



Finance & Operations Committee

January 23, 2025

MINUTES

Meeting called to order: Member Picard at 5: 04 p.m. **Board members present:** Kehoe, Picard

District staff: Merritt, Minnick, Lents, Jory **Citizen Representatives:** Roderique

Student Representative: Simran Singh **Others Present:** John Johnson

Public Comments – none.

Approval of Prior Meeting Minutes – January 9, 2025 - approved.

Filter First Legislation and Response - Ms. Minnick presented on the Filter First legislation, a Michigan law effective October 24, 2023, designed to protect children in schools and child care centers from lead exposure in drinking water. The law mandates that institutions create a Drinking Water Management Plan (DWMP), install lead-reducing filters on all consumptive water fixtures, annually test the filtered water, and certify compliance with the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

The DWMP was required to be complete by January 24, 2025, and we have done so with support from Arch Environmental Services. Although EGLE offers an optional template, the DWMP does not need to be submitted or approved. It should detail the locations of consumptive and non-consumptive water outlets, a plan for shutting off any outlets made permanently inoperable, and schedules for water sampling and filter cartridge replacements.

By June 30, 2026, all consumptive fixtures must have filtered bottle filling stations and lead-reducing filters installed. Filtered faucets are permitted only when a bottle filling station is not feasible but necessary, such as in kitchens or classrooms. The stations must meet specific requirements, including connection to cold water and drainage systems, certification for lead and particulate reduction, and a filter status indicator and bubbler. At least one station is required per 100 students, and drinking fountains are not allowed unless they are filtered bottle filling stations.

Non-compliant bottle filling stations must be removed or rendered inoperable by June 30, 2026. Bubblers must be permanently disabled, and classroom sinks and food preparation outlets must either have filters or proper signage. All filtered water outlets must be tested for lead annually, with compliance certified to EGLE.

P-CCS has a pending grant of \$494,900 to install 101 filtered bottle filling stations across the district to meet the 1:100 requirement. This one-time funding covers purchase, installation, but it does not cover future installations, ongoing water sampling and maintenance, or the removal of bubblers.

Mr. Kehoe raised the concern that approximately 200 units may be needed across the district and asked if locations are being prioritized. Mr. Lents responded that P-CCS is working with Arch Environmental to estimate the number of units required and determine what is involved in meeting the requirements for each building. Ms. Minnick clarified that the one-time funding covers the supply and installation of units but does not cover the removal of old units. Moving forward, the district will be responsible for using compliant water fillers in any new construction areas.

CREC Outcomes – Ms. Minnick presented a slide deck to update the committee on the outcomes of the Consensus Revenue Estimating Conference held on January 10, 2025. The presentation outlines the timeline for developing the 2025-2026 budget and includes a comparison of revenue and consensus estimates for the General Fund (GF) and School Aid Fund (SAF) from 2023-2024 through 2026-2027. Consensus forecasts from the State Budget Office, House Fiscal Agency, and Senate Fiscal Agency predict steady but modest growth in SAF and General Fund-General Purpose (GF-GP) revenues through FY2027, surpassing the January 2024 CREC projections. Several factors contribute to this optimistic outlook, including cost adjustments in the SAF that reduced expenditures, a lower-than-expected student population leading to smaller state foundation allocations, and rising property values decreasing the state's share of foundation allowances. Additionally, special education costs came in below expectations, and changes to the School Aid Act for FY25, such as a flat per-pupil allocation, led to reduced spending. While an economic slowdown was anticipated, it occurred more slowly than expected. Higher wages also drove greater income tax revenue, and stronger consumer spending in various sectors resulted in higher sales tax revenue.

Next steps include monitoring the Governor's Budget Proposal and any updates to the FY25 Supplemental budget. The team will prepare and analyze the results of the Community Budget Survey, begin developing the 2025-2026 budget using the CREC data and other relevant information, and report the findings to the Board of Education in March 2025.

In response to Mr. Kehoe's request for information on past school aid trends, Ms. Minnick explained that during the COVID years, the economic slowdown led to a shift in consumer spending, increasing sales tax revenue. As people substituted products like gym equipment and self-care items for services such as gym memberships, hair salons, and spas, the state saw higher sales tax collections. Since services are not subject to sales tax but products are, the SAF benefited by receiving 2 cents for every 6 cents collected in Michigan's sales tax. It remains unclear how much the foundation allowance will increase for 2025-26, how many federal dollars will be allocated, or if there will be any restrictions on how funds can be spent.

Financial Update for December 31, 2024 – Ms. Minnick presented the financial reports as of December 31, 2024, comparing the General Fund's original budget to actual figures, highlighting budget percentages and variances. As of December 31, revenues have reached 38.6% of the total budget, and expenditures account for 46.2%. The variances we see are based on a comparison to the original FY24 budget, rather than the actuals. These dollar and percentage variances stem from comparing current transactions and balances against last year's original budget, which was amended multiple times throughout the year—mid-year, year-end, and post-audit. While working through these variances, we realized that comparing to the original budget may not provide the optimal comparison. Since the final audit reports weren't available until November, and we begin presenting financial reports to the committee annually in October, using the prior year's amended June budget may be a more accurate reference point. With many moving parts, we're digging into the details of the variances and plan to bring forward a mid-year budget amendment in February. We will continue refining our approach to ensure we capture the most accurate data moving forward.

Update on 3% Employee Reimbursements

Ms. Minnick received word from Wayne RESA that the state will be disbursing funds to districts in February for the 3% reimbursement to the employees who have been paying into the healthcare. Wayne RESA is working on software modifications to allow districts to begin reimbursing employees while holding the district financially harmless until the state rectifies its funding shortage. The state is currently working through this and are in the process of developing informational materials for employees to explain the results of this legislation.

Adjourn: 6:16 p.m.