



DPSCD

PROPOSED FY22 BUDGET

GENERAL FUND

JUNE 2, 2021

STUDENTS RISE. WE ALL RISE.





The state budget outlook is positive, and forecasts increased recurring funding. While individual funding is increasing, the state will likely eliminate supplemental COVID funding and flexibilities.

The Governor and Senate and House appropriations committees are currently debating changes to the State School Aid Act, that could have significant implications for DPSCD's State Aid as well as for several categorical allocations.

- Return to traditional 90/10 (Fall/Spring) FTE Blend for per-pupil foundation allowance (no hold harmless for decrease in student enrollment). Currently, legislation approved by the House would continue funding for virtual only students through December.
- End supplemental state per pupil Covid allocation (Sec. 11d) ~\$3.3M.
- Increase in Per Pupil Allocation: the Governor is currently proposing an \$82-164 increase in per pupil, while the Senate proposes a \$125-250 increase and the House a \$50-100 increase. The FY 22 proposed budget will estimate an increase of \$150 in per pupil funding (~\$7.2M).
- MPSEs retirement reimbursements are largely maintained.
- Potential for moderate increases (2-3%) in GSRP, ESE (Headlee), and At-Risk (31a).
- The Board is required to adopt the FY22 budget prior to final state allocations. The District will monitor future budget proposals and prepare a budget amendment for Fall 2021 that includes final state allocations and Fall FTE Count.

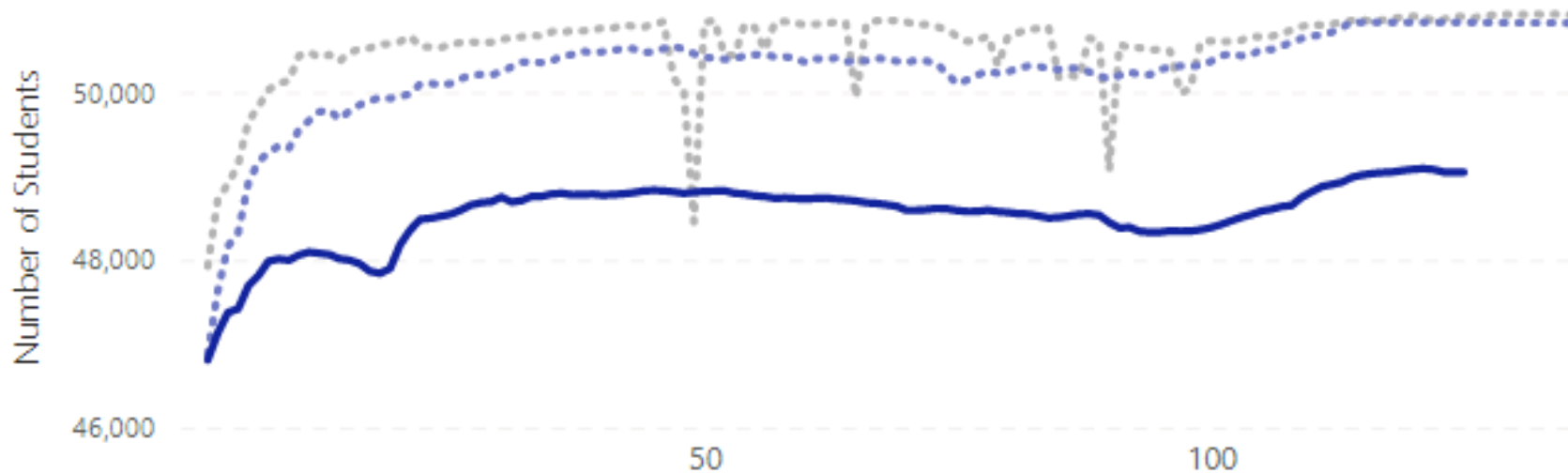
Student Enrollment and FTE



Student headcount enrollment and FTE are well below past years. An approximately 1,000 FTE loss is concentrated in Kindergarten. Based on the current Spring FTE count, the District will lose ~\$25.7 M in recurring revenue. One-time COVID funding will be used to balance the budget.

Daily Enrollment

Year ● 18-19 ● 19-20 ● 20-21



FTE Type	Fall 19, Audited	Spring 20, Audited	Fall 20, Pre-Audit	Spring 21, Pre-Audit	Fall 19 to Fall 20 Change	Spring 20 to Fall 20 Change	Fall 20 to Spring 21 Change	Spring 20 to Spring 21 Change
Total FTEs	50,392.23	50,421.68	47,673.28	46,869.27	(2718.95)	(2748.40)	(804.01)	(3552.41)
SpEd FTEs	3,101.68	3,309.83	2,947.54	2,826.24	(154.14)	(362.29)	(121.30)	(483.59)

Summary of Proposed FY 22 Budget



The proposed FY 22 budget invests in student services, protects staff positions and current wages and salaries, and makes significant one-time investments into District facilities using one-time COVID funding. The proposed budget:

State Per Pupil Allowance is projected to increase by \$150/student, with recurring state and federal grant revenue remaining constant or modest increases. ~\$543M in Federal COVID funds allocated for one-time investments.

Student Enrollment is based on Spring 2021 FTEs, 48,038, which is more than 2,000 lower than pre-pandemic levels. Approximately \$25.7M of COVID funds are allocated to back-fill the enrollment-based decline in State revenue. This protects school-based positions.

Recurring Expenses held Constant - The District has taken efforts to maintain staffing levels and only add positions where strategically necessary (teachers and COVID funded). Non-personnel expenses of ~\$200M has been held constant from FY21.

Strategic Investment of COVID Funds - COVID funding will allow the District to make strategic investments to respond to COVID and improve the overall outcomes for students. In alignment with District plans, the following one-time investments are included in the FY 22 budget:

- Expansion of academic support (tutoring, enrichment, after school and summer) ~\$36M
- Supplemental instructional materials, 1-1 technology and student connectivity ~\$18M
- Expansion of mental health services and continuation of nursing ~\$16M
- Continued PPE, Deep Cleaning and COVID Testing ~\$60M
- Expanded professional development, one-time bonus and hazard payments ~\$70M
- Lower class size (hiring more teachers) for social distancing ~\$37M



Supplemental Funding
\$543 Million

FY 22 Supplemental COVID Funding



For the first time, DPSCD will receive equitable resources from one-time federal COVID funding. **The FY 22 budget includes \$543M in one-time revenue and expenditures.**

- Supplemental COVID funding must be used by September 30, 2023, unless extensions are provided.
- In order to ensure all COVID funds are used, the District can transfer eligible general operating expenditures to CARES, such as employee salaries, custodial, transportation.
- The District will initiate facility Improvements for schools with solid infrastructure, high enrollment/utilization. While some of these projects may be funded directly with COVID funding, many projects will be funded through CARES enabled general fund transfers. Buildings that need substantial repairs will be reviewed in January with 20-year master facility plan.
- Projects will be approved by the Board.

COVID Expenditures	Proposed Investment	Percent
Bring Students and Families Back to Our Schools	\$6,802,736	
Home Visits, Parent Outreach Coordinators	\$3,802,736	56%
Kindergarten Bootcamp	\$1,000,000	15%
Marketing/Communications	\$1,000,000	15%
Extend School Activities	\$1,000,000	15%
Maximize Safe Face to Face Learning	\$103,200,000	
PPE (Masks, Sanitizer, Materials), COVID Testing, Deep Cleaning	\$60,000,000	58%
Lower Class Size, Building Teacher Bench	\$37,000,000	36%
Supplemental Learning Materials (Online & Manipulatives)	\$6,200,000	6%
Meet Academic Needs of Students in Person and Virtually	\$64,148,527	
Expanded Summer, After School, Tutoring Programming	\$36,068,050	56%
High School Programming (Career Academies)	\$1,000,000	2%
Technology Hub Resource Centers	\$1,000,000	2%
Virtual School Staffing	\$7,693,502	12%
Student 1-1 Laptops & Technology, Student WiFi	\$18,386,975	29%
Meet Social-Emotional Needs of Student	\$16,000,000	
Expand Mental Health Services	\$10,000,000	63%
Expand Nursing (1 Per School)	\$6,000,000	38%
Invest in Our Employees	\$70,000,000	
Expanded Professional Development	\$10,000,000	14%
Employee One-Time Pay Increases & Hazard Pay	\$60,000,000	86%
Upgrade our Schools for the 21st Century	\$38,638,912	
Facility Improvements	\$11,095,900	29%
Technology Infrastructure	\$27,543,012	71%
Budget Transfers (GF & Facilities)	\$244,775,847	
General Fund Support	\$25,700,000	10%
Capital Projects	\$219,075,847	90%
Total Expenditures	\$543,566,022	

FY 22 Capital Projects Investments



- 1 Develop, review, and implement a 20-year facilities master plan
The District is in the process of developing a 20-year facilities master plan to drive strategic investments in real-estate and facilities to modernize our schools.
- 2 Capital Projects
One-time COVID funding will be used to address the \$1.5B facility need. In FY 22, the District will allocate \$230M* to address facility needs in alignment with 20-year facility master plan. Funding will make significant strides in addressing HVAC, roof, masonry and window repair, and building interiors and systems electrical, mechanical, and plumbing.
- 3 Technology Infrastructure
Significant device and network upgrades that have taken place over the past four years. The District will invest \$27M to continue IT infrastructure investments in cabling, connectivity, data security, data closets in alignment with facility master plan.

*ESSER allows school districts to fund general operating expenditures. This allows for a general fund transfer to the capital projects account to make facility investments.

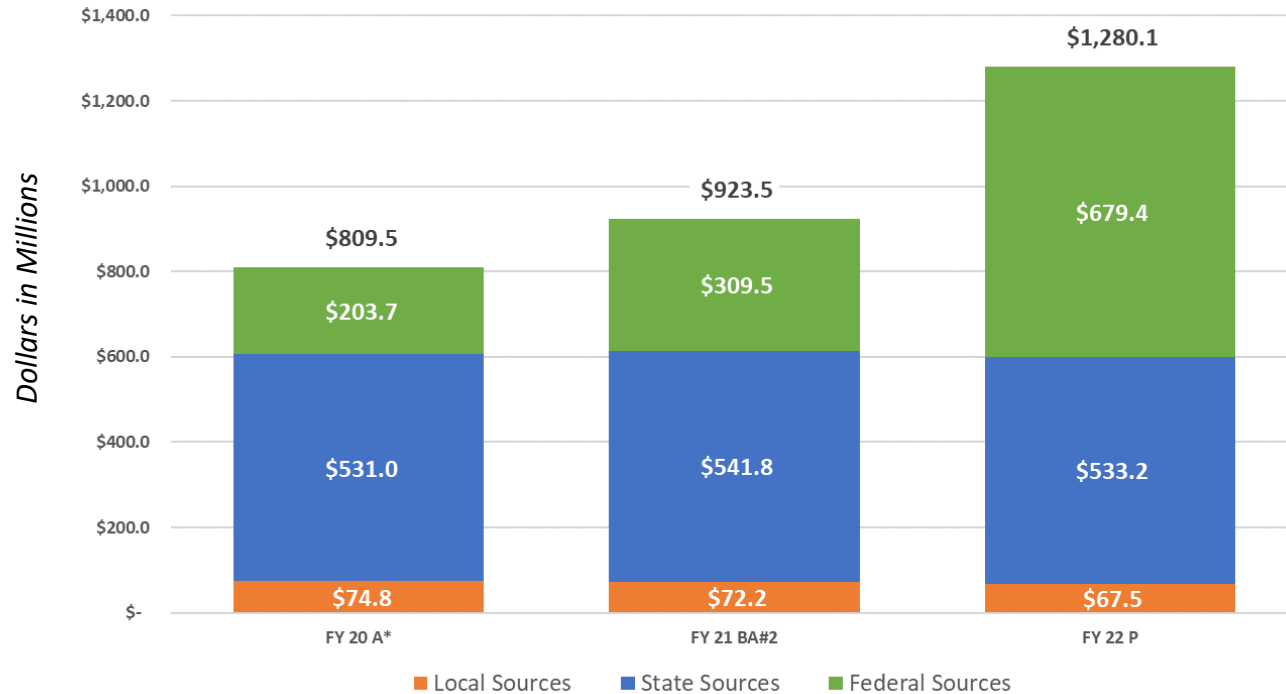


FY22 School Staff & Resource Allocations

Position	Allocation
Assistant Principal*	Minimum of 1 per school
Dean of Culture	<ul style="list-style-type: none"> All Partnership schools: 1 Schools with enrollment >350: 1
Master Teacher	<ul style="list-style-type: none"> Elementary, Middle, K8s <350 students: 2 K8s >350 students: 4 High Schools: 2
Core Teachers*	K-3: 1:25 4-5: 1:30 6-12: 1:35
Prep Teachers	1 Prep Teacher per 5 classrooms (All Schools)
Guidance Counselor	K8s: 1 per 500 students HS: 1 per 400 students
College Transition Advisors	HS: 1 per school
Attendance Agent & School Culture Facilitator	1 per school
Academic Interventionist	Grades 1 – 8: 1 per 150 students Grades 9-12: 1 per 400 students
ParaEducators	Grade K: 1 per 2 teachers
Clerical*	Minimum of 2 per school

- ✓ Allocations are based on school type, grade levels and enrollment. Budget protects schools until Fall enrollment count.
- ✓ Teacher allocations are held harmless, so no school loses filled teacher positions due to low enrollment.
- ✓ Vacant positions (not including teachers or academic interventionists) at schools below enrollment numbers will be held until Fall enrollment count to avoid deepening of state funding deficit.
- ✓ District will create a K-12 Virtual School based on student demand.
- ✓ District will hire a bench of extra teachers to lower class size and fill future retirements.
- ✓ All schools will receive After School and Saturday Enrichment/Tutoring.
- ✓ District will fund additional teacher supply budgets and expansion of 1-1 technology.

FY22 Revenue

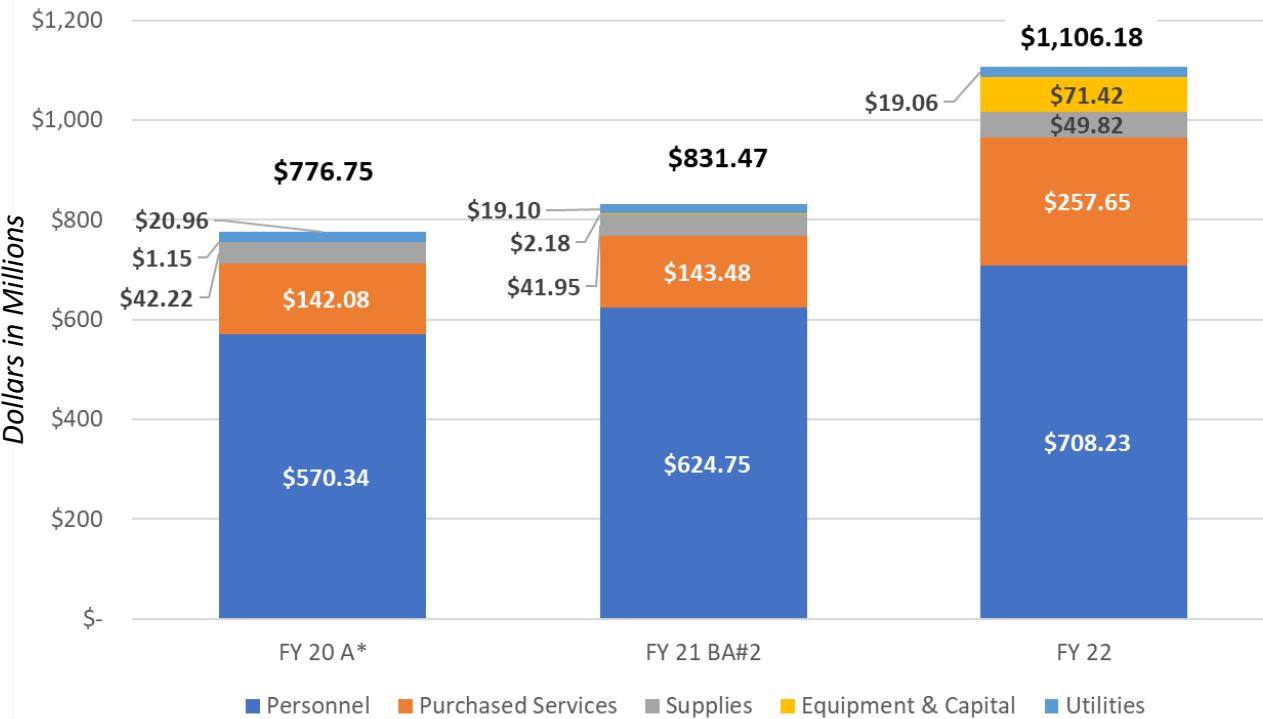


The District is projecting \$543M in one-time COVID funding in FY 22, an increase of \$384M from FY 21 BA2.

- State funding includes \$150 increase in the per-pupil foundation allowance, and student enrollment at Spring FTE Count resulting in \$25.7M less funding.
- Local & Inter-district transfer revenue - Wayne County Enhancement Millage tax collections & Act 18 (District Center-Based programs) revenue remains constant.
- Recurring state and federal grant revenue is projected to remain constant at pre-pandemic levels.

*NOTE: FY20 Revenue from final Audit

FY22 Expenses



The budget invests in student services, facility improvements, and one-time staff bonuses, while continuing to respond to COVID-19.

Personnel:

- Salary increases will be one-time bonuses funded through COVID funding.
- Hire supplemental teacher positions to lower class size and build teaching bench.
- All COVID positions (C&I, FACE, Health, Operations) will sunset at the end of COVID grant period.

Purchased Services: No increase in recurring Central Office general fund personnel or non-personnel spending. Increased purchased services are for student services through COVID funded one-time investments.

Supplies: Increase in one-time spending for PPE, student supplies/materials through COVID funding.

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

Utilities: Expenses are projected to remain constant.

*NOTE: FY20 Expenses from final Audit

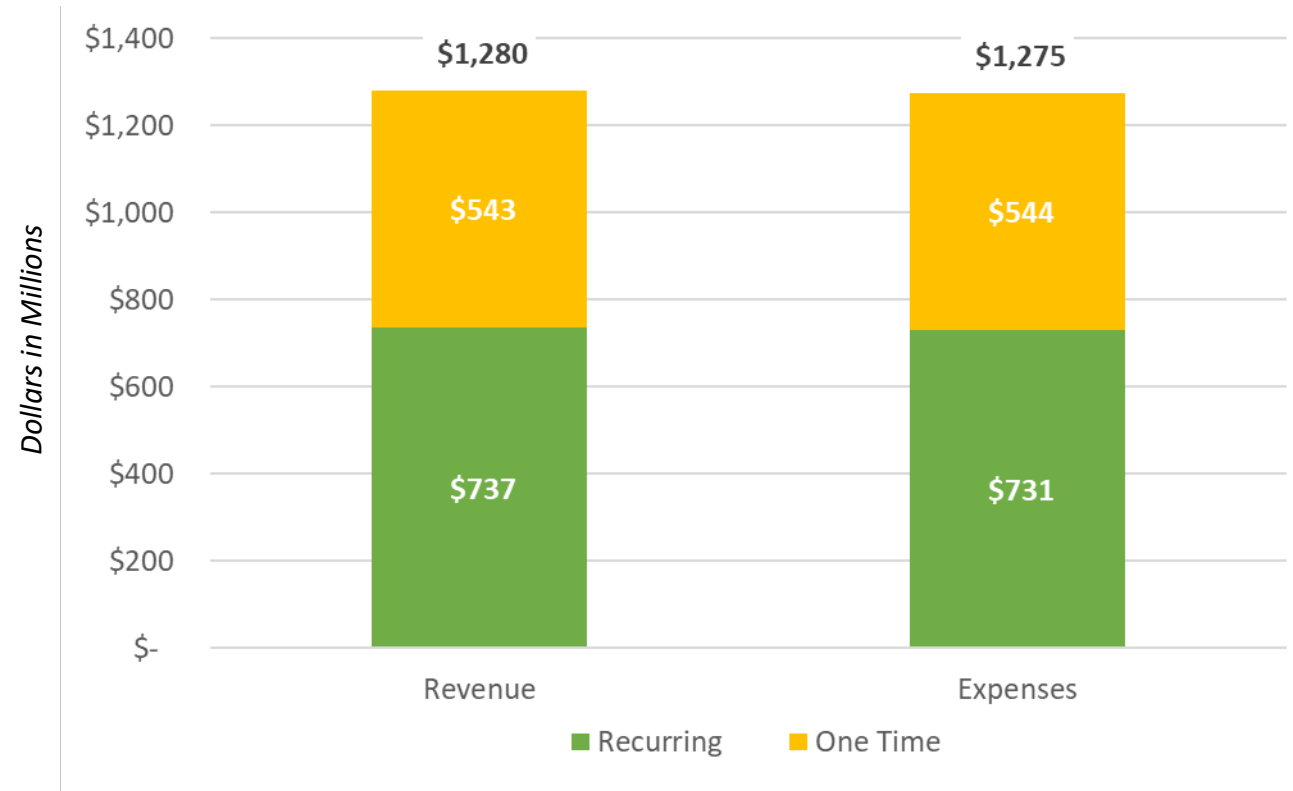
FY 22 Recurring vs. One-time Revenue & Expenditures



Increase in recurring expenditures are equal to growth in recurring revenue (assuming a return to pre-pandemic enrollment).

The District will continue to limit state recurring expenditures and focus on one-time investments to support students and staff through use of supplemental one-time COVID funding. State revenue funded vacant positions will be reduced if Fall Count is lower than expected to reduce deficit.

Unless student enrollment returns to pre-pandemic levels, the District will need to make reductions in costs by FY 2024, if not sooner.



FY22 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
 GENERAL FUND
 FY 2022 DRAFT BUDGET
 YEAR ENDING JUNE 30, 2022

	FY 2020 Audited Budget	FY 2021 Draft Budget Amendment #2	FY 2022 Draft Budget	FY 2022 Budget Variance from FY 21 Draft BA #2
Revenue:				
Local sources	37,528,620	35,846,545	30,004,540	(5,842,005)
State sources	531,017,722	541,796,697	533,201,960	(8,594,737)
Federal sources	203,676,100	309,473,000	679,424,455	369,951,455
Intergovernmental	37,270,645	36,358,744	37,455,167	1,096,423
Total Revenue	809,493,087	923,474,986	1,280,086,122	356,611,136
Expenditures:				
Instruction	404,235,515	401,629,134	476,640,413	75,011,279
Support services				
Pupil services	83,401,360	87,257,262	118,231,223	30,973,961
Instructional staff support	53,207,461	63,941,218	81,216,193	17,274,975
General administration	5,362,638	7,275,261	8,882,853	1,607,592
School administration	47,756,967	51,677,127	50,588,939	(1,088,188)
Business office	15,660,851	12,611,642	12,658,704	47,062
Operations & maintenance	89,819,235	87,367,799	113,332,960	25,965,161
Transportation	26,743,214	26,323,780	36,390,024	10,066,244
Central support service	43,787,455	84,844,552	150,810,688	65,966,136
Other support service	1,939,113	1,527,082	4,353,567	2,826,485
Total support services	367,678,294	422,825,723	576,465,151	153,639,428
Community service	4,833,532	7,003,261	11,995,071	4,991,810
Facilities acquisitions and improvement	-	6,970	55,770	48,800
Debt service	-	-	-	-
Total Expenditures	776,747,341	831,465,088	1,065,156,405	233,691,317

FY22 Revenues and Expenditures Comparison

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2022 DRAFT BUDGET
YEAR ENDING JUNE 30, 2022**

	<u>FY 2020 Audited Budget</u>	<u>FY 2021 Draft Budget Amendment #2</u>	<u>FY 2022 Draft Budget</u>	<u>FY 2022 Budget Variance from FY 21 Draft BA #2</u>
Other Financial Sources (Uses)				
Sources				
Proceeds from sale of capital assets	2,886,251	-	-	-
Transfer from Food Service Fund	1,875,880	-	-	-
Total Sources	4,762,131	-	-	-
Uses				
Transfers Out	(35,340,548)	(85,800,000)	(210,000,000)	124,200,000
Contingency	-	-	-	-
Total Uses	(35,340,548)	(85,800,000)	(210,000,000)	124,200,000
Total Other Financial Sources (Uses)	(30,578,417)	(85,800,000)	(210,000,000)	(124,200,000)
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	2,167,329	6,209,898	4,929,717	(1,280,181)
Fund Balance - Beginning	139,499,545	141,666,874	147,876,772	
Fund Balance - Ending	\$ 141,666,874	\$ 147,876,772	\$ 152,806,489	

DPSCD THREE-YEAR BUDGET PROJECTIONS



Three Year Budget Summary



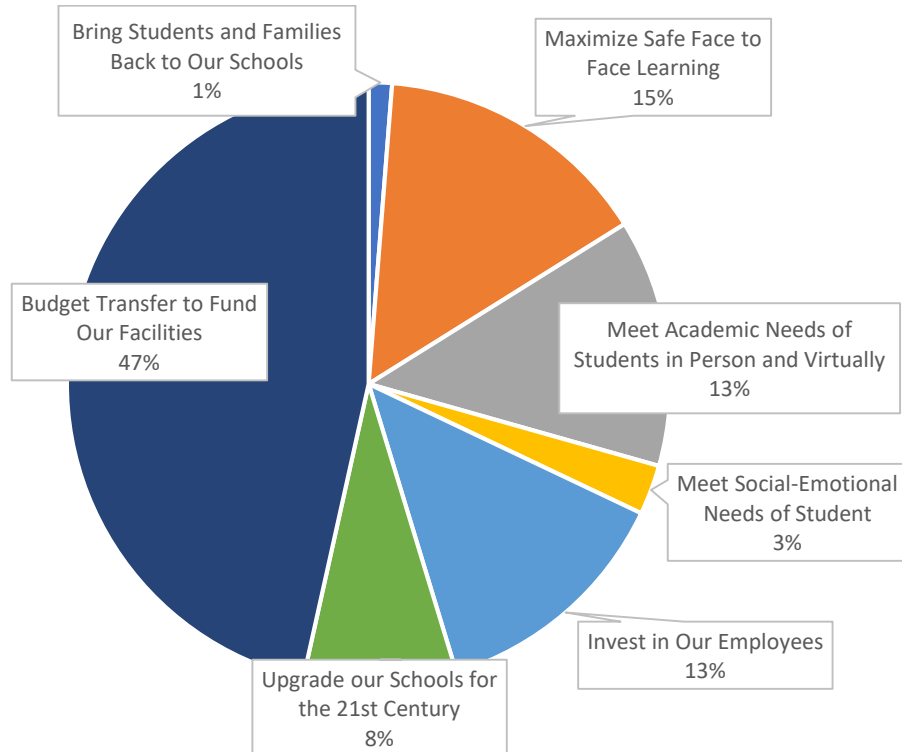
The District projects a balanced budget through FY 24. Supplemental COVID funding will address declines in per-pupil funding, fund one-time expenditures.

- The FY 2022 budget is based on Spring 2021 student FTE Count (48,038). FY23 and FY24 assumes enrollment returns to pre-pandemic levels (~50,000). The projected decline in student FTE, will result in ~\$25.7M less FY22 general fund revenue. The District is using COVID funding to pay for the school-based positions that would have been reduced by the loss of student enrollment.
- The state is proposing a modest increase in per-pupil funding of \$150/student in FY 2022 (~\$7.2M). The per-pupil increase for FY 23 and FY 24 returns to previous average annual increases of 1-2%. In FY 23 the Enhancement Millage will decrease by ~4% (\$840K).
- The District is not planning for recurring wage increases until enrollment returns to Fall 2019 levels or General Revenue expenditures are reduced. Supplemental compensation will be one-time bonuses paid with COVID funding.
- 50% of District teachers are within 4 years of retirement. The District will fund an additional 250 teachers, in order to address future vacancies, lower class size for social distancing, and to address student academic needs with revised scheduling to increase academic interventions.
- Recurring personnel and non-personnel purchased services and supplies are held at their current levels. One-time purchased service and supply expenditures will be paid through COVID funding.

Proposed Three Year COVID Expenditures



The District received over \$1.2B in supplemental COVID Funding, which will be allocated over the next two years. The District will prioritize investments which impact student outcomes while addressing the quality of our facilities.



COVID Expenditures	FY 21	FY 22	FY 23	FY 24*	Total
Bring Students and Families Back to Our Schools	\$750,000	\$6,802,736	\$6,802,736	\$1,500,000	\$15,855,472
Maximize Safe Face to Face Learning	\$29,536,948	\$103,200,000	\$46,300,000	\$10,250,000	\$189,286,948
Meet Academic Needs of Students in Person and Virtually	\$20,726,051	\$64,148,527	\$54,082,500	\$30,000,000	\$168,957,078
Meet Social-Emotional Needs of Student	\$2,000,000	\$16,000,000	\$16,000,000	\$0	\$34,000,000
Invest in Our Employees	\$33,677,013	\$70,000,000	\$63,000,000	\$2,000,000	\$168,677,013
Upgrade our Schools for the 21st Century	\$0	\$38,638,912	\$62,314,764	\$3,240,174	\$104,193,850
Budget Transfer to Fund Our Facilities	\$80,000,000	\$244,775,847	\$267,500,000	\$0	\$592,275,847
Total Expenditures	\$166,690,012	\$543,566,022	\$516,000,000	\$46,990,174	\$1,273,246,208

*FY 24 costs include spending through 9/30/23, last day to spend COVID funding.

DPSCD Projected Budget through 2024



Based on preliminary assumptions, DPSCD is projecting a balanced budget through FY 2024. The FY 21 – FY 23 budgets includes the supplemental \$1.2B. FY 24 includes eligible COVID expenditures through (9/30/23). The unrestricted general fund balance is projected to remain relatively flat as excess revenue is transferred to the capital projects fund to address long term facility needs.

