

Are you an optimist or pessimist?...Rob Burgess

Tagged: [Newsletter](#) • [Nov](#) • [2008](#)

By: Rob Burgess, CPA, Chief Financial Officer, Lakeshore Public Schools and President of MSBO

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Robert Dwan has joined the [MSBO](#) team as Associate Executive Director of [MSBO](#) .

Bob's primary areas of responsibility will be assisting [MSBO](#) members with school finance and business operations and processes, serving as liaison with the Michigan Department of Education and other state agencies on school business matters, and managing [MSBO](#) products, services and professional development in school business and finance.

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By: Rob Burgess, CPA, Chief Financial Officer, Lakeshore Public Schools and President of MSBO

Having been in the U.S. Navy, I learned numerous pithy sayings. Have you ever seen a group of sailors coming into port, having been out at sea with months and months of paychecks in their pockets? I once witnessed the carrier Midway with its several thousand sailors enter port in Yokosuka, Japan after having been out to sea for something like six months. You will have to trust me when I say I have witnessed first hand why they call it, "spending like a drunken sailor."

This morning as I drove to my weekly Optimists Club breakfast meeting, the sky was a brilliant red over the high school. It reminded me of another Navy saying, "Red at night, sailors' delight. Red in the morning, sailors take warning."

There is wisdom in that old saying. Back in the days before weathermen had satellites and radar, sailors paid close attention to the skies. Ask anyone who has been a Boatswain's mate; the redness at sunset is a fairly accurate predictor of calm seas over night. The red morning skies may forecast a stormy day ahead.

Are you an optimist or a pessimist?

Recently, I was on the phone with one of my district's attorneys. I had drafted an agreement, which I hoped would help resolve a sticky personnel matter and I was asking our attorney to review it. Over the years, I have grown to appreciate the humor and professionalism of this counsel. He has on more than one occasion provided me with sage advice. In this situation, our conversation went something like this:

"You know Rob, I have been told that the best attorneys are those who are depressed."

"What do you mean?"

"Well, the best attorneys are those who are always thinking of the worst thing that could happen to their clients. Then they draft long and exhausting documents that address just about any possible bad thing that could happen under the sun."

"Ha, ha!"

"In this case, your letter should work fine for 99 percent of the cases. There is always a risk, but it would appear to be quite small in this situation."

As we enter the budget preparation season for 2009-10 with adjustments possible for 2008-09, how many of you are going to take the approach of being "depressed" and taking into account every possible thing that could go wrong? Every year starting about this time, you hear about neighboring districts, which are predicting huge deficits for the upcoming year. There are times when I have been one of those prognosticators. On the other hand, there are times when my colleagues in surrounding districts are predicting million dollar deficits and I wonder why mine isn't that big. It is all in the assumptions.

As chief financial officers for our districts, we often walk a fine line between being conservative and prudent with the budget, which is our job, and being downright depressed. If your district has a healthy fund balance, say 20 percent or more of your annual expenditures, you may be able to afford to be a little less conservative in your budgeting. If your fund balance is less than 5 percent of your annual expenditures, you probably should be more cautious in your assumptions. If your fund balance is close to zero or "below decks," remember the adage "red in

the morning, (don't spend like a drunken sailor) take warning!"

As I write this, today is Veteran's Day. Kudos to those of you or your loved ones who have served our country, especially those who served during wartime and in combat zones. (I did not.)

November 12th was another memorable anniversary. At the [Mariner's Church of Detroit](#) in downtown Detroit, there was a ringing of the bells 29 times in memory of the sailors who lost their lives on the Edmund Fitzgerald and also for the lost lives of sailors from many other vessels who died in storms on the Great Lakes. In case, you have not seen it, the Mariner's Church is located on the Detroit River front not far from Cobo Center, the site of our annual conference this year.

The walkway that goes along the Detroit River from Cobo Center down past the Renaissance Center is a lovely stroll. Recently, during the [MSBO](#) Leadership Conference meetings, I witnessed hundreds if not thousands of downtown workers enjoying the scenery of Michigan's Ambassador Bridge with Canada, the freighters and fishermen's craft on the river, downtown Windsor, Ontario just across the way, and downtown Detroit's skyline. The one word that I can think of to describe it is "charming." I hope the weather at this year's [MSBO](#) conference in late April will cooperate and we all get the chance to experience this short walk along the waterfront.

Are you an optimist or pessimist? Well, here's my lyrical answer for this month from multiple Nobel Prize nominee Bono and U2:

"It's a beautiful day
Sky falls, you feel like
It's a beautiful day
Don't let it get away..."

P.S. Don't forget the celebration of Tom White's leadership for [MSBO](#) will take place on Thursday, December 4 at the Kellogg Center in East Lansing. Contact [MSBO](#) offices to RSVP.

The Power of "Thank You"...Tom White

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By: Tom White, Executive Director, MSBO

Do you understand the power of, "thank you?" I mean an honestly given expression of appreciation. As I close out my career at [MSBO](#) , I often reflect on how many people I feel gratitude towards.

We recently held [MSBO](#) 's Leadership Conference in Detroit. We hold this meeting annually to plan our Annual Conference (April 28-30, 2009 in Detroit!) and to say thank you to the people who serve in volunteer leadership roles for [MSBO](#) . I'm paid for what I do, but these people serve their professional community for free, or even at a personal and professional cost.

Who are they? They are the chairs of [MSBO](#) 's Administrative and Program and Research Committees, Regional Presidents, and our Board of Directors. They give their time for you and for the benefit of [MSBO](#) . I want to say thank you to all of them.

Look at the [2009 MSBO Directory](#) and find who these people are. They come from all aspects of school business professions – financial and business, facilities, food service, transportation, technology, purchasing, and more. They are geographically spread across the state and represent large and small schools. They provide leadership and input that makes [MSBO](#) the organization it is today! Please take the time to look at the names and districts of these volunteers and say thanks.

Much of [MSBO](#) 's success is directly related to the quality and dedication of our members. I can tell you from my experience working in four different associations in my career; [MSBO](#) members are a cut above. Our members share with one another, help each other and learn from one another. I've had several people comment on this to me over the years. Our members have a special esprit that just doesn't exist everywhere. Maintaining the esprit and the cooperative culture of [MSBO](#) members can be the difference between success and failure for us individually and collectively.

Thanks to all of you who don't just do your own jobs, but help others in your district, or in other districts to be successful. Now think about the other people around you who dig in and work hard every day, often in the face of declining resources and staff. Pick out one person a week in your office or around your district, and tell them, "thank you" for all they've done for you or the students of your district. Write them a special note or e-mail to express your feelings. Chances are you will make someone's day.

Get Ready for Detroit

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By: Michael M. Adamczyk, RSBA, CFO, Assistant Superintendent, Business Services, Troy School District, MSBO President-Elect

We just finished our annual [MSBO](#) Leadership Conference which was held this year at the Marriott Hotel at the Renaissance Center in Detroit. This was actually the third year in a row that the annual Leadership Conference was held here in Detroit, and was probably one of our most important as we prepare for next year's annual conference. I would like to take this opportunity as your president-elect to invite everyone to come to next year's annual conference in my home town of Detroit.

I can't tell you how excited I am that we will be in Detroit in 2009. I was born at St. John Hospital in Detroit, and my father is a retiree of the City of Detroit. I attended Detroit Public Schools through eighth grade. Because we moved when I was in fifth grade, I attended two elementary schools and a K-8 school, and all three of them had its own auditorium. In fact, auditorium class was part of the curriculum and we had to go on stage to recite poems and perform plays. Can you imagine the expense of building an auditorium in an elementary school today? I received college degrees from the two universities located in the city of Detroit - my undergraduate degree from Wayne State University and my graduate degree from the University of Detroit. That was before U of D merged with Mercy College and became University of Detroit Mercy. My first professional job was an accountant for the City of Detroit. I can remember riding the Department of Transportation bus for fifty cents to Tiger Stadium and paying \$2.00 to sit in the bleacher section. I remember watching the Detroit Lions play the Los Angeles Rams at Tiger Stadium (I don't remember who won, only that it was cold) and watching the Detroit Red Wings at Olympia. I remember watching the soap box derby at Derby Hill in Detroit. I don't know if they even have this event any more. As you can see, I have many fond memories of Detroit, and I'm sure you will have fond memories of Detroit also after you come to the annual conference.

We devoted the first day of our Leadership Conference to learning more about Detroit – its conference facilities and the city itself. We discussed the fact that there may be some apprehensions for those [MSBO](#) members that have never been to Detroit or may not have visited in a long time. One apprehension is the concern about driving in the city. Let me assure you. I have traveled and driven in New York City, Boston, Chicago, Washington, D.C., Denver, St. Louis, Cleveland, Los Angeles and San Francisco and Detroit is by far the easiest to drive and navigate around amongst all of these great cities. The traffic volume is far lighter than these other places, and we don't have as many one-way streets as some of the other cities do. And all of the traffic signs are in understandable English. I was in Montreal in September and every sign in Quebec province is in French!

If you don't like to drive, once you have arrived, there are many fun places you can walk to. There is Greek town only two blocks away from the Renaissance Center with its fine restaurants and even a casino. You could walk over and check out the newly renovated Book Cadillac Hotel, which was once the tallest hotel in the world, or the newly renovated Fort Shelby Hotel. Of course you need to stop by the Hard Rock Café in the Compuware Center, right in the middle of downtown at the site of the old JL Hudson flagship store. Comerica Park is a short walk from the Ren Cen and the Yankees will be in town during the conference. Who knows, maybe the Red Wings will be hosting a playoff game at the Joe or the Pistons at The Palace of Auburn Hills. There are a number of nice restaurants and other fun places in downtown Detroit.

And let's not forget the conference. Cobo Hall, where the exhibit hall and conference sessions will be held is a short walk away, or you can take the People Mover. This is a great opportunity for those members who have never attended an [MSBO](#) conference to come to Detroit for a day. We will once again have outstanding speakers and sessions designed to keep you up to date on all that is happening in our profession. More detailed information will be coming out in the near future.

I encourage each and every one of you to join us in Detroit next year. I promise you will not be disappointed.

New Perspectives on Healthcare

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By: By Mary Beth Bullen and Doug Derks, Gallagher Benefit Services, Inc.

As School Districts Confront a New Perspective in Healthcare, Detailed Data is Key to Understanding and Managing Costs

With school districts across the state trying to do more with less, the rising cost of healthcare looms as a threat that can wreak havoc on a district's budget.

There's no question that when it comes to controlling healthcare costs, what you don't know can hurt you.

About one year ago, PA 106, was signed into law changing the face of how benefit programs are purchased by Michigan Schools. The law also intended that school districts would have the data necessary to get competitive pricing and be able to begin managing the second largest expenditure in your budget. **According to current rate filings, all districts with more than 100 insured employees will be paying a rate different than every other district due to their claims experience. They will no longer be wholly community rated, but at some level, based on their size, experience (claims) rated.**

In order to understand the potential impact of PA 106, and what it can mean for your district, it is important to start by reviewing the health care landscape for Michigan Public School Districts prior to passage of the act:

The delivery of health care benefits to Michigan Public School Districts has been dominated by one health care administrator,

This administrator has built a "community rating" pool under which all similarly situated districts are provided a common rating, not necessary related to the actual expenses incurred by district employees,

Health claim experience to compare a specific district's actual expenses to their premium ratings has been limited by the administrator.

As a result, it has been difficult for competing insurance carriers to offer attractive alternatives to public school districts, perpetuating the dominance of the single administrator and pressure on individual districts to maintain the status quo.

Under PA 106, the situation overviewed above changes in the following ways:

Public school districts are required to conduct competitive bidding for their employee benefit programs on a periodic basis, whether changes to the programs are being implemented or not,

Insurance carriers and administrators for each public school district are required to provide the district with the health claim data necessary to help obtain fair, competitive proposals, and

The results should be an opportunity for many districts to reduce their health care premium costs.

The real opportunity for Michigan Public School Districts under PA 106 presents itself in the requirement that insurance carriers and administrators release individual school district claim data upon request.

With this data, competing insurance carriers and administrators can offer districts pricing based upon their historical costs, which in many instances, may be below those which they currently pay under community rated pools. Further, availability of detailed claim information can help districts to more accurately project future health care costs, which is important in the budgeting process. Finally, the availability of usable claim data can help the district to design benefit programs and employee education initiatives that address the claim profile and specific needs of the individual district, rather than "one size fits all" solutions. In effect, information offers the opportunity for intelligent management and control of a major cost component in the school district budget.

What can districts expect in the future? Preliminary information indicates that although districts may be using the same company to administer their plans, district premiums will no longer be based upon rating factors from a geographic area, but rather, based upon district specific claims data. As a matter of fact, the majority of districts with more than 499 employees will be 100% experience rated.

With public schools generally becoming experience rated the need to receive and understand claims experience will be greatly heightened. Districts that receive and act on their data will be able to make the greatest impact on cost and be better positioned to maintain benefit levels longer than those who don't know or act.

Ultimately, the winners will be the districts that make incremental changes in claims experience. The key will be communication and education; plan design changes; a focus on wellness; and plan options and choices.

To summarize, obtaining claim utilization data can help individual Michigan Public School Districts by enabling them to:

- Obtain fair, competitive proposals for health care coverage,
- Design health care benefit programs and implement benefit changes that address the claim situation of the individual district,
- Project long term cost patterns based upon the specifics of the group,
- Implement wellness and other cost-controlled programs in an appropriate way,
- Educate district employees on the reality of health care expenses and cost reduction opportunities.

The hard reality of our Michigan economy dictates that health care cost control is an immediate necessity. Having and being able to use your health care claim data will put you in the most powerful position to anticipate future costs and determine how to best manage them.

Learn more at the [MSBO](#) Financial Strategies Conference, January 21-22, 2009 at the Kellogg Center in East Lansing.

Cash Advance and Overpayment Recovery – Notice of Change

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Over the past few years, the Michigan Department of Education (MDE) has undergone several changes in its Cash Management System (CMS) to bring it more in line with federal regulations governing cash advances. As a result of MDE's efforts to comply with these federal regulations, MDE must make the following changes, which will be effective December 1, 2008:

The Cash Advance Request feature will not be displayed on the CMS Funds Request Screen. The one time 30-Day Advance option will only be approved by the Office of Grants Coordination and School Support through the grant application process on a project basis. You will no longer be given an option to draw federal funds 30 days in advance unless it has been included in your grant application and approved at that time. If you have met this requirement, your grant project will allow you to see and request a one-time 30-day cash advance.

MDE will no longer offer the 3-Day Cash Advance option through the CMS. Payments to districts and recipients will be on a reimbursement basis only.

MDE will begin reversing overpayments on federal grants immediately from current funds requests. In the past, MDE allowed for a three-week delay before overpayment funds were recovered. However, as a result of increased electronic efficiencies and on-line real time processing, it is no longer viable or necessary to allow three weeks to lapse before recovering overpayment of federal funds.

If you experience any difficulties in requesting funds on the CMS or have any questions concerning this federally required change in policy, please email your questions to [MDE](#).

Office of Retirement Services Will Assess Fees on Late Submission of Reports

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Many of the services provided by the Office of Retirement Services (ORS) rely on the reporting units providing timely wage, hour and contribution data. Some of these services are: member billings, member statement of accounts, pension payments, and actuarial projections. With the implementation of member self service (miAccount), it is even more critical that ORS have the most up-to-date, timely information available for members.

All employers have been submitting retirement reports via the web since January, 2005. Most employers are loading these reports to the ORS website by the required due dates. However, there are some employers that are not submitting timely.

The retirement statute, Public Act 300 of 1980, specifically MCL 38.1342(7), requires ORS to charge a late fee on missing reports. Beginning January 1, 2009, any employer with retirement reports that are missing or are not submitted by the due date will be assessed a \$50 fee for each outstanding report.

For more information on the report due dates or details on the missing report fee, see Section 9.9.3 Missing/Late Reports in the [Reporting Instruction Manual](#).

If you have any other questions, feel free to contact the Employer Reporting Call Center at (517) 636-0166 or [ORS Web Reporting](#).

Nominations Now Being Accepted for MSBO Board of Directors

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Have you ever thought about running for the [MSBO](#) Board of Directors? It's a great opportunity for you to help set the policies and directions for your organization.

The [MSBO](#) Nomination Committee selects and presents candidates for the [MSBO](#) Board of Directors. Stephanie Eagen, Immediate Past President, will serve as the committee chairperson for 2008-09.

Contact Stephanie if you're interested in being a candidate. There are four positions up for election. The deadline for submission of nominations is December 15, 2008.

There are several requirements that must be met according to the [MSBO](#) Bylaws:

To be considered and possibly nominated, a potential candidate must submit a petition—bearing at least 30 active member signatures—to the Nominations Committee on or before December 15, 2008.

The Nomination Committee, without petition, may submit nominations.

The Nominations Committee chairperson will obtain written acceptance from all nominees prior to any announcement to the membership.

The nominations will be announced to the membership—in written form—at least 30 days prior to the Annual Conference.

MSBO Welcomes Robert Dwan as Associate Executive Director

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Robert Dwan has joined the [MSBO](#) team as Associate Executive Director of [MSBO](#) .

Bob's primary areas of responsibility will be assisting [MSBO](#) members with school finance and business operations and processes, serving as liaison with the Michigan Department of Education and other state agencies on school business matters, and managing [MSBO](#) products, services and professional development in school business and finance.

Bob has a strong background in school finance and business and has been a very active leader for [MSBO](#) having served as a regional group president, chairperson of the [MSBO](#) School Finance Services Committee and as a member of [MSBO](#) 's Board of Directors. He has also shared his expertise by speaking at various [MSBO](#) workshops and meetings and has obtained his [MSBO](#) Chief Financial Officer certification.

Bob's professional background includes serving as chief business official for Buena Vista School District, Millington Community Schools and Huron Intermediate School District. Bob has a Bachelor of Science degree in accounting from Central Michigan University and 10 years experience working in Michigan schools overseeing finance, facilities, transportation, food services, technology and pupil accounting.

Solutions You Can Use

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School budgets are tight and time is limited, which makes well-informed purchasing decisions essential for school leaders. To help our members with the time-consuming task of information gathering, Michigan School Business Officials ([MSBO](#)), Michigan Association of School Administrators ([MASA](#)), and Michigan Institute for Educational Management ([MIEM](#)) created the School Purchasing Pages.

School Purchasing Pages is an online directory that enables superintendents, school business officials, and other administrators to quickly search for services and products they need to provide the educational environment our students deserve. The School Purchasing Pages features the contact information for associate business members of [MSBO](#) and [MASA](#) who supply products and services to Michigan school districts.

[Check it out today!](#)

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Get the latest information on the economy, the budget, state aid and advice on improving your leadership skills at the [MSBO](#) Financial Strategies Conference. This conference will help you and your district prepare for the upcoming budget and labor negotiation processes. Learn how to be a better leader for your business office and district.

Read the [Agenda](#).

SB-CEU Information:

Those who attend the entire conference (both days) will earn 1.1 SB-CEUs.

Fees:

\$235 [MSBO](#) members • \$290 Non members

[Register now](#).

Lodging Information:

Overnight accommodations are NOT included in the registration fee. A block of rooms is reserved at the Kellogg Center until December 20. Make your overnight accommodations directly with the Kellogg Center at 517.432.4000 in order to receive the conference rate. Conference rates are: \$91 single/double. Identify [MSBO](#) as the group you are with to receive the special rates.

Questions:

Contact [Bob Dwan](#) at 517.327.5924 or [David Martell](#) at 517.327.2581.

[Register online](#).

Download the [registration form](#).