ANN ARBOR PUBLIC SCHOOLS

LEAD. CARE. INSPIRE.

AAPS Budget
Cost Reduction Plan

Board of Education
August 26, 2026

Thoughtful Decisions Today Create Opportunities for Tomorrow

Responsible Choices. Stronger Schools. Brighter Futures.

OUR GOALS FOR EVERY DECISION

Equity in Distribution of Resources
Ensure resources are aligned to student needs so every learner has access to high-quality opportunities.

Transparency
Be open and clear about our finances, decisions, and the reasoning behind our choices to build trust with our community.

Benchmarking
Compare our practices and outcomes to similar districts to ensure we are using resources efficiently and staying competitive.

Risk Avoidance
Make proactive, informed decisions that protect our financial health and reduce future risk.

HOW WE MAKE CHANGES

Data-Informed. Strategic. Student-Centered.

We Start with Student Needs
We analyze enrollment trends, program demand, facility conditions, and educational outcomes to understand the needs of our students and schools.

We Use Data and Research
We evaluate financial impact, operational efficiency, and best practices from comparable districts to identify smart, sustainable solutions.

We Engage Our Community
We listen to and learn from our staff, families, and community partners to ensure a range of perspectives inform our decisions.

We Plan for Long-Term Sustainability
We consider the long-term impact on our resources, facilities, and programs to ensure we can continue to invest in our students and staff.

We Act Responsibly
We implement changes that strengthen our schools, protect taxpayer dollars, and position AAPS for continued success.

HOW THESE PRINCIPLES DRIVE COST SAVINGS

- **Student Needs Evolve** — We adjust to changes in enrollment, program needs, and community priorities.
- **Optimize Resources** — We right-size facilities and programs to reduce costs and maximize impact.
- **Improve Efficiency** — We streamline operations to focus more resources in the classroom.
- **Plan for the Future** — We make decisions today that support long-term sustainability and protect what matters most.

STRATEGIC RECOMMENDATIONS: IMMEDIATE ACTION NEEDED

Strengthening Our Financial Future While Investing in Our People and Students

IMMEDIATE ACTION IS CRITICAL: By implementing these strategic recommendations now, AAPS can build a stronger financial foundation, invest in our people, and sustain excellence for our students—today and into the future.

OUR RECOMMENDATIONS – IN ORDER OF PRIORITY AND TIMING

1 LAND AND BUILDING SALES

- Generate one-time revenue to strengthen fund balance and support long-term stability.
- Reduce financial risk and protect against future budget gaps.
- Avoid state intervention by proactively addressing structural deficits.

BOARD RECOMMENDATION: Authorize the administration to pursue land and building sales opportunities to maximize value in the current real estate market.

2 COST CONTROL & EFFECTIVE VENDOR CONTRACTS

- Implement ongoing monitoring to control expenditures in all areas.
- Ensure purchased service vendor contracts are cost-effective, competitive, and performance-based.

BOARD RECOMMENDATION: Direct the administration to review all purchased service vendor contracts and report back with recommendations to improve cost effectiveness and performance.

3 RIGHT SIZE STAFFING

- Invest in our people and retain top talent.
- Collaborate with union groups to align staffing with enrollment and program needs.
- Reduce costs responsibly through natural attrition.

BOARD RECOMMENDATION: Approve the implementation of a right-size staffing and attrition strategy as part of the FY2027 budget planning process.

4 SCHOOL AND PROGRAMMING CONSOLIDATION

- Optimize resources and right size our district footprint.
- Sustain quality of programming through structural realignment.
- Maximize opportunities and outcomes for every student.

BOARD RECOMMENDATION: Direct the administration to develop and present a district consolidation and program realignment plan for Board consideration.

THE BOTTOM LINE: These strategic actions are essential to ensure AAPS remains financially stable, invests in our people, and delivers high-quality educational experiences for all students—now and into the future.

THE TIME TO ACT IS NOW.
Thoughtful planning. Responsible budgeting.
Stronger schools. Brighter futures.

Decision-Making Framework

Cost Savings Initiatives Analysis

Every initiative was evaluated using the same 15 objective criteria across four strategic lenses to ensure consistent, transparent, and data-informed decision making.

ENROLLMENT IMPACT

- Student Enrollment Trends
- Capacity Utilization
- Proximity to Another School
- Risk of Enrollment Loss to Privates
- Better prepares students for college and post-secondary expectations.

FINANCIAL SUSTAINABILITY

- Per Student Financial Variance (Revenue minus Costs)
- One-Time Revenue
- Annual Operating Savings

EQUITY IMPACT

- Students Impacted
- Staff Impacted
- Community Impact
- Transportation Impact
- Food Service Impact

IMPLEMENTATION READINESS

- Implementation Timeline
- Operational Complexity

SCORING METHODOLOGY

Each criterion is scored on a 1–5 scale.

- **5** – Most favorable / lowest challenge
- **3** – Moderate impact or benefit
- **1** – Least favorable / highest challenge

Total Maximum Score: 75 points | 100%

SCORING GUIDE (EXAMPLES)

Financial Variance	5 = <$0	3 = $0 to breakeven	1 = >$0 cost
Capacity Utilization	5 = <65%	3 = 65–85%	1 = >85%
Enrollment Trend	5 = Declining	3 = Stable	1 = Growing
Risk of Losing to Privates	5 = Low	3 = Moderate	1 = High

PRIORITY LEVEL (BASED ON TOTAL SCORE)

70%+	Immediate Consideration
50–69%	Recommended for Fall 2027 Implementation
<50%	TBD

This balanced framework considers educational quality, financial sustainability, operational feasibility, and community impact to support the Board in making informed decisions that are in the best interest of our students and community.

PHASE 1
PROPOSED RECOMMENDATIONS

Phase 1 initiatives focus on responsibly right-sizing our facilities to strengthen financial sustainability and invest more in students.

ONE-TIME REVENUE

$9.5M

from land and building sales

ANNUAL SAVINGS

$1.5M

in recurring operational savings

These recommendations help ensure long-term fiscal stability while supporting equitable educational opportunities for all students.

PHASE 1 RECOMMENDATIONS

Smart Decisions Today. Stronger Schools Tomorrow.

These three initiatives focus first on maximizing one-time revenue from underutilized assets and right-sizing operations to strengthen our financial position.

1 Sell Earhart Property

Land & Building Sale

IMMEDIATE (2026–2027)

2 Sell Balas Property (minus lower lot parking)

Land & Building Sale

IMMEDIATE (2026–2027)

3 Strategic Schedule Alignment

Programmatic

FALL 2027 (2027–2028)

SEEKING BOARD APPROVAL TO MOVE FORWARD

Initiatives 1 and 2 are seeking Board approval to move forward with planning and implementation.

PROGRAMMATIC CHANGES DO NOT REQUIRE BOARD APPROVAL

Initiative 3 is a programmatic change and does not require Board approval.

These Phase 1 actions position AAPS to realize immediate value, improve efficiency, and invest in programs and facilities that expand opportunity for all students.

ADMINISTRATIVE FACILITIES TRANSITION

RECOMMENDATION OVERVIEW

Sell Earhart and Balas Properties. Invest in Our Future.

EXECUTIVE RECOMMENDATION

Authorize approval to sell the Earhart Administration Building and Balas Property (minus lower lot parking). Relocate all administrative staff to new location.

This initiative has little to no impact on students while strengthening our financial position, centralizing operations, and bringing district leadership and support services closer to our schools and community.

WHY THIS CHANGE?

- Monetizes underutilized, non-instructional assets to strengthen finances.
- Centralizes administrative functions for improved efficiency and collaboration.
- Locates district leadership closer to schools and the community.
- Demonstrates responsible stewardship and rebuild reserves before impacting schools.

IMPACT ON STUDENTS & COMMUNITY

Student Impact: Little to no impact. No changes to academic programs, transportation, or student services.

Community Impact: Low impact. No schools close and no students are reassigned.

FINANCIAL IMPACT

Significant one-time revenue to rebuild fund balance and strengthen financial sustainability.

ONE-TIME REVENUE	
Sell Earhart Property	$5,000,000
Sell Balas Property (minus lower lot parking)	$4,500,000
TOTAL ONE-TIME REVENUE	**$9,500,000**

ONGOING IMPACT	
Annual Savings	Minimal initially
Long-term Savings	Yes – lower facility costs, reduced duplication, and efficiencies
Funding for New Location	Bond/Sinking Fund (does not impact General Fund operating dollars)

Proceeds strengthen General Fund reserves and reduce future financial risk and pressures.

OUR PLAN

1. **Identify & Purchase**
   Acquire an existing building within the district.
2. **Design & Renovate**
   Renovate and prepare the location for all departments.
3. **Relocate Staff**
   Consolidate all central office staff into the new location.
4. **Market & Sell Properties**
   Market and sell Earhart and Balas (lower lot parking retained) properties.
5. **Strengthen Financial Position**
   Use proceeds to rebuild reserves and support long-term stability.

KEY DETAILS

Properties Sold	Earhart Administration Building; Balas Property (minus lower lot parking)
New Admin Location	Existing building within the district
Number of Staff	Approximately 250
Student Impact	Little to no impact
Timeline	Approximately 12 months from Board approval

BOTTOM LINE: Selling Earhart and Balas (minus lower lot parking) and consolidating into one location strengthens our financial position, improves efficiency, and positions AAPS for long-term success—without impacting students.

STRATEGIC SCHEDULE ALIGNMENT

EXPANDING STUDENT ACCESS AND STRENGTHENING STAFFING EFFICIENCY

Preserving Excellence. Improving Efficiency. Strengthening Our Financial Future.

EXECUTIVE RECOMMENDATION

Transition to common schedules across AAPS schools by level beginning Fall 2027.

This recommendation maintains course offering while improving operational efficiency to generate meaningful annual savings.

WHY THIS CHANGE?

- Improves staffing efficiency and flexibility
- Improves student course and programmatic access
- Strengthens consistency and collaboration
- Decreases operational complexity, improves school support & resource allocation

WHAT REMAINS THE SAME

- ✓ Unique school identity and culture
- ✓ Rigorous, high quality programs and course offerings
- ✓ Strong student support services

FINANCIAL IMPACT

Staffing efficiencies gained result in ongoing annual cost savings

ANNUAL SAVINGS	
Annual Staffing Savings	$1,500,000
TOTAL ANNUAL SAVINGS	**$1,500,000**

ONE-TIME REVENUE (NOT APPLICABLE)

This initiative does not include any one-time revenue.

Strengthens long-term financial sustainability while maintaining program excellence and student opportunities.

STUDENT & OPERATIONAL IMPACT

More Opportunities
Greater access to courses and programs across various schools.

Quality Experience
Students maintain current course access while gaining access opportunities available at other AAPS schools.

Operational Benefits
Reduces staffing costs and travel gaps, provides efficient use of resources and support staff.

KEY DETAILS

Students Impacted:	9,047 students (Grades 6–12)
Effective Date	Fall 2027
Schools	Various
Transition Plan:	2026–2027 Planning and Scheduling
Program Integrity	All programs maintained; opportunities preserved

This change preserves AAPS programming and course offerings while improving efficiency and staffing goals.

FINANCIAL IMPACT SUMMARY
PHASE 1 COST SAVINGS INITIATIVES

Strengthening Our Financial Position. Investing in Our Future.

#	INITIATIVE	CATEGORY	PROPOSED TIMING	ONE-TIME REVENUE (PROJECTED)	ANNUAL SAVINGS (PROJECTED)
1	Sell Balas Property (minus the lower lot parking)	Land & Building Sales	IMMEDIATE	$4,500,000	—
2	Sell Earhart Property	Land & Building Sales	IMMEDIATE	$5,000,000	—
3	Strategic Schedule Alignment	Programmatic	FALL 2027	—	($1,500,000)
TOTAL SAVINGS – PHASE 1				**$9,500,000**	**($1,500,000)**

Negative numbers represent cost reductions / savings.

PHASE 2 TARGETS

Phase 2 builds on Phase 1 to expand opportunities, optimize resources, and strengthen our district's long-term financial health and student success.

ONE-TIME REVENUE TARGET

$20M

target from land and building sales

ANNUAL SAVINGS TARGET

$10M

target in recurring operational savings

These targets support our commitment to responsible stewardship, equitable opportunities, and a stronger future for every student.

PHASE 2: SCHOOL CONSOLIDATIONS AND CLOSURES

A Data-Informed Process. Community-Involved Decisions. Stronger Schools.

AAPS is using data and community input to develop recommendations for school consolidations and closures that strengthen our schools, support students, and ensure long-term financial stability.

OUR GOALS

1 Create a Facility Plan

Create a facility plan and consider school closure or consolidation using a data-informed decision making process.

2 Ensure Long-Term Financial Stability

Ensure long-term financial stability for AAPS, including cost-saving and revenue-generating opportunities.

3 Develop a Continuum of Programming

Develop a recommendation for a continuum of programming and services throughout the district to best support student needs.

4 Include Diverse Constituent Input

Consider input from diverse group of constituents through robust community engagement.

OUR COMMUNITY ENGAGEMENT PROCESS

AAPS will convene a diverse group of constituents to guide our decisions.

Who's Involved: Parents/Guardians • Teachers • Staff • Students • Community Partners • District Leaders

SEPTEMBER 2026 — Convene & Learn

- Launch constituent working groups
- Review goals, process, and decision criteria
- Share existing data and context

OCTOBER 2026 — Gather Input

- Host in-person meetings and listening sessions
- Online survey and feedback opportunities
- Continue to gather diverse perspectives

NOVEMBER 2026 — Review Data & Scenarios

- Review data on enrollment including present scenarios, capacity, programs, finances, and facility conditions
- Analyze community feedback and data
- Refine consolidation/closure scenarios

DECEMBER 2026 — Share & Decide

- Present final scenarios and recommendations to the public and Board
- Board decision on proposed scenario(s)
- Communicate next steps

FALL 2027 — Changes Go Into Effect

Approved scenario(s) will be implemented beginning Fall 2027, ensuring a smooth transition for students, families, and staff.

Together, we will make thoughtful, data-informed decisions that strengthen our schools, support student success, and build a sustainable future for AAPS.

Your voice matters.
Your input shapes our future.

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