
President's View...Stephanie Eagen - Facing Tough Times Together

Tagged: [Newsletter](#) • [Jan](#) • [2008](#)

By: Stephanie Eagen, CPA, CFO , Port Huron School District and President of MSBO

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Executive Director's View...Tom White - Hard Realities

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MSBO Board Member View - Managing Time

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By: Michael M. Adamczyk, RSBA, CFO, Assistant Superintendent, Business Services, Troy School District, MSBO Board of Directors

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Eligibility Requirements

To be eligible, you must:

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Beginning with the 2008 [MSBO](#) Board of Director elections, [MSBO](#) will be using a new voting system that allows members to vote via their computers. This will allow all [MSBO](#) members to vote regardless of attendance at the Annual Meeting.

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When times are difficult it is great to have friends, people who understand what you are facing and can help you get through. The ability to interact with, and get support from, other people is a basic human need recognized by social scientists.

On a basic level, [MSBO](#) provides a gathering point for our members. To be sure, we do many other things – conferences, representation, communication, products and services – but, on the most basic level, [MSBO](#) represents an organization of individuals who through their collective efforts support one another.

The evaluations from our annual meetings often include comments that one of the most highly valued aspects of attending is the opportunity for members to interact with and learn from their counterparts from across the state. That is as it should be. In a learning community, people do learn a great deal from one another. How better to learn than from someone who has tried something in another district and can tell you about their experience?

Of course there is also the “commiseration” factor. Who else can better empathize with your problems than someone who is experiencing something similar? It’s a healthy way to sort things out and much cheaper and effective than years of therapy!

Associations like [MSBO](#) exist to provide gathering points for the professionals who choose to join. [MSBO](#) also plays an important role in representing our profession with other associations, state government and the community-at-large. I can’t tell you how many times I have had a new business official say, “I don’t know how I would have survived my first few years without [MSBO](#) !”

That’s a gratifying message and a validation of the organization.

[MSBO](#) has grown and changed dramatically in the last 10 years. We have almost twice as many members as in 1997, who represent a wider variety of functions within a school business office. Further, [MSBO](#) has grown in political clout and recognition. [MSBO](#) staff and our members are often quoted in the media. Our opinions are solicited by legislators, regulators and others who need to know how schools are funded and operated.

I’m not trying to brag about us and our organization although I’d feel fine about such boasting. I’m trying to make the point that gathering together around our profession is important. It is good for both the “newbies” and the veterans. Everyone gains from the interaction.

However, there is a price for this privilege. Let me assure you that [MSBO](#) strives to keep our costs low, with dues at under \$130 per member among the lowest of the larger education associations in Lansing. Only about 12% of the [MSBO](#) budget is based on dues income. The rest is based on things we produce or present, such as conferences and products.

Given the good work we believe we do and given the need for financial support of [MSBO](#) activities, we hope that you will understand and make sure to support [MSBO](#) -related products and services. All profits help our organization and, thereby, our members. We don’t anticipate blind support; we value your input and suggestions for improvements. However, when all things are equal, please choose the products that [MSBO](#) offers!

That's the money part. Time is the other factor. Based on what our members say, investing in [MSBO](#) and our regional groups is as close to a "sure thing" as you'll get. I view time spent helping others by sharing experiences as a great way to return the favors others have extended to me in my career. It also provides a community service during difficult times. Taking time to learn from others has a tangible return, even though no dollar amount can be placed on its value.

In the end, you get what you give. [MSBO](#) has great members, a great staff and does good things for our profession and public education in Michigan. We appreciate your continuing support and invite your suggestions and involvement.

Let's have a great 2008 – together!

Executive Director's View...Tom White - Hard Realities

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By: Tom White, Executive Director, MSBO

I recently reviewed the 2006-07 Fund Balance* information for Michigan schools. Like so many things in life, there is good news and there is bad news.

The good news is, on the whole, schools are doing better than I thought they would be. The number of districts in deficit for Fiscal Year (FY) 2007, which ended June 30, 2007, was 21, about the same as FY 06. However, in FY 04 there were only 10 districts in deficit.

Still, on the good news front, we ended last year with fewer districts in the 0-5% Fund Balance category - 56 in FY 07 compared with 63 the prior year. Also, there were slightly more districts with Fund Balances over 15% in FY 07 than the prior year – and, at 237, this is a significant number of districts that are financially healthy by this measure.

Business officials can and should be proud of their role in maintaining this level of financial stability in such difficult times.

However, we need to continue to be vigilant and to explain to our communities and staff why a Fund Balance of 15% is necessary. Because the state pays us 11 times a year, we need Fund Balances to avoid borrowing; and we need those dollars to help maintain programs and jobs during economically tough times like now. These dollars can only be spent once. If we cautiously spend down Fund Balances, we can maintain programs and jobs as we wait for the economy to improve and revenues to increase. (There is more detailed information and resource materials about Fund Balances on the [MSBO](#) website under “School Finance.”)

On the negative side, the statewide average Fund Balance for FY 07 fell from 13.01% to 11.81%. This represents a reduction of 1.2 percentage points or a decrease of 9.2%. Total expenditures for operating purposes are \$14.2 billion so the “spend down” of Fund Balances was \$168 million from one year to the next.

The picture simply isn't pretty. I've used the metaphor before of Michigan schools being in a single file walking toward the edge of a cliff. Some districts have already gone over the edge. All districts are the same line; it's just a matter of where in line. These numbers tell the story of a collective move toward the edge of that cliff.

A good question is, “At what price are schools maintaining their fiscal stability?” In other words, what did your district cut to avoid financial decline? We need to help our communities understand all the hard realities schools face. If you put off maintenance, major purchases of textbooks or supplies, or eliminated programs, you need to let your board, staff and community know what the tradeoffs have been.

We have increasing costs and stagnating or declining revenues. MPERS continues to rise and is predicted to be more than 20% of payroll by 2013 and 27% by 2020. We have fewer students which means fewer dollars. At the same time we must provide new programs and creative alternatives for students.

In the face of the most difficult economic times in the last 25 years, we have to look for ways to improve education. That is our main mission, our imperative, and our state's future is on the line.

There aren't any easy answers. Each solution carries a cost. Closing schools is difficult and alienates a

portion of the community. Trying to restrain health care costs creates schisms with our staff and, often, our communities are not supportive. Eliminating programs affects teachers and students and creates backlash.

Who was it that said, "These are the times that try men's (and women's) souls?" Without being overly dramatic, that's our situation now: trying times.

Trying times are often the best time to make needed changes. Mahatma Ghandi said, "Be the change you wish to see in the world." That simple but profound statement says a great deal. What changes do you want to see? How do you want people (our politicians, etc.) to respond? How can we all model behaviors that will reflect well on us as a generation? What message do we want to send to students about how to deal with adversity?

I am proud that our members are facing these times with fortitude, creativity and hard work. Thank you for all you do.

**Figures related to Fund Balances are for K-12 districts only, and do not include ISDs or Public School Academies.*

MSBO Board Member View - Managing Time

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By: Michael M. Adamczyk, RSBA, CFO, Assistant Superintendent, Business Services, Troy School District, MSBO Board of Directors

We are renovating the HVAC system of our central office beginning in January and this has caused me to go through my office to pack for the move. This has also given me the opportunity to throw out some old items. In the process, it has given me the chance to review some books I have not looked at in a while.

One such book is titled "Time Wasters/Time Savers: 61 Ways to Beat the Clock" published by ASBO. One chapter is devoted to the 20 worst time wasters. Some of the 20 include red tape, failure to organize, failure to identify the problem, lack of objectives and goals and excessive coffee breaks. I don't know about you, but I have been a school business official for 21 years and I cannot remember ever taking a coffee break in my career. I then thought about my staff, and I can honestly say that I am not aware of any of them taking a coffee break either. There is simply too much to do and not enough time to get all of the tasks accomplished in an eight-hour day.

My staff is at their computers most of the day. Hopefully, all of our subordinates are diligently working away on school related items at their computers. A recent survey by a Chicago based employment research firm found that an estimated 36.8 million Americans participate in fantasy football during the NFL season, costing employers as much as \$1.1 billion weekly in lost productivity. Wow! Just think if even a portion of that could be somehow be funneled into America's classrooms. But don't run out of your offices too quickly and start looking over your subordinates' shoulders to see if they are working on fantasy football instead of account reconciliation. That same Chicago-based firm said that "the potential damage to morale and loyalty resulting from a...ban could be far worse than the loss of productivity caused by 10 minutes of online team management."

The ASBO book was published in 1994, before the majority of us were involved in e-mail communication on a daily basis. I always complain about the large number of e-mails sent daily and how long it takes to read and respond to them. I surely thought that if ASBO were to update their aforementioned publication that spam e-mail would surely be one of the time wasters. So I decided to do a little research on e-mail and found some interesting facts.

According to EmailStatCenter.com, business recipients get nearly 100 e-mails per day. I personally have not hit this number, but have received over 80 messages on some days. Sixty percent of people who read an e-mail only read 50% of the message. This is a good reminder to all of us to keep our e-mail messages brief and to the point.

Sixty percent of people who e-mail admit to checking their personal e-mail at work an average of three times a day. While only 15% of those who do so have been busted by their bosses, 28% say they feel guilty about it. I wonder how many use district e-mail for their personal messages?

Fifty-nine percent of people e-mailing from portable devices are checking e-mail while in bed in their pajamas, 53% in the bathroom, 37% while they drive and 12% even check e-mail in church. While some of these statistics can be filed in the "too much information" category, it points to the fact some of us really do have too much work for the standard eight-hour day. Or, could it be that we are addicted to e-mail? Fifteen percent of Americans admit to being addicted to e-mail.

Spam e-mail is a problem not only in the United States. According to an article published in TechNewsWorld, spam e-mail costs the United States \$20 billion in lost time and expenses worldwide. Expect this to increase

as 70.6% of marketers planned on increasing their e-mail acquisition in 2007 over 2006. I'm sure all of us would agree that spam e-mail is an item we have all had to expend district resources on, as we have all had to install filters to try to keep the trash from hitting innocent eyes.

There were two statistics about e-mail that were promising. Over 70% of the end users surveyed say that e-mail impacts positively on their productivity. I also learned that between 25% and 30% of the greenhouse gases released into the atmosphere each year, or about 1.6 billion tons, are caused by deforestation. With all the recent news about global warming, the more business we can conduct electronically, the less paper we will need which will ultimately help the environment. I now have a different viewpoint of e-mail.

Fewer Students Than Expected

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Michigan's pupil count for fall 2007 came in almost 12,000 students fewer than estimates used for the State budget. The estimate for fall 2007-08 was 1,665,600 students. The actual count was recently set at 1,653,850. The 2006-07 actual count was 1,681,062 students.

The graph of Michigan's pupil population since 1994 looks like three quarters of a bell shaped curve. In 1994 we had 1,583,357 students. The numbers grew until 2003 when we peaked at 1,714,867 and we've declined each year since with the largest drop coming in the last year.

The implications of this reduction are fairly obvious:

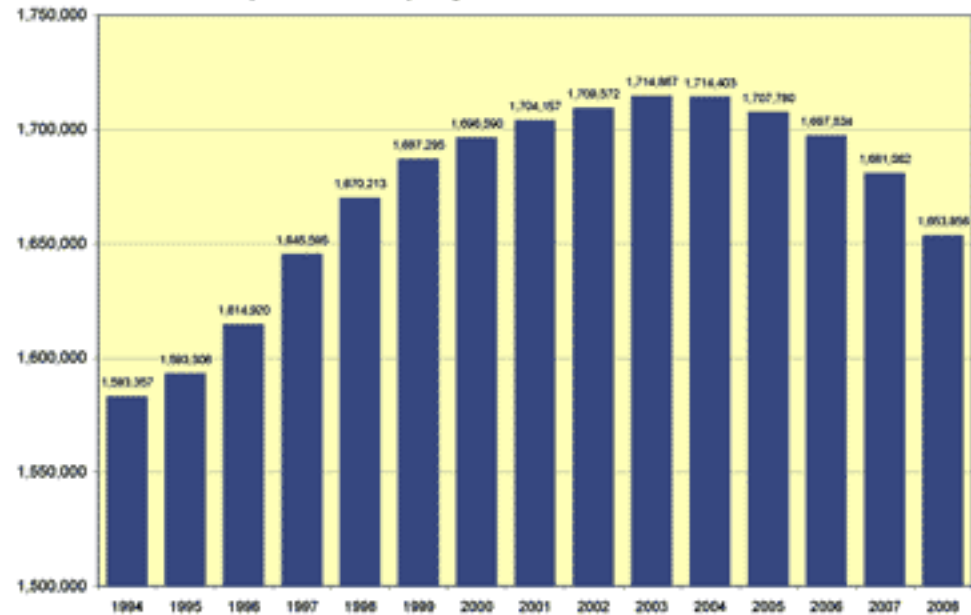
Many Michigan school districts (60%+) have declining enrollment and that means declining revenues.

Fewer students means reduced costs to the state. Because of a reduction in students, the 2007-08 State Aid appropriation is actually modestly less than in 2006-07.

This decline, in conjunction with recent census data showing a net decline in population of 30,000 between 2006 and 2007 for Michigan, points to a continuing loss of students in the immediate future. Schools should discuss declining enrollment and its implications openly with staff and community.

This chart of Historical Blended Pupil Memberships from the Senate Fiscal Agency reflects the downward trend in enrollment statewide. Enrollment for Fall 2007 was estimated at 1,665,600. Actual enrollment was 1,653,850, 11,750 fewer students than expected.

Historical Blended Pupil Memberships by Fiscal Year



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Based on Michigan Department of Education (MDE) data, the statewide average for Fund Balances declined from 13.01% to 11.81% from 2005-06 to 2006-07, a 9.2% reduction. This represents a spend-down of approximately \$150 million.

[MSBO](#) and many accounting firms recommend that school districts maintain a Fund Balance of at least 15% of general operating funds. The main reason schools need a Fund Balance of this magnitude is cash flow.

You may need to remind your Board and community that since the state pays schools 11 months out of the year, skipping September, schools have a 60-day period once a year during which they receive no revenue from the state. Schools can borrow money to get through that period - incurring borrowing costs - or build up enough reserves to get through without borrowing by reducing costs and allowing more dollars for educational programs.

Additionally, schools need Fund Balances to help soften financial losses from volatile state funding, enrollment declines and potential emergencies. All this means that the decline in Fund Balances is of real concern, although, given the ongoing funding problems it is surprising the overall picture isn't worse.

Michigan Department of Education data reflects a drop in the statewide average for Fund Balances of 9.2% in just the past year.

Michigan Public Schools Fund Balance Information

Includes K-12 only, No ISDs and PSAs

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06*</u>	<u>2006-07**</u>
Statewide Average	13.23%	13.07%	13.01%	11.81%
Deficit (Negative)	10	14	20	21
0% - 5%	33	54	63	56
5% - 10%	107	94	110	120
10% - 15%	110	112	120	114
Above 15%	<u>294</u>	<u>277</u>	<u>232</u>	<u>237</u>
Total Number of Districts Reported	<u>554</u>	<u>551</u>	<u>545</u>	<u>548</u>

* As of 11/28/06 (13 districts not yet reporting)

** As of 11/30/07 (some districts not yet reporting)

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Fran Piper, a long time [MSBO](#) employee and wife of [MSBO](#)'s former Executive Director Wally Piper, passed away on Christmas Day 2007. Fran was Wally's Executive Secretary and right hand person at [MSBO](#) during his tenure, with both of them retiring in 1997. Fran was a dignified person, a hardworking, dedicated employee and [MSBO](#)'s "First Lady." She was an integral part of the team at [MSBO](#) during a productive and growing period for the organization. Wally passed away on December 28, 2006.

The family has asked that contributions be made to the Visiting Nurse Services of Michigan Hospice, 825 E. Michigan Avenue, Lansing, MI 48912; the American Lung Association, 403 Seymour Avenue, Lansing MI 48933; or the East Lansing Booster Club, 841 Timber Lane, East Lansing, MI 48823.

Those who knew Wally and Fran know they were a very close couple who enjoyed working together and raised a lovely family of three daughters and eight grandchildren. We extend our sympathies to the children and grandchildren of Wally and Fran.

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Eligibility Requirements

To be eligible, you must:

Be an [MSBO](#) member

Be a school business official for a minimum of 5 years

Employed by a K-12 school district or ISD and fulfill one of the following positions:

Business Manager

Business Administrator

Accounting Director

Finance Director

Superintendent

Assistant Superintendent, Finance/Administration

Director of Transportation

Director of Food Service

Director of Facilities

Director of Information Systems

Director of Human Resources

Current [MSBO](#) board members are not eligible.

Selection Process and Award

A review committee comprised of two [MSBO](#) Board of Directors, one ISD representative and two business officials review the application and attachments and make a recommendation to the [MSBO](#) Board. The [MSBO](#) Board determines the winner. Presentation of the award (a crystal plaque and \$1,500 toward a professional development trip to ASBO International Annual Conference) is at the [MSBO](#) Annual Conference.

The [MSBO](#) winner is a candidate for the ASBO Business Official of the Year Award. [Click here](#) for the nomination form and guidelines.

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The Association of School Business Officials International (ASBO) has used this system for the past few years and recently opened it to [MSBO](#) for use by our members. [MSBO](#) will be the first ASBO affiliate to take advantage of the system. [MSBO](#) will provide details about how to use this new system in the near future.