

Corrective Action Plan Request

Section 1: District Information

District Name: Public Schools of the City of Ann Arbor District Code: 81010

Management Company (if applicable): N/A

Authorizer (if applicable): N/A

Contact Name: Marios Demetriou

Title: Assistant Superintendent of Finance

Email: demetriou@aaps.k12.mi.us Telephone: 734-994-2550

Section 2: General Information

Please provide a description of prior or future actions implemented that will positively impact your fund balance or mitigate the risks of a general fund deficit. Actions may include changes that will affect your districts financial health. Please indicate the impact of the actions on the school district and general fund budget as a whole using narrative and financial data.

Examples from previously approved Corrective Action Plans have been included but were not limited to material changes in the following areas: staffing levels, compensation, purchased service contracts, collective bargaining agreements, employee benefit costs, enrollment projections, capital projects, and transportation.

Example of Corrective Action Plan Responses:

Sample Statement: During FY2022-2023, our district's sinking fund millage successfully passed and will be alleviating funds from our general fund balance. The 1-mill that will result in approximately \$230,000 in revenue. The sinking fund will add \$120,000 back to the general fund which will eliminate the projected deficit for the next school year. See the attached analysis conducted to show the direct cost benefit from implementing a sinking fund.

Narrative Section:

Our goal is to cut approximately \$25M for the 2024/2025 School year and to achieve this we have identified the following items:

- We have identified central office positions which save about \$4.5M.
- The Board of Education has authorized layoffs.
- We have negotiated \$660K savings with our custodial contractor.
- We have negotiated \$600K savings with our transportation contractor.
- We identified \$1M in different sources of funding where we can move existing employees into state categorical or federal grants.
- The Board of Education has authorized Schools of Choice.
- We are developing a marketing and enrollment plan to attract and retain our student enrollment and to recapture some of our enrollment loss.
- We are in negotiations on selling one of our buildings which could bring several millions. We are also discussing the sale of land that we own. We do understand that these are one-time funds and will not be used for continuing expenses.

FINANCIAL PRACTICES

Please provide an overview of the district's budgeting process.

- a. Does the district have a fund balance policy? If yes, please state the fund balance policy?

Yes

No

The district shall manage its financial matters so that the budgeted year-end fund balance of the general fund is targeted to fall within a range of 6 to 15 percent of the preceding year's expenditures from the general fund.

- b. How often does the district make budget amendments? Do you anticipate any material changes to the district's current fiscal year budget?

The District makes budget amendments as necessary. Yes, a material amendment was taken to the BOE in March 2024.

- c. Did your district have audit findings in the previous fiscal year? If yes, please describe how you plan to address those findings including actions taken in the current fiscal year.

None

ENROLLMENT/FOUNDATION ALLOWANCE

Provide an analysis of district revenues using the key indicators of enrollment and foundation allowance (if the district works with a third party vendor, please attach to the CAP). Briefly describe enrollment trends over the past couple years and the financial impact it had or will have on the budget. For example, change in enrollment multiplied by change in foundation allowance equals budget impact.

Narrative Section:

We have assumed a \$200 increase in the Foundation Allowance per year and have assumed a decrease in students of 105 per year.

Financial Data:

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Enrollment	16,955.91	16,943.73	16,838.76	16,734	16,629	16,524	16,419
<i>Enrollment/ Change</i>	(925.99)	(12.18)	(104.97)	(105)	(105)	(105)	(105)
Foundation Allowance	9,701	10,102	10,609	10,809	11,009	11,209	11,409
<i>Foundation Allowance/ Change</i>	171	401	507	200	200	200	200
Budget Impact				335,633	2,911,522	2,772,559	2,730,573

STAFFING

Please provide an examination of staffing costs.

- a. How many union groups does the district have? Please name them.

6

AAAA – Administrators

AAEA – Teachers

AAEA/OP – Office Professionals

AAEA/P – Para - Educators

ASCSA – School/Community Service Providers

AFSCME/TSP – Technical Service Providers

- b. When will the teachers collective bargaining agreement expire? How long is the term of that agreement?

Expiration of contract is 12/31/2025.

- c. If you have negotiated a new CBA in the current fiscal year, what was the budget impact of the agreement? If the Educational Service Provider negotiated new staffing contracts/agreements in the current fiscal year, what was the budget impact to the district for these contracts/agreements?

An economic reopener has begun for FY2024-25 but no agreement has been reached yet.

- d. Does the district or Educational Service Provider have purchase services agreements? For which services? How long is the term of each agreement?

Transportation – Durham – 6/30/2025

Food Service – Chartwells – 6/30/2024

Custodial – ABM – 6/30/2026

- e. If the district or Educational Service Provider negotiated new purchased services agreements in the current fiscal year, what was the budget impact of those agreements?

- We have negotiated \$660K savings with our custodial contractor
- We have negotiated \$600K savings from our transportation contractor

SALARY AND BENEFIT COSTS

Please provide an analysis of the district's current year salary and benefit costs including any material changes. (For PSAs and Educational Service Providers – include the cost of the purchased services salaries and benefits for staffing the district including any material changes)

Narrative Section:

2022/2023 Audited - \$259,138,401

2023/2024 Amendment - \$260,564,959

2022/2023 amounts included \$14.3M from 147c(2); negotiated increases for 2023/2024 account for the approx. \$14M.

OTHER FACTORS FOR CONSIDERATION

Please include other factors not identified above that may have an impact on your district's general fund balance.

Narrative Section:

None Noted

SUPPORTING DOCUMENTS

In addition to your Corrective Action Plan response, please attach the following documents:

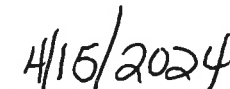
- a. District's general fund budget or approved budget amendment for the current fiscal year
- b. Budgetary Assumptions for the current and next two fiscal years
 - a. Projected Foundation Allowance
 - b. Projected Enrollment - If the district works with a third-party vendor in developing enrollment projections, please attach to the Corrective Action Plan.

APPROVAL OF CORRECTIVE ACTION PLAN

I certify the information presented in this plan is a good faith estimate of the district's financial health. The information presented is accurate to the best of my knowledge.



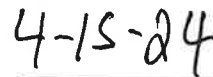
District's Superintendent



Date



District's Business Manager/Chief Financial Officer



Date