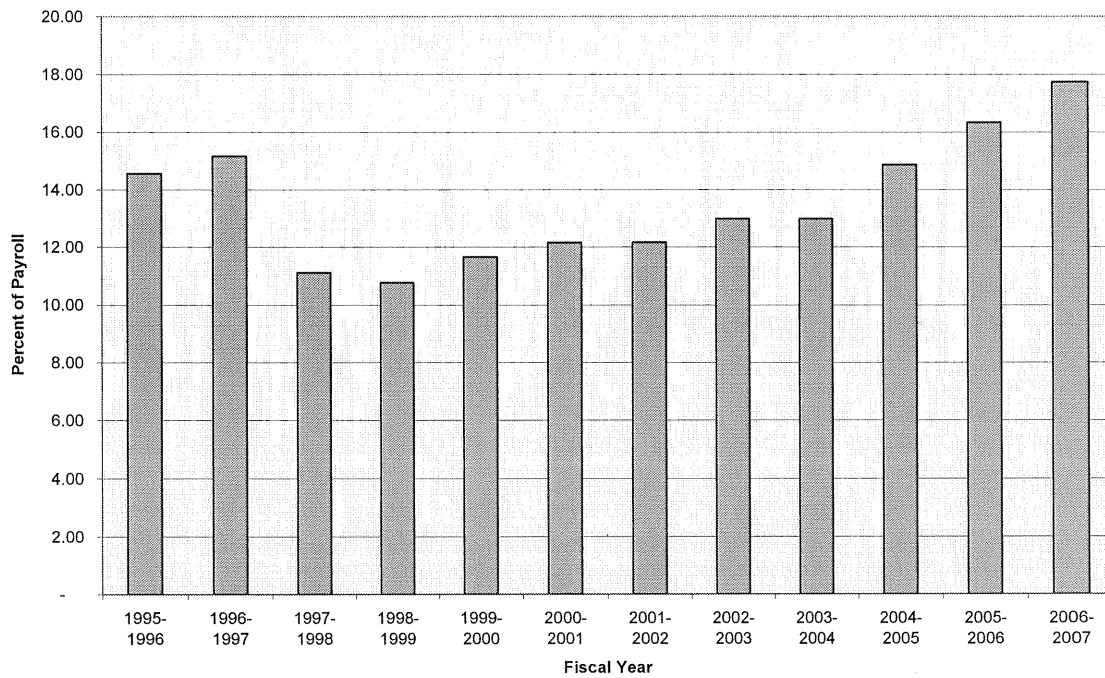
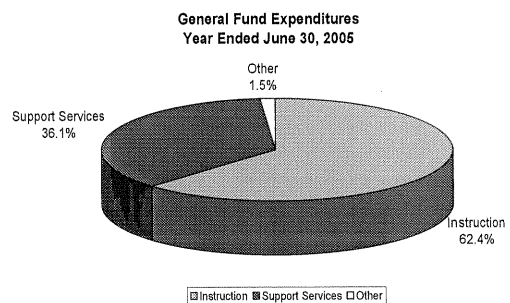
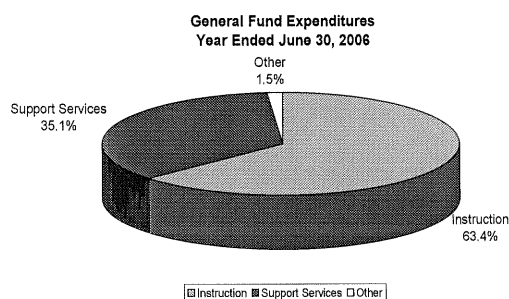


**Retirement Rate Comparison - Historical**



Increases to the UCS budget to cover the cost of retirement have ranged from \$2 million to \$3.5 million for the past three years.

The district's primary focus is teaching and learning. UCS has continued to increase instruction as a percentage of total expenditures even during years of budget constraints.



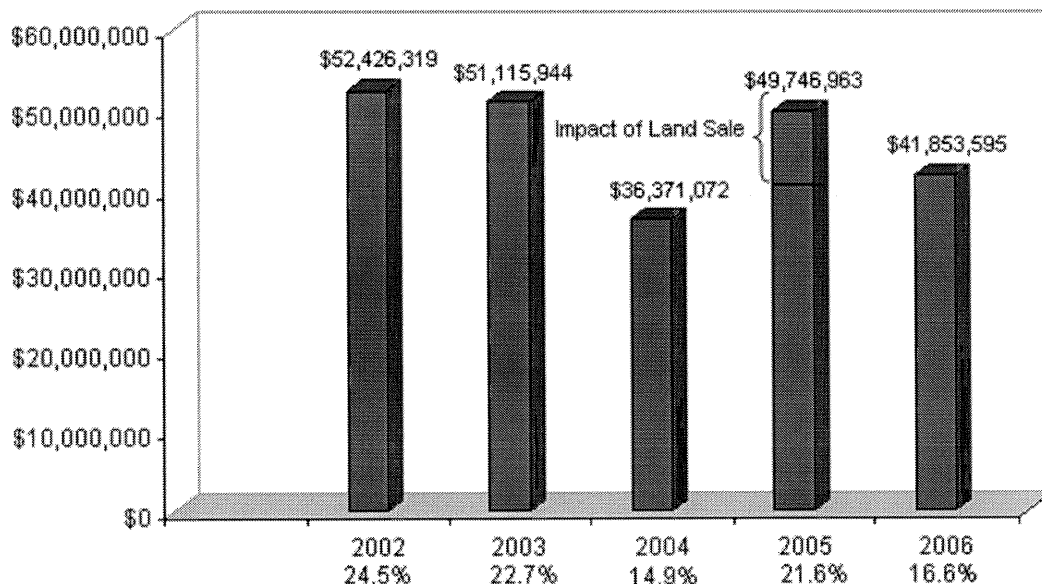
### What Steps Has Utica Community Schools Taken to Stabilize the Budget?

With stagnant and sometimes reduced per-pupil funding coupled with increases in expenditure items such as health care, retirement and utilities, UCS has been forced to reduce its budget. The Board of Education initiated a comprehensive plan to provide one-time dollars to the General Fund through the sale of 65 acres of surplus property and an employee severance package offered in 2004. This severance package enabled the district to replace experienced teachers and administrators with employees beginning their careers at lower salaries. In addition, the district eliminated 215 administrative and support positions since 2003; drew on financial reserves (or Fund Equity); and expanded cost containment measures in 2005-2006 to include reductions in staffing, supply and copying budgets. These strategies gave Utica Community Schools the ability to complete the 2005-2006 school year while continuing to monitor trends and plan for the future.

The budget reduction plan for the 2006-2007 school year included the elimination of approximately 120 positions. An employee severance package was again offered at the end of the 2005-2006 school year to mitigate the impact of these reductions on district staff members. High school student schedules moved from a seven to a six-period day. This change provided for a reduction in staff needed at the high school level while allowing for the same amount of instructional time through lengthened class periods.

### Fund Balance

**General Fund ~ Fund Balance  
As a Percentage of Expenditures  
At Year End June 30**



UCS fund balance at June 30, 2006 is \$41.9 million or 16.6% of expenditures. The percentage recommended by the district's external auditors is a minimum of 15%. A 15% fund balance protects UCS from having to borrow to meet cash flow needs as the State provides payments to districts based upon a nine month payment schedule beginning in October, three months into the district's fiscal year. In addition, it provides a temporary safety net in the event of unanticipated shortfalls; these funds could allow us an opportunity to complete the school year while consideration is given to long-term solutions.

### **How has UCS positioned itself for the future?**

- Applied reductions in excess of \$28 million over the past four years with a minimum impact on the classroom
- Eliminated 215 employee positions since 2003 (including 62 teachers and 12 administrators)
- Expanded health care options, reducing cost to the district
- Implemented a utility conservation program
- Moved to just in time ordering of supplies
- Initiated programs and services to draw new students
- Maintained an adequate fund balance

### **Where do we go from here?**

If UCS were to continue to operate without change into the future, it would be in a deficit position by the 2009-2010 school year. Since the Board of Education takes the responsibility of balancing the district's budget very seriously, the district will respond to the need to ensure expenditures do not continue to outpace revenue. UCS must reprioritize and refocus the resources that are available in order to ensure student success.

A new budget process has been implemented that will provide the alignment of district resources to the goal:

***It is the expectation of all that the 2006-2007 school year provide the opportunities for Every Child to Achieve when...***

- ✓ ***All children are proficient in English Language Arts, mathematics, science and social studies***
- ✓ ***The Class of 2011 meets graduation requirements as defined by the Michigan Merit Curriculum***
- ✓ ***Advanced Placement opportunities are expanded for all students***
- ✓ ***The number of seventh and eighth graders who take and pass Algebra I increases***
- ✓ ***A safe and supportive learning environment is maintained***
- ✓ ***Parental involvement is celebrated***
- ✓ ***Data is used to guide our decision-making***