

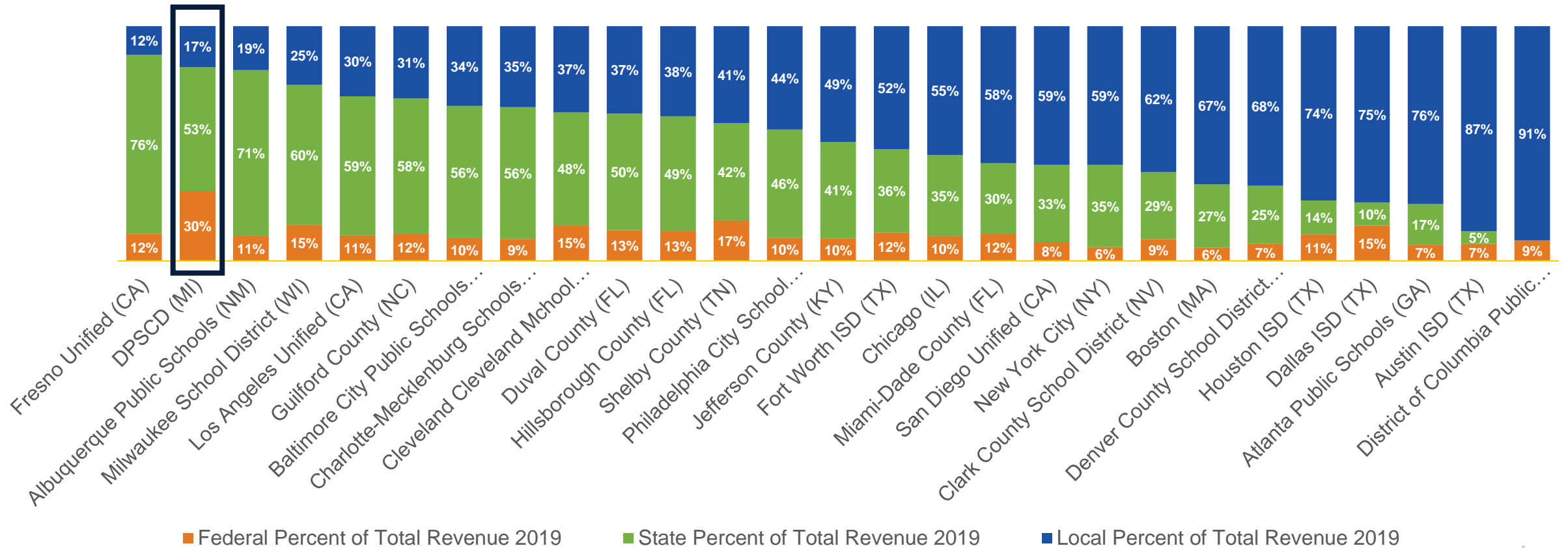
FY24 General Fund Budget Proposal



DPSCD Funding Comparison



A higher percentage of DPSCD revenue is restricted federal funds. Restricted funds limit the District's ability to fund core work – teachers, school leadership, school operations.



■ Federal Percent of Total Revenue 2019

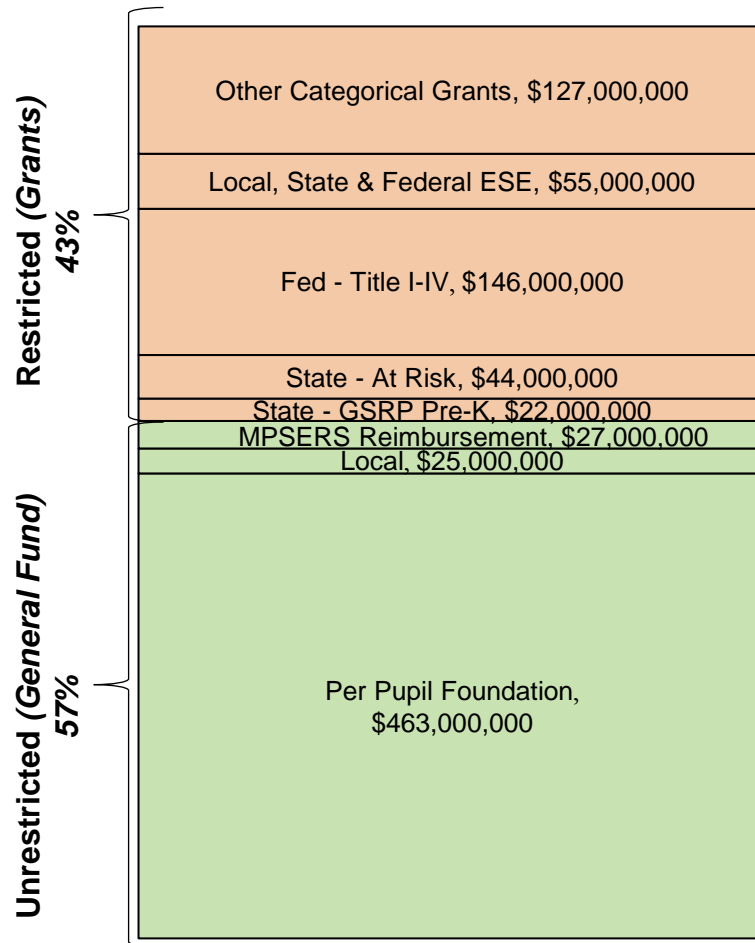
■ State Percent of Total Revenue 2019

■ Local Percent of Total Revenue 2019

How is the District General Fund Spent?



Only General Fund revenue can be used to support base school operations, staffing, and salaries.



Local & State General Fund is used for:

- ✓ Teacher salary and benefits
- ✓ School based administration (Principal, APs, Clericals) salary and benefits
- ✓ School supplies and discretionary expenses
- ✓ School Operations – custodial, maintenance, transportation, utilities
- ✓ Student recruitment, marketing, advertising
- ✓ Unfunded ESE expenses
- ✓ Core Central Office Functions – Assessments, Communications, Finance, HR, IT, Legal, Payroll
- ✓ Facility Improvements (Heating & Cooling, Fencing, Paving, Roofing, etc.)
- ✓ Future negotiated salary and benefit cost increases

State & Federal Restricted Categorical funding cannot be used to fund base school operations. The funds can only be used to provide SUPPLEMENTAL ALLOWABLE services.

COVID Funded Programs



Initiative	Projects	Ongoing Status
Bring Students & Families Back	Parent Outreach Coordinators	Maintain in Title 1
	Kindergarten Bootcamp	Maintain in Title 1
	Student Canvassing	Continued but Reduced in Scale
Maximize Safe Face to Face Learning	PPE (Masks, Sanitizer, Materials), Deep Cleaning, COVID Testing	Ends 6/30/23
	Higher additional teachers to lower class size and build bench	Ended 6/30/22
	Supplemental online & student materials	Continued but reduced in Scale through Title IV
Meet Academic Needs of Students	Expanded Academic Tutoring, Intervention	Maintain after school ELA/Math tutoring programs in Title 1
	Supplemental AIs	Maintain with Title 1
	Expanded Summer School, Neighborhood Program, After School Programs	Ended 8/1/22
	Supplemental \$540/student allocation to schools	Ends 6/30/23
	Technology Hubs, Expanded Internet Capacity	Ends 6/30/23
	1-1 Student & Staff Laptops	Use one-time surplus (if necessary)
	Virtual School	Maintain with General Fund

COVID Funded Programs



Initiative	Projects	Ongoing Status
Meet Social-Emotional Needs of Students	Expanded Behavioral Support	Maintain with State Categorical Funds
	Expanded Nursing	Reduced to ESE/504 Services
Investing in Our Employees	On The Rise Academy	Maintain in Federal Title Funds
	One-Time Bonus Payments (Hazard Pay, Learning Supplement)	Ended 6/30/22
	Expanded Professional Development	Maintain core PD with Title 2
Improve our Facilities	Facility Master Plan Investments	Starting Now
	One time IT infrastructure	End 6/30/23
Balance our Budget	Off-set loss of student enrollment	End 6/30/23
	Hire supplemental Central Office staff and contractors to support COVID programs	End 6/30/23

Proposed Budget Priorities



- Preserve momentum on **academic achievement, attendance, staffing, climate and culture**
- Address the unique needs of neighborhood and large schools with a more **equitable allocation** model
- Deliver a **fiscally responsible** budget that preserves DPSCD's independence and operational stability
- Make **difficult** but **strategic** budget decisions while providing **meaningful and thoughtful** employment alternatives for as many employees as possible, especially hourly employees

Aim: Develop a balanced budget that maximizes every available funding source, distributes resources equitably not equally, and does not compromise the District's ability to make measurable improvement on its core metrics; student achievement defined by at and above grade level performance and one or more years of growth; improved student attendance; higher staffing levels; improved graduation rates; improved enrollment; and students being "loved, challenged, and prepared."

General Fund Expenses and Revenue: Historical and Projected

There are a number of factors that are reducing general fund availability.

- Despite last year and this year's increase in student enrollment, the overall District enrollment is ~2,000 less than pre-pandemic levels. (~\$20M)
- The District covered the health care costs increasing the past two years. Healthcare costs are projected to increase 5 – 7%. (~\$6M)
- Operation costs for contract vendors (custodial, engineering, transportation) have increased to fill hard-to-staff, high demand, hourly wages. (~\$18M)
- Utility costs have significantly increased \$13M due to inflation (natural gas costs are up 200%) and increased usage (more technology and AC units). (~\$13M)
- Future negotiated salary increases. (~\$30M)

The District anticipates \$50M in new state and federal revenue for 23-24.

Proposed Budget Revenue Assumptions



The budget is based on the Governor's proposed budget increases in general fund and categorical grant fund allocations.

- Per Pupil Allocation is projected to increase by \$458 per student. (~\$22M)
- MPSEs retirement reimbursements are maintained, and the Governor proposed one-time supplemental MPSEs payments.
- Moderate increase in GSRP, At-Risk (31a), CTE and ELL funding. The supplemental ESE funding approved in FY 23 is maintained and new funding for Behavioral Health and Security are continued. (~\$20M)
- The budget does not include one-time federal COVID funding to support school operations. Federal Title I through IV, IDEA include small increases. (~\$5M)

K-12 student enrollment is projected to remain constant at 48,200 student FTEs. The District is projecting a 335-student increase in Pre-K with an additional 20 new classrooms. (\$3M)

The Board is required to adopt the FY24 budget by June 30. The District will continue to monitor state budget proposals and prepare a budget amendment for Fall 2023 that includes final State allocations and Fall student FTE Count. Any general fund increases will be used for salaries, additional positions for smaller schools and safety, and contracted nurses at schools.

FY 24 School Staff & Resource Allocations



Position	Allocation
Assistant Principal	<ul style="list-style-type: none"> Elementary, Middle, K8 >300 = Min. 1 High Schools = 1
Dean of Culture	<ul style="list-style-type: none"> Elementary, Middle, K8 <300 = 1 Neighborhood Schools >500 = 1 Neighborhood HS = Min. 1
Master Teacher Stipend	Maintain current teachers (Min. 2)
Elementary, Middle K8 Teachers	K-3: 1 per 25 students 4-5: 1 per 30 students 6-8: 1 per 35 students
HS Teachers	9-12: 1 per 35 students
Guidance Counselor	K8s: 1 per 500 students HS: 1 per 400 students
Academic Interventionist	Grades 1 – 8: 1 per 150 students Grades 9-12: Maintain current positions
Parent Outreach Coordinator	1 per school
Clerical	Minimum of 2 per school
Security	Minimum 1, based on school need

Staff Model

- ✓ Increase in HS Teacher allocations to address master schedule requirements and credit recovery needs.
- ✓ Staff allocations are based on Spring Enrollment, schools are not held harmless for enrollment declines.
- ✓ All schools receive an AP or a Dean of Culture based on enrollment.
- ✓ Schools may budget for supplemental positions with their discretionary general fund or title funds, including an HS AP, Dean, Counselor, CTA, Para, SCF, AI, attendance agent, or Security Guard.

Discretionary

- Schools receive \$100/PK – 12 student in general fund discretionary.
- All schools are required to fund after school ELA/Math tutoring though District allocation, credit recovery, and have dollars set aside to pay previously negotiated hourly rates for attendance, culture and instructional improvement activities after school or during missed preps.
- Schools must fund individual programs (Math Corps, IB).

Central Resources

- Schools will have an assigned attendance agent or will receive support from one of the District attendance agents.
- School nursing services will be allocated based on IEP and general education student needs.
- Supplemental teacher coaching provided by C&I.



Literacy Lawsuit Summary



If the state approves \$94.4M in one-time Literacy Lawsuit funding, the District proposes a five-year investment plan (\$18M/year). The Literacy Lawsuit funds are restricted and can only be used to:

- Expand Orton Gillingham training
- Fund expanded AI's
- Provide supplemental teachers and AIs to support ELL students
- Fund school repairs, maintenance
- Fund student curriculum, materials, software

The Literacy Lawsuit funds will allow the District to redirect current restricted grant funds to

- Retain contracted nursing
- Continue afterschool and summer programming
- Offer one-time bonuses to staff
- Allow supplemental investments for high school scheduling reform

MacKenzie Scott Funding Strategy



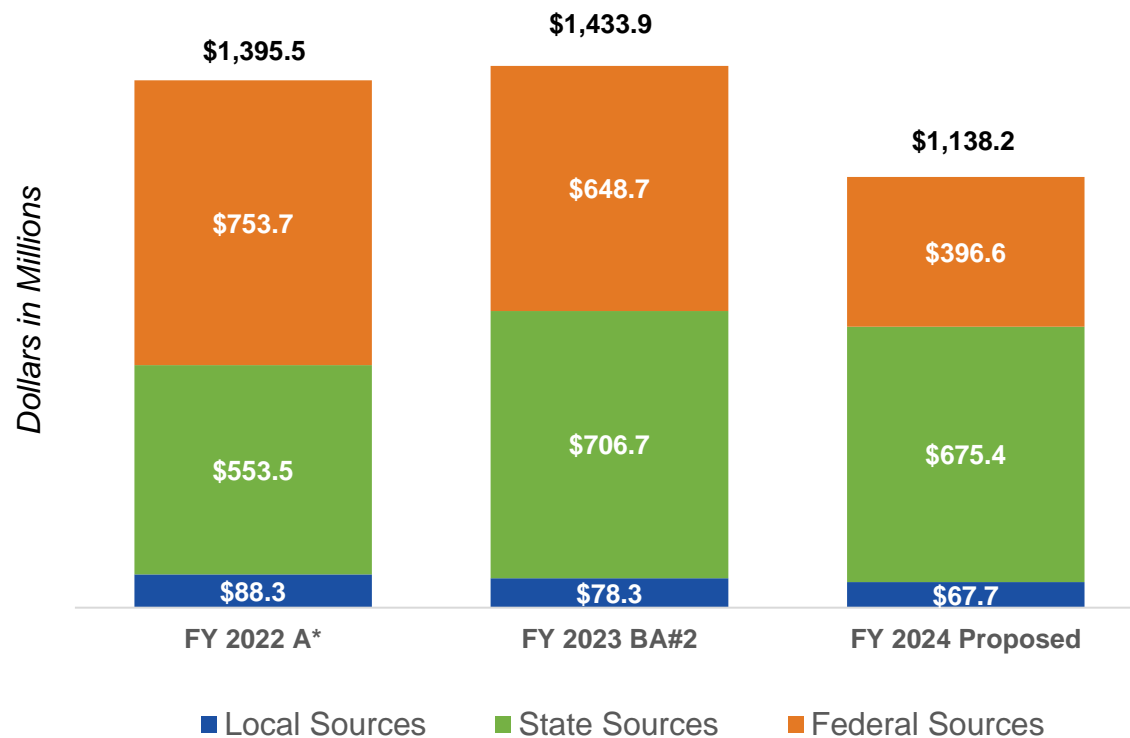
The District received a one-time donation of \$20M from the MacKenzie Scott foundation. The funds are proposed to be used over the next three years to expand intervention for students in grades 1 – 4 at 15 K-8 schools. This strategy is to not only create a model of intervention to raise districtwide student achievement but a model to scale to each school through equitable funding lobbying. The grant will fund:

- An additional 47 Academic Interventionists at the 15 targeted schools to ensure every 1st to 4th grade student below grade level receives high dosage tutoring.
- Provide additional professional development to teachers and AI's at the targeted schools to support the program impact.
- Fund additional central office Curriculum Leader to provide coaching, support, and leadership for the program.
- Fund additional districtwide sub coverage and summer stipends to increase access to professional development for intervention process.

FY 24 Revenue



The District is projecting \$1,138.2M in revenue for the 2023-24 school year.

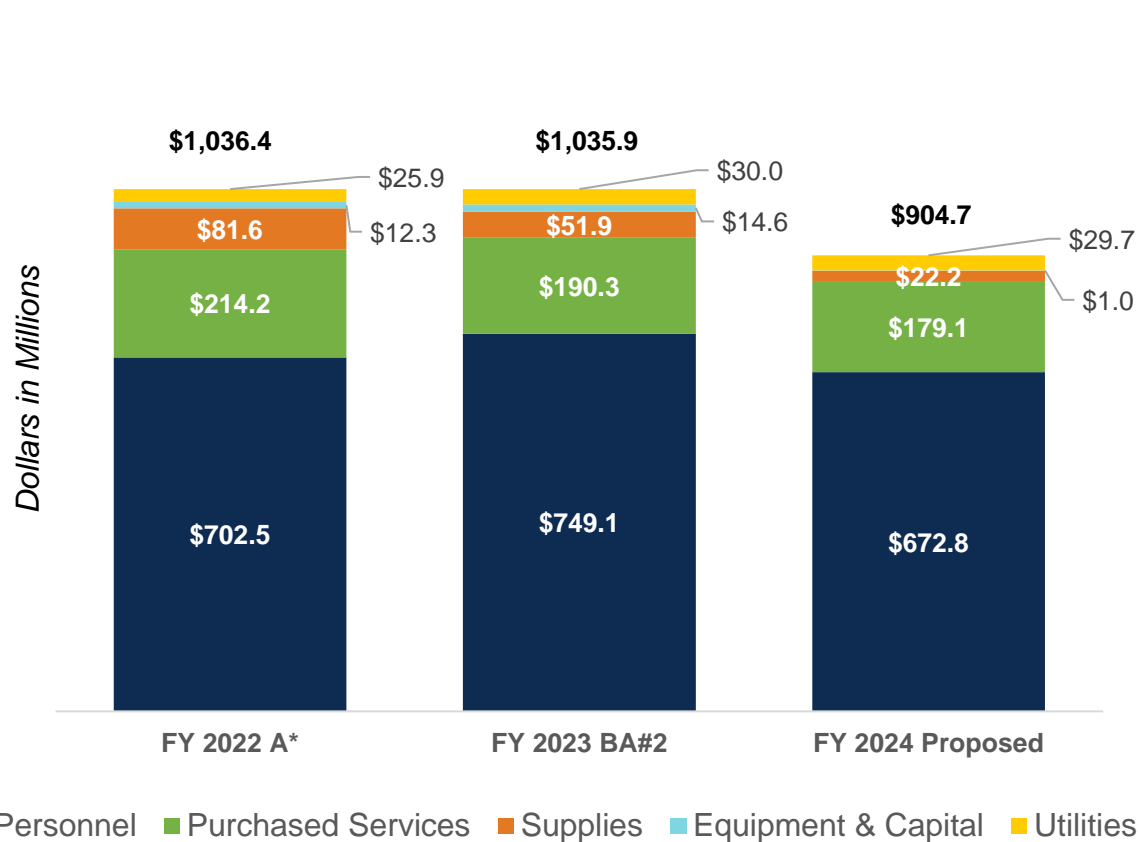


- State sources includes a proposed \$458 increase in per-pupil funding and enrollment holding steady at 48,200 students. Supplemental ESE funding remains, and state sources include increases for 31a, ELL, and GSRP.
- Federal sources used to operate the District will return to pre-pandemic sources. One-time COVID funding will be assigned to complete the Facilities Master Plan funding.
- Local sources is lower as WRESA will offset ACT 18 revenue payments due to the increase in State funding for ESE students. Revenue from confirmed private grants is included.

FY 24 Expenses



The District is projecting \$904.7M in expenses for the 2023-24 school year.



Salary & Benefits: Reflect projected salary increases to be negotiated, including a 7% increase in healthcare costs.

Purchased Services: Central Office reduced discretionary expenditures despite significant cost increases due to higher labor costs and inflation.

Supplies: Continued increase in one-time spending for student supplies/materials and technology.

Equipment & Capital: Includes one-time investments in IT to support 1-1 expansion, network security and infrastructure.

Utilities: Expenses reflect a \$13M increase from pre-pandemic based on anticipated rate changes and increased usage.

Fiscal Year 2024 General Fund Budget



DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2024 PROPOSED BUDGET
YEAR ENDING JUNE 30, 2024

	FY 2022 Audited	FY 2023 BA #2	FY 2024 Draft	FY 2024 Proposed Budget Variance from FY 2023 BA #2
Revenue:				
Local sources	39,581,276	40,140,224	42,056,774	1,916,550
State sources	553,453,763	706,755,659	675,440,224	(31,315,435)
Federal sources	573,733,513	648,751,046	396,583,875	(252,167,171)
Intergovernmental	48,689,874	38,243,065	24,165,060	(14,078,005)
Total Revenue	1,215,458,426	1,433,889,994	1,138,245,933	(295,644,061)
Expenditures:				
Instruction	491,517,714	495,364,302	452,237,192	(43,127,110)
Support services				
Pupil services	152,289,067	131,644,718	102,813,686	(28,831,032)
Instructional staff support	79,093,458	66,878,342	51,055,103	(15,823,239)
General administration	7,825,988	9,670,765	7,439,711	(2,231,054)
School administration	52,669,674	57,265,476	49,275,747	(7,989,729)
Business office	11,410,947	13,557,921	9,720,560	(3,837,361)
Operations & maintenance	112,998,277	131,150,098	123,602,373	(7,547,725)
Transportation	31,777,217	39,311,098	43,349,393	4,038,295
Central support service	85,172,214	77,169,771	51,001,415	(26,168,356)
Other support service	4,170,438	5,393,832	2,649,838	(2,743,994)
Total support services	537,407,280	532,042,021	440,907,826	(91,134,195)
Community service	7,515,430	8,528,327	11,146,747	2,618,420
Facilities acquisitions and improvement	-	-	492,310	492,310
Total Expenditures	1,036,440,424	1,035,934,650	904,784,075	(131,150,575)

Fiscal Year 2024 General Fund Budget



DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2024 PROPOSED BUDGET
YEAR ENDING JUNE 30, 2024

	FY 2022 Audited	FY 2023 BA #2	FY 2024 Draft	FY 2024 Proposed Budget Variance from FY 2023 BA #2
Other Financial Sources (Uses)				
Sources				
Proceeds from Insurance	8,473,539	4,500,000	-	(4,500,000)
Transfer from Food Service Fund	1,432,370	1,500,000	1,500,000	-
Total Sources	9,905,909	6,000,000	1,500,000	(4,500,000)
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	188,923,911	403,955,344	234,961,858	(168,993,486)
Fund Balance - Beginning	101,591,506	290,515,417	694,470,761	
Fund Balance - Ending	\$ 290,515,417	\$ 694,470,761	\$ 929,432,619	

Five-Year Budget Forecast

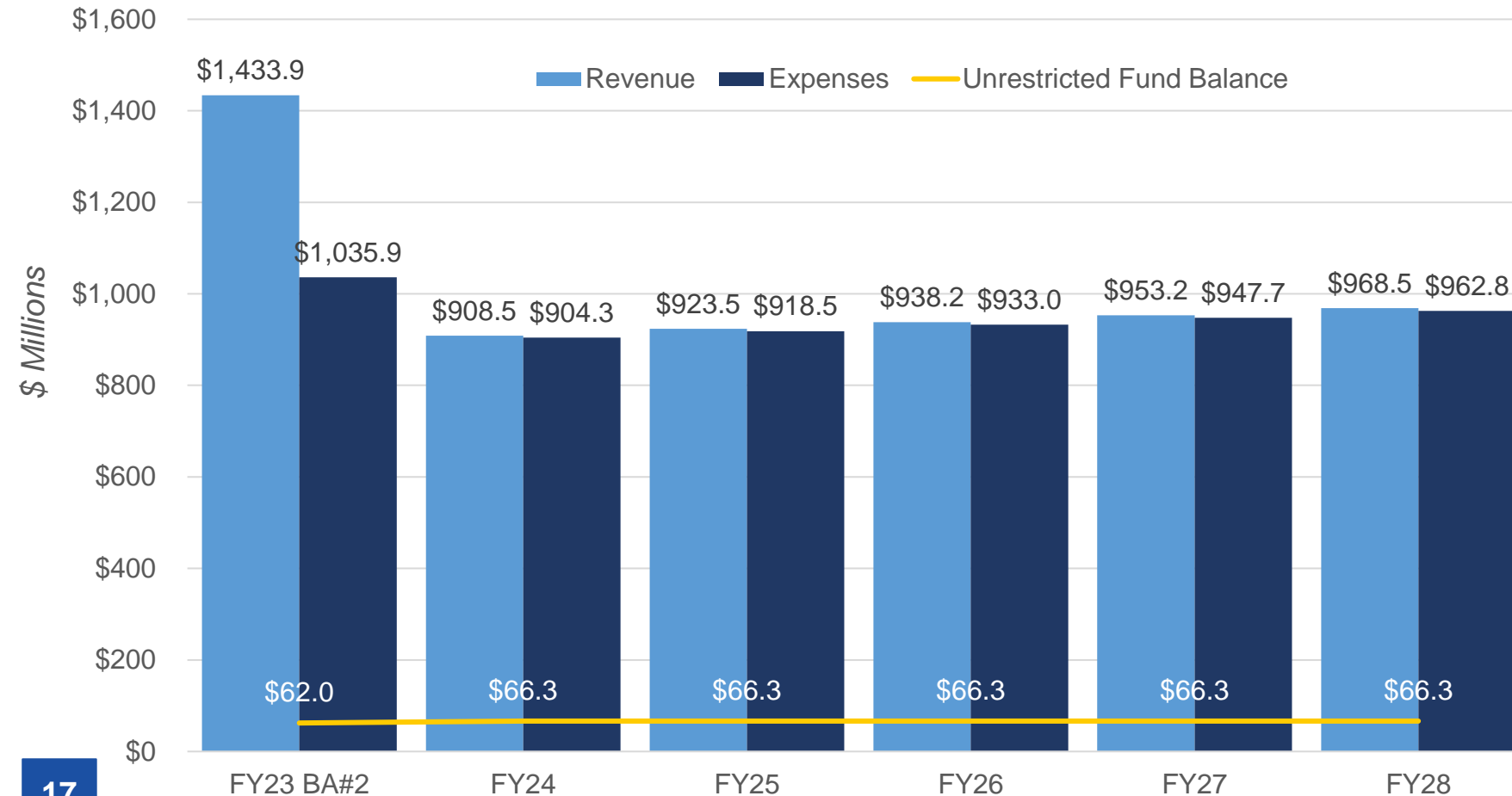


Five Year Budget Forecast – Scenario 1



The five-year budget forecast based on proposed FY 24 budget proposal is balanced and generates a modest annual surplus.

DPSCD Budget Projection



Revenue projection assumptions

- Enrollment remains constant
- State per pupil foundation allowance up 2% per year
- Federal grants flat at FY24 level
- Other state & local revenue up 2.0% per year

Expense projection assumptions

- **\$36.2M** reduction in recurring salaries & benefits in FY24
- Personnel costs up 5% in FY24; future salary increases tied to per pupil foundation allowance increases
- Discretionary expenditures are held constant
- Utilities up 5% in FY24 and 3% per year thereafter

FY 24 Food Service & Student Activity Budgets



FY24 Food Service Budget



DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT FOOD SERVICE FUND FY 2024 PROPOSED BUDGET

	FY 2022 Audited	FY23 BA#1	FY24 Proposed Budget	Variance FY 2024 Proposed to FY 2023 BA#1
Revenue:				
Local sources	\$ 80,301	\$ 180,000	\$ 190,000	\$ 10,000
State sources	1,256,171	1,600,000	1,695,000	95,000
Federal sources	38,174,678	39,575,560	39,054,400	(521,160)
Other Sources (commodities)	-	2,600,000	2,500,000	(100,000)
Total Revenue	39,511,150	43,955,560	43,439,400	(516,160)
Expenditures				
Support Services				
Salaries Personnel	14,379,611	17,386,925	19,203,400	1,816,475
Purchased Services	1,508,163	1,737,219	1,116,000	(621,219)
Supplies	13,216,203	18,954,017	18,900,000	(54,017)
Equipment & Capital	-	290,000	125,000	(165,000)
Misc	199,636	135,000	95,000	(40,000)
Other Uses (commodities)	2,219,271	2,600,000	2,500,000	(100,000)
Total Expenditures	31,522,884	41,103,161	41,939,400	836,239
Excess (deficiency) of Revenue Over (Under) Expenditures	7,988,265	2,852,399	1,500,000	(1,352,399)
Other Sources (Uses)				
Sale of Capital Assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,700,425)	(1,500,000)	(1,500,000)	-
Total Sources (Uses)	(1,700,425)	(1,500,000)	(1,500,000)	-
Total Other Financial Sources (Uses)	(1,700,425)	(1,500,000)	(1,500,000)	-
Beginning Fund Balance	-	6,287,840	7,640,239	1,352,399
Ending Fund Balance	\$ 6,287,840	\$ 7,640,239	\$ 7,640,239	\$ -

FY 24 Budget Takeaways

The FY 24 Food Service Budget is projected to be balanced.

Revenue

- ✓ Supplemental federal meal reimbursement revenue due to COVID is expected to end, returning to the standard reimbursement.
- ✓ Student meal participation rates are expected to return to pre-pandemic levels.

Expenses

- ✓ Staffing costs reflect negotiated CBA increases and bonuses. Current staffing levels are projected to remain constant.
- ✓ Purchased Services and Supplies are projected to increase as the number of meals served will increase and the cost of food is increasing with inflation.

Ending Fund Balance

- ✓ Budget includes \$1.5M transfer to General Fund to offset District administrative costs for operating the nutrition program.
- ✓ The District projects an ending fund balance of \$7.6M.

FY24 Student Activity Account Budget



DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
STUDENT ACTIVITIES FUND
FY 2024 PROPOSED BUDGET FOR THE YEAR ENDING JUNE 30, 2024

	FY 2023 Adopted Budget	FY 2024 Proposed Budget	Variance from FY 2023 Adopted
Revenue:			
Local Sources	\$ 2,200,000	\$ 1,800,000	\$ (400,000)
Total Revenue	<u>2,200,000</u>	<u>1,800,000</u>	<u>(400,000)</u>
Expenditures:			
Student Activities	<u>1,850,000</u>	<u>1,800,000</u>	<u>(50,000)</u>
Total Expenditures	<u>1,850,000</u>	<u>1,800,000</u>	<u>(50,000)</u>
Excess of Revenue over Expenditures	350,000	-	
Beginning Fund Balance	1,666,433	2,016,433	
Ending Fund Balance	<u>\$ 2,016,433</u>	<u>\$ 2,016,433</u>	

FY 24 Budget Takeaways

Revenue

- ✓ Revenue consists of school fundraisers, student activity fees, and donations less than \$10k.

Expenses

- ✓ Expenditures consist of field trips, student events, and fundraiser expenses.