



Lake
Orion
Community
Schools

Board of Education Meeting

November 16, 2016

EDUCATING OUR STUDENTS FOR THE CHALLENGES OF TOMORROW





Vision: Educating our students for the challenges of tomorrow



Mission: To provide an exemplary education for all learners



Lake Orion School Board Meetings



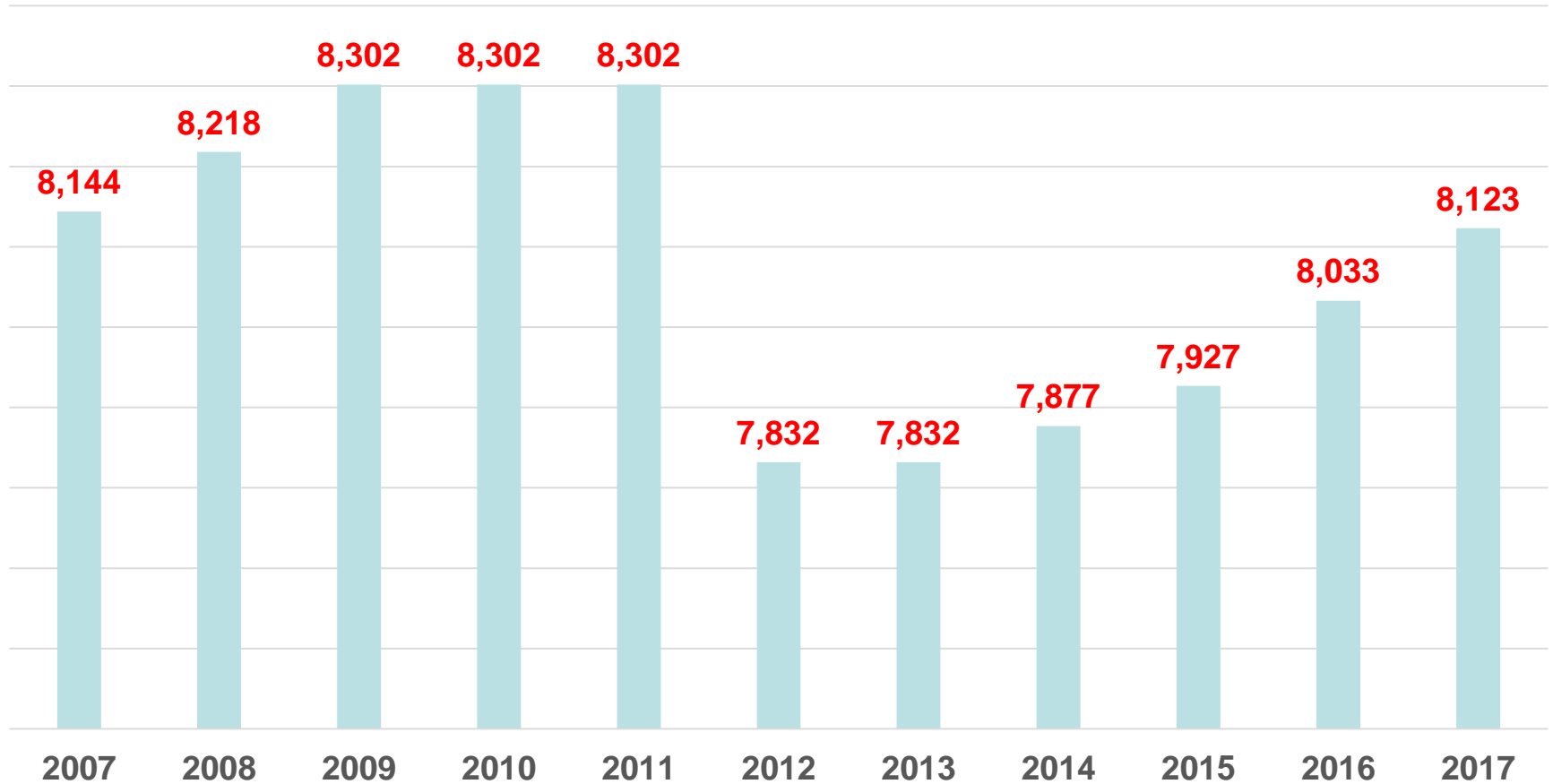
Why did we start this to begin with?

To maintain and enhance the excellent educational programs for all students
as a result of

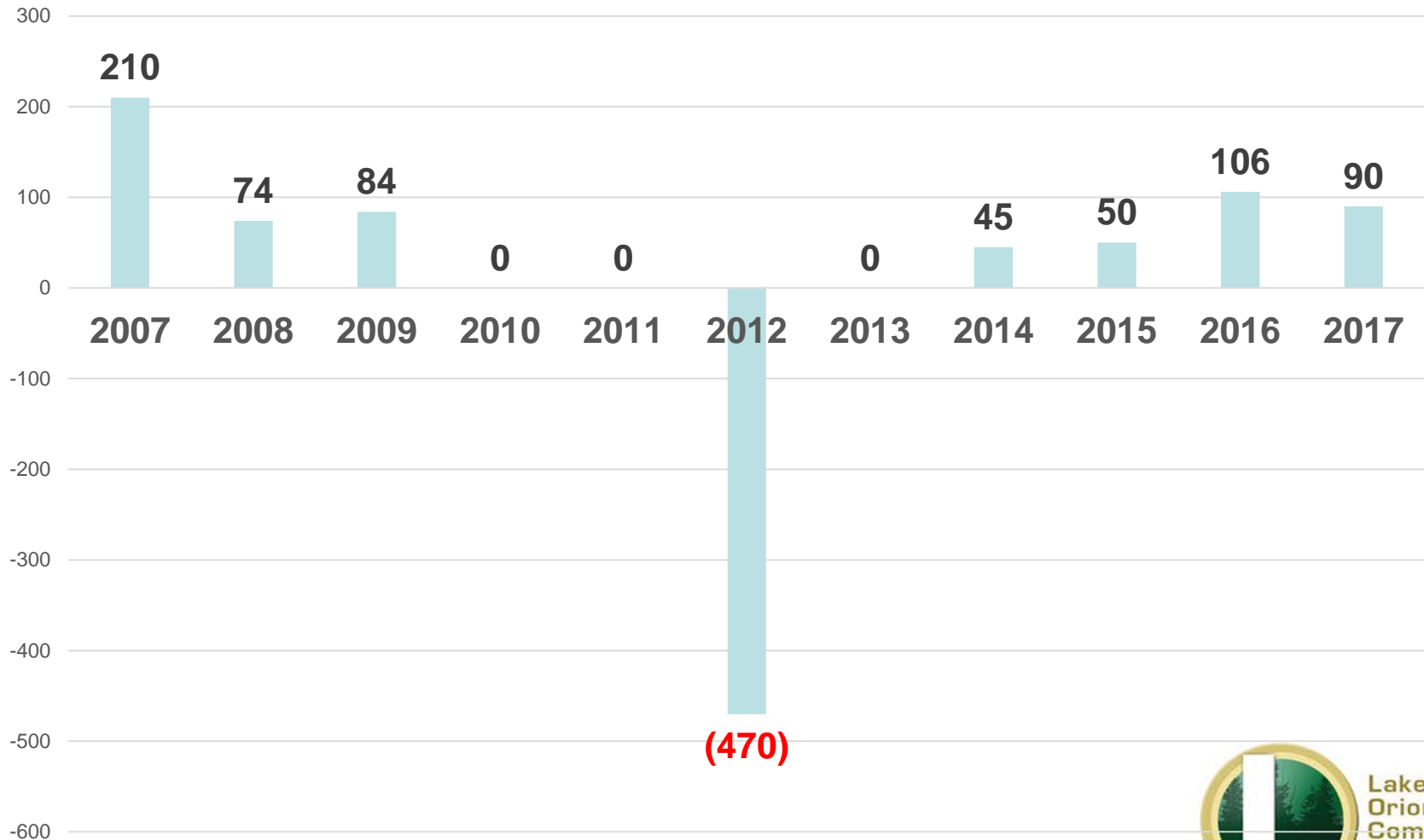
- **reduced funding for public schools**
- **declining enrollment due to aging-out of district population**



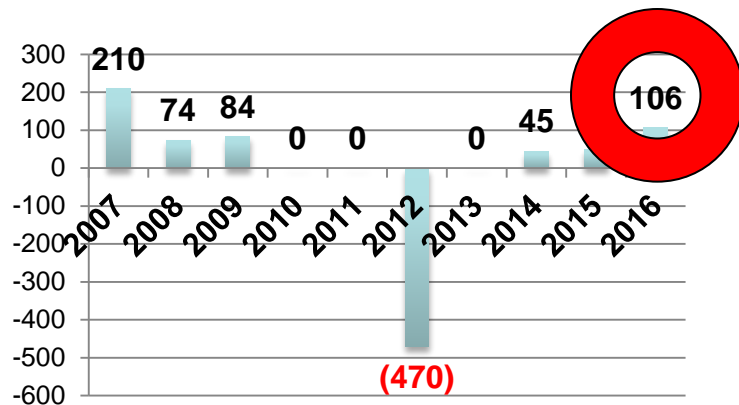
Foundation allowance history



Foundation allowance change from previous year



Foundation allowance change from previous year

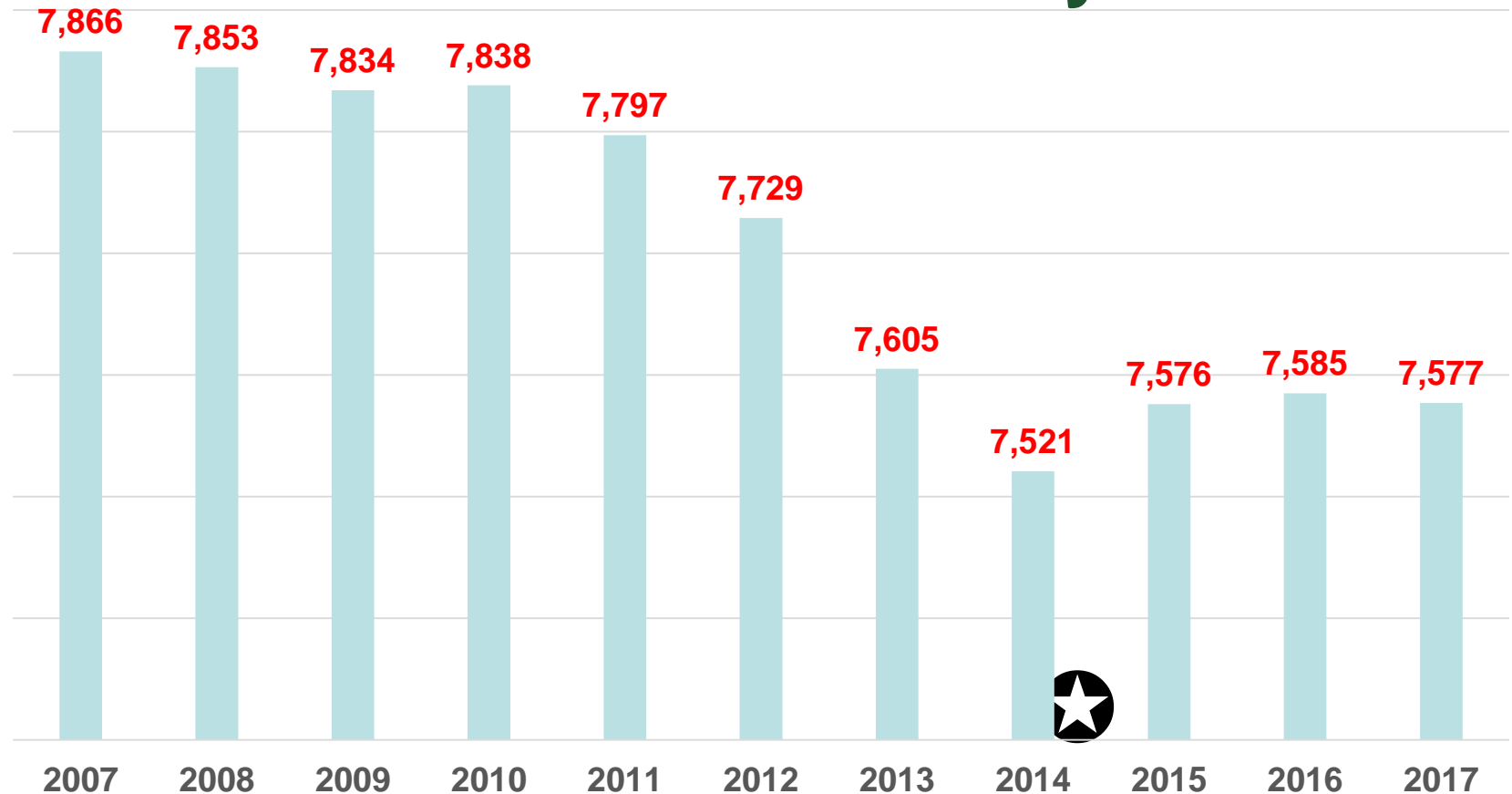


It is important to note that what appears as an increase of \$106 for FY16, in actuality only resulted in a \$25 increase for LO from previous year; \$17 of which must be used for at risk students. This is because of a (\$120) reduction in previous year allocation we received for best practices (\$50) and performance incentives (\$70) that was eliminated.

In other words, the \$106 increase in foundation allowance was not that for LO. We would have received (\$14) less; however there was a stipulation to make sure everyone got some increase so they added a \$39 hold harmless for all districts that would be losing \$ so we ended up with an increase of \$25 from last year; of that \$25, only \$8 can be used for all students; \$17 must be used only for at-risk students.



Enrollment History



★ SOC started
(SOC revenue to date: \$8,217,614)



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ENROLLMENT PROJECTION USING COHORT SURVIVAL METHOD & Adjusted to Community Demographic Trends

Educational Agency Name: Lake Orion Community Schools
County: OAKLAND

Year 2014 Number of Live **BASED ON 2015 FALL HEAD COUNT**
RESIDENT ONLY

Birth Yr	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Year 2015 Number of Live Births is an
Births	15,272	14,612	14,367	14,089	13,793	13,323	13,079	13,346	13,307	13,445	13,477	13,366	ESTIMATE based on immediate past 3 years
K% Birth	3.46%	3.63%	3.56%	3.48%	3.57%	3.73%	3.66%	3.59%	3.59%	3.59%	3.59%	3.59%	Anticipated Non-historical Factor: -0.03%

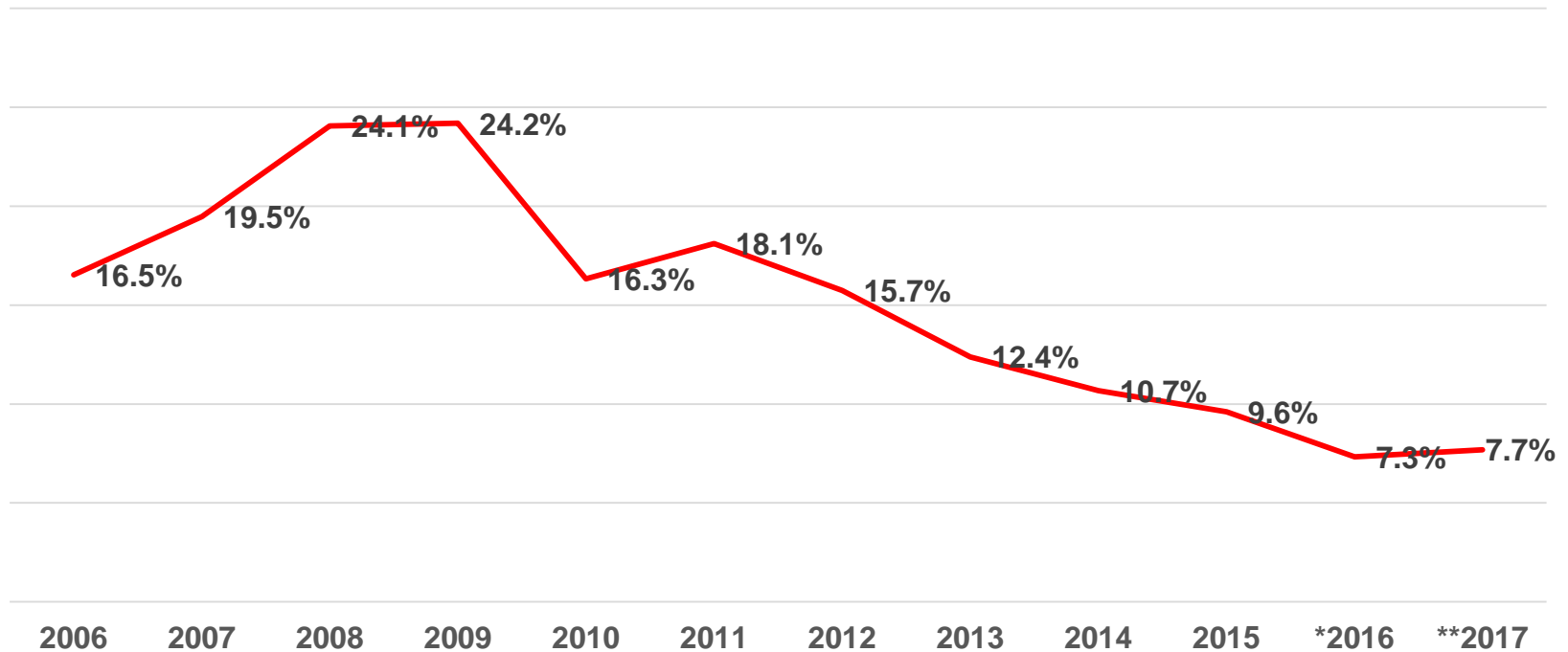
Grade	Historical Data							Projection Data									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
K	528	531	511	491	493	497	479	481	480	489	492	485	N.A.	N.A.	N.A.	N.A.	N.A.
1	547	511	528	496	471	493	454	464	465	465	473	476	470	N.A.	N.A.	N.A.	N.A.
	96.78%	99.44%	97.06%	95.93%	100.00%	91.35%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%	96.83%
2	525	544	503	531	509	468	508	457	467	468	468	476	479	473	N.A.	N.A.	N.A.
	99.45%	98.43%	100.57%	102.62%	99.36%	103.04%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%	100.65%
3	604	528	543	508	538	505	484	513	461	471	473	473	481	484	478	N.A.	N.A.
	100.57%	99.82%	100.99%	101.32%	99.21%	103.42%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%	100.96%
4	561	611	526	566	518	552	514	494	523	471	481	482	482	491	493	487	N.A.
	101.16%	99.62%	104.24%	101.97%	102.60%	101.78%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%	101.99%
5	602	567	615	526	572	527	555	519	498	528	475	485	487	487	495	498	492
	101.07%	100.65%	100.00%	101.06%	101.74%	100.54%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%	100.94%
6	590	624	557	628	541	563	528	561	524	503	533	480	490	492	492	500	503
	103.65%	98.24%	102.11%	102.85%	98.43%	100.19%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%	101.01%
7	620	603	632	559	637	542	576	535	568	531	510	541	486	497	499	498	507
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10	633	683	644	635	604	629	573	617	537	582	541	574	537	515	546	491	502
	97.99%	100.47%	99.22%	99.51%	99.06%	99.65%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%	99.51%
11	613	629	675	634	625	600	626	567	611	531	576	535	568	531	510	541	486
	99.37%	98.83%	98.45%	98.43%	99.34%	99.52%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%
12	594	581	617	651	618	612	589	608	551	593	516	559	520	552	516	495	525
	94.78%	98.09%	96.44%	97.48%	97.92%	98.17%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%
K-12	7,729	7,676	7,600	7,472	7,327	7,179	7,037	6,938	6,886	6,944	6,846	6,749	N.A.	N.A.	N.A.	N.A.	N.A.

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Note: K-12 General Education Pupil Enrollment history and projections DO NOT include self-contained special education, alternative education or part-time students (in FTE's).

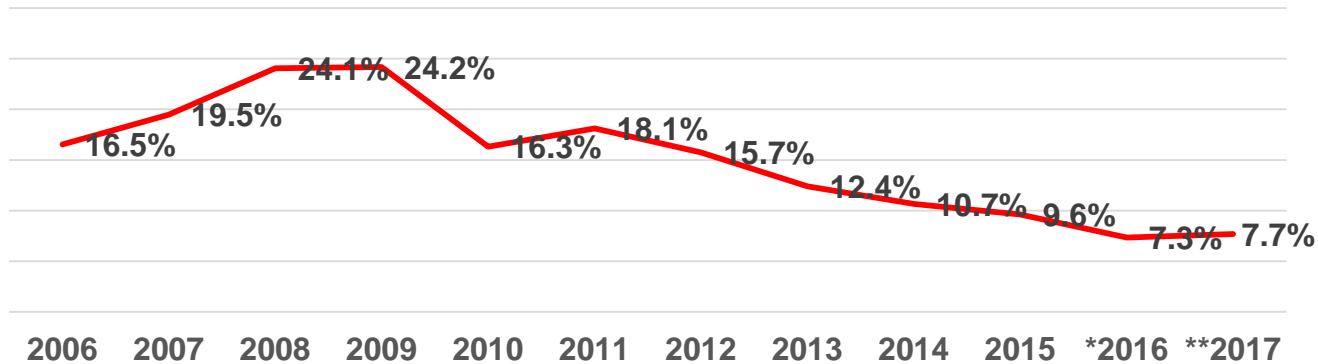
What is the effect?

Our expenses are exceeding our revenue –
In other words, we're spending more \$ than
we are getting in and we're depleting our
fund balance.



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What created the significant reduction in our fund balance?



As a result of two failed bond elections, we began using our unreserved fund balance for facility repairs and technology upgrades.

In other words, we started borrowing from ourselves.

What have we done to reduce expenses?



Fiscal Year	Costs Reduced, Eliminated, & Avoided
1999-2006	10,121,836
2007	1,796,260
2008	1,918,854
2010	130,000
2011	2,025,100
2012	3,023,184
2013	2,650,000
2014	2,420,000
2015	750,000
2016	572,200
Total	25,935,234

We reduced, eliminated and avoided close to \$26 million over the past years



How have we done this without significantly affecting the instructional programs?

- Employee related concessions
- Employee contributions to health care
- Outsourcing/privatizing support services
- Improving efficiency in facility and energy management systems
- Restructuring of bus fleet & transportation routes
- Restructuring voted and non-voted debt
- Sharing personnel & services with other districts
- Restructuring operational functions - print shop operations, facility operations...



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Continued decline in revenue and enrollment

If we did nothing...

Original Projection of the Operating Deficit

- FY2016 Amend.1 Operating Deficit (\$1,930,319)
- Revenue Loss - Student Decline (\$1,004,125)
- Expected Expenditure Increases (\$1,000,000)
- Projected FY2017 Operating Deficit **(\$3,934,444)**

unaudited



What is the goal of Restructuring?

Phase 1 - May 2015 – June 2016

- Reduce projected deficit
- Present a Balanced Budget for FY17

Phase 2 - April 2016 – November 2016

- Restructure/"Right Size" district
- Sustain reasonable class sizes
- Maintain the excellent educational/instructional curricular and co-curricular programs

Phase 2 - December 2016-September 2017

- Transition to new district landscape

Phase 3 - September 2017-June 2017

- Expand and enhance educational opportunities for **all** children



Phase 1 Restructuring



May-November
2015

- Long Range Planning Committee
- Internal Analysis

December 2015

- LRPC Report to Board
- Board discussions
- Restructuring Phases

January-June 2016

- Budget Discussions
- Balanced Budget

Phase 1 - May-December 2015



Long Range Planning
Committee convened

Wide-range participation
included 38 members; Parents,
Community residents, and Staff



December 21, 2015

Presentation to Board of
Education at Community
Forum/Public Board Meeting at
Orion Center

Phase 1- Budget adjustments/reductions

January-June 2016



- District wide personnel and compensation reductions
- Schools of Choice and Shared Time Services revenue enhancements
- Reorganized and reduced transportation department
- Restructured and reduced athletic programming
- Passed a Building and Site/ Sinking Fund Election
- RFP for food services and transportation
- Refinanced existing debt
- Outsourced IT services and security functions
- Eliminated 6th grade World Language Program
- Closed Moose Tree
- Reduced staff
 - Technology Staff
 - Middle School media specialists and 1 core MS staff
 - Family School Coordinators
 - Administrative support



Balanced General Fund Budget for FY2017

General Fund FY2017 Budget Overview

Total Budgeted Revenue	\$ 79,739,204
Total Budgeted Expenditures	<u>79,583,268</u>
Net Operating Surplus(Deficit)	\$ 155,936

*Budgeted Fund Balance, June 30, 2017	\$ 6,116,481
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Fund Balance as a % of Expenditures	7.7%
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Fund Balance as a % of Expenditures net of Sec. 147c	8.2%
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Note: Revenue & expenditure budgets include \$4.6 million in sec. 147c "pass through" funding.

*Audit adjusted Fund Balance

Target for Phase 1 restructuring



\$4 million

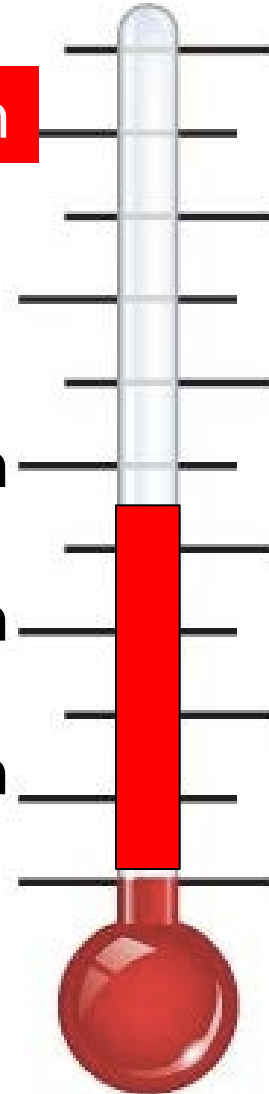
Phase 1 & 2
\$4.05 million

\$3 million

\$2 million

Phase 1
\$2.75 million

\$1 million



What is the goal of Phase 2?

April 2016-November 2016

Sustain reasonable class sizes, maintain excellent educational/instructional curricular and co-curricular programs





Phase 2



April-August 2016

- Conduct District Study-Plante Moran CRESSA
- Internal Analysis

September-November 2016

- PMC Report to Board
- Board discussions
- ID school to close
- Redistrict Plan

September 2017

- Implement School Closure and Redistricting Plan

Phase 2 FINANCIAL ANALYSIS SUMMARY	+ Cost Avoidance/Revenue	- Expenses
Close one Elementary School	\$507,527	
Eliminate additional staff at Stadium Drive Elementary	\$121,250	
Estimated Moving Expenses		(\$21,000)
Revenue (SOC) 50 students <i>(SOC revenue to date: \$8,217,614)</i>	\$406,150	
Transportation	\$283,240	
SUBTOTAL OF COST AVOIDANCE/REVENUE	\$1,367,602	
TOTAL	\$1,318,172	23

Target for Phase 1 & 2 restructuring



\$4 million

Phase 1 & 2
\$4.05 million

\$3 million

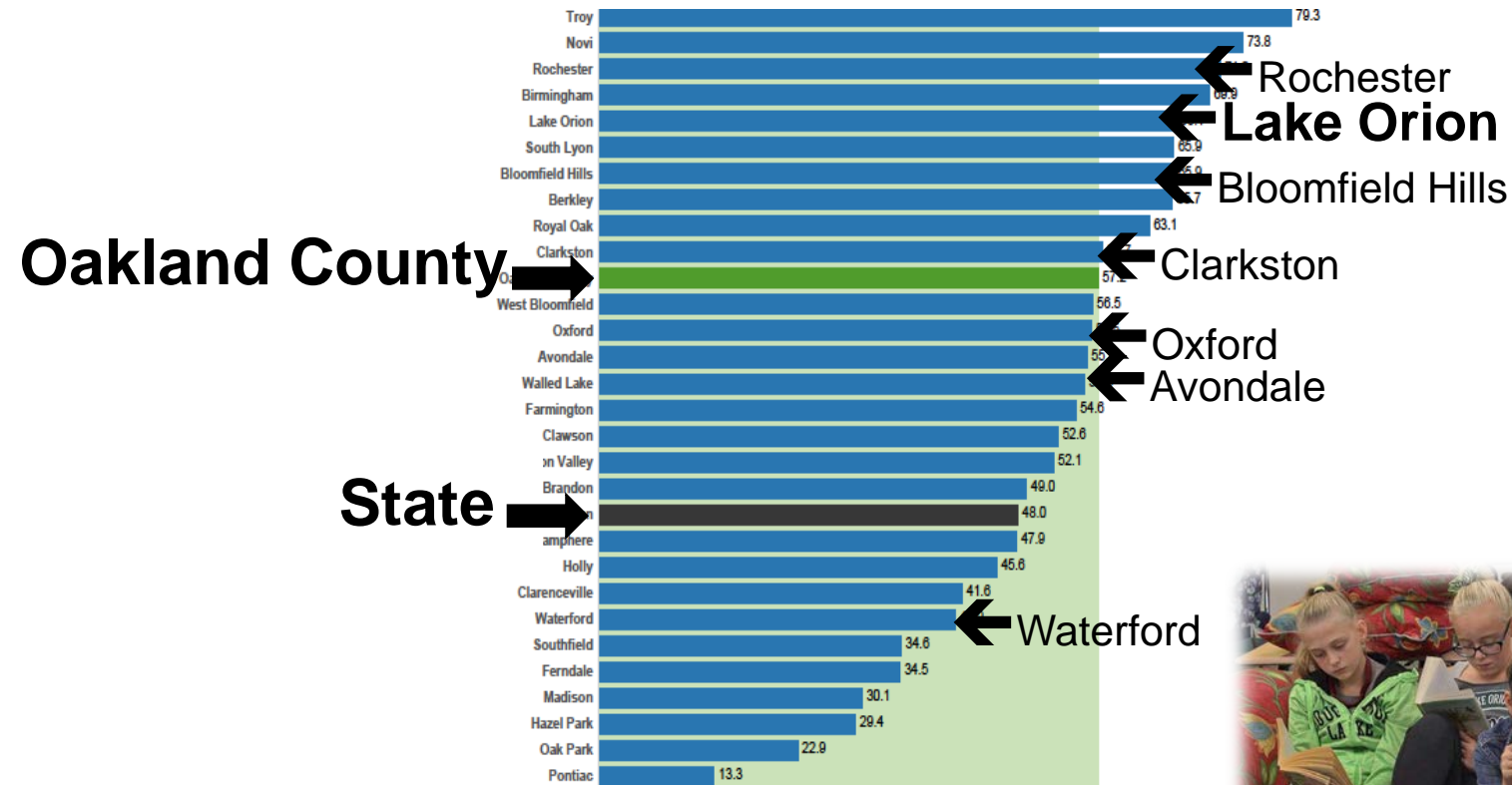
\$2 million

Phase 1
\$2.75 million

\$1 million

Target for Phase 1 & 2 restructuring

High Achievement



2015 MSTEP assessment ELA grades 3-11



Phase 2 December 2016-September 2017



During the first year of restructuring, priority will be to effectively and smoothly transition our students and staff to the newly created landscape of the district.



Additionally, schools will focus on establishing the climate and culture at each school that will now have a redistributed population of students and staff.



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Phase 3 – September-June 2017

As previously reported to the Board and to our stakeholders at Community Forums, we will continue to explore further enhancements to our elementary programs.

This includes, but is not limited to:

1. science/technology/engineering/arts/mathematics programs (STEAM)
2. world language
3. cultures of thinking
4. health and wellness
5. character education
6. gifted and talented
7. looping
8. leadership (Leader in Me)



Phase 3 – September-June 2017



Because these enhancements require professional development of staff as well as added costs, specific additions to programs will be identified and approved by the Board during the 2017-18 school year and implemented the following year.

November 16, 2016

Board of Education Action Items

- Close Pine Tree Elementary School
- Designate the remaining six elementary schools as neighborhood schools
- Redistrict all students in kindergarten through eighth grade to neighborhood schools based on new attendance boundaries
- Temporarily suspend intra-district open enrollment until the enrollment is stabilized at all of our elementary and middle schools, given the redistricting

Process to ID school to close

Role of Modeling in Making Restructuring Decisions

People have asked the District and School Board questions about the process involved in now considering Pine Tree Elementary for closure as part of the School District's restructuring.

Our modeling tool provided the District with a comparative analysis of the impact of closing one school building versus another. In this case it evaluated what would happen if we closed Webber Elementary or Pine Tree Elementary, per the District's original recommendations presented to the School Board earlier this fall. We also worked under the assumption the district would return exclusively to neighborhood schools, using the Carpenter, Paint Creek, Blanche Sims, Orion Oaks and Stadium buildings.

We started by evaluating the capacity of each of the seven elementary buildings, looking specifically at the number of general education classrooms available. (This did not include rooms that house art, music, computer labs and similar activities, or those used for students with special needs.) We used a class size maximum of 27 students per room, to determine the maximum number of students we could place in each of the buildings. This then becomes the maximum number to be used when looking at drawing the attendance boundaries for the buildings.

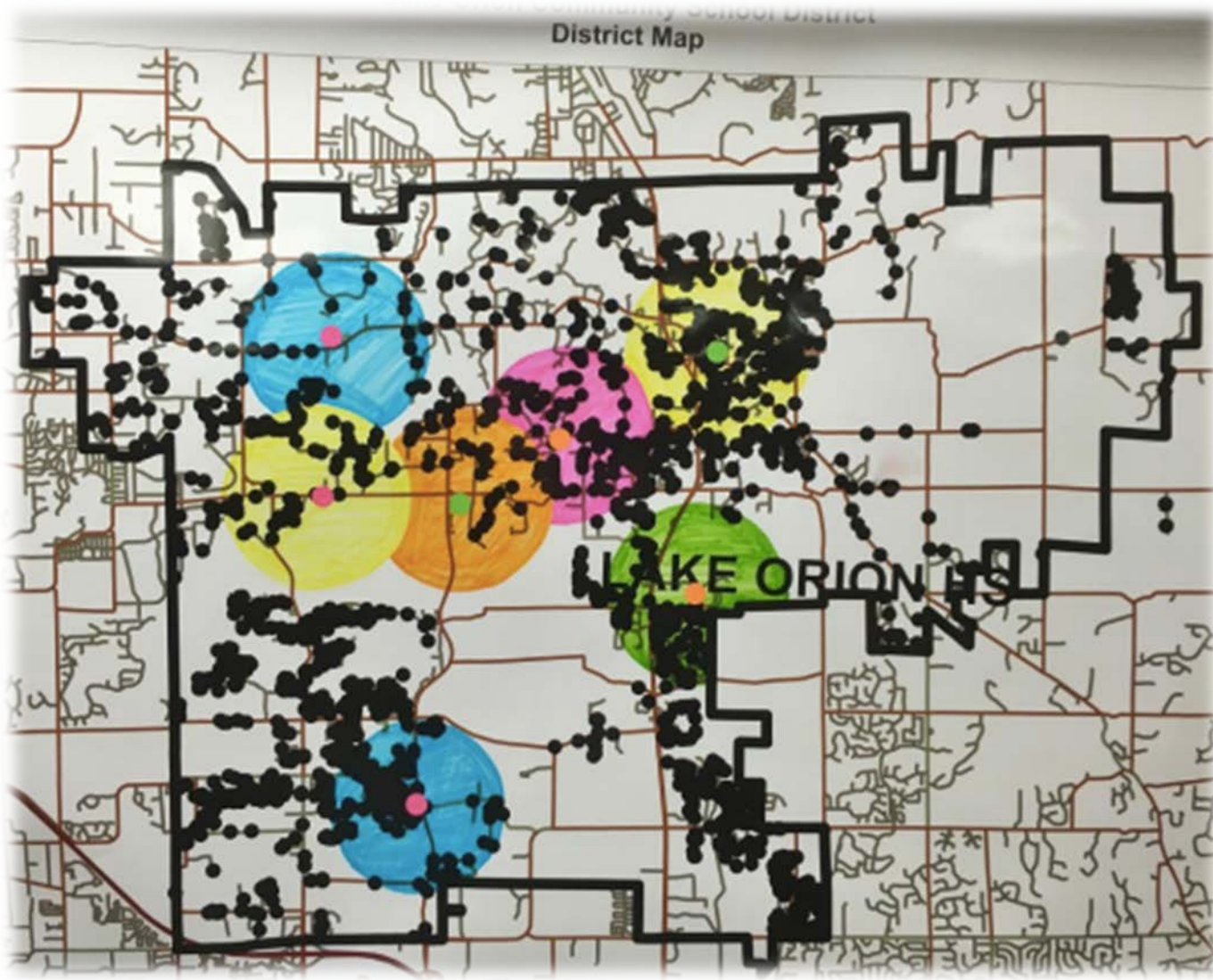
The next step then is to determine the potential attendance boundaries of the buildings. This is done based on proximity to the building, major transportation arteries within the district, as well as other nuances of transportation that will allow us to run an efficient transportation system. The boundaries are drawn and redrawn until we get to the point where each of the buildings is under the maximum number of students as determined in the previous step. This part of the process is the most time consuming and will require several attempts in order to ensure we are balancing the students and being as efficient as possible with our transportation services.

Once the boundaries are drawn and the students within the boundary are determined we then move to determine grade specific needs. The student population is further broken down by grade level and these numbers are used to determine the number of sections (classes) by grade level that are needed for that building. The district operates using the following desired class size numbers; 23 students for kindergarten, 25 for grades 1 and 2, and 26 for grades 3 thru 5.

Our careful analysis of the modeling determined that it would be most practical and efficient to close Pine Tree. We will again be reviewing this information at the November 16 Board meeting which will be open to the public and televised.



Process to ID school to close



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Building Capacity Calculations

Building	Blanche Sims	Carpenter	Orion Oaks	Paint Creek	Stadium	Webber	Total
Gen Ed. Classrooms available	19	19	24	21	19	22	124
*Maximum # of Gen. Ed Students by building	513	513	648	567	513	594	3348
*Maximum number of students by building is calculated using a class size maximum of 27							
Estimated K-5 Enrollment including SOC @10% = 3168 (Difference of 180 students)							

Kindergarten Projections

% K Enrollment	15.32%	15.32%	19.35%	16.94%	15.32%	17.74%	100.00%
Estimated Resident K Enrollment	74	74	93	81	74	85	480
*Kindergarten enrollment project is based multiple enrollment studies.							

Sections (Classrooms) Planning Formula

Grade	Target	Contract Max
K	23	25
1	25	26
2	25	27
3	26	28
4	26	29
5	26	30

ENROLLMENT PROJECTION USING COHORT SURVIVAL METHOD & Adjusted to Community Demographic Trends

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BASED ON 2015 FALL HEAD COUNT
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	99.37%	98.83%	98.45%	98.43%	99.34%	99.52%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%	98.96%
12	594	581	617	651	618	612	589	608	551	593	516	559	520	552	516	495	525
	94.78%	98.09%	96.44%	97.48%	97.92%	98.17%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%	97.12%
K-12	7,729	7,676	7,600	7,472	7,327	7,179	7,037	6,930	6,806	6,744	6,646	6,617	N.A.	N.A.	N.A.	N.A.	N.A.
Year-to-Year #Growth:	-53	-76	-128	-145	-148	-142	-107	-124	-61	-99	-29						
Year-to-Year %Growth:	-0.69%	-0.99%	-1.68%	-1.94%	-2.02%	-1.98%	-1.52%	-1.79%	-0.90%	-1.46%	-0.44%						

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