

Dear Dexter Community Schools Staff and Parents,

We want to share important information with you regarding current budget projections for the 2015-16 school year and the implications of those projections on District programs and staffing.

On May 18th, State legislators provided county superintendents and Board members with an update on current budget discussions and revenue projections. Legislators warned that the State's School Aid Fund, which is the largest single source of revenue for local districts, may be considered as a possible source for road funding. There is some precedent for this as the Legislature has used money from the School Aid Fund in the past to fill shortfalls in the General Fund.

In recent years, the Legislature has concluded budget discussions by early May which provided local districts with the expected per pupil funding for the next school year. This allowed districts sufficient time to make budget adjustments for the following year. This year, however, the Legislature waited until after the May election pending the outcome of Proposal 1. If Proposal 1 had passed, local districts were projected to receive an increase of several hundred dollars per pupil.

At this point in the process, the Legislature is looking at three budget proposals from the House, Senate, and Governor's office. Differences will be worked out the next several weeks or months. However, by law, local districts must approve a balanced budget for the following year by June 30th. As a consequence, Dexter, like all Michigan districts, must pass a budget for 2015-16 without knowing our expected funding from the State.

Local legislators unanimously advised districts to use the most conservative estimate when planning budgets for 2015-16. For Dexter Schools, this is a reduction in revenue of \$55 per pupil (~\$420,000). Increases in expenses for mandated retirement costs, health insurance, and step and level salary payments are also budgeted. In total, the current budget projection for 2015-16 is that expenses will exceed revenues by \$950,000. At Monday's Board meeting, the Board directed Dr. Timmis to identify \$450,000-\$650,000 in proposed cuts with the balance to be allocated from district reserves. Given that more than 85% of the district's budget is for staff compensation, these cuts will no doubt impact programs and staffing.

We want to emphasize that this projected decline in funding is not a one-time problem due to the failure of Proposal 1. Rather it is a continuation of a pattern of underfunding of K-12 education which goes back many years. Over the past six years, our staff have made significant concessions to minimize the impact on students. We are grateful for their collaboration. Unfortunately, additional cuts will likely directly impact staff, students and programs.

The Board had intentionally delayed finalizing the budget for 2015-16 as the State's School Aid Fund has a surplus and we were hopeful that these dollars would be used to support local districts as intended. However, recent warnings from our legislators indicate otherwise. As a consequence, the timeline for finalizing a budget for 2015-16 is very short. The budget will be a key agenda item at upcoming Board meetings which are scheduled for June 1 and 15. If necessary, additional meetings will be scheduled in order to finalize the budget by June 30.

In making these difficult budget decisions, we will seek to provide the highest quality education possible for all Dexter students within the financial resources provided. We apologize that the timeline doesn't provide the time needed to fully engage the community and will plan future opportunities to gather community input. Additionally, we will share the list of proposed reductions prior to final approval by the Board. We are hopeful that the Legislature will ultimately pass a School Aid budget which will increase funding for Dexter Schools and allow us to reverse any proposed cuts before school starts in the fall. If you have any questions, feel free to contact us.

Sincerely,

Michael Wendorf
Board President

Julie A. Schumaker, Ph.D.
Board Vice President and Finance Committee Chair