



To: Local District Boards of Education, Superintendents, and Business Officials

From: Scott Thomas, Assistant Superintendent for Business Services

A handwritten signature in blue ink, appearing to be 'ST', is written over the name 'Scott Thomas'.

Date: April 25, 2025

Subject: Kalamazoo RESA 2025-2026 Original General Education Fund Budget Narrative and Resolution

Kalamazoo RESA (KRESA) is an intermediate school district whose vision is to deliver transformative, equitable, and innovative programs, and specialized services that empower learners, families, and schools to thrive in a rapidly changing world. We carry out our vision through each of KRESA's Centers of Excellence, which represents a distinct category—or pillar—of our work, encompassing a wide range of supports tailored to meet the needs of learners, families, and educators. KRESA's five Centers of Excellence are Special Education, Early Childhood, Career Connect, Educator Supports, and Operational Supports. KRESA's General Fund budget supports the work of these Centers of Excellence.

KRESA's 2025-2026 Original General Fund budget shows an overall decrease in revenues of approximately 10.1% and an overall decrease in expenditures of approximately 10.0% compared to the 2024-2025 revised budget. These decreases are primarily due to the reduction of various grant revenues and their related expenditures, a shifting of a couple departments to the Career Connect Fund due to the opening of the Career Connect Campus and new CTE consortium agreement, as well as other changes in the various General Fund departments discussed in more detail below. The budget anticipates an overall deficit of \$13,560. This will leave the General Fund with an estimated fund balance at June 30, 2026 of \$12,160,885 or 16.4% of annual expenditures.

KRESA's sources of General Fund revenues include an operating tax levy of 0.1425 mills on all property in the KRESA area. We are anticipating that property taxable values will increase by 4.8% and that property tax revenue will increase by \$69,782. State aid is received through Section 81 of the State Aid Act and this budget assumes Section 81 State Aid will remain the same. Local, state, and federal grants make up a large portion of the revenue received by KRESA, as well as revenues from departments that provide services on a fee for service basis or through shared service agreements.

KRESA's expenditures include the following assumptions: 3.0% increase in health insurance costs, retirement costs based on ORS published rates effective 10-1-2025, and a compensation adjustment for staff that includes a 4% increase on pay schedules and step advancements.

KRESA's General Fund revenues and expenditures are categorized in the following departments, which are supported by the attached proposed budget resolution:

General Administration and Operations: These expenses include the Board of Education, Superintendent's Office, Communications, Human Resources, Business Office, and Maintenance and Operations departments. These departments are primarily funded through a portion of property tax revenue and Section 81 State Aid revenue.

Southwest MiTech Technology Services: The Southwest MiTech Technology Services department supports the technology needs of KRESA programs, state reporting compliance, on-site technology support staff to schools, the Michigan Data Hub and MiCloud statewide grants, internet bandwidth and phone service to local schools, network engineering, and customer service support personnel. Many of the services provided are on a fee for service model and direct support is charged back to the various KRESA departments. The Michigan Data Hub and MiCloud are funded by state grants. KRESA's General Fund budget is projected to contribute an additional \$458,401 to support this department.

Great Start Collaborative (GSC) and Great Start Readiness Program (GSRP): This budget includes early childhood services and programming county-wide. Funding includes state and local grants, and \$42,979 in direct support from KRESA's General Fund budget. The budget assumes funding for 2,328 GSRP preschool slots with 2,010 of these slots being provided to local districts and private providers.

Print Center: The Print Center is funded with fee for service in the areas of our full print shop, graphic arts services, county-wide delivery services, and shredding services. Schools who participate in the program pay a fee for the services they purchase. The Print Center is showing a small surplus of \$2,790 that is used to offset future equipment replacement purchases.

Instructional Services and Community Supports: The Instructional Services department is funded with state and federal grants, local district professional development consortium contributions, fee for service coaching and consulting billings, and a direct contribution from the KRESA General Fund budget of \$464,867. The expenditures include the following grants: Title I Regional Assistance, Sec 35a Early Literacy, Sec 23h Math Improvement, Sec 31n Mental Health, and a few other various grants. Instructional Services leads workshops through the professional development consortium, and provides instructional coaching and consulting services to local school districts.

Career Connect Education for the Arts (EFA): This program provides arts education to students within the Kalamazoo RESA area. Funding comes from a combination of state and local grants, local district contributions, and KRESA general fund support. EFA has an advisory board that includes local district superintendents that complete annual reviews of the programs including program budgets. Local school districts contribute to the high school programs. The KRESA General Fund budget directly contributes \$100,000 to the administration of the EFA program.

Regional Transportation Safety Institute (RTSI): RTSI provides training of transportation staff for a nine-county consortium. This includes required training for beginning school bus drivers, continuing education for all bus drivers, and training for transportation supervisor staff. RTSI is a provider for CDL/GDL and motorcycle testing for the State of Michigan, handles the mandatory drug testing program, and runs the Eaton Proving Grounds program to teach defensive driving classes to school bus drivers. This program is funded through a fee for service model and Section 74 State Aid funding.

Head Start Grant: The budget includes \$7,298,408 in grant revenues and expenses to operate KRESA's Head Start program, which serves 485 three and four year olds within Kalamazoo County with preschool, family, and health support services.

Enhancement Millage: This budget includes \$16,947,816 in revenue for the enhancement millage that was approved by voters in May of 2023. Enhancement millage revenue is distributed back to the local districts and public school academies to support their operations, which equates to approximately \$494 per student.

Attached to this budget narrative please find the Resolution for Local District Vote on ISD General Fund Budget and KRESA's proposed 2025-2026 General Fund Budget Resolution. Local district Boards of Education are required to adopt a resolution expressing its support or disapproval of KRESA's General Fund proposed budget during its May meeting, and submit to KRESA's Board of Education any specific objections and/or proposed changes prior to June 1, 2025.

More information on KRESA's Centers of Excellence, and additional details on KRESA's programs and services, can be found in our annual report. KRESA's most recent annual report can be found on our website here: <https://www.kresa.org/site/Default.aspx?PageID=1882>

Please contact me at 269.250.9363 or scott.thomas@kresa.org for any questions related to KRESA's 2025-2026 Original General Fund budget. Thank you.

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION OF
KALAMAZOO REGIONAL EDUCATIONAL SERVICE AGENCY
2025-2026 ORIGINAL GENERAL EDUCATION FUND BUDGET**

RESOLVED, that this resolution shall be the appropriations of Kalamazoo Regional Educational Service Agency for the 2025-2026 fiscal year; a resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all revenues received by Kalamazoo Regional Educational Service Agency.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the GENERAL EDUCATION FUND of the Kalamazoo Regional Educational Service Agency for fiscal year 2025-2026 is as follows:

	ACTUAL 2023-24	ORIGINAL 2024-25	REVISED 2024-25	ORIGINAL 2025-26
REVENUES:				
Local	22,399,195	22,114,679	22,668,990	20,866,075
State	22,886,016	23,930,246	39,364,039	36,038,318
Federal	11,971,402	11,188,446	11,917,575	9,085,051
Other Sources	8,620,138	8,000,183	8,388,800	8,051,733
Total Revenue	65,876,751	65,233,554	82,339,404	74,041,177

BE IT FURTHER RESOLVED, that \$74,054,737 of the total available to appropriate in the GENERAL EDUCATION FUND is hereby appropriated in the amounts and for the purpose set forth below:

Instruction:				
Basic Programs	6,307,317	5,659,665	5,793,557	6,133,047
Added Needs	1,316,570	1,242,297	1,216,185	-
Support Services:				
Pupil	2,865,424	2,042,973	2,009,745	1,505,437
Instructional staff	5,592,369	6,174,200	9,366,102	6,715,418
General Administration	829,554	908,240	915,670	670,091
School Administration	595,915	554,254	612,109	609,723
Business	1,386,499	1,485,094	1,720,271	1,588,561
Operations and Maintenance	916,067	1,342,102	1,492,724	1,258,225
Transportation	656,017	922,917	979,751	1,020,271
Central	11,717,164	11,881,426	22,046,657	21,195,576
Other Support Services	360,979	23,500	7,500	-
Community Services	5,515,409	5,598,336	4,775,415	1,443,267
Other Financing Uses	26,311,858	27,614,549	31,343,918	31,915,121
Total Expenditures	64,371,142	65,449,553	82,279,604	74,054,737
Revenues over Expenses	1,505,609	(215,999)	59,800	(13,560)
FUND BALANCE - July 1	10,609,036	10,459,651	12,114,645	12,174,445
FUND BALANCE - JUNE 30	12,114,645	10,243,652	12,174,445	12,160,885

FURTHER RESOLVED, that no board of education member or employee of the school district shall expend any funds or obligate the expenditure of any funds, except pursuant to appropriations made by the board of education and in keeping with the budgetary policy statement hitherto adopted by the board. Changes in the amount appropriated by the board shall require approval by the board.

BE IT FURTHER RESOLVED, that the Superintendent is hereby charged with general supervision on the execution of the budgets adopted by the board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the board of education and in keeping with the budgetary policy statement hitherto adopted by the board. (Resolution effective 6/17/2025)

Note: The General Education tax levy for 2025 is proposed to be 0.1425 mills and the Regional Enhancement tax levy for 2025 is proposed to be 1.4968 mills. These millages will be levied on all properties to be used for operating purposes as described above.