



UTICA COMMUNITY SCHOOLS

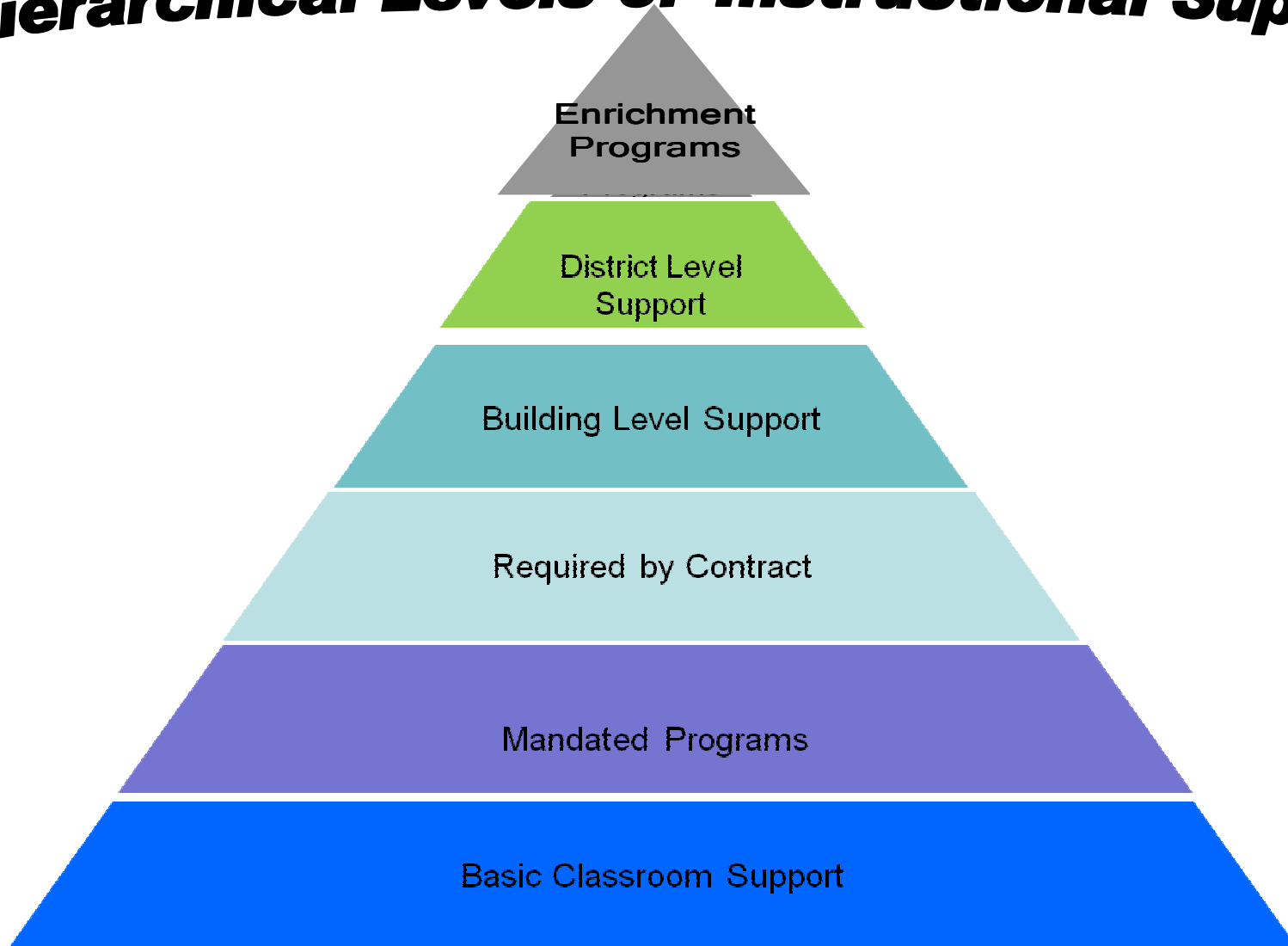
RECOMMENDED BUDGET

2009-2010



Utica Community Schools

Hierarchical Levels of Instructional Support



The foundation for learning in Utica Community Schools begins with the UCS Goals that students will meet or exceed proficiency standards and all other levels contributing to student learning.

Guiding Principles

- Align the budget with district goals and indicators
- Reallocate and realign resources to support proficiency for all students
- Present a balanced budget as **required by law**
- Provide a proactive response to budget needs
- Utilize *Revenue Enhancement, Cost Containment* and *Cost Avoidance* strategies to manage the budget



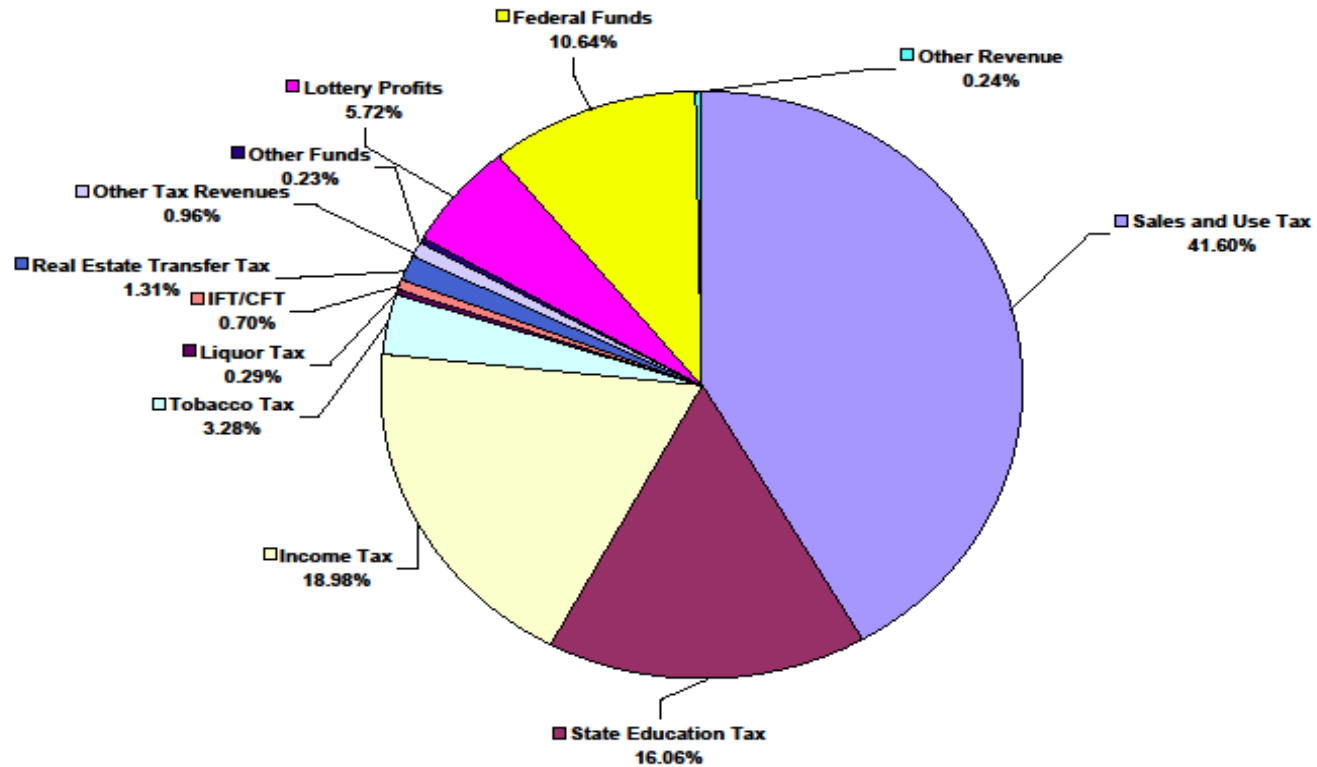
Development of the Operating Budget

- Assumptions/Projections
- Each department reviewed, prioritized, outlined, and recommended reductions to administration
- Economic climate of nation, state, county, and district was considered and reviewed
- Budget priorities reflect fiscal realities:
Revenue Consensus Conferences (Jan., May, July, Oct.)



School Aid Revenue

Sources of 2008 School Aid Revenue



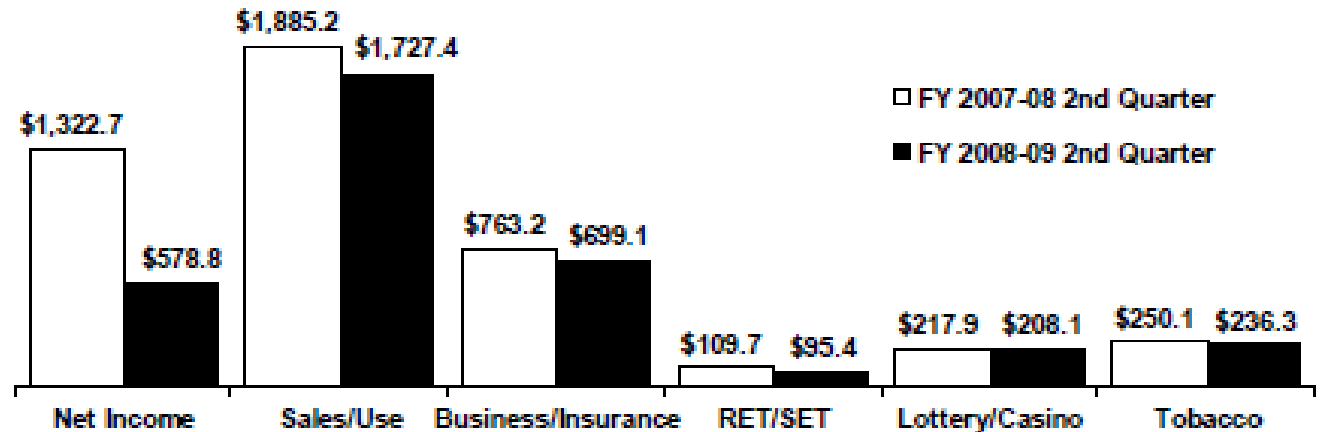


Decline in State Revenue

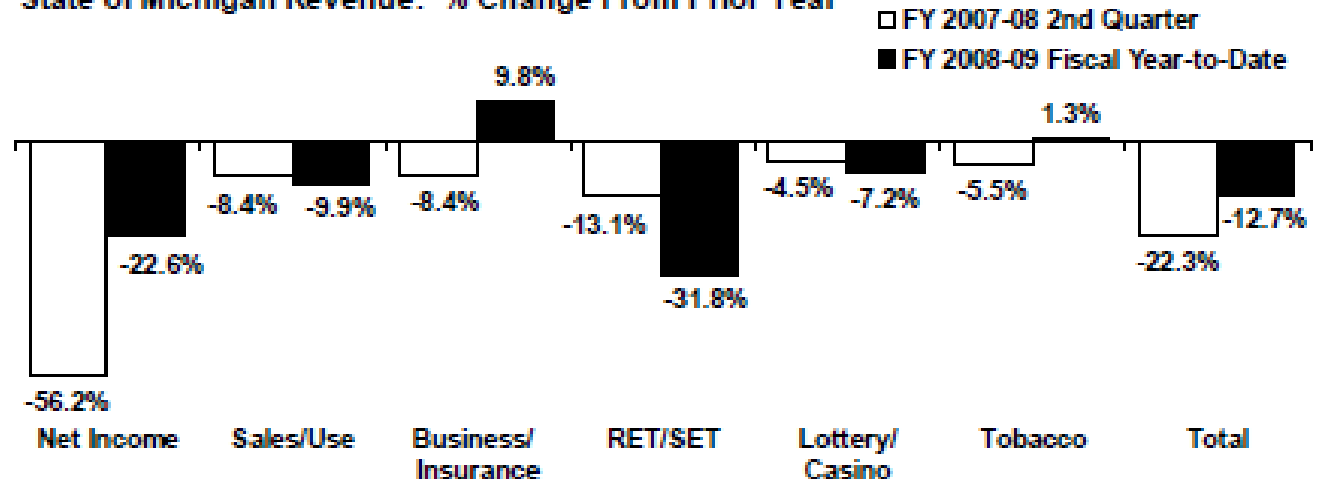
Weak revenue collections reflect the national recession and ongoing state structural changes related to motor vehicle manufacturing.

Fiscal year-to-date, GF/GP revenue is down \$380 million, and SAF revenue is down \$220 million from HFA target estimates – which are based on the January 2009 consensus.

State of Michigan Revenue: 2nd Quarter Comparison
(Millions of Dollars)



State of Michigan Revenue: % Change From Prior Year



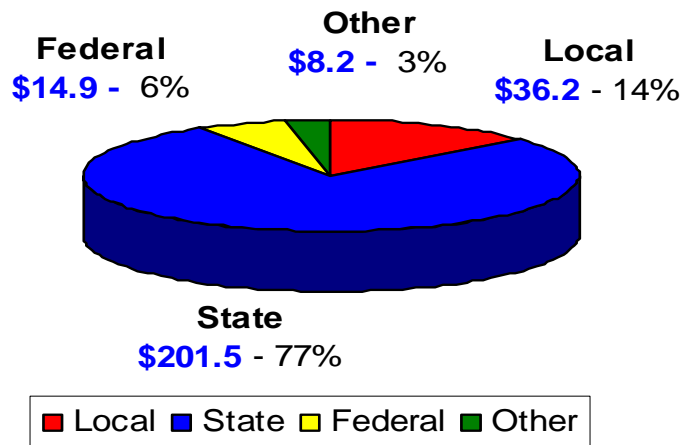


Decline in State Revenue

Revenue Quarterly Review: 2nd Quarter (February–April) FY 2008-09 (Millions of Dollars)						
	FY 2008-09 2nd Quarter	% Change From Year-Ago 2nd Quarter	FY 2008-09 Year-to-Date	Change From Previous Fiscal Year-to-Date		FY 2008-09 January Consensus Forecast Growth
Annual Income Tax	\$522.5	-28.4%	\$548.0	(\$213.7)	-28.1%	-11.1%
Quarterly Income Tax	85.8	-40.8%	330.8	(99.1)	-23.0%	-9.2%
Withholding	1,663.9	-8.7%	3,585.5	(190.2)	-5.0%	-3.9%
Subtotal	2,272.2	-15.7%	4,464.3	(503.0)	-10.1%	-5.1%
Income Tax Refunds	1,693.4	23.3%	1,758.4	286.2	19.4%	14.6%
Net Income Tax	578.8	-56.2%	2,705.9	(789.2)	-22.6%	-10.0%
Sales Tax	1,441.6	-7.0%	3,015.4	(248.2)	-7.6%	-4.2%
Use Tax	285.8	-14.8%	520.5	(142.1)	-21.5%	-8.0%
Subtotal	1,727.4	-8.4%	3,535.8	(390.4)	-9.9%	-4.8%
Single Business Tax	(47.3)	-121.3%	(93.8)	(693.4)	-115.6%	-107.5%
Michigan Business Tax	673.5	44.4%	1,271.4	804.9	172.6%	36.7%
Insurance Tax	72.9	-2.8%	136.4	6.1	4.7%	7.0%
Subtotal	699.1	-8.4%	1,314.0	117.6	9.8%	3.4%
Casino Wagering	28.2	-11.8%	56.8	(9.3)	-14.1%	-8.6%
Tobacco Tax	236.3	-5.5%	498.4	6.4	1.3%	-2.8%
Lottery	179.9	-3.2%	354.1	(22.8)	-6.0%	-5.5%
Industrial/CommFacility Taxes	9.3	-60.4%	21.1	(20.0)	-48.6%	-18.8%
Real Estate Transfer Tax	23.3	-43.4%	52.6	(39.8)	-43.1%	-15.0%
State Education Tax	72.1	5.1%	333.3	(140.1)	-29.6%	-3.3%
Subtotal	549.1	-8.7%	1,316.2	(225.4)	-14.6%	-4.5%
TOTAL	3,554.3	-22.3%	8,871.8	(1,287.4)	-12.7%	-5.4%

What is the projected revenue?

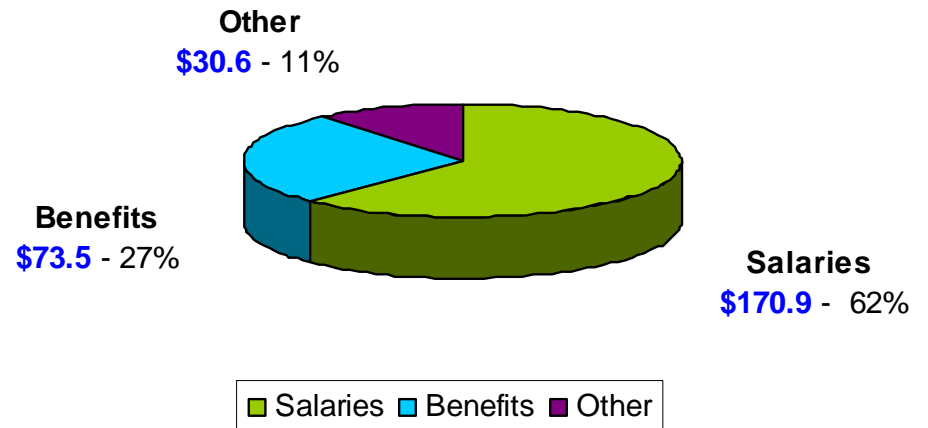
**Revenue by Source
 2009 - 2010
 In Millions**



\$260,803,071

What are the anticipated expenditures?

**Expenditures
 2009 - 2010
 In Millions**



\$275,059,854



General Fund Expenditures

Teacher, counselor, psychologist, social worker	\$127,650,655	46.4%
Administrator	\$13,303,518	4.8%
Custodial, warehouse, grounds	\$7,208,985	2.6%
Clerical	\$6,434,781	2.3%
Bus driver	\$5,941,336	2.2%
Aides, student supv	\$4,451,375	1.6%
Substitute, overtime	\$3,110,607	1.1%
Tech/Trade/Mech	\$2,801,884	1.0%
Salaries	\$170,903,141	62.1%
Retirement	\$28,829,029	10.5%
Health	\$26,106,470	9.5%
FICA	\$13,304,498	4.8%
Other benefits	\$5,296,708	1.9%
Benefits	\$73,536,705	26.7%
Other	\$12,447,121	4.5%
Utilities, gasoline	\$8,544,292	3.1%
Teaching supply, media, textbook	\$4,153,136	1.5%
Athletic support	\$2,353,203	0.9%
Building repair, insurance	\$1,633,929	0.6%
Custodial, grounds, maintenance supply	\$1,488,327	0.5%
Other	\$30,620,008	11.1%



General Fund Budget Changes From Prior Year

Revenue

Projected student enrollment (decline of 93 FTE's)	(\$0.6)
Transfers from MISD	(\$0.8)

Expenditures

Salaries	\$4.0
Retirement & FICA	\$1.8
Health insurance	(\$1.2)
Supplies, services & other	(\$2.1)





**GENERAL OPERATING FUND
COMPARATIVE BUDGET ANALYSIS
2008/2009 - 2012/2013**

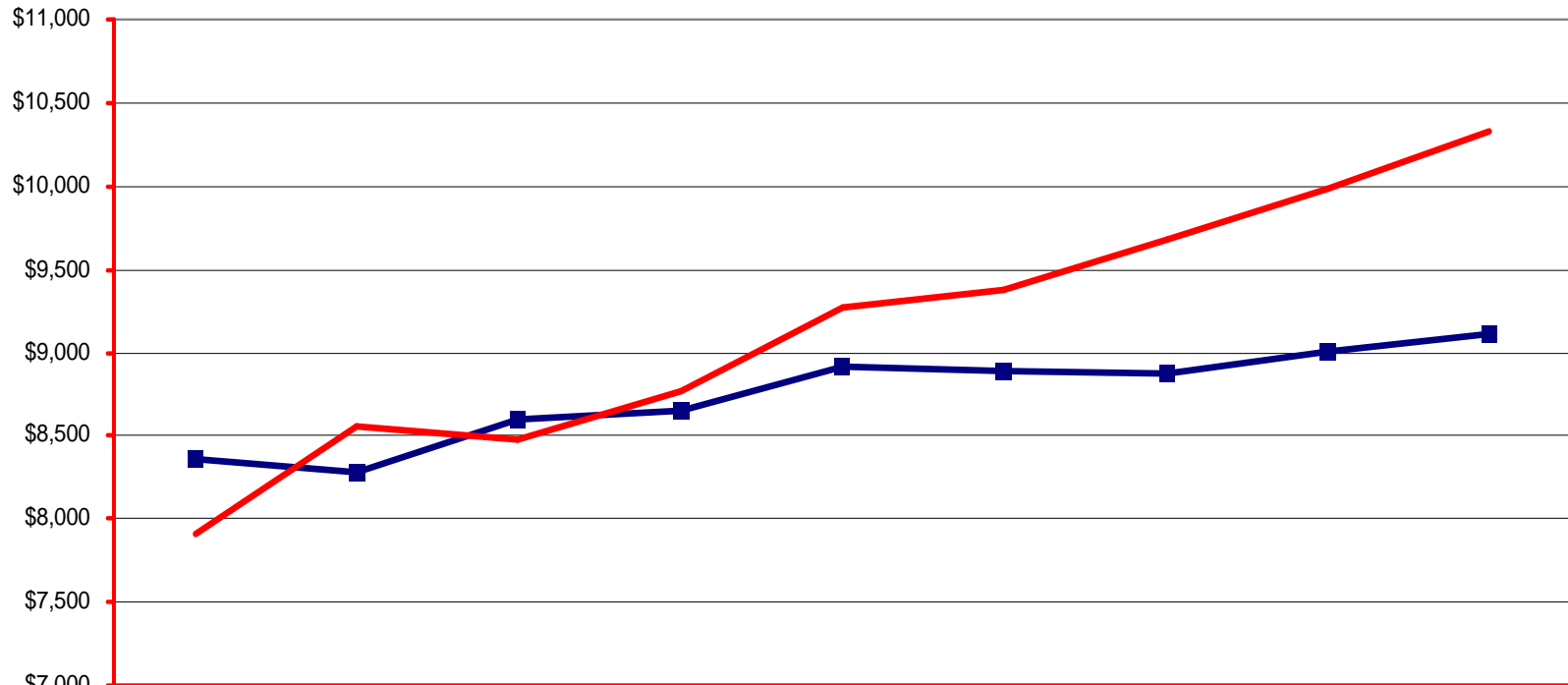
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<u>TITLE</u>	<u>BUDGET ADJUSTMENT II</u>		<u>TENTATIVE BUDGET</u>		<u>TENTATIVE BUDGET</u>		<u>TENTATIVE BUDGET</u>		<u>TENTATIVE BUDGET</u>	
	<u>2008-2009</u>	<u>RATIO</u>	<u>2009-2010</u>	<u>RATIO</u>	<u>2010-2011</u>	<u>RATIO</u>	<u>2011-2012</u>	<u>RATIO</u>	<u>2012-2013</u>	<u>RATIO</u>
Blended Count - Pupils	29,420		29,327		29,139		28,917		28,661	
REVENUE:										
Local	\$34,751,869	13.2%	\$35,718,657	13.7%	\$34,718,657	13.4%	\$34,718,657	13.3%	\$34,718,657	13.3%
State	\$203,562,420	77.6%	\$201,966,570	77.4%	\$200,777,174	77.6%	\$202,041,292	77.6%	\$202,979,577	77.7%
Federal	\$14,991,822	5.7%	\$14,884,405	5.7%	\$14,972,823	5.8%	\$15,274,840	5.9%	\$15,355,888	5.9%
Other Transactions	\$8,988,049	3.4%	\$8,233,439	3.2%	\$8,233,439	3.2%	\$8,233,439	3.2%	\$8,233,439	3.2%
TOTAL REVENUE	\$262,294,160	100.0%	\$260,803,071	100.0%	\$258,702,093	100.0%	\$260,268,228	100.0%	\$261,287,561	100.0%
REVENUE PER PUPIL	\$8,916		\$8,893		\$8,878		\$9,001		\$9,116	
EXPENDITURES:										
Instruction	\$172,982,871	63.5%	\$175,903,306	64.0%	\$180,601,264	64.0%	\$185,296,488	64.2%	\$189,892,824	64.2%
Support Services	\$94,872,661	34.8%	\$94,938,707	34.5%	\$97,243,262	34.5%	\$99,139,480	34.3%	\$101,668,716	34.4%
Community Services	\$358,739	0.1%	\$377,545	0.1%	\$382,543	0.1%	\$389,688	0.1%	\$396,145	0.1%
Outgoing & Other Transactions	\$4,374,914	1.6%	\$3,840,296	1.4%	\$3,892,083	1.4%	\$3,944,873	1.4%	\$3,982,889	1.3%
TOTAL EXPENDITURES	\$272,589,185	100.0%	\$275,059,854	100.0%	\$282,119,152	100.0%	\$288,770,529	100.0%	\$295,940,574	100.0%



General Fund Revenue and Expenditures Per Pupil

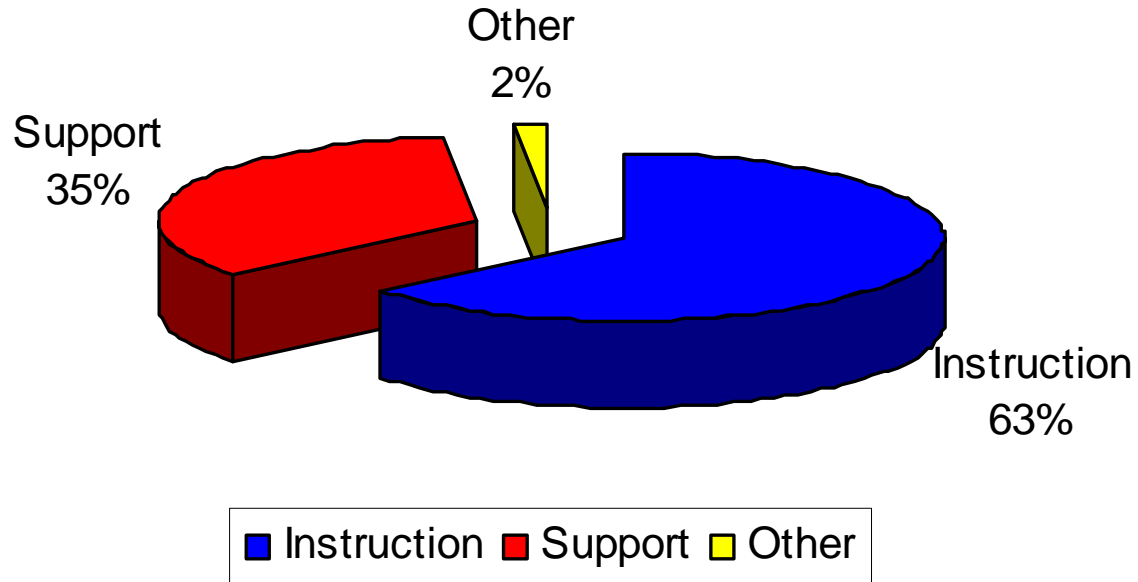
June 30, 2005 - 2008
Projected June 30, 2009 - 2013



	2005	2006	2007	2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Revenue	\$8,366	\$8,287	\$8,600	\$8,655	\$8,916	\$8,893	\$8,878	\$9,001	\$9,116
Expenditures	\$7,908	\$8,554	\$8,473	\$8,763	\$9,265	\$9,379	\$9,682	\$9,986	\$10,326

Instruction Percentage

**General Fund Expenditures
2009 - 2010**





What items are anticipated to affect the 2009-10 budget?

- Retirement increase of 0.4% - \$684,000
- Loss of interest from past years - \$1.1 million
- Gas prices continue to fluctuate \$2 - \$4 gallon
- Need to monitor insurance costs where self-funded
- Continue to explore additional avenues for energy savings
- Number of students enrolled through School of Choice and shared time programs
- Need to monitor state revenue





What economic conditions are impacting school funding?

- The United States entered into a recession in early 2008 and has yet to rebound
- The Michigan economy has been depressed since 2001
- Michigan unemployment is currently reported at 12.9%
- Macomb County has experienced plant and dealership closings, staff reductions and worker concessions
- Bankruptcy at GM and Chrysler will impact local and state tax revenue
- According to Macomb County Community College president and economist Dr. James Jacobs, Ph.D., the county unemployment rate will reach 20%.



How does the shortfall in the state school aid fund affect UCS?

- The May 15th Revenue Consensus Meeting reports a shortfall in funding for this school year 2008-2009 equal to **\$265** per student which for UCS would have resulted in a reduction of \$7.8 million. The state will use Federal Stimulus Funds to prevent a reduction.
- The shortfall for 2009-2010 is estimated at **\$590** per student. This equates to \$17.3 million in UCS. The state will again use Stimulus Funds to prevent a reduction.
- There is no certainty that the Stimulus Funds will be adequate.

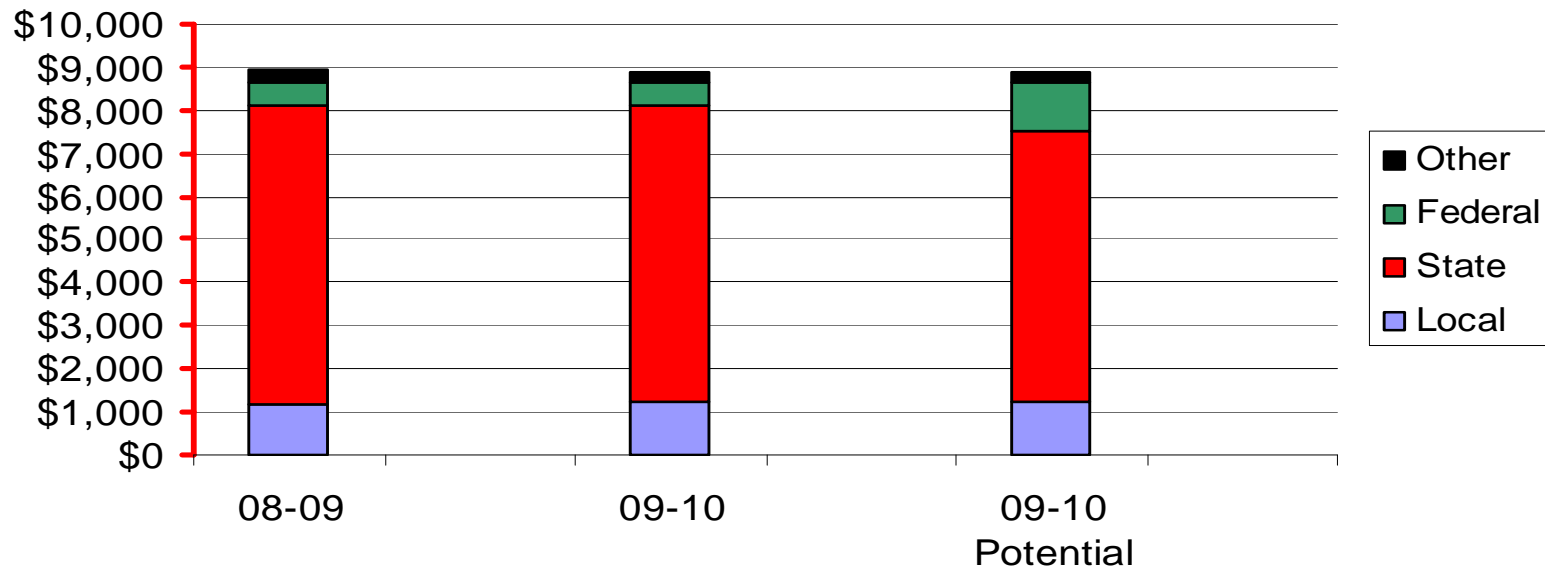
What is the potential impact?

The Governor will utilize federal funds to prevent a reduction in the per student allowances for fiscal year 2008-09 and partially for 2009-10

- Federal funds are more restrictive in use and districts are waiting for guidance regarding allowable uses and reporting requirements
- Cash flow is a concern for districts depending on when federal funds are available for use
- UCS currently receives \$3.6 million in state categoricals which are anticipated to be reduced
- Forecasts indicate that projected state aid could be much worse than indicated on May 15th

Funding Sources

Revenue Per Pupil



A greater reliance on restricted federal dollars is anticipated.
Funding per student will remain unchanged.

What has the district done?

- Instituted a hiring and spending freeze in November **\$3.6M**
 - Managed open positions (\$1.2M)
 - Reduced service, supply and textbook accounts (\$1.7M)
- Continued with our energy conservation program **\$2M**
- Negotiated health insurance savings **\$.6M**

Ending Balances

- Budget Adjustment II indicates a fund equity of \$32,155,778 at the end of June 2009
- Under normal circumstances that amount should increase 1-1/2 – 2% due to unused line item accounts or \$4.1 to \$5.4 million
- The proposed budget for 2009-10 proposes an ending fund equity of \$17,898,995
- Using the same premise as before this bottom line (if all items projected are realized) over the two year period should be closer to an additional \$8 to \$10 million or about 10% of budget
- A potential state reduction of \$70 – \$200 per student (\$2 - \$6 million)



What variables do we need to monitor for future budgets beginning in 2010 – 2011?

- Revenue from the state of Michigan
- Number of students
- Categoricals (non-foundation state funds)
- Retirement increases
- Interest revenue
- Insurance costs
- Gas prices
- Utility costs
- Energy savings
- Cash flow / borrowing needs

