

# Kent ISD

2023 -24 Budget Hearing  
May 15, 2023

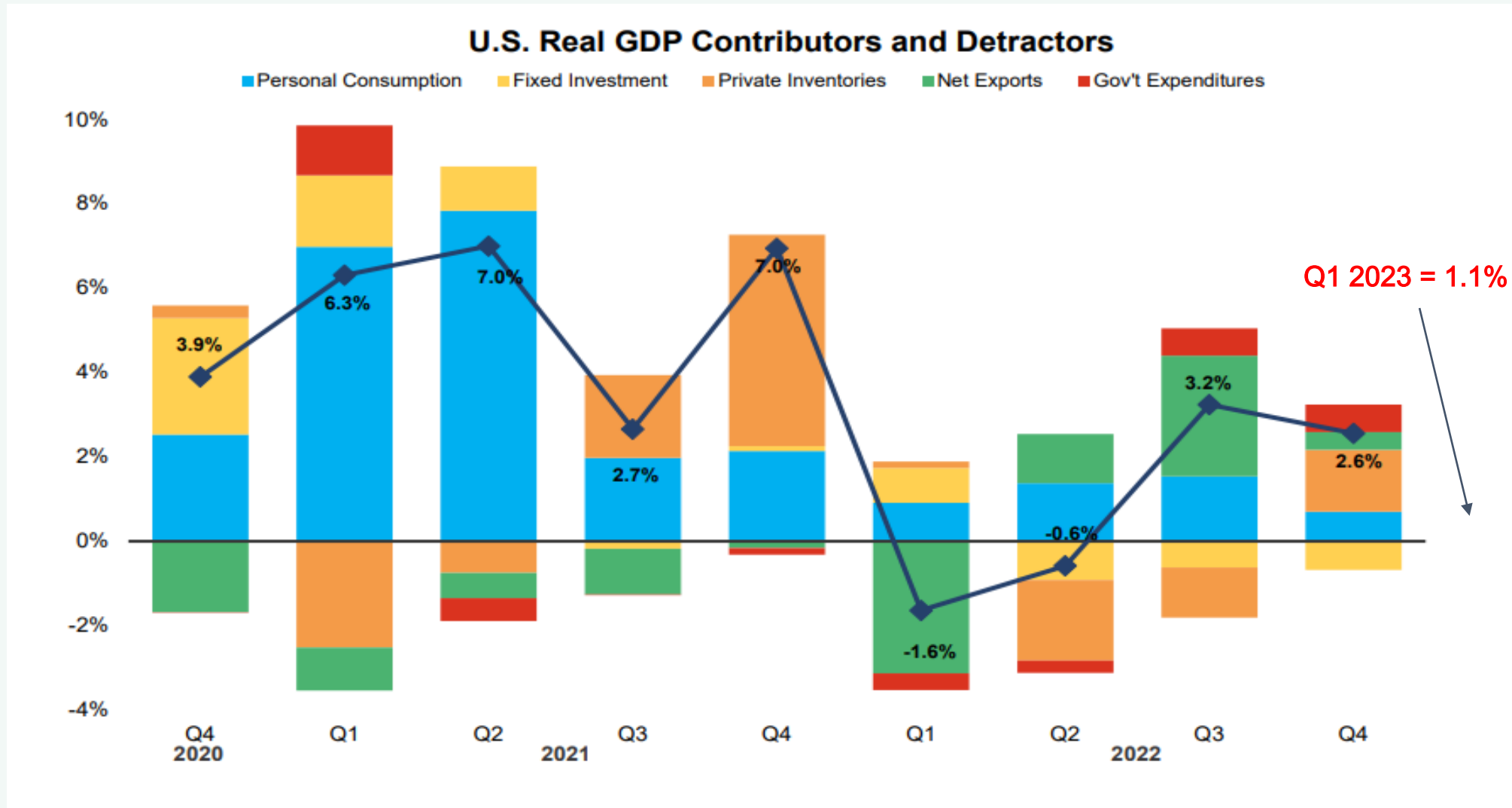


# Presentation Agenda

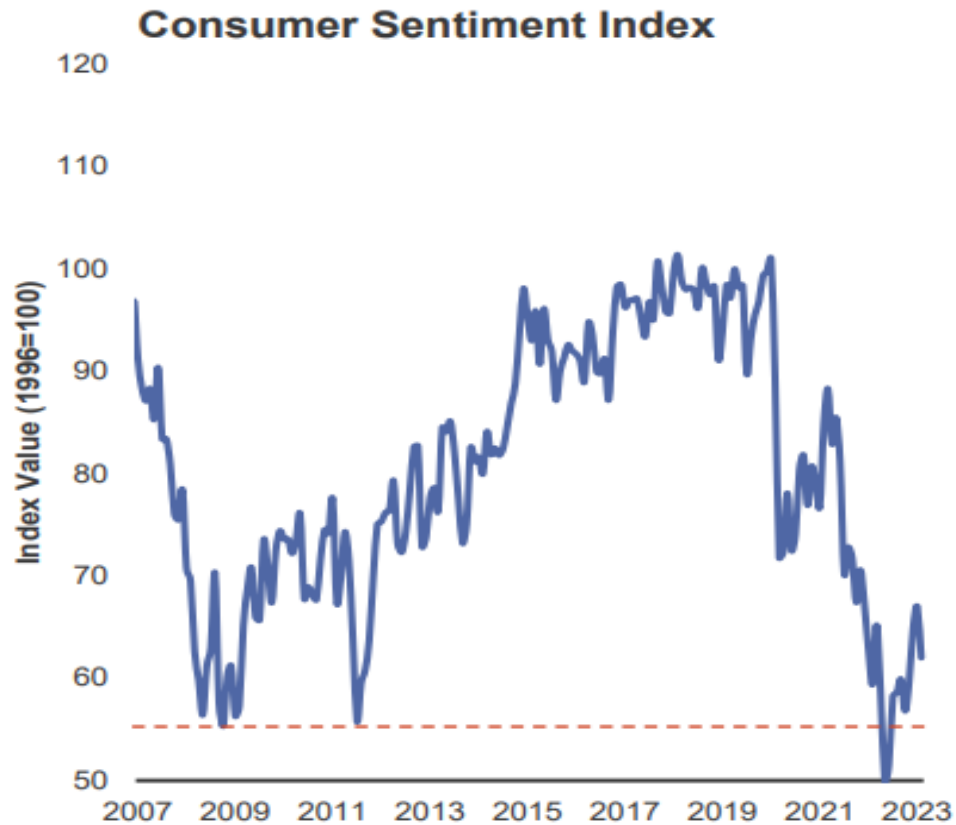
- Economic Update
- State Budget Outlook
- 2023 Taxable Values – Impact on Kent ISD
- 2023 -24 Budget Assumptions
- 2023 -24 Proposed Budget – All Funds
- Potential Issues for future years
- Questions/Comments

# Economic Update

# National real GDP growth & drivers

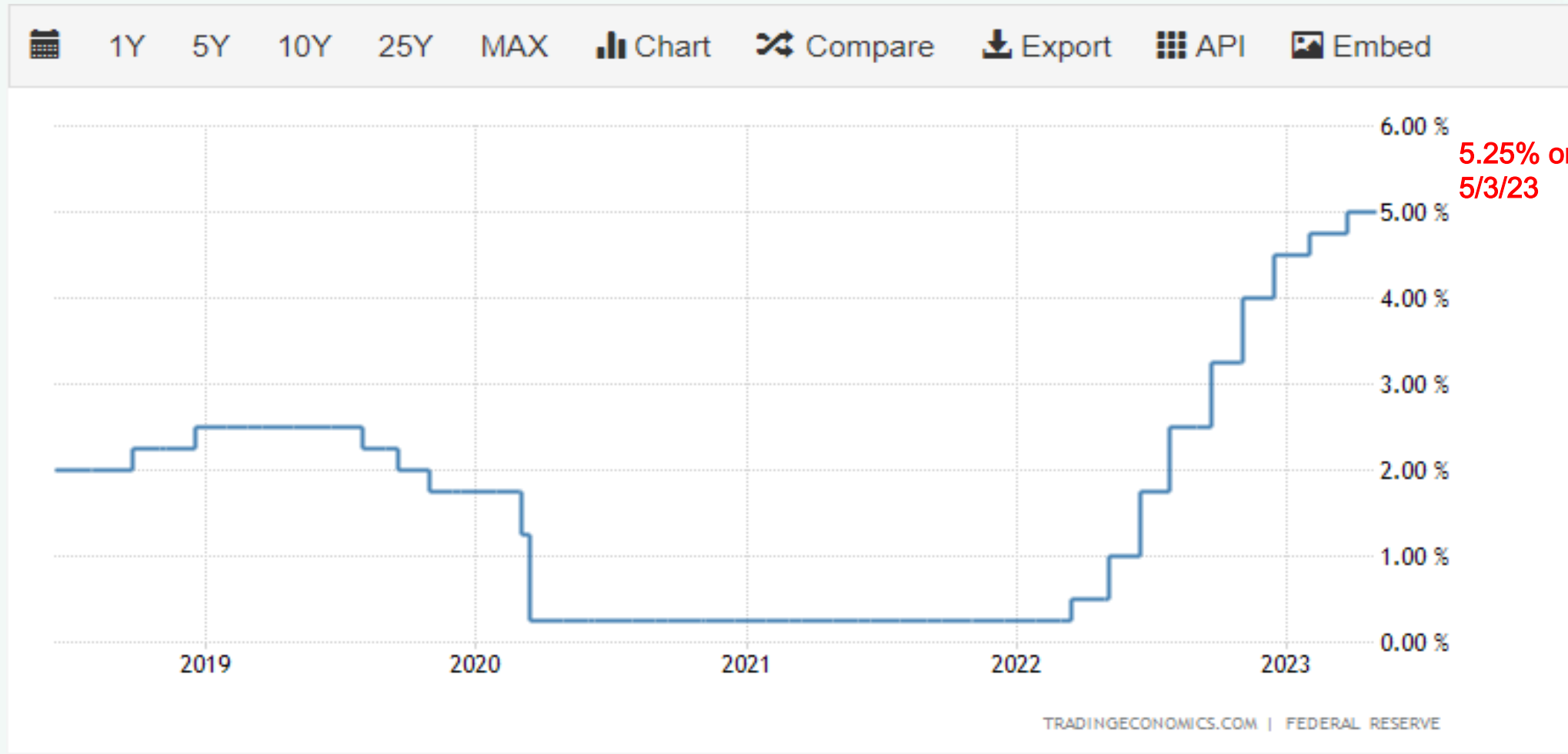


# Consumer Sentiment low

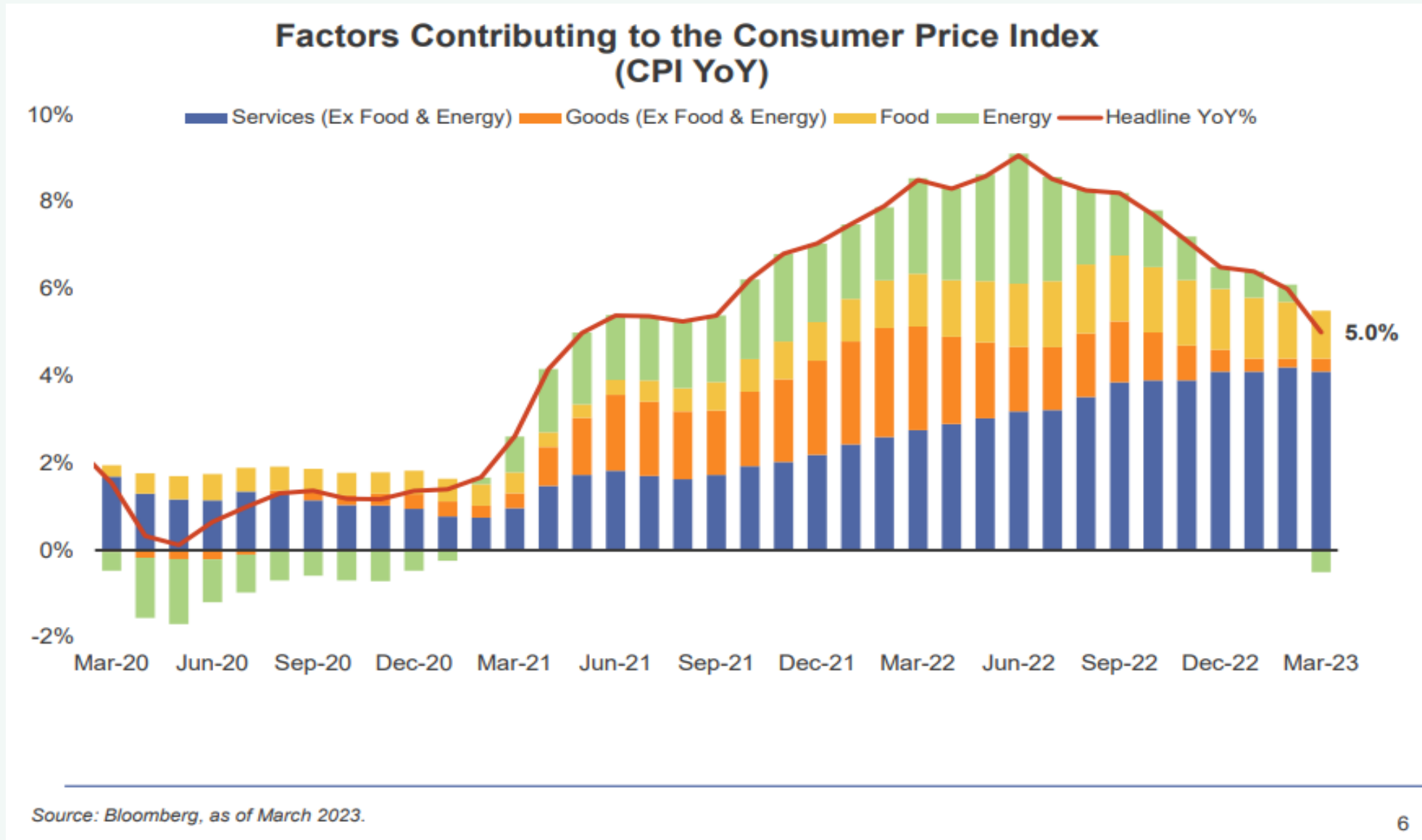


Source: Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of March 2023.

# Federal Funds rate in response to inflation



# Inflation finally moderating?

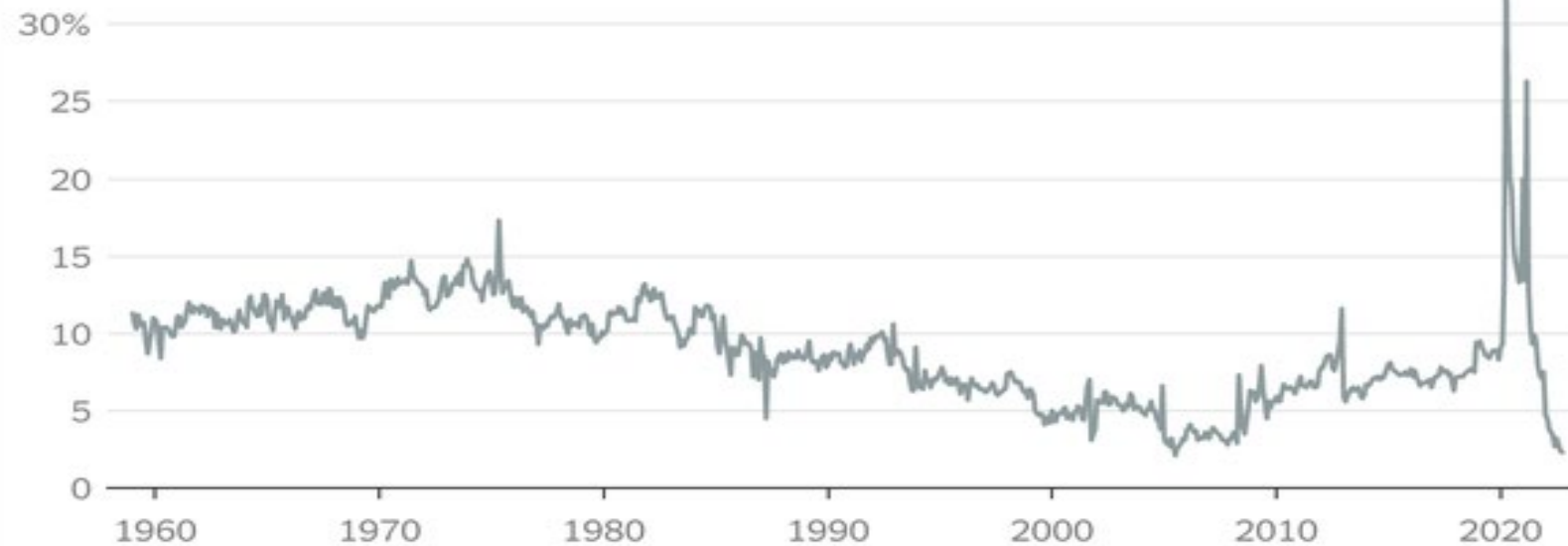


# Personal Savings Rate

## The U.S. Personal Saving Rate Has Plummeted

Percentage of after-tax personal income that is saved

— Personal saving rate

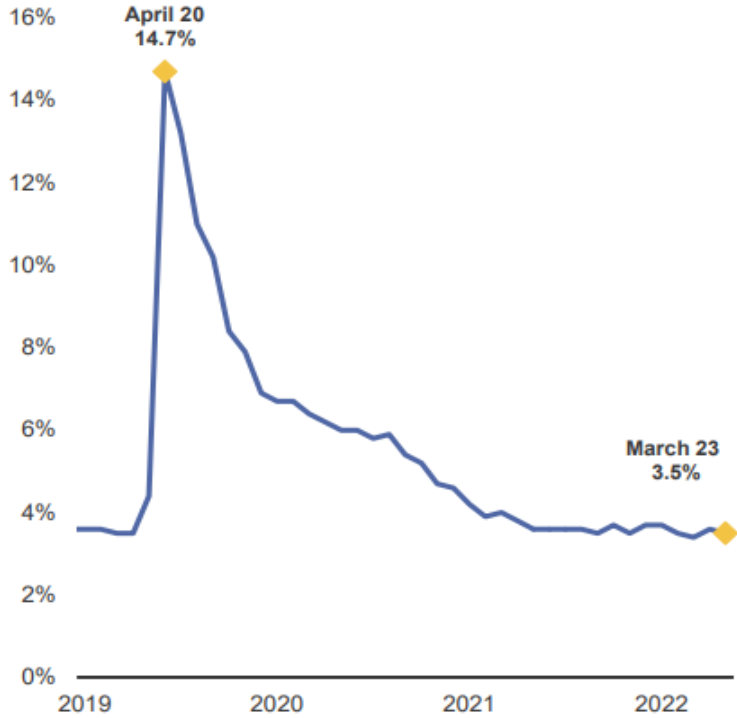


Source: Bureau of Economic Analysis • By The New York Times



# Labor market remains tight

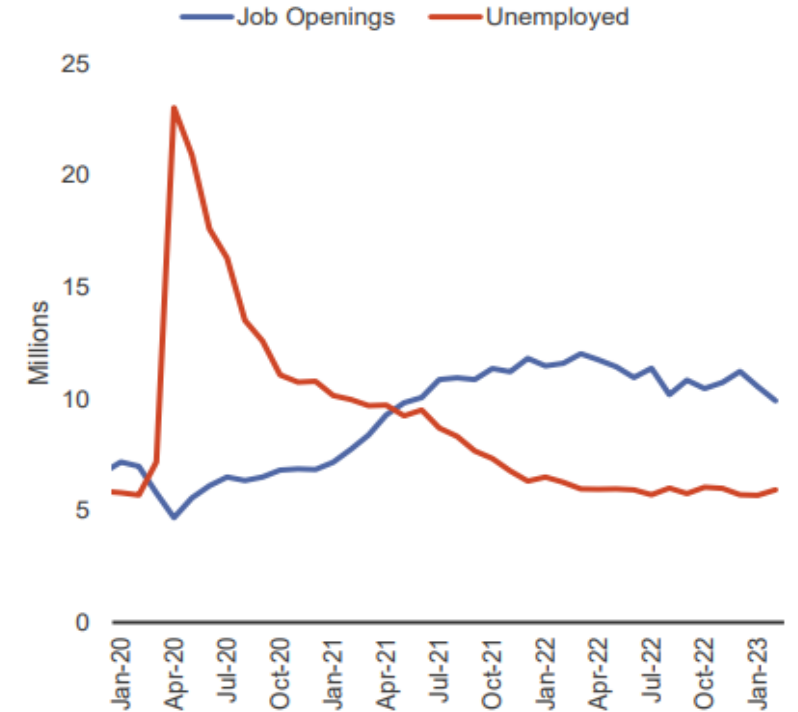
### Unemployment Rate



### Labor Force Participation Rate



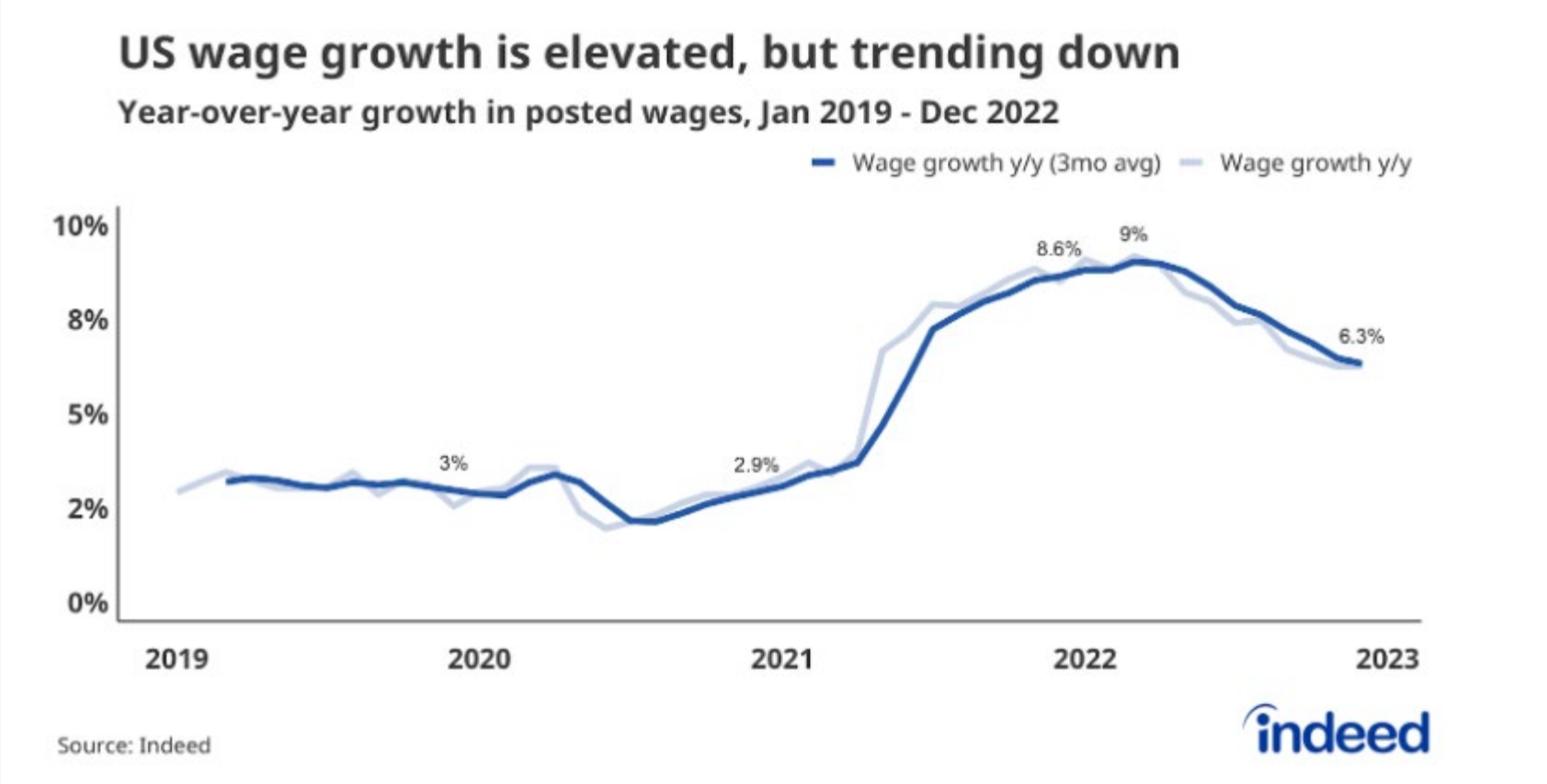
### Job Openings vs. Unemployed Workers



Source: Congressional Budget Office March 2023 economic projections, Bureau of Labor Statistics. Bloomberg, as of March 2023. Data is seasonally adjusted.

Source: Bloomberg, as of March 2023. Data is seasonally adjusted.

# Wage growth trending lower



# Grand Rapids Metro housing market

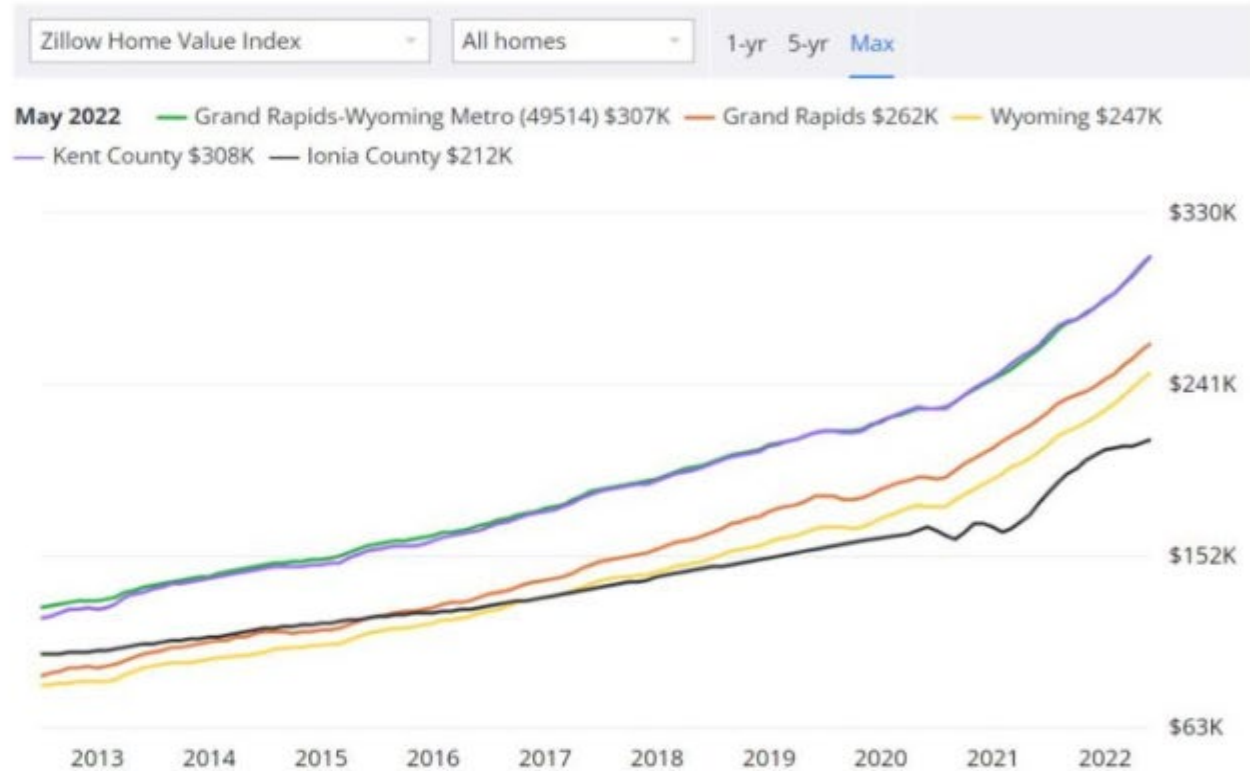
## Grand Rapids-Wyoming Metro (49514) Market Overview

Data through May 31, 2022

\$307,743 ZHVI

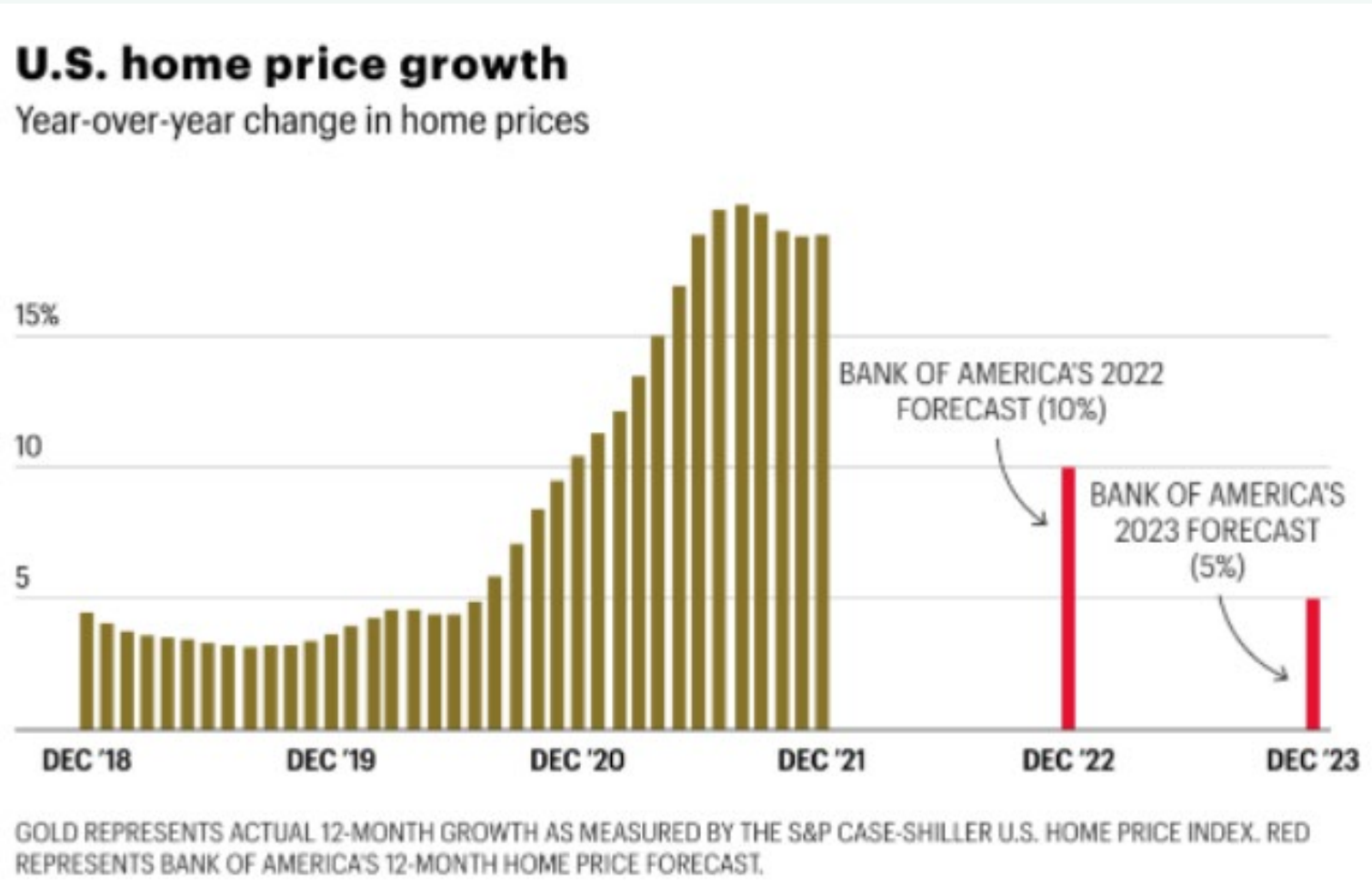
No data 1-yr forecast

Grand Rapids-Wyoming Metro home values have gone up 18.5% over the past year and are expected to rise by 10.5% by May 2023 (ZHVF).



Graph Credits: Zillow.com

# Home prices growing rapidly



# Economic Summary

- Rapid economic growth from 2021, and first part of 2022 is slowing. Will we see recession later in 2023?
- Federal assistance programs, increase in money supply drove highest levels of inflation since 1980's
- Federal Reserve's rapid increase in interest rates has slowed inflation and economic growth, but not as much as expected
- Tight labor market and elevated real estate values assisting economy, but personal savings rate very low. How much personal disposable savings remains?
- West Michigan outlook above average compared to US - Growing area, housing shortage, reasonable real estate prices compared to other areas
- State budget more likely to see distress before Kent County taxable values

# State Budget Outlook

# School Aid Fund - January revenue conference

FY 2021-22, 2022-23, AND 2023-24 SCHOOL AID FUND (SAF) REVENUE, EXPENDITURES AND YEAR-END BALANCE ESTIMATES (millions of dollars)			
	YTD FY 2021-22	YTD FY 2022-23	Estimated FY 2023-24
<b>Revenue:</b>			
Beginning Balance .....	\$2,922.3	\$4,514.9	\$4,118.3
<b>Ongoing Revenue:</b>			
Consensus Revenue Estimate (Jan. 2022) .....	\$16,078.2	\$16,246.6	16,557.7
Consensus Revenue Change (May 2022) .....	1,262.4	948.7	887.2
Consensus Revenue Estimate (May 2022) .....	17,340.6	17,195.3	17,444.9
CREC Forecast Revenue Change (Jan 2023) .....	484.6	439.8	401.1
CREC Forecast Revenue Estimate (Jan 2023) .....	\$17,825.2	\$17,635.1	\$17,846.0
<b>Other Revenue Adjustments:</b>			
Adjustments .....	\$0.0	\$0.0	\$0.0
General Fund/General Purpose (GF/GP) Grant .....	98.1	49.6	49.6
Community District Education Trust Fund .....	72.0	72.0	72.0
Federal Ongoing Aid .....	1,822.5	2,191.2	2,242.2
Subtotal Ongoing Revenue .....	\$19,817.8	\$19,947.9	\$20,209.8
<b>Non-ongoing Revenue:</b>			
Federal Stimulus .....	\$202.0	\$414.2	\$0.0
Additional Federal Funds .....	420.7	0.0	0.0
MPERS Reserve Fund .....	0.0	140.4	110.0
Additional One-Time GF .....	45.0	74.6	0.0
GF/GP for DPSCD Addtl Cost Exceeding CDTF \$72m/yr .....	14.6	22.4	22.4
Subtotal Non-Ongoing Revenue .....	\$682.3	\$651.6	\$132.4
<b>Total Estimated School Aid Fund Revenue .....</b>	<b>\$23,422.4</b>	<b>\$25,114.4</b>	<b>\$24,460.6</b>
<b>Expenditures:</b>			
<b>Ongoing Appropriations:</b>			
Initial Ongoing K-12 State Appropriations .....	\$14,528.5	\$15,457.2	\$15,535.7
School Aid Federal Funds .....	2,024.5	2,274.2	2,242.2
State Funds Cost Adjustments (May 2022/Jan 2023) .....	(355.7)	78.5	287.9
Federal Funds Cost Adjustments (May 2022) .....	368.7	0.0	0.0
Fund Community Colleges with SAF .....	428.2	448.6	454.6
Partially Fund Higher Education with SAF .....	361.4	347.9	347.9
Subtotal Ongoing Appropriations .....	\$17,355.6	\$18,606.4	\$18,868.3
<b>One-Time and Other Appropriations:</b>			
Initial One-Time K-12 Appropriations .....	\$425.1	\$1,871.3	\$110.0
Initial One-Time Community College Appropriations .....	3.2	81.2	0.0
Fund deposits (MPERS, Consolidation, Teacher Recruitment) .....	755.0	425.0	0.0
University MPERS .....	300.0	0.0	0.0
FY 22 and FY 23 Supplementals .....	134.7	12.2	0.0
Lapses .....	(66.1)	0.0	0.0
Subtotal One-Time and Other Appropriations .....	\$1,552.0	\$2,389.7	\$110.0
<b>Total Estimated School Aid Fund Expenditures .....</b>	<b>\$18,907.5</b>	<b>\$20,996.1</b>	<b>\$18,978.3</b>
<b>PROJECTED YEAR-END SAF BALANCE (Total) .....</b>	<b>\$4,514.9</b>	<b>\$4,118.3</b>	<b>\$5,482.2</b>
<b>PROJECTED YEAR-END SAF BALANCE (Ongoing) .....</b>		\$1,420.0	\$1,629.4
<b>PROJECTED YEAR-END SAF BALANCE (One-Time) .....</b>		\$2,698.3	\$3,852.8

## State General Fund Surpluses: (in millions)

2021-22: \$7,330.9

2022-23: \$5,112.7

2023-24: \$6,796.3

## Total State Budget Surpluses:

2021-22: \$11,845.8

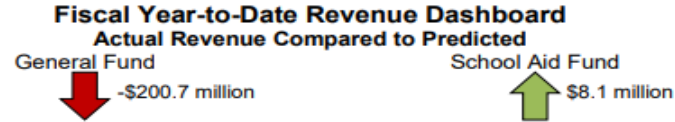
2022-23: \$9,231.0

2023-24: \$12,278.5

# Revenue growth starting to slow?



## MONTHLY REVENUE REPORT MARCH 2023



Michigan's major taxes and net lottery revenue totaled \$2.1 billion in March 2023, down 21.5% from March 2022. March 2023 tax collections were approximately \$104.5 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in January 2023. Most major revenue sources exhibited less-than-expected collections and Individual Income Tax (IIT) refunds were more than expected. The most significant exceptions in revenue sources that were over-forecast in March were the Corporate Income Tax (CIT) and lottery revenue.

General Fund tax collections were \$87.1 million below the expected level for March 2023, while School Aid Fund tax collections were \$14.7 million below the forecasted level. The remaining \$2.7 million in below-forecast collections was directed to other funds, most notably the Medicaid Benefits Trust Fund and constitutional revenue sharing. Through March, fiscal year-to-date General Fund collections were \$200.7 million below, and School Aid Fund collections \$8.1 million above, the level expected based on the January 2023 consensus revenue estimates.

Net income tax revenue totaled \$629.3 million in March 2023, a 49.7% decrease from March 2022, and \$138.6 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 0.5% above the year-ago level but \$10.3 million less than the level expected based on SFA monthly estimates. Individual income tax refunds were \$127.0 million greater than expected, which reduced net IIT revenue.

Sales tax receipts totaled \$827.8 million in March 2023, an 8.7% increase from the March 2022 level but \$8.6 million below forecast. In contrast, use tax collections totaled \$187.1 million in March 2023, down 21.7% from the March 2022 level and \$12.7 million below the predicted level. Sales tax collections from motor vehicles sales totaled \$128.0 million, the highest monthly level since October 2022, but down 5.0% from the level in March 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$161.6 million, a 79.9% increase from the March 2022 level and \$73.3 million more than expected. Michigan Business Tax collections totaled \$2.5 million and were \$15.3 more than expected (the forecast expected refunds to exceed payments). Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT collections were up 78.7% from March 2022 and were \$58.0 million above the forecasted level.

In March 2023, year-to-date net lottery revenue to the School Aid Fund was up 13.4% from the previous year and March collections were \$8.4 million above the expected level. Year-to-date collections from wagering taxes, including those for casino and online gaming, were up 20.4% in March 2023.

The table on the next page of this report identifies the major taxes included in this report and provides their respective revenue levels and growth rates for March 2023. Also presented are the consensus revenue estimates for fiscal year 2022-23, which were adopted at the January 2023 Consensus Revenue Estimating Conference.



# Legislative control - fast and furious change

For the first time in 40 years the Democrats control every branch of Michigan's government.



One lingering question coming into this legislative session was would the legislature go fast or slow?

- ✓ Restored Retirement Income Tax Exemption
  - ✓ Expanded Earned Income Tax Credit
    - ✓ Repealed Right to Work
    - ✓ Reinstated Prevailing Wage
- ✓ Added LGBTQ Protections to Elliot-Larsen
  - ✓ Passed Gun Laws

Tax changes have a \$1.5+ billion impact on state revenue.

- Earned Income Tax Credit - \$441 million
- Retirement Income Tax Exemption - \$492 million
- Temporary Income Tax Reduction - \$600 million

# 2023 -24 State Budget Proposals - Total Appropriations

	Governor	House	Senate
January Projected Ongoing Surplus	\$1,629,400,000	\$1,629,400,000	\$1,629,400,000
2023-24 ongoing appropriations	<u>\$1,276,595,400</u>	<u>\$1,820,011,400</u>	<u>\$576,771,600</u>
Ending structural ongoing position	\$352,804,600	(\$190,611,400)	\$1,052,628,400
January Projected One-Time Surplus	\$3,852,800,000	\$3,852,800,000	\$3,852,800,000
2022-23 Supplemental Appropriation	<u>\$990,843,000</u>	<u>\$1,019,743,000</u>	<u>\$540,693,000</u>
Ending one-time surplus	\$2,861,957,000	\$2,833,057,000	\$3,312,107,000

# 2023 -24 State Budget Proposals - Kent ISD impact

	Governor	House	Senate
State Section 81 Funding	5.0% increase	5.0% increase	6.0% increase
CTE State Funding (Section 61a & 62)	No change	No change	\$10 million reduction
Section 51(e) Spec Ed Foundation Payment	87.5% of FA (\$8,407)	100% of FA (\$9,516)	100% of FA (\$9,700)
Great Start Readiness (GSRP) full day slot	\$9,150 to \$9,608	\$9,150 to \$9,516	\$9,150 to \$9,700
Section 31n(6) mental health	\$1,003,100	\$1,003,100	\$1,003,100
Section 107 Adult Education	50% base inc., \$15m pilot	\$15 million pilot only	50% increase (one-time)
Section 56(7) Spec Ed Millage Equalization	No change	No change	No change
Section 35a(4) Early Literacy Teacher Coaches	\$112,500 to \$125,000/coach	Same as Gov, but one-time inc.	Gov increase, but one-time
<b>District Pre-K</b>	<b>N/A</b>	<b>N/A</b>	<b>120% of FA (\$11,640)</b>
School Safety	\$150 million	\$150 million	Shifted to 31aa mental health
School Consolidation/Infrastructure Fund	\$245 million	\$245 million	Not included
Universal School Breakfast & Lunch	\$160 million	\$160 million	\$160 million

# Taxable Value “The Local Impact”

# Taxable Values

COUNTY EQUALIZED VALUE			PERCENT TAXABLE TO EQUALIZED	COUNTY TAXABLE VALUE		
YEAR	EQUALIZED VALUE	% CHANGE		YEAR	TAXABLE VALUE	% CHANGE
1989	6,948,988,176	10.69				
1990	7,747,006,531	11.48				
1991	8,523,945,456	10.03				
1992*	8,800,472,010	3.24				
1993	9,620,813,847	9.32				
1994	10,045,491,779	4.41				
1995**	10,600,047,400	5.52	99.06%	1995	10,500,273,876	
1996	11,512,696,884	8.61	97.14%	1996	11,183,039,745	6.50
1997	12,422,298,191	7.90	95.87%	1997	11,908,840,247	6.49
1998	13,647,702,170	9.86	93.65%	1998	12,781,586,543	7.33
1999	14,874,132,432	8.99	91.53%	1999	13,614,431,177	6.52
2000	15,912,899,100	6.98	90.48%	2000	14,398,276,117	5.76
2001	17,212,047,916	8.16	89.38%	2001	15,384,754,476	6.85
2002	18,647,720,962	8.34	88.01%	2002	16,411,380,420	6.67
2003	19,919,370,780	6.82	86.22%	2003	17,175,074,149	4.65
2004	20,930,699,290	5.08	86.07%	2004	18,015,373,868	4.89
2005	22,119,875,769	5.68	86.09%	2005	19,043,661,224	5.71
2006	23,346,848,319	5.55	86.62%	2006	20,223,487,574	6.20
2007	24,338,570,446	4.25	87.62%	2007	21,325,454,329	5.45
2008	24,296,248,175	(0.17)	89.54%	2008	21,754,807,956	2.01
2009	23,810,524,071	(2.00)	91.68%	2009	21,829,585,424	0.34
2010	22,577,744,317	(5.18)	93.05%	2010	21,007,923,051	(3.76)
2011	21,735,166,525	(3.73)	94.35%	2011	20,506,183,649	(2.39)
2012	20,988,856,355	(3.43)	95.48%	2012	20,039,365,841	(2.28)
2013	20,992,849,006	0.02	95.39%	2013	20,025,808,959	(0.07)
2014	21,611,336,604	2.95	94.18%	2014	20,353,174,066	1.63
2015	23,036,449,123	6.59	91.19%	2015	21,007,674,507	3.22
2016	24,129,416,055	4.74	87.53%	2016	21,119,691,880	0.53
2017	25,914,411,675	7.40	84.27%	2017	21,838,346,564	3.40
2018	27,131,963,621	4.70	84.36%	2018	22,889,416,524	4.81
2019	29,502,080,572	8.74	82.09%	2019	24,219,497,487	5.81
2020	31,909,061,889	8.16	79.65%	2020	25,416,817,753	4.94
2021	34,093,610,850	6.85	77.89%	2021	26,557,114,520	4.49
2022	37,305,105,935	9.42	76.18%	2022	28,418,785,125	7.01
2023	41,978,923,177	12.53	73.52%	2023	30,864,710,022	8.61

- 44.5% of growth over last decade
- 2023 Taxable Values
  - \$30,864,710,022
  - **8.61% increase**



# Inflation Rate Multiplier

5102 (Rev. 01-19)



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**Bulletin 17 of 2022  
Inflation Rate Multiplier  
November 15, 2022**

**TO:** Assessors and Equalization Directors

**FROM:** Michigan State Tax Commission

**SUBJECT:** Inflation Rate Multiplier for use in the 2023 capped value formula and the "Headlee" Millage Reduction Fraction (MRF) formula

The calculation of the Inflation Rate Multiplier is set in statute in MCL 211.34d:

(l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

(f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States Department of Labor, Bureau of Labor Statistics.

**Calculation of 2023 Inflation Rate Multiplier**

Based on the statutory requirements in MCL 211.34d, the calculation of the inflation rate multiplier for 2023 is as follows:

1. The 12 monthly values for October 2020 through September 2021 are averaged.
2. The 12 monthly values for October 2021 through September 2022 are averaged.
3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:

Page 2

**CPI Data used to Calculate Inflation Rate Ratio for 2023 Property Taxes**

	<u>FY 2020 - 2021</u>	<u>FY 2021 - 2022</u>
Oct 2020	260.388	Oct 2021 276.589
Nov 2020	260.229	Nov 2021 277.948
Dec 2020	260.474	Dec 2021 278.802
Jan 2021	261.582	Jan 2022 281.148
Feb 2021	263.014	Feb 2022 283.716
Mar 2021	264.877	Mar 2022 287.504
Apr 2021	267.054	Apr 2022 289.109
May 2021	269.195	May 2022 292.296
Jun 2021	271.696	Jun 2022 296.311
Jul 2021	273.003	Jul 2022 296.276
Aug 2021	273.567	Aug 2022 296.171
Sep 2021	<u>274.310</u>	Sep 2022 <u>296.808</u>
Average	266.616	Average 287.723
		Ratio 1.079
		% change 7.9%

**Important:** Local units **cannot** develop or adopt or use an inflation rate multiplier other than 1.05 in 2023. It is not acceptable for local units or assessors to indicate to taxpayers that they do not know how the multiplier is developed.

**Inflation Rate Multiplier (IRM) Used in the 2023 Capped Value Formula**

The inflation rate, expressed as a multiplier, to be used in the 2023 Capped Value Formula is 1.05.

$$2023 \text{ CAPPED VALUE} = (2022 \text{ Taxable Value} - \text{LOSSES}) \times 1.05 + \text{ADDITIONS}$$

- The formula above includes 1.05 because the inflation rate multiplier of 1.079 is higher than 1.05.

**Inflation Rate Multiplier Used in 2023 "Headlee" Calculations**

The inflation rate multiplier of 1.079 must be used in the calculation of the 2023 "Headlee" Millage Reduction Fraction required by Michigan Compiled Law (MCL) 211.34d.

The formula for calculating the 2023 "Headlee" Millage Reduction Fraction (MRF) is:

$$2023 \text{ MRF} = \frac{(2022 \text{ Taxable Value} - \text{LOSSES}) \times 1.079}{2023 \text{ Taxable Value} - \text{ADDITIONS}}$$

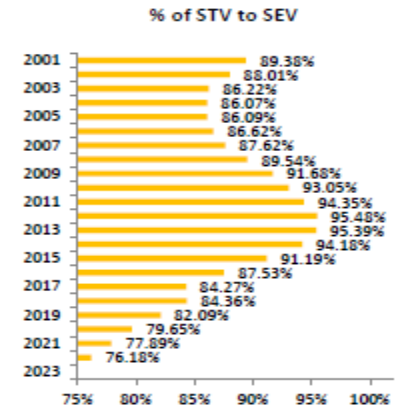
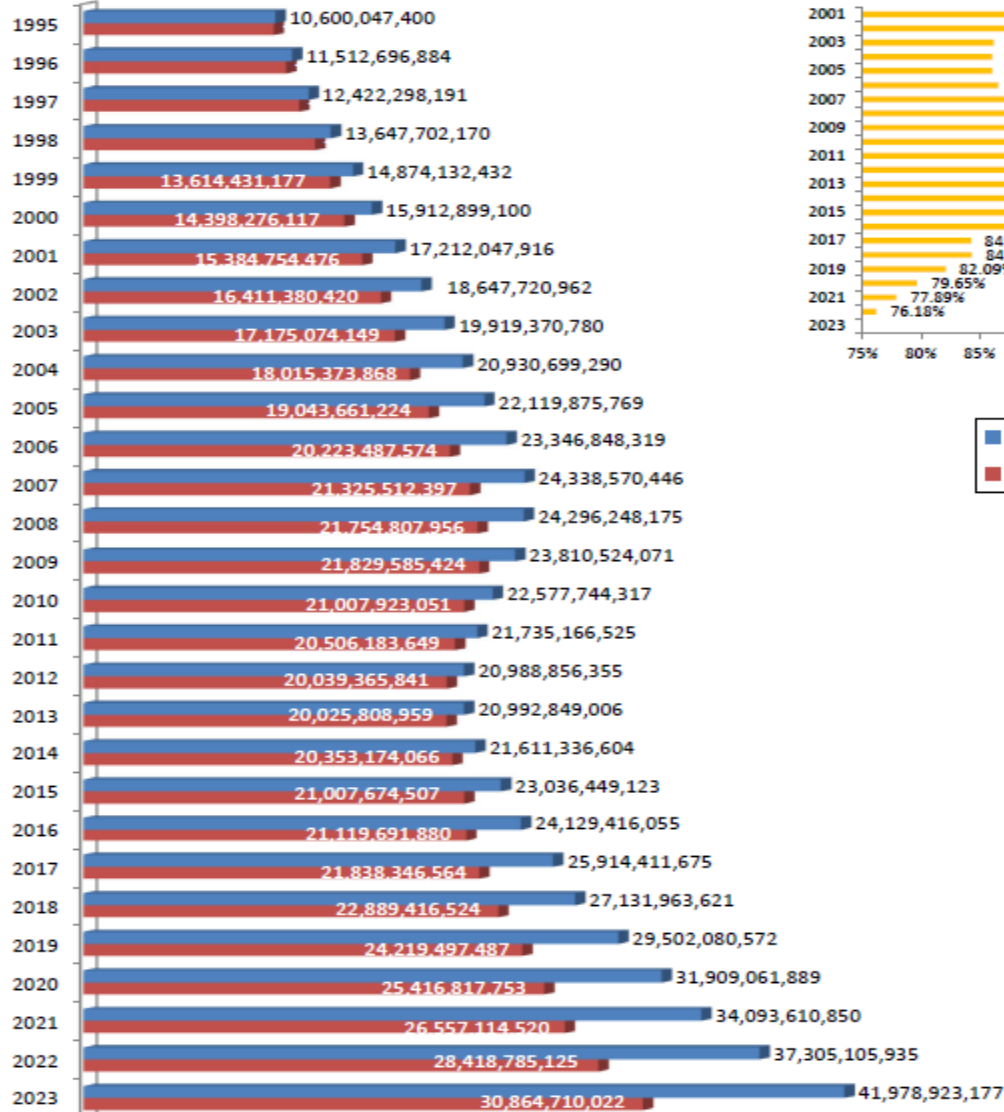
## Historical Inflation Rate Multiplier

Year	IRM
2010	0.997
2011	1.017
2012	1.027
2013	1.024
2014	1.016
2015	1.016
2016	1.003
2017	1.009
2018	1.021
2019	1.024
2020	1.019
2021	1.014
2022	1.033
2023	1.05 (Capped Value) 1.079 (Headlee)

- Growth in tax collections limited to the state inflation rate, if taxable values increase more than inflation rate, millage(s) are Headlee reduced.
- Headlee utilizes CPI rate or 5%, whichever is less. First time since Headlee, the "5%" has been used
- With a % taxable value increase and 5.0% inflation factor, potential Headlee reduction
- Proposed budget includes a 5.0% increase
- Actual increase in revenue 6.5-7.0%

# Equalized vs Taxable

## Kent County County Equalized and Taxable Values by Year



Equalized Value  
Taxable Value

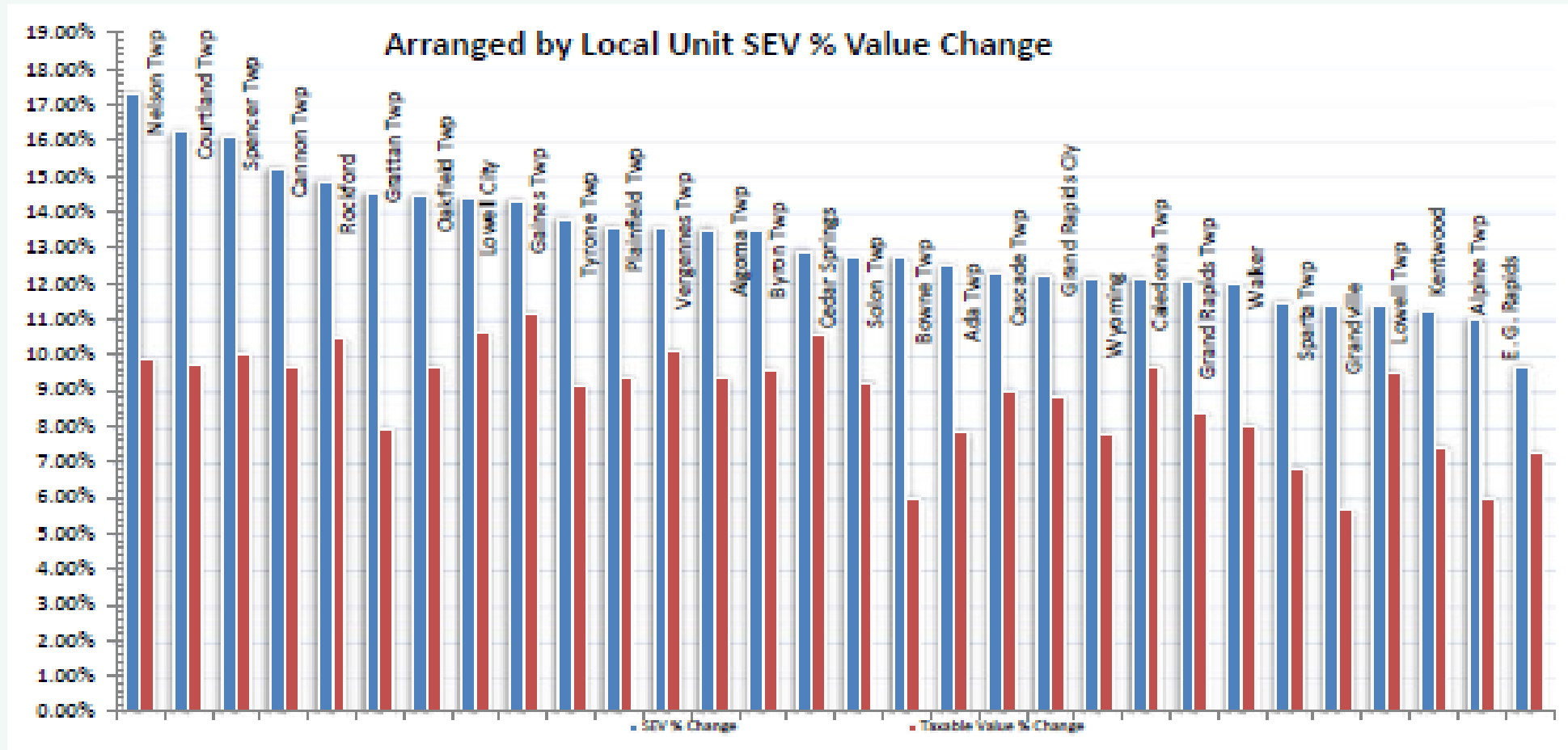
# Growth by Local Unit

Kent County: Percentage Change in SEV and Taxable Value 2022-2023

GU Number	Township/City	2022 Equalized Value	2023 Equalized Value	SEV % Change	2022 Taxable Value	2023 Taxable Value	Taxable Value % Change
11	Ada Twp	1,475,789,600	1,660,201,250	12.50%	1,195,829,734	1,289,199,878	7.81%
12	Algoma Twp	732,147,200	831,053,400	13.51%	571,355,613	624,653,757	9.33%
13	Alpine Twp	659,305,000	731,720,100	10.98%	494,001,615	523,512,015	5.97%
14	Bowne Twp	238,488,400	268,771,000	12.70%	167,242,027	177,260,604	5.99%
15	Byron Twp	1,817,033,000	2,061,247,000	13.44%	1,477,118,270	1,618,455,482	9.57%
16	Caledonia Twp	1,112,435,500	1,247,389,200	12.13%	893,210,377	979,684,683	9.68%
17	Cannon Twp	1,100,703,600	1,268,135,100	15.21%	860,771,312	943,730,834	9.64%
18	Cascade Twp	2,281,326,100	2,561,381,200	12.28%	1,870,510,553	2,038,822,063	9.00%
19	Courtland Twp	535,429,300	622,270,000	16.22%	416,882,880	457,321,299	9.70%
20	Gaines Twp	1,412,325,200	1,614,356,500	14.30%	1,106,018,459	1,229,610,835	11.17%
21	Grand Rapids Twp	1,563,050,300	1,751,652,650	12.07%	1,235,258,907	1,338,454,742	8.35%
22	Grattan Twp	300,316,800	343,900,100	14.51%	218,328,444	235,656,336	7.94%
23	Lowell Twp	372,528,200	414,760,200	11.34%	282,290,764	309,147,861	9.51%
24	Nelson Twp	215,144,700	252,441,600	17.34%	157,642,871	173,193,046	9.86%
25	Oakfield Twp	351,581,600	402,408,865	14.46%	262,432,720	287,812,672	9.67%
26	Plainfield Twp	2,057,928,400	2,337,485,500	13.58%	1,589,483,184	1,738,081,373	9.35%
27	Solon Twp	298,146,200	336,029,400	12.71%	223,806,351	244,478,535	9.24%
28	Sparta Twp	433,392,400	483,147,400	11.48%	333,226,305	355,971,272	6.83%
29	Spencer Twp	225,708,400	262,026,212	16.09%	161,785,837	178,033,171	10.04%
30	Tyrone Twp	211,052,000	240,147,400	13.79%	158,283,426	172,763,468	9.15%
31	Vergennes Twp	345,885,000	392,695,400	13.53%	258,454,875	284,622,621	10.12%
37	Cedar Springs	127,520,000	143,982,200	12.91%	97,330,557	107,596,443	10.55%
44	E. G. Rapids	1,107,459,500	1,214,314,200	9.65%	845,561,689	907,013,889	7.27%
51	Grand Rapids City	8,713,424,950	9,777,992,700	12.22%	6,170,673,113	6,714,879,177	8.82%
58	Grandville	1,015,359,585	1,130,678,900	11.36%	797,503,412	842,455,800	5.64%
65	Kentwood	2,931,069,700	3,259,356,800	11.20%	2,255,418,313	2,422,828,478	7.42%
72	Lowell City	186,470,900	213,222,000	14.35%	145,442,150	160,852,392	10.60%
79	Rockford	355,480,100	408,285,000	14.85%	287,751,656	317,793,741	10.44%
86	Walker	1,717,013,800	1,922,153,900	11.95%	1,361,177,984	1,470,336,042	8.02%
93	Wyoming	3,411,590,500	3,825,718,000	12.14%	2,523,991,727	2,720,487,513	7.79%
	<b>Kent County</b>	<b>37,305,105,935</b>	<b>41,978,923,177</b>	<b>12.53%</b>	<b>28,418,785,125</b>	<b>30,864,710,022</b>	<b>8.61%</b>



# Sorted by Local Unit



# Kent ISD Budget Assumptions

# Taxable Value – Revenue Generated

<u>Fiscal Year</u>	<u>Projected Revenue</u>	<u>\$ Difference</u>	<u>Taxable Value</u>	<u>Total Mills</u>
2023-24	\$174,042,753	\$13,786,665	\$31,965,535,887	5.4447
2022-23	\$160,256,088	\$8,608,825	\$29,433,410,108	5.4447
2021-22	\$151,647,263	\$5,172,523	\$27,491,255,358	5.5162
2020-21	\$146,474,740	\$5,904,529	\$26,304,636,877	5.5684
2019-20	\$140,570,211	\$6,948,147	\$25,051,273,439	5.6113
2018-19	\$133,622,064	\$5,669,432	\$23,664,582,277	5.6465
2017-18	\$127,952,631	\$23,434,072	\$22,568,989,921	5.6694
2016-17	\$104,518,559	\$538,979	\$21,818,791,933	4.7903
2015-16	\$103,979,580	\$5,407,832	\$21,706,277,249	4.7903
2014-15	\$98,571,748	\$1,665,390	\$21,016,085,923	4.6903
2013-14	\$96,906,358	\$62,077	\$20,661,014,892	4.6903
2012-13	\$96,844,281	(\$2,250,305)	\$20,647,779,616	4.6903
2011-12	\$99,094,586	(\$2,349,310)	\$21,127,558,057	4.6903
2010-11	\$101,443,896	(\$3,960,156)	\$21,628,445,006	4.6903
2009-10	\$105,404,051	\$421,063	\$22,472,773,872	4.6903
2008-09	\$104,982,989	\$2,132,767	\$22,383,000,819	4.6903
*2017-18 increase included the introduction of the enhancement millage revenue				



# Headlee Impact on Kent ISD

2022 Taxable Value							\$29,433,410,108
2022 Projected Tax Revenue based on 5.4447 mills							\$160,256,088
<b>2023 Taxable Value</b>							\$31,965,535,887
<b>2023 Projected Tax Revenue based on 5.4447 mills</b>							\$174,042,753
				\$ increase from 2022			\$13,786,665
				% increase from 2022			8.60%
				2022	2022	2022	Total
				Projected Revenue	Projected Revenue	Revenue Reduction	Revenue Reduction
<b>Fund</b>	<b>Millage</b>	<b>2022</b>	<b>2022</b>	<b>with Headlee</b>	<b>without Headlee</b>	<b>from</b>	<b>from</b>
	<b>Authorized</b>	<b>Maximum</b>	<b>Maximum</b>	<b>Rollback</b>	<b>Rollback</b>	<b>Headlee Rollback</b>	<b>All Rollbacks</b>
		<b>Allowable Millage</b>					
General	0.1000	0.0856		\$2,736,250	\$2,736,250	\$0	\$460,304
Special Education	4.0000	3.5474		\$113,394,542	\$113,394,542	\$0	\$14,467,602
Career Technical	1.1000	0.9472		\$30,277,756	\$30,277,756	\$0	\$4,884,334
Enhancement	0.9000	0.8645		\$27,634,206	\$27,634,206	\$0	\$1,134,777
<b>Total</b>	<b>6.1000</b>	<b>5.4447</b>		<b>\$174,042,753</b>	<b>\$174,042,753</b>	<b>\$0</b>	<b>\$20,947,016</b>



# Revenue Impact of Taxable Values by Fund

<u>Fund</u>	<u>2022 Projected Revenue</u>	<u>2023 Projected Revenue</u>	<u>Projected Increase in Revenue</u>	<u>Budgeted Increase in Revenue</u>	<u>Projected vs. Budget</u>
General	\$2,519,500	\$2,736,250	\$216,750	\$122,320	\$94,430
Special Education	\$104,412,079	\$113,394,542	\$8,982,463	\$5,071,010	\$3,911,453
Career Technical	\$27,879,326	\$30,277,756	\$2,398,430	\$1,354,270	\$1,044,160
Enhancement	\$25,445,183	\$27,634,206	\$2,189,023	\$1,236,080	\$952,943
<b>Total</b>	<b>\$160,256,088</b>	<b>\$174,042,753</b>	<b>\$13,786,665</b>	<b>\$7,783,680</b>	<b>\$6,002,985</b>

# 2023 -24 Budget Assumptions

	Based on Governor's Proposal
<b>Revenues</b>	
Taxable Value Growth	5.0% increase
State Section 81 Funding	5.0% increase
Section 51e Special Ed cost reimbursement	87.5% of foundation allowance (75% in 22-23)
Other State Funding (Section 61a & 62)	No change
GSRP	\$9,608 - full day (\$9,150 in 22-23)
Section 31n (Mental Wellness)	\$1,003,100 (\$955,300 in 22-23)
<b>Expenses</b>	
Salaries/Wages	2.00% plus step increment
Health Benefits	1.3% (2023), 4.1% (2023)
MPSERS Retirement Rate	28.23% to 31.34% (offset by state funding)
Risk Management Insurance	10.0%
Capital Outlay	5.0% increase

## Millages to be levied:

- General: 0.0856 mills
- Special Ed: 3.5474 mills
- CTE: 0.9472 mills
- Enhancement: 0.8645 mills
- 0.1 mills from the Special Ed and CTE millages will be allocated to the capital projects funds (Spec Ed/CTE)

## Taxable Value Growth:

- Increase in revenue 8.6% (before any future tax tribunals) versus the 5% budgeted.

**Proposed 2023 -24 Budget(s)**

# 2023 -24 Staffing Investments/Changes

- **Administrative Services: (Allocated between General Fund, Special Education Fund and CTE Fund)**
  - **Business Office:** 1.0 FTE employee benefits, 1.0 FTE Accounts Payable/Grant Management
  - **Human Resources:** 1.0 FTE Director level position
  - **Communications/SNN:** 1.0 FTE Administrative Assistant
  - **Grant Writing:** James Hissong returning to Kent ISD, currently contracting with him
  - **Information Technology:** No increase in staffing, but increasing responsibilities of some and increasing cybersecurity resources through internal transfers
- **Safety & Security:** 1.0 FTE - Region 1 safety coordinator. Each participating Region 1 district to contribute \$18,000
- **Instructional Services:**
  - Educator Support Consultant (replaces elimination of ATYP coordinator)
  - Continuous Improvement Coach - funded by Title I Regional Assistance Grant
  - PD Hub Administrative Assistant
- **Early Childhood:**
  - GSRP: 1.0 FTE supervisor, potentially 2 additional early childhood specialist positions based on need/slots filled
  - Bright Beginnings: 1.0 FTE parent educator
- **Special Services:**
  - 2.0 FTE Board Certified Behavior Analysts (BCBA)
  - 4.0 FTE Coaches
  - 3.0 FTE Registered Behavior Technicians
- **Center Programs:**
  - Additional ASD classroom: 1.0 FTE teaching, 2.0 FTE paraprofessional
  - 1.5 FTE Speech Therapy, 0.5 FTE Social Work, 1.0 Empower U Teacher Consultant, 1.0 Maintenance Tech
- **Secondary Programs:**
  - 1.0 FTE Curriculum Coordinator
  - 3.0 FTE reduction in KIH teaching





# General Fund

Three Year Trend Analysis			
GENERAL FUND			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	4,368,481	5,705,931	4,791,007
State sources	37,818,676	48,796,463	47,806,974
Federal sources	4,625,017	11,775,362	4,819,870
Interdistrict	1,755,719	2,194,871	2,281,607
<b>Total revenues</b>	<b>48,567,893</b>	<b>68,472,627</b>	<b>59,699,458</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Basic programs	9,959,258	16,471,924	12,499,866
Student instruc & added needs	22,366	40,917	39,732
Adult continuing ed	1,128,547	1,294,262	1,165,696
<b>Supporting services:</b>			
Pupil services	3,141,570	3,918,630	4,090,860
Instructional staff	6,639,776	8,289,568	8,337,889
General administration	965,327	729,932	945,987
School administration	1,100	1,000	1,000
Business services	1,729,762	2,028,839	684,920
Operation and maintenance	1,380,082	1,593,938	1,608,045
Transportation services	302,550	378,482	343,289
Central services	3,587,678	5,522,797	4,444,368
Other services	4,006	-	-
Community services	1,186,696	2,311,213	1,625,387
Interdistrict transactions	20,075,111	29,169,260	25,412,336
Capital outlay	72,861	70,609	-
<b>Total expenditures</b>	<b>50,196,690</b>	<b>71,821,371</b>	<b>61,199,375</b>
<b>Revenue over (under) expenditures</b>	<b>(1,628,797)</b>	<b>(3,348,744)</b>	<b>(1,499,917)</b>
<b>Other financing sources (uses)</b>			
Sale of Capital Assets	-	100	100
Prior period adjustment	-	-	-
Transfer in	4,729,158	5,686,155	3,906,955
Transfer out	(1,432,673)	(852,217)	(2,231,634)
<b>Total other financing uses</b>	<b>3,296,485</b>	<b>4,834,038</b>	<b>1,675,421</b>
<b>Net change in fund balances</b>	<b>1,667,688</b>	<b>1,485,294</b>	<b>175,504</b>
<b>Ending Year Fund Balance</b>	<b>6,450,908</b>	<b>7,936,202</b>	<b>8,111,706</b>

## Grants vs. Non-Grant (Expenses):

- Grants: \$47,435,363 (GSRP, Adult Ed, Title I RAG, Early Literacy)
- **Non-Grant: \$12,094,209**
- Itinerants: \$1,669,803

## 2023-24 Budget:

- Property Tax Collection increase: \$122,320
- Section 81 increase: \$137,331
- Transfers in lower due to directly allocating Business/HR personnel costs
- Transfers out: \$1,500,000 one-time transfer to capital projects for ESC building renovations.
- Structural balance is a positive \$1,675,504 after removing the one-time transfer.

## Fund Balance History:

- 2018-19: \$4,689,110
- 2019-20: \$3,975,952
- 2020-21: \$4,783,220
- 2021-22: \$6,450,908
- 2022-23:(B) \$7,936,202
- 2023-24:(B) \$8,111,706

# Special Education Fund

Three Year Trend Analysis			
SPECIAL EDUCATION FUND			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	106,803,711	113,170,516	118,223,429
State sources	27,876,143	35,524,033	35,694,723
Federal sources	32,573,249	33,416,338	30,366,745
Interdistrict	58,591,624	64,348,515	69,146,387
<b>Total revenues</b>	<b>225,844,727</b>	<b>246,459,402</b>	<b>253,431,284</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Student instruc & added needs	21,595	10,946	18,815
<b>Supporting services:</b>			
Pupil services	49,360,551	54,338,377	58,375,828
Instructional staff	2,758,489	3,653,424	4,767,127
General administration	49,601	42,850	44,850
School administration	187,824	165,505	178,823
Business services	64,091	127,247	1,532,677
Operation and maintenance	81,897	152,701	222,740
Transportation services	19,143,112	20,157,875	21,162,378
Central services	899,611	1,970,454	2,099,647
Other services	2,099	-	-
Community services	1,146,455	1,291,047	1,180,600
Interdistrict transactions	116,996,138	134,678,778	135,093,342
Capital outlay	813,910	50,000	-
<b>Total expenditures</b>	<b>191,525,373</b>	<b>216,639,204</b>	<b>224,676,827</b>
Revenue over (under) expenditures	34,319,354	29,820,198	28,754,457
<b>Other financing sources (uses)</b>			
Transfer in	25,586	288,210	259,691
Transfer out	(28,096,111)	(34,068,080)	(34,395,556)
<b>Total other financing uses</b>	<b>(28,070,525)</b>	<b>(33,779,870)</b>	<b>(34,135,865)</b>
<b>Net change in fund balances</b>	<b>6,248,829</b>	<b>(3,959,672)</b>	<b>(5,381,408)</b>
<b>Ending Year Fund Balance</b>	<b>16,403,359</b>	<b>12,443,687</b>	<b>7,062,279</b>

## 2023-24 Breakdown of Expenses:

- Grants: \$32,044,185 (IDEA)
- Itinerant Program: \$51,636,595
- Non-Grant: \$140,996,047
  - Pass Through Funding: \$108,546,217
  - Transportation: \$21,162,378
  - Services & Supports: \$11,287,452

## 2023-24 Budget:

- 5% property tax collection increase: \$4,928,670
- **8.6% generates additional \$3.9 million**
- Methodology change to allocate administrative costs adds \$1 million to transfers out

## Structural Balance:

- Targeted goal of \$4 to \$5 million fund reserve.
- 2023-24 non-structural expenses:
  - \$3 million transfer to Capital Projects
  - \$2.5 million supplemental Act 18 distribution
- Positive structural balance of \$118,592 after non-structural expenses.

## Capital Project transfers:

- 2019-20: \$1,000,000
- 2022-23: \$3,917,863 (\$1.5 for renovation, \$2.4 for bldg acquisition)
- 2023-24: \$3,000,000
- 2024-25: \$1,500,000 (Projected)
- 2025-26: \$1,500,000 (Projected)

## Fund Balance History:

- 2018-19: \$5,376,325
- 2019-20: \$5,635,118
- 2020-21: \$10,154,530
- 2021-22: \$16,403,359
- 2022-23: (B) \$12,443,687
- 2023-24: (B) \$7,062,279

# Special Education - Center Programs

<b>Three Year Trend Analysis</b>			
<b>SPECIAL EDUCATION CENTER PROGRAMS FUND</b>			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	41,839	167,023	141,800
State sources	22,662,725	27,276,178	29,878,372
Federal sources	1,684,647	1,751,903	1,586,393
Interdistrict	2,380,607	1,066,037	2,385,793
<b>Total revenues</b>	<b>26,769,818</b>	<b>30,261,141</b>	<b>33,992,358</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Student instruc & added needs	26,418,045	30,111,483	32,112,425
<b>Supporting services:</b>			
Pupil services	17,444,053	18,716,727	20,691,502
Instructional staff	3,481,118	3,815,171	3,925,416
General administration	-	-	-
School administration	-	132,405	158,812
Business services	2,817	3,064	2,310
Operation and maintenance	3,339,365	3,729,498	4,155,231
Transportation services	25,336	67,751	57,292
Central services	69,973	70,047	76,815
Other services	-	-	59,661
Community services	-	-	-
Interdistrict transactions	-	-	-
Capital outlay	-	-	-
Debt service	108,121	-	-
<b>Total expenditures</b>	<b>50,888,828</b>	<b>56,646,146</b>	<b>61,239,464</b>
<b>Revenue over (under) expenditures</b>	<b>(24,119,010)</b>	<b>(26,385,005)</b>	<b>(27,247,106)</b>
<b>Other financing sources (uses)</b>			
Transfer in	24,464,596	26,861,915	27,731,797
Transfer out	(345,586)	(476,910)	(484,691)
<b>Total other financing uses</b>	<b>24,119,010</b>	<b>26,385,005</b>	<b>27,247,106</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Year Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2023-24 Budget (Revenue):

- Section 51e (75% to 87.5% of FA): \$1,088,554
- Other State Funding: \$721,681
- Act 18: \$804,726

## 2023-24 Budget (Expense):

- Increase in salaries: \$1,934,004
  - Includes filling of current open positions as well as proposed new positions
- Increase in benefits: \$2,347,555
  - 147c: \$362,876
  - Base Retirement: \$1,238,445
  - Others: \$746,234
- Non-Personnel expenses up \$319,540
  - Most of increase in utilities & building maintenance (Sparta & Wyoming)

## Excess Cost/Tuition History:

- 2016-17: \$7,016,736
- 2017-18: \$5,128,323
- 2018-19: \$2,208,100
- 2019-20: \$4,716,029
- 2020-21: \$3,972,842
- 2021-22: \$2,345,808
- 2022-23: (B) \$1,066,037
- 2023-24: (B) \$2,385,793

# Major Revenue Assumptions

## State Aid Variance:

\$568,920- Current Yr. Increase

\$568,919- Prior Yr. Adjustment

(\$416,158) Section 56(7)

\$1,088,554- Section 51e (75% to 87.5%)

\$1,810,235 Total

**Federal:** Reduction due to expiration of supplemental ARP IDEA funding.

## Act 18:

5.0% Taxable Value increase: \$1,271,160

Lower supplemental distribution (\$466,434)

- \$4 million to \$2.5 million

	<b>2022-23</b>	<b>2023-24</b>	<b>Inc/(Dec.)</b>
State Aid	\$20,763,820	\$22,574,055	\$1,810,235
UAAL	\$5,236,259	\$6,117,450	\$881,191
Act 18	\$25,914,781	\$26,719,507	\$804,726
Federal	\$2,444,708	\$2,210,980	(\$233,728)
Enhancement	\$203,802	\$207,149	\$3,347

# Major Expense Assumptions

- Salaries: 2.00% scale increase + step increment (3rd year of 3 agreements)
- Medical: PA152 Cap increase: 2023 (1.3%), 2024 (4.1%), blended increase of 2.7%
- Retirement: Increases as proposed in Governor's budget (offset by 147a2 funding)
- Staffing:
  - Increase from 498.45 FTE to 526.05 FTE
    - 12 current vacancies assumed filled in 2023
    - New positions:
      - Lincoln Pines
        - 2 additional ASD classrooms: 2.0 teaching, 4.0 ISS (para's)
        - 2.0 registered behavior technicians
        - 1.0 speech pathologist
        - 1.0 LPN
      - Empower U:
        - 1.0 teacher consultant
        - 0.5 social worker
      - KEC:
        - 1.0 kitchen attendant (Beltline)
        - 1.0 ISS (para) (Oakleigh)
      - Hearing Impaired:
        - 1.0 speech pathologist (Oral Deaf)
        - 1.0 interpreter (DHH)
      - Administrative:
        - 0.4 administrative assistant
        - 1.0 maintenance tech (in operations, not part of staffing statistics)

<b>Center Program Financial History</b>											
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Apr Budget	Budget
<b>Pupil FTE</b>	1,149.46	1,111.27	1,087.13	1,013.39	968.29	892.18	965.10	923.68	883.40	877.25	877.25
<b>Staffing:</b>											
Professionals	9.80	9.80	9.70	9.60	8.20	8.30	12.25	12.00	12.54	11.67	12.67
Secretary	11.40	11.40	11.20	11.60	11.10	8.70	11.00	11.00	10.00	10.00	10.00
Instructional	133.12	126.70	117.25	108.40	98.45	95.30	109.40	118.20	117.00	119.73	126.73
Instructional Aides	213.00	207.10	186.60	192.60	181.60	174.00	194.00	199.41	200.00	210.20	220.20
Other Professional	134.75	133.70	124.60	125.10	118.35	112.41	115.25	143.49	142.85	146.85	156.45
<b>Total</b>	<b>502.07</b>	<b>488.70</b>	<b>449.35</b>	<b>447.30</b>	<b>417.70</b>	<b>398.71</b>	<b>441.90</b>	<b>484.10</b>	<b>482.39</b>	<b>498.45</b>	<b>526.05</b>
<b>Expense:</b>											
Salaries	\$19,660,256	\$20,048,479	\$18,677,776	\$18,370,121	\$17,801,088	\$17,353,510	\$19,242,079	\$22,222,738	\$23,285,063	\$26,217,325	\$28,192,241
Benefits	\$12,508,961	\$13,372,184	\$12,923,989	\$12,821,101	\$12,408,194	\$12,267,337	\$14,358,899	\$17,720,183	\$18,901,688	\$20,824,330	\$23,117,595
Purchased Services	\$620,536	\$625,528	\$709,712	\$600,949	\$695,559	\$732,643	\$431,212	\$385,842	\$599,871	\$682,665	\$699,965
Supplies	\$267,354	\$286,659	\$406,488	\$276,188	\$217,876	\$167,265	\$165,445	\$273,849	\$321,421	\$380,085	\$362,135
Transportation	\$40,653	\$42,646	\$35,307	\$36,689	\$56,383	\$40,178	\$41,154	\$16,875	\$25,336	\$67,751	\$57,292
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$4,109	\$6,522	\$11,839	\$14,981	\$14,434
Operations	\$1,409,756	\$1,509,388	\$1,586,763	\$1,595,419	\$1,550,962	\$1,559,593	\$2,329,513	\$2,567,434	\$2,561,988	\$2,765,257	\$3,038,313
Federal IDEA	\$1,538,987	\$1,526,058	\$1,392,245	\$1,169,881	\$1,112,462	\$1,157,877	\$1,354,369	\$1,398,564	\$2,131,723	\$2,444,708	\$2,210,980
Indirect	\$1,363,754	\$1,373,381	\$1,267,424	\$1,154,117	\$1,885,785	\$1,842,100	\$1,792,312	\$2,377,923	\$2,468,368	\$2,745,165	\$3,011,044
<b>Total</b>	<b>\$37,410,257</b>	<b>\$38,784,323</b>	<b>\$36,999,704</b>	<b>\$36,024,465</b>	<b>\$35,728,309</b>	<b>\$35,120,503</b>	<b>\$39,719,092</b>	<b>\$46,969,929</b>	<b>\$50,307,297</b>	<b>\$56,142,267</b>	<b>\$60,703,999</b>
<b>Revenue:</b>											
Adjusted Membership Allowance	\$8,077,255	\$8,714,369	\$9,028,138	\$8,693,877	\$7,360,709	\$6,976,146	\$6,159,493	\$6,026,311	\$5,738,520	\$6,578,394	\$6,907,669
Section 51a categorical	\$1,285,186	\$1,293,710	\$1,288,925	\$1,296,801	\$1,488,778	\$2,764,509	\$4,274,112	\$8,028,105	\$11,108,249	\$14,185,426	\$15,666,386
MPSERS UAAL	\$0	\$0	\$0	\$0	\$2,021,380	\$1,962,497	\$2,504,359	\$4,016,187	\$4,734,606	\$5,236,259	\$6,117,450
Section 53	(\$6,395)	\$41,471	\$137,620	\$42,626	\$61,103	\$46,192	\$139,444	\$109,532	\$269,714	\$289,187	\$243,145
Itinerant Lapse Funds	\$1,903,419	\$638,524	\$280,323	\$463,622	\$447,931	\$405,137	\$248,049	\$0	\$0	\$0	\$0
Act 18	\$17,012,528	\$17,361,414	\$17,902,586	\$18,769,097	\$19,339,991	\$20,471,986	\$21,262,365	\$23,209,848	\$23,684,806	\$25,914,781	\$26,719,507
Federal IDEA	\$1,538,987	\$1,526,058	\$1,392,245	\$1,169,881	\$1,112,462	\$1,157,877	\$1,354,369	\$1,398,564	\$2,131,723	\$2,444,708	\$2,210,980
Other Local	\$0	\$0	\$0	\$0	\$0	\$0	\$57,180	\$34,379	\$41,838	\$167,022	\$141,800
Enhancement Millage	\$0	\$0	\$0	\$0	\$206,336	\$175,196	\$182,200	\$174,161	\$178,401	\$203,802	\$207,149
Non-Resident Tuition	\$0	\$98,212	\$39,461	\$40,315	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operations Fund Mod	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$73,632	\$87,722	\$165,230
<b>Total</b>	<b>\$29,810,980</b>	<b>\$29,673,758</b>	<b>\$30,069,298</b>	<b>\$30,476,219</b>	<b>\$32,038,690</b>	<b>\$33,959,540</b>	<b>\$36,181,571</b>	<b>\$42,997,087</b>	<b>\$47,961,489</b>	<b>\$55,107,301</b>	<b>\$58,379,316</b>
<b>Excess Cost</b>	<b>\$7,599,277</b>	<b>\$9,110,565</b>	<b>\$6,930,406</b>	<b>\$5,548,246</b>	<b>\$3,689,619</b>	<b>\$1,160,963</b>	<b>\$3,537,521</b>	<b>\$3,972,842</b>	<b>\$2,345,808</b>	<b>\$1,034,966</b>	<b>\$2,324,683</b>
<b>Excess Cost before Tot Comm.</b>	<b>\$7,599,277</b>	<b>\$9,110,565</b>	<b>\$6,930,406</b>	<b>\$5,548,246</b>	<b>\$3,689,619</b>	<b>\$1,160,963</b>	<b>\$3,537,521</b>	<b>\$2,604,563</b>	<b>\$1,051,286</b>	<b>\$932,796</b>	<b>\$2,096,125</b>
<b>Total Communication Excess Cost</b>	<b>\$1,137,789</b>	<b>\$1,085,574</b>	<b>\$1,275,575</b>	<b>\$1,468,490</b>	<b>\$1,438,704</b>	<b>\$1,047,137</b>	<b>\$1,178,508</b>	<b>\$1,368,279</b>	<b>\$1,294,522</b>	<b>\$102,170</b>	<b>\$228,558</b>
<b>Total Excess Cost</b>	<b>\$8,737,066</b>	<b>\$10,196,139</b>	<b>\$8,205,981</b>	<b>\$7,016,736</b>	<b>\$5,128,323</b>	<b>\$2,208,100</b>	<b>\$4,716,029</b>	<b>\$3,972,842</b>	<b>\$2,345,808</b>	<b>\$1,034,966</b>	<b>\$2,324,683</b>

10 year excess cost history

# Career Technical Education Fund

Three Year Trend Analysis			
CAREER TECHNICAL EDUCATION FUND			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	24,179,307	25,707,511	27,218,477
State sources	5,179,953	6,045,749	6,344,815
Federal sources	1,902,560	2,335,812	1,506,160
Interdistrict	55,663	140,138	92,711
<b>Total revenues</b>	<b>31,317,483</b>	<b>34,229,210</b>	<b>35,162,163</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Student instruc & added needs	13,202,801	14,073,324	13,457,606
Adult continuing ed	4,695	-	-
<b>Supporting services:</b>			
Pupil services	1,816,179	1,843,467	2,038,367
Instructional staff	2,405,458	2,865,891	3,026,594
General administration	33,995	44,250	45,250
School administration	1,174,772	1,254,403	1,392,471
Business services	17,273	156,117	502,633
Operation and maintenance	5,493,100	5,792,142	7,831,939
Transportation services	273,926	190,328	136,000
Central services	4,066,163	4,846,534	4,906,385
Other services	17,173	10,535	11,279
Community services	-	-	-
Interdistrict transactions	236,091	240,000	238,000
Capital outlay	236,573	141,140	-
Debt service	237,428	-	-
<b>Total expenditures</b>	<b>29,215,627</b>	<b>31,458,131</b>	<b>33,586,524</b>
<b>Revenue over (under) expenditures</b>	<b>2,101,856</b>	<b>2,771,079</b>	<b>1,575,639</b>
<b>Other financing sources (uses)</b>			
Sale of capital assets	4,680	19,880	7,779
Proceeds from leases	453,176	-	-
Prior period adjustment	-	-	-
Transfer in	2,595,637	2,948,000	3,108,900
Transfer out	(3,882,686)	(5,153,333)	(2,997,333)
<b>Total other financing uses</b>	<b>(829,193)</b>	<b>(2,185,453)</b>	<b>119,346</b>
<b>Net change in fund balances</b>	<b>1,272,663</b>	<b>585,626</b>	<b>1,694,985</b>
<b>Ending Year Fund Balance</b>	<b>14,120,402</b>	<b>14,706,028</b>	<b>16,401,013</b>

## 2023-24 Budget:

- Increase in property taxes: \$1,211,200
  - **8.6%: Additional \$1,044,160**
- Increase in salaries: \$898,147
- Increase in benefits: \$1,145,195
  - Increase in 147c: \$202,743
  - Base Retirement: \$625,151
  - Others: \$317,301
- Increase in capital outlay \$1,047,515

## Fund Transfers:

- Change in methodology to allocate administrative costs lowers transfers out by approximately \$1 million (primarily a shift in expense to Special Education)

## Fund Balance History:

- 2018-19: \$9,217,103
- 2019-20: \$10,414,752
- 2020-21: \$11,000,547
- 2021-22: \$12,847,739
- 2022-23: (B) \$14,706,028
- 2023-24: (B) \$16,401,013

# Cooperative Education Fund

Three Year Trend Analysis			
COOPERATIVE EDUCATION			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	562,767	1,062,849	289,628
State sources	424,510	473,305	515,241
Federal sources	151,594	64,954	-
Interdistrict	3,331,792	3,302,186	3,397,840
<b>Total revenues</b>	<b>4,470,663</b>	<b>4,903,294</b>	<b>4,202,709</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Basic programs	1,893,545	2,108,747	1,900,066
<b>Supporting services:</b>			
Pupil services	404,110	472,951	497,840
Instructional staff	27,345	21,484	15,659
School administration	252,416	274,250	296,158
Business services	234,552	259,996	268,332
Operation and maintenance	8,311	69,404	116,106
Transportation services	145	1,200	200
Central services	2,115,460	1,884,946	2,080,855
Other services	6,475	9,915	1,200
<b>Total expenditures</b>	<b>4,942,359</b>	<b>5,102,893</b>	<b>5,176,416</b>
Revenue over (under) expenditures	(471,696)	(199,599)	(973,707)
<b>Other financing sources (uses)</b>			
Transfer in	853,000	766,999	906,999
Transfer out	(92,520)	(714,800)	(180,200)
<b>Total other financing uses</b>	<b>760,480</b>	<b>52,199</b>	<b>726,799</b>
<b>Net change in fund balances</b>	<b>288,784</b>	<b>(147,400)</b>	<b>(246,908)</b>
<b>Ending Year Fund Balance</b>	<b>2,900,877</b>	<b>2,753,477</b>	<b>2,506,569</b>

## 2023-24 Budget:

- Reduction in revenue year over year due to one-time receipt from sale of Curriculum Crafter in 22-23, and closing of KIH program for 23-24.
- Closure of KIH reduces expenses by \$548,000
- MySchool expenses \$175,000 higher
- Region 1 security coordinator and additional SNN reporter costs included in 23-24 budget

## Fund Balance History:

- 2018-19: \$2,181,917
- 2019-20: \$2,478,399
- 2020-21: \$2,612,093
- 2021-22: \$2,900,877
- 2022-23: (B) \$2,753,477
- 2023-24: (B) \$2,506,569



# Cooperative Fund Balance by program

**Kent Intermediate School District**  
**Cooperative Fund - Fund Balance Reconciliation**

Fund	Program	Actual 08/09	Actual 09/10	Actual * 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	Actual 18/19	Actual 19/20	Actual 20/21	Actual 21/22	Budget 22/23	Budget 23/24
27	Data Warehouse (0000/6413)	\$ 319,482.00	\$ 563,393.20	\$ 696,587.83	\$ 816,858.85	\$ 888,634.91	\$ 899,302.56	\$ 636,338.99	\$ 324,062.07	\$ 452,417.63	\$ 580,123.49	\$ 442,928.44	\$ 418,444.50	\$ 384,970.12	\$ 285,468.45	\$ 413,246.45	\$ 543,246.45
27	Wide Area Network (1296)														20,111.03	69,619.03	70,397.03
27	School News Network (1199)					(35,234.51)	(185,544.39)	14,210.01	39,617.35	48,446.82	53,537.62	56,298.99	14,115.22	31,138.38	43,414.31	9,835.31	10,550.31
27	Business and Tech Svcs (Proj 7000-7002)			(99,116.96)	0.00	0.00	13,765.77	39,275.55	30,852.55	40,146.46	207,200.76	298,092.25	430,377.47	392,495.80	249,319.36	213,740.36	119,534.36
27	Region 1 Safety Coord (Proj 7003)															-	(98,122.00)
27	Curr Crafter/Kickstand (9019)							21,890.00	203,674.52	256,979.07	375,429.65	341,465.20	227,047.53	180,620.18	180,620.18	330,620.18	330,620.18
27	Fund Balance - Fund 27	319,482.00	563,393.20	597,470.87	816,858.85	853,400.40	727,523.94	711,714.55	598,206.49	797,989.98	1,216,291.52	1,138,784.88	1,089,984.72	989,224.48	778,933.33	1,037,061.33	976,226.33
28	KIH (omit 1155/2820)			147,461.29	198,124.56	3,503.60	44,602.78	103,518.31	105,088.08	222,262.92	321,885.57	502,943.14	618,015.22	429,482.50	473,741.47	95,955.47	95,955.47
28	MySchool@Kent (1155)				-	(47,041.79)	144,031.73	150,928.18	45,486.22	289,349.56	390,071.29	540,189.21	770,398.84	1,193,386.44	1,648,202.57	1,620,460.57	1,434,387.57
28	Fund Balance - Fund 28	-	-	147,461.29	198,124.56	(43,538.19)	188,634.51	254,446.49	150,574.30	511,612.48	711,956.86	1,043,132.35	1,388,414.06	1,622,868.94	2,121,944.04	1,716,416.04	1,530,343.04
27/28	Fund Balance - Funds 27/28	\$ 319,482.00	\$ 563,393.20	\$ 744,932.16	\$ 1,014,983.41	\$ 809,862.21	\$ 916,158.45	\$ 966,161.04	\$ 748,780.79	\$ 1,309,602.46	\$ 1,928,248.38	\$ 2,181,917.23	\$ 2,478,398.78	\$ 2,612,093.42	\$ 2,900,877.37	\$ 2,753,477.37	\$ 2,506,569.37
	Change from Prior Year:		243,911.20	181,538.96	270,051.25	(205,121.20)	106,296.24	50,002.59	(217,380.25)	560,821.67	618,645.92	253,668.85	296,481.55	133,694.64	288,783.95	(147,400.00)	(246,908.00)

# Community Service Fund

Three Year Trend Analysis			
COMMUNITY SERVICE FUND			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	23,702,050	25,086,640	26,322,880
State sources	-	281,940	281,940
<b>Total revenues</b>	<b>23,702,050</b>	<b>25,368,580</b>	<b>26,604,820</b>
<b>Expenditures:</b>			
<b>Supporting services:</b>			
Business services	15,788	16,344	16,671
Interdistrict transactions	23,507,861	25,148,434	26,381,000
<b>Total expenditures</b>	<b>23,523,649</b>	<b>25,164,778</b>	<b>26,397,671</b>
Revenue over (under) expenditures	178,401	203,802	207,149
<b>Other financing sources (uses)</b>			
Transfer in	-	-	-
Transfer out	(178,401)	(203,802)	(207,149)
<b>Total other financing uses</b>	<b>(178,401)</b>	<b>(203,802)</b>	<b>(207,149)</b>
Net change in fund balances	-	-	-
Ending Year Fund Balance	-	-	-

## Community Service Fund:

- Represents the enhancement millage levied for the local districts
- 5.0% property tax increase budgeted for 2023-24
- Additional \$1,236,240 in funding for local districts
- **At 8.6%, local districts would receive \$2,189,023**
- State sources represents new state categorical for Brownfield redevelopment reimbursement
- Approximately \$300 per pupil in 2023-24, started at \$210 per pupil in 2017

# General Education Capital Projects

Three Year Trend Analysis			
GENERAL EDUCATION CAPITAL PROJECTS			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	16,505	37,200	15,000
<b>Total revenues</b>	<b>16,505</b>	<b>37,200</b>	<b>15,000</b>
<b>Expenditures:</b>			
Capital outlay	713,727	923,351	2,036,340
<b>Total expenditures</b>	<b>713,727</b>	<b>923,351</b>	<b>2,036,340</b>
Revenue over (under) expenditures	(697,222)	(886,151)	(2,021,340)
<b>Other financing sources (uses)</b>			
Transfer in	1,360,000	109,735	2,036,340
Transfer out	-	-	-
<b>Total other financing uses</b>	<b>1,360,000</b>	<b>109,735</b>	<b>2,036,340</b>
<b>Net change in fund balances</b>	<b>662,778</b>	<b>(776,416)</b>	<b>15,000</b>
<b>Ending Year Fund Balance</b>	<b>1,702,849</b>	<b>926,433</b>	<b>941,433</b>

## General Education Capital Projects Fund:

- Projects for 2023-24:
  - \$1.5 million ESC building renovation/expansion budget
  - Network and application infrastructure
- Funding for Projects:
  - Gen Fund: \$1,000,000
  - Special Ed Fund: \$500,000
  - Spec Ed Cap Projects: \$302,603
  - CTE Cap Projects: \$151,516

# Special Education Capital Projects

Three Year Trend Analysis			
SPECIAL EDUCATION CAPITAL PROJECTS			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	2,715,627	2,988,740	3,087,050
State sources	52,333	85,922	85,899
<b>Total revenues</b>	<b>2,767,960</b>	<b>3,074,662</b>	<b>3,172,949</b>
<b>Expenditures:</b>			
Business Services	-	-	-
Capital outlay	1,712,488	8,934,694	5,020,302
<b>Total expenditures</b>	<b>1,712,488</b>	<b>8,934,694</b>	<b>5,020,302</b>
Revenue over (under) expenditures	1,055,472	(5,860,032)	(1,847,353)
<b>Other financing sources (uses)</b>			
Transfer in	-	3,917,863	3,000,000
Transfer out	-	(87,913)	(302,603)
<b>Total other financing uses</b>	<b>-</b>	<b>3,829,950</b>	<b>2,697,397</b>
<b>Net change in fund balances</b>	<b>1,055,472</b>	<b>(2,030,082)</b>	<b>850,044</b>
<b>Ending Year Fund Balance</b>	<b>2,975,277</b>	<b>945,195</b>	<b>1,795,239</b>

We Lead Learning

## Special Education Capital Projects Fund:

- Major Projects for 2023-24:
  - Lincoln Dev Center: \$1,900,000
  - Empower U North: \$800,000
  - Empower U South: \$600,000
  - Mayfield Parking Lot: \$540,000
  - Oakleigh Chiller: \$235,000
  
- Projected funding needs in addition to 0.1 mill set aside:
  - 2023-24: \$3,000,000
  - 2024-25: \$1,500,000
  - 2025-26: \$1,500,000

# CTE Capital Projects

Three Year Trend Analysis			
CAREER TECHNICAL EDUCATION CAPITAL PROJECTS			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	2,702,726	3,186,640	3,094,050
State sources	52,333	85,922	85,899
<b>Total revenues</b>	<b>2,755,059</b>	<b>3,272,562</b>	<b>3,179,949</b>
<b>Expenditures:</b>			
Capital outlay	742,645	9,275,928	3,442,203
<b>Total expenditures</b>	<b>742,645</b>	<b>9,275,928</b>	<b>3,442,203</b>
Revenue over (under) expenditures	2,012,414	(6,003,366)	(262,254)
<b>Other financing sources (uses)</b>			
Transfer in	-	1,000,000	-
Transfer out	-	(21,822)	(151,516)
<b>Total other financing uses</b>	<b>-</b>	<b>978,178</b>	<b>(151,516)</b>
<b>Net change in fund balances</b>	<b>2,012,414</b>	<b>(5,025,188)</b>	<b>(413,770)</b>
<b>Ending Year Fund Balance</b>	<b>6,422,379</b>	<b>1,397,191</b>	<b>983,421</b>

## CTE Capital Projects Fund:

### Secondary Program Renovations:

- **Phase 1: 2021-22 & 2022-23**
  - \$9 million
  - Advanced Manufacturing, Culinary, Marketing
- **Phase 2: Summer 2025**
  - \$4-5 million
  - Skilled Trades, Agriscience/Greenhouse, Renovation of KIH for MS@K and Launch U
- **Phase 3: Summer 2024**
  - \$1-2 million
  - KCTC Secured Entry
- **Phase 4: Summer 2026**
  - \$5 million
  - Health Careers

### Projected Funding Needs in addition to 0.1 mill set aside:

- 2022-23: \$1,000,000
- 2023-24: \$0
- 2024-25: \$1,500,000
- 2025-26: \$1,500,000

# Student Accounts Fund

Three Year Trend Analysis			
STUDENT/SCHOOL ACTIVITY FUND			
Year ending:	2021-22	2022-23	2023-24
	Actual	Apr Amend	Original
<b>Revenue:</b>			
Local sources	189,170	146,115	126,000
State sources	3,343	3,885	4,000
<b>Total revenues</b>	<b>192,513</b>	<b>150,000</b>	<b>130,000</b>
<b>Expenditures:</b>			
<b>Supporting services:</b>			
Transportation services	-	-	-
Other services	170,291	225,000	250,000
<b>Total expenditures</b>	<b>170,291</b>	<b>225,000</b>	<b>250,000</b>
<b>Revenue over (under) expenditures</b>	<b>22,222</b>	<b>(75,000)</b>	<b>(120,000)</b>
<b>Other financing sources (uses)</b>			
Prior period adjustment	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>22,222</b>	<b>(75,000)</b>	<b>(120,000)</b>
<b>Ending Year Fund Balance</b>	<b>980,129</b>	<b>905,129</b>	<b>785,129</b>
<b>Total Revenues</b>	<b>192,513</b>	<b>150,000</b>	<b>130,000</b>
<b>Total Expenses</b>	<b>170,291</b>	<b>225,000</b>	<b>250,000</b>
<b>Net changes in fund balance</b>	<b>22,222</b>	<b>(75,000)</b>	<b>(120,000)</b>

- This fund contains the student activity, fundraising and other club and building principal accounts. Revenues are derived from fundraising, contributions, and other private sources, and don't include property tax revenue or state funding.
- In previous years, this fund had one account for each activity, and funds were deposited and withdrawn from the same account. Ending balances were rolled over to the following year.
- Recent GASB changes requires each activity to have a revenue and expense account, with a minimum of at least one fund balance account. GASB also requires a budget for this fund is approved by the Board of Education each year.

# Potential future issues

# Senate District Pre -K proposal

- Senate Budget proposal includes additional foundation allowance funding for districts that offer Pre -K programs
- Pre-K students would be counted as 1.2 FTE (\$11,640)
- GSRP funding for each student would be \$9,700 per Senate proposal
- Does Senate proposal allow Pre -K to access At -Risk, Special Education, breakfast/lunch programs?
- Will it be 180 days of instruction or 127 like GSRP? Limited to 16 students, or no limit?
- If this plan moves forward, more than likely districts would shift from GSRP to the foundation allowance program. **Significant issue for our general fund.**
- Potential budget landing spot is 1.2 of a foundation allowance within the GSRP program



# Public Act 152 - potential revisions

- PA152 of 2011 states that public employers are limited to paying either 80% of the cost of medical premiums or specific annual caps that are (2024):
  - Single: \$7,702.85
  - Self/Spouse: \$16,109.06
  - Family: \$21,007.83
- Hard caps increase by the medical CPI rate each year
- PA152 has brought both cost control and modernization of medical plan benefit offerings the last 12 years
- Rumored to be one of the MEA's top legislative priorities to shift additional cost to the employer.

# Public Act 152 - cost impact scenarios

2023 Cap	Current	90% Employer	10% Cap increase
Employer	\$11,353,877	\$12,713,299	\$12,489,265
Employee	\$2,772,011	\$1,412,589	\$1,636,623
Total Premium	\$14,125,888	\$14,125,888	\$14,125,888
Employee %	19.6%	10.0%	11.6%
<b>Employer Incremental</b>	<b>\$0</b>	<b>\$1,359,422</b>	<b>\$1,135,388</b>

# Section 147c - grant treatment

- Public Act 300 of 2012 capped district contribution rates for MPERS unfunded liabilities at 20.96% of payroll
- Any additional funds needed for unfunded liabilities are taken from the state school aid fund.
- Federal accounting rules require the additional funds to be routed through the local district as revenue, then the district re-routes those funds back to MPERS
- Current additional funds approximately 16.65% of payroll (\$2.6 billion)

# Section 147c - grant treatment

- MDE allows Section 147c expenses to be charged against grant dollars
- In essence, two sources of revenue for one expense
  - Grant dollars
  - Section 147c state aid
- Amounts applied against grants have grown significantly over past few years
- Total impact across all funds is \$2.5 million (23 -24)
- Largest impact is General Fund: \$1.8 million in 23 -24
  - GSRP: \$1.3 million
- 2022 -23 current projected GF surplus is \$1,485,294
  - Would be a \$310,280 deficit if grant dollars weren't utilized
- 147c expenses will continue to grow, we are going to need to start adjusting our application within grants in the near future.

# Summary

- Total budget of \$423 million
- Strong fund reserves in all of our funds
- Actual tax collection revenue will exceed original budget (8.6% vs. 5.0% budget)
- Additional staffing were targeted increases to support local districts as well as recognize the addition internal workload from the growth of the organization
- Kent ISD finances are in a strong position due to the growth in taxable values over the last several years
- Will have to monitor economy's impact on state/local revenues
- Legislative agenda also will need to be monitored for impact to our finances

Questions?