16,938	16,580	16,227	16,700	16,539	16,369
06/07	16,549	16,489	16,238	15,674	16,316	16,980	16,537	16,102	16,697	16,484	16,267
07/08	16,526	16,468	16,129	15,537	16,283	17,060	16,542	16,034	16,782	16,509	16,235

¹ Uses a 2:1 weighted average of the "Most Likely" and the "High" projections for facilities planning.

² Uses a 2:1 weighted average of the "Most Likely" and the "Low" projections for budget planning.

³ Project Education and Unified Studies students not included.

AAPS Enrollment Projection Summary

Elementary School History	Peak Enrollment Year	Average Annual Post-Peak Enrollment Change (Decline)	Average Annual Post-Peak Enrollment Change (In %)
Historical	97/98	(48)	(0.6%)
Elementary School Projections		Estimated Annual (3 Year Avg) Enrollment Change	Estimated Annual (3 Year Avg) Enrollment Change (In %)
Stanfred Most Likely		6	0.1%
AAPS 1 Year		(22)	(0.3%)
Middle Cities Average		27	0.4%
Middle School Projections	Estimated Peak Enrollment Year	Estimated Average Post-Peak Enrollment Change (Decline)	Estimated Average Post-Peak Enrollment Change (In %)
Stanfred Most Likely	03/04	(103)	(2.7%)
AAPS 1 Year	03/04	(102)	(2.7%)
Middle Cities Average	03/04	(88)	(2.3%)
High School Projections	Estimated Peak Enrollment Year	Estimated Average Post-Peak Enrollment Change (Decline)	Estimated Average Post-Peak Enrollment Change (In %)
Stanfred Most Likely	05/06	(66)	(1.2%)
AAPS 1 Year	05/06	(75)	(1.4%)
Middle Cities Average	05/06	(58)	(1.0%)
District-Wide Projections	Estimated Peak Enrollment Year	Estimated Average Post-Peak Enrollment Change (Decline)	Estimated Average Post-Peak Enrollment Change (In %)
Stanfred Most Likely	03/04	(46)	(0.3%)
AAPS 1 Year	04/05	(118)	(0.7%)
Middle Cities Average	05/06	(15)	(0.1%)
District-Wide Projections One Year 03/04 to 04/05		Estimated Average Post-Peak Enrollment Change (Decline)	Estimated Average Post-Peak Enrollment Change (In %)
Stanfred Most Likely		(15)	(0.09%)
AAPS 1 Year		7	0.04%
Middle Cities Average		22	0.13%
Business Office Projection		27	0.16%

NOTES:

Trend line extrapolation has been successful for short-term projection. However, we should look to the demographer's projections in preparing for the long term. There is general agreement that the district's future will be a steadily declining enrollment. The difference of opinion is how soon the decrease in enrollment will begin and how rapidly the district's enrollment will decline.

- 1) As in previous years, the demographer's projections have been converted from absolute enrollment numbers to incremental changes and percentages, in order to make them more comparable.
- 2) Note that the most recent demographic data is in quite close agreement among the demographers. All of the projections agree in the year of downturn for both the middle and high schools, and all agree that the district will realize an overall enrollment decline which will start in the next few years.
- 3) All of the post-peak enrollment change and percentage change numbers are 3-year averages, except for the district-wide projections for Middle Cities, where only two years data was available.
- 4) We need to carefully consider the effects that ongoing expansion of local private and charter schools could have on district enrollment. Growth in these areas could result in an enrollment decline that starts sooner and may be more severe than expected. Based on this uncertainty, the district would be wise to budget revenue (based on enrollment) more conservatively.

AAPS Student Count Demographics Analysis

O.D. Lapp, 3/12/03

	Spring FTE (Feb. FTE)	Fall FTE (Sept. FTE)	Feb/Sept Adjusted Ratio	FY	Adjusted Blend	Bus Office Projection	Percent Change
FY95	14,689	15,076	20/80	95	14,999		
FY96	15,035	15,233	20/80	96	15,193		
FY97	15,088	15,568	20/80	97	15,472		
FY98	15,320	15,802	20/80	98	15,706		
FY99	15,817	16,276	20/80	99	16,184		
FY00	16,112	16,436	20/80	00	16,371		
FY01	16,336	16,539	20/80	01	16,498		
FY02	16,354	16,705	20/80	02	16,635		
FY03	16623	16683	20/80	03	16,671	16,671	-Ref-
FY04	0	0		04		16,698	0.16%
FY05	0	0		05		16,698	0.00%
FY06	0	0		06		16,648	(0.30%)

Business Office Trend Line Projections- For FY 03/04:

Elementary	(0.60%)
Middle School	0.50%
High School	1.00%
Weighted Average	0.16%

Demographer's Projections FY 03/04 - FY 04-05:

	AAPS	Stanfred	Middle Cities	Average
Elementary	(0.60%)	(0.88%)	(0.60%)	(0.75%)
Middle School	(2.00%)	(1.82%)	(1.60%)	(1.80%)
High School	2.30%	2.20%	2.30%	2.30%
District-Wide	0.04%	(0.09%)	0.13%	0.09%

Notes:

Elementary- Trend line projections approximately agree with the demographer's projections- The demographers suggest a short-term reduction between 0.6 and 0.9%; trending also suggest a short-term reduction of 0.6% for the next year.

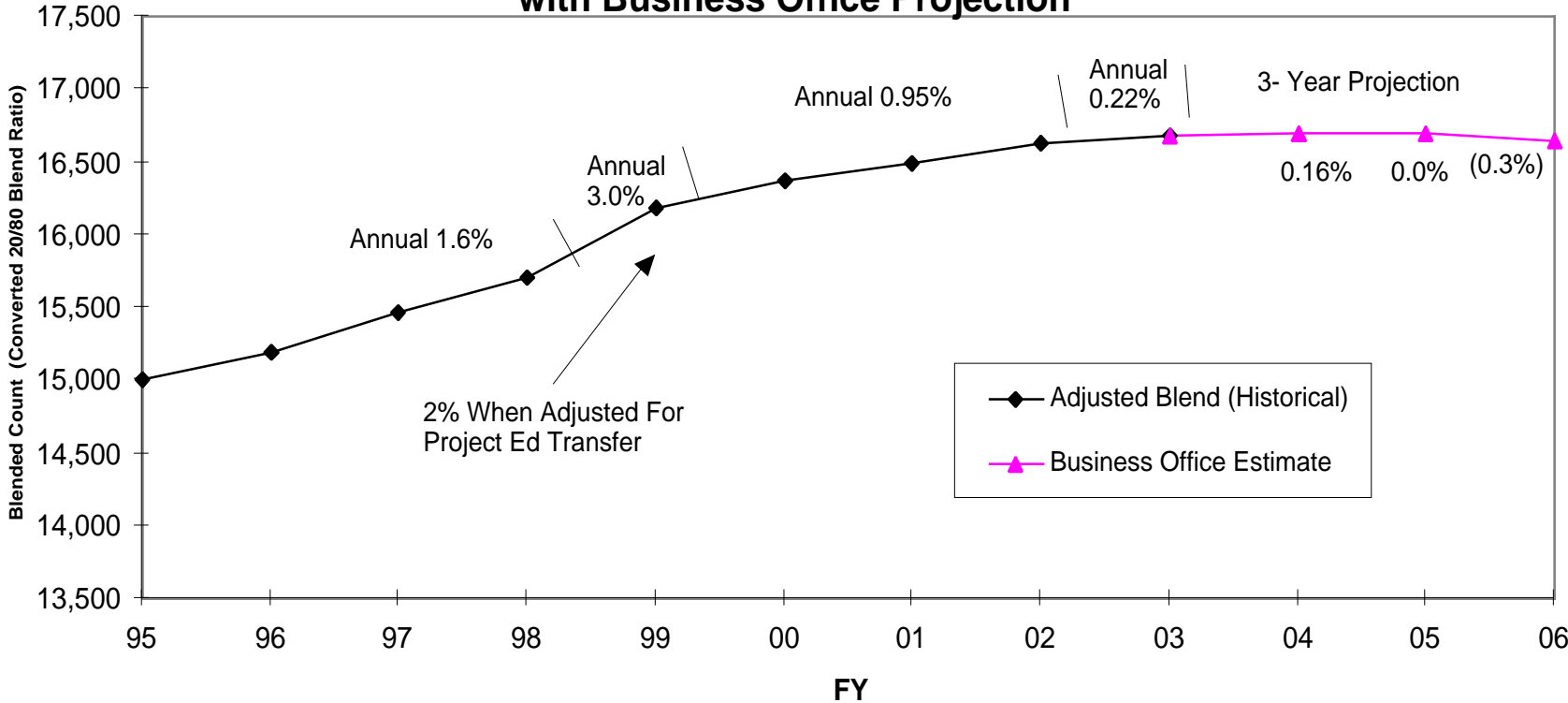
Middle School- Demographers suggest a short term 1.8% reduction in enrollment; trending suggests a small continuing growth of 0.5% for the next year.

High School- Demographers suggest a significant 2.3% short term growth; trend line projections suggest slower short-term growth, 1.0% to 1.2% for the next year.

Using the weighted average of the trend line projections, this suggests a district-wide growth of around 0.16% (or 27 students) for FY 2003/04. It's also worth noting that the demographers are projecting district wide growth of between (0.09%) and 0.13% for the following year.

The demographers forecast district enrollment peaking in the next couple of years, and estimate enrollment dropping at between 0.1% and 0.7% annually following the peak. In accordance with these forecasts, the business office's projection for FY 04/05 is flat, and for FY 05/06 indicates an enrollment reduction of 0.3%.

Historical Blended Count with Business Office Projection



AAPS Student Count 9-Year History

	Spring FTE (Feb. FTE)	Fall FTE (Sept. FTE)	Fall/Spring Difference	Blend Ratio	Blended FTE	Adjusted Blend (20/80)	Annual Increase	Fall Head Count
FY95	14,689	15,076	387	50/50	14,883	14,999	---	15,130
FY96	15,035	15,233	198	50/50	15,134	15,193	1.30	15,352
FY97	15,088	15,568	480	50/50	15,328	15,472	1.83	15,680
FY98	15,320	15,802	482	40/60	15,609	15,706	1.51	15,874
FY99	15,817	16,276	459	40/60	16,092	16,184	3.05	16,330
FY00	16,112	16,435	323	25/75	16,354	16,370	1.15	16,530
FY01	16,336	16,539	203	20/80	16,498	16,498	0.78	16,637
FY02	16,354	16,705	351	20/80	16,635	16,635	0.83	16,797
FY03	16,623	16,683	60	20/80	16,671	16,671	0.22	16,743

Though it is important to analyze the fall headcount at the various levels (Elementary, Middle School, High School) the funding is based on the district-wide blended FTE count.

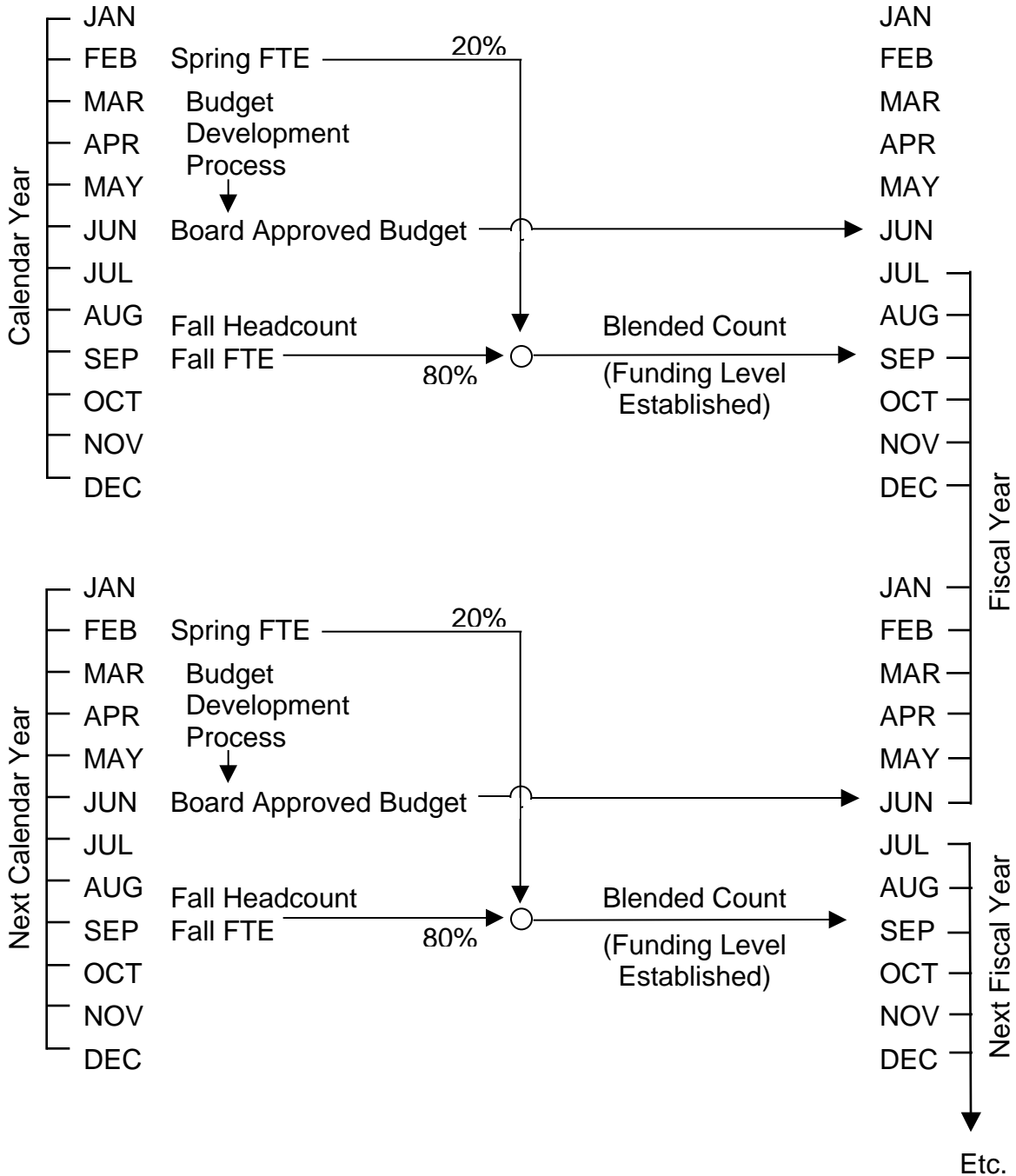
The chart above converts the Spring/Fall FTE count into a blended count which is used for calculating the district revenue. As shown in the chart, the blend ratio has changed over the years. For comparison purposes, all blended counts have been converted to the current 20/80 blend. This allows for a more useful comparison of the actual annual percent student increase, not distorted by the changing blend formula.

Over the past nine years, the growth in blended count has averaged about 1.4%. For the past three years, growth has averaged 0.6% and has averaged 0.52% in the past two years. This would suggest that the growth rate is slowing and continues to slow.



Ann Arbor Public Schools

How Blended-Count-Based Formula Funding Works



Note that the budget must be approved several months before the blended count is known; one of the problems created by the new funding structure.

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	1.96
97-98	8,196	154	1.90
98-99	8,196	0	0.00
99-00	8,434	238	2.86
00-01	8,734	300	3.56
01-02	9,034	300	3.43
*02-03	9,234	200	2.21
03-04	9,234	0	0.00
Average Increase:			2.19%

*Excludes Pro-ration

This chart provides a historical perspective of the per pupil funding since Proposal A and excludes the Governor's recent pro-ration for FY 2003. It is anticipated that the pro-ration represents a one-time reduction and the base foundation will be restored to the 2002/03 level for the coming fiscal year (03/04). For Ann Arbor that amount is \$9,234 per pupil.

It should be noted that the foundation allowance represents over 90% of the general fund budget. As shown above, the district received an average increase of 2.19% over the ten year period.

As a hold harmless district, our funding continues to trail inflation, causing annual budget cuts and/or reallocation of resources to address instructional and other emerging needs.

The recent slowing of the economy would suggest a much tougher road ahead for the school aid budget since our funding is heavily dependent upon the collection of sales tax. Based on the Executive Budget Proposal we are projecting a flat foundation allowance for FY 2003/04 and FY 2004/05 and an estimated increase of \$150 per pupil for FY 2005/06.

Three Year Revenue Projection

Pro-ration in FY 2003 (less funds) -No Pro-ration in FY 2004 (more funds)

	Current	Projected		
	FY 2003	FY 2004	FY 2005	FY 2006
Blended Count (FTE)	16,671	16,698	16,698	16,648
FY 1995 Base Foundation	7,734.35	7,734.35	7,734.35	7,734.35
Discretionary Foundation	1,500.00	1,500.00	1,500.00	1,650.00
Total Foundation (per student)	9,234.35	9,234.35	9,234.35	9,384.35
Proposal A Obligation	128,939,349	129,148,176	129,148,176	128,761,459
Discretionary Foundation	25,006,500	25,047,000	25,047,000	27,469,200
Section 11(3) State budget proration	(979,772)	0		
Total Foundation	152,966,077	154,195,176	154,195,176	156,230,659
Less:				
Allocation for Millage and Capital Needs Fund	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
Delinquent and Previous Year Tax Adjustment	(500,000)	(700,000)	(700,000)	(700,000)
<i>Total Foundation Allowance</i>	145,466,077	146,495,176	146,495,176	148,530,659
Other Local Sources:				
In lieu of taxes (U of M married housing)	325,000	325,000	325,000	325,000
Tuition (includes summer school fees)	60,000	60,000	60,000	60,000
Income from Investment	890,000	890,000	900,000	900,000
Rental of School Facilities (tower rentals)	230,000	230,000	255,000	280,000
Universal Service Fund (USF)	200,000	200,000	200,000	200,000
Parking Project	350,000	350,000	350,000	350,000
Reimbursements	200,000	200,000	200,000	200,000
<i>Total Other Local Sources</i>	2,255,000	2,255,000	2,290,000	2,315,000
State Sources:				
Categoricals:				
Bilingual Program	65,000	65,000	65,000	65,000
Special Education	3,800,000	3,900,000	4,000,000	4,100,000
Adult Education	365,000	365,000	365,000	365,000
Vocational Education (Added/Administration)	100,000	100,000	100,000	100,000
Golden Apple	90,002			
Driver's Education	10,000	0	0	0
Medicaid Fee for Service				
<i>Total State Sources</i>	4,430,002	4,430,000	4,530,000	4,630,000
Federal Source - Medicaid Outreach	0	0	0	0
Interdistrict Sources:				
County Special Education (65% Reimb. Rate)	9,280,000	9,558,400	9,845,152	9,845,152
Tuition - Other Districts	100,000	100,000	100,000	100,000
<i>Total Other Sources</i>	9,380,000	9,658,400	9,945,152	9,945,152
<i>Total General Fund Revenue</i>	<u>\$161,531,079</u>	<u>\$162,838,576</u>	<u>\$163,260,328</u>	<u>\$165,420,811</u>

IMPORTANT: SEE ASSUMPTIONS USED IN DEVELOPING THIS REVENUE PROJECTION

Note: This projection does not reflect the proposed special education millage

Three Year Revenue Projection- Version Without State Budget Proration

FY 2004 - FY 2006 (Increased Funding)

ASSUMPTIONS USED IN DEVELOPING THIS REVENUE PROJECTION

The blended student count estimates are based on an increase of 0.16% in FY 03/04, flat in FY 04/05 and a decline of (0.3%) in FY 05/06. All the demographers forecast district enrollment peaking in the next couple of years and estimate enrollment dropping at between 0.1% and 0.7% annually following the peak.

The blended count ratio currently used by the state to determine the district's blended student count is based on a 20/80 blend. There are suggestions that this factor may revert back to the 50/50 blend ratio previously used for this calculation. Reverting to the old ratio would result in a change in the revenue projections. Based on the current spring/ fall student count ratio at AAPS, this change in the blend ratio would result in a reduction of 18 students in the calculation of the blended count which, in turn, would result in a 0.1% reduction in foundation revenue.

This version of the revenue projection reflects the recently announced Executive Budget Proposal, which proposes restoring the foundation allowance for FY2003/04 at the current level (\$9,234). As noted by MSBO, "The Executive Budget is a proposal and has to go through the legislative process. It will be highly political and will most likely take several months. Nothing is final until this bill is signed." As a result, there is a degree of uncertainty with this promise.

The projection for FY2004/05 also reflects a flat foundation allowance (\$9,234). However, we are estimating an increase of \$150 per pupil for FY 2005/06. It is important to note that these projections are based on current information and are subject to change. As new information becomes available, we will update our projections.

The district's revenue growth over the past four years has averaged approximately 3.7%; some one-time monies are included such as the sub settlement, the Governor's technology initiative, the one-time Medicaid payment and other miscellaneous revenue. If these one-time monies are not included, then the average revenue growth has been about 2.7%. This growth is leveling off due to a number of factors such as: declining enrollment growth, reduced support for the foundation allowance, less interest income from investments and less support from Medicaid. As we develop our expenditure budget, we need to be mindful of these changes and should avoid making long term commitments, especially for recurring expenses such as salaries and benefits.

BUDGET SUMMARY

Key Components - Expenditure Budget

Assumptions Used For Expenditure Projections

Incremental Budget Increase: These are expenditures which increase annually according to contractual agreements. A “step” (built into the salary schedule) is an automatic salary increase given to eligible employees. This is in addition to any negotiated salary increase.

Many employees qualify for “step increases”. These increases are paid every year until the eligible employee reaches the highest step on the salary scale for that bargaining unit. Along with step increases, the district must provide for the matching social security (FICA) and state retirement costs.

State Retirement Rate- Per the Governor’s budget proposal the state retirement rate will remain unchanged at 12.99% for FY 2003/04 and FY 2004/05. The projected rate for FY 2005/06 is 13.5% (subject to change). It is important to note that the retirement rate is driven by the market based on a 5 year averaging. As we all know, in the past 3 years we have seen a significant change in the economy. It is highly likely that we may experience a greater increase in the retirement rate in the next cycle (based on the new 5-year averaging).

Fringe Benefits (Health, Life, Dental, Etc.)- Fringe increases are calculated based on an average increase of 15% over the next 3 years. However, for FY 2003/04 the anticipated average increase is 12% based on recent estimates from the district insurance carriers. The district is currently exploring ways to consolidate the plans and reduce costs. One option might be to institute a co-pay or examine the deductible levels. We cannot continue to increase the overall budget by over \$1 million annually for fringes when the overall revenue level is decreasing or staying flat.

Utilities- The natural gas contract will expire at the end of the current fiscal year. We are anticipating a budget increase in this line item of \$100,000, however, we have realigned the budget and will absorb this increase within the utilities budget.

Liability Insurance Premium Increases- Following 9/11, the district has experienced a significant increase in its liability insurance. The premium increase for the current year is 33% over the budgeted amount. The FY 2003/04 budget includes a line item for this increase of \$300,000. Funds to accomplish this will come from a one-time budget that was earmarked for the First Impression Project in 2002/03.

Legal Fees- An adjustment to the legal budget of \$610,000 will restore the base for FY2003/04 at the level expended in the current year. This is a one-time increase and further adjustments will be made in subsequent years.

High School Initiatives And The New Central Office Position- Both of these line items represent recurring cost increases to the budget. These items were approved by the Board of Education and will become part of the future budget base.

Fiscal Year 2003/04 Budget

BLENDED COUNT	16,698
Estimated Revenue	\$ 162,838,576
One Time Appropriation (Fund Balance)	\$ 2,622,129
Total Revenue	\$ 165,460,705
EXPENDITURES:	
Basic Expenditures	\$ 156,494,390
ADDITIONS:	
Step, FICA, Retirement, Fringes	\$ 3,700,000
Negotiations	\$ 3,526,315
Initiatives	\$ -0-
Other Additions	\$ 2,940,000
REDUCTIONS: (Proposed)	(\$ 1,200,000)
TOTAL EXPENDITURES	\$ 165,460,705
Excess Revenue Over Expenditure	\$ -0-

Estimated Revenue – based on projected blended count of 16,698 and a flat foundation allowance of \$9,234. Local, state categorical and other sources are based on current and historical data. Please see the Three-Year Budget Projection for detail.

In addition, we are appropriating an estimated amount of \$2.6 million to cover the negotiated settlement with the teachers.

Basic Expenditures – have been adjusted as a result of the re-alignment of budgets to help fund initiatives and other recurring costs.

Negotiations are currently pending for bargaining groups other than AAEA. No salary increase assumptions have been made in the total expenditure above.

Assumptions are subject to change pending any new developments in negotiations, the state economy and student count.

Three Year Budget Projection

ITEM Description	----- PROJECTED -----		
	2003/04	2004/05	2005/06
Blended Count:	16,698	16,698	16,540
REVENUE (in millions)	\$ 162.84	\$ 163.30	\$ 165.40
Appropriations from Fund Balance	2.62	3.99	TBD
TOTAL REVENUES	165.46	167.29	165.40
Basic Expenditures (Adj. 02/03)	156.50	165.46	TBD
Step, FICA, Ret., Fringes	3.70	4.45	4.85
Contract Settlement (AAEA only)	3.52	2.78	TBD
Proposed Additions	2.94	---	TBD
Proposed Reductions	(1.20)	(5.40)	TBD
Total Expenditures	\$ 165.46	\$ 167.29	\$ TBD
Balance / Deficit	-- 0 --	-- 0 --	TBD

Notes:

Assumptions are subject to change pending any new developments in negotiations, the state economy and student count.

Budget analysis resulted in re-alignment of expenditures to help fund new initiatives and other recurring costs.

The proposed additions and reductions lists are in the following pages.

Negotiations are currently pending for bargaining groups other than AAEA. No salary increase assumptions have been made in the total expenditure above.

Proposed Budget Additions Fiscal Year 2004 & Beyond	
Description	FY 2004
Adjustment to Legal Budget	\$600,000
High School Initiatives	\$2,200,000
Asst. to Superintendent (new position)	\$140,000
TOTAL	\$2,940,000
<p>*With the exception of the legal costs, the high school initiatives and the new positions represent recurring costs. These costs are reflected in the 2004/05 base.</p>	

Proposed Budget Reduction Plan Fiscal Year 2004 & Beyond			
Description	FY 2004	FY2005	FY 2006
Outsource/Privatization	\$100,000	\$100,000	TBD
Legal Service Cost Containment	\$0	\$460,000	
Warehouse Operations	\$80,000	\$60,000	\$0
Custodial Maintenance Efficiency Savings	\$0	\$300,000	
Vacancy Savings & Differential	\$700,000	\$1,000,000	\$1,000,000
Reduction Needed to Balance Budget*	\$0	\$3,000,000	TBD
Staffing Efficiencies/ Enrollment Decline	\$320,000	\$480,000	TBD
TOTAL	\$1,200,000	\$5,400,000	TBD
<p>This amount may increase or decrease based on negotiated settlements, change in enrollment, state economy and the Foundation Allowance and other potential budget savings and/or revenue enhancement.</p>			

GENERAL FUND RESOLUTION

GENERAL FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

RESOLVED, that this resolution shall be the General Appropriations Act of the Public Schools of the City of Ann Arbor for the fiscal year 2003/04.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Public Schools of the City of Ann Arbor for the fiscal year 2003/04 is as follows:

ITEM DESCRIPTION	AMOUNT
REVENUE	
Foundation Allowance	\$146,495,176
Local Sources	2,255,000
State	4,430,000
Federal	-0-
TOTAL REVENUE	\$153,180,176
Incoming Transfers & Other Transactions	9,658,400
TOTAL	162,838,576
UNDESIGNATED FUND BALANCE, JULY 1	Est. 12,000,000
Less: Appropriated Fund Balance	(2,622,129)
Fund Balance Available to Appropriate	9,377,871
TOTAL AVAILABLE TO APPROPRIATE	\$172,216,447

Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of 3.5387 mill for homestead and qualified agricultural property and 17.9730 mills for non-homestead property for the Public Schools of the City of Ann Arbor. The 2003 estimated taxable value, after TIF capture, is \$3,352,108,184 and \$2,611,209,749 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be \$58,793,163. In accordance with the "Truth in Budgeting Act", an additional millage rate of .1040 mills is included in the operating supplemental millage rate of 3.5387 on homestead property.

BE IT FURTHER RESOLVED that of the total \$172,216,447 available to appropriate in the General Fund, \$165,460,705 is hereby appropriated in the amounts and for the purposes set forth below:

GENERAL FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT

ITEM DESCRIPTION	2003/04 BUDGET
EXPENDITURES	
Instructional Services:	
Basic Program	\$82,813,080
Added Needs	12,013,350
Adult & Continuing Education	479,835
Other Employee Benefits *	638,400
Support Services:	
Pupil	16,116,700
Instruction Staff	7,594,645
General Administration	2,978,290
School Administration	9,878,005
Business Services	2,862,470
Custodial/Maintenance/Utilities	15,834,590
Pupil Transportation	5,940,040
Central Services	3,375,400
Other Employee Benefits *	1,470,770
Community Services	392,910
Outgoing Transfers/Other	3,072,220
TOTAL	165,460,705

*All other employee benefits (e.g., medical, dental, etc.) included in individual line items.

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000

for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment which amendment shall be adopted by the Board of Education at such meeting.

**GENERAL FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____ the above Resolution was presented to the Board of Education.

AYES:_____ **NAYS:**_____ **ABSENT:**_____

RESOLUTION DECLARED:_____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____
CITY OF ANN ARBOR
COUNTY OF WASHTENAW
STATE OF MICHIGAN

NOTARY

OTHER FUNDS BUDGET RESOLUTIONS

BUDGET RESOLUTIONS (OTHER FUNDS)

The Board of Education, in accordance with Public Act 621, an act to make appropriations, shall approve the expenditure of the appropriations and provide for the disposition of all income received by the department/financial institution. In accordance with this act, you will find 2002/03 budget resolutions and budget details in this section for various funds other than General Fund.

<u>FUND</u>	<u>BUDGET</u>	<u>BUDGET MANAGER</u>
Athletic Fund	\$ 2,225,192	Sharon Baskerville
Millage & Capital Needs Fund*	\$10,500,000	Philip McConnell
Debt Service Fund	\$12,165,755	Ormeela Lapp
Sinking Fund	\$ 8,886,863	Phil McConnell
Food Service Fund	\$ 3,550,780	Ormeela Lapp
Recreation and Community Services Fund	\$ 5,473,546	Sara Aeschbach
TOTAL - OTHER FUNDS	\$ 42,802,136	

*Name changed to comply with audit recommendation (previously Building & Site – Two Mill Fund). Includes building maintenance, technology, repair/equipment & upgrades, buses and copiers.

ATHLETIC FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT
--

RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

RESOLVED, that this resolution shall be the General Appropriations Act of the **Athletic Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Athletic Fund** of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Athletic Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

Revenue

Admissions	\$	170,000
Miscellaneous/Other		44,000
Incoming Transfers & Other Transactions		2,011,195
<u>Total Revenue</u>	\$	2,225,195
<hr/>		
Projected 2002/03 Fund Balance (Est. Prior Year)		-0-
Less: Appropriated Fund Balance		-0-
<u>ESTIMATED 2003/04 UNAPPROPRIATED FUND BALANCE</u>		-0-

BE IT FURTHER RESOLVED that **\$ 2,225,195** of the total revenue available to appropriate in the **Athletic Fund** is hereby appropriated in the amounts and for the purposes set forth below: (Does not include new appropriations for athletics).

Expenditures

Salaries and Benefits	\$	1,710,887
Non-Salary Items		514,305
<u>Total Expenditures</u>	\$	2,225,192

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**ATHLETIC FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ **NAYS:** _____ **ABSENT:** _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____
**CITY OF ANN ARBOR, COUNTY OF WASHTENAW
STATE OF MICHIGAN**

NOTARY

MILLAGE & CAPITAL NEEDS FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

RESOLVED, that this resolution shall be the General Appropriations Act of the Millage and Capital Needs Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Millage and Capital Needs Fund of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Millage and Capital Needs Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

Revenue

Appropriated From General Fund	\$ 7,000,000
Appropriated Fund Balance	\$ 3,500,000
<u>Total Revenue to Appropriate</u>	<u>\$ 10,500,000</u>

Projected 02/03 Fund Balance (Est. Prior Year)	\$ - 0 -
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<u>ESTIMATED 03/04 UNAPPROPRIATED FUND BALANCE</u>	<u>\$ -0-</u>
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Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of 2.0882 hold harmless mills for homestead and qualified agricultural property for the Public Schools of the City of Ann Arbor. The 2003 estimated taxable value, after TIF capture, is \$ 3,352,108,184 for homestead property. The estimated revenue earned from the combined property tax revenue will be \$7,000,000. In accordance with "The Truth in Budgeting Act", an additional millage rate of .0614 mills is included in the operating supplemental millage rate of 2.0882on homestead property.

BE IT FURTHER RESOLVED that **\$ 10,500,000** (as noted above) is hereby appropriated for the purposes set forth below:

Expenditures

Capital Outlay/Non-salary	<u>\$10,500,000</u>
<u>Total Expenditures</u>	<u>\$10,500,000</u>

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000

**MILLAGE & CAPITAL NEEDS FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ NAYES: _____ ABSENT: _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____

CITY OF ANN ARBOR

COUNTY OF WASHTENAW, STATE OF MICHIGAN

NOTARY

Millage & Capital Needs Fund Allocation

Category	(Current) FY 2001/02 Allocation	(Revised) FY 2002/03 – FY 2004/05 Allocation *
Facilities & Systems	\$3,430,000	\$5,000,000
Instructional (Textbooks, etc.)	500,000	-0-
Technology	1,800,000	800,000
District-wide Copier	400,000	400,000
Transportation (buses)	870,000	800,000
Total	\$7,000,000	\$7,000,000

Note: FY 2002/03 – FY 2004/05 represents the proposed allocation of funds to address infrastructure needs. (see attached 3-Year Plan)

- An increase in Facilities & Systems of \$1.57 million.
- Reallocation of \$500,000 in instructional items to be absorbed by the Instructional Division (general fund).
- Deferral of \$1.0 million in technology pending a revised computer replacement plan.
- Reduce transportation by \$70,000 (for bus replacement). Portion of this reduction will be replaced by the sale of used buses.
- A contingency of the capital needs fund balance will be designated for unforeseen circumstances. It is anticipated that the designation will be at least \$1.0 million (funds will be transferred and approved by the Board when needed).

**MILLAGE AND CAPITAL NEEDS FUND
PROPOSED 2003/2004
Budget Allocations**

Information Technology Department:

Computer Repair	\$215,000	
Copier Repair	\$15,000	
AV Repair	\$20,000	
AV Contract	\$50,000	
Internet/WAN	\$50,000	
Equipment	\$150,000	
Technology Upgrades	\$300,000	
<i>Information Technology Department Total:</i>	<hr/>	\$800,000

Building Copiers	\$400,000	
<i>District Copier Total:</i>	<hr/>	\$400,000

Transportation:

Buses	\$800,000	
<i>Transportation Total:</i>	<hr/>	\$800,000

Facilities and Systems:

FY2003/04 Proposed Project Plan (See attached list)	\$5,000,000	
High School Short Term Initiatives (See attached list)	\$3,500,000	

Facilities Total: **\$8,500,000**

GRAND TOTAL: **\$10,500,000**

**Proposed Project Plan
Millage and Capital Needs Fund
FY 2003/2004
(Supplemental Information)**

Proposed Projects:	FY 03/04 C.N.
Environmental	\$500,000
Mechanical and Electrical	830,000
Handicapped	45,000
Roofing Repair	225,000
Custodial Equipment 10 year Replacement Cycle	98,130
Maintenance Auxiliary Equipment 10 year Replacement Cycle	222,220
Update Play Structures	33,450
Athletic Fields	50,000
Domestic Plumbing Replacement	125,000
Sidewalk/Entrance Repair	24,100
Classroom and Hallway Painting	150,000
Restroom Improvements	175,000
Fence Replacement	25,800
Stage Lighting, Controls, and Seating	50,000
Flooring Replacement	27,800
Huron Auditorium Roofing Replacement	83,860
Pioneer Gym Roofing Replacement	92,500
King: Roofing Replacement	127,400
Clague: Paving Replacement	206,090
Lawton: Paving and Sidewalk Replacement	55,400
Logan: Paving Replacement	89,500
Northside: Paving Replacement	42,050
Pattengill: Paving Replacement	40,750
Scarlett: Paving Replacement	229,200
Wines/Forsythe: Paving Replacement	273,200
Angell H.V.A.C. Upgrades	521,250
Eberwhite: Ceiling Replacement	120,000
Haisley: Ceiling Replacement	123,300
Wines: Media Ceiling Replacement	50,000
Water and Energy Conservation Project	164,000
Furniture and Equipment	100,000
Contingency for Building Emergencies/Safety	100,000
Subtotal	\$5,000,000

**Proposed Project Plan
Millage and Capital Needs Fund
FY 2003/04
(Supplemental Information)**

Short Term Improvement Initiatives	PIONEER	HURON
Initiate 2 mobile computer labs with wireless laptops (Equipment)	\$100,000	\$100,000
Capable of serving any classroom (Construction)	60,000	60,000
Modify Little Theater to accommodate lecture classes	180,000	
Lighting in primary corridors	100,000	
Place improved signage and maps in building	70,000	70,000
Develop visitors center kiosk	12,000	12,000
Replace audio system in main gym	20,000	
Miscellaneous painting	20,000	20,000
Paint portables	12,000	4,000
Remodeling of special education area in D2	30,000	
Installation of a Modular Classroom Building	190,000	
Utility connections for Modular	30,000	
Technology and cabling	35,000	10,000
Furniture and equipment for 6 classrooms (Pioneer) 4 classrooms (Huron)	60,000	40,000
Remodel Planetarium	150,000	
New planetarium equipment	200,000	
New lockers	426,000	426,000
Renovate theater dressing room and support space	85,000	
Addition of new girls toilet room, east 6200 wing		96,000
Replace corridor doors w/magnetic hold open		10,000
Upgrade lighting in corridors		20,000
Paint under arch		15,000
New gymnasium bleachers, phase I		300,000
New gymnasium bleachers, phase II		300,000
New lighting under arch		20,000
Contingency	117,000	100,000
TOTAL	\$1,897,000	\$1,603,000

SINKING FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

RESOLVED, that this resolution shall be the General Appropriations Act of the Sinking Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Sinking Fund of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Sinking Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

<u>Revenue</u>	
Revenue from Sinking Fund Property Tax	\$ 8,886,863
<u>Total Revenue</u>	\$ 8,886,863
<hr/>	
Projected 2002/03 Fund Balance (Est. Prior Year)	\$ - 0 -
<u>ESTIMATED 2003/04 UNAPPROPRIATED FUND BALANCE</u>	\$ -0-

BE IT FURTHER RESOLVED that **\$ 8,886,863** of the total revenue available to appropriate in the Sinking Fund is hereby appropriated in the amounts and for the purposes set forth below:

<u>Expenditures</u>	
Sinking Fund Projects	<u>\$8,886,863</u>
<u>Total Appropriated</u>	\$8,886,863

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**SINKING FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ NAYES: _____ ABSENT: _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____

CITY OF ANN ARBOR

COUNTY OF WASHTENAW, STATE OF MICHIGAN

NOTARY

**Proposed Project Plan
Sinking Fund
FY 2003/2004**

Proposed Sinking Fund Projects	FY 03/04
Pioneer High: Upgrade Data and Electrical Panels, Comprehensive Transportation Safety Items, Stadium	\$6,540,500
Huron High: Comprehensive Transportation Safety Items	\$2,346,363
Total Proposed FY 03/04 Sinking Fund Projects	\$8,886,863
Notes:	
<i>Project design will include input from Building Staff, Parents, and the Transportation Department with a focus on student safety and improved accessibility within priorities and available funding.</i>	
<i>Projects will be reviewed on an annual basis by the District's Facilities Committee</i>	
<i>Projects amounts are subject to change based on project scope and competitive bids</i>	
<i>The following guidelines and assumptions were considered when formulating this schedule:</i>	
<i>1. Health and Safety</i>	
<i>2. A.D.A.</i>	
<i>3. Environmental</i>	
<i>4. "Near Failure"</i>	
<i>5. Protection of the facility or system</i>	
<i>6. Preventative Maintenance</i>	
<i>7. Minimization of construction disruption</i>	
<i>8. Evaluation of current condition</i>	
<i>9. Recent renovations</i>	
<i>10. Sinking Fund Millage of 1.5 mills for 3 years</i>	
<i>11. All Schools will benefit with some level of improvement</i>	

**Sinking Fund
Draft Three Year Plan**

Proposed Sinking Fund Projects	FY 2002/03	FY 2003/04	FY 2004/05
Huron High: Fire and Security Systems, Remodel Toilet Rooms and Science Labs	\$1,780,000		
Pioneer High: Fire and Security Systems, Remodel Toilet Rooms and Science Labs, Replace Boilers	\$3,410,000		
Comprehensive Transportation Safety Items: Elementary and Middle Schools	\$1,048,144		
All Schools: Minor Sidewalk/Curbcut/Ramp Improvements	\$172,935		
Abbot: Remodel Toilet Rooms for A.D.A.	\$51,865		
Northside: Boiler/Unit Ventilator/Radiator Replacement	\$662,940		
Slauson: Boiler/Unit Ventilator/Radiator Replacement	\$846,945		
Bryant: Boiler/Unit Ventilator/Radiator Replacement	\$491,932		
Total Year 1	\$8,464,761		
Pioneer High: Upgrade Data and Electrical Panels, Comprehensive Transportation Safety Items, Stadium Entrance Paving, Upgrade Athletic Fields, Parking Lots, Drives, Walkways		\$6,540,500	
Huron High: Comprehensive Transportation Safety Items		\$2,346,363	
Total Year 2		\$8,886,863	
Huron High: Upgrade Data and Electrical Panels, Replace Boilers, Chillers, Controls			\$4,359,087
Huron High: Upgrade Athletic Fields, Rebuild Tennis Courts and Track, Build West Athletic Fields			\$2,711,333
Pioneer High: Replace Exterior Doors and Frames, Replace Gym Folding Partition, Replace Interior Doors and Frames, Remodel Planetarium and Equipment, Replace Domestic and Pool Water Heaters, Remodel Holloway Field, Utility, Building and Grandstand, Recons			\$2,024,455
Total Year 3			\$9,094,875
3 Year Estimated Project Total	\$26,446,499		
Notes:			
<i>Project design will include input from Building Staff, Parents, and the Transportation Department with a focus on student safety and improved accessibility within priorities and available funding.</i>			
<i>Projects will be reviewed on annual basis by the District's Facilities Committee</i>			
<i>Projects amounts are subject to change based on project scope and competitive bids</i>			
<i>The following guidelines and assumptions were considered when formulating this schedule:</i>			
<i>1. Health and Safety</i>			
<i>2. A.D.A.</i>			
<i>3. Environmental</i>			
<i>4. "Near Failure"</i>			
<i>5. Protection of the facility or system</i>			
<i>6. Preventative Maintenance</i>			
<i>7. Minimization of construction disruption</i>			
<i>8. Evaluation of current condition</i>			
<i>9. Recent renovations</i>			
<i>10. Sinking Fund Millage of 1.5 mills for 3 years</i>			
<i>11. All Schools will benefit with some level of improvement</i>			

DEBT SERVICE FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT
--

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

RESOLVED, that this resolution shall be the General Appropriations Act of the Debt Service Fund the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Debt Service Fund of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Debt Service Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

<u>Revenue</u>	<u>\$ 12,165,755</u>
<u>Total Revenue</u>	<u>\$ 12,165,755</u>
<hr/>	
Projected 2002/03 Fund Balance (Est. Prior Year)	\$ - 0 -
<u>ESTIMATED 2003/04 UNAPPROPRIATED FUND BALANCE</u>	\$ -0-

Note: Total revenues include all income generated for debt retirement purposes by an ad valorem property tax levy of 1.9920 hold harmless mills for homestead and qualified agricultural property and non-homestead property for the Public Schools of the City of Ann Arbor. The 2003 estimated taxable value, after TIF capture, is \$3,362,326,381 and \$2,745,002,200 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be \$ 12,165,755.

BE IT FURTHER RESOLVED that \$ 12,165,755 of the total revenue available to appropriate in the Debt Service Fund is hereby appropriated in the amounts and for the purposes set forth below:

<u>Expenditures</u>	
Redemption of Principal	\$ 5,181,313
Interest/Agent's Fee	<u>6,984,442</u>
Total	\$ 12,165,755

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**DEBT SERVICE FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ **NAYES:** _____ **ABSENT:** _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____

CITY OF ANN ARBOR

COUNTY OF WASHTENAW, STATE OF MICHIGAN

NOTARY

FOOD SERVICE FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT
--

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

RESOLVED, that this resolution shall be the General Appropriations Act of the **Food Service Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Food Service Fund** of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Food Service Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

Revenue

Local	\$2,385,280
State	217,000
Federal	948,500
Incoming Transfers & Other Transactions	-0-
<u>Total Revenue to appropriate</u>	\$3,550,780

Projected 2002/03 Fund Balance (Est. Prior Year)	- 0 -
Less: Appropriated Fund Balance	- 0 -

ESTIMATED 2003/04 UNAPPROPRIATED FUND BALANCE **\$57,920**

BE IT FURTHER RESOLVED that **\$3,492,860** of the total revenue available to appropriate in the **Food Service Fund** is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures

Salaries	\$1,149,145
Employee Benefits	454,185
Purchased Services	1,855,750
Supplies	4,660
Capital Outlay/Other	29,120
<u>Total Appropriated</u>	\$3,492,860

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted

**FOOD SERVICE FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ **NAYS:** _____ **ABSENT:** _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003, at the Public Library, Ann Arbor, Michigan.

DATE: _____
CITY OF ANN ARBOR, COUNTY OF WASHTENAW
STATE OF MICHIGAN

NOTARY

RECREATION AND COMMUNITY SERVICES FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

RESOLVED, that this resolution shall be the General Appropriations Act of the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04**.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2003/04** is as follows:

Revenue

Local (Participant/Admission Fees)	\$5,435,546
Other Local	-0-
State	-0-
Federal	-0-
Incoming Transfers & Other Transactions	<u>38,000</u>
<u>Total Revenue</u>	\$5,473,546

Projected 2002/03 Fund Balance (Est. Prior Year)	-0-
Less: Appropriated Fund Balance	<u>-0-</u>
<u>ESTIMATED 2003/04 UNAPPROPRIATED FUND BALANCE</u>	-0-

BE IT FURTHER RESOLVED that **\$ 5,473,546** of the total revenue available to appropriate in the **Recreation and Community Services Fund** is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures

Salaries	\$2,684,604
Employee Benefits	853,386
Purchased Services	738,086
Supplies	506,400
Capital Outlay	14,240
Miscellaneous Expense	<u>676,830</u>
<u>Total Expenditures</u>	\$5,473,546

*NOTE: Includes child care program of 1,865,613, as per audit recommendation.

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**RECREATION AND COMMUNITY SERVICES FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT**

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Business Services, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Business Services make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent for Business Services are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. This act is to take effect on July 1, 2003.

On the motion of Trustee _____ and seconded by Trustee _____, the above Resolution was presented to the Board of Education.

AYES: _____ **NAYS:** _____ **ABSENT:** _____

RESOLUTION DECLARED: _____

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on _____, 2003 at the Public Library, Ann Arbor, Michigan.

DATE: _____
**CITY OF ANN ARBOR, COUNTY OF WASHTENAW
STATE OF MICHIGAN**

NOTARY

SUPPLEMENTAL INFORMATION

FACILITIES PLAN

Facilities Plan 2002

Anticipated Improvements

Sinking and Capital Needs Funds

<p>Abbot Elementary 2670 Sequoia Parkway Ann Arbor, MI 48103</p>	<p>Remodel toilet rooms to improve accessibility. Install new exterior lighting. Transportation-related safety and site improvements. <i>Complete roofing replacement of original sections.</i></p>
<p>Allen Elementary 2560 Towner Blvd. Ann Arbor, MI 48104</p>	<p>Construct a separate parent drop off area for students off of Towner. Additional transportation related safety and site improvements.</p>
<p>Angell Elementary 1608 S. University Ann Arbor, MI 48103</p>	<p>Additional transportation related safety and site improvements. <i>Replace second boiler to insure emergency back-up capabilities. Replace controls and heating distribution equipment to improve climate control and reduce energy costs.</i> <i>Reconstruct parking lot and drives.</i></p>
<p>Bach Elementary 600 W. Jefferson Ann Arbor, MI 48103</p>	<p>Improve playground accessibility and play areas. Additional transportation related safety and site improvements. <i>Upgrade the complete electrical service including panels and distribution equipment.</i></p>
<p>Bryant Elementary 2150 Santa Rosa Ann Arbor, MI 48108</p>	<p>Roof Top Unit Replacement to improve climate control and reduce energy. Transportation-related safety and site improvements.</p>
<p>Burns Park Elementary 1414 Wells Street Ann Arbor, MI 48104</p>	<p>Correct main entrance paving and sidewalks. Additional transportation related safety and site improvements. <i>Construct ramp to A-Wing to provide accessibility.</i></p>
<p>Carpenter Elementary 4250 Central Blvd. Ann Arbor, MI 48108</p>	<p>Construct additional sidewalks and parking lot entrance. Additional transportation related safety and site improvements. <i>Reconstruction of large parking lot and entrance steps.</i></p>
<p>Clague Middle School 2616 Nixon Rd. Ann Arbor, MI 48105</p>	<p>Rebuild deteriorating entrance area steps and approaches. Additional transportation related safety and site improvements. <i>Reconstruction of drives, curb and gutters, and parking lot.</i></p>
<p>Roberto Clemente 4377 Textile Ypsilanti, MI 48197</p>	<p>Increase exterior lighting. Additional transportation related safety and site improvements.</p>
<p>Community High School 401 N. Division Ann Arbor, MI 48104</p>	<p>Reconfigure parking lot "green" space to better accommodate student use. Additional transportation related safety and site improvements.</p>
<p>Dicken Elementary 2135 Runnymede Ann Arbor, MI 48103</p>	<p>Replace sidewalks in circle area and by the kindergarten wing. Additional transportation related safety and site improvements.</p>
<p>Eberwhite Elementary 800 Soule Blvd. Ann Arbor, MI 48103</p>	<p>Construct additional sidewalks per Site Committee Master Plan. Additional transportation related safety and site improvements.</p>
<p>Forsythe Middle School 1655 Newport Rd. Ann Arbor, MI 48103</p>	<p>North side entrance drive paving replacement. Additional transportation related safety and site improvements. <i>Construct additional parking area and replace entrance drives. (Must be scheduled with Wines).</i></p>

Facilities Plan 2002

Anticipated Improvements

Sinking and Capital Needs Funds

<p>Haisley Elementary 825 Duncan Ann Arbor, MI 48103</p>	<p>Rebuild main entrance paving and install additional sidewalks to increase accessibility. Additional transportation related safety and site improvements.</p>
<p>Huron High School 2727 Fuller Rd. Ann Arbor, MI 48105</p>	<p>Fire & security systems, remodel toilet rooms & science labs Upgrade data & electrical panels, replace boilers, chillers, controls Upgrade athletic fields, tennis courts, and track. Build West athletic fields. Additional transportation related safety and site improvements. <i>Update Telephone, Cable, and LAN systems</i> <i>Replace lockers</i> <i>Replace gym bleachers</i> <i>Replace auditorium roofing</i> <i>Repair underground piping</i> <i>Upgrade Elevators</i></p>
<p>King Elementary 3800 Waldenwood Ann Arbor, MI 48105</p>	<p>Rebuild retaining walls and replace miscellaneous sidewalks. Additional transportation related safety and site improvements. <i>Complete roofing replacement</i> <i>Paving replacement of lower entrance drive area.</i></p>
<p>Lakewood Elementary 344 Gralake Ann Arbor, MI 48103Lakewood</p>	<p>Improve site drainage. Additional transportation related safety and site improvements.</p>
<p>Lawton Elementary 2250 S. Seventh Ann Arbor, MI 48103</p>	<p>Replace building perimeter sidewalk. Additional transportation related safety and site improvements. <i>Reconstruct parking lot and drives.</i></p>
<p>Logan Elementary 2685 Traver Rd. Ann Arbor, MI 48105</p>	<p>Reconstruct the upper play area pavement and sidewalks. Increase exterior lighting. Additional transportation related safety and site improvements. <i>Reconstruct parking lots and drives.</i></p>
<p>Ann Arbor Open School at Mack 920 Miller Ave. Ann Arbor, MI 48104</p>	<p>Replace sidewalks and improve site drainage. Additional transportation related safety and site improvements.</p>
<p>Mitchell Elementary 3550 Pittsview Dr. Ann Arbor, MI 48108</p>	<p>Update exterior security lighting. Additional transportation related safety and site improvements.</p>
<p>Northside Elementary 912 Barton Dr. Ann Arbor, MI 48103</p>	<p>Replace boilers, controls and heat distribution equipment to improve climate control and reduce energy costs. Construction of parking lot connecting sidewalks. Additional transportation related safety and site improvements. <i>Reconstruct lower parking lot.</i></p>
<p>Pattengill Elementary 2100 Crestland Dr. Ann Arbor, MI 48104</p>	<p>Reduce the radius of the flagpole island to enable safer bus traffic flow. Reopen parking lot with gate control to provide an additional entrance to the building. Additional transportation related safety and site improvements. <i>Reconstruct parking lots and drives.</i></p>

Facilities Plan 2002

Anticipated Improvements

Sinking and Capital Needs Funds

<p>Pioneer High School 601 W. Stadium Blvd. Ann Arbor, MI 48105</p>	<p>Fire & security systems, remodel toilet rooms and science labs, replace boilers Upgrade data and electrical panels, stadium entrance paving and upgrade athletic fields, parking lots, drives, walkways Replace exterior doors and frames, replace gym folding partition, replace interior doors & frames, remodel planetarium & equipment, replace domestic & pool water heaters, remodel Hollway field, utility, building & grandstand, reconstruct (4) ball fields, rebuild track, bleachers, & press box Additional transportation related safety and site improvements. <i>Tennis court paving</i> <i>Update Telephone, Cable, and LAN systems</i> <i>Replace lockers</i> <i>Replace gym roofing</i> <i>Replace gym flooring</i> <i>Upgrade Elevators</i> <i>Renovate locker/toilet rooms</i> <i>Replace D-wing entrance side walk area</i></p>
<p>Pittsfield Elementary 2543 Pittsfield Blvd. Ann Arbor, MI 48104</p>	<p>Replace front entrance sidewalks to reduce trip hazards. Additional transportation related safety and site improvements. <i>Replace remaining built up roof sections.</i></p>
<p>Scarlett Middle School 3300 Lorraine Ann Arbor, MI 48108</p>	<p>Improve the usability and accessibility of the courtyard for student use. Additional transportation related safety and site improvements. <i>Reconstruct parking lot and drives.</i></p>
<p>Slauson Middle School 1019 W. Washington Ann Arbor, MI 48103</p>	<p>Replace boilers, controls and heat distribution equipment to improve climate control and reduce energy costs. Additional transportation related safety and site improvements.</p>
<p>Stone School 2800 Stone School Ann Arbor, MI 48104</p>	<p>Reconfigure lower parking area for increased utilization. Additional transportation related safety and site improvements.</p>
<p>Tappan Middle School 2251 E. Stadium Blvd. Ann Arbor, MI 48104</p>	<p>Reconfigure the Brockman entrance drive to improve traffic flow. Replace Stadium retaining wall. Additional transportation related safety and site improvements. <i>Install back stage chair lift to provide accessibility.</i></p>
<p>Thurston Elementary 2300 Prairie Ann Arbor, MI 48105</p>	<p>Correct playground drainage and increase paved play area. Update exterior lighting. Additional transportation related safety and site improvements.</p>
<p>Wines Elementary 1701 Newport Rd. Ann Arbor, MI 48103</p>	<p>Reconfigure East parking and dumpster area. Correct sidewalk drainage. Additional transportation related safety and site improvements. <i>Complete Roofing Replacement</i> <i>Reconstruct parking lots and entrance drives (Must be scheduled with Forsythe).</i></p>

Note: Sinking Fund Projects are shown in Bold type.
Capital Needs Projects are shown in Italics

**PROPOSED SHORT TERM
IMPROVEMENTS FOR
PIONEER & HURON HIGH SCHOOLS**

Pioneer High School

<i>Proposed Short-Term Improvements</i>	<i>Construction Budget</i>
<i>Capital Needs Projects (Funded by Capital Needs Fund Balance)</i>	
Initiate 2 mobile computer labs with wireless laptops (Equipment)	\$100,000
capable of serving any classroom (Construction)	60,000
Modify Little Theater to accommodate lecture classes	180,000
Lighting in primary corridors	100,000
Place improved signage and maps in building	70,000
Develop visitors center kiosk	12,000
Replace audio system in main gym	20,000
Miscellaneous painting	20,000
Paint portables	12,000
Remodeling of special education area in D2	30,000
Installation of a Modular Classroom Building	190,000
Utility connections for Modular	30,000
Technology and cabling	35,000
Furniture and equipment for 6 classrooms	60,000
Contingency	117,000
Subtotal	\$1,036,000
<i>Capital Needs Projects</i>	
Remodel Planetarium	\$150,000
New planetarium equipment	200,000
New lockers	426,000
Renovate theater dressing room and support space	85,000
Subtotal	\$861,000
<i>Sinking Fund Projects</i>	
Remodel restrooms	\$670,000
Replace clock tower entry doors	18,000
Install sidewalks to portables	20,000
Upgrade science labs, phase I	250,000
Improve vehicle entrance from Stadium	300,000
Improve landscaping	50,000
Replace water heaters and boilers	650,000
Upgrade fire alarm and security systems	502,000
Subtotal	\$2,460,000
Subtotal	\$4,357,000

Huron High School

<i>Proposed Short-Term Improvements</i>	Construction Budget
<i>Capital Needs Projects (Funded by Capital Needs Fund Balance)</i>	
Initiate 2 mobile computer labs with wireless laptops (Equipment)	\$100,000
capable of serving any classroom (Construction)	60,000
Addition of new girls toilet room, east 6200 wing	96,000
Replace corridor doors w/ magnetic hold open	10,000
Place improved signage and maps in building	70,000
Develop visitors center kiosk	12,000
Paint portables	4,000
Upgrade lighting in corridors	20,000
Miscellaneous painting	20,000
Painting under arch	15,000
New gymnasium bleachers, phase II	300,000
Technology and cabling	10,000
Furniture and Equipment for 4 classrooms	40,000
Contingency	100,000
Subtotal	\$857,000
<i>Capital Needs Projects</i>	
New lockers	426,000
New gymnasium bleachers, phase I	\$300,000
New lighting under arch	20,000
Subtotal	746,000
<i>Sinking Fund Projects</i>	
Remodel restrooms	\$670,000
Upgrade science labs, phase I	60,000
Improve landscaping	50,000
Repair exterior patios	100,000
Upgrade sidewalks	30,000
Improve pedestrian entrance to Administration	85,000
Upgrade fire alarm and security systems	554,000
HVAC, boilers, chillers, controls, etc.	1,111,000
Subtotal	\$2,660,000
Total	\$4,263,000

MAKING CONNECTION FOR STUDENTS

Huron High School / Pioneer High School

Making Connections For Students

THE PLAN FOR FALL 2003



*Presented by Dr. George Fornero
Superintendent*

Ann Arbor Public Schools 03/12/03

INTRODUCTION:

History

- There have been multiple community initiatives over the last 10 years that have dealt with educational opportunities and overcrowding issues including grade and school-day reconfiguration, expansion, and building a third comprehensive high school.
- Efforts culminated in 2002 in a failed bond proposal for expansion.
- The overcrowding problems persist today with Pioneer and Huron being the two largest high schools in Michigan. There are too many unknowns, including the state's financial problems and community sentiment, to re-visit a ballot proposal at this time

What We Learned From Our Students

- Students perceive the crowded hallways and lunchroom to be the biggest drawbacks to their large high school
- Students like the choices available to them in a large school setting
- Things can be done within each classroom to give the students the feeling of being connected and being part of a smaller “community”
- The students' sense of feeling “connected” to the school is directly proportional to the number of *personal, positive* contacts they have with an *adult* during the school day. (Note: This adult can be a teacher, counselor, administrator, coach, secretary, hall monitor, or lunchroom supervisor and addressing the student by name is of utmost importance.)

Why Not Other Options for Fall 2003?

- The disadvantages of grade reconfiguration outweigh the advantages, and students (and their families) would be most adversely affected.
- Removing the ninth grade from the high school is not only cost prohibitive and disruptive, but it has limited educational value.

What We Are Proposing

- Focus mainly on 9th grade students and what happens in the classroom to instill a greater sense of belonging and discourage anonymity
- Reduce class sizes to provide opportunities for more individualized attention
- Group all 9th grade students into teams or smaller academic communities
- Extend the school day to offer classes after normal school hours, and thus relieve some of the overcrowding in the building
- Provide more academic support for underachieving students
- Provide more opportunities for student participation in athletics and extracurricular activities

WHAT'S NEW FOR HURON & PIONEER STUDENTS FALL 2003

Huron River Rat 9th Grade Academy

- Students are “linked” with the same group of classmates in two classes (English and Social Studies)
- Expansion of successful Interdisciplinary Block (IDB) Program
- Outcomes: Every 9th grader is part of an academic “community.” The proximity of classes changes the traffic flow during students’ passing time and helps to ease the incoming 9th grader’s transition to the high school. It allows for teacher-driven flexibility in the areas of curriculum integration, project-based learning and differentiated instruction.

Pioneer 9th Grade Student Connectivity Program

- Students are “linked” with the same group of classmates in a minimum of two classes (English and Social Studies)
- Outcomes: Every 9th grader is part of an academic “community.” The proximity of classes changes the traffic flow during students’ passing time and helps to ease the incoming 9th grader’s transition to the high school. It allows for teacher-driven flexibility in the areas of curriculum integration, project-based learning and differentiated instruction.

Additional Academic Support – Huron & Pioneer

- Academic Support Class in Algebra I & II and Earth Science – for students who benefit from extra help - occurs first and second semester
- Credit Recovery Class in Algebra and Earth Science – an opportunity for students who fail the first semester to repeat the class, then potentially take the second semester in summer school, and regain their ability to stay in the proper sequence
- Expansion of Summer Bridge Program (Huron only) – incoming 9th graders are invited to spend one week in the summer meeting the administration, getting familiar with the building and other students, and learning valuable study skills. This program will be offered over a five-week period and will serve 500 students. Groups of approximately 25 students will attend a three-day work period, 9 am – noon Tuesday through Thursday, where they will hear speakers on such topics as sports, clubs, using the media and career centers, avoiding high risk behaviors, test taking, and time management.

WHAT'S NEW FOR STUDENTS (cont.)

Decrease in Class Size

- 9th Grade – Maximum of 25 students per class, without overburdening upper grade classrooms
- Outcome: Students receive more individual attention; teachers reduce the total number of students they see during the school day from 150 to 125.

Extended Day Opportunities – Huron Only

- Classes meet after the normal school day and give students the option of a later start while relieving overcrowding.
- Currently, Huron will consider offering 10 such classes, which meet from 2:30 – 4:30 pm on Mondays and Wednesdays or Tuesdays and Thursdays with alternating Fridays. (Actual offerings are dependent upon enrollment.)
- Outcome: This results in 250 – 300 fewer students in the building during the main portion of the school day, and it gives students flexibility in scheduling classes.

Increased Athletic Opportunities for 9th & 10th Graders

- Expand 9th grade opportunities in existing sports by adding 9th-grade-only teams in such sports as volleyball, basketball and soccer and adding new sports such as bowling and boys volleyball
- Launch a modest exploratory intramural program for 9th – 12th graders during the 7th hour
- Form an “Eligibility Council” (Pioneer only) – to help underachieving students stay eligible to play sports and remain on the team

RESOURCES NEEDED TO CARRY OUT THE PLAN

- Additional teaching staff – will allow for smaller 9th grade classes
- One additional 9th grade counselor at Pioneer – will bring the student / counselor ratio in line with Huron, will assist with transition activities for 9th graders, will act as a liaison with middle schools, and will remain stationary year after year providing continuity
- One additional 9th grade administrator at Pioneer – will take the lead on 9th grade transition activities as well as other 9th grade events such as dances, field days, recognition awards and homecoming events
- Additional clerical staff – will assist in records, attendance and athletics and free up administrators to work with students, staff and parents
- Additional funding for athletics – will allow the high schools to add 9th grade sports, including intramurals, and will remove some of the barriers to participation

COST/BENEFIT ANALYSIS

ITEM	COST	BENEFITS
10 Additional Teachers	10 @ \$80,000 = \$800,000	<ul style="list-style-type: none"> • Reduced class size • More personalized instruction • Improved classroom climate • Better teaching/better learning • More engaged students • Improved communication with home • Reduction of total number of students assigned to a teacher (125 students as compared to 150/day)
9 th Grade Counselor PHS	1 @ \$92,000 = \$92,000	<ul style="list-style-type: none"> • Continuity for 9th grade transition activities • Liaison and resource for middle schools • Establishment of a “connection” with incoming students
9 th Grade Administrator PHS	1 @ \$120,000 = \$120,000	<ul style="list-style-type: none"> • Expanded 9th grade transition activities • Expanded general 9th grade activities (dances, field days, recognition awards, homecoming events) • Opportunity to know students • Improved communication with parents • Preventative approach to problem solving
4 Clerical Support Staff (3 PHS, 1 HHS)	4 @ \$45,000 = \$180,000	<ul style="list-style-type: none"> • Improved customer service in records, attendance, and athletic departments • Additional adult/student connections • Reduced clerical tasks for administrators, allowing them to spend more time with student issues • Enhanced communications • More efficient operations, improved quality of work, improved responsiveness to students, staff and parents

ITEM	COST	BENEFITS
Additional Athletic Opportunities	Approx. \$700,000	<ul style="list-style-type: none"> • Increased opportunity for involvement in school life • Fewer barriers to student participation • Fewer “cuts” in 9th grade sports (More students will be eligible and remain eligible to participate in sports) • Academic improvement • Decrease in disruptive behavior • Increased sense of belonging or “community” • Development of interpersonal skills • Increased staff/student contact • Healthier lifestyle and all of the benefits of being part of a team

TOTAL COST \$1,892,000

* Figures include benefits

RATIONALE

Our recommendations are based on the following premises:

- Our large high schools are high-performing institutions that strive for and achieve academic success.
- Research has shown that a sense of belonging reduces the impact of a large school environment and has a positive impact on student achievement (Tripod Project).
- We can capitalize on what large schools offer.
- 9th grade is a pivotal year for predicting student success in the remaining years of high school.
- Research on 9th grade “academies” is promising. Studies show that these smaller school “units” help ease the transition from middle school and make the rite of passage of entering high school seem more manageable.
- The “cohort” approach to teaching allows for teacher-driven flexibility in the following areas:
 1. Potential integration of curriculum
 2. Extended learning
 3. Project-based learning, which has been shown to develop leadership skills, foster collaboration, and allow for hands-on instruction
 4. Differentiated instruction
- Students are less likely to “fall through the cracks” as a result of smaller class sizes, more opportunities to play in a sport, more adults in the building and a “team” of teachers who collectively get to know the student. All activities are designed to ease the student’s transition from the middle school into a large comprehensive high school.
- Activity programs are a means of personalizing a large school outside the classroom. Sports and clubs forge immediate and positive relationships among peers, teacher sponsors and coaches. Research shows that students who participate in school activities tend to:
 1. Get better grades (especially during their sports season)
 2. Have better attendance (even when considering the small amount of class missed due to sports participation)
 3. Receive fewer incompletes and failing grades
 4. Develop higher self-esteem and self-confidence than their non-athletic peers.

COMMUNICATION

We plan to use a variety of communication methods and media to introduce *Making Connections For Students* to the AAPS community and to keep key internal and external audiences informed as the program is implemented. These audiences include: the Board of Education, advocacy groups, parents, teachers at Pioneer and Huron, other staff, unions, and community organizations.

Communication tools that will be used include: District publications; PTSO newsletters; parent orientations; the website; *The Ann Arbor News*, *The Ann Arbor Observer* and other news media; staff meetings, and community presentations.

Following is the timeline for the communications plan:

- February 2003
Preliminary plan presented to the Board of Education

Preview article in *The Ann Arbor Observer*
- February - March 2003
Plan presented to Pioneer and Huron teachers
- March 12, 2003
Full plan presented to the Board of Education

Information packet distributed to news media, community groups, and unions
- March - May 2003
Articles in District and PTO newsletters

Special section of website designated for the program

Presentations to community organizations

Presentations to feeder middle schools

Presentations to Pioneer and Huron PTSO, SIT and student government
- Summer 2003
Updates to media materials, newsletters, and website

Materials for back-to-school packets

EVALUATION

Our evaluation of the plan will take place in *January 2004* and again in *June 2004* and will consist of the following actions:

- Survey parents of 9th grade students to determine if the plan needs improving
- Conduct 9th grade focus groups and surveys to determine if these actions made a difference in how “connected” they felt in the large high school and to get student input on what other actions could be implemented
- Compare athletic participation of 9th and 10th graders to 9th and 10th grade participation during the previous year
- Track participation in credit recovery and other academic support and extended day opportunities
- Track MEAP scores of students who participated in the Connections Plan and compare them to the previous year’s students to determine if the plan has had an impact on student achievement
- Compare attendance records, GPA’s, number of disruptive behaviors, and ultimately, graduation rates of students who enter 9th grade in fall 2003

CONCLUSION

- We live in a world of rapid social and global change. What worked in the past may no longer prepare our students for their future, and we must adapt our existing practices to meet the requirements of the new century.
- Yes, our schools are large. Big isn't necessarily bad.** We can capitalize on what large schools offer and at the same time explore a variety of ways to personalize the high school experience for as many students as possible. This won't be done overnight, nor will this plan be the only direction we take to address student needs.
- Even if the decision is to build a third comprehensive high school, the program can easily be transitioned into the new building.
- *Making Connections for Students* is an ambitious plan, but one that is realistic and achievable. It's the right thing to do. It's the right time to do it.

“Size is the main reason we are here. The academic and athletic advantages at the large high school are what brought us back to the District.”

“No matter who you are or what your interests, at the large high school you can always find other students to share them with you. You can always find your niche.”

- Focus group comments of parents of 9th grade students at Pioneer High School 3/06/03

**INTRODUCTION TO INDICES
AND RATIOS**

Introduction to Indices and Ratios

The following descriptive information is intended to guide and assist the budget development process. It provides a snapshot of Ann Arbor Public Schools and other similar districts, highlighting student achievement and financial data.

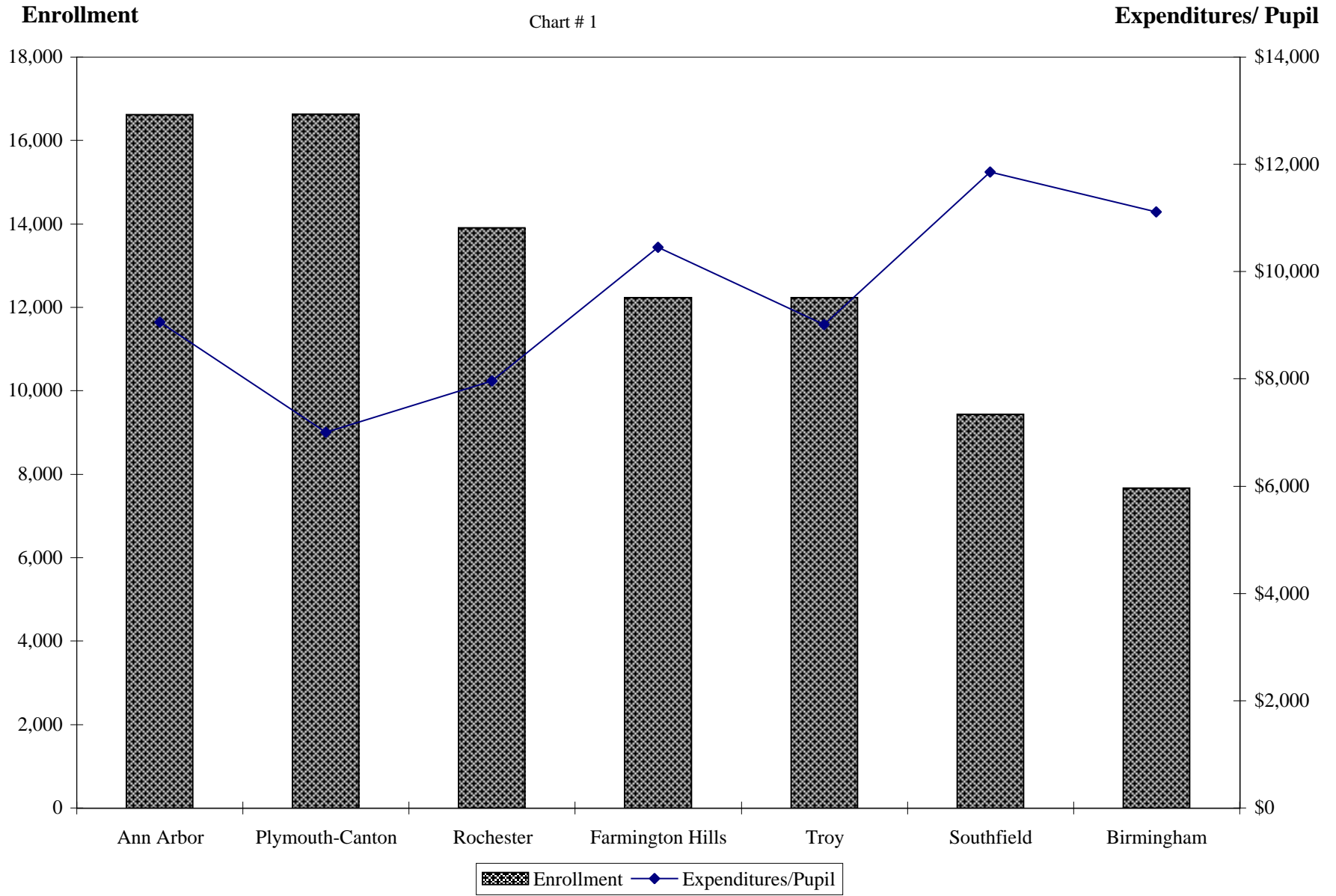
The data allow comparisons among comparable districts as well as within the district and across programs. Wherever possible, data are provided for multiple years so that data trends can be identified.

Charts 1-3 compare variables of enrollment, expenditures per pupil, and pupil/teacher ratios for Ann Arbor and selected districts. For example, Ann Arbor's expenditures per pupil are higher than those of districts of similar size, but are closer to or lower than those of districts with similar overall expenditure levels. The data presented is for FY 2000/01 taken from the Michigan MDE Bulletin 1014.

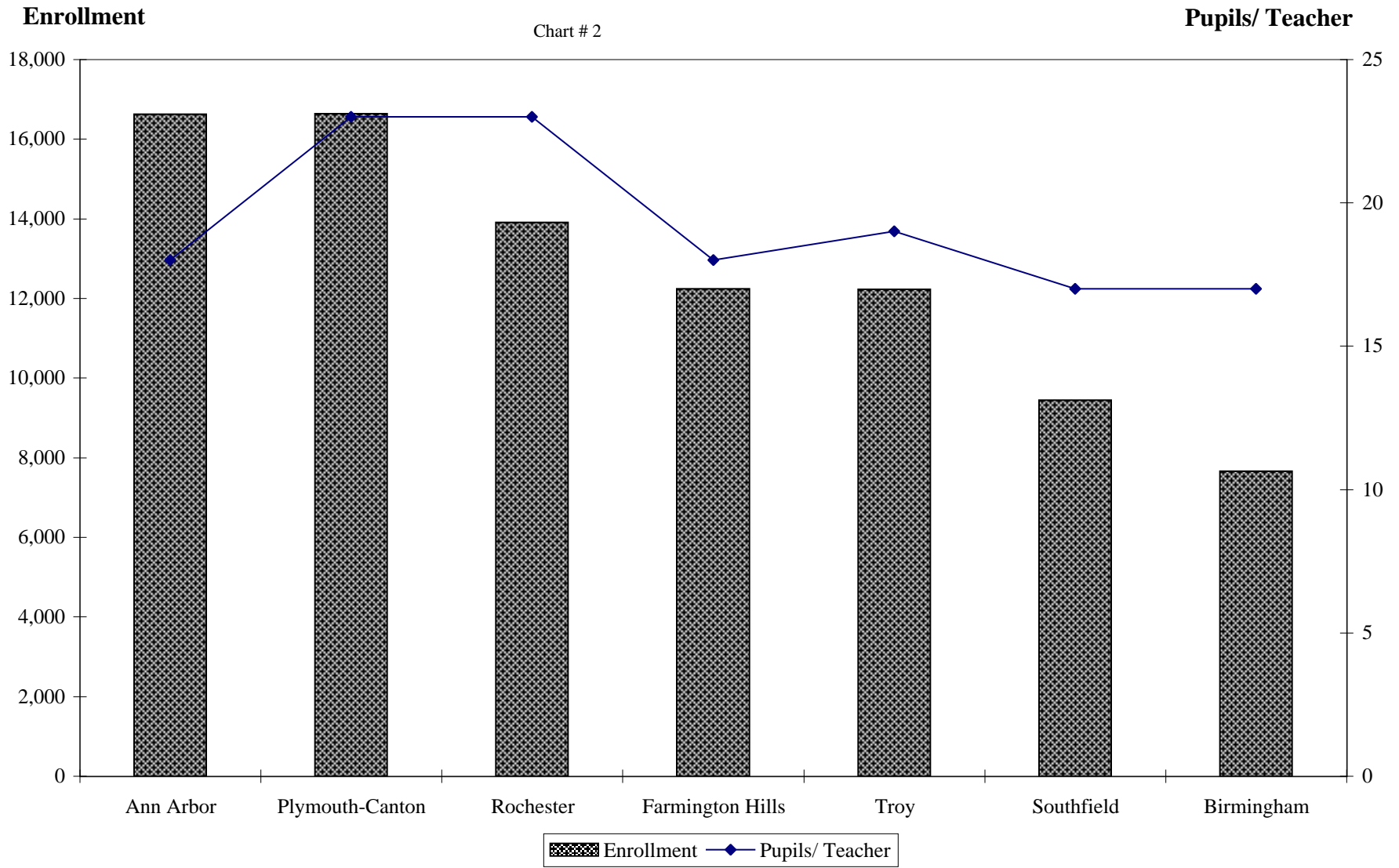
The next set of charts presents student achievement as measured by the Michigan Educational Assessment Program (MEAP) tests over three years. The mathematics and science tests were revised in 2002. In addition, the middle school mathematics test was moved from 7th to 8th grade, and the middle school writing test was moved from 8th to 7th grade. At the elementary grades, the general pattern shown on the graphs is particularly high performance for Troy, with Ann Arbor, Farmington, and Plymouth-Canton grouped together at a somewhat lower level (although still high relative to the other districts and to overall state performance). At middle school and high school grades, all four of these districts perform at similar levels, with some variation by subject area. It is important to note that some students choose not to take one or more of the High School MEAP tests. In Ann Arbor, 80 - 86% of the class of 2002 took any one test. The percent of students taking the High School test in the other districts is unknown.

This year, a one page summary has been added showing the average class size and number of sections by department and type of class at Pioneer, Huron, and Community High Schools.

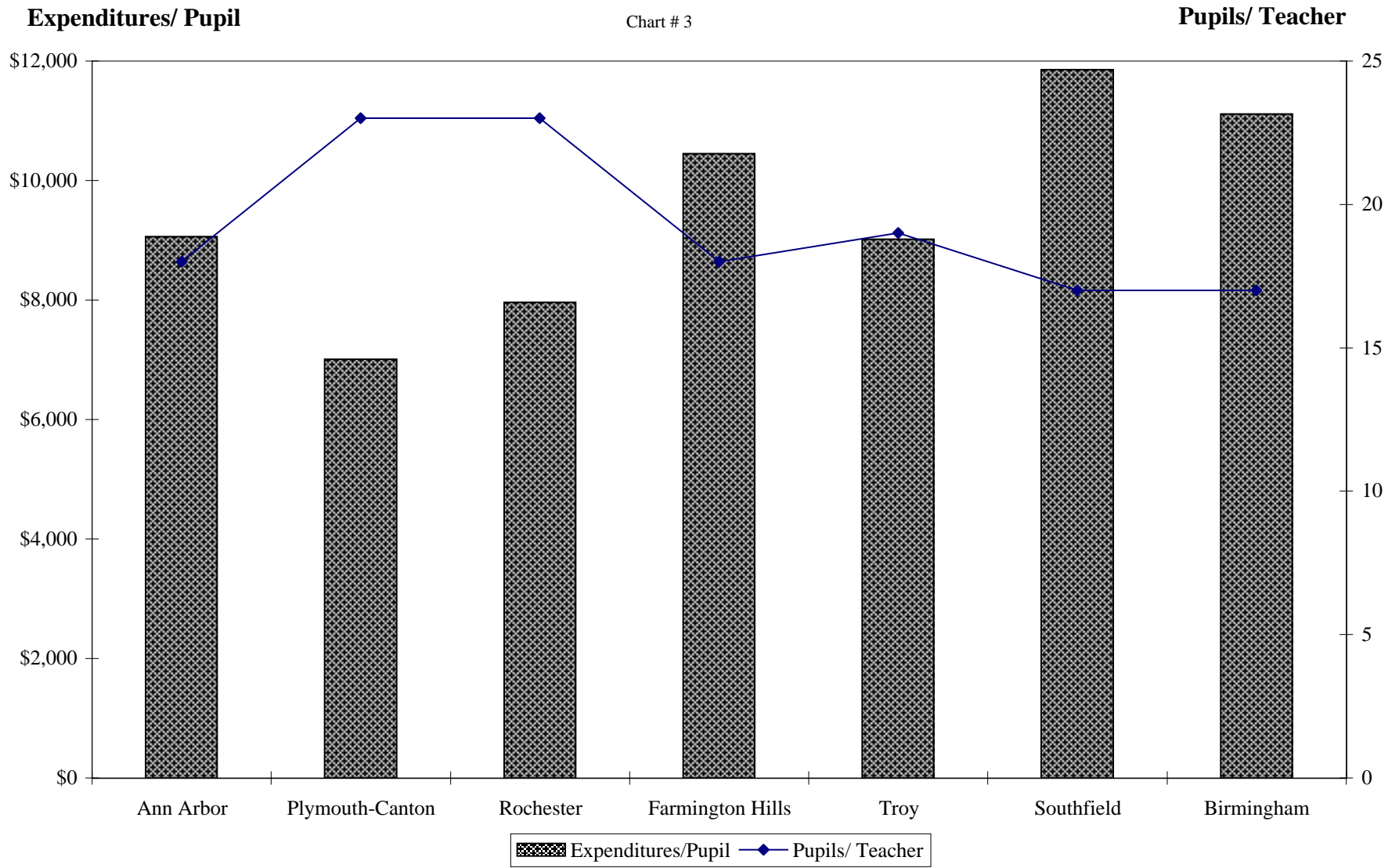
ENROLLMENT AND EXPENDITURES/ PUPIL



ENROLLMENT AND PUPILS/ TEACHER

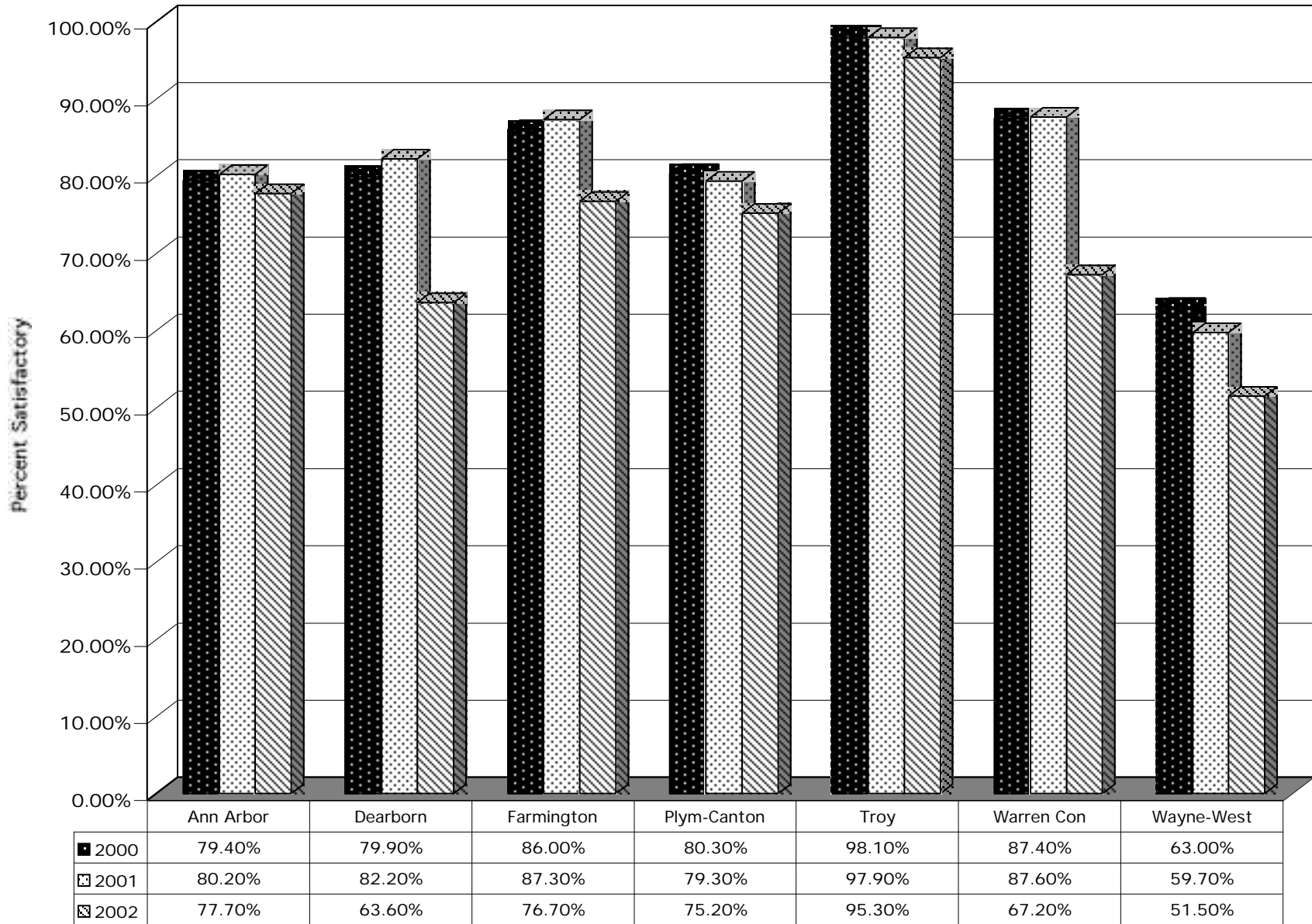


EXPENDITURES/ PUPIL AND PUPILS/ TEACHER

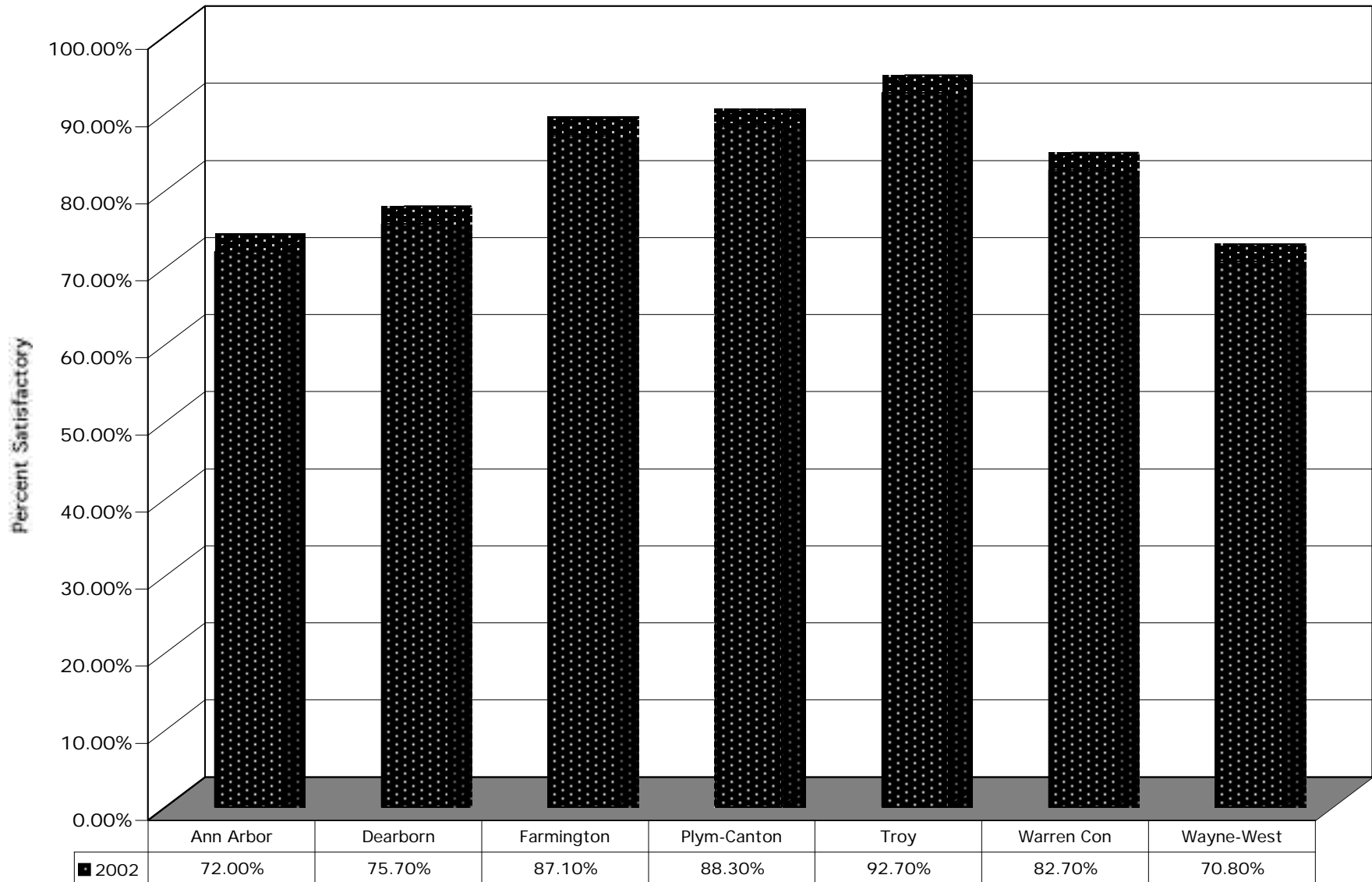


MEAP - 4th GRADE MATH

Chart #4



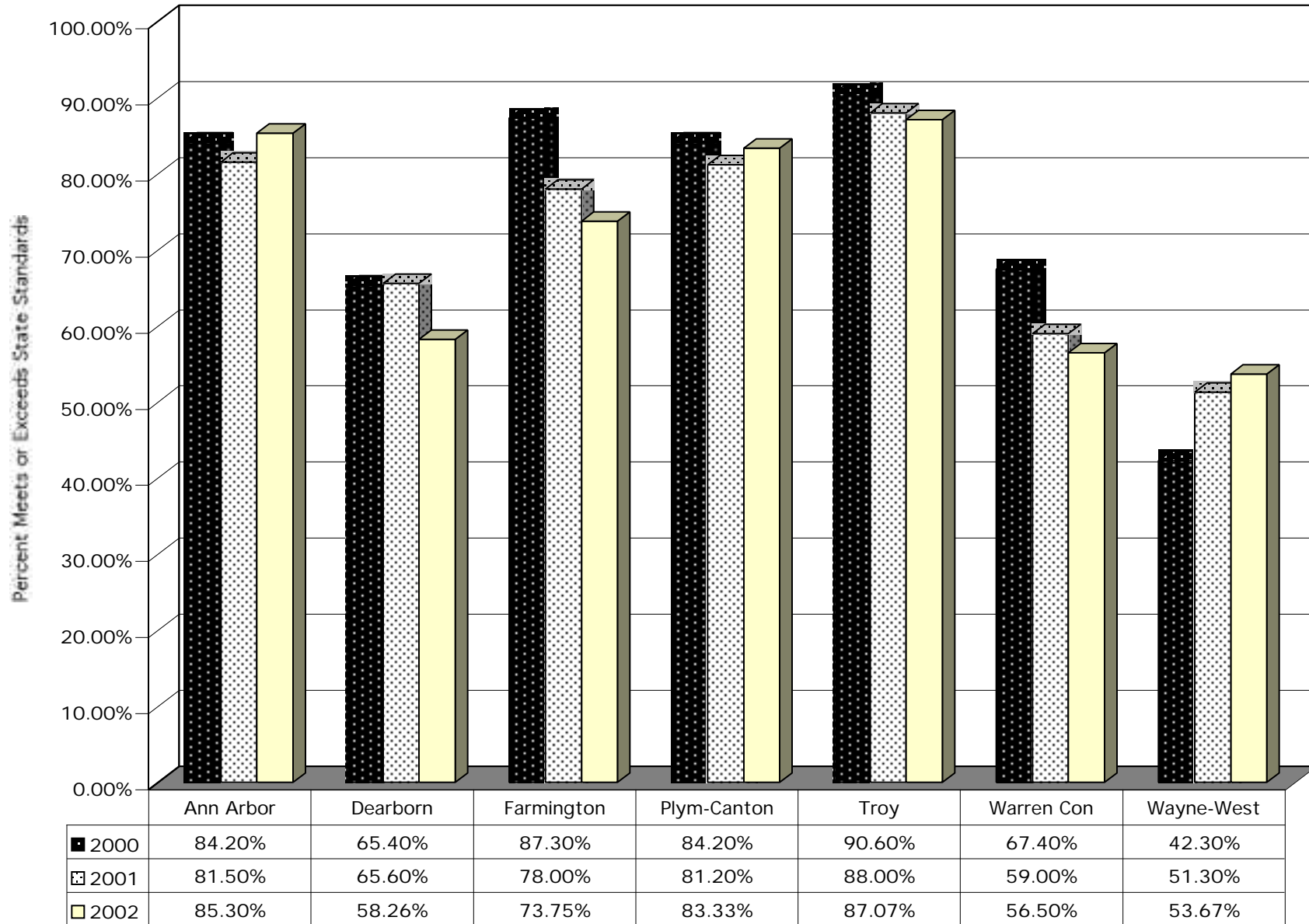
MEAP - 8th GRADE MATH



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

The math test was revised and moved to 8th grade in 2002

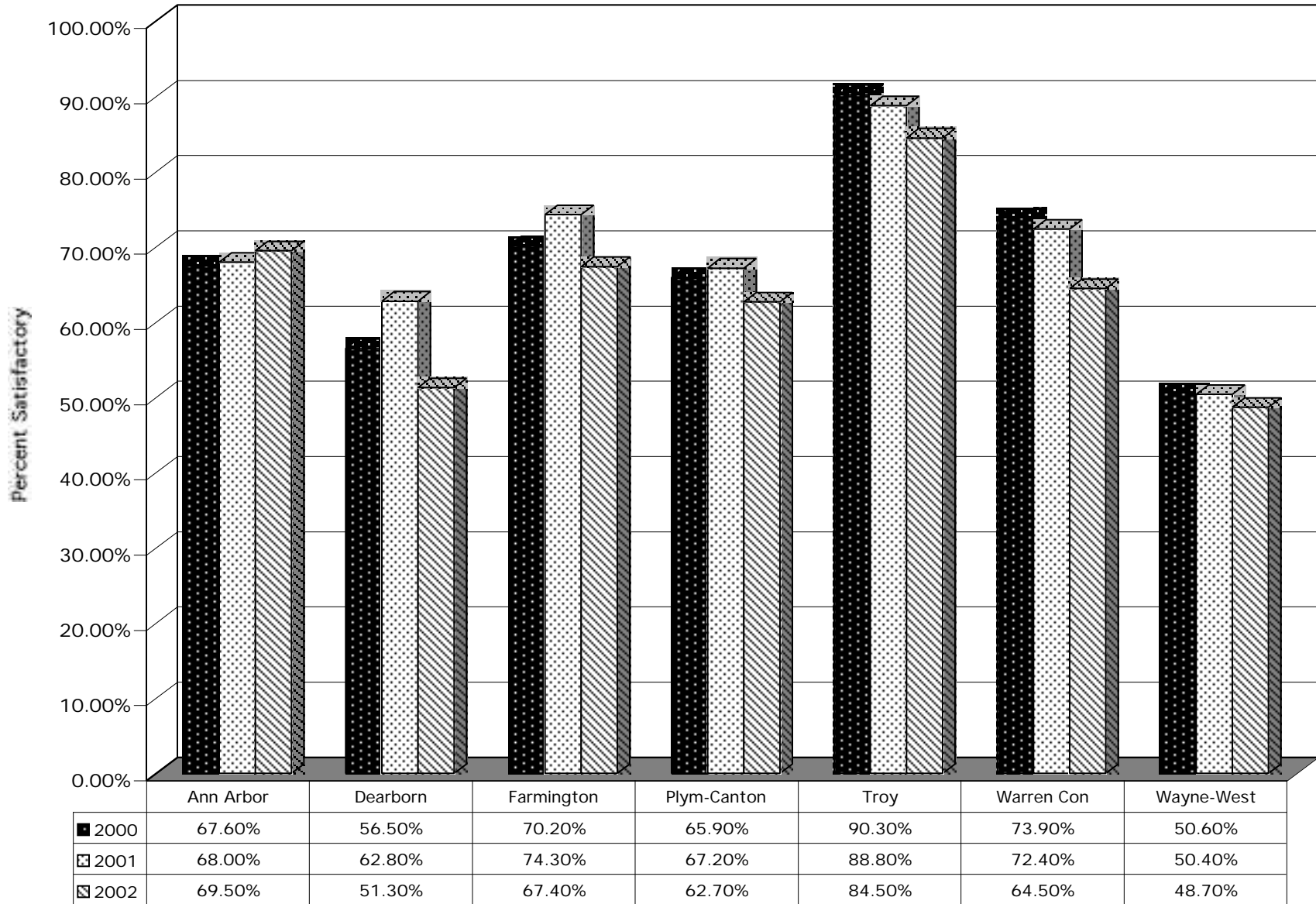
MEAP - HIGH SCHOOL MATH



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

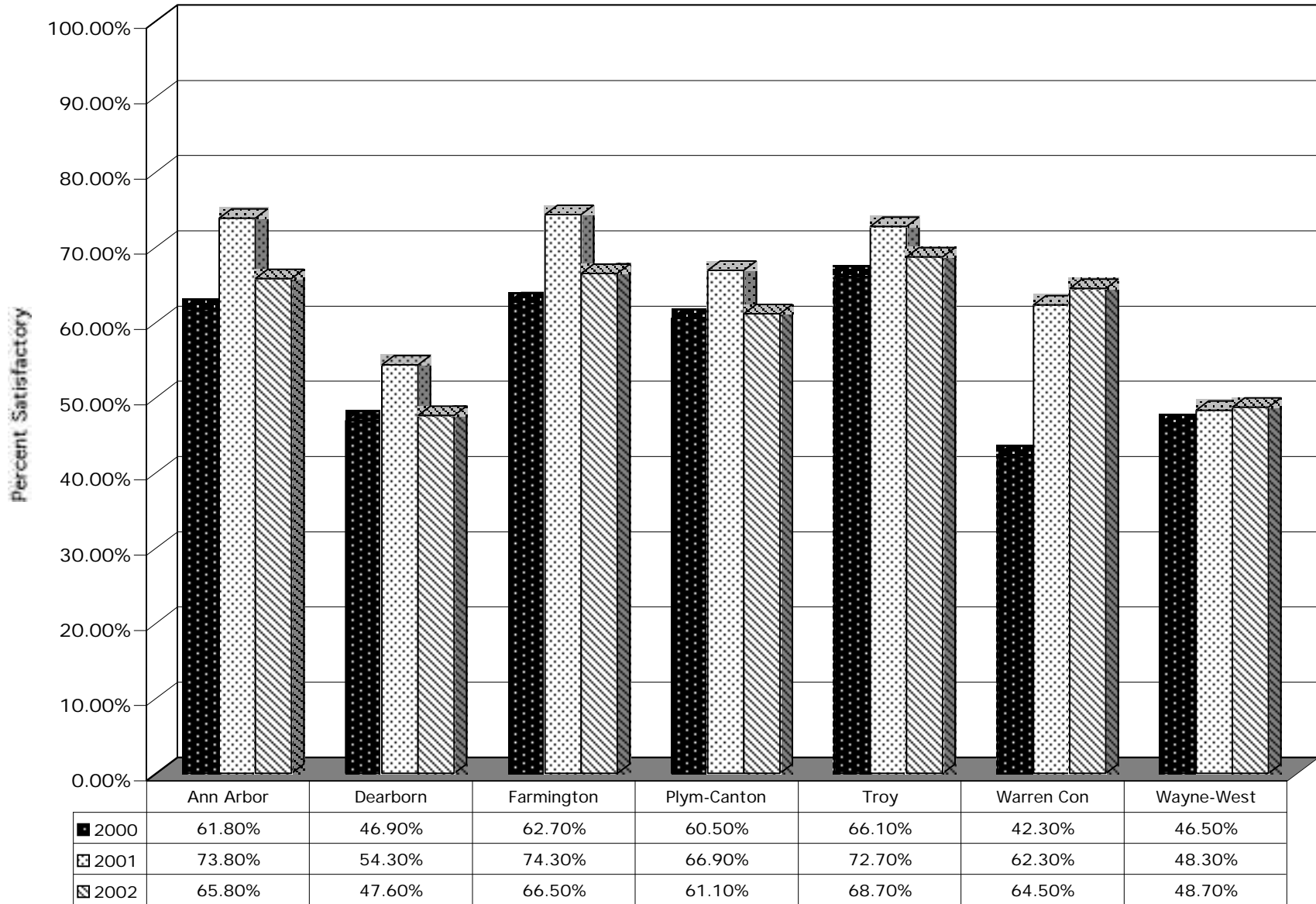
Scores are reported by graduating class and include
all retests as well as initial 11th grade test.
Participation rates vary by district and by year.

MEAP - 4th GRADE READING



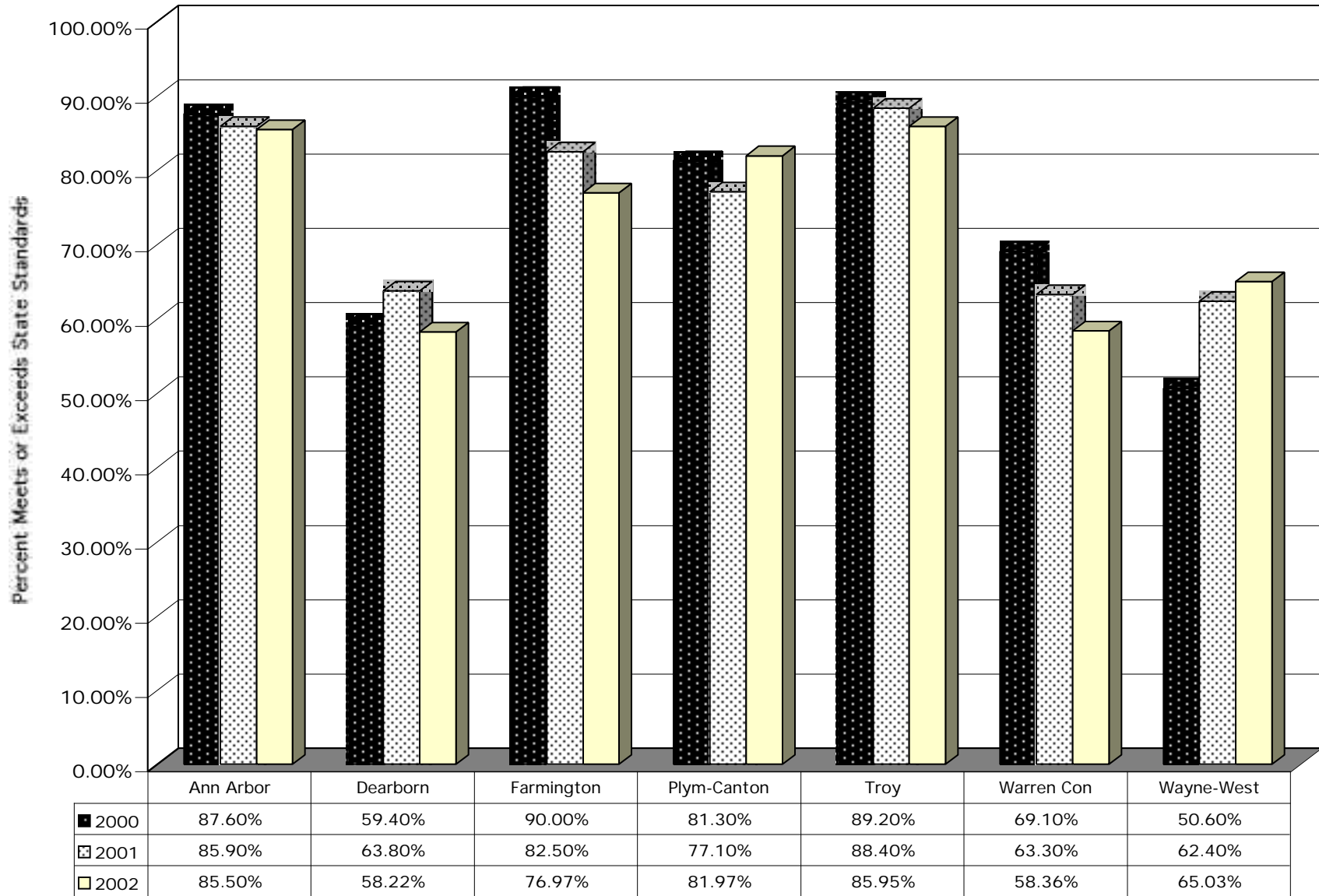
Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

MEAP - 7th GRADE READING



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

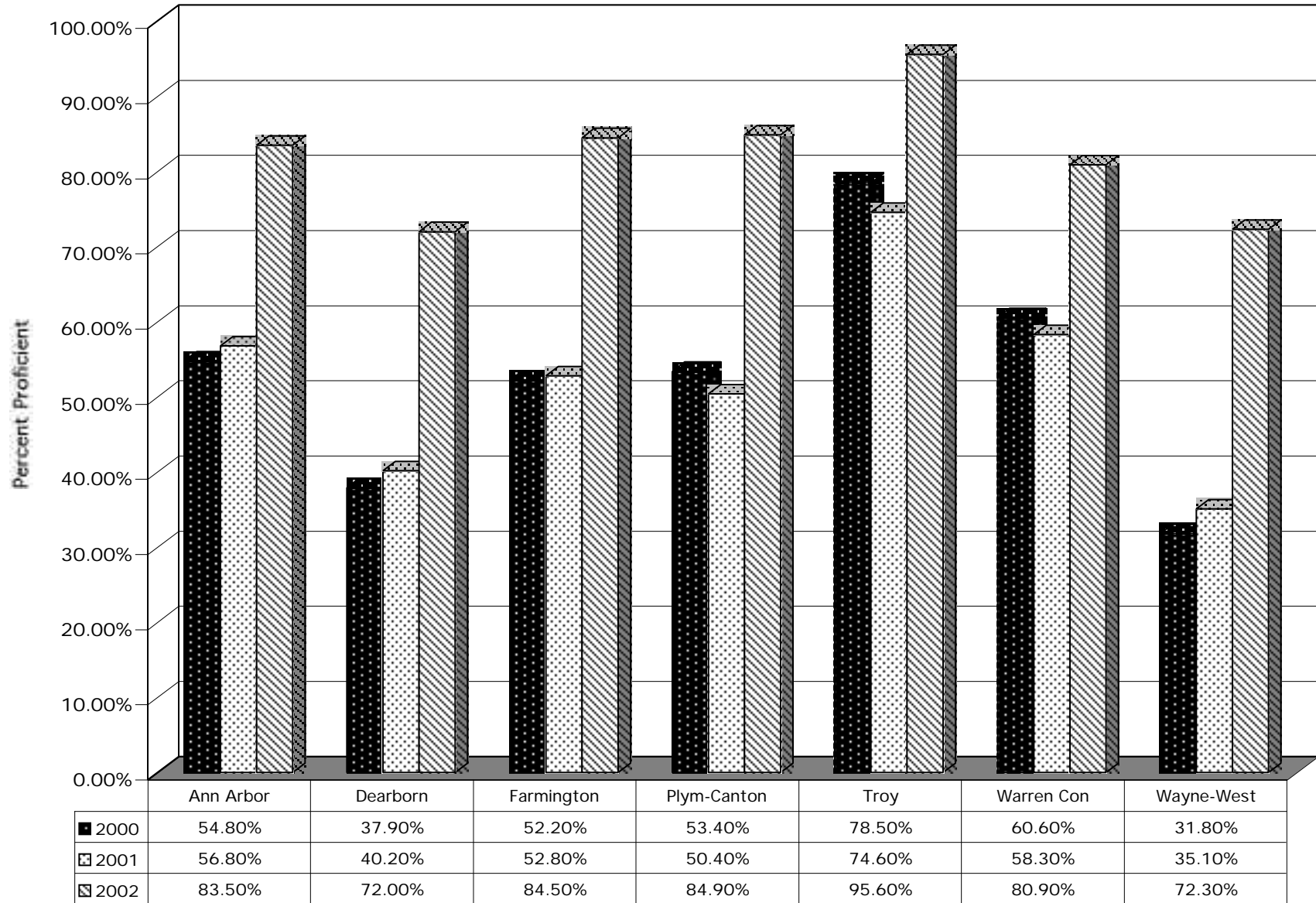
MEAP - HIGH SCHOOL READING



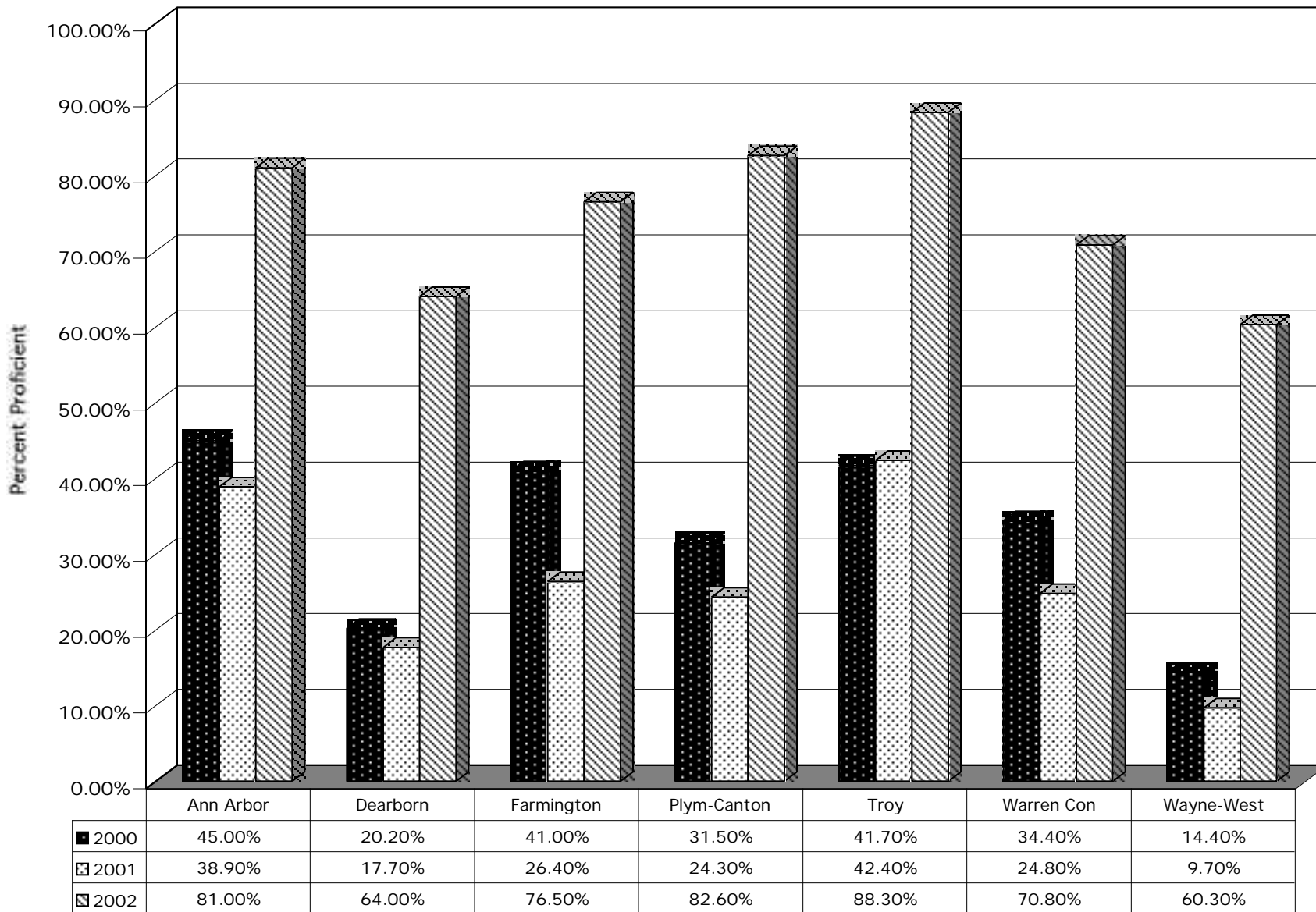
Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

Scores are reported by graduating class and include
all retests as well as initial 11th grade test.
Participation rates vary by district and by year.

MEAP - 5th GRADE SCIENCE



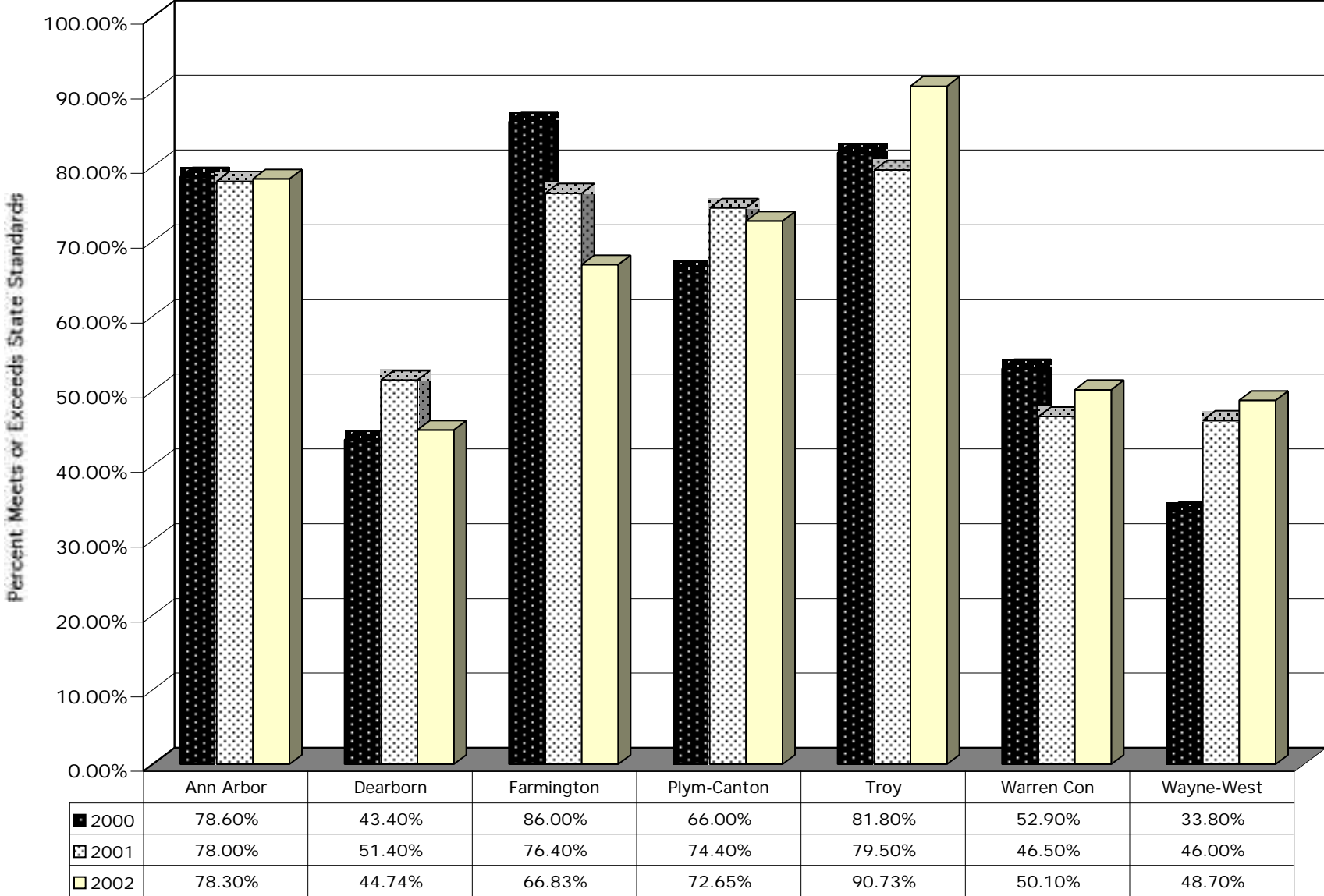
MEAP - 8th GRADE SCIENCE



Information taken from the Michigan Merit Award Website,
Michigan Department Treasury

The science test was revised in 2002

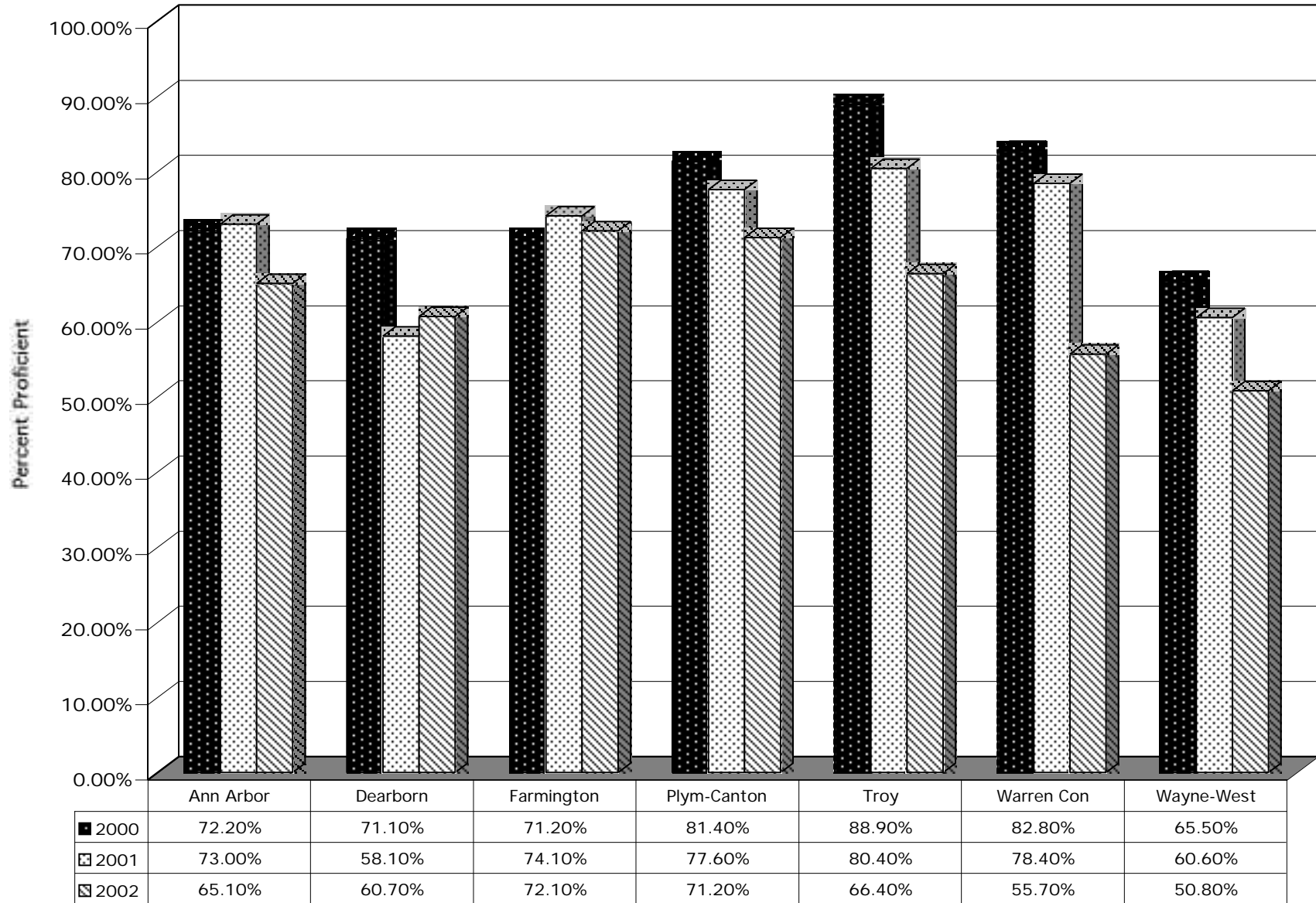
MEAP - HIGH SCHOOL SCIENCE



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

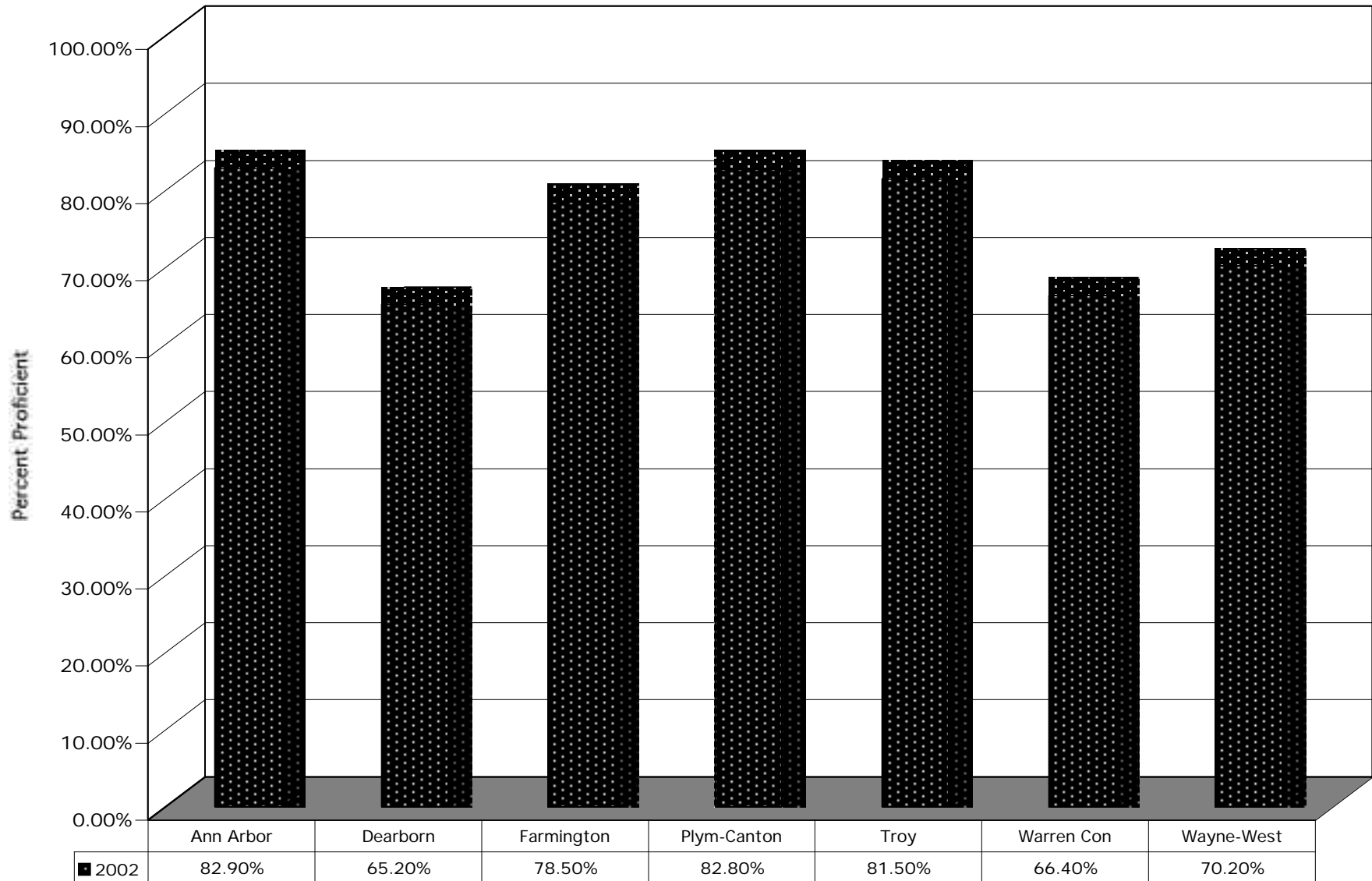
Scores are reported by graduating class and include
all retests as well as initial 11th grade test.
Participation rates vary by district and by year.

MEAP - 5th GRADE WRITING



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

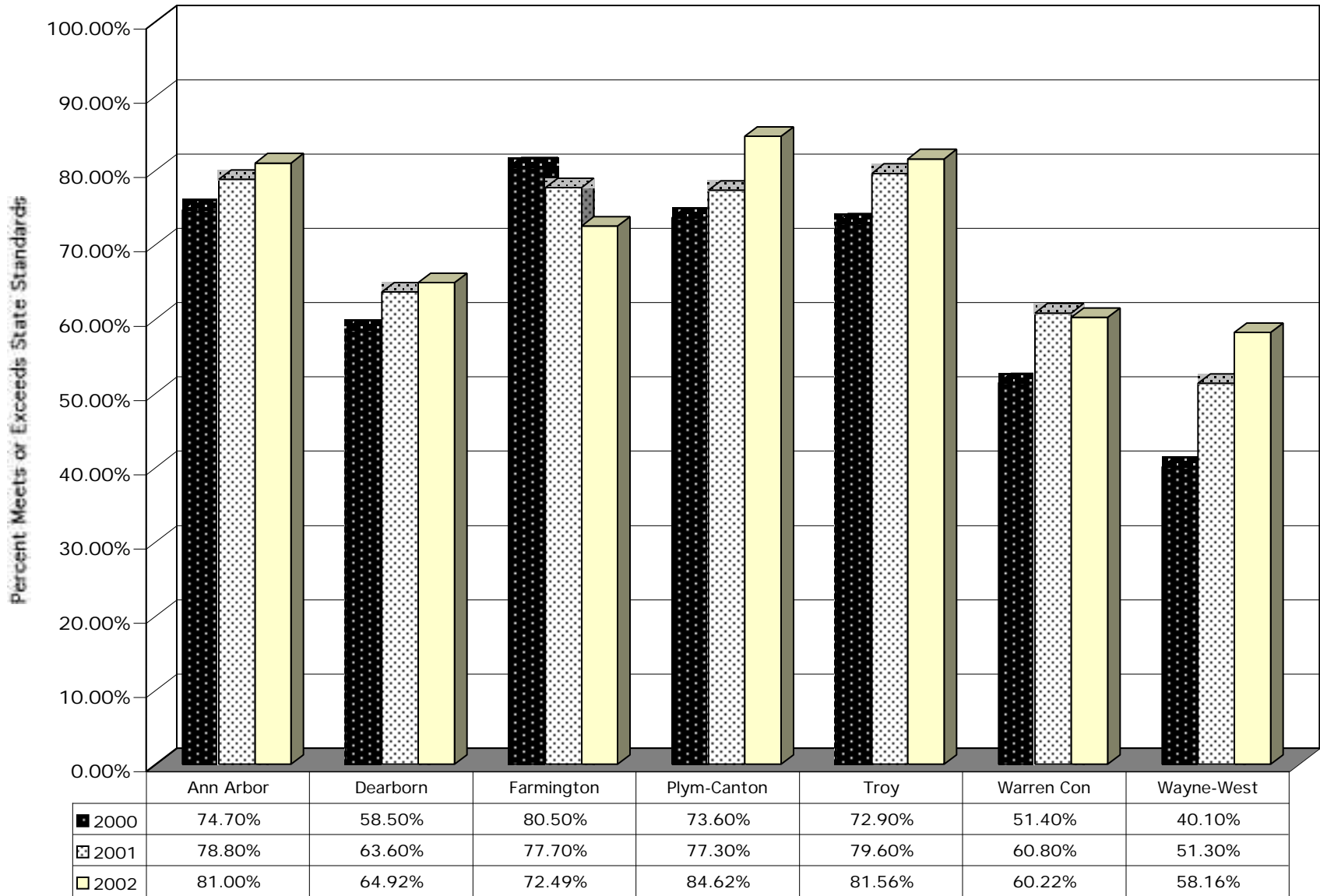
MEAP - 7th GRADE WRITING



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

The writing test was moved to 7th grade in 2002

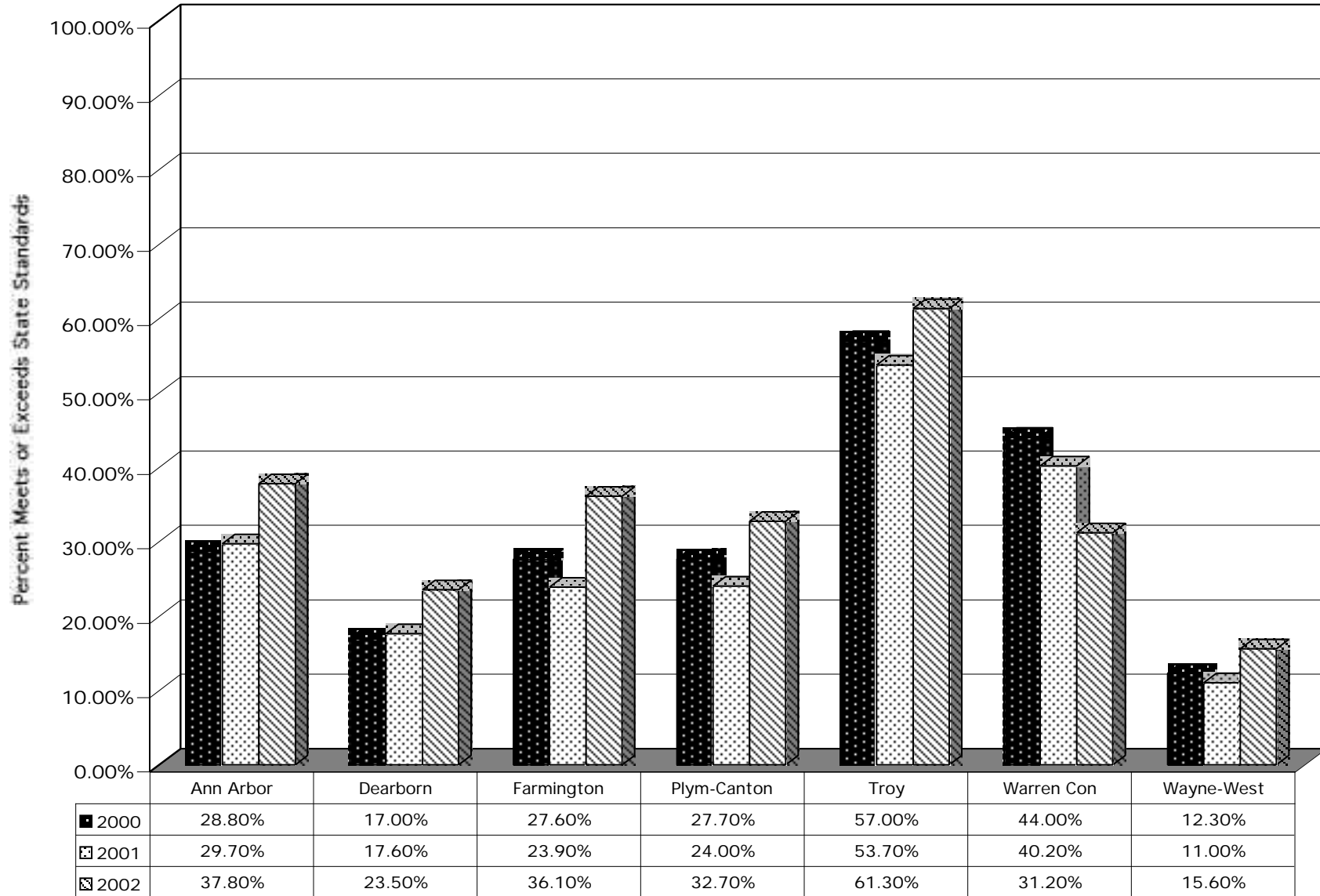
MEAP -HIGH SCHOOL WRITING



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

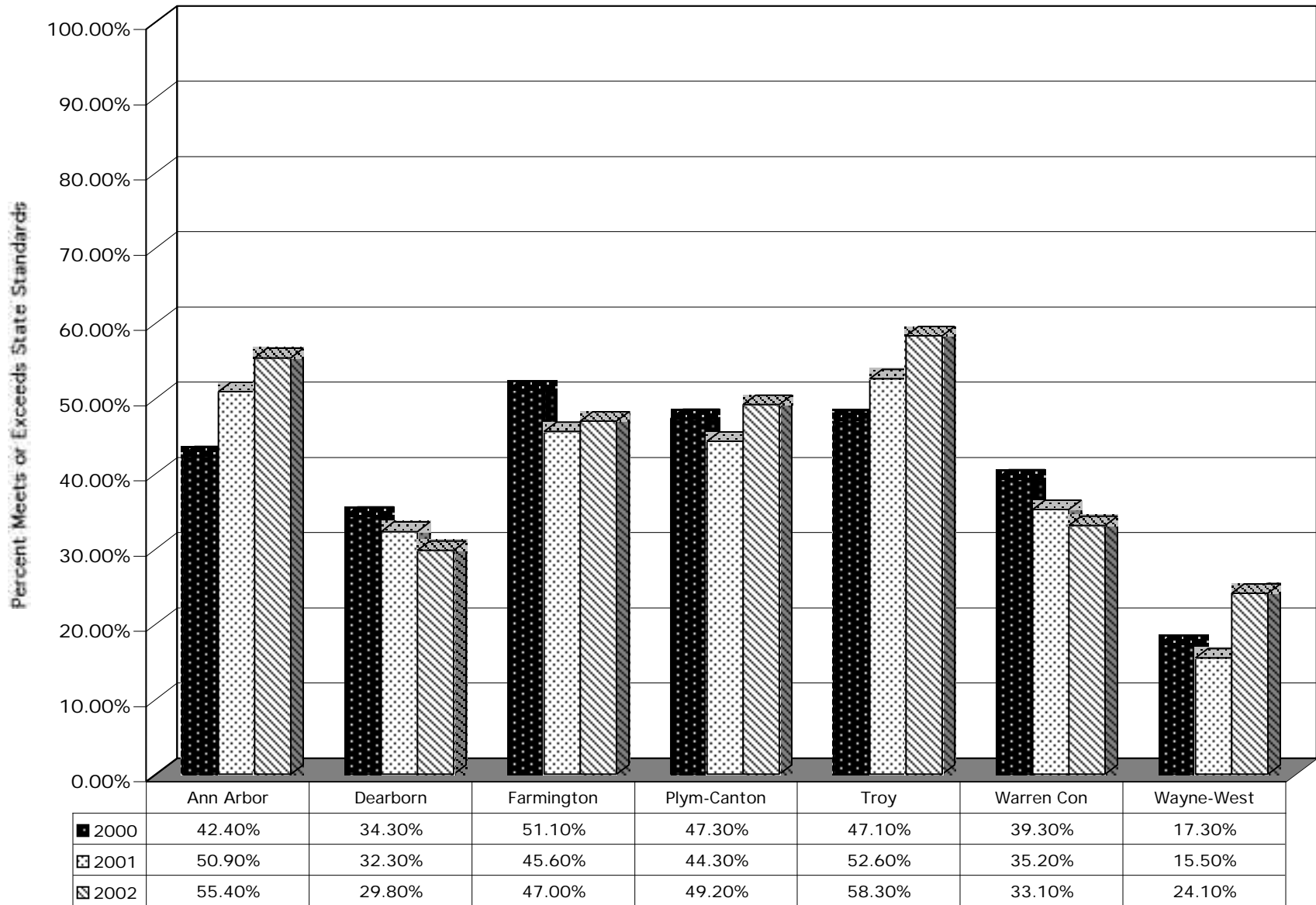
Scores are reported by graduating class and include
all retests as well as initial 11th grade test.
Participation rates vary by district and by year.

MEAP - 5th GRADE SOCIAL STUDIES



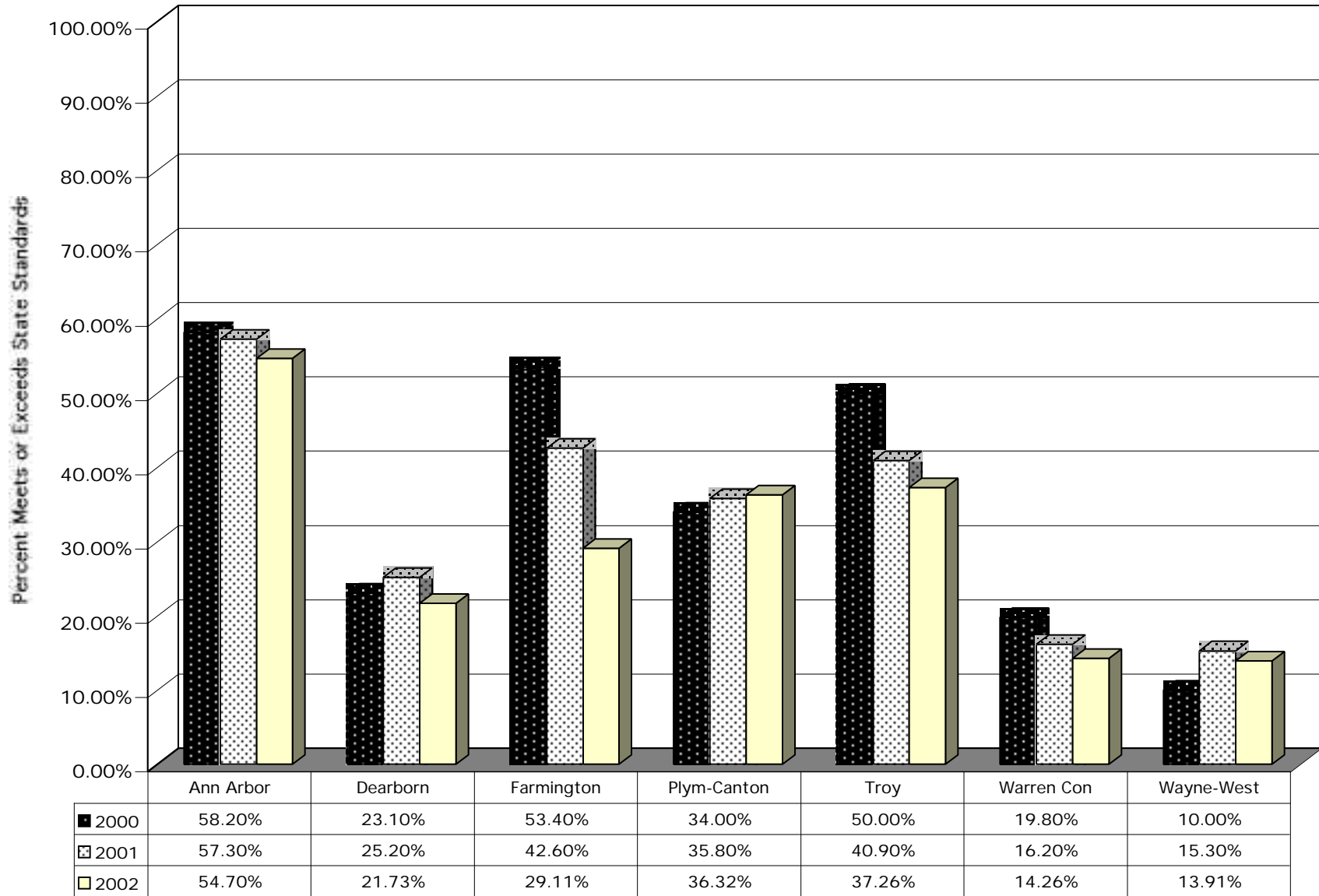
Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

MEAP - 8th GRADE SOCIAL STUDIES



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

MEAP - HIGH SCHOOL SOCIAL STUDIES



Information taken from the Michigan Merit Award Website,
Michigan Department of Treasury

Scores are reported by graduating class and include
all retests as well as initial 11th grade test.
Participation rates vary by district and by year.

Ann Arbor Public Schools
Average Class Size and Number of Sections
****By Department and Type of Class**
1st Semester — 2002/03

	Traditional Classes		*Combined Classes		IDB Classes		Block Classes	
	Average Class size	Number of Sections	Average Class size	Number of Classes	Average Class size	Number of Sections	Average Class size	Number of Sections
Huron High School								
English	25.7	58	23.2	34	23.5	6		
Social Studies	28.2	56			23.5	6		
Mathematics	25.2	80						
Science	26.8	68			23.5	6		
Foreign Language	26.4	48	19.8	9				
Business Services Technology	20.4	16	19.0	1				
Art	21.9	17	18.0	1				
Music	34.6	16						
Physical Education	28.4	17	30.0	3				
Health Education	27.7	9					22.0	1
Career and Technical Education	21.1	9	21.0	1			19.5	4
Human Services	22.3	4					10.5	2

Pioneer High School

English	26.8	110					26.0	1
Social Studies	27.4	99						
Mathematics	26.4	95						
Science	27.1	86					23.3	3
Foreign Language	24.6	72						
Business Services Technology	26.1	20	24.0	2				
Art	24.2	20	18.0	2				
Music	41.1	20	12.0	1				
Physical Education	28.4	22						
Health Education	29.8	10					21.0	2
Career and Technical Education	17.8	14					13.0	3
Human Services	9.8	21					12.0	2

Community High School

English							25.7	20
Social Studies	26.5	2					25.7	15
Mathematics							23.5	18
Science							25.7	15
Foreign Language							18.1	13
Art							25.0	8
Music	13.0	4	19.0	1				
Physical Education							18.3	6
Health Education							22.5	2

*Classes that combine two or more subjects (e.g. German 3 and 4). At Huron, English 9 and 10 combine regular and intensive.

**Humanities and Special Education classes are not included with this summary.

**HIGH SCHOOL ATHLETIC
COST ANALYSIS**

**HIGH SCHOOL ATHLETICS
COST ANALYSIS
2000/2001**

HURON HIGH SCHOOL						PIONEER HIGH SCHOOL					
	# of		(\$214/pupil)		COST		# of		(\$179/pupil)		COST
NAME OF SPORT	PARTICIPANTS	BY SPORT	OTHER COST*	TOTAL COST	PER PUPIL	NAME OF SPORT	PARTICIPANTS	BY SPORT	OTHER COST*	TOTAL COST	PER PUPIL
BOYS						BOYS					
Baseball	53	\$ 28,431	\$ 11,349	\$ 39,780	\$ 751	Baseball	43	\$ 27,695	\$ 7,682	\$ 35,377	\$ 823
Basketball	43	29,268	\$ 9,208	\$ 38,476	895	Basketball	45	\$ 28,604	\$ 8,039	\$ 36,643	\$ 814
Crew	68	20,361	\$ 14,561	\$ 34,921	514	Crew	0	\$ -	\$ -	\$ -	\$ -
Cross Country	31	11,545	\$ 6,638	\$ 18,183	705	Cross Country	35	\$ 9,559	\$ 6,253	\$ 15,812	\$ 452
Football	132	85,368	\$ 28,265	\$ 113,633	861	Football	136	\$ 58,643	\$ 24,296	\$ 82,939	\$ 610
Golf	31	14,995	\$ 6,638	\$ 21,633	698	Golf	26	\$ 14,977	\$ 4,645	\$ 19,622	\$ 755
Ice Hockey	30	17,264	\$ 6,424	\$ 23,688	790	Ice Hockey	31	\$ 19,130	\$ 5,538	\$ 24,668	\$ 796
La Crosse	87	15,847	\$ 18,629	\$ 34,476	396	La Crosse	69	\$ 17,618	\$ 12,327	\$ 29,945	\$ 434
Soccer	66	21,712	\$ 14,133	\$ 35,845	543	Soccer	59	\$ 27,491	\$ 10,540	\$ 38,031	\$ 645
Swimming	30	17,802	\$ 6,424	\$ 24,226	808	Swimming	61	\$ 22,744	\$ 10,897	\$ 33,641	\$ 551
Tennis	48	12,200	\$ 10,278	\$ 22,478	468	Tennis	53	\$ 11,435	\$ 9,468	\$ 20,903	\$ 394
Track & Field	69	26,495	\$ 14,775	\$ 41,270	598	Track & Field	69	\$ 23,719	\$ 12,327	\$ 36,046	\$ 522
Water Polo	26	15,457	\$ 5,567	\$ 21,024	809	Water Polo	39	\$ 15,483	\$ 6,967	\$ 22,450	\$ 576
Wrestling	17	13,870	\$ 3,640	\$ 17,510	1,030	Wrestling	32	\$ 15,001	\$ 5,717	\$ 20,718	\$ 647
Sub-Total	731	330,615	156,529	487,143	666	Sub-Total	698	\$ 292,099	\$ 124,696	\$ 416,795	\$ 597
GIRLS						GIRLS					
Basketball	39	\$ 37,006	\$ 8,351	\$ 45,357	\$ 1,163	Basketball	42	\$ 24,826	\$ 7,503	\$ 32,329	\$ 770
Crew	50	\$ 14,971	\$ 10,706	\$ 25,677	\$ 514	Crew	0	\$ -	\$ -	\$ -	\$ -
Cross Country	23	10,731	\$ 4,925	\$ 15,656	681	Cross Country	31	\$ 9,896	\$ 5,538	\$ 15,434	\$ 498
Field Hockey	58	19,405	\$ 12,420	\$ 31,825	549	Field Hockey	73	\$ 18,288	\$ 13,041	\$ 31,329	\$ 429
Golf	31	15,017	\$ 6,638	\$ 21,655	699	Golf	31	\$ 10,820	\$ 5,538	\$ 16,358	\$ 528
Gymnastics	21	13,571	\$ 4,497	\$ 18,068	860	Gymnastics	11	\$ 14,717	\$ 1,965	\$ 16,682	\$ 1,517
Soccer	58	25,726	\$ 12,420	\$ 38,146	658	Lacrosse	69	\$ 11,585	\$ 12,327	\$ 23,912	\$ 347
Softball	42	26,575	\$ 8,993	\$ 35,568	847	Soccer	60	\$ 14,600	\$ 10,719	\$ 25,319	\$ 422
Swimming	38	16,482	\$ 8,137	\$ 24,619	648	Softball	27	\$ 20,747	\$ 4,823	\$ 25,570	\$ 947
Sync. Swimming	14	9,088	\$ 2,998	\$ 12,086	863	Swimming	82	\$ 19,607	\$ 14,649	\$ 34,256	\$ 418
Tennis	46	12,796	\$ 9,850	\$ 22,646	492	Sync. Swimming	19	\$ 8,447	\$ 3,394	\$ 11,841	\$ 623
Track & Field	59	25,536	\$ 12,634	\$ 38,170	647	Tennis	50	\$ 10,089	\$ 8,932	\$ 19,021	\$ 380
Volleyball	37	27,455	\$ 7,923	\$ 35,378	956	Track & Field	80	\$ 29,551	\$ 14,292	\$ 43,843	\$ 548
Water Polo	41	14,119	\$ 8,779	\$ 22,898	558	Volleyball	38	\$ 22,193	\$ 6,789	\$ 28,982	\$ 763
Sub-Total	557	268,478	119,270	387,748	10,134	Water Polo	54	\$ 11,046	\$ 9,647	\$ 20,693	\$ 383
						Sub-Total	667	\$ 226,412	\$ 119,157	\$ 345,569	\$ 518
TOTAL HURON	1288	\$ 599,093	\$ 275,799	\$ 874,892	\$ 10,801	TOTAL PIONEER	1365	\$ 518,511	\$ 243,853	\$ 762,364	\$ 559
*Ath. Dir., Secy., Ath. Trainer, Accident Ins., Physicals, etc.						*Ath. Dir., Secy., Ath. Trainer, Accident Ins., Physicals, etc.					
						Grand Total Pioneer & Huron					
						2653					
						\$ 1,117,604					
						\$ 519,652					
						\$ 1,637,256					
						\$ 617					

SPECIAL EDUCATION REPORT

SPECIAL EDUCATION ACTUAL COST REPORT
(July 1, 2001 through June 30, 2002)

District
Code

81010

District Name ANN ARBOR PUBLIC SCHOOLS

Funding Source (Check ONE)		PERSONNEL		List personnel in school year full-time equivalency, prorate to tenths (.0). Refer to the "Special Education List of Allowable Expenditures" for a description of reimbursable items by function and object codes.							
<input checked="" type="checkbox"/> Section 52		Profes- sional	Reimb. Aides	Salaries	Benefits	* Purchased Services	Supplies and Materials	Capital Outlay	Other Expenditures	TOTAL	
<input type="checkbox"/> Section 53				1000	2000	3000-4000	5000	6000	7000	9	
FUNCTION CODES		1	2	3	4	5	6	7	8	9	
1	122	LRE Classroom Aides	0.00	84.9	\$ 1,630,258	\$ 735,916	\$ -	\$ -	\$ -	\$ -	2,366,174
2		Educable Mentally Impaired	6.00	9.00	\$ 465,724	\$ 195,082	\$ 50	\$ 1,771	\$ -	\$ -	662,627
3		Trainable Mentally Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
4		Severely Mentally Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
5		Emotionally Impaired	4.00	9.00	\$ 327,491	\$ 119,557	\$ 451	\$ 6,369	\$ -	\$ -	453,868
6		Learning Disabled (IDEA staff)	3.00	0.00	\$ 52,503	\$ 19,301	\$ -	\$ -	\$ -	\$ -	71,804
7		Hearing Impaired	5.00	3.00	\$ 527,644	\$ 171,754	\$ 495	\$ 3,782	\$ -	\$ -	703,675
8		Visually Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
9		Physically Impaired (Pohi)	2.00	5.50	\$ 202,581	\$ 83,376	\$ -	\$ 3,686	\$ -	\$ -	289,643
10		Severely Multiply Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
11		Preprimary Impaired	2.50	4.50	\$ 149,700	\$ 69,288	\$ 4,936	\$ 5,634	\$ -	\$ -	229,558
12		Severely Language Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
13		Autistic Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
14		Resource Room	36.60	0.00	\$ 1,875,915	\$ 643,125	\$ 1,230	\$ 7,709	\$ -	\$ -	2,527,979
15		Section 24 Programs	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
16		SUB-TOTAL	59.10	115.90	\$ 5,231,816	\$ 2,037,399	\$ 7,162	\$ 28,951	\$ 11,814	\$ -	\$ 7,305,328
17	213	Health Svcs. (Include pt for POHI kids)	12.40	0.00	\$ 673,925	\$ 212,477	\$ 155,776	\$ -	\$ -	\$ -	\$ 1,042,178
18	214	Psychological	13.50	0.00	\$ 924,633	\$ 292,954	\$ 16,980	\$ 9,703	\$ -	\$ -	\$ 1,244,270
19	215	Speech & Audiology	23.30	0.00	\$ 1,396,927	\$ 465,265	\$ 13,106	\$ 4,248	\$ -	\$ -	\$ 1,879,546
20	216	Social Work	13.40	0.00	\$ 875,668	\$ 248,224	\$ 1,328	\$ 1,328	\$ -	\$ -	\$ 1,126,548
21	217	Visual Aid	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
22	218	TC/Mentally Impaired	4.70	0.00	\$ 306,517	\$ 95,009	\$ -	\$ 632	\$ -	\$ -	\$ 402,158
23	218	TC/Emotionally Impaired	22.10	0.00	\$ 1,427,915	\$ 453,547	\$ -	\$ 5,342	\$ -	\$ -	\$ 1,886,804
24	218	TC/Learning Disabled	18.00	0.00	\$ 1,100,215	\$ 346,523	\$ -	\$ 2,852	\$ -	\$ -	\$ 1,449,590
25	218	TC/Hearing Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
26	218	TC/Visually Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
27	218	TC/POHI	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
28	218	TC/Autistic Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
29	218	PPI Home Program	1.00	0.00	\$ 66,255	\$ 17,494	\$ -	\$ -	\$ -	\$ -	\$ 83,749
30	219	Physical Education/Bldg. Float Team	0.00	21.00	\$ 363,558	\$ 158,582	\$ -	\$ 493	\$ -	\$ -	\$ 522,633
31	219	Other Pupil Support	2.00	0.00	\$ 148,920	\$ 46,731	\$ 51,180	\$ 1,433	\$ -	\$ -	\$ 248,264
32	221	Improvement of Instruction	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
33	226	Supervision/Direction	2.00	0.00	\$ 280,589	\$ 90,855	\$ 8,009	\$ -	\$ 2,400	\$ -	\$ 381,853
34	241	School Principal	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
35	28x	Support Service - Central	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
36	29x	Support Service - Other	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
37		SUB TOTAL	112.40	21.00	\$ 7,565,122	\$ 2,427,661	\$ 246,379	\$ 26,031	\$ -	\$ 2,400	\$10,267,593
38		SUBTOTAL 16 + 37	171.50	136.90	\$ 12,796,938	\$ 4,465,060	\$ 253,541	\$ 54,982	\$ 2,400	\$ 1,732,690	\$17,572,921
39		Indirect Costs (9.86%)									1,732,690
40	231	Board of Education/Adjustments			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
41		Capital Outlay (Line 16 + 37)						\$ 10,085			10,085
42	261	Direct Operation & Maintenance			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
43	271	Pupil Transportation (Sec. 53 Only)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
44		Tuition - MSD					\$ -				-
45		SUBTOTAL (Lines 39 - 44)			\$ -	\$ -	\$ -	\$ 10,085	\$ 1,732,690	\$ -	1,742,775
46		TOTAL COST	171.50	136.90	\$12,796,938	\$ 4,465,060	\$253,541	\$54,982	\$ 10,085	\$ 1,735,090	19,315,696

**SUMMARY OF BUDGET ALLOCATION
FY 2002/03**

FY 2002/03 BUDGET SUMMARY- DIRECTLY ALLOCATED COSTS

SCHOOL LEVEL	INSTR. FTE	SUPPORT FTE	Total	Per Pupil Cost Average	ENROLL.	TOTAL INSTR. SERVICES (Salary & Non Salary)	TOTAL SUPPORT SERVICES (Salary & Non Salary)	GRAND TOTAL (Salary & Non Salary)
ELEMENTARY SCHOOLS								
ABBOT	22.30	6.80	29.10	\$6,830	345	\$1,836,158	\$520,240	\$2,356,398
ALLEN	22.00	6.90	28.90	6,093	384	1,787,834	551,706	2,339,540
ANGELL	23.20	5.80	29.00	6,518	339	1,723,291	486,187	2,209,478
BACH	18.10	6.10	24.20	7,100	276	1,445,951	513,667	1,959,618
BRYANT	24.30	6.80	31.10	6,496	368	1,841,396	549,267	2,390,663
BURNS PARK	21.55	7.10	28.65	6,048	387	1,790,341	550,284	2,340,624
CARPENTER	20.33	6.22	26.55	7,041	302	1,614,508	511,908	2,126,416
DICKEN	23.30	6.18	29.48	5,939	361	1,632,503	511,337	2,143,840
EBERWHITE	26.30	6.80	33.10	7,662	335	1,979,849	586,903	2,566,752
HAISLEY	38.85	6.92	45.77	7,279	418	2,451,917	590,731	3,042,647
KING	22.20	6.62	28.82	6,180	399	1,916,613	549,187	2,465,799
LAKEWOOD	12.85	5.60	18.45	5,840	264	1,085,459	456,318	1,541,777
LAWTON	27.80	7.20	35.00	5,689	492	2,209,742	589,137	2,798,879
LOGAN	28.78	6.70	35.48	7,200	365	2,064,879	562,967	2,627,846
MITCHELL	19.88	6.18	26.06	6,442	302	1,421,467	523,915	1,945,382
NORTHSIDE	21.27	7.40	28.67	6,517	346	1,663,726	591,185	2,254,911
PATTENGILL	22.00	7.20	29.20	6,116	369	1,687,246	569,647	2,256,893
PITTSFIELD	19.48	5.60	25.08	6,369	296	1,418,021	467,205	1,885,226
THURSTON	23.10	6.28	29.38	5,695	424	1,889,892	524,929	2,414,821
WINES	24.80	6.42	31.22	6,656	346	1,824,232	478,838	2,303,070
SUB-TOTAL	462.39	130.82	593.21	\$6,458	7,118	\$35,285,024	\$10,685,557	\$45,970,581
MIDDLE SCHOOLS								
CLAGUE	49.04	24.55	73.59	\$7,951	737	\$3,856,284	\$2,003,728	\$5,860,012
FORSYTHE	62.24	27.93	90.17	9,016	716	4,182,871	2,272,329	6,455,201
SCARLETT	34.16	26.40	60.56	8,616	556	2,690,469	2,099,832	4,790,301
SLAUSON	47.28	26.50	73.78	7,689	783	3,802,858	2,217,645	6,020,502
TAPPAN	54.21	28.00	82.21	7,973	819	4,368,153	2,161,859	6,530,012
SUB-TOTAL	246.93	133.38	380.31	\$8,213	3,611	\$18,900,635	\$10,755,394	\$29,656,028
AA Open @ Mack (K-8)	27.31	8.00	35.31	\$6,513	439	\$2,198,214	\$660,835	\$2,859,049
HIGH SCHOOLS								
CLEMENTE	16.60	7.50	24.10	14,267	119	1,165,976	531,766	1,697,742
COMMUNITY	28.20	17.24	45.44	8,040	449	2,356,752	1,253,246	3,609,997
HURON	110.71	67.80	178.51	7,297	2,089	8,829,975	6,413,563	15,243,538
PIONEER	131.75	76.30	208.05	6,333	2,674	10,491,298	6,443,553	16,934,851
SUB-TOTAL	287.26	168.84	456.10	\$7,032	5,331	\$22,844,001	\$14,642,128	\$37,486,128
TOTAL ELEMENTARY,								
MIDDLE & HIGH SCHOOLS	1023.89	441.04	1464.93	\$7,029	16,499	\$79,227,873	\$36,743,913	\$115,971,786
Stone School (High Sch.)	14.40	9.15	23.55	\$4,110	520	\$1,141,401	\$995,888	\$2,137,289
PRE-SCHOOL PROGRAM	34.90	15.23	50.13	12,399	270	1,522,224	1,825,639	3,347,864
TOTAL	1073.19	465.42	1538.61	\$7,025	17,289	\$81,891,499	\$39,565,440	\$121,456,939
Other Support Services (Special Education Costs- Elementary Schools Only)								\$4,800,000
Less Pre-School Grants								(1,746,658)
TOTAL GENERAL FUND								\$124,510,281

Notes:

Cost variability among buildings generally results from-

- Class size variability (often resulting from Special Ed, Title 1 Schools, ESL, etc.)
- Seniority of the staff (due to step differences, educational advancement, etc.)

These are budgeted costs, and are not necessarily identical to actual expenditures

- Due to differences for annualized salaries & benefits for staff starting after the beginning of the fiscal year
- Due to vacancies from long-term illness
- Due to benefits calculated for all staff

Dispelling The Centralized-Cost Misconception

Allocated & Unallocated Cost Breakout Summary	Cost- Millions	Percent
Costs Directly Allocated To Buildings	\$124.5	76%
Centrally Distributed or District-Wide Costs	\$33.6	24%
Total Budget (FY2002/03)	\$158.1	100%

Breakout of Centrally Allocated Portion of District Costs	Centrally Distributed
Substitute Teacher Costs/ Other Hourly & Misc.	\$4.0
Centralized Instructional Services- Staff Development, Curriculum Coordinators, Program Directors, Other Support Staff	\$5.4
Transportation Costs- Busing Students To & From School, Field Trips, Athletics and Other Events	\$5.8
Board of Education Subsidies- Voc Ed, Pre School, Student Activities	\$2.9
General Administration- Superintendent's Office, Board of Education, Deputy for Instruction, Election, Legal, Etc.	\$2.3
Business Services- Finance, Purchasing, Warehouse, Property Liability, Vehicle (Maintenance & Bus) Insurance, Deputy for Bus Services	\$2.5
Operation & Maintenance- Personnel Assigned To Repair & Maint. Of All Bldgs & Grounds, Supplies, Materials & Equipment	\$4.8
Central Services- Planning, R&D, Evaluation, Information Services, HRS, ITD, Child Accounting	\$3.2
Other Employee Benefits- Worker's Comp, Unemployment Comp, Termination & Severance Pay, Etc.	\$2.3
Community Services- Supervisors, Admin. for Community Rec. Program, Partners For Excellence, Outreach Programs, Etc.	\$0.4
Total Centrally Distributed or District Wide Costs	\$33.6

Breakout of 'True Overhead' Costs- Central Administrative Costs, Business Services & Central Services	
General Administration- Supt Office, BOE, Deputy for Instruction, Election, Legal, Etc.	\$2.3
Business Services- Finance, Purchasing, Warehouse, Insurance, Deputy for Business Services	\$2.5
Central Services- Planning, R&D, Evaluation, Info Serv, HRS, ITD, Child Accounting	\$3.2
Total 'True Overhead' Costs	\$8.0

Thus, out of a total of \$158.1 million, approximately \$8.0 million is the 'true overhead' burden for the district, which represents about 5.1% of the total budget. All the rest, some 95% of all expenditures go directly toward student instruction, support and other student services. Note that even in the \$8 million 'overhead', included is more than \$1.5 million for legal services, property, liability and district vehicle (maintenance and bus) insurance as well as election costs.

OUTSOURCING INFORMATION

Ann Arbor Public Schools Contracted Services Summary

Outsourcing has occurred over the years in order to reduce costs, comply with mandated regulations, and to complete projects within short schedules.

The effects of using contracted services includes: the reduction of F.T.E.s, benefits, retirement, and other employment costs.

While the Board policy does not show preference to local vendors, a substantial number of local contractors do win contracts to provide goods and services to the district.

The Ann Arbor Public Schools current budget process has the following goals:

1. Redefine the way we do business
2. Examine alternative delivery systems

These goals show a commitment to continue looking at the "way we do business" in all areas of the district.

Meeting these goals will enable the district to continue to provide the goods and services required to meet the needs of student within the financial constraints of funding.

The following table shows examples of services that the district provides using a combination of district employees and private firms:

* Denotes services that are fully privatized

SERVICE	PRIVATIZED/ OUTSOURCED	DISTRICT EMPLOYEES	CONTRACT AS NEEDED
* Asbestos and other Environmental Activities	YES	NO (except management)	
Carpentry	NO	YES	YES: Projects and Specialty Items
Carpet Installation and Repairs	YES	NO	

SERVICE	PRIVATIZED/ OUTSOURCED	DISTRICT EMPLOYEES	CONTRACT AS NEEDED
Clocks	NO	YES	YES: Specialty and Emergency
* Concrete Repair and Replacement	YES	NO	
Custodial	NO	YES	YES: Projects and Emergency
Custodial Subs	YES	NO	YES
Electrical	NO	YES	YES: Daily and Projects
* Fence Repair and Replacement	YES	NO	
* Graffiti Removal	YES	NO	
* H.V.A.C.	YES: Maintenance of major cooling equipment	NO	
*Painting	YES	YES (1.F.T.E. for immediate needs)	YES: Projects
* Pest Control	YES	NO	
Phones	NO	NO (Hourly)	YES
* Public Address Systems	YES	NO	
* Roof Repairs	YES	NO	
* Security	YES	NO	
* Sewer/Drain Cleaning	YES	NO	
*Audio Visual Repair	YES	NO	
*Wan Hardware Repair	YES		
Shades and Drapes	NO	YES	YES: Projects and Specialty Items
* Stage Lighting Controls	YES	NO	
* Stage Rigging	YES	NO	

SERVICE	PRIVATIZED/ OUTSOURCED	DISTRICT EMPLOYEES	CONTRACT AS NEEDED
Window Glazing	NO	YES	YES: Projects and Emergency
Window Washing	NO	YES	YES: Seasonal and above lower levels
* Major Welding/ Fabrication	YES	NO	
Central Duplicating	YES		
On-Line Purchasing	YES		
Food Service Management	YES	YES (Building level)	

Since 1990, district managers have also explored the possibility of privatization in areas such as Custodial, Maintenance, Warehousing, Transportation and Food Service. Private companies were given the opportunity to meet with district employees and to review operational practices. Although each of these reviews did not result in proposals that would have reduced costs, we will continue looking at using the best combination of in-house employees and private services.
Summary:

YEAR	DEPARTMENT	VENDOR	PROPOSAL	OUTCOME
1990	Facilities	Service Master	Declined bid invitation	
1990	Facilities	Unbar	Declined bid invitation	
1990	Facilities	Marriott	Received proposal of \$7,184,909 for 90/91	Proposal would have resulted in an increase of costs of \$1,650,000 over 3 years
1991	Facilities	Marriott	Declined bid invitation	
1993	Facilities	Witt, Fiala, Flannery & Assoc.	Received proposal of \$6,739,151	Proposal would have resulted in an increase in costs of \$239,151

YEAR	DEPARTMENT	VENDOR	PROPOSAL	OUTCOME
1996	Facilities (Snow Removal)	Arbor Building Services	Snow removal pilot program at Pioneer	Increased costs: Cost of pilot program was 50% of total district costs
2002	Facilities	Sodexo Inc.	Facilities Study	Internal reorganization "raise the bar
1994/95	Warehousing	U.P.S.		Not able to provide the same level of service at our costs
2003	On-Line Purchasing (Warehouse)	Several	Received Competitive Pricing	
1992	Transportation	Laidlaw		Not able to provide the same level of service and generate savings
1995	Transportation	Laidlaw		Not able to provide the same level of service and generate savings
2003	Transportation	First Student, Trinity, Laidlaw	In process	

Several areas that are either in the pilot stage or being discussed include:

Outsourcing of services to the City of Ann Arbor

Custodial Services

Maintenance Services

Transportation

Technology Department

Food Service (full service)

BUDGET REDUCTION

SUMMARY

**Budget Reductions Summary
1 994/95 – 2002/03**

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Instruction/Instr. Support											
Adjust Mack School Physical Education to contractual levels		\$37,930									37,930
Staff within contractual levels	2.00	201,125									201,125
Reduce middle school staff due to course offering changes	2.00	103,075									103,075
Reduce one social worker in the school district	1.00	61,240									61,240
Savings from hiring diff., non-replacement of position, etc.		131,117									131,117
Reduce Instructional Media Center budget		4,704									4,704
Reduce cost of Student Services Guide and Student Portfolios		5,000									5,000
Charge sec. summer sch. Processing fee		1,500									1,500
Eliminate 1/2 day teacher assistants in LD & resource rooms		110,000									110,000
Reduce building based out-of-town field trips		35,481									35,481
Do not staff study hall, lunchrooms, etc. with teachers		233,726									233,726
Reduce curriculum coordinators		73,000									73,000
Reduce middle schools clerical costs	5.00	125,000									125,000
Reduce substitute days for K-2 assessment		4,000									4,000
Reduce site based funds and reallocate to district priorities		170,000									170,000
Savings from hiring differential and vacant positions during year			300,000								300,000
Elimination of sabbatical vacancies	3.00		150,000								150,000
Pupil Personnel Services budget reductions			18,134								18,134
Eliminate FIPSE budget			11,700								11,700
Middle School FTE savings	4.15			281,121							281,121
Reduced step/degree savings				450,000							450,000
Eliminate one elementary TLC coordinator through departmental reorganization	1.00				42,552						42,552
Eliminate one elementary TLC supervisor through departmental reorganization	1.00				51,354						51,354
Reduce cost of conflict management					1,000						1,000

**Budget Reductions Summary
1 994/95 – 2002/03**

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Reduce Social Studies Coordinator position from 1.0 to 0.5 FTE	0.50				43,750						43,750
Reduce foreign Language Coordinator position from 0.4 to 0.2 FTE	0.20				16,631						16,631
Reduce achievement cadre by 2.4 FTE (talent dev. 1.5, ECTC 0.2, science/environ. Ed. 0.7)	2.40				154,000						154,000
Building level staff reductions	27.00				1,620,000						1,620,000
FTE reductions not achieved in 97/98	4.56					277,020					277,020
Eliminate one position in Instructional Materials & Technology Center	1.00						95,317				95,317
Reduce "Other Governmental Tuition (six students @\$8,200) line item budget							49,200				49,200
Reduce cost of technology support in schools	5.00							150,000			150,000
With the funding of lower class sizes, the need for oerage pay is reduced								212,500			212,500
Extensive review and restructuring of pre-school budgets	2.00							150,000			150,000
Reduce number of specials (e.g., Art, Music, P.E.)									220,000		220,000
Implement building staff formula								1,925,000			1,925,000
Reduce Teacher Assistants									250,000		250,000
Privatize Drivers' Education									137,000		137,000
Streamline pre-school program									94,000		94,000
Limit high school course load to 7										400,000	400,000
Implement staff efficiencies										400,000	400,000
Staff Student Counselors to mirror Master Agreement Formula										110,000	110,000
Decrease General Fund contributions to Secondary School SITS										100,000	100,000
Reduce building level support	3.00									140,000	140,000
SUBTOTAL	64.81	1,296,898	479,834	731,121	1,929,287	277,020	144,517	512,500	2,626,000	1,150,000	9,147,177
Administration Staff & Other Support Services											
Reduce Board of Education budget		2,039									2,039
Eliminate (6-12) transportation of Braeburn/Hikone		0									0
Eliminate food service subsidy - make self-supporting.		25,619									25,619

Budget Reductions Summary

~~1994/95 - 2002/03~~

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Reimburse general fund for indirect costs due to grants		25,000									25,000
Reduce banking costs/tax collection charges (revenue)		7,000									7,000
Modify Johnson controls contract - hire in-house staff		50,750									50,750
Hire in-house technician for telephone repair and maintenance services		10,300									10,300
Reduce Information Services budget		3,000									3,000
Charge back to building departments unnecessary security call costs		5,000									5,000
Reduce Equity Office budget		2,936									2,936
Charge child care program for utilities/custodial/maintenance cost		68,808									68,808
Reduce Equity Office staff		0									0
Restructure and reduce administrative staff		0									0
Reduce Human Resource Services budget (tied to #73)		0									0
Re-print Master Agreement every 3 years - print addendum other years		5,000									5,000
Charge a processing fee											0
Charge processing fee for duplication of invoices		2,500									2,500
Charge processing fee for stop payments, etc.		2,500									2,500
Reduce clerical hourly at Pioneer and Huron		7,355									7,355
Reduce Information Services salary budget by 50%		0									0
Reduce Curriculum & Instruction budget		19,935	196,000								215,935
Savings from early retirement (including M/S)			194,245								194,245
Reduction in Transportation Department hourly			85,000								85,000
Data Processing Department staff re-alignment			6,477								6,477
Environmenta and Utility Services Department reductions			42,000								42,000
Capital Planning Department budget reductions			19,000								19,000
FTTE Fund reclassification (General fund to Federal)			35,000								35,000
Attendance reporting sent from buildings and departments on a week basis eliminating the individual form by employee	0.40				18,000						18,000
Prepare a standard form to attach to all verifications and no longer provide phone verifications	0.20				9,000						9,000

Reductions Summary 94-03

Budget Reductions Summary

1994/95 – 2002/03

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Reduce hourly expenditures within the HRS division					15,000						15,000
Eliminate the carry-over of fringe benefits from July and August for 10 month employees leaving the district due to resignation or termination					20,000						20,000
Sign aggregation contract with Michigan Consolidated Gas					35,000						35,000
Reduce district memberships					10,000						10,000
Reduce election costs					2,000						2,000
Eliminate Celebration of Excellence					5,000						5,000
Reduce transportation budget					110,000						110,000
Sign new three year Centrex local and long distance phone contract					19,000						19,000
Eliminate the Executive Director, Center for Advancement position	1.00				105,739						105,739
Eliminate or reduce laundry service offered for athletic towels and uniforms	0.60				27,210						27,210
Realign Computer Services (contingent upon purchase of new computer system and assistance from WISD)	1.00				125,000						125,000
Increase FTE custodian square footage ratio to 1.0 FTE per 22,365 sq. ft. This is the same as not increasing custodial staff to clean the new additions built under the	2.00				56,150						56,150
Equalize custodial services between large high schools	1.00				36,581						36,581
Reduce custodial cleaning in non-instruction areas. (I.e., Balas 1, 2, 3 and transportation)	1.00				39,889						39,889
Retirement rate change due to temporary rate adjustment					366,679						366,679
Eliminate Central Warehousing of surplus items (I.e., cut the Wagner Road warehouse)					9,900	17,000					26,900
Centrex 994-xxxx phone numbers to 973-xxxx numbers					38,400	12,600					51,000
Privatize maintenance painting function (savings represents net amount after outsourcing)	4.00					71,152					71,152
Eliminate one custodial Crew Chief through departmental reorganization	1.00					54,000					54,000
Convert Huron and Pioneer phone systems thus reducing from 100 to 50						18,000					18,000
Reduction of Data Entry Clerk due to conversion to new software that shifts data entry to the end user	1.00					32,280					32,280
Transportation savings due to improved efficiency in bus utilization											12,366

Reductions Summary 94-03 12,366

**Budget Reductions Summary
1 994/95 – 2002/03**

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Reduce Dthe Director of ECTC position from 0.6 FTE to 0.25 FTE	0.35					31,435					31,435
Reduction in fees to Wayne County Regional Education Service Association due to school district's						51,720	90,000				141,720
Eliminate on FTE due to privatization of copier repair service	1.00						45,000				45,000
Savings in Finance Department due to processing financial records differently	0.50						22,500				22,500
Implement electronic timesheets on a single system for all buildings/departments using hourly staff or substitutes (due to implementation of CIMS)	0.50						22,500				22,500
Implementation of the Johnson Controls Phase III energy services program							50,000				50,000
Purchase deregulated electricity on the open market and transfer via the utility company							250,000				250,000
Reduction of 0.5 FTE in the Central Duplicating Department due to the decreased demand for copying	0.50							19,000			19,000
Reduction of 1.0 FTE in the Warehouse. Realign duties and reduce inventory. Reduce mail service to Balas Buildings from twice a day to once a day	1.00							36,000			36,000
Purchase deregulated electricity on the open market, resulting in savings in the utility budget								150,000			150,000

**Budget Reductions Summary
1 994/95 – 2002/03**

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Guaranteed savings as a result of Phase I of the Johnson Controls								205,450			205,450
Realign Wellness Program budget								6,053			6,053
Unemployment Compensation decrease budget due to a much reduced number of unemployment claims								38,500			38,500
Reduction in central administrative positions achieved through attrition, not filling some positions and filling others at lower costs								143,883			143,883
Reduce non-salary budget (excluding utilities)									300,000		300,000
Reduce/consolidate Central Administration budget									150,000		150,000
Reduce workshop/conference budget for all areas (including substitute costs, refreshments, etc.)									20,000		20,000
6% reduction in funds for district and building programs: ex. computer traing, special busing										415,000	415,000
New 3-year utility contract										250,000	250,000
Reduce clerical and support staff in Balas buildigns	2.5									220,000	220,000
Designate a reserve fund for legal fees										250,000	250,000
Eliminate Director of Achievement Initiative										100,000	100,000
Outsource Central Duplicating										55,000	55,000
Streamline Warehouse Operations by implementing On-line Purchasing										100,000	100,000
Reduce Staff Development expenses										80,000	80,000
Reduction of overtime funds for one-time only maintenance items										120,000	120,000
Eliminate direct subsidy for field trips										270,000	270,000
Eliminate one Quad A Administrative position at Community High School										120,000	120,000
Reassign Rec & Ed expenses from General Fund	6.6									450,000	450,000
Fund Conflict Management Program with grants and include it in the Health Curriculum										80,000	80,000

**Budget Reductions Summary
1 994/95 – 2002/03**

ITEM DESCRIPTION	FTE	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	TOTAL
Reduce Instructional Div. by 70% Reduction in non-salary items (supplies, etc.) as a result of staff reductions	8.0									685,000	685,000
										370,000	370,000
SUBTOTAL	34.15	237,742	577,722	0	1,048,548	300,553	480,000	598,886	470,000	3,565,000	7,278,451
Community Service/Recreation											
Reduce clerical support at Balas buildings									120,000		120,000
Reduce General Fund subsidy to Rec & Ed									300,000		300,000
Reduce Curriculum/Instruction specialists									240,000		240,000
Use Rec & Ed staff to supervise building activities on weekends instead of custodians		8,750									8,750
Reduce Rec & Ed general fund budget by increasing fees		30,000									30,000
Reduce Community Services Division budget		29,354	6,019								35,373
Eliminate one recreation specialist through departmental reorganization	1.00				51,968						51,968
Eliminate one secretary within Community Services division through departmental reorganization	1.00				38,018						38,018
Eliminate one coordinator within Community Services division through departmental restructuring	1.00					82,822					82,822
Reduce General Fund subsidy through budget review, reclass- ification of staff from General Fund to Recreation Fund and attrition	3.00							180,000			180,000
SUBTOTAL	6.00	68,104	6,019	0	89,986	82,822	0	180,000	660,000	0	1,086,931
TOTAL	####	1,602,744	1,063,575	731,121	3,067,821	660,395	624,517	1,291,386	3,756,000	4,715,000	17,512,559

DISTRICT FUND EQUITY
(Cash Reserve)

ANN ARBOR PUBLIC SCHOOLS
Business Services Division

RE: What Is The District's True Undesignated Fund Balance?

The accompanying documents, the undesignated fund balance bar & line graphs, the fund balance history & background and the question & answer discussion, are the materials that were provided to the Ann Arbor News on February 12, 2003.

The bars in the graph at the top of the page indicate the level of the 'Total Fund Balance', and the line on the graph shows the level of the 'Delayed State Aid Payment'. This first graph was utilized to illustrate that the total fund balance is not an indication of the district's available reserves. Another, similar misconception is that the \$36.4 million 'Fund Equity' minus the \$16.9 million 'Delayed State Aid Payment' could be the district's available equity. This also is not correct, since many designated funds are included in the total fund balance.

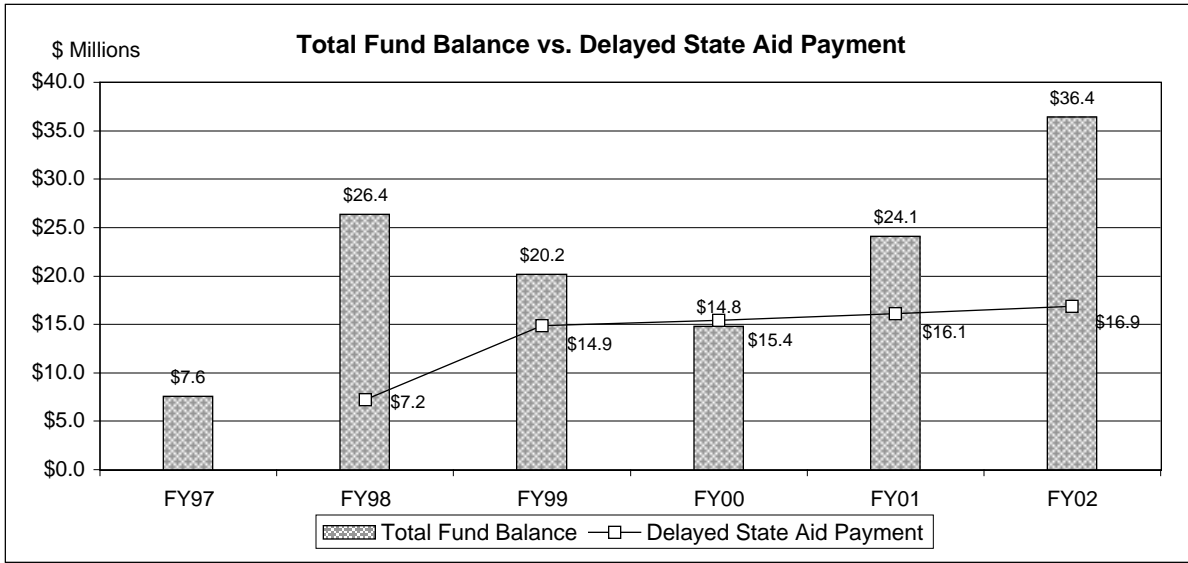
The graph at the bottom of the page tells the true story. The bars denote the 'Reported Undesignated Fund Balance', while the line on the graph indicates the level of the 'True Undesignated Fund Balance'. Note that, despite showing a positive total and undesignated fund balance over the past three years, the district's true undesignated fund balance has been in deficit until just this year. Currently, the district has a \$10 million undesignated fund balance. Although this is the largest cash balance in more than seven years, it is still less than one-month's expenses for the district.

The district has only now reached its board policy for the undesignated fund balance. The \$36.4 million total fund equity includes encumbered funds (money owed to vendors), inventory, grants, etc. which are not undesignated, so this amount should not be confused with the 'true' undesignated fund balance (which is really \$10 million, or \$26.9 million, depending on how you look at it). Note that \$26.9 million is nearly the \$27 million required by board policy (but only if you include the 2 month's delayed state aid payment of \$16.9 million).

Thus, the district's cash reserves (or cash available for use for future operations) is actually \$10 million, not the \$36 million total fund balance.

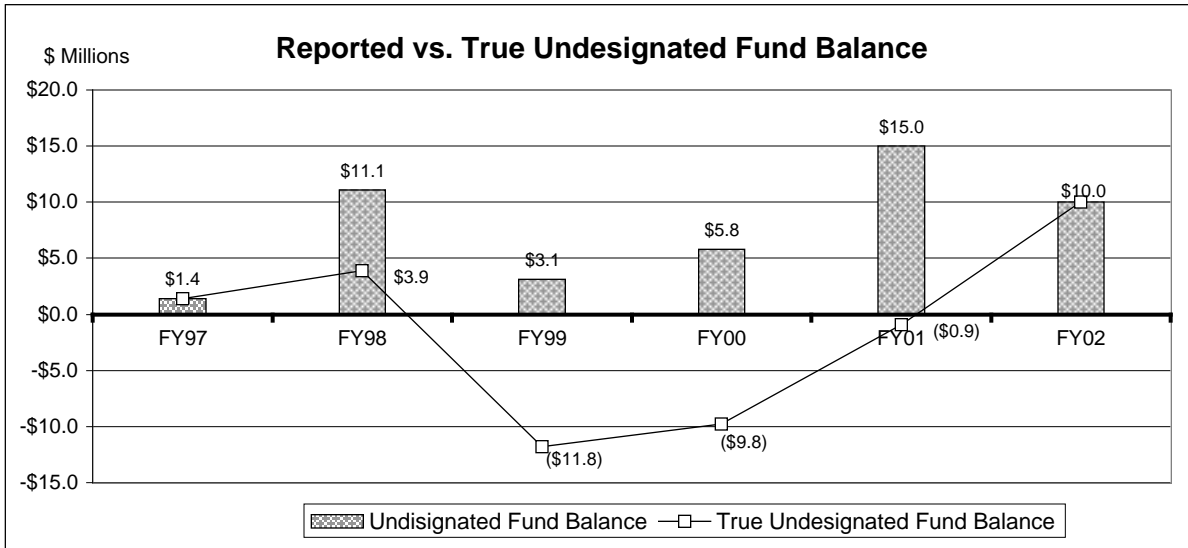
Ormeela D. Lapp, February 24, 2003

WHAT IS THE DISTRICT'S TRUE UNDESIGNATED FUND BALANCE?



The above chart shows the total fund balance and delayed state aid payment. At first glance, it would appear that the district's available fund balance is the amount above the delayed state aid payment line. However, much of this is reserved for such things as encumbrances (purchases pending payment), inventory, grants, etc. or is designated for such things as risk management, legal, budget carryover and compensated absences.

So, what is the District's true undesignated fund balance?



The bars in the above chart represent the reported undesignated fund balance, which in years FY 98 through FY 01 includes the delayed state aid payment. (Note that the district financial report for FY02 reflects the true undesignated fund balance.) If we subtract the state aid receivables (which are used to pay summer expenses resulting from the previous fiscal year's budgeted expenditures), then the true undesignated fund balance (the actual cash available for use for future operations) is the amount shown on the line graph.

Thus, the district's true undesignated/ unreserved fund balance has been negative for three of the past five years. This resulted from the change in the state aid payment schedule as well as the sub suit payments. Because of the change in the state aid payments, the district updated its fund equity policy in 2001. In 2002, the district is back in the black in terms of year-end true 'unreserved' fund balance.

Through this period, the district has been able to utilize reserved, designated and undesignated funds to meet its cash flow needs and has not needed to borrow funds for operations to meet payroll.

History and Background Information Regarding the Fund Equity

Prior to Proposal A, School districts were locally funded. In Ann Arbor, the public schools were collecting approximately 50% of annual revenue at the beginning of the fiscal year (referred to as the summer tax collection). The other 50% was collected half way through the district's fiscal year (referred to as the winter tax collection). This schedule for revenue collection provided the district with a steady cash flow, without the need for maintaining a large fund equity. In those years, the primary purpose of the fund equity was as a safety reserve to provide for unforeseen circumstances.

In the early years of Proposal A, the State assumed the responsibility for adjusting the cash flow to approximate the pre-Proposal A revenue collection schedule from local property taxes. This was done through a transitional payment system, utilizing a State fund called the Budget Stabilization Fund (BSF).

In 1998, following the Durant settlement, the State spent the Budget Stabilization Funds to pay the litigant districts (including Ann Arbor) the awarded settlement for the Durant litigation. Since the BSF funds were exhausted, that ended the transitional payments. The State Aid payment schedule changed from 9 payments plus the transitional payments to 11 payments, with two of those payments delayed into the district's next fiscal year. The delayed payments in the new schedule left local districts with a significant cash flow problem. The result was that districts would either have to borrow funds during the year or increase their fund equity.

The Ann Arbor Board of Education made the fiscally responsible decision to change board policy, increasing the fund equity target from 1/12 to 1/6 of the annual general fund operating budget (or, from 1 month to 2 months of expenditures). This was done both in anticipation of the change in the payment schedule and in response to the growing uncertainty due to the structure of school funding under Proposal A. The new reality is that local district funding has moved from the relative stability and predictability of local property taxes to considerably less stable and secure State sources.

Many of the litigant districts had the luxury of being able to retain their Durant settlement monies to provide for their district cash flow needs. Unfortunately, AAPS needed to utilize those funds to help pay for the substitute teacher litigation settlement.

Today, AAPS is in better shape than many districts because we positioned ourselves in anticipation of the State fiscal problems we are now experiencing. This is similar to the actions I took in the late 1990's to position the district to address the early effects of Proposal A (to keep cuts from the classroom as long as possible) and in response to the considerable cost exposure from the substitute teacher lawsuit.

The following questions have been posed by Ann Arbor News Reporter Ann Schimke to Superintendent George Fornero on January 28th, 2003:

Question #1-

An additional \$12 million was added to the fund equity account last year. Where did that money come from?

Answer-

Prior year foundation allowance increase and special education adjustment	\$1.9 million
Other adjustments (Golden Apple, professional development, etc.)	\$0.4 million
BOE Resolution to replenish the fund equity	\$2.0 million
Substitute teachers lawsuit malpractice reimbursement	\$2.7 million
Budget carryover & encumbered purchase orders	\$2.4 million
Budget/ energy savings	<u>\$2.9 million</u>
Total	\$12.3 million

Question #2-

The fund equity balance was \$36 million on June 30, 2002. Where did that money come from? That is approximately 1/5 of the district’s overall budget. Is this higher than usual? If so, why?

Answer-

The \$36.4 million total fund balance represents funds both reserved and unreserved or designated, as follows:

Reserved for encumbrances, inventory and grant programs	\$1.5 million
Designated for risk management, legal action	\$2.3 million
FY 01/02 budget carryover (for instruction)	\$1.4 million
Compensated absences (vacation, sick leave, term pay)	\$4.3 million
July/ August State Aid (termed cash flow designated for the summer payroll)	\$16.9 million
The ‘True’ Undesignated fund balance	<u>\$10.0 million</u>
Total	\$36.4 million

The total fund balance as of June 30, 2002 is higher than it has been in the last seven year (at least). However, note that it now includes the two-month delayed July-August State Aid payments of \$16.9 million, used to pay summer expenses resulting from the previous year’s budgeted expenditures.

Referring to the chart showing the reported versus the ‘true’ undesignated fund balance, it can be seen that the district has been in the process of recovering from the nearly \$12 million shortfall in the ‘true’ fund balance, created by the State’s delayed payment schedule and, to some degree, contributed to by the substitute teacher lawsuit.

In the financial reports, for the past few years the true level of the district's undesignated fund balance has been masked by the State Aid receivables. (Note that this reporting format has been changed, beginning with the FY2002 audit report.) Through this period, the district has been fortunate to be able to utilize reserved, designated and undesignated funds to meet its cash flow needs, without having to borrow funds to meet payroll. (As a point of reference, the district spends, on average, \$13 million a month).

Note that the district is finally in the black in terms of the 'true undesignated' fund balance for the first time in four years, fully one year ahead of schedule. The district has been fortunate to have been able to rebuild its financial base a year earlier than anticipated due to several major factors: Some successful budget savings, the malpractice settlements for the substitute litigation, one-time State aid prior year increase/ special education adjustments and the efforts of the Board to dedicate several million dollars over the past three years to rebuild the fund balance.

Question #3-

What is the fund balance as of December 30, 2002?

Answer-

Fund balance is calculated and reported only as of June 30th, not the end of December. We are on a July-June fiscal year, not on a calendar year. At the present time, there are no known large, unforeseen expenses or any known new and significant sources of revenue. Therefore, the district is on track to complete the year as budgeted. However, the actions of the State Budget Office are unknown at this time.

Other Notes:

The undesignated fund balance remains the same as of December 30, 2002, at the \$10 million level. However, a number of the other reserves noted on page 1 (purchased supply encumbrances, budget carryover, inventory, grant programs, etc.) have already been spent. At this point in the fiscal year, the legal expenses have exceeded budget, though those expenses are currently being covered in the 2002-03 budget. If needed, we will adjust this line item in late spring when we present the 3rd quarter financial report to the board.

Note that any unexpended budget at the end of the fiscal year will be used to help offset reductions in revenue for FY 2003-04. That information will not be available until late spring. Our goal is to maintain the undesignated fund balance at the current \$10 million level. With the delayed state aid payment of \$16.9 million, we are now in compliance with the board policy of 2 months reserve.

Question #4-

Will we use the fund equity to mitigate the effects of the state budget reduction?

Answer-

For the current fiscal year (FY 02-03), in anticipation of the State's fiscal problems, expenditures were budgeted lower than revenue. I did not feel that the State's fiscal realities could support some of the early overly-optimistic promises made the spring of 2002. Therefore, we took a proactive approach in positioning the district for a potential revenue shortfall. This information was presented last spring to the Board of Education (Please reference my presentation, "Focus On the Future" given on May 22, 2002) where I warned that this could be the worst year since the inception of Proposal A.

The District is fortunate to now have a positive fund equity to help smooth these unanticipated budget shortfalls. This is where careful fiscal management pays off. However, we need to be ever mindful of the long-term effect a reduction in the foundation allowance could have on future budgets.

Question #5-

Why not use fund equity for salary increases?

Answer-

The district's 'true' undesignated fund equity is finally replenished to a positive balance of \$10 million. However, this is merely one-time money (and is less than one-month's expenses). If recurring expenses- such as salaries- were to be based on such one-time monies as the fund equity, with no way to regularly replenish those funds, then the funding would soon be depleted and the district would quickly find itself in a deficit situation. This approach would not be sound fiscal management.

A fund balance is a valuable asset as a stabilizing factor for the financial operations of a school district. If those monies are to be used for other than cash flow purposes, then they should be used for one-time expenses such as an emergency repair of a building, paying a one-time legal judgment, etc.

It is very important to keep in mind: One-time money should only be used for one-time expenses; recurring funds are needed to support recurring expenses. Disregarding this fundamental principle can result in serious problems, and is an important reason that government entities (as well as for-profit businesses) can find themselves in financial difficulties.

GOVERNANCE

GOVERNANCE

Legislation Concerning Budgeting - State Of Michigan

REQUIREMENTS UNDER THE UNIFORM BUDGETING AND ACCOUNTING ACT (Public Act 621)

The provisions of P. A. 621 became effective for the school year beginning July 1, 1981. At that time, boards of education and school district administrators were required to adopt procedures to come in compliance with the Act. The purpose of the Act is to provide the structure necessary for a close relationship between the administration and the local school district school board with regard to the establishment of budgets and appropriations. The Act also provides that the Superintendent of Public Instruction shall publish suggested manuals, forms, and operating procedures for use by local and intermediate school districts (ISD's).

In addition, the Act provides for penalties for violations that occur under the Act when brought to the attention of the Attorney General, State of Michigan.

The following paragraphs list the major revenue and expenditure appropriation categories for the various funds:

General Fund (and various others) - The following major revenue categories and expenditure functions constitute the minimal levels of appropriation for the general fund, school service fund, debt retirement fund, building and site fund and recreation fund at the local school district level.

- Local
- Intermediate
- State
- Federal
- Incoming Transfers & Other Transactions

EXPENDITURES

Instruction:

- Basic Program
- Added Needs
- Adult and Continuing Education
- Unclassified
- Instruction - Employee Benefits

Support Services:

- Pupil
- Instructional Staff
- General Administration
- School Administration

Business
Operations and Maintenance
Pupil Transportation
Central
Other
Support Services. - Employee Benefits
Community Services
Outgoing Transfers and Other Transactions

The budgets projected are subject to the provisions of Act 94 of the Public Acts of 1979, as amended, or by any other law. It shall be consistent with the uniform chart of accounts prescribed for local and intermediate school districts by this Manual (Bulletin 1022, revised).

RESPONSIBILITY

The Superintendent, as chief administrative officer of a local or intermediate school district, is responsible for budget preparation and presentation to the school board of the district and for the control of expenditures as presented in the budget and general appropriations act. In the case of local school districts which do not employ a superintendent, the elected official who prepares and administers the budget shall act as the district chief administrative officer.

ASSIGNMENT

The Superintendent of the school district may assign the duty of preparation and administration of the budget to a fiscal officer, such as a controller, a finance director, or a business manager, or to an elected or appointed official for such purpose.

BUDGETS REQUIRED

Local school districts must prepare a budget for the general fund, school service fund (food service, athletics, capital outlay), and debt retirement fund. Although not required by law, if a school district levies a building and site millage, it is recommended that a formal budget and general appropriation resolution be adopted by the board of education.

INFORMATION TO SCHOOL BOARD

The Superintendent shall furnish the school district board of education such information as the board requires for proper consideration of the recommended budget. The budget must include revenue and expenditure information for the most recently completed fiscal year and the ensuing fiscal year. The information should include the amount of surplus or deficit accumulated from prior fiscal years and an estimate of the surplus or deficit expected as a result of the budget being considered.

CAPITAL CONSTRUCTION PROJECTS

Information summaries should be provided for each capital construction project. The informational summary should include total cost, proposed method of financing, projected annual operating costs, and the method of financing the operating costs.

GENERAL APPROPRIATIONS RESOLUTION

The local school board shall pass a general appropriation resolution for the general fund, the school service fund, the debt retirement fund, the recreation fund, and the building and site sinking fund.

Deviations from an original appropriation shall not be made without amending the appropriation by the local school board.

DEFICITS PROHIBITED

When it is determined that the actual and probable revenue from taxes and other sources in a fund are less than the estimated revenues, including available fund balances, upon which appropriations from the fund were based, the Superintendent shall recommend to the board of education a plan to prevent expenditures from exceeding available revenues for the current fiscal year.

BUDGETARY CONTROL

The Superintendent of the school district shall not incur an expenditure against any specific appropriation in excess of the amount authorized by the board of education unless specified in the appropriation.

An appropriation shall not be incurred except pursuant to the authority and appropriations of the school board.

REQUIREMENTS FOR PUBLIC HEARING ON THE BUDGET

Each school district must hold public hearing on its budget before it is adopted as provided for in the School Laws.

The General School Laws also require that prior notice of the hearing must be given to the public:

....notice of such hearing to be given by publication in a newspaper of general circulation within such unit at least six days prior to such hearing. Such notice shall include the time and place of such hearing and shall state the place where a copy of such budget is available for public inspection.

The hearing must be held before the final adoption and after the tax rate allocation has been fixed by the board:

....each local unit shall hold such public hearings prior to final adoption of its budget. Units which submit budgets to a county tax allocation board shall hold such hearing after its tax rate has been fixed by such a board.

REQUIREMENTS OF THE STATE SCHOOL AID ACT

Section 102 the School Aid Act prohibits deficit (negative equity) in budgeting:

....a district receiving money under this act shall not adopt or operate under a deficit budget and a district shall not incur an operating deficit in a fund during a school fiscal year....

....a district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate district's deficit not later than the end of the school fiscal year after the deficit was incurred.

GENERAL OPERATING FUND BALANCE POLICY

The district shall maintain undesignated and cash flow fund balances. The sum of these fund balances shall be maintained at no less than 1/6 of the total operating expenses of the school district in the general fund operating budget for the coming school year.

Policy adopted: October 10, 1984
Revised: July 25, 1990
February 18, 1998
December 19, 2001
June 11, 2003

**ACCOUNT CODE FUNCTION
DEFINITIONS**

ACCOUNT CODE FUNCTION DEFINITIONS

MAIN CATEGORY Sub-Category	Definition
INSTRUCTION	<p>These are instructional activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides, assistants of any type, supplies and machines which assist directly in the instructional process.</p>
INSTRUCTION Basic Program	<p>Instructional activities including enrichment designed primarily to prepare pupils for activities as citizens, family members, and workers, as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps. Included are Pre-School, Elementary, Middle School, and High School and other basic programs such as summer school and enrichment programs.</p> <p>Costs that can be attributed to direct classroom/student expenses are charged under the categories noted above:</p> <ul style="list-style-type: none"> • classroom teacher salaries and benefits • classroom teacher assistant salaries and benefits • substitute teachers • teacher hourly salaries • field trips • instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other • a-v materials, library books, etc. • contracted services, workshops & conferences/travel <p><i>Examples of costs are: site based improvement program, at-risk program, computer lab assistants, school assembly performances, driver education for high school students, pre-school materials and instructional toys, summer school hourly teachers</i></p>

ACCOUNT CODE FUNCTION DEFINITIONS

INSTRUCTION	Added Needs	<p>Instructional activities for pupils' added needs such as special education, vocational education and compensatory education. Expenditures during the regular school year and the summer program should be included under this function number.</p> <p>Compensatory education costs are accounted for in federal fund, not general fund since funds for programs such as Title I come from federal sources.</p> <p>Costs that can be attributed to direct special education, vocational education, compensatory education and other added needs' classroom/student expenses are as follows:</p> <ul style="list-style-type: none">• classroom teacher salaries and benefits• classroom teacher assistant salaries and benefits• substitute teachers• teacher hourly salaries• field trips• instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other• a-v materials, library books, etc.• contracted services, workshops & conferences/travel <p><i>Examples are: evaluation consultants for impaired or learning disabled students, resource teachers, inclusion teacher assistants, hearing impaired equipment, substitutes due to IEPC meetings; auto shop tools and equipment, welding tools, computers for business technology classes, food supplies for Covered Wagon.</i></p>
INSTRUCTION	Adult/ Continuing Education	<p>Learning experiences designed to develop knowledge and skills to meet educational objectives of adults.</p> <p>The Adult Education Program in the Ann Arbor Public Schools has three important components; they are: the High School Completion Program, Adult Basic Education and Project Education. Both High School Completion and Adult Basic Education programs serve students 20 years old and over and are free to those eligible. Funding comes from the State of Michigan. The High School Completion Program is for adults who are working on completion of their high school diploma or G.E.D., while Adult Basic Education provides English as a Second Language classes for foreign-born adults. Project Education is an alternative high school for students aged between 15-19 years old working to complete their high school diploma. Since they are considered part of our district's K-12 students, we receive foundation allowance to fund this program.</p>
INSTRUCTION	Adult/ Continuing Education (continued)	

ACCOUNT CODE FUNCTION DEFINITIONS

SUPPORTING SERVICES

These are services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and to a lesser degree, community services. Supporting Services supplements the fulfillment of the objectives of instruction.

SUPPORTING SERVICES

Pupil

Services which are designed to assess and improve the well-being of pupils and to supplement the teaching process. Services under this category are: Attendance Services, Guidance Services, Health Services, Psychological Services, Speech and Audiology Services, Social Work Services, Visual Aid Services, Teacher Consultant and Other Pupil Services.

Costs that can be attributed under these categories are:

- salaries and benefits for auxiliary services staff such as: psychologist, social worker, speech therapist, teacher consultant, guidance counselor, occupational therapist
- salaries and benefits for community assistants
- hourly salaries for noon supervisors and monitors
- supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies.
- contracted services, workshops & conferences/travel

Examples: conflict management costs, TB & Flu shots, attendance secretaries, noon supervisors, hall monitors, homebound students' costs, crossing guards, police security in high schools

ACCOUNT CODE FUNCTION DEFINITIONS

SUPPORTING SERVICES

Instructional Staff

Consist of activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

Costs that can be attributed under these categories are:

- salaries and benefits for curriculum coordinators and staff development personnel such as: music, P.E., art, math, science coordinators, staff development personnel, directors and supervisors of programs, able learner coordinator, librarians
- salaries and benefits for secretaries in staff development, curriculum office, directors' offices
- hourly salaries for teacher clerks and library clerks
- supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies
- contracted services, workshops & conferences/travel

Examples: teacher clerk hourly costs, library clerk, workshops/in-service costs for training teachers and support staff, media services staff, IMC services, summer production work

SUPPORTING SERVICES

General Administration

Consist of those activities concerned with establishing policy, operating schools and the school system, and providing the essential facilities and services for the staff and pupils.

Costs that can be attributed under this category:

- salaries and benefits for administrative staff such as: Superintendent, Deputy Superintendent for Instructional Services, Assistant Superintendent for Instructional Supervision and Support, Administrator for Secondary Education and their office staff
- Board secretary's salary and benefits
- election costs, audit fees, celebration of excellence costs, retirement dinners, board agenda packet printing, legal expenses
- Board stipends, meeting expenses
- workshops/conferences and membership costs
- office supplies and materials, repair and maintenance of equipment, new and replacement of equipment

ACCOUNT CODE FUNCTION DEFINITIONS

SUPPORTING SERVICES

School Administration

Consists of those activities concerned with overall administrative responsibility for a single school.

Costs that can be attributed under this category:

- Principals, assistant principals, class principals, and secretaries' salaries and benefits
- Principals' office supplies and materials, equipment and repair
- Summer school principals' hourly cost and their hourly help
- Postage, office supplies and materials
- Secretary hourly

SUPPORTING SERVICES

Business Services

Activities concerned with purchasing, paying, transporting, exchanging and maintaining goods and services for the school district. Included are the fiscal acquisition of facilities, and internal services for operating all schools.

Costs attributed under this category are as follows:

- salaries and benefits of finance staff such as: Deputy Superintendent for Business Services, purchasing agent, finance director, payroll and accounts payable staff, purchasing assistant, central duplicating supervisor, warehouse staff, secretaries
- supplies and materials, maintenance and repair of equipment,
- new and replacement of equipment
- printing, postage, membership dues, subscriptions
- contracted services

Examples: lease payments for district printer/duplicator, payroll and accounts payable checks, rental of commencement site, vehicle, property, liability insurance, bank charges, theft replacement.

SUPPORTING SERVICES

Operation and Maintenance of Plant

Consists of those activities concerned with keeping the physical plant open comfortable and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds and in the vicinity of schools. All utility

ACCOUNT CODE FUNCTION DEFINITIONS

SUPPORTING SERVICES

**Operation and Maintenance of Plant
(continued)**

expenditures such as electricity, heating (metered or bulk supply), water and sewage waste and trash disposal and telephone charges are also included under this section.

Costs attributed under this category are:

- custodian and maintenance staff salaries and benefits
- facilities director, Capital Planning director, custodian supervisor, Utilities and Environmental director, secretaries and crew chiefs salaries and benefits
- maintenance of heavy equipment, repair, replacement of equipment and new equipment
- school building and grounds maintenance supplies
- electricity, telephone, sewer, heat costs
- supplies and materials to maintain the schools

SUPPORTING SERVICES

Pupil Transportation Services

Consists of those activities concerned with the transporting of pupils to and from school, as provided by state law. It includes trips between home and school or trips to school activities. All other direct costs related to pupil transportation should be included under this function, i.e., physical exams, workshops, and conferences, uniforms, school bus driver licenses, awards, bus monitors, etc.

Costs attributed under this category are as follows:

- salaries and benefits for bus drivers, bus monitors, transportation supervisors, secretaries, mechanics, and dispatcher
- hourly costs for bus drivers
- Repair and maintenance of busses, printing, local travel, new and replacement of equipment

Examples: bus drivers' license, vehicle parts, gasoline, tires and batteries, AATA passes, bus drivers' physical examinations

SUPPORTING SERVICES

Central

Activities other than general administration which support each of the other instructional and supporting service programs.

Costs attributed under this category:

- salaries and benefits for Information Services Director, Research and Evaluation Specialists, Director for Human Resource Services, Human Resource Services

ACCOUNT CODE FUNCTION DEFINITIONS

SUPPORTING SERVICES

**Central
(continued)**

- staff, Research and Evaluation staff, Computer Services director and staff, Child Accounting secretary
- supplies and materials, postage, printing, local travel, workshop and conference
 - repair and maintenance of computers, copiers and audio visual equipment, new and replacement of equipment
 - consultant services

Examples: arbitration and grievance settlement costs, negotiations costs, computer paper supplies, parts for computers and a-v equipment, test supplies for district-wide use

SUPPORTING SERVICES

Other

Activities of any supporting service or classification of services, general in nature, which cannot be classified in the preceding service areas.

COMMUNITY SERVICES

Community Services consist of those activities that are not directly related to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities.

Costs attributed under this category:

- salaries and benefits for Recreation and Community Service supervisors and secretaries, recreation specialists, Partners for Excellence Coordinator, Community Coordinators,
- Rec and Ed supplies and materials, postage, printing, workshop/conference, local travel
- repair and maintenance of equipment, new and replacement of equipment

Examples: handicapped program costs, senior citizen program costs, and enrichment program costs

ACCOUNT CODE FUNCTION DEFINITIONS

OUTGOING TRANSFERS AND OTHER TRANSACTIONS

Conduit type (outgoing transfers) payments to other school districts or administrative units in the state or in another state, modifications from one fund to another fund in the school district, and other transactions.

Examples: tuition payments for COPE students, tuition payments for Special Education students attending out of district programs, subsidies to other funds such as athletics, trust and agency and federal programs

GLOSSARY

GLOSSARY

Administrators	Any FTE employee who is primarily engaged in activities which have as their purpose the general regulation, direction and control of the affairs of the school district that are system wide and not confined to one school, subject, or narrow phase of school activity.
Benefits	Includes mandatory and contractual additions (benefits) to salary. Mandatory benefits include FICA and retirement. Non-mandatory benefits include health, life, dental, vision insurance, compensated absences (vacation/sick), etc.
Blended Membership Count	The number of pupils counted in the schools in February (previous fiscal year) and September (current fiscal year). A blend of these counts determine the number of pupils eligible for foundation guarantee funding.
Categorical Funding	Revenues specifically identified in the state aid act or other state law which must be used for a specific purpose. Often, if this money is not completely used it is required to be refunded to the state. Many categoricals are paid based on estimates and must be adjusted or carried over once actual costs are known.
Foundation Allowance	A funding formula providing for a per pupil distribution of State Aid based on the district's previous combined state and local revenue and the growth in the state's State Aid Fund.
FTE	Full time equivalent. Refers to employees (personnel on the school payroll) or pupils of the district. [Two part-time employees working 50% of the normal hours for a particular position represent on (1) FTE.]
Hold Harmless Millage	Also known as Supplemental millage. Additional local operating millage approved by the voters of the district, for districts which require additional millage to fund the foundation allowance. This millage is levied first on homesteads. [If more than 18 homestead mills are required, the additional mills are levied on homestead and non-homestead property until the revenue guarantee is obtained.]

GLOSSARY

Homestead Property	Any dwelling, or unit in a multiple-unit dwelling, that is owned and occupied as a principal residence of the owner and includes other contiguous, unoccupied parcels owned by the owner of the homestead. Leasing less than 50% of a homestead to another person as a residence does not disqualify the property as a homestead. The owner must be an individual.
Local Assessed Valuation	The value placed upon each piece of property by the local assessor within his/her jurisdiction.
Millage	The rate of taxation applied to the taxable value representing 1/1000 of a dollar.
Non-Homestead Property	Any dwelling, that is not owned and occupied as a principal residence by the owner, i.e., commercial, industrial or rental of second homes.
Non-Homestead Millage	A local operating millage approved by the voters of the district on property where a homestead exemption has not been granted. For most districts, 18 non-homestead mills are levied.
Other Support Staff	Any FTE employee who, in general, does not supervise another employee and who provides logistical support to facilitate and enhance instruction. Responsibilities include, but are not limited to, preparing, transferring, transcribing, systematizing, or preserving written communications and records.

GLOSSARY

Proposal A

An amendment to the State Constitution of 1963 voted by Michigan voters on March 15, 1994, which became effective April 30, 1994.

- A. Limits increase in the "taxable value" of property in 1995 and each year thereafter to increases in the "general price levy" or five percent (5%), whichever is less, until ownership is transferred.
- B. Requires that any law that increases the statutory limits, in effect on February 1, 1994, on the maximum amount of property taxes that may be levied for school district operating purposes, obtain the approval of 3/4 of both the House and Senate.
- C. Mandated a two percent (2%) increase in the state sales tax with the proceeds dedicated to the state school aid fund (from 4% to 6%).
- D. Guarantees each local school district that the total state and local per pupil revenues for operating purposes in 1995-96 and each year thereafter will not be less than 1994-95 so long as the local school district's millage rate levy is not less than the 1994 levy.

Reserves (Fund Equity)

Funds set aside in a school district budget to provide for future expenditures or to offset future losses, for working capital (cash flow) or for other purposes.

Salaries

The total amount regularly paid or stipulated to be paid to an individual, before deductions for personal services rendered while on the payroll of the school district. Payments for sabbatical leave are also considered salary.

State Equalized Value

The value attached to the property listings of an assessing unit by the State Tax Commission in order to equalize assessments at 50 percent of true cash value on a statewide basis.

State Wide Millage

6 mills levied by the State on all property with the proceeds dedicated to the State's State Aid Fund.

GLOSSARY

Step Increase

The automatic increase in salary based on number of years of service and/or educational degrees obtained. The step increase is in addition to any negotiated contractual salary increase. A step increase continues for 5-13 years, depending on the bargaining unit.

Supervisors and Coordinators

Any FTE who supervises or coordinates another employee. These staff provide supervisory, technical or logistical support to facilitate and enhance instruction.

Taxable Value

Property value used for determining the amount of property tax levied on each parcel. Different from the State Equalized Value due to per parcel limits on property value increases (per Proposal A).

Teachers

Any FTE employee who provides direct permanent instruction to pupils. (Does not include substitute teachers.)

No person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination in any educational program or activity available in any school on the basis of race, color, sex, religion, creed, political belief, age, national origin, linguistic and language differences, sexual orientation, socio-economic status, height, weight, marital or familial status, or disability. Policy #5145.9, Adopted: 7/29/81; Revised: 9/9/98.