



*inspiring educational
excellence*

Service Center
1819 E. Millham Ave.
Portage, MI
49002

Early Childhood Education
Kalamazoo RESA West Campus
4606 Croyden Ave.
Kalamazoo, MI
49006

Head Start
422 E. South St.
Kalamazoo, MI
49007

Juvenile Home School
1424 Gull Road
Kalamazoo, MI
49048

Valley Center School
3122 Lake St.
Kalamazoo, MI
49048

WoodsEdge Learning Center
1501 E. Millham Ave.
Portage, MI
49002

Young Adult Program
Kalamazoo RESA West Campus
4606 Croyden Ave.
Kalamazoo, MI
49006

Youth Opportunities Unlimited
422 E. South St.
Kalamazoo, MI
49007

1601 S. Burdick St.
Kalamazoo, MI
49001

16587 Enterprise Drive
Three Rivers, MI
49093

210 Vista Drive
Coldwater, MI
49036

269.250.9200
www.kresa.org

To: Local District Boards of Education
From: Scott Thomas, Assistant Superintendent for Business Services
Date: April 27, 2018
Subject: Kalamazoo RESA 2018-2019 Original General Education Fund Budget Narrative

The Kalamazoo RESA (KRESA) 2018-2019 Original General Fund budget shows an overall increase in revenues of approximately 1.3% and an overall increase in expenditures of approximately 1.5%, which is primarily due to the impact of an increase in taxable values, grant funding and shared service agreements on the various departments discussed in more detail below. The budget anticipates an overall deficit of \$219,262. This will leave the General Fund with an estimated unassigned fund balance at June 30, 2019 of \$6,015,411 or 12.7% of annual expenditures. KRESA's overall fund equity is approximately 6.8% of total program expenditures when combined with the Special Education Fund (which has a 1.3% fund balance).

KRESA's sources of General Fund revenues include an operating tax levy of 0.1444 mills on all property in the KRESA area. We are anticipating that property taxable values will increase by 3.2% and that property tax revenue will increase by \$34,280. State aid is received through Section 81 of the State Aid Act and this budget assumes Section 81 State Aid will remain flat. 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 or shared service agreements.

KRESA's expenditures include the following assumptions: 3.5% increase in health insurance costs, retirement cost to increase slightly based on published rates effective 10-1-2018 and a compensation adjustment for staff that includes only step increases. KRESA 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 at the beginning of the 2013-2014 school year, which continues to generate savings each year as seasoned employees retire.

KRESA's revenues and expenditures are categorized as follows:

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, Truancy

Office, and Maintenance and Operations departments. These departments are primarily funded through property tax revenue and Section 81 State Aid revenue.

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 \$343,828 to support this department.

Seeds for Success and Great Start Readiness Program (GSRP): This budget includes the birth to five year old programs county-wide. Funding includes state and local grants, local district contributions and \$51,618 in direct support from KRESA's General Fund budget. The budget assumes funding for 2,094 GSRP preschool slots with 1,664 of these slots being provided to local districts and private providers.

REMC and Print Center: REMC and Print Center were split during the 2016-2017 school year. REMC is funded with local district membership fees and both receive 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. The departments operate much like a business and schools who participate in the program pay a fee for the services they purchase. It is projected that REMC will operate with a slight surplus of \$1,453 and the Print Center with a surplus of \$21,575.

Instructional Center: The Instructional Center is funded with state and federal grants along with local district professional development consortium contributions, fee for service coaching billings and a direct contribution from the KRESA General Fund budget of \$478,447. The expenditures include the following grants: Title I Regional Assistance, Early Literacy, MiSTEM Network Regions, United Way Early Reading and MiBLSi grants. The Instructional Center leads workshops through the professional development consortium and provides instructional coaching services to local school districts.

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 \$273,214 to the administration of the EFE program.

Youth Opportunities Unlimited (YOU): YOU operates programs that serve youth and adults in Kalamazoo, Calhoun, 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, Battle Creek and Coldwater. YOU is funded with a combination of federal and local grants, and this budget includes \$3,748,808 in revenues and expenses to operate the 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 \$5,806,738 in grant revenues and expenses to operate KRESA's Head Start program, which serves 596 three and four year olds within in the County with preschool, family and health support services.

Enhancement Millage: This budget includes \$12,009,754 in revenue for the enhancement millage approved by voters in 2017, which is distributed back to the local districts to support their operations.

Attached to this budget narrative please find the Resolution for Local District Vote on ISD Budget and KRESA's proposed 2018-2019 General Fund budget resolution. 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, 2018.

Please contact me at 269.250.9363 for any questions related to KRESA's 2018-2019 Original General Fund budget.

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION OF
KALAMAZOO REGIONAL EDUCATIONAL SERVICE AGENCY
2018-2019 ORIGINAL GENERAL EDUCATION FUND BUDGET**

RESOLVED, that this resolution shall be the appropriations of Kalamazoo Regional Educational Service Agency for the 2018-2019 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 2018-2019 is as follows:

	ACTUAL 2016-17	ORIGINAL 2017-18	REVISED 2017-18	ORIGINAL 2018-19
REVENUES:				
Local	14,814,464	15,308,541	16,188,758	16,627,018
State	15,109,011	13,804,905	14,527,836	15,109,241
Federal	8,208,716	10,006,701	9,810,424	8,698,784
Other Sources	5,620,546	5,812,820	5,922,929	6,619,274
Total Revenue	43,752,737	44,932,967	46,449,947	47,054,317

BE IT FURTHER RESOLVED, that \$47,273,579 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	4,308,933	4,809,752	4,812,714	4,845,986
Added Needs	136,677	103,539	106,901	20,000
Support Services:				
Pupil	1,242,967	1,409,611	1,339,850	1,311,783
Instructional staff	4,902,870	5,120,871	5,709,147	5,158,805
General Administration	457,757	513,391	481,952	496,050
School Administration	319,575	382,295	362,443	419,333
Business	1,049,262	1,104,790	930,820	888,765
Operations and Maintenance	984,946	1,053,428	1,138,293	1,122,871
Transportation	802,218	827,768	1,011,189	800,844
Central	6,852,810	7,226,292	8,404,374	8,932,196
Community Services	3,658,278	4,375,359	4,550,118	4,702,134
Other Financing Uses	18,842,551	18,175,051	17,721,108	18,574,812
Total Expenditures	43,558,844	45,102,147	46,568,909	47,273,579
Revenues over Expenses	193,893	(169,180)	(118,962)	(219,262)
FUND BALANCE - July 1	6,463,323	6,222,962	6,657,216	6,538,254
FUND BALANCE - JUNE 30	6,657,216	6,053,782	6,538,254	6,318,992
ASSIGNED FUND BALANCE - RTSI	306,738	274,550	311,217	303,581
UNASSIGNED FUND BALANCE	6,350,478	5,779,232	6,227,037	6,015,411

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 6/14/2018)

Note: The General Education tax levy for 2018 is proposed to be 0.1444 mills and the Regional Enhancement tax levy for 2018 is proposed to be 1.5000 mills. These millages will be levied on all properties to be used for operating purposes as described above.