

School District of the City of Royal Oak  
**MEMORANDUM**

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TO: Thomas L. Moline

FROM: John R. Schwartz

DATE: April 9, 2010

SUBJECT: 2010-11 Budget Development Update

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The following represents the most recent update of the changes in the development of the 2010-11 proposed budgets:

**Debt Retirement Fund**

- The debt retirement millage rate is projected to remain the same in 2010-11 at 4.71 mills. The tax revenue generated from the millage is used to retire the principal and interest obligations on the District's bonded indebtedness. This millage is levied on all classes of property.
- Final taxable valuation amounts will not be received from Oakland County Equalization until the month of May. Preliminarily, it is projected that homestead property valuations will decline by approximately 15% and non-homestead property will decline by approximately 8%.
- The expenditures in the Debt Retirement Fund are primarily the principal and interest payments due on issued bonded debt. In 2010-11, the amount of principal and interest payments is set at \$9,164,475. The other expenditures in this fund include paying agent fees and allowances for uncollected taxes.

**Food Service Fund**

- Lunch prices are recommended to remain the same in 2010-11. This represents the eighth consecutive year without an increase in lunch prices. For reference, the elementary lunch price is \$2.25; middle school lunch price is \$2.50; and high school lunch price is \$2.50. It should be noted that there is some tiered pricing for meals at the middle school (\$2.75 and \$3.00) and high school (\$2.75, \$3.00, and \$3.75). The tiered lunch prices for premium meals will also remain the same.
- No changes in food production staffing levels are recommended for next year.

- An additional point-of-service program, “Out Takes”, is in development for next year. This will target students who need to “grab and go” and will focus primarily on a la carte sales.
- The indirect cost rate charged to Food Service operations will remain at 12% of all non-food costs. This will cover overhead costs applicable to food service operations.
- Projected revenues are expected to exceed projected expenditures in 2010-11.

### **Community Service Fund**

- No changes from the update given on March 5, 2010 are noted.

### **Athletic Fund**

- The Pay-to-Participate proposal has been revised and is summarized as follows:

#### High School

- \$275 one-time, annual per participant fee\*
- \$75 one-time, annual per participant fee for students eligible for reduced meals\*
- No payment for students eligible for free meals

#### Middle School

- \$150 one-time, annual per participant fee
- \$38 one-time, annual per participant fee for students eligible for reduced meals\*
- No payment for students eligible for free meals

\*Revised from previous recommendation.

- Additionally, there is a proposed family cap of \$600 for Pay-to-Participate fees.\*  
\*Revised from previous recommendation.
- The above recommended Pay-to-Participate amounts appear to be in-line and competitive with other school districts’ plans for next year.
- All other recommendations in the Athletic Fund for 2010-11 remain unchanged from the update on March 25, 2010.

### **General Fund**

- The proposed fee structure for clubs and activities has been revised as follows:
  - \$25 one-time, annual per participant fee at ROMS
  - \$50 one-time, annual per participant fee at ROHS
  - No payment for students eligible for free or reduced meals

In order for a club to be recognized, a minimum number of students will need to participate. Middle school and high school administration will be consulted to determine the minimum participation levels.

- Staffing allocations have been revised. Minor changes from the last update have occurred and are summarized as follows:
  - 0.4 fte ESL Teaching Staff
  - +0.6 fte ROMS Classroom Teaching Staff
  - +0.7 fte ROHS Classroom Teaching Staff
  - 1.0 fte Resource Room Teaching Staff
  - +0.3 fte Teacher Consultant LD
  - +0.2 fte Occupational Therapist
  - 1.0 fte Paraprofessional unallocated
  
- The favorable budget variance is now included in the line item budget report and has been allocated to the following functional categories:
  - (\$250,000) Instruction
  - (\$250,000) Instructional Support
  - (\$250,000) Support Services – Operations
  - (\$250,000) Support Services – Other
  
- The contribution to Royal Oak Youth Assistance has been restored at a reduced amount. The budgeted amount for this contribution is \$20,000 for 2010-11. In past years, it has been \$32,500. A letter has been received from the Chair of Royal Oak Youth Assistance acknowledging the need for the District to reduce costs, but requesting a contribution of at least \$20,000 if a reduction must be made in the contribution.
  
- The current status of the projected General Fund budget for 2010-11 is as follows:

	Projected Budgeted <u>Amount</u>
Projected Revenue	\$55,474,933
Projected Expenditures	<u>55,950,479</u>
Operating Deficiency – April 9	<u>\$(475,546)</u>

I recommend distribution of this document to the Board of Education in the next electronic mailing.

/bls