UTICA COMMUNITY SCHOOLS

Board of Education Meeting

2019-2020 General Fund Budget

June 10, 2019
Utica’s strategic direction is focused on helping every student achieve their educational goals.
All children have the right to a rigorous, high-quality education which meets their individual needs.

UCS will respect, encourage and empower each and every student to acquire the necessary knowledge, skills and attitudes to be successful, contributing members of a diverse community and global society.
Our Mission

We are committed to exemplary teaching and learning in order for our students to be prepared for success in the 21st Century.

We will achieve this commitment by engaging the entire community to focus on each child's achievement, with the expectation that every student will pursue some type of post-high school educational endeavor.
Key Strategic Areas

• Providing academic excellence
• Preparing positive digital citizens
• Promoting innovation
• Ensuring accountability
• **Second largest district in Michigan**
  • 26,765 students*
  • 40 buildings
    • 25 Elementaries
    • 7 Junior Highs
    • 4 Senior Highs
    • 4 District Support Buildings Including Specialty Programs and Alternative Learning Center

* 2019-2020 Projected Enrollment
Demographics

- American Indian or Alaska Native, 0.1%
- Asian, 4.4%
- African American, 4.8%
- Hispanic/Latino, 3.3%
- Two or More Races, 2.3%
- Native Hawaiian or Other Pacific Islander, 0.2%

White, 84.9%

Fall Count October 3, 2018
Who are our students?

- **Special Education**: 13% in 2009-2010, 12% in 2018-2019
- **English Learners**: 3% in 2009-2010, 12% in 2018-2019
- **Free & Reduced**: 23% in 2009-2010, 37% in 2018-2019

Fall Count October 3, 2018
• Focus on student learning and achievement
  • Graduation rate is 93%, 12 points higher than state average
  • SAT average of 1049 outpaces the state average and is the highest in Macomb County
  • Attendance rate is 95%
How are Michigan Public Schools Funded?

Total $13.6B

- $6.7B Sales & Use Taxes 50%
- $2.8B Income Tax 21%
- $2.1B Property Tax (6 mills) 15%
- $0.9B Lottery 7%
- $0.4B Real Estate Transfer 3%
- $0.3B Other 2%
- $0.4B Tobacco Tax 2%

Source: House Fiscal Agency
State Aid FY 2018-2019
How is School Aid Allocated?

• Student enrollment
• Foundation Allowance (dollars per pupil)
  • Determined by legislature

Enrollment x Foundation Allowance

26,765 x $8,270 = $221.3M

Foundation Allowance is 78% of Revenue
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>($470)</td>
<td>$1,025</td>
<td>$555</td>
<td></td>
</tr>
<tr>
<td>UCS</td>
<td>($470)</td>
<td>$682</td>
<td>$212</td>
</tr>
</tbody>
</table>

NOTE: Cumulative effect through FY 2018 $59.8M less in revenue
### What are the Key Budget Assumptions?

<table>
<thead>
<tr>
<th></th>
<th>2018-2019</th>
<th>2019-2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Enrollment</strong></td>
<td>26,931</td>
<td>26,765</td>
<td>(166)</td>
</tr>
<tr>
<td><strong>Foundation Allowance</strong></td>
<td>$8,020</td>
<td>$8,270</td>
<td>$250</td>
</tr>
<tr>
<td><strong>Property Tax Revenue Loss - Headlee</strong></td>
<td>($1.1M)</td>
<td>($1.4M)</td>
<td>($0.3M)</td>
</tr>
<tr>
<td><strong>Base Retirement Rate</strong></td>
<td>26.18%</td>
<td>27.50%</td>
<td>1.32%</td>
</tr>
</tbody>
</table>
Retirement Cost History

Retirement costs 21¢ of every $1

FY 2020 Retirement based on Proposed Budget
<table>
<thead>
<tr>
<th>Changes in State Operating Revenue</th>
<th>Governor’s Per Pupil</th>
<th>Governor’s Total</th>
<th>Senate Per Pupil</th>
<th>Senate Total</th>
<th>House Per Pupil</th>
<th>House Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Allowance</td>
<td>$ 162</td>
<td>$ 2.7M*</td>
<td>$ 250</td>
<td>$ 5.0M*</td>
<td>$ 167</td>
<td>$ 2.9M*</td>
</tr>
<tr>
<td>Special Education</td>
<td></td>
<td></td>
<td>1.5M</td>
<td>0.4M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School Support</td>
<td></td>
<td></td>
<td>--</td>
<td>(0.2M)</td>
<td></td>
<td>(0.2M)</td>
</tr>
<tr>
<td>UCS State Operating Increase</td>
<td></td>
<td>$ 4.2M</td>
<td></td>
<td>$ 5.2M</td>
<td></td>
<td>$2.7M</td>
</tr>
</tbody>
</table>

*Adjusted for enrollment decline
<table>
<thead>
<tr>
<th>Changes in State Restricted Revenue</th>
<th>Governor’s</th>
<th>Senate</th>
<th>House</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Risk</td>
<td>$ 2.3M</td>
<td>$ 1.0M</td>
<td>$ –</td>
</tr>
<tr>
<td>Career Technical Ed.</td>
<td>1.7M</td>
<td>–</td>
<td>0.20M</td>
</tr>
<tr>
<td>Computer Adaptive Testing</td>
<td>(0.25M)</td>
<td>0.25M</td>
<td>0.25M</td>
</tr>
<tr>
<td>UCS State Restricted Increase</td>
<td>$ 3.75M</td>
<td>$ 1.25M</td>
<td>$ 0.45M</td>
</tr>
<tr>
<td>TOTAL CHANGE IN STATE REVENUE</td>
<td>$ 7.95M</td>
<td>$ 6.45M</td>
<td>$ 3.15M</td>
</tr>
</tbody>
</table>
## General Fund FY 2019-2020 Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th>2018-2019 BA II</th>
<th>2019-2020 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 278.6M</td>
<td>$ 282.8M</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>(277.8)M</td>
<td>(282.6)M</td>
</tr>
<tr>
<td><strong>Revenue over Expenditures</strong></td>
<td>$ 0.8M</td>
<td>$ 0.2M</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>22.7M</td>
<td>23.5M</td>
</tr>
<tr>
<td><strong>Estimated Ending Fund Balance</strong></td>
<td>$ 23.5M</td>
<td>$ 23.7M</td>
</tr>
</tbody>
</table>
FY 2019-2020
Revenue by Source

Total $282.8 Million

- State Foundation Allowance, $221.3M, 78%
- State Restricted, $40.2M, 14%
- Federal, $10.7M, 4%
- Local - Other, $2.5M, 1%
- Other Financing Sources, $8.1M, 3%

Revenue Assumptions

- Projected enrollment of 26,765
- $250 Increase to Foundation Allowance (Senate Proposal)
FY 2019-2020
Expenditures by Function

Total $282.6 Million

- Teachers, Paraprofessionals and Instructional Support, $224.2M, 79.3%
- School Administration and Building Secretaries, $14.6M, 5.2%
- Business & General Administration, $8.0M, 2.9%
- Operations, $20.7M, 7.3%
- Transportation, $11.9M, 4.2%
- Athletics, $3.1M, 1.1%
- Community Activity, $0.1M, 0.0%

Expenditure Assumptions

- Salary, wages and benefits per Collective Bargaining Agreements
- Non-personnel budgets are based on projected costs and inflationary increases
- Retirement costs
FY 2019-2020
Expenditures by Object

Total $282.6 Million

Wages, Health Care, Retirement and other benefits account for 86.4% of Total Expenditures
# General Fund FY 2019-2020 Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th>2019-2020 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 282.8M</td>
</tr>
<tr>
<td>Expenditures</td>
<td>(282.6)M</td>
</tr>
<tr>
<td>Revenue over Expenditures</td>
<td>$ 0.2M</td>
</tr>
<tr>
<td>Estimated Beginning Fund Balance</td>
<td>23.5M</td>
</tr>
<tr>
<td>Estimated Ending Fund Balance</td>
<td>$ 23.7M  8.4%</td>
</tr>
</tbody>
</table>
Summary

• 2019-2020 Proposed Budget maintains current academic program and student support services
• Structurally balanced budget
• Fund equity approaching target of 10% of expenditures
• Legislature has not yet finalized school aid