



To: Local District Boards of Education

From: Holly Norman and Tom Harwood, Deputy Superintendent
Scott Thomas, Director of Business Services

Date: April 24, 2015

Subject: Kalamazoo RESA 2015-2016 General Education Fund Budget Narrative

The Kalamazoo RESA (KRESA) 2015-2016 General Fund budget shows an overall decrease in revenues of approximately 1.5% and an overall decrease in expenditures of approximately 1.7%, which is primarily due to the reduction in grant funding impacting the various departments discussed below. The budget anticipates an overall surplus of \$81,333. This will leave the General Fund with an estimated unassigned fund balance at June 30, 2016 of \$5,398,771 or 13.0% of annual expenditures. KRESA's overall fund equity is approximately 7.8% of total program expenditures when combined with the Special Education Fund (which has a 1.9% Fund Balance).

KRESA's major sources of General Fund revenues include an operating tax levy of 0.1446 mills on all property in the KRESA area. We are anticipating that property values will increase by 2% and that property tax revenue will increase by \$20,821. State aid is received through Section 81 of the State Aid Act and this budget assumes Section 81 State Aid will remain the same as what was collected in 2014-2015. Grants make up a large portion of the revenue received by KRESA, as well as departments that provide services on a fee for service basis. Revenues in the fee for service areas have seen small increases or remained relatively flat to assist our local districts with their budget constraints.

KRESA's expenditures are categorized as follows and include the following assumptions: 8.0% increase in health insurance costs, retirement cost to remain relatively flat based on currently published rates effective 10-1-2015 and no compensation adjustments have been included at this time as any compensation adjustments are yet to be determined for staff. The Board has mitigated rising expenditures by implementing the hard cap (instead of 80/20 premium share) for health insurance, charging employees contributions and modifying the level of benefits, so that the actual cost paid by KRESA is lower than what is allowed under the hard cap. KRESA also implemented single subscriber coverage for new full time employees in grades 12 or below effective at the beginning of the 2013-14 school year.

General Administration and Maintenance: These expenses include the General Fund portion of the Board of Education, Superintendent's Office, Public Information, Human Resources Department, Business Office, and Maintenance and Operations departments.

Technology Services: The Technology Services department supports the technology needs of KRESA programs, state reporting compliance, on-site technology support staff to schools, 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. KRESA's General Fund budget is projected to contribute an additional \$93,582 to support this department.

Ready, Set, Succeed!/Great Start: This budget includes the birth to five year old programs county-wide. Funding includes state and local grants, local district contributions of \$67,299 and \$63,239 direct support from the KRESA's General Fund budget. The 2015-2016 budget assumes funding for 2,094 GSRP preschool slots with 1,664 of these slots being provided by local districts and private providers.

REMC – Media: REMC is funded with a combination of local district membership fees of \$212,000 and fee for service in the areas of our full print shop, graphic arts services, county-wide delivery services, teachers' material center, shredding services, video and media library, and other various services. This department operates much like a business on a fee for service basis. Schools who participate in the program pay a fee for the services they purchase. It is projected that REMC will operate with a surplus of \$14,018.

Instructional Center: The Instructional Center is funded with state and federal grants along with local district professional development consortium contributions of \$50,000, fee for service billings of \$400,000 and direct contribution from the KRESA General Fund budget of \$460,396. The expenditures include the following grants: Title I Regional Assistance, United Way Early Reading and MiBLSi grants. The Instructional Center also administers the research and development department, the KRESA Leadership Institute, the professional development consortium and provides instructional coaching services.

Education for the Arts (EFA) and Education for Employment (EFE): These programs provide arts education and career and technical education opportunities to all students within the Kalamazoo RESA area. They are funded with a combination of state, federal and local grants, and local district and KRESA funding. Both programs have advisory boards that include local district superintendents that complete annual reviews of the programs including program budgets. Local school districts contribute to the high school programs for both EFA and EFE, as well as support for administrative costs for EFA. The KRESA General Fund budget directly contributes \$97,344 to the administration of the EFA program and \$262,736 to the administration of the EFE program.

Youth Opportunities Unlimited (YOU): YOU operates programs that serve youth and adults in Kalamazoo, St. Joseph and Branch counties. YOU provides job training and education assistance and oversees operations of the Michigan Works! Service Centers in Kalamazoo, Three Rivers, and Coldwater. KRESA provides YOU's office space at its South St. location, which it shares with the Head Start administrative offices, and the General Fund budget is projected to contribute \$73,600 towards the operations and maintenance of the South St. facility.

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 generates state reimbursement for bus driver training which is reimbursed back to local districts.

Head Start Grant: The 2015-2016 budget includes \$4,782,546 in grant revenues and expenses to operate KRESA's Head Start program, which serves 626 three and four year olds within in the County with preschool, family and health support services.

Enhancement Millage: This budget includes \$11,198,539 in revenue for the enhancement millage approved by voters in 2014, which is distributed back to the local districts to support their operations.

Medicaid Michigan Outreach: \$122,000 is estimated to be collected for the Medicaid Administrative Outreach Program on behalf of the districts. \$92,000 of this amount is estimated to be generated by and distributed back to the local districts.

Attached to this budget narrative please find a sample Resolution for Local District Vote on ISD Budget and KRESA's proposed 2015-2016 General Fund budget. Local district Boards of Education are required to adopt a resolution expressing its support or disapproval of KRESA's proposed budget and submit to KRESA's Board of Education any specific objections and/or proposed changes prior to June 1, 2015.

RESOLUTION FOR LOCAL DISTRICT VOTE ON ISD BUDGET

<p>Kalamazoo Regional Educational Service Agency ("ISD") GENERAL EDUCATION FUND BUDGET RESOLUTION</p>

A _____ meeting of the Board of Education of the _____
School District was held at the _____ on _____,
2015, at _____.

Members present were: _____

The following preamble and resolution were offered by Member _____
and seconded by Member _____.

WHEREAS:

This Board received the Kalamazoo Regional Educational Service
Agency General Education Fund Budget on or before May 1, 2015;
and

WHEREAS:

In accordance with Section 380.624 of the Revised School Code, this
Board must now adopt a resolution expressing its support or
disapproval of the proposed ISD budget, and must submit to the ISD
Board any specific objections and/or proposed changes the Board may
have to the budget prior to June 1, 2015.

THEREFORE, BE IT RESOLVED THAT:

The ISD General Education Fund Budget for the 2015-2016 school
year be ("supported" or "disapproved for the reasons attached hereto"),
and that the Secretary of the Board is hereby directed to submit a copy
of this Resolution to the Secretary of the ISD Board of Education,
along with any specific objections or proposed changes to the budget.

Ayes: Members _____

Nays: Members _____

Motion declared _____.

The undersigned duly qualified and acting Secretary of the Board of Education of _____, Michigan hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a _____ meeting held on _____, 2015, the original of which resolution is a part of the Board's minutes, and further certifies that notice of the meeting was given to the public under the Open Meetings Act, 1976 PA 267, as amended.

Signed:

Secretary, Board of Education

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION OF
KALAMAZOO REGIONAL EDUCATIONAL SERVICE AGENCY
2015-2016 ORIGINAL GENERAL EDUCATION FUND BUDGET**

RESOLVED, that this resolution shall be the appropriations of Kalamazoo Regional Educational Service Agency for the 2015-2016 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 2015-2016 is as follows:

	ACTUAL 2013-14	ORIGINAL 2014-15	REVISED 2014-15	ORIGINAL 2015-16
REVENUES:				
Local	15,031,631	15,278,085	15,608,506	15,694,487
State	8,199,826	8,166,996	13,889,807	13,050,277
Federal	6,696,920	7,852,489	7,691,299	7,560,309
Other Sources	3,999,119	4,518,625	5,060,811	5,313,882
Total Revenue	33,927,496	35,816,196	42,250,423	41,618,955

BE IT FURTHER RESOLVED, that \$41,537,622 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	3,434,228	3,937,002	4,056,462	3,877,580
Added Needs	60,581	46,391	162,426	127,015
Support Services:				
Pupil	1,014,667	1,157,255	1,233,126	1,190,411
Instructional staff	3,377,139	3,848,165	4,554,615	4,356,889
General Administration	423,572	432,425	457,637	457,744
School Administration	285,285	382,302	304,985	355,841
Business	870,380	1,102,490	986,367	1,093,933
Operations and Maintenance	727,901	1,136,005	1,244,678	1,019,027
Transportation	543,401	573,765	659,589	736,372
Central	4,017,048	4,002,020	5,104,800	4,584,171
Other Support Services	-	-	-	-
Community Services	3,508,668	4,405,014	4,181,762	4,101,988
Other Financing Uses	15,003,799	14,890,014	19,322,722	19,636,652
Total Expenditures	33,266,669	35,912,848	42,269,169	41,537,622
Revenues over Expenses	660,827	(96,652)	(18,746)	81,333
FUND BALANCE - July 1	4,905,688	4,828,109	5,566,515	5,547,769
FUND BALANCE - JUNE 30	5,566,515	4,731,457	5,547,769	5,629,102
ASSIGNED FUND BALANCE - RTSI	230,339	225,151	247,548	230,331
UNASSIGNED FUND BALANCE	5,336,176	4,506,306	5,300,221	5,398,771

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 6/11/2015)

Note: The General Education tax levy for 2015 is proposed to be 0.1446 mills and the Regional Enhancement tax levy for 2015 is proposed to be 1.5000 mills. These millages will be levied on all properties.