

Finance

Excellence in educational finance means that every dollar available should have the greatest possible impact on the classroom experiences of the children and youth in our schools. After this, it means that the community should also realize the greatest possible return from its investment and support.

"How the dollar is used" expresses a basic philosophy—implicit or explicit—which underlies the kind of educational program found in any community. This philosophy finds its expression in the school budget. This financial plan is essentially a series of decisions, approved by the Board of Education, which leads to the attainment of the Board's goals.

It is not surprising, therefore, to note that its preparation requires the time and talents of more individuals annually than any other school document before it is submitted to the Board of Education by the superintendent.

To insure that the intent of the budget is carried out requires provision for adequate administration and reporting.

During the past four years it has been possible to make many major improvements in financial policies and practices.

These include —

1. Involvement of teachers and supervisors in budget preparation.
2. Detailed budgeting procedure.
3. Detailed monthly financial reporting to the Board of Education and to the public through the *Bulletin to the Board of Education*.
4. More detailed cost accounting. Major accounts total over 500 as compared with a previous 50.
5. Monthly budget reports to each administrator.

6. Expanded information program for prospective bond bidders and qualifications of bids under Michigan law resulting in more favorable interest rates.
7. Prompt and wise investment of available funds.
8. Annual appraisal and accounting of Board of Education property and risk insurance readjusted accordingly. Buildings can be replaced without loss.
9. A complete followup program on accounts receivable.
10. Joining other school districts in Oakland County in large block purchase of such items as paper, typewriters and bus bodies for greater savings.
11. Bids are requested for all items of over \$500.00 in cost. Quotations are obtained on all items costing more than \$200.00.
12. New service and storage building permitting more savings through quantity buying.
13. Improved receiving, delivery and mail services.
14. Gradual conversion to electronic data processing. Currently report cards, secondary pupil schedules, census data, curriculum research statistics, district mailing lists, and test scores are being processed.
15. Study is under way of applying data processing techniques to accounts payable, payroll, and budgeting procedures.

During the past four years it has been possible to initiate, at least to some degree, all of the processes which apply to sound financial administration. We must continue to improve upon their details and to provide for an expansion of services as the district grows.

Major attention must be given to improving efficiency and data analysis by further detailed study of applying and adapting electronic data processing procedures to our needs.

Where It Comes From

To provide a student in our schools with the kind of teacher, curriculum and supporting services, supplies and equipment desired by our community, it currently costs \$561.00 per pupil to operate our schools. The money comes from the following sources:

OPERATING—day-to-day costs

Local School tax	\$362.00	(operating levy + county allocated)
State of Michigan	162.00	(State Aid)
Miscellaneous Sources	37.00	
	<u>\$561.00</u>	

In addition to the above, it costs \$88.00 per pupil each year to pay off the bond indebtedness (to build buildings).

In computing school taxes, remember that school tax millages are applied to the State Equalized Valuation (SEV)—not assessed valuation—of a house. The SEV of a house in our school district averages about 50% of its market value. One mill equals a tax rate of \$1.00 per each \$1,000 of the SEV of a house or other real property.

How School Funds Are Spent

1963-64 Operating Budget

Instructional Cost is	\$5,912,114	or 74.8% of Operating Costs
Teachers, librarians, special services, secretaries, teaching, library and office supplies; books; in-service training.		
Operation and maintenance of buildings and equipment	\$1,364,763	17.2%
Salaries, utilities, replacement or repair.		
Administration	\$294,523	3.4%
Capital Outlay	\$78,000	1.0%
New equipment of all kinds		
Improvements to Buildings		
Bus Operation	\$192,425	2.5%
Salaries, maintenance, fuel, bus replacement		
Health Services	\$41,775	.5%
Fixed Charges	\$49,482	.5%
Insurance, workman's compensation		
Interest		
	<u>Total \$7,933,082</u>	<u>100%</u>

Figures alone, however, do not tell the whole story. Of this, or any budget, nearly 85% represents the portion committed to salaries. Another 7% goes for relatively fixed costs such as heat, light, insurance, fuel, telephones, and absolutely essential repair and supplies. The remaining 8% must cover everything else—teaching aids, textbooks, library books and supplies, office supplies, on-the-job training, capital outlay and normal maintenance.

In addition to our operating budget, about \$1,250,000 is needed annually to pay the principal and interest on the debt resulting from the construction of buildings. This is much the same as a homeowner paying on his mortgage. Since a change in the law in 1955, this rate has been set by the Board and approved by the Michigan Municipal Finance Commission. It currently is, and for the foreseeable future will be, 5 mills. Your Board of Education in the past has reduced the debt millage whenever possible, as is indicated in the following table:

YEAR	DEBT SERVICE LEVY
1953	11.0 mills
1955	8.5 mills
1962	7.4 mills
1960	5.0 mills

1963-64

Debt

Budget

1963-64
Total
Millage

SCHOOL TAX LEVIES

Allocated by Oakland County
Voted by Birmingham Citizens
(Each levy for 5 years)

Total	21.31
Debt service for Buildings	5.0
Total School Tax	<u>26.31</u>

MILLS

8.41	
11.0	Expires Dec., 1964
11.0	Expires Dec., 1966
21.31	
5.0	
<u>26.31</u>	