



Ann Arbor Public Schools

Proposed Budget 2010-2011

**Board of Education Meeting
May 26, 2010**

How AAPS is Funded

Definitions:

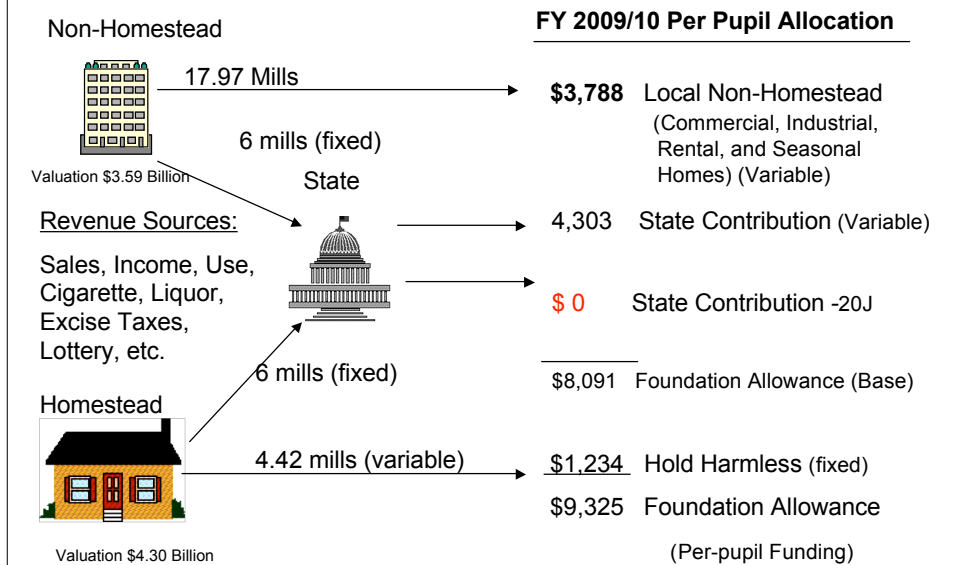
Foundation Allowance:

A funding formula providing for a per pupil distribution of State aid based on the district's previous combined State and local revenue, the growth in the State's School Aid Fund and legislative action. Since determined in 1994, growth can only occur by legislative action.

Blended Membership Count:

The actual number of pupil memberships (converted to full-time equivalent) for the February and September counts. A 25 percent to 75 percent blend respectively of these counts determines the number of pupils eligible for Foundation Allowance Funding.

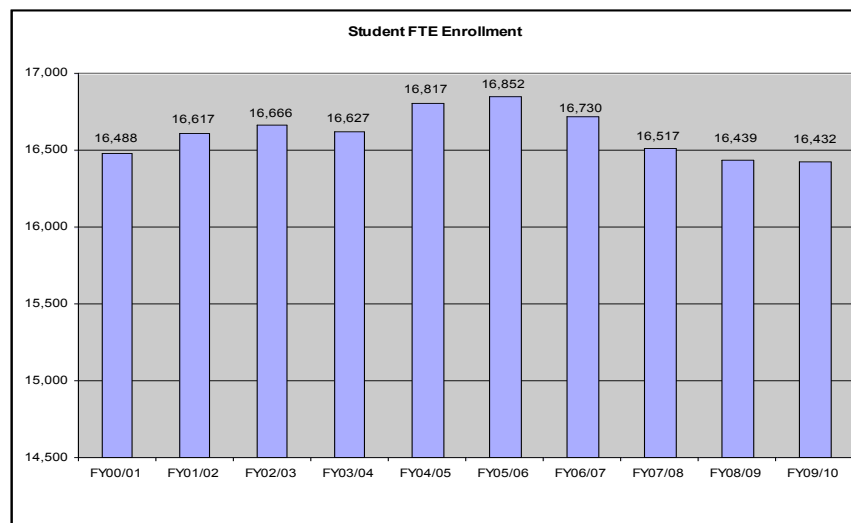
Building a Foundation Allowance



Funding Reduction

- 2009/10
 - \$165 per pupil reduction in Foundation Allowance
 - \$233 per pupil cut in 20j
 - Total = \$398 per pupil; \$6.5million
- 2010/2011
 - Expect an additional \$200 - \$300 per pupil reduction; \$4.9 million
 - Need to address approx \$6 million structural deficit
 - Approximate deficit to be addressed 2009/10 - 2010/11 = \$20 million

Historical Blended FTE Count

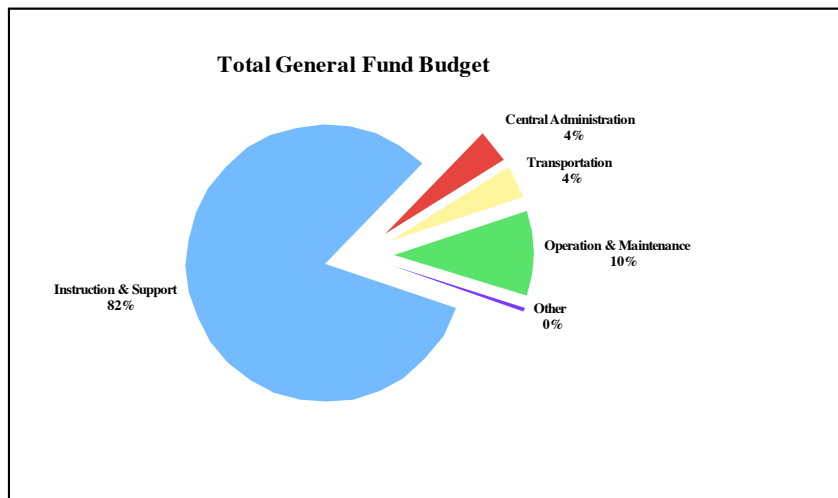


FUNDING ALLOCATION SINCE PROPOSAL A

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	1.97%
97-98	\$8,196	\$154	1.91%
98-99	\$8,196	\$0	0.00%
99-00	\$8,434	\$238	2.90%
00-01	\$8,734	\$300	3.56%
01-02	\$9,034	\$300	3.43%
02-03	\$9,181	\$147	1.63%
03-04	\$9,160	-\$21	-0.23%
04-05	\$9,234	\$74	0.81%
05-06	\$9,409	\$175	1.90%
06-07	\$9,619	\$210	2.23%
07-08	\$9,667	\$48	0.50%
08-09	\$9,723	\$56	0.58%
09-10	\$9,325	-\$398	-4.09%
	Average Increase	\$109	1.32%

Overview of the AAPS Budget

Expenditures as Percentage of Total Budget



What's Included?

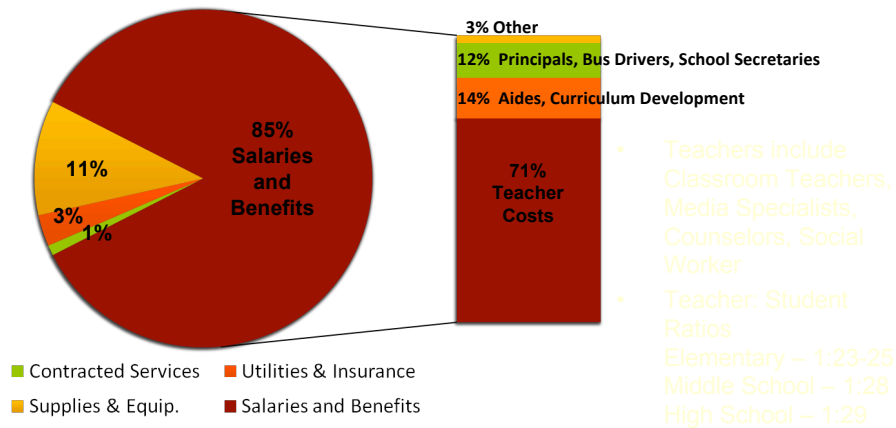
Instruction & Support

- Teachers
- Teacher Assistants
- Technical Assistants
- Coordinators
- Building Administration
- Building Secretaries

Administration & Support

- Central Administration
- Directors/Supervisors
- Administrative Support (Executive Secretaries)
- Custodial/Maintenance
- Transportation

The Driving Cost in our District is People



Analysis of Operating Costs 2009-10

• Basic & Added Instructional Needs	\$110,003,417	57.31%
• Adult Education	70,988	0.04
• Student Support Services	44,709,570	23.29
• Executive Administration	1,589,699	0.83
• Central Administration	3,812,413	1.98
• Operations & Maintenance	18,780,870	9.78
• Business Services	1,850,594	0.96
• Transportation	7,205,097	3.75
• Community Services	639,604	0.33
• Outgoing Transfers	3,292,308	1.72
Total	\$191,954,560	100.00%

Assumptions Used For Revenue Projections For Fiscal Year 10-11

- State funding to decrease by \$268 per pupil
- Slight decrease in interest income
- Increase in other local funding --
Tower Rentals, Facilities Rental, Parking Project, consolidation of services

Expenditure Projections

Key Components:

- Incremental Budget Increase (Step, FICA, Retirement)
- Fringe Increases (Health, Life, Dental, etc.)
- State Retirement Rate
- Contract Negotiations
- Other (Legal, Liability Insurance, Utilities, etc)

Assumptions Used for Expenditure Projections

- Annual expenditure increase of 8% over the next three years for health benefits
- Retirement rate will increase 2.47%, from 16.94% to 19.41% for FY 10/11
- Wage increases are based on negotiated settlements, if known

Guiding Principles and Considerations in Developing the Budget

- Aligning with the goals in the District's Strategic Plan
- Maintaining a focus on academic excellence and improving student achievement
- Maintaining a variety of educational options for students
- Considering how to provide programs and services differently while reducing costs
- Identifying new revenue options as well as cost savings
- Looking first to reduce costs in non-instructional and administrative functions

FY 2011 Budget Reduction Summary

Proposed Budget Reductions	Potential Reductions	Staffing Impact (FTE)
Part 1		
District Non-Instructional Support Services	\$4,440,000	4.0
Elementary Programming	\$910,000	9.0
Middle School Programming	\$928,000	13.2
High School Programming	\$2,325,000	28.0
District Instructional Support	\$3,700,000	28.0
District-Wide Savings (Health Care, Overtime, Election Costs...)	\$2,230,000	0
Sub-Total =	\$14,533,000	82.2
Part 2		
Instructional Staff	\$3,710,000	40.0
Non-Instructional Staff	\$160,000	2.0
Supplemental Pay and Professional Development Costs	\$280,000	0
Sub-Total =	\$4,150,000	42.0
Total Reductions =	\$18,683,000	124.2

Overview of Reductions

Part 1

<u>Employee Group</u>	<u>Number of Positions</u>	<u>% of Group</u>
Administration	9.5	11
AAEA	50.7	4
Office Professionals	9	8
Paraprofessionals	13	5

Part 2

<u>Employee Group</u>	<u>Number of Positions</u>	<u>% of Group</u>
Administration	3	3.5
AAEA	39	3.3
Office Professionals	0	
Paraprofessionals	0	

- Reductions represent a 18% reduction in Administration and Support
- Reductions represent a 7.5% reduction in Instruction and Support

Additional Factors

- State has not set the school aid fund budget for 2010-11
- The state passed retirement reform legislation which included:
 - Retirement Incentives
 - Required all state employees to contribute 3% of their salary to a trust for the purpose of retiree health care
- There are also several other pieces of legislation that may impact our budget:
 - Health care
 - Consolidating services
 - Contracting services

Three Year Budget Projection

ITEM DESCRIPTION	----- PROJECTED -----			
	2009/10	2010/11	2011/12	2012/13
Blended Count	16,433	16,432	16,432	16,432
Revenue (May 14, 2010)	\$181.58	\$183.64	\$176.57	\$178.44
EXPENDITURES:				
Basic Expenditures (Estimated for FY10)	\$189.15	\$195.76	\$183.19	\$187.67
Salary Differential/Vacancy Savings		(\$0.95)	(\$0.95)	(\$0.95)
Step Increment (includes FICA & Retirement)		\$1.94	\$1.94	\$1.94
Fringe Increase		\$1.74	\$1.74	\$1.74
Retirement Rate Adjustment		\$3.04	\$1.75	\$1.75
Utilities Increase		\$0.00	\$0.00	\$0.20
AAEA Negotiations Settlement		\$0.00	\$0.00	\$0.00
Other Barg. Units (settled contracts)		\$0.10	\$0.00	\$0.00
Early Retirement Incentive Payout		\$0.00	\$0.00	\$0.00
Budget Reduction Plan	\$0.00	(\$18.68)	\$0.00	\$0.00
TOTAL EXPENDITURES	\$189.15	\$182.95	\$187.67	\$192.35
Balance/Deficit	(\$7.57)	\$0.69	(\$11.10)	(\$13.91)
Fund Equity - Beginning Balance	\$ 27.07	\$ 19.50	\$ 20.19	\$ 9.09
Fund Equity - Ending Balance (Est.)	\$ 19.50	\$20.19	\$ 9.09	\$ (4.82)

Ongoing Planning

- Strategic Planning Process:
 - Review plan
 - Examine educational programming options at elementary, middle, high school and SISS
- Goals:
 - Provide short and long-term recommendations regarding educational program and district services
- Special Education Millage Renewal

Questions