

The School Board of Kent Intermediate School District held a budget hearing at the Kent Conference Center on May 19, 2025. President Haidle called the meeting to order at 5:00 p.m.

Members Present: Drake, Rettig, Haidle

Members Absent: Featherston, Hamming

Kent ISD Staff: Superintendent Gorman, Assistant Superintendent Philipps, Rodgers, and Recording Secretary Lovell.

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President Haidle called the meeting to order at 5:00 p.m. Assistant Superintendent Philipps reviewed the presentation agenda and gave the board the following report.

### **State Budget Outlook**

Assistant Superintendent Philipps provided an overview of the School Aid Fund projections from the May Revenue Conference held this past Friday. State School Aid Fund revenues were adjusted slightly higher from the January projection due to a stronger-than-expected close of FY24 and increased projections for FY25. Revenues were revised upward by approximately \$40 million annually, with continued growth in the 2.5–2.7% range projected. Despite some economic uncertainty and inflation concerns, school funding remains stable. The Governor and the Senate have both proposed budgets, with relatively minor differences. However, concern remains over the \$500 million deficit in the state General Fund, which could prompt shifting funds from school reserves.

### **2025 Taxable Values**

Kent County's taxable values have risen by 55% over the past decade and 6.3% this year. The Headlee inflation rate multiplier is 3.1% for 2025. Therefore, our millages will be reduced. The budgeted increase in tax collections is 5.0%, but actual collections are expected to be 5.3%, which will provide an additional \$700

### **Federal Revenues**

In terms of federal funding, Kent ISD anticipates receiving approximately \$51.4 million, with \$40.3 million allocated to local districts. The two primary concerns at the federal level are potential Medicaid cuts and Title II funding, which could impact our Adult Education and Special Education programs. Title I and IDEA funding are expected to remain stable.

### **2025-26 Budget Assumptions**

Assistant Superintendent Philipps reviewed the proposed budget assumptions based on the Governor's proposal. These are listed below:

#### **Revenues**

#### **Proposed Budget**

Taxable Value Growth	5.0% increase
Section 81 Funding	4.1% increase
Section 51f Special Ed cost reimbursement	100% of foundation allowance (10,000)
Other State Funding (Section 61a & 62)	No change

Special Education Millage Equalization 56(7)	\$0
GSRP	\$10,577 full day, 12,692 extended
Section 31n (Mental Wellness)	\$1,003,100 no change
Investment Income	\$4,500,000
<b>Expenses</b>	
Salaries/Wages	3.0% + step increment
Health Benefits	11.1% increase for 2026
MPSERS Retirement Rate	Gov's employer rates,
Risk Management Insurance	15% increase
Capital Outlay	5.0% increase

**Proposed 2025-2026 Budget(s)**

Assistant Superintendent Philipps reviewed the proposed budget for all Kent ISD funds. The General Fund budget for the coming year totals approximately \$88 million, with \$70.5 million dedicated to grants and \$17.6 million allocated to non-grant expenditures. The district plans to utilize approximately \$172,000 from its fund balance, primarily driven by one-time expenditures, including \$1.5 million for ESC renovations and \$500,000 to support the enhancement millage renewal election. However, when these non-recurring items are excluded, the district maintains a positive structural balance of \$1.83 million.

The Special Education Fund, which is Kent ISD's largest fund, is projected to use approximately \$7 million in fund balance. However, this includes \$15 million in one-time expenditures such as \$10 million for capital projects, \$1.5 million for general fund contributions, and \$4 million in supplemental Act 18 distributions. Removing these items reveals a structural surplus of \$8.4 million. The fund's reserve is expected to close at \$14.4 million, well above the target range of \$5–7 million.

Center Programs remained a key focus due to increased enrollment, especially within Empower U, which is expected to grow by 75 students. Despite this growth, the fund is projected to finish with a \$3.53 million excess cost, primarily due to staffing changes, shifts in retirement costs, and adjustments in healthcare expenses.

The Career & Technical Education (CTE) Fund plans to transfer \$10 million to capital projects in anticipation of the Career Prep 2030 satellite campus. Even with this transfer, the CTE Fund maintains a \$2.9 million structural surplus and an ending fund balance of \$16.8 million, equal to roughly 44% of total expenditures.

The Cooperative Education Fund is expected to draw down slightly, primarily due to a projected \$65,000 deficit from MySchool. Despite this, the fund remains healthy with a projected ending balance of \$3.17 million.

The Community Service fund (Enhancement millage) represents the enhancement millage passed through to local districts. This is approximately \$350 per pupil for the 25-26 school year.

Capital projects for 2025-26 include \$2.5 million for ESC renovations and \$150,000 for security camera upgrades. The total capital budget for Special Education projects is \$5.6 million, which

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includes planned work at Oakleigh, Lincoln Playground, and Empower U facilities. The CTE capital budget includes signage updates and a secured entry project for KCTC East.

Looking ahead, Mr. Philipps emphasized several areas of concern. These include uncertainty surrounding federal funding, the eventual slowing of taxable value growth, the potential impact of House Bill 6058 on healthcare costs, and the need for ISD support as local districts adjust to post-ESSER financial realities. Facility planning also remains a critical issue, with ongoing discussions around accommodating growth in center programs and the development of a CTE satellite campus.

In summary, Kent ISD's total budget for 2025-26 stands at approximately \$426 million. The district is in a strong financial position due to robust taxable value growth and disciplined budgeting practices. However, state and federal economic and political developments will continue to influence the district's long-term outlook, particularly in areas of funding and facilities. President Haidle thanked Assistant Superintendent Philipps for the budget update.

President Haidle adjourned the meeting at 6:00 p.m.

Minutes Approved: June 16, 2025

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Andrea Haidle, President

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Matt Rettig, Vice President

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