



# **Good to Great Financial Scan**

**Sharon Raschke, Executive Director of Finance and Business**



# How are school operations funded in Michigan?

- State Aid
- State Grants
- Federal Grants
- Countywide Millages
- Local non-tax sources



# How are school infrastructures funded in Michigan?

- Bond Issues
- Sinking Funds (Infrastructure Investment Funds)
- State Aid
- Local non-tax sources

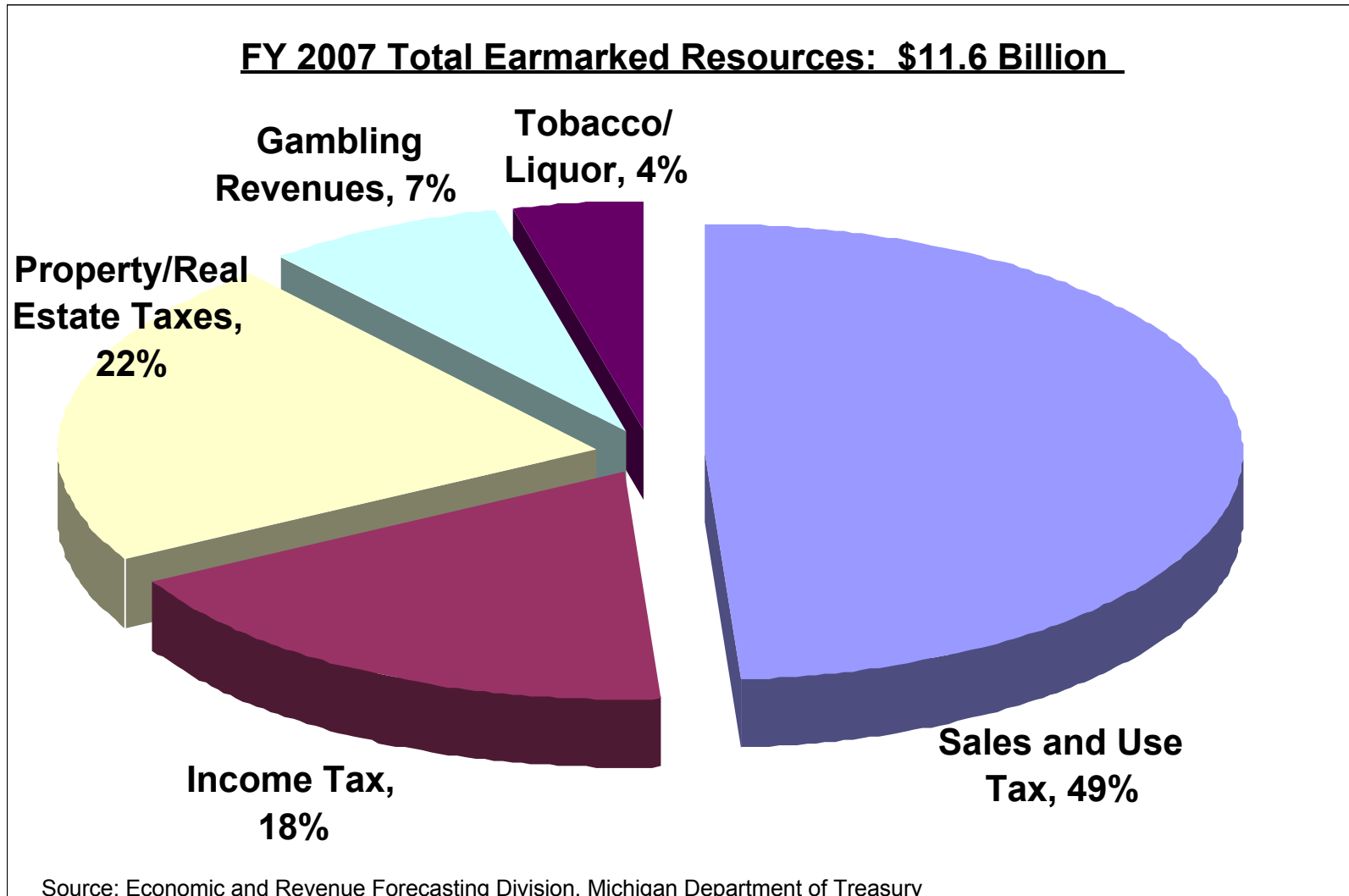


# State Aid

- Schools are funded from the School Aid Fund.
- School funding shifted from local property taxes to state aid with the passage of Proposal A.
- Each year, the state legislature sets the amount of money school districts are permitted to receive, called the foundation allowance.
- Schools lost control over their primary revenue stream for operations.



# State of Michigan School Aid Fund Revenues



# Why does Michigan have a school funding crisis?

- The School Aid Fund depends on state sales tax on product sales which continue to decline.
- An increasing number of products are sold on the internet and through catalogues; use taxes are not being collected.
- Since Proposal A, the legislature has made significant tax cuts that reduced school aid funds.
- The state has shifted expenses to the School Aid Fund that were previously paid for by the State General Fund.
- The state has a structural deficit of nearly \$377 million in the School Aid Fund.

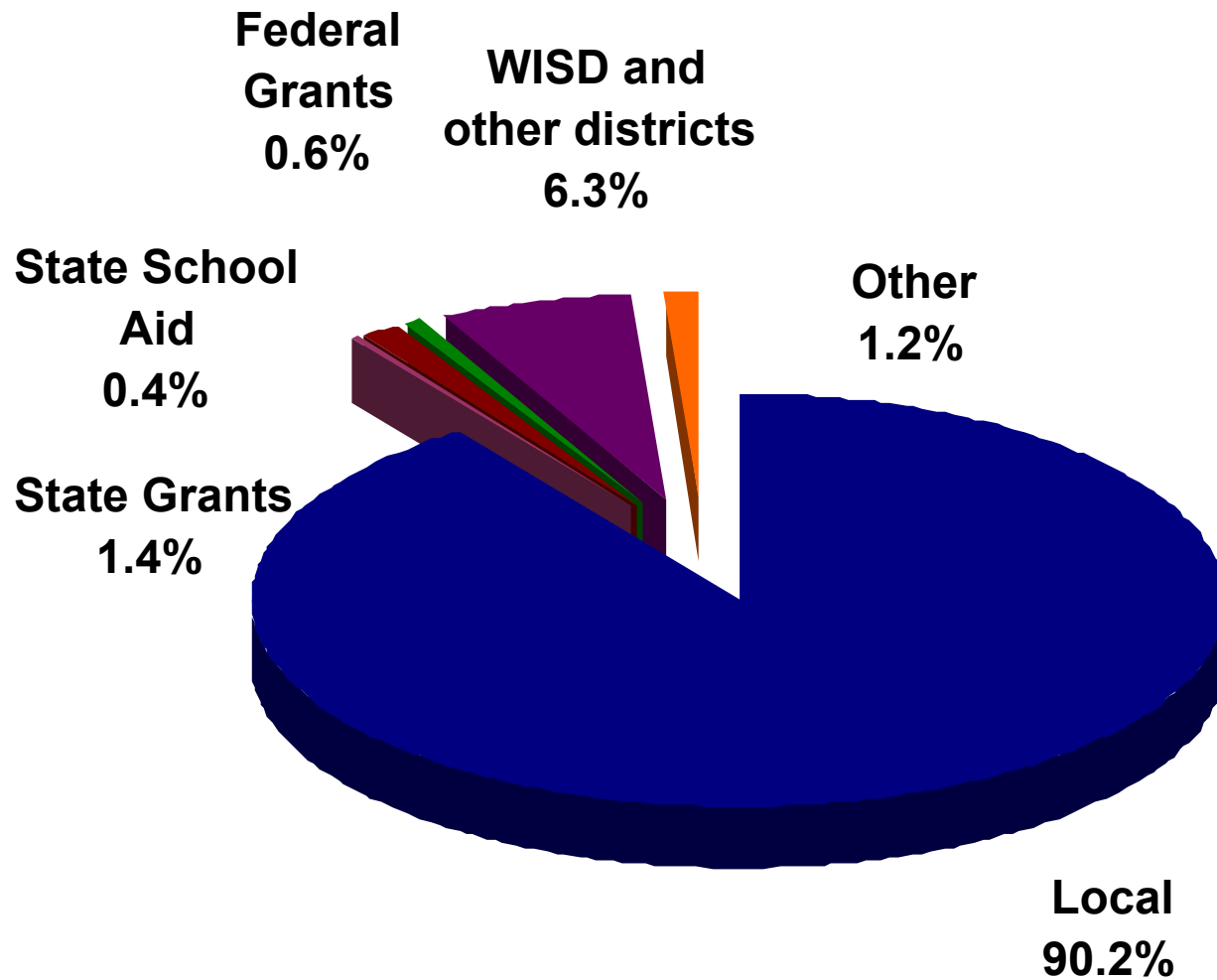


# How has the Michigan school funding crisis impacted schools?

- The state foundation allowance has not been able to keep up with the rate of inflation.
- In the last 6 years, school funding has risen just 8.8% while inflation has risen 16%.



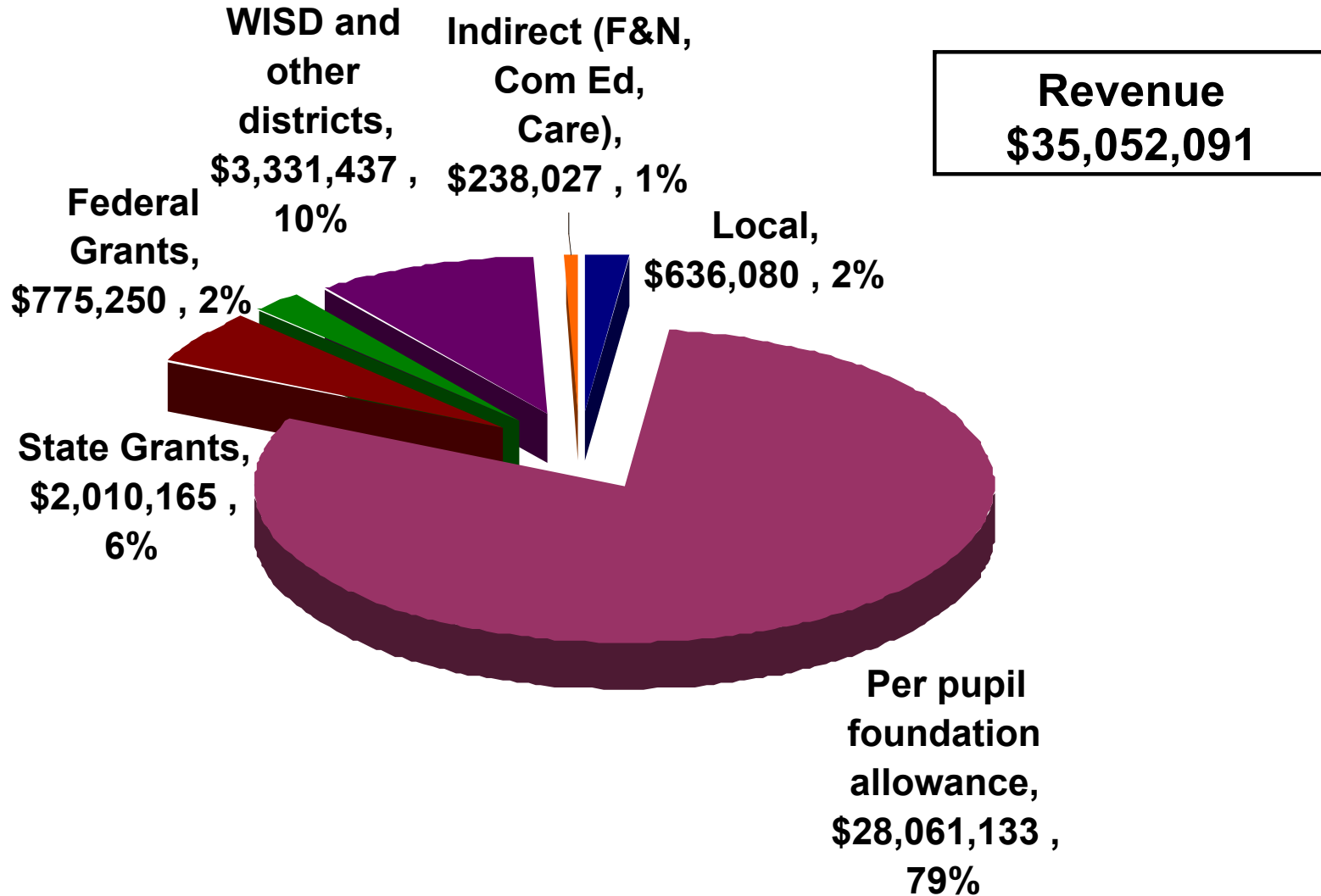
# Dexter Community Schools 1993-94 Funding Sources





# Dexter Community Schools

## 2007-08 Funding Sources \*



# Dexter Community Schools Per Pupil Foundation Allowance \*

Per pupil foundation allowance  
**\$28,061,133**  
79% of total revenue



Foundation of \$7,843 for  
3,642 students (2007-08)

\* Budget



# Dexter Community Schools Enrollment History

| Year    | FTE Count | Growth | %    |
|---------|-----------|--------|------|
| 1994-95 | 2,413     |        |      |
| 1995-96 | 2,574     | 161    | 6.7% |
| 1996-97 | 2,626     | 52     | 2.0% |
| 1997-98 | 2,780     | 154    | 5.9% |
| 1998-99 | 2,878     | 98     | 3.5% |
| 1999    |           |        |      |
| 2000    | 2,993     | 115    | 4.0% |
| 2000-01 | 3,090     | 97     | 3.2% |
| 2001-02 | 3,189     | 99     | 3.2% |
| 2002-03 | 3,349     | 160    | 5.0% |
| 2003-04 | 3,481     | 132    | 3.9% |
| 2004-05 | 3,489     | 8      | 0.2% |
| 2005-06 | 3,534     | 45     | 1.3% |
| 2006-07 | 3,614     | 80     | 2.3% |
| 2007-08 | 3,642     | 28     | 0.8% |

Since proposal A  
95 students

10 yr avg growth  
86 students

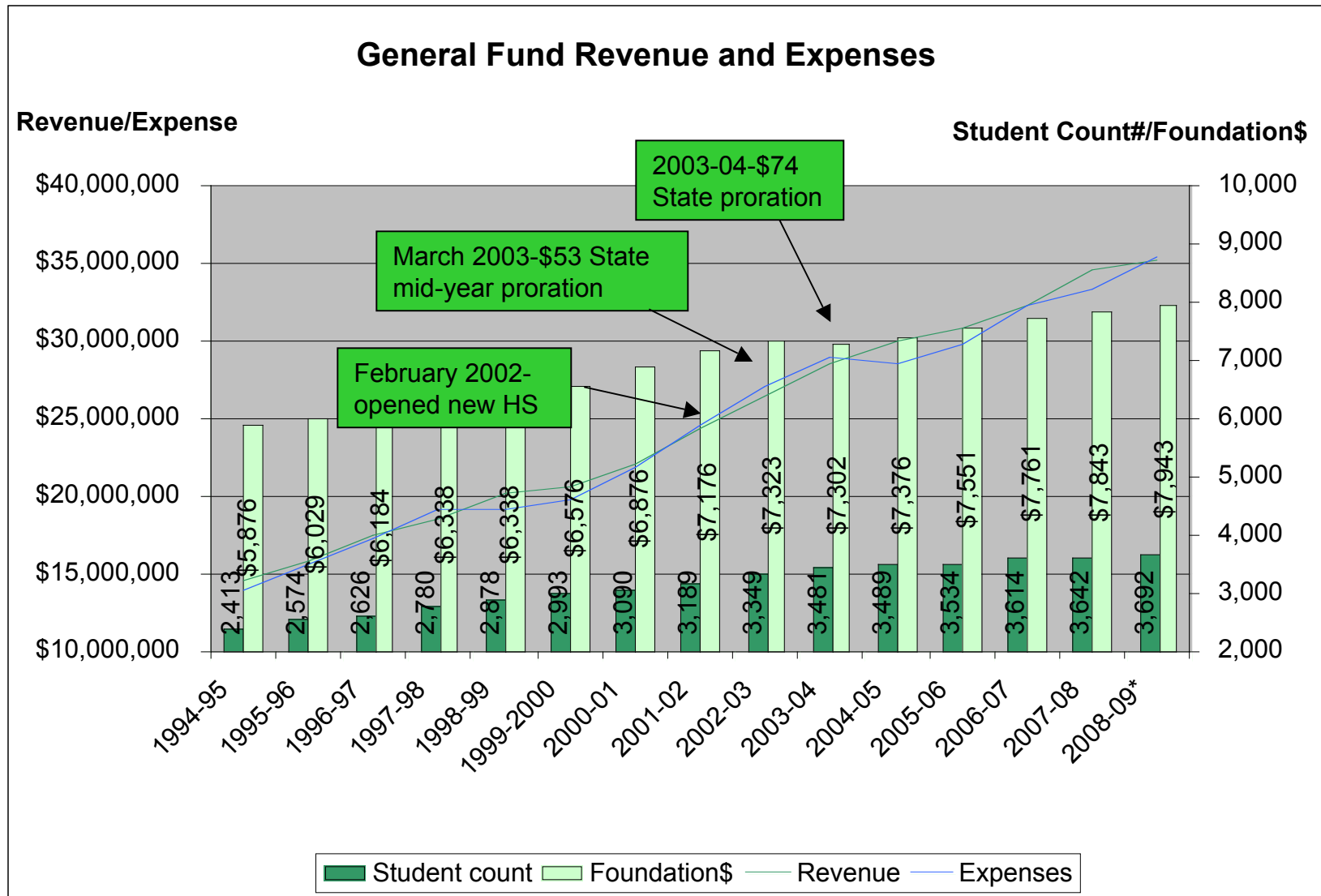
5 yr avg growth  
59 students

3 yr avg growth  
51 students

\* Projected



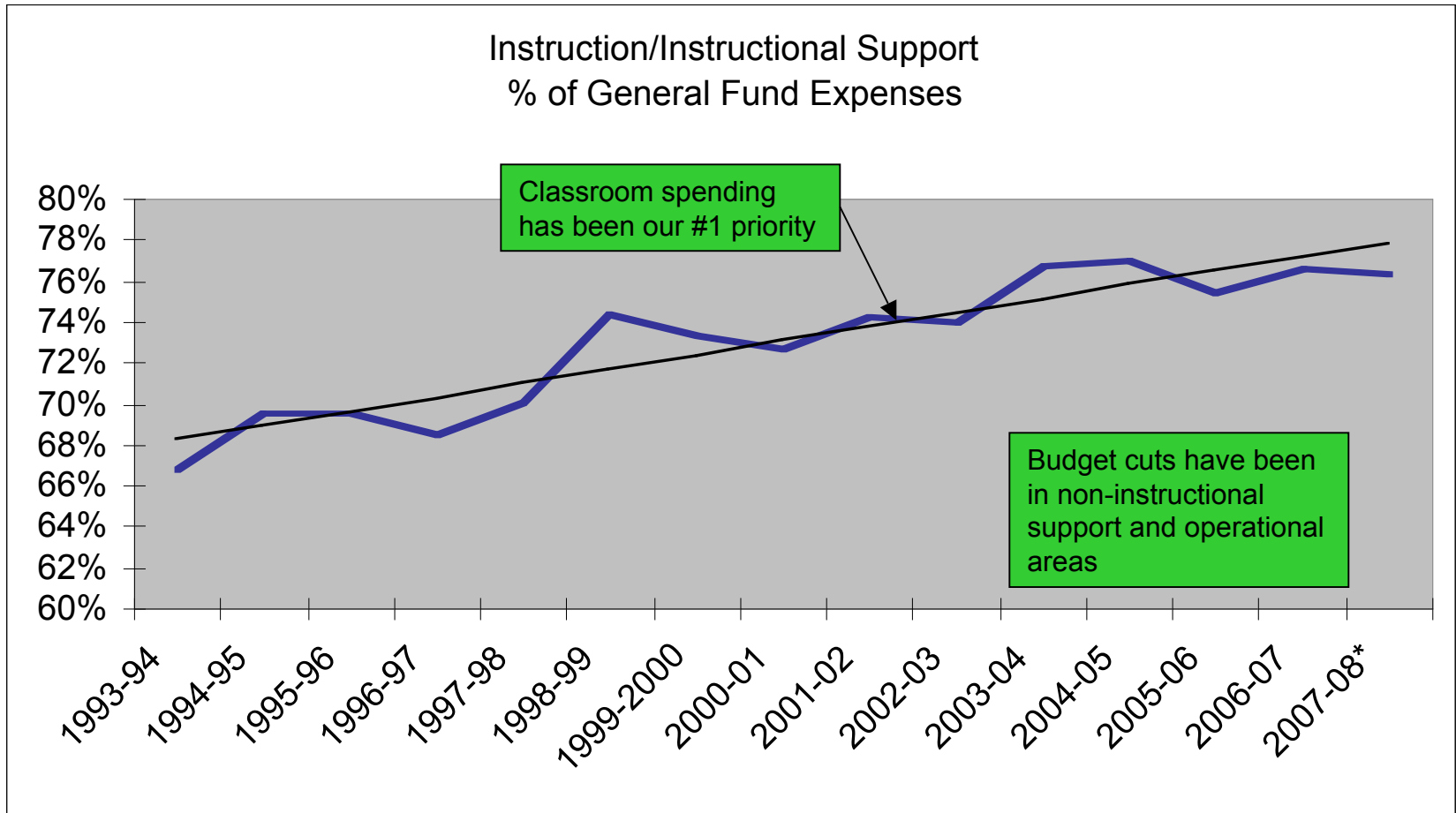
# Dexter Community Schools Revenue and Expense History



\* Projected



# Dexter Community Schools Instruction Expenses



\* Projected



# What local options exist for raising operational revenue?

- Countywide Millages
- Grants
- Headlee Override
- Donations to Schools
- Other local non-tax sources



# What other local options exist for raising revenue?

## Community Systems of Recreation

- Recreation Fund Millage

## School Infrastructure

- Sinking Funds (Infrastructure Investment Funds)
- Bond Issue



# How are schools funded in Michigan?

- State Aid
- State Grants
- Federal Grants
- Countywide Millages
- Local non-tax sources
- Sinking Fund (Infrastructure only)
- Bond Issue (Infrastructure only)





# Contact Information

Sharon Raschke

[raschkes@dexterschools.org](mailto:raschkes@dexterschools.org)

(734)424-4100 x1015

