

President's View – Rob Burgess...MSBO: Your "Bridge Over Troubled Waters"

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

**By:** Rob Burgess, CPA, Chief Financial Officer, Lakeshore Public Schools and President of MSBO

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Yesterday, I received an e-mail from Nancy Hawkins of [MSBO](#) reminding me of my obligation to you to write a monthly column for this [MSBO](#) newsletter. So, today I planned on stopping my procrastination to type up my thoughts. In case you have not seen my postings on the Business Listserv, you may not realize that I love to write. (However, some of you may think of my Listserv postings as more the ranting of a mad man than "writing.") However, as I started this and was right in the middle of some profound writer's inspiration, I got interrupted by a phone call. As a result, my topic has changed dramatically. Bear with me. This may not be the usual start to an [MSBO](#) President's article.

Last Friday, I drove the 10 miles or so to Berrien RESA to pick up some financial reports from their Data Center. On the way back, I stopped at a gas station. As I was pumping gas, a woman approached me and another gentleman nearby asking for assistance in changing a flat tire. In the process of helping this lady, I found out that she not only had a flat but was recently notified by her landlord that she was being evicted. She told me she has five children and was hoping to be able to keep them in their home school district, another district in Berrien County, not my own. She also said that she may have housing available in a few days once it passed inspection. I gave her the name of the homeless advocate at Berrien RESA, my pastor's name, and also my phone number.

The same woman just called me. She has run out of options. So, a stranger who she met for 20 minutes last Friday is someone she is turning to for help. What's the old saying: "There but for the grace of God." There are many in our state who are hurting, as are our school budgets.

As members of [MSBO](#), I think we should be proud that in tough economic times that [MSBO](#) members are synonymous with prudent financial and operational management of schools. Our members and [MSBO](#) have strived always to be stewards of taxpayers' monies. Like many of you, I get frustrated at times having to tell principals or teachers "No, we can't afford that." I often struggle with how to say, "no" in such a manner that does not come across as "Rob the Grinch" or "Are you nuts?"

These are indeed difficult economic times. We go through these cycles in Michigan and this cycle seems to be particularly long. Anybody who has been in this business for a few decades can tell you that. Nearly 20 years ago, I was Budget Director for the Grand Rapids Public Schools. In my first year in that role, we went through the terrible process of having to cut \$15 million from the district's budget. It was awful. I will never forget the number 183. For that is the number of young teachers we laid off that year. That does not count the number of bus drivers, custodians, paraprofessionals, and other support staff. I did not get much sleep that year (and it also did not help that my young son was colicky at the time.)

Having gone through some trying times in the past, I realize that many of you are probably frustrated with budget cuts you have had to recommend, additional responsibilities you have had to assume as positions remain unfilled, and other stresses you may be struggling with as our schools are resource challenged. If there is one thing I can recommend, it is this: you are not alone. Your colleagues at [MSBO](#) are here to help. Reach out to them for their expertise, or if for nothing else to burn off some steam from time to time.

We can make a difference. We do make a difference. [MSBO](#) members have always been strong advocates for prudent financial management. [MSBO](#) is THE place for solutions to your problems. On the Business Officials Listserv today, I see reminders of that. One of our members is asking for help in computing her state and local share of the foundation (now that we have different tax rates on commercial, industrial, and other personal property.) Dave Martell has offered up in response that the Dynamic Budget Projection Software will be coming

out with a new version shortly. Over the past few years, I personally have found this to be an excellent tool to help explain complex budget issues to my Board and Superintendent. Additionally, another of our creative colleagues offered up an Excel spreadsheet, which she created to solve her own need for the accuracy of the state aid formula. Later in the day, Glenda Rader from MDE offered up a spreadsheet prepared by the state to assist schools.

Aren't we blessed to be working with gifted and talented colleagues who are willing to share their expertise!

Which reminds me, the [MSBO](#) Leadership Group of Regional Presidents and Committee Chairs meets on November 5 and 6 in Detroit with the [MSBO](#) Board to plan for the Annual Conference in April. In order to make this conference meaningful for you, we would like to offer the break out sessions that meet your professional and personal needs. If you have any ideas of hot topics and speakers for the conference, please let your Regional President or one of the [MSBO](#) Committee chairs know soon. They are dedicated people who make our organization stronger.

Finally, if you have been reading my articles this year, you know I have tried to insert a lyrical theme in each article. This month's theme is that [MSBO](#) is here to assist you and be your number one source of information, support, and guidance as you struggle with issues of balancing the budget, keeping the fleet safe, maintaining the school buildings and grounds, keeping up with technology trends, etc. So remember, [MSBO](#) can be your "Bridge over troubled waters."

There are many talented and caring colleagues at [MSBO](#) and throughout our organization who are here to help. You are one of them.

I am so looking forward to seeing all of you at the annual conference this year in Detroit! If you have not been in Downtown Detroit in years, I will say this: it is beautiful. Our primary hotel for the conference is the Marriott Detroit Renaissance Hotel. I will also say that the Book Cadillac has recently reopened. I stayed in the Book Cadillac for a night the first week of August 1974. It was my last night as a civilian before enlisting in the United States Navy the next day. I am looking forward to seeing Greek Town, Comerica Park, the walkway along the waterfront, and the renovated Book Cadillac. Hopefully, we will all get a chance to tour that historic hotel (or maybe one or more of our associate members will host a dinner party there.) Although, if when I enter the Book Cadillac, I hear some Chief Petty Officer in a gruff voice yell out: "Drop 'em! Turn and cough!" Dude, I am running the other way!

[Click here](#) for some great pictures of the recently opened Book Cadillac and other downtown Detroit venues.

Happy Halloween!

## Executive Director's View...Tom White – We Can All Be Part of the Solution

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**By:** Tom White, Executive Director, MSBO

With all that's going on in Michigan schools it is easy to become overwhelmed and frustrated with Lansing. With so much focus on funding (or the lack thereof) we can sometimes forget the big picture of what's happening around us, the world in general, and how we need to be positioning ourselves and our schools for the future.

No matter who is elected president, it's clear we have some national imperatives upon which we can all agree: 1) the vital need for energy independence; and 2) the need to find a way to better integrate and cooperate with the rest of the world.

I'm in the middle of reading Thomas Friedman's new book, *Hot, Flat and Crowded*. While I enjoyed his first book, *The World is Flat*, I found it a bit tedious and redundant. His new book is much more to the point, readable and instructive. In *Hot, Flat and Crowded*, Friedman offers a scientifically based, frightening view, of global warming and over population. He also offers solutions for the US and the world that make sense. But, he says, we need to get moving; meaning we need to get changing how we do things.

Friedman even exploded one of the comfortable myths I had come to harbor – that global warming might be good for places like Michigan and Minnesota. Though there are natural cycles of warming and cooling on our planet, what's happening now is accelerated, and of human origin according to about 98% of the scientific community. This type of change brings many unpredictable consequences – stronger storms, longer droughts, rising seas, infestations of insects that had normally been killed off by harsher winters, etc. In other words, it won't just mean warmer days, less snow and shorter winters.

I'm not trying to be an alarmist...or maybe I am. After reading the first half of this book I am alarmed and I hope other people will be too. We need to make some changes in how we do things, and we need to act quickly in political/human terms.

If you have any interest at all, I hope you'll read *Hot, Flat and Crowded\**, and see if you agree. If you do, then help spread the word and begin being part of the solution.

Schools can do their part by making sure they are good stewards of their environment. Does your district have an energy conservation policy? Do you recycle? How will your district help educate your students and community? While there are big solutions needed for the big problems we face, there are also many small things that we all must do to contribute – whether it is buying more fuel-efficient cars, using fluorescent bulbs, or starting to recycle newspapers and magazines at home. The point is to start being more a part of the solution, and be less of a part of the problem.

You know the old cliché, "A journey of a thousand miles begins with a single step." That's where we are now - at the beginning of a new world.

The US has under 5% of the world's population yet we consume about 25% of the world's production energy resources. Demand for oil has grown 22% in the US since 1990. China and India currently consume between 9-30 percent less energy per person than the US, but that is changing. Oil demand is expected to rise from the current 86 million barrels consumed per day by the world, to at least 116 million barrels by 2030. If China and India were to increase their usage to US levels, we'd need 200 million barrels a day.

As you read this I'm touring China for the third time in the last 4 years. Traveling like this has changed my world view dramatically. The world is a fragile political and ecological environment. I've become convinced we must start reaching out to other nations, developing more person-to-person relationships, and building better relationships between governments. It starts with understanding each other better. I hope your school has a plan for

“internationalizing” your students’ education so they will be able to cope with and benefit from the coming changes in a flat world.

While Friedman’s book and the underlying premise can be depressing, it only makes sense to look at the flip side of the gloom. With problems come opportunities. Meaning that if we as a nation confront the problems with thoughtful solutions, we as a people can prosper, as can the world. This has been the American problem solving spirit in the past and, if we maintain it, it will serve well us in the future.

It can be a good world, but it cannot be the same world we live in now. We need to begin the journey to a new and different world, and we need to prepare our children for it regardless of the financial condition of our state or school districts. There are small and large things all of us can do to make the world and our communities a better place. Hopefully that becomes our collective mantra and our individual mission while there is still time.

\* If you read my column last month you won’t be surprised that at first I didn’t actually read this book, I started listening to it on my I-Pod. I haven’t finished it yet but I already got a hard copy because I wanted to have it as a resource for the many interesting facts and figures Friedman provides.

## Michigan School Districts Face Challenges Concerning Use of the Universal Services Fund (E-rate) Dollars

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We want to make you aware of recent additions to the [MSBO](#) Web site:

A [document](#) from Thrun Law Firm, P.C. about important challenges Michigan schools are facing with administration/use of Universal Services Fund (E-rate) dollars.

There have been a number of reviews of Michigan schools by the Universal Services Administrative Company, the FCC, and the FBI. There are potentially significant ramifications for the improper use of funds - even when a district is following the advice of an E-rate consultant or is unaware of the problem.

We wish to say thanks to Eric Delaporte from Thrun Law Firm, P.C. for drafting the detailed alert posted on our Web page. If your district is receiving USF dollars, it is definitely worth your review.

## Michigan Municipal Bond Authority Offers Supplemental Borrowing

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The Michigan Municipal Bond Authority would like to invite you to participate in their upcoming series 2008B State Aid Note program. This supplemental cash flow loan program offers districts the opportunity to pool together for reduced costs of issuance, access to the capital markets, competitive interest rates, and an efficient borrowing process.

**The Series 2008B notes, an 8-month issue, will close approximately early to mid-December 2008. If you are in need of a short-term note, please contact the Authority no later than November 7, 2008.**

The Michigan Municipal Bond Authority has been an alternative financing source for cash flow borrowing, infrastructure projects, and low cost access to the public finance market for Michigan local units of government and schools since 1986.

Contact Daniel Mullin at (517) 335-0994, for further information or questions you may have.

## Dynamic Budget Projections Software Announcement

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Due to changes in the state aid act and the new property tax classifications and calculations substantial changes to the program are necessary. All previous versions of Dynamic Budget Projections software will not calculate state aid or tax revenue correctly. It is very important that you purchase the update this year and destroy all previous versions of Dynamic Budget Projections if you plan to continue to use the software. The changes to the state aid formula and property tax base are complex and could result in major errors in your budgets if you use an old version. As a result, [MSBO](#) will no longer support or guarantee the accuracy of any old versions of the software.

This 2009 update includes:

- The state formulas have been updated for the 2008-09 State Aid Act, including the new formula calculations and new property tax calculation
- labels and foundation factors have been updated
- taxes sheet changes to incorporate commercial PP TAV and commercial PP millage rates
- taxable value descriptions changed to conform to state changes
- the State Aid Status Report format changed to incorporate changes made by the MDE

Last year's 2008 update also included:

- prior fiscal year foundation field added – needed to calculate current year foundation allowance
- retirement factors updated by fiscal year
- retirement and FICA adjustment section added – adjustment needed when salaries are contracted services
- automatic axis equalization button added to the snapshot graph
- print menu updated with print foundation calculations worksheet
- ... and more

The new 2008-09 version is almost ready and will be announced shortly on our website. Order forms will also be available to download from the website. We believe that using the software will be even more important to you in accurately projecting your budget than before because of the complexity of state aid and property tax calculations.

The training schedule will be announced when the new version is released.

## Submission Of Audit Packages

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The Michigan Department of Education Office of Audits encourages you to submit your audits electronically. Starting with fiscal year 2008-09 audits, electronic submission is mandatory. Along with your audit, please also submit your SAS 114 letter and your management letter. If you have questions, contact [Kathleen Weller](#), the Director of the Office of Audits with the Michigan Department of Education at 517-335-6858.

## MSBO 2009 Awards Program Booklet

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Apply today for one of [MSBO](#) 's awards:

School Business Official of the Year Award

Meridian Award

Distinguished Service Award

Stebbins Scholarship

Piper Scholarship

[Download the form](#) or visit the [MSBO](#) website for more information.

## Mark Your Calendar: November Events Focus on AHERA Training

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

### **Asbestos Hazard Emergency Reponse Act Operations & Maintenance Personnel Training Nov. 6-7, 2008**

Your district is required to provide a total of 16 hours of asbestos training to any employee who will conduct activities that will disturb asbestos containing building materials (ACBM). Employees who perform work on heating systems, electrical systems, plumbing, and in other areas where ACBM is present should receive this training. Any new employees are required to have this training prior to performing any work involving asbestos.

### **Asbestos Hazard Emergency Response Act Inspectors & Management Planners Training-Nov. 10, 2008**

This one-day course is designed as an annual refresher course for persons who are accredited inspectors and management planners through an Environmental Protection Agency (EPA) approved training program. The EPA requires reaccreditation of inspectors and management planners who perform work under the Asbestos Hazard Emergency Response Act (AHERA). To maintain your status as an accredited inspector you must attend the annual half-day (4 hours) reaccreditation training, plus an additional half-day of training for the management planner reaccreditation.

### **Building Inspectors & Management Planners Training Nov. 17-21, 2008**

This training provides the information needed to monitor and maintain the district's asbestos program. That person will also be an accredited inspector and management planner upon completion of the program and passing the course test with a minimum score of 70 percent. If your current designated person has not had proper AHERA training, she/he should attend this program.

Building Inspection and Management Planning are EPA approved courses. Federal law requires the use of accredited personnel to inspect for asbestos-containing building material (ACBM) in school buildings and to develop management plans for schools with ACBM. The building inspection and management planning course fulfills the training requirements for accreditation as building inspectors and management planners, respectively. Certificates are awarded to all those completing the course and passing the course competency examination.

**Building Inspection**—This is a three-day comprehensive course designed to train persons to inspect buildings for asbestos-containing material, assess the condition of ACBM, and prepare reports of the findings.

**Management Planning**—This is a two-day course preparing persons to assess building inspection reports, evaluate ACBM risks, select control strategies, and develop programs and policies to be followed by the facility owner. Note: EPA requires management planners to complete both an approved building inspection course and management planning.

Registration fee: \$600 for 5 days, \$360 for 3 days, or \$240 for 2 days

Building Inspection begins on Monday morning and ends on Wednesday afternoon

Management Planning is held on Thursday and Friday. If possible, bring a copy of your school's asbestos management plan to work with on Thursday and Friday.

[Register online.](#)

View the [faxable registration form.](#)

## Model Records Retention Policy

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[The Model Records Retention Policy](#) was a joint project between Wayne RESA and [MSBO](#) . Together we retained Thrun Law Firm, P.C. to prepare the policy for distribution to our members. This policy reflects current "best practice" which may be subject to modification from future legislative and judicial action. You should, of course, feel free to modify it to fit your needs, however, it is always wise to have such changes and your final policy reviewed by legal counsel, both initially and on a continuing basis.