

Are You Financially FIT?

Michigan School Business Officials (MSBO)
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Financial Independence Team (FIT)

Michigan Department of Education

Office of State Aid & School Finance

- Philip Boone, Director
- Anna Neveau, Auditor

Office of Partnership Districts

- Dr. Traci Elizabeth Teasley, Partnership Liaison

Michigan Department of Treasury

School Fiscal Accountability Division

- Paul G. Connors, Administrator
- Samuel Irrer, Financial Analyst

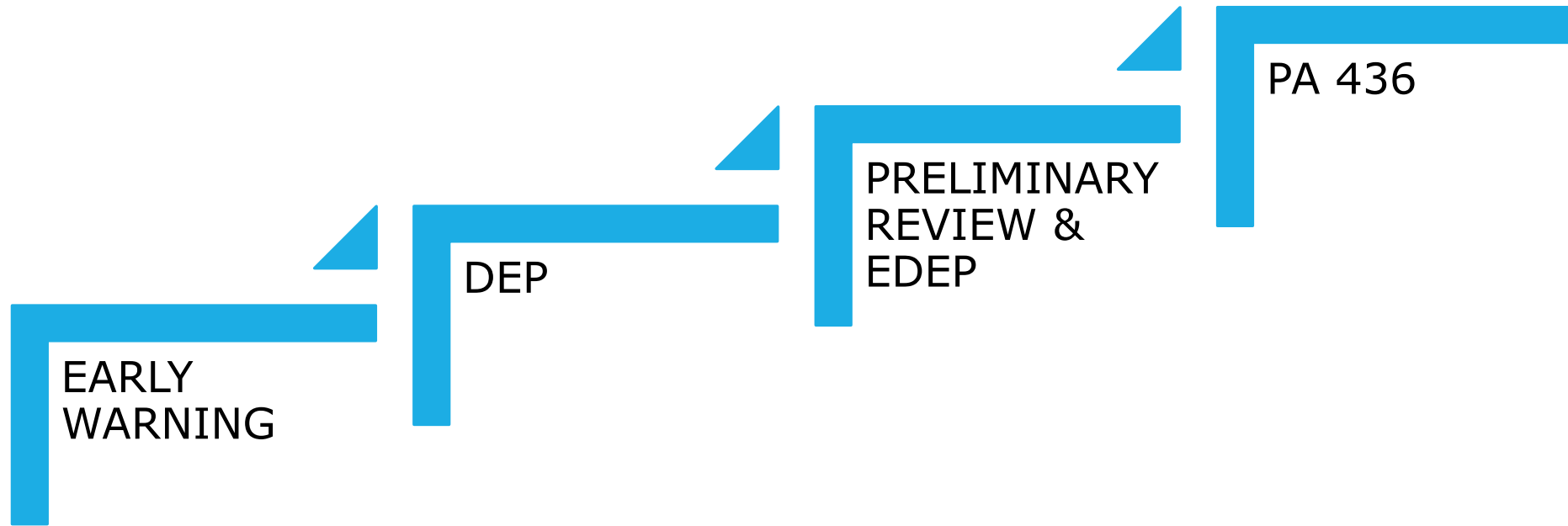


Early Warning Legislation

- Public Acts 109-113 of 2015, signed into law on July 7, 2015
- Three “Buckets”
 - Bucket 1 – Early Warning
 - Projection model
 - Budget assumptions
 - Budget reviews
 - Bucket 2 – Preliminary Reviews & Enhanced Deficit Elimination Plans
 - Conduct preliminary reviews
 - Deficits longer than 5 years
 - Monthly reporting
 - Bucket 3 – PA 436
 - Financial Emergencies



Progression of Fiscal Stress



Early Warning Data

YEAR	POTENTIAL FISCAL STRESS	PROJECTION MODEL	BUDGET REVIEW
2015-2016	Identified	75	30
	Declared	18	2
2016-2017	Identified	50	26
	Declared	7	TBD
	*7 districts improved financial position; no longer fiscally stressed *2 districts passed deficit budget; oversight transferred to MDE *18 fiscally stressed districts as of April 2017		

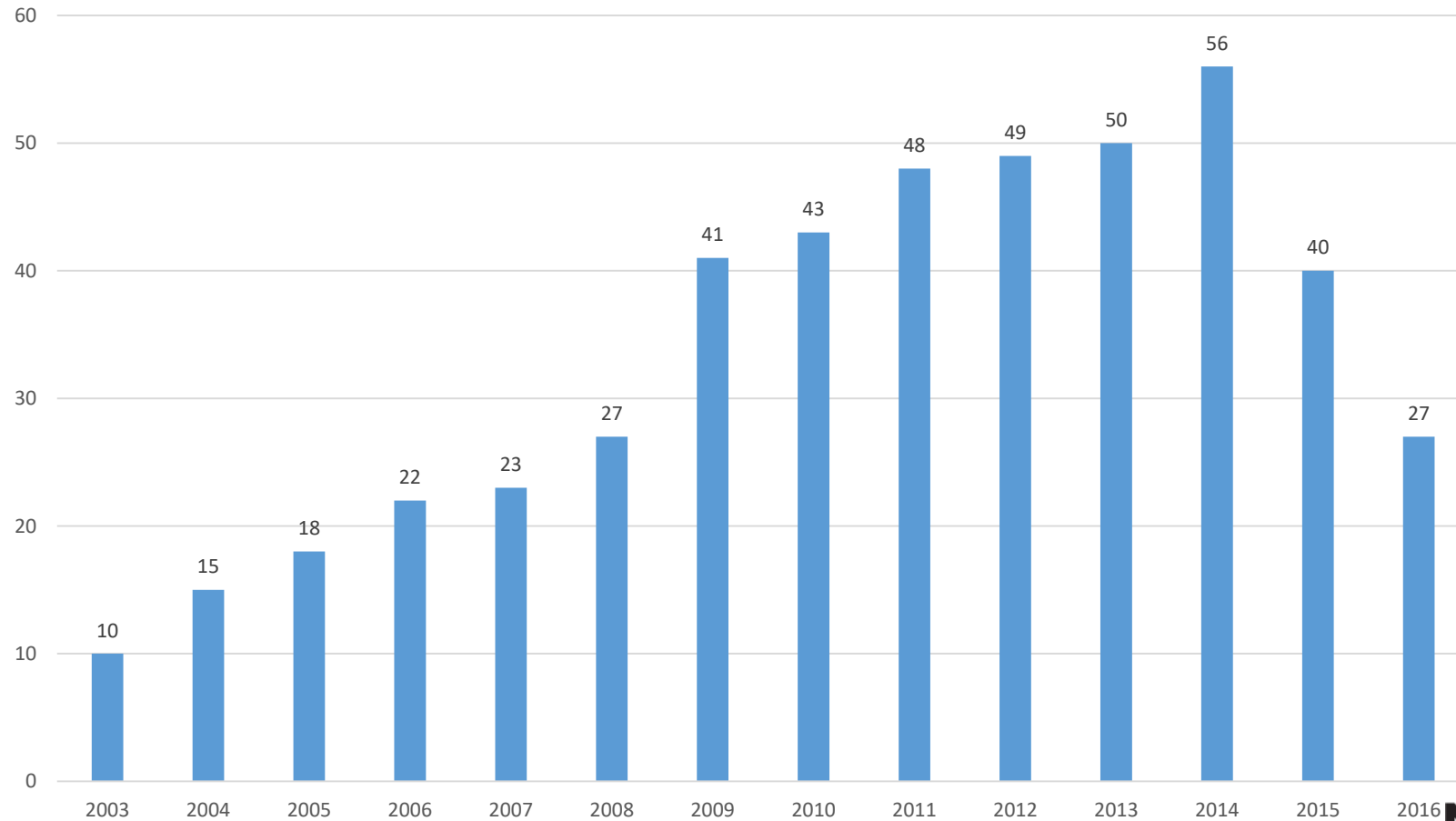


Deficit Districts (DEPs)

School Districts...	#
Projected to eliminate deficit by June 30, 2017	9
Projected to end the year with a reduced deficit (Began FY 2017 in deficit)	15
Projected to end the year with a greater deficit (Began FY 2017 in deficit)	0
Projected to end the year in deficit (Began FY 2017 with positive fund balance)	0
Deficits being eliminated by the capture of school operating taxes through the Department of Treasury	3



Deficit Districts (DEPs)



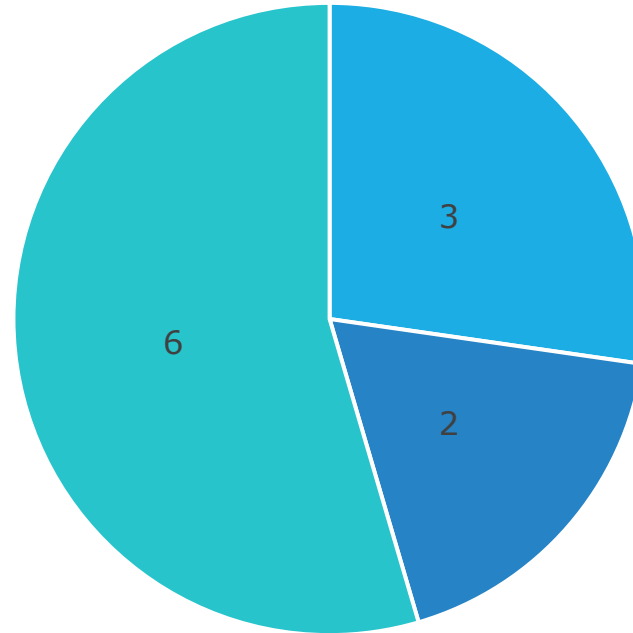
If You Do The Math...

School Year	Intermediate School Districts (ISD)	Local Educational Authorities (LEA)	Public School Academies	Educational Achievement Authority (EAA)	Total Public Schools	Fall Pupil Count
2002-2003	57	553	189	0	799	1,750,631
2003-2004	57	553	199	0	809	1,734,019
2004-2005	57	552	216	0	825	1,723,087
2005-2006	57	552	225	0	834	1,712,133
2006-2007	57	552	229	0	838	1,693,436
2007-2008	57	552	230	0	839	1,661,414
2008-2009	57	551	232	0	840	1,628,628
2009-2010	57	551	240	0	848	1,605,951
2010-2011	57	551	247	0	855	1,577,606
2011-2012	57	549	256	0	862	1,559,847
2012-2013	56	549	277	1	883	1,542,691
2013-2014	56	545	298	1	900	1,530,457
2014-2015	56	541	302	1	900	1,520,074
2015-2016	56	540	302	1	899	1,507,743



Deficit Districts (EDEPs)

Preliminary Reviews & EDEPs



- Out of Deficit
- In EDEP Process-deficit decline
- In EDEP Process-deficit increase



Lessons Learned:



- Vision dictates what is done with resources
- Document what works; fund what works
- Consider impact, not just \$ saved, when making cuts
- Maximize federal, state & local funds
- Eliminate compliance issues



For More Information:

Michigan Department of Treasury

School Fiscal Accountability Division (SFAD)

www.Michigan.gov/SFAD

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Questions?

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