



Administrative Service Center

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March 2, 2011

Dear UCS Community:

I am writing to provide you with information regarding the State of Michigan's budget and how recent proposals would impact our schools. As I am sure you are aware, the governor has presented a proposed budget to state lawmakers that contains dramatic changes in revenue for schools. It is important for you to be aware of these changes, how they impact Utica Community Schools and how we are moving forward during this challenging time for all Michigan school districts.

As presented by Governor Snyder, the proposed budget impacts our schools in two significant ways: a reduction in our per-pupil foundation allowance and a significant increase in the rate districts contribute to the mandatory state retirement system.

In terms of our foundation allowance, the governor has proposed a decrease of \$470 per-pupil. This reduction in the allowance, which is the primary source of funding for our schools, would return to a funding level that is less than the 2005-06 school year. In addition to the per-pupil reduction, the governor's budget includes a dramatic increase in state-mandated retirement rate to 24.46 percent of our payroll. This rate is established annually by the State of Michigan and is not controlled by Utica Community Schools. Combined with the expected increased costs associated with running a school district, the net impact on UCS is an operating deficit of \$36.7 million for the 2011-2012 school year – or the equivalent of \$1258 less per-pupil available to our schools.

The governor's proposal follows eight years of continued reductions by UCS to address school funding shortfalls. Since 2002, we have made more than \$65 million in budget reductions. These changes include the reduction of 561 staffing positions, employee concessions and contributions to health care, strategic use of our fund equity, revenue enhancements, closing schools and restructuring programs and services to reduce our expenditures. Despite our proactive measures, the severity of the proposed reductions makes it clear that more change will be necessary to protect the financial future of our district.

Over the next few months, we will continue the process of preparing a balanced budget for the 2011-2012 school year in accordance with Michigan law. This process will include communicating with you, working with our state lawmakers, and making the reductions that are necessary to address our fiscal realities. I want to stress that this is a process. During this time, the legislature and governor will be considering several options that will impact education and school funding. It is important that parents communicate with state lawmakers on what the changes mean to our schools and students. You can find contact information and continued updates on our budget position on our Web site: www.uticak12.org.

Utica Community Schools has a long history of strong fiscal management and overcoming challenges by focusing on student achievement. We are a community that cares deeply for its schools and children. Despite obstacles, Utica Community Schools continues to move forward and produce student achievement levels that are among the best in the county, state and nation. With the resources we have available to us, we will continue to focus on academic achievement.

Sincerely,

Christine M. Johns, Ed.D.
Superintendent of Schools