



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

June 3, 2015

Rick Repicky, Interim Superintendent
Rachel Noth, School Board President
Hazel Park Community Schools
1620 East Elza Avenue
Hazel Park, MI 48030

Dear Interim Superintendent Repicky and Board President Noth:

Thank you for the submission of your district's Deficit Elimination Plan (DEP) as developed by the district and approved by the local board of education. The Michigan Department of Education has approved this plan based on contingencies, which are listed below. Attached is a one page summary of the DEP from your electronic submission.

This plan is dependent upon the district's ability to convert certain short term debt to long term by November 1, 2015. If the district is unable to convert this debt, the DEP must be revised and submitted by November 15, 2015.

The DEP is also dependent upon projected membership growth. Therefore, it is critical that enrollment growth take place according to the schedule detailed in the DEP. The MDE expects that if the district is unable to realize projected revenue growth due to increased enrollment, it will institute expenditure reductions in order to maintain the deficit elimination schedule detailed in the plan.

This plan assumes that the per pupil foundation will increase in each year of the plan. If the foundation increase does not occur as detailed in the DEP, the MDE expects that the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

The plan also assumes that financial incentives given to districts meeting certain criteria will continue each year. The Department expects that if the incentives are not offered, the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

STATE BOARD OF EDUCATION

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The district is required to meet the fund balance targets in this DEP. Failure to meet these deficit reduction targets will invalidate the plan. Department approval is granted based on the following contingencies:

- If the district is unable to convert certain short term debt to long term by November 1, 2015, the DEP must be revised and submitted by November 15, 2015.
- If the district is unable to achieve planned revenue growth due to increased enrollment, it will be expected to reduce expenditures in other categories in order to meet the fund balance targets detailed in this plan.
- The district is required to reduce projected expenditures in any year where the district's actual foundation is below the levels assumed in this plan.
- The district is required to reduce projected expenditures if the district does not receive the financial incentives assumed in this DEP.
- The district is required to post a link to this approved DEP on its website within 30 days of this approval letter. The link should be posted on the budget transparency page, in the form and manner found in the transparency guidance.
- The district is required to submit any revisions made to the current year budget along with the corresponding board resolution adopting the revised budget. If the budget revision impacts the DEP, the DEP should be revised and submitted as well. Revisions must be submitted no later than one week after they are adopted by the board.
- The district is required to submit Monthly Budgetary Control Reports to the Department. Please use the tab labeled "Month1Summary2015" of the electronic DEP form used to prepare your DEP for this purpose.
- If a deficit continues to exist at fiscal year end 2015-16, the district will be required to submit an updated DEP by July 31, 2016, or 30 days after the state school aid budget is passed, whichever comes later.
- The district is required to submit its pupil count information no later than one week after the 2015-16 fall count.

The district has requested an additional five years to eliminate the deficit. Districts that require additional time to eliminate the deficit are subject to strict monitoring of their adherence to the plan. It is important, therefore, that the district implements the strategies included in the plan and submits monthly budgetary control reports on time. The approval of this plan should also be considered approval of your request for an extension of time to eliminate the deficit.

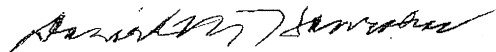
Rick Repicky
Rachel Noth
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Please notify us if significant changes occur which would invalidate this plan as approved.

Please contact Jeff Kolb at (517) 373-1908 or kolbj2@michigan.gov, or Chad Urchike at (517) 335-1261 or urchikec1@michigan.gov, if you have any questions.

I look forward to your submissions and continued cooperation.

Sincerely,



Daniel M. Hanrahan, Director
Office of State Aid and School Finance

cc: Robert Moore, Deputy Superintendent, Finance and Operations, Oakland Schools
Beverly Hinton, Vice President, School Board of Education
Sue Hemple, Secretary, School Board of Education
Rose Mary Hammonds, Treasurer, School Board of Education
Laura Adkins, Trustee, School Board of Education
Sherrie Polowski, Trustee, School Board of Education
Vickie Markavitch, Superintendent, Oakland Schools
Kyle Guerrant, Deputy Superintendent, Michigan Department of Education
Jeff Kolb, Financial Specialist, Office of State Aid and School Finance
Local Audits Unit, Michigan Department of Treasury

Hazel Park School District Financial and Operation Plan/Deficit Elimination Plan-General fund Only

28-Apr-15

Beginning Fund balance	\$	(2,343,203)	\$	(1,527,137)	\$	(3,919,403)	\$	(6,191,945)	\$	(11,837,118)	\$	(1,306,372)	\$	(1,236,558)	\$	(665,468)	\$	(310,786)	\$	8,751	\$	365,341	\$	767,897	\$	1,230,729
Foundation funding per pupil-BLENDED (increases +1.5% per year)	\$	7,490.00	\$	7,020.00	\$	7,435.00	\$	7,485.00	\$	7,555.00	\$	7,668.33	\$	7,783.35	\$	7,900.10	\$	8,018.60	\$	8,138.88	\$	8,260.96	\$	8,384.88	\$	8,510.65
Foundation funding increase as Percent								0.67%		0.94%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%

xxxx

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Actual	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	
Student count for funding (blended)includes new ITA program		4,642.36	4,109	3,848	3,644	3,535	3,535	3,570	3,606	3,642	3,678	3,715	3,752	3,790
Percent change of enrollment			-11.48%	-6.37%	-5.30%	-3.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	

REVENUE

State funding including UAAL Section 25 e adjustments	\$	36,971,322	\$	33,404,524	\$	33,291,898	\$	32,351,300	\$	32,344,490	\$	32,442,057	\$	32,852,699	\$	33,273,669	\$	33,705,226	\$	34,147,636	\$	34,601,173	\$	35,066,117	\$	35,542,754	
Local funding from Property Tax					\$	2,400,000	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	\$	2,384,012	
Other Local funding including rental income	\$	3,267,428	\$	3,185,449	\$	3,195,811	\$	739,500	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000	
Erate funding for Telecomm and Wi fi																											
PA-18 funding for Special Education programs (\$2,157,008)								\$	2,157,008	\$	2,227,111	\$	2,199,492	\$	2,270,975	\$	2,344,782	\$	2,420,987	\$	2,499,670	\$	2,580,909	\$	2,664,788	\$	2,751,394
Federal funding	\$	5,689,690	\$	3,332,957	\$	2,464,775	\$	2,524,350	\$	2,536,972	\$	2,549,657	\$	2,562,405	\$	2,575,217	\$	2,588,093	\$	2,601,033	\$	2,614,039	\$	2,627,109	\$	2,640,244	
New financing (November 2015, 4.5%, 15 years)										\$	9,500,000																
other financing sources/ misc revenue/ rent and Indirect cost from center program	\$	991,464	\$	858,410	\$	215,084	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	\$	910,000	
Total Revenue	\$	46,919,904	\$	40,781,340	\$	39,167,568	\$	41,082,158	\$	50,702,584	\$	41,285,218	\$	41,780,091	\$	42,287,680	\$	42,808,318	\$	43,342,351	\$	43,890,133	\$	44,452,026	\$	45,028,404	
Total Revenue per pupil	\$	10,107	\$	9,924	\$	10,179	\$	11,274	\$	14,344	\$	11,680	\$	11,703	\$	11,728	\$	11,755	\$	11,784	\$	11,814	\$	11,847	\$	11,882	

EXPENDITURES

	FY 11/12-actual	FY 12/13-actual	FY 13/14-actual	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24															
classroom instruction-Basic needs-excluding center program costs	\$	23,551,554	\$	21,585,237	\$	21,137,160	\$	21,775,050	\$	20,515,050	\$	20,515,050	\$	20,515,050	\$	20,585,050	\$	20,655,050	\$	20,725,050	\$	20,795,050	\$	20,865,050	\$	20,935,050	\$	21,005,050
Added Needs	\$	5,871,702	\$	5,955,276	\$	5,152,427	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275	\$	4,899,275
Adult Education	\$	371,902	\$	404,887	\$	436,390	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700	\$	495,700
Pupil services	\$	2,435,215	\$	2,388,791	\$	2,347,804	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700	\$	2,553,700
Inst. Staff Support	\$	1,754,204	\$	1,775,621	\$	1,762,086	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000	\$	2,057,000
General Administration	\$	1,063,448	\$	722,821	\$	659,514	\$	681,600	\$	806,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600	\$	731,600
School Administration	\$	1,793,512	\$	1,710,003	\$	1,604,806	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000	\$	1,650,000
Business-	\$	1,001,138	\$	848,500	\$	907,277	\$	1,254,446	\$	1,325,646	\$	1,332,274	\$	1,338,936	\$	1,345,630	\$	1,352,358	\$	1,359,120	\$	1,365,916	\$	1,372,745	\$	1,379,609	\$	1,397,609
Other Business-SAN interest closing costs +finance advisor					\$	149,554	\$	435,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000	\$	155,000		
Severance incentive payments for 11/12, 12/13 and 13/14 and sick leave payout					\$	805,000	\$	410,000	\$	380,000	\$	75,000																
Sick leave payouts					\$	400,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000		
ORS interest payments at approx 6.17% then in FY 15/16 the debt owed is financed and paid off					\$	60,000	\$	100,000																				
Operation and Maintenance excluding Utilities & insurance	\$	5,823,153	\$	5,315,986	\$	3,882,498	\$	4,172,337	\$	3,986,491	\$	3,996,457	\$	4,006,448	\$	4,016,464	\$	4,026,506	\$	4,036,572	\$	4,046,663	\$	4,056,780	\$	4,066,922		
Utilities	\$	1,103,330	\$	1,103,330	\$	1,103,330	\$	930,000	\$	950,000	\$	959,500	\$	969,095	\$	978,786	\$	988,574	\$	998,460	\$	1,008,444	\$	1,018,529	\$	1,028,714		
Insurance for Property, G/L and ER&O					\$	172,663	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000	\$	222,000		
Transportation includes special ed, homeless, regular ed and grants	\$	413,912	\$	274,736	\$	264,288	\$	318,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000	\$	375,000		
Central	\$	416,171	\$	460,305	\$	506,103	\$	531,350	\$	696,350	\$	699,832	\$	703,331	\$	706,848	\$	710,382	\$	713,934	\$	717,503	\$	721,091	\$	724,696		
Other-Athletics	\$	506,703	\$	476,684	\$	521,697	\$	532,000	\$	640,250	\$	640,250	\$	640,250	\$	640,250	\$	640,250	\$	640,250	\$	640,250	\$	640,250	\$	640,250		
Community services	\$	304,799	\$	286,168	\$	209,970	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400	\$	232,400		
Capital expenditures for building and technology equipment and infrastructure	\$	42,510								\$	425,000	\$	425,000	\$	425,000	\$	425,000	\$	425,000	\$	425,000	\$	425,000	\$	425,000			
Debt service on new financing (4.5%, 15 year)					\$	525,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000	\$	900,000		
Transfers out for QZAB only	\$	816,066	\$	816,334	\$	396,759	\$	246,823	\$	246,823	\$	246,823	\$	147,463														
Energy bond payments thru 2026					\$	290,256	\$	294,566	\$	293,556	\$	292,406	\$	290,844	\$	294,000	\$	290,713	\$	292,088	\$	293,088	\$	293,088	\$	293,088		
Transfers to other funds and indirect cost payments from Grants					\$	189,435	\$	338,177	\$	300,000	\$	300,000	\$	300,000	\$	300,000	\$	300,000	\$	300,000	\$	300,000	\$	300,000	\$	300,000		
Transfer to Center Program budget (Fund 220)					\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000	\$	2,382,000		
Transfer out to Food service-Subsidy			\$	152,257	\$	185,903	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	200,000		
GROSS expenditure reduction plan to be effective 7/1/15: See Summary attached-these savings will be allocated to functions above within the General Fund budget					\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)	\$	(6,627,013)		
Attrition savings due to staff retirements and turnover net of health insurance cap increases					\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
budget increase for Unemployment insurance					\$	-	\$	400,000																				
off schedule pay adjustments-General fund portion only and NOT recurring					\$	-	\$	-																				
Allowance for wage & benefit and contractor modifications on the base , such as steps-excludes grant portion and center program portion of this cost					\$	100,000	\$	600,000	\$	1,200,000	\$	2,000,000																