

DETROIT PUBLIC SCHOOLS



FISCAL YEAR 2015

PROPOSED BUDGETS

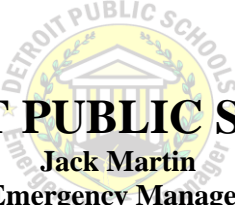
FY 2015 Proposed Budget

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SECTION I

Transmittal Letter



DETROIT PUBLIC SCHOOLS
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June 20, 2014

Dear Detroit Public Schools Stakeholder:

Arguably never in Detroit’s history have marketplace, technological, social, housing, employment and economic trends shifted at the rate of change witnessed during the past several years. Detroit Public Schools is poised to become a driving force for accelerated positive growth in the city, region, and its schools.

In 2013 the district engaged customers and implemented the initial stages of a set of strategic, customer-focused initiatives aimed at halting and reversing market share losses. As a result, Detroit Public Schools increased market share of Detroit school-age children in Fall 2013, while Detroit-based charters and suburban traditional district’s “choice” programs declined in enrollment. Not once since Michigan’s charter school law was enacted in 1994 had the number of Detroit students counted in the city’s charter schools decreased, until Fall 2013—a reduction in enrollment that came at the same time that 20 new or expanded charter schools increased their footprint within the city.

Detroit Public Schools’ ability to create and offer increasingly relevant programs, undertaken on new platforms, presented to new markets, leveraged by public and private resources, while devoting new across-the-board energy to retention strategies, will, ultimately, mean Academic and Fiscal success or failure.

The Detroit Public Schools Academic Plan relies on Excellence in Four Key Areas:

- High-quality, well-rounded educational experience
- Strong relationships
- High quality effective educators, administrators and support staff
- Aligning resources

Success will be defined by Detroit Public Schools’ ability to advance academic quality and raise standards while stabilizing and growing enrollment. The Detroit Public Schools Plan is centered around creating high-quality seats for Detroit’s children through neighborhood-centered quality schools situated in 21st century learning environments, and an increasingly relevant portfolio of educational services to students from birth through career readiness, adult education, training and retraining of residents.

Overall, Detroit Public Schools will:

Function as a mission-driven organization that operates on a set of clear, transparent and equitable policies addressing all academic, financial and operational challenges.

Deliver meaningful service to all students, families and stakeholders to drive the best educational experiences and outcomes for every child.

Collaborate and change to be more effective, make the most of strengths and adapt the best practices of others to ensure that limited resources are always effectively deployed.

Since 2006 the District has been faced with budgetary and financial challenges. The general fund deficit has ranged from as high as \$327 million to a low of \$76.5 million. The current deficit is projected at \$127,054,101 million for FY 2014. This proposed FY 2015 Budget reduces that legacy deficit to \$125,747,592.

We are in line to eliminate the legacy deficit and show a positive fund balance by the conclusion of the 2017-18 fiscal year. There has been strong progress. For example, over the last five years alone DPS has reduced its expenditures, in areas that will not directly harm our classrooms, by over \$225 million. There has been substantial financial and operational progress confirmed by external reviews, as evidenced by this past year's action by the United States Department of Education to remove the district from High Risk status, as well as a resolution of \$53 million in audit findings and a sharp reduction in audit findings from 84 to 9.

The school district is committed to constantly review all expenditures for further, responsible reductions. The remaining deficit elimination initiatives including those to be implemented FY 2015 will not at all be easy, but if everyone involved remains focused we can come out of this in a stronger position and continue to be able to successfully meet the educational needs of the families of the students who have entrusted their children's success to us.

All Central Office Units participated in a Zero Base Budgeting process for the third consecutive year and presented strategies to reduce expenditures by 10-15% for each department. "Decision packages" were developed and final reductions represented those actions that would not negatively impact the educational programs or result in potential enrollment declines. Through the implementation of Zero Base Budgeting throughout central administration departments, DPS has identified \$20 million in cost savings and a reduction of 41 full-time positions.

The FY 2015 budget is based on a total membership for funding purposes of 47,692, which is a decrease of 2.7% over the FY2014 Amended Budget.

Other significant adjustments assumed in our FY 2015 planning include:

Revenues:

- \$50 per pupil annual increase in Foundation Allowance: \$2.2 million
- Sale of Capital Assets: \$11.7 million
- Revenue Enhancement Millage: \$14.8 million

Expenditures:

- District Reorganization and Technology Implementation savings: \$4.4 million
- Employee Severance Plan savings: \$5.8 million
- Restructured Health Care Benefits savings: \$13.3 million

From December 2013-February 2014, the district conducted a comprehensive survey completed by 7,271 participants (21% of 34,140 total families). Insights derived from the results are that districtwide parental satisfaction on program quality, customer service, facilities, parental involvement and safety equates to 4.0-4.1 on a 5.0 scale, with the lowest satisfaction regarding "outside" safety (safe routes to schools). With individual results by school and level provided to every building, taken alongside data on contacts to the new Parent Help Line and District Ombudsperson, substantial new ability exists to identify areas for improvement and resulting

targeted resources and energy. Doing so provides additional substantial opportunity to strengthen existing customer base and increase retention rates.

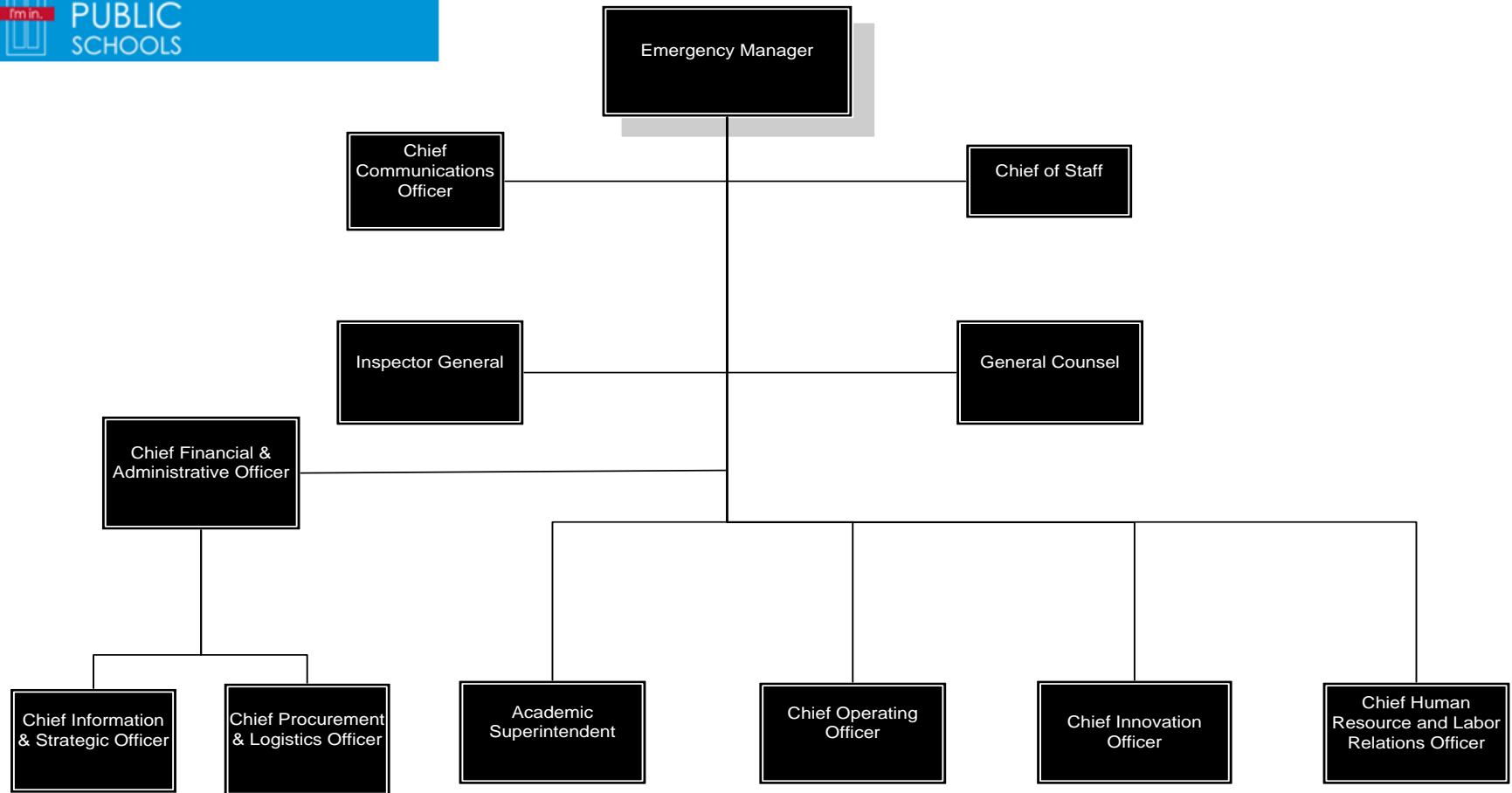
We look forward to continually working with our leadership team, staff, bargaining units and external agencies to put the district on a path of long-term and sustainable fiscal stabilization.

Sincerely,

Jack Martin
Emergency Manager

SECTION II

Organizational Chart



SECTION III

Major Planning Assumptions



**Detroit Public Schools
FY 2015 Proposed Budget
Major Planning Assumptions**

Facility/School Closure, Lease and Charter School Plans:

The District will not close any school buildings in the 2015 fiscal year.

Student Enrollment Projections (FTE):

The FY 2015 General Fund Budget is based upon historical and projected Detroit Public Schools (DPS) student enrollment as outlined in the table that follows. The FY 2015 General Fund Budget reflects the State of Michigan per pupil funding formula based upon a blended 90-10 percentage split between the Fall 2014 and Spring 2015 projected FTE enrollments. The total projected blended FTE enrollment is 47,692 students.

The District recently completed a comprehensive strategic planning process that among other things, is designed to enhance student enrollment. As a part of that effort the District continued an aggressive marketing campaign to increase enrollment for the 2014 – 2015 academic year. The District’s enrollment declined only 2% in the Fall 2013 as a result of the marketing campaign. It is assumed this year’s campaign will result in a similar 2% enrollment decline.

The Spring 2015 student enrollment assumes general education students will decline an additional 2% from the Fall 2014, and special education students will increase 1% from the Fall 2014 based on historical trends.



	FY 2013 Actual (1)	FY 2014 Amended	FY 2015 Budget
Weighted Enrollment Calculation			
Total General Education Students	46,819	44,857	43,556
Total Special Education Students	4,500	4,154	4,136
Total State Aid Membership	51,319	49,011	47,692
% Change	-23.11%	-4.50%	-2.70%
Fall Student Counted			
General Education	45,464	44,621	43,643
Special Education	4,360	4,150	4,132
Total Students	49,824	48,771	47,775
% Change	-24.59%	-2.11%	-2.04%
Calculation of Student Count for State Aid			
General Education Student count			
Fall	45,464	44,621	43,643
Allocation Percentage	90%	90%	90%
Spring	59,011	46,984	42,770
Allocation Percentage	10%	10%	10%
General Education Total	46,819	44,857	43,556
Special Education – Sec. 52 Student Count			
Fall	4,360	4,150	4,132
Allocation Percentage	90%	90%	90%
Spring	5,758	4,192	4,173
Allocation Percentage	10%	10%	10%
Special Education – Sec. 52 Total	4,500	4,154	4,136

(1) The significant decrease is due primarily to the transfer of fifteen schools and related students to the Education Achievement Authority.

The following is a chart that presents the proposed class sizes for the projected student population.

Class Size Assumptions			
Grade	FY 2013 Size	FY 2014 Size	FY 2015 Size
General, K-3	25	25	25
General, 4-5	33	33	38
General, 6-8	38	38	43
General, 9-12	38	38	43

Employee Severance Plan – ESP:

The District developed and implemented a new Employee Severance Plan (ESP) in FY 2015 for Detroit Federation of Teachers (DFT) members only. DFT members electing the ESP will receive 60% of their 2013-2014 base salary, plus applicable sick leave pay and Termination Incentive Pay (TIP), the total of which is divided into equal monthly payments. Participants will receive the total ESP benefit over five years, divided into 60 equal monthly payments made to the participant’s Post Employment 403(b) account.

The plan projects FY 2015 savings of approximately \$5.8 million.

Fund 19 Consolidated Funds:

During FY 2015 the District will continue to participate in a Michigan Department of Education pilot program that provides for the consolidation of restricted and unrestricted resources into Fund 19.

Fund 19 expenditures are based on a new Federal guideline that allows schools meeting certain criteria to consolidate Federal, State and local funds into a single conceptual pool of funds to support any qualified activity in their School wide plan.

The consolidation of the restricted and unrestricted resources from various funds (General Purpose Fund - 11 and Grants Fund - 14) provides the District with enhanced flexibility in determining how the “Consolidated Funds” can be utilized.

Special Education Funds 16 and 22:

In order for the District to be in compliance with the mandatory reporting requirements per the Financial Information Data (FID) to the Michigan Department of Education (MDE); the District will be changing Funds 16 and 22.

If a District operates center base programs and the amounts are significant per pupil for revenues and expenditures, it is mandatory to report these items separately in the Special Education Fund, which is Fund 22. Currently, these funds are in Fund 16.



School districts should use Fund 16 to record revenues and expenditures for the high incidence (non-center base programs). Currently, these funds are in Fund 22.

Beginning in FY 2015, center base program revenues and expenditures will be recorded in Fund 22. High incidence revenues and expenditures will be recorded in Fund 16.

In making this change, the District will be in compliance with the Special Education mandates per the MDE.

Significant Revenues and Expenditures Assumptions

REVENUES

The FY 2015 General Fund budget reflects total budgeted revenues of \$664.8 million. The District’s most significant sources of revenues are funding from the State of Michigan which is anticipated to amount to \$359.2 million. Federal funding is projected at \$156.2 million and local revenues are anticipated to amount to \$149.4 million.

Most of the District’s revenue is dependent on the number of students enrolled in our schools. For the year ending June 30, 2015 the District’s student membership (for funding purposes) is projected at 43,556 for general membership and 4,136 for special education students for a total of 47,692. For FY 2015, the District’s Foundation Allowance will be \$7,296 per student FTE.

State Sources – State Aid Unrestricted, Other Unrestricted and Categorical Revenues

For the FY 2015 State revenues are projected to approximate \$359.2 million. State Aid revenue consists of three major components: State Aid Unrestricted, Other Unrestricted and Categorical.

State Aid Unrestricted: The Unrestricted portion of the State Aid revenue is \$243.9 million and consists primarily of two parts – 22a Proposal A Obligation and 22b Discretionary Payment.

Prop A Obligation: The Prop A Obligation represents dollars the District will receive from the state to meet the minimum funding requirements as set by Michigan State law. The projected budget for the Prop A Obligation is \$191.2 million.

Discretionary Payment: The discretionary payment is the amount above the state required funding of \$5,584 per pupil. The projected budget for the Discretionary Payment is \$52.7 million.

State Aid Other Unrestricted: The Other Unrestricted portion of the State Aid revenue is \$7.6 million and consists of the following items:

- 26a Renaissance Zone
- 22f Best Practice Incentive
- 25 Pupil Transfer Adjustment



State Aid Categorical Revenue: State Aid categorical revenue is anticipated to be approximately \$107.7 million and consists primarily of 31a At Risk, Great Start Readiness programs, Section 51c Special Education Headlee Obligation and MPSERS UAAL Rate Stabilization revenues as well as other small grants.

Federal Sources – Title, USDA and Other Grants

FY 2015 projected revenue is anticipated to be \$156.2 million.

Title I and Title II Grants:

Title I has two parts, Title I, Part A and Title I, Part D. Title I, Part A is a federally administered program in which supplemental funds are given to schools with a large concentration of low income students to assist in meeting the educational needs and goals of the students. Title I, Part D, also called The Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent or At-Risk, provides financial assistance to educational programs for youth in State-operated institutions or community day programs. The FY 2015 projected revenue includes \$120.2 million of Title I revenues.

The goal of Title II, Part A is to increase the academic achievement of all students by helping schools and districts improve teacher and principal quality and increase the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. The projected budget for Title II is \$19.5 million.

Other Federal Revenue:

Other Federal revenue is projected at \$16.5 million and consists of the following grants:

- IDEA grants
- 21st Century Community Learning Center grants
- Various other small grants

Local sources – Property Taxes, Special Education Millage and Other

For FY 2015 Local revenue is projected to amount to \$151.4 million and consists of three major components: Property Taxes, Special Education Millage and Other Revenue.

Property Taxes:

Property taxes are collected by the City of Detroit based on the assessed valuation of commercial and residential property. Residential property is taxed at a rate of 18 mills and commercial property is taxed at a rate of 6 mills. The Districts total property tax levy is expected to amount to \$75.0 million. DPS projects that it will collect approximately \$62.7 million of property tax revenues.

In addition, the School State Code allows for the levy of a regional enhancement property tax by an intermediate school district, at a rate not to exceed 3 mills, for the purpose of enhancing other state and local funding for local school district operating purposes, if approved by a majority of the intermediate school district electors. The FY 2015 Budget assumes a regional enhancement property tax will be placed on the August 2014 ballot, approved by voters and included in the November tax rolls. This would generate approximately \$18.6 million of revenue assuming all of the taxes are collected. DPS projects \$14.8 million of the additional property taxes will be collected.

Special Education Millage:

Special Education Millage or ACT 18 revenue is comprised of funds received from the collection of property taxes by the Wayne County Regional Educational Service Agency (Wayne RESA). The projected revenue for FY 2015 is approximately \$40.7 million, a six percent decrease from FY 2014.

Other Local Revenues:

Other Local Revenues are budgeted at \$33.2 million and consist primarily of proceeds from Medicaid Reimbursements, Education Achievement Authority (EAA) payments and other revenues.

Other Sources – Sale of capital assets and Food Service Transfer

Sale of capital assets

The district will aggressively market and sell parcels of land. DPS anticipates receiving \$11.7 million for the sale of capital assets, an increase of \$2.7 million over the FY 2014 Budget.

Food Service Transfer

The transfer from Fund 25 to Fund 11 is expected to remain at the \$2.4 million level.

EXPENDITURES

The FY 2015 proposed budget reflects significant reductions in several expenditure categories.

Personnel Costs

Personnel costs are expected to decline \$45.0 million primarily attributed to a \$33.1 million reduction in grant funding. The biggest reductions are in the following grants:

- Title I - \$12.4 million reduction
- Title IIa - \$8.5 million reduction
- Head Start - \$4.3 million (DPS will not receive Head Start funding in FY 2015)
- Section 31a - \$3.6 million
- Student Improvement Grant - \$3.0 million

In addition, the District anticipates saving \$13.3 million by restructuring its health care benefit plans.

The FY 2015 General Fund Budget assumes a wage and compensation structure for all employee groups and non-union personnel that includes:

1. Salary & Wage Reductions

All General Fund employees' salaries and wages reflect approximately a 10% reduction realized through prior concession. The prior concessions are now a part of the majority of employees' collective bargaining agreements.

2. Health/Dental/Life/Vision (HDLV) Insurance

The District is restructuring its health care benefit plans. This will result in a projected \$13.3 million savings for the District across all funds.

3. State of Michigan Employer Pension

The FY 2015 General Fund Budget reflects a blended pension rate of 25.5325%.

4. Suspend Economic Wage Drivers

The FY 2015 General Fund Budget includes savings from continued suspension of certain economic wage drivers related to certification bonuses, missing prep periods, oversized classrooms and other wage drivers.

5. Funding for the District's Academic Plan – School Staffing

The primary goal of the academic plan is to ensure the equity of student access to high quality instruction while maximizing the District's resources. Through continued partnership with parents

and the community, the FY 2015 Academic plan utilizes the District’s demographer’s projections as the basis for developing the teacher staffing model.

Staffing Assumptions:

Schools will be given target staffing allocation based on their projected enrollment and the District’s Instructional Staffing Assumptions.

Teachers:

During FY 2015, teachers will be staffed based on the following class sizes:

	FY 2014	FY 2015
Grade	Class Size	Class Size
K-3	25	25
4-5	33	38
6-8	38	43
9-12	38	43

Additional assumptions regarding teacher staffing:

- Advanced Placement students count as an additional 0.20 students.
- K-8 schools will receive at least four teachers for grades 6-8.
- Any student attending a career/technical center on a part-time basis will reduce their primary school’s student count by 0.5.
- K-8 teachers will receive three weekly prep periods when students are in class.

Principal Allocations:

All schools will receive one (1) Principal.

Assistant Principals:

Assistant Principals will be staffed based upon the following student enrollment projections:

Projected Student Enrollment		
Allocations	K-8	High Schools
1	600-1199	600-799
2	>=1,200	800-1,099
3	N/A	1,100-1,499
4	N/A	1,500-1,999
5	N/A	>=2,000

Academic Engagement Administrators:

If a school does not receive an Assistant Principal based upon its enrollment, the school will receive an Academic Engagement Administrator. The Academic Engagement Administrators will be split-funded between the General Fund (50%) and Title 1 Grant Funds (50%). In addition, the Academic Engagement Administrators are being budgeted centrally in the Department of Curriculum.

Guidance Counselors:

Guidance Counselors will be included in the General Fund budgets of the following eight schools:

- Cass Technical High School – 6
- Renaissance High School – 3
- East English Learning Academy – 3
- Martin Luther King High School – 3
- Western High School – 3
- Communication and Media Arts – 2
- Detroit International Academy of Young Women – 1
- Davis Aerospace – 1

Clerical:

DPS school clerical staff will be allocated based upon the following projected student enrollment:

Projected Student Enrollment			
Allocation	Elementary	K-8/Middle	High Schools
1	<200	N/A	N/A
2	200-1,199	1-500	1-400
3	>=1,200	501-1,300	401-999
4	N/A	1,301-2,249	1,000-1,499
4.5	N/A	N/A	1,500-1,749
5	N/A	>=2,250	1,750-1,999
6	N/A	N/A	2,000-2,749
7	N/A	N/A	2,750-3,499
9	N/A	N/A	>=3,500

Staffing for Special Education Classrooms

Teacher staffing service for all DPS special education programs are developed using staffing ratios. Class size maximums for “high incidence” programs are dictated by the State of Michigan. Class size maximums for “low incidence” programs are dictated by Wayne RESA guidelines, which fall within the State mandated limits.



Detroit Rising Schools:

The above mentioned allocation will apply to most of the District's schools. However, Detroit Rising Schools' budgets may be determined at the local school level.

Additional Assumptions Regarding Object Groups:

Schools’ Non-Personnel Budgets:

The initial non-personnel budgets will be allocated based upon the classification of the school as follows:

Type	Allocation per Student
Elementary	\$70
K-8	\$65
Middle	\$60
High School	\$65
Vocational	\$85

Additional assumptions regarding non-personnel budgets:

1. Each school will receive \$2,500 for Copier Maintenance.
2. The remainder of their allocation will be budgeted to Teaching/Testing Supplies.

Purchased Services:

Purchased services are projected to decrease \$23.6 million or 17% primarily attributed to reductions in the Department of Curriculum and the Division of Technology and Information Systems budgets.

Supplies:

Supplies are projected to decrease \$7.5 million or 29% primarily attributed to the Division of Technology and Information Systems and Physical Plant Operations.

Capital Assets:

Equipment and Capital expenditures are projected to decrease \$1.8 million or 64% primarily attributed to the Adult Education Department.

Retricted:

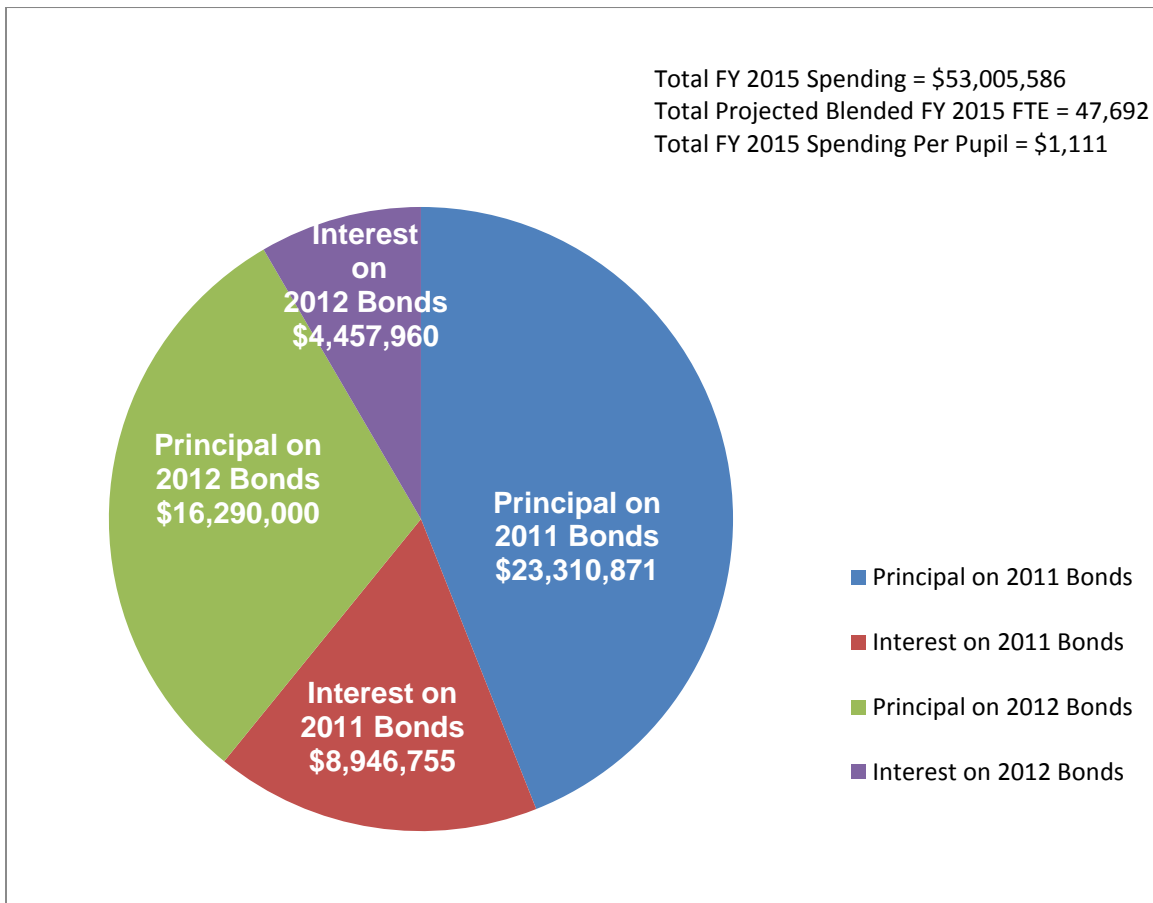
Restricted expenses are projected to decline \$2.4 million or 55% primarily attributed to Prior-Year Adjustments for the Special Education.

Debt Service

The General Purpose Fund is responsible for repayment of principal and interest related to State Aid notes (short-term debt) issued during the academic year, and any outstanding long-term bonds that represent refinanced State Aid Notes.

On May 10, 2012, the District took advantage of favorable municipal market rate conditions, completing the restructuring of its 2005 B long-term debt and eliminating the requirement of the insurer of the 2005 B bonds to accelerate repayment. This saves the District an additional \$22 million per year over four years and will result in interest expense savings of over \$8 million between 2013 through 2020. In addition, the financing received an A+ rating by Standard & Poor's.

FY 2015 DPS Debt Service and Spending Per Pupil



The FY 2015 General Purpose Budget includes a total of \$53,005,586 (\$39,600,871 in principal and \$13,404,715 in interest) as debt service payments for the 2011 and 2012 revenue bonds.

As a result of the successful completion of restructuring the 2005B long-term debt in May 2012, the requirement of the insurer of the bonds to accelerate repayment which would have cost the District an additional \$22 million per year over four years was eliminated, therefore, the FY 2015 Operating Budget does not include funding for accelerated bond premium payments.

	FY 2013 Actual	FY 2014 Amended	FY 2015 Proposed
Summary by Major Debt Service Series:			
2011 Revenue Bonds			
Principal	\$ 21,245,768	\$ 22,252,192	\$ 23,310,871
Interest	11,012,908	10,003,734	8,946,755
Sub-Total	32,258,676	32,255,926	32,257,626
2012 Revenue Bonds			
Principal	15,075,000	15,515,000	16,290,000
Interest	5,668,799	5,236,503	4,457,960
Sub-Total	20,743,799	20,751,503	20,747,960
Total Debt Service	\$ 53,002,745	\$ 53,007,429	\$ 53,005,586

In addition, the District will pay \$3.5 million interest for a 2014 State Aid Anticipation Note (\$80.0 million borrowed at 4.38%).



SECTION IV

Proposed Budgets



**DETROIT PUBLIC SCHOOLS
GENERAL FUND
PROPOSED BUDGET
YEAR ENDING JUNE 30, 2015**

	FY 2013 - Actual	FY 2014 - Amended	FY 2015 - Proposed	Increase (Decrease)	% Increase (Decrease)
Revenue:					
Local sources					
Special education millage	\$ 24,154,771	\$ 43,188,886	\$ 40,731,764	\$ (2,457,122)	(6%)
Property Taxes	63,043,585	60,949,502	77,459,247	16,509,745	27%
Other	27,924,969	38,464,921	33,160,651	(5,304,270)	(14%)
Total local sources	115,123,325	142,603,309	151,351,662	8,748,353	6%
State sources	391,461,548	363,312,476	359,205,791	(4,106,685)	(1%)
Federal sources	179,474,853	210,125,683	156,156,530	(53,969,153)	(26%)
Total Revenue	686,059,726	716,041,468	666,713,983	(49,327,485)	(7%)
Expenditures:					
Instruction	361,171,280	361,618,868	319,100,683	(42,518,185)	(12%)
Support services					
Pupil services	55,016,112	62,315,600	60,122,328	(2,193,272)	(4%)
Instructional staff support	53,743,705	71,807,934	58,557,176	(13,250,758)	(18%)
General administration	8,424,551	7,479,629	6,830,748	(648,881)	(9%)
School administration	38,907,286	37,967,407	35,279,744	(2,687,663)	(7%)
Business office	11,710,925	14,118,405	12,828,933	(1,289,472)	(9%)
Operations & maintenance	77,950,658	88,277,281	78,049,928	(10,227,353)	(12%)
Transportation	30,630,901	28,983,908	26,910,502	(2,073,406)	(7%)
Central support service	26,819,868	27,992,789	26,474,558	(1,518,231)	(5%)
Other support service	1,169,850	1,030,719	981,132	(49,587)	(5%)
Total support services	304,373,856	339,973,672	306,035,049	(33,938,623)	(10%)
Community service	5,908,567	5,850,707	3,709,231	(2,141,476)	(37%)
Facilities acquisitions and improvement	1,101,692	-	-	-	0%
Debt service	53,002,475	53,007,429	53,005,586	(1,843)	0%
Total Expenditures	725,557,870	760,450,676	681,850,549	(78,600,127)	(10%)
Other Financial Sources (Uses)					
Sources					
Proceeds from sale of capital assets	2,242,434	9,026,500	11,700,000	2,673,500	30%
Transfers In	71,799,082	95,030,677	87,091,137	(7,939,540)	(8%)
Total Sources	74,041,516	104,057,177	98,791,137	(5,266,040)	(5%)
Uses					
Transfers Out	(69,394,839)	(92,630,677)	(84,691,137)	(7,939,540)	9%
Prior Year Adjustments	17,272,927	(126,649)	2,343,156	(2,469,805)	1950%
Total Uses	(52,121,912)	(92,820,227)	(82,347,981)	(10,472,246)	(11%)
Total Other Financial Sources (Uses)	21,919,604	11,236,950	16,443,156	5,206,206	46%
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(17,578,540)	(33,172,258)	1,306,590	34,478,848	(104%)
Beginning Fund Balance	(76,303,384)	(93,881,924)	(127,054,182)		
Ending Fund Balance	\$ (93,881,924)	\$ (127,054,182)	\$ (125,747,592)		



**DETROIT PUBLIC SCHOOLS
REVENUES AND OTHER SOURCES - GENERAL FUND
PROPOSED BUDGET
YEAR ENDING JUNE 30, 2015**

Fund	FY 2013 - Actual	FY 2014 - Amended	FY 2015 - Proposed	Increase (Decrease)	% Increase (Decrease)
Fund 11 General Purpose Fund					
State Aid					
22a Prop A Obligation	\$ 208,967,107	\$ 30,252,293	\$ 43,425,310	\$ 13,173,017	44%
22b Discretionary Payment	50,055,935	51,216,612	52,678,971	1,462,359	3%
152a Headlee Obligation - Adair & 94a.9	1,258,325	1,200,363	1,179,387	(20,976)	(2%)
26a Renaissance Zone	4,412,043	4,561,159	4,511,048	(50,111)	(1%)
22f Best Practice Incentive	2,798,508	2,522,751	2,479,943	(42,808)	(2%)
147a MPSERs Cost Offset	8,596,815	4,542,777	4,458,349	(84,428)	(2%)
147c MPSERs UAAL Rate Stabilization	8,142,715	16,808,224	16,409,187	(399,037)	(2%)
61a Vocational Education	785,322	529,572	518,981	(10,591)	(2%)
Pupil Transfer Adjustment	2,213	586,614	574,881	(11,733)	(2%)
20f Hold Harmless Guarantee	-	1,110,010	1,098,805	(11,205)	(1%)
Local					
Property Tax Net	63,043,585	60,949,502	77,459,247	16,509,745	27%
Revenue Enhancement Millage	-	-	-	-	0%
Earnings on Investments	31,892	69,289	31,892	(37,397)	(54%)
Medicaid Reimbursement	12,893,076	10,192,381	11,593,043	1,400,662	14%
JROTC	994,580	1,056,614	1,035,481	(21,133)	(2%)
Charter School Administration Fee	941,631	774,750	759,256	(15,494)	(2%)
Other	9,609,990	12,547,901	5,374,717	(7,173,184)	(57%)
Federal					
Indirect Cost Revenue	19,231,358	6,462,108	2,513,399	(3,948,709)	(61%)
Transfer from Fund 18	58,169	99,142	-	(99,142)	(100%)
Other					
Services to Other Schools	585,927	2,250,789	3,303,574	1,052,785	47%
Payment from EAA - Debt Service Offset	(568,238)	7,272,723	6,988,269	(284,454)	(4%)
Payment from EAA - Services	2,070,804	2,070,804	2,070,804	-	0%
Proceeds from sale of capital assets and other	2,242,434	9,026,500	11,700,000	2,673,500	30%
Transfer from Fund 25	2,404,243	2,400,000	2,400,000	-	0%
Total Fund 11	398,558,434	228,502,878	252,564,544	24,061,666	11%
Fund 13 Adult Education					
State Aid	2,164,193	6,142,004	4,197,063	(1,944,941)	(32%)
Prior Year Adjustment	(146,139)	-	-	-	0%
Other - Earnings on Investments	1,465	-	-	-	0%
Other - Local Sources	-	22,284	208,000	185,716	833%
Total Fund 13	2,019,519	6,164,288	4,405,063	(1,759,225)	(29%)
Fund 14 Grants					
Title I	31,903,343	59,694,447	56,603,130	(3,091,317)	(5%)
Title I / Title II / Title III Carryover	94,835,647	20,373,009	-	(20,373,009)	(100%)
31a At Risk	36,328,112	19,582,818	18,644,029	(938,789)	(5%)
IDEA	19,745,383	14,319,042	12,890,327	(1,428,715)	(10%)
Title IIa	16,991,838	31,721,878	18,507,704	(13,214,174)	(42%)
Great Start Readiness	13,457,955	16,994,000	16,994,000	-	0%
Other Grants	14,163,757	13,804,398	4,088,030	(9,716,368)	(70%)
Transfer from Fund 11	4,898,189	-	-	-	0%
Total Fund 14	232,324,224	176,489,592	127,727,220	(48,762,372)	(28%)
Fund 16 Special Education					
State Aid	49,299,148	42,870,698	42,870,698	-	0%
Transfer from Fund 11	15,228,238	46,143,952	40,667,572	(5,476,380)	(12%)
Transfer from Fund 22	-	7,720,700	7,234,077	(486,623)	(6%)
Total Fund 16	64,527,386	96,735,350	90,772,347	(5,963,003)	(6%)
Fund 18 ARRA Stimulus					
ARRA School Improvement	7,388,027	5,401,080	-	(5,401,080)	(100%)
ARRA Other	276,042	-	-	-	0%
Total Fund 18	7,664,069	5,401,080	-	(5,401,080)	(100%)
Fund 19 Consolidated Funds					
Prop A Obligation	-	162,366,998	147,820,214	(14,546,784)	(9%)
Title I	-	64,934,840	63,631,739	(1,303,101)	(2%)
Title IIa	-	1,810,099	944,500	(865,599)	(48%)
Section 31a	-	1,295,027	1,189,924	(105,103)	(8%)
Total Fund 19	-	230,406,964	213,586,377	(16,820,587)	(7%)
Fund 22 Special Education Center Based Programs					
Act 18	24,154,771	43,188,886	40,731,764	(2,457,122)	(6%)
Follow That Child	587,519	1,004,832	1,441,716	436,884	43%
Transfer from Fund 11	30,259,337	-	-	-	0%
Transfer from Fund 16	-	32,204,775	34,276,089	2,071,314	6%
Total Fund 22	55,001,627	76,398,493	76,449,569	51,076	0%
Total	\$ 760,101,242	\$ 820,098,645	\$ 765,505,120	\$ (54,593,525)	(7%)



**DETROIT PUBLIC SCHOOLS
EXPENDITURES AND OTHER USES - GENERAL FUND
PROPOSED BUDGET
YEAR ENDING JUNE 30, 2015**

	FY 2013 - Actual	FY 2014 - Amended	FY 2015 - Proposed	Increase (Decrease)	% Increase (Decrease)
Fund 11 General Purpose Fund					
Personnel	\$ 217,496,994	\$ 57,167,814	\$ 54,724,028	\$ (2,443,786)	(4%)
Purchased Services	84,311,460	90,100,555	82,451,545	(7,649,010)	(8%)
Supplies	7,598,271	4,911,039	5,252,266	341,227	7%
Equipment & Capital	19,807	12,558	6,634	(5,924)	(47%)
Utilities	20,347,487	25,147,898	24,247,542	(900,356)	(4%)
Restricted	(23,915,896)	(14,816,109)	(9,097,219)	5,718,890	(39%)
Principal & Interest	53,002,475	53,007,429	53,005,586	(1,843)	0%
Transfers	50,385,764	46,143,952	40,667,572	(5,476,380)	(12%)
Total Fund 11	409,246,362	261,675,136	251,257,954	(10,417,182)	(4%)
Fund 13 Adult Education					
Personnel	2,983,452	3,051,822	2,959,368	(92,454)	(3%)
Purchased Services	964,098	1,315,423	1,021,252	(294,171)	(22%)
Supplies	435,833	496,043	352,556	(143,487)	(29%)
Equipment & Capital	1,546,043	1,301,000	-	(1,301,000)	(100%)
Utilities	-	-	71,887	71,887	100%
Total Fund 13	5,929,426	6,164,288	4,405,063	(1,524,363)	(29%)
Fund 14 Grants					
Personnel	174,787,474	130,544,094	97,467,999	(33,076,095)	(25%)
Purchased Services	26,528,027	28,256,123	20,282,839	(7,973,284)	(28%)
Supplies	13,168,874	10,298,887	6,992,469	(3,306,418)	(32%)
Equipment & Capital	1,869,648	920,879	463,713	(457,166)	(50%)
Utilities	-	7,501	6,801	(700)	(9%)
Transfers	18,950,906	6,462,108	2,513,399	(3,948,709)	(61%)
Total Fund 14	235,304,929	176,489,592	127,727,220	(48,762,372)	(28%)
Fund 16 Special Education					
Personnel	55,499,039	54,060,129	52,723,958	(1,336,171)	(2%)
Purchased Services	1,318,275	3,053,876	2,858,100	(195,776)	(6%)
Supplies	598,047	900,016	854,200	(45,816)	(5%)
Equipment & Capital	71,073	88,104	60,000	(28,104)	(32%)
Transfers	-	32,204,775	34,276,089	2,071,314	6%
Restricted	7,040,952	6,428,450	-	(6,428,450)	(100%)
Total Fund 16	64,527,386	96,735,350	90,772,347	(5,963,003)	(6%)
Fund 17 State Fiscal Stabilization Fund					
Transfers	5,983	-	-	-	0%
Total Fund 17	5,983	-	-	-	0%
Fund 18 ARRA Stimulus					
Personnel	4,389,856	2,961,511	-	(2,961,511)	(100%)
Purchased Services	2,518,165	1,598,085	-	(1,598,085)	(100%)
Supplies	355,239	725,342	-	(725,342)	(100%)
Equipment & Capital	348,623	17,000	-	(17,000)	(100%)
Transfers	52,186	99,142	-	(99,142)	(100%)
Total Fund 18	7,664,069	5,401,080	-	(5,401,080)	(100%)
Fund 19 Consolidated Funds					
Personnel	-	208,631,164	200,252,641	(8,378,523)	(4%)
Purchased Services	-	13,357,221	8,523,897	(4,833,324)	(36%)
Supplies	-	8,231,768	4,586,205	(3,645,563)	(44%)
Equipment & Capital	-	186,811	223,634	36,823	20%
Total Fund 19	-	230,406,964	213,586,377	(16,820,587)	(7%)
Fund 22 Special Education Center Based Programs					
Personnel	51,498,037	51,676,821	54,920,719	3,243,898	6%
Purchased Services	2,924,740	3,566,595	2,524,722	(1,041,873)	(29%)
Supplies	406,815	511,640	510,012	(1,628)	0%
Equipment & Capital	172,035	200,534	217,444	16,910	8%
Transfers	-	7,720,700	7,234,077	(486,623)	(6%)
Restricted	-	12,722,203	11,042,595	(1,679,608)	(13%)
Total Fund 22	55,001,627	76,398,493	76,449,569	51,076	0%
Total	\$ 777,679,782	\$ 853,270,903	\$ 764,198,530	\$ (88,837,511)	(10%)



SECTION V

Other Governmental Funds Proposed Budgets

Capital Projects:

While not an annual operating budget, the Capital Project Funds are used to record major capital improvements. Detroit voters approved the Proposal S Bond Referendum in November of 2010 which enabled the District to access \$500.5 million in federal dollars for school capital improvements projects. DPS received the sixth largest allocation in the nation.

Federal regulations stipulate the bond dollars must be spent within three years. Through this project, DPS is building safer, state-of-the-art facilities to help students achieve success.

The Capital Projects Fund includes program staffing which is managed by an internal staff of four District employees and an independent program management team. This core staff is assisted by additional contracted staff to manage:

- Project Oversight and Coordination
- Project Planning, Programming and Design Review
- Procurement and Contract Management
- Invoicing and Budget Controls
- Building Commissioning and Transition to DPS
- Local Inclusion and Student Work Management
- Communications and Community Engagement

Following are the budgets for the District's capital funds:



**Detroit Public Schools
Budgeted Revenue, Expenditures and Change in Fund Balance (Deficit)
FY 2015 Capital Projections**

	2009B Building Site Improvement Bond Fund	2010A Building Site Improvement Bond Fund	2009A Building Site Improvement Bond Fund	2010B Building Site Improvement Bond Fund
Revenue				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenue	<hr/> -	<hr/> -	<hr/> -	<hr/> -
Expenditures				
Issuance costs	-	-	-	-
Capital Outlay	1,109,202	0	0	438,706
Total Expenditures	<hr/> 1,109,202	<hr/> 0	<hr/> 0	<hr/> 438,706
Excess (Deficiency) of Revenue Over (Under) Expenditures	<hr/> \$1,109,202	<hr/> \$0	<hr/> \$0	<hr/> \$438,706
Other Financing Sources (Uses)				
Issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	<hr/> -	<hr/> -	<hr/> -	<hr/> -
Net Change in Fund Balances	(1,109,202)	(0)	(0)	(438,706)
Fund Balances (deficit) – June 30, 2014	<hr/> 1,109,202	<hr/> 0	<hr/> 0	<hr/> 438,706
Fund Balances (deficit) – June 30, 2015	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

Food Service:

The District records food service economic transactions in Fund 25 – Food Service. Fund 25 is a special revenue fund that is not a part of the General Fund and as such is presented separately. This Fund continues to maintain a positive fund balance while still providing high quality food service to our students. Following is the FY 2015 budget for the District’s food service operations:



DETROIT PUBLIC SCHOOLS
FOOD SERVICE FUND
PROPOSED BUDGET
YEAR ENDING JUNE 30, 2015

	FY 2013 - Actual	FY 2014 - Amended	FY 2015 - Proposed	% Increase (Decrease)	Increase (Decrease)
Revenue:					
Local sources					
Other	1,205,646	1,638,850	1,638,850	0%	-
Total local sources	1,205,646	1,638,850	1,638,850	0%	-
State sources	1,095,078	1,122,000	1,016,641	(9%)	(105,359)
Federal sources	39,665,616	43,588,821	44,484,145	2%	895,324
Total Revenue	41,966,340	46,349,671	47,139,636	2%	789,965
Expenditures:					
Support services					
Personnel	15,792,299	18,503,598	17,392,731	(6%)	(1,110,867)
Purchased Services	1,790,745	2,440,717	2,369,886	(3%)	(70,831)
Supplies	23,362,638	23,862,464	24,486,358	3%	623,894
Equipment & Capital	6,362,189	5,542,892	490,661	(91%)	(5,052,231)
Total support services	47,307,871	50,349,671	44,739,636	(11%)	(5,610,035)
Total Expenditures	47,307,871	50,349,671	44,739,636	(11%)	(5,610,035)
Other Financial Sources (Uses)					
Sources					
Proceeds from sale of capital assets	5,624	-	-	0%	-
Uses					
Transfers Out	(2,404,243)	(2,400,000)	(2,400,000)	0%	-
Prior Year Surplus	-	6,400,000	-	(100%)	6,400,000
Total Uses	(2,404,243)	4,000,000	(2,400,000)	(160%)	6,400,000
Total Other Financial Sources (Uses)	(2,398,619)	4,000,000	(2,400,000)	(160%)	(6,400,000)
Excess (deficiency) of Revenue Over (Under) Expenditures	(7,740,150)	-	-	0%	-
Beginning Fund Balance	18,238,535	10,498,385	10,498,385		
Ending Fund Balance	\$ 10,498,385	\$ 10,498,385	\$ 10,498,385		