



March 24, 2020

Dear Board of Education Designate:

The Oakland Schools Board of Education and I invite you to review the enclosed proposed Oakland Schools budget for FY 2020-21. As you know, Oakland Schools is primarily funded by property tax dollars, and we are projecting a growth factor in Oakland Schools' property tax revenues of 3.25%. Tax revenue projections are conservative compared to Oakland County taxable value increase projections as there is concern that a Headlee rollback of our operating millage is possible for FY 2020-21. This occurs when the annual growth on existing property is greater than the rate of inflation as measured by the Consumer Price Index. Additional information will be received by June 1 regarding taxable values and the millage reduction factor.

Some of the major features of this new budget being proposed are:

Literacy Essentials Oakland (LEO)

Oakland Schools has developed the Literacy Essentials Oakland (LEO) initiative in response to declining 3rd grade reading levels on the M-STEP assessment over the past three years. This is a four-year, \$5 million initiative; the purpose of which is to significantly raise the reading proficiency of pre-K – 3rd grade students using a collaborative program with all 28 constituent districts. The program focuses on professional learning for teachers and administrators, a literacy coach in-residence program, personalized action plans for each participating district and a viable literacy curriculum with a balanced assessment system. The program will be evaluated by an external evaluator throughout the duration of the project. More detailed information regarding the goals of each year of the program can be found in the Enterprise Wide Executive Summary.

Career and Technical Education

To help align ourselves with the Michigan Department of Education's Top 10 in 10 Years goals and strategies, we are dedicating additional resources to career and technical education. In addition to providing significant resources to our four technical campuses, we included additional funds in the 2020-21 budget for career program redesign and initial funding for a CTE mobile classroom which is intended to bring STEM activities to local districts beginning in 2020-21. In 2019-20, we increased the CTE allocation to LEA's by more than 25% and are continuing that level of funding in 2020-21. This will provide local districts with additional resources for their local CTE programs from elementary to high school.

Shared Services

Oakland Schools provides various services to Oakland County districts that go above and beyond our normal service model. These services include technology, business office, instruction, and truancy services provided on a cost recovery basis. Technology services are currently being provided to thirteen constituent districts and business office services are currently being provided on a full or part-time basis to five districts through an intergovernmental agreement (IGA) with Oakland Schools.

MiPEER Consortium

In FY 2012-13, Oakland Schools and 22 Oakland County school districts formed the Michigan Partnership for Essential Education Resources (MiPEER) to select a countywide Enterprise Resource Planning system for human resource and financial applications. Since then the Consortium has engaged in standardizing the Chart of Accounts and created many best practice business process for each

function (finance, human resources, budgeting, procurement). The Consortium members are converting to the PowerSchool BusinessPlus software in phases between 2015-16 and 2020-21.

Illuminate

Oakland Schools has contracted with Illuminate Education as our county-wide student assessment and data analysis tool vendor since the Fall of 2016 and all twenty-eight (28) districts and two (2) public school academies are included in the software license and support agreement.

Illuminate DnA provides teachers with one place to seamlessly build and administer formative assessments, capture and analyze multiple sources of data to inform instruction, and directs student to learning resources needed to support specific, targeted standards.

The Oakland Schools Board of Education has agreed to provide a 50% subsidy for the student assessment software and support again in 2020-21. Additional add-ons, called “Item Banks,” can be purchased through the contract at the districts’ cost.

Subsidies

The Illuminate DnA subsidy referenced above is just one of several subsidies provided by Oakland Schools. We provide multiple software products at no cost or a reduced cost to constituent districts in the areas of Career and Technical Education and curriculum and assessment. Additionally, a subsidy is provided on the per pupil cost of the PowerSchool BusinessPlus system for districts who are members of the MiPEER consortium. Communication tools such as news services and media monitoring/clipping services are provided to LEA’s at no cost. These are just a few of the financial subsidies provided in the 2020-21 budget and are exclusive of pass-through grant funds, other district allocations and the cost of dedicated staff who support student and finance/HR software and applications.

Personnel Costs

In addition to step increases for those employees who are eligible, an across-the-board salary increase of 1.0% has been built into the budget, subject to collective bargaining.

Regarding the State-mandated retirement rate, there are 8 rates in effect, depending on the hire date of employees and their choices for eventual retirement benefits. The most common employee choice is that for Basic/MIP with Health Care Premium Subsidy, and that rate is projected to increase from 27.5% to 28.21% beginning October 1, 2020. Oakland Schools analyzed its own employee choices and has projected an overall blended retirement rate of 28.0% for 2020-21.

The “Hard Cap” for employee health care costs remains in effect for all labor groups. The hard cap dollar limits that employers may pay are subject to annual adjustment based on the medical price index, which the school district has no jurisdiction over. Oakland Schools has projected growth in the medical price index of **3.0%**. If this projection proves to be accurate, the dollar limits that will be in effect will grow to:

| | Plan year beginning after 1/1/20 | Plan year beginning after 1/1/21* |
|---------------------|--|---|
| Family | \$ 18,596.96 | \$ 19,154.87 |
| Individual plus one | \$ 14,260.37 | \$ 14,688.18 |
| Single | \$ 6,818.87 | \$ 7,023.44 |

**projected, assuming growth in the Medical CPI of 3.0%*

PA-18 Special Education Funding

Oakland Schools receives property tax revenue for support of Special Education programs. In FY 2020-21 there is growth projected in taxable values of 3.25%. The base distribution of PA-18 funding to local school districts is budgeted to increase approximately \$10.0 million or 7.9%. Additionally, \$3.5 million is budgeted for other LEA distributions for group home expenditures, special education program startup

and extraordinary expenditures and capital. In FY 2019-20, Oakland Schools distributed additional PA-18 funds totaling \$3.39 million above the base distribution.

Planning for the Future

Oakland Schools is dedicated to sound financial planning and preparing for the economic uncertainties in the future. In that regard, we utilize a five-year forecast that is updated with each budget amendment and incorporates projections from Oakland County Equalization for taxable values. We also maintain a five-year capital plan that is updated annually to prepare for necessary improvements and upgrades to facilities and equipment. The organization pre-funds at least three years and up to five years of the capital plan requirements.

Please be assured that we will continue to work hard to ensure that the budget reflects our continued commitment to increasing student achievement, using economies of scale to decrease operating costs for local districts, customizing and regionalizing programs and services to meet the diverse needs of our constituent school districts, and assisting schools and districts in meeting state and federal mandates.

Per the Michigan School Code, Section 380.624(2), the proposed FY 2020-21 General Fund budget is to be submitted to its constituent district Board of Education for review by May 1. Not later than June 1, the board of each constituent district shall adopt a resolution of support or non-support of the General Fund budget. A presentation of the budget to our 28 local school district business managers is scheduled to occur at their meeting of the Oakland County School Business Officials on April 17, 2020. The Oakland Schools Board of Education will then hold a Designates Meeting on April 28 at 6:00 PM in Conference Room A, providing local board designates and district administration an opportunity to review the budget prior to submitting their board's resolution to Oakland Schools on or before June 1, 2020.

The Oakland Schools Board of Education will hold a Truth in Budgeting hearing on June 1, and will consider the FY 2020-21 proposed budget documents for approval during its regular meeting that night. Should you have any questions regarding the budget, please contact my office at 248.209.2424. All questions will receive prompt replies.

Sincerely,



Dr. Wanda Cook-Robinson
Superintendent

cc: District Superintendent
District Business Manager