



To: Local District Boards of Education

From: Holly Norman, Deputy Superintendent

Date: April 26, 2011

Subject: Kalamazoo RESA 2011-2012 General Fund Budget Narrative

The Kalamazoo RESA budget shows an overall decrease in revenues of approximately 8.9% and an overall decrease in expenditures of approximately 8.5%. The budget anticipates an overall deficit of \$464,705 which will sustain most of our current programming. This will leave the general fund with an estimated fund balance at June 30, 2012 of \$3,485,839 or 14.7% of annual expenditures. When combined with the Special Education Fund (which currently has a 1.9% Fund Balance), Kalamazoo RESA's overall fund equity is approximately 7% of total program expenditures (when subtracting the Enhancement Millage this rate is 8.6%).

Kalamazoo RESA's major sources of general fund revenues include an operating tax levy of 0.1446 mills on all property in the Kalamazoo RESA area. Some state aid is received through Section 81 of the State Aid Act. This budget assumes continuation of the 20% reduction in Section 81 State Aid that ISD's took in 2009-2010. Grants make up a large portion of the revenue received by the district as well as departments that provide services on a fee for service basis. Assumptions include a 5% decrease in state aid and a 2% decrease in tax revenue. Revenues in the fee for service areas have remained relatively flat to assist our local districts.

Kalamazoo RESA's expenditures are categorized as follows and include assumptions of 8% increase in health insurance costs, retirement cost increase of 18.4% (rate of 24.46% of wages up from 20.66% in 2010-2011), and an 0% wage increase plus a freeze on steps for all staff.

Administration: These expenses include the general fund portion of the Board of Education, Superintendent's Office, Public Information, Human Resources Department, and Business Office.

Fixed Charges: These include items such as property and liability insurance, tax chargebacks, etc.

Maintenance & Operations: These costs include the general fund portion of maintenance and operations for the Service Center and the general fund portion of other facilities.

Other Administrative Projects: These projects include MASB Hometown services, County-wide Transportation coordination, Administrative projects selected by the Superintendent's Council, Attendance Officer services, and Fingerprinting services.

Technology Services: The technology services department supports the technology needs of Kalamazoo RESA 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. Kalamazoo RESA's general fund budget is projected to contribute an additional \$174,646 to support this department in addition to the direct support that is provided and charged back to the various Kalamazoo RESA departments.

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 \$59,324 county-wide and \$150,377 direct support from the Kalamazoo RESA general fund budget. This program has a decrease in available funds for 2011-201 of \$38,135 and a decrease in total expenditures of \$37,865. This budget assumes no change in state 32J and ECIC funding.

REMC – Media: REMC is funded with a combination of state funding, local district membership fees of \$210,497 county-wide, and fee for service in the areas of our full print shop, graphic arts services, county-wide van delivery services, teachers material center, records management services, shredding services, video and media library, etc. 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. Kalamazoo RESA's general fund budget is projected to contribute \$145,450 in state section 81 dollars to support this department in addition to the direct support that is provided and charged back to the various Kalamazoo RESA departments. REMC continues to make adjustments as the needs of the districts change.

Instructional Center: The instructional center is funded largely with state and federal grants along with local district professional development consortium contributions of \$44,662 county-wide, a direct contribution from the Kalamazoo RESA general fund budget of \$205,668, and \$55,246 in state section 81 dollars. The expenditures include the following grants: Teaching American history grant, MiBLSi grant, Positive Behavior Support grant, Title II ARRA Technology Grant (RDI), Kalamazoo Community Foundation Grant, and United Way Grant. The instructional department also administers the research and development department, the Kalamazoo RESA Leadership Institute, and the professional development consortium.

Education for Employment (EFE) and Education for the Arts (EFA): These programs provide career and technical education and arts 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 Kalamazoo RESA 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 EFE and EFA, as well as support for administrative costs for EFA. The Kalamazoo RESA general fund budget directly contributes \$97,344 to the administration of the EFA programs and \$217,572 to the administration of the EFE program.

Youth Opportunities Unlimited (YOU): YOU is a federally funded program that provides job training and education to at-risk youths ages 16-21. This program is funded with Federal grants administered by the W.E. Upjohn Institute. YOU also runs the Michigan Works Program for youth at our South Street facility and Employment Services for Adults at our Burdick Street facility. Kalamazoo RESA provides the facilities for these programs and the general fund budget is projected to contribute approximately \$84,132 towards the operations and maintenance of these facilities. Kalamazoo RESA runs all similar programs for St. Joseph County at our Three Rivers location.

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.