

The School Board of Kent Intermediate School District held a budget hearing at the administrative offices on May 13, 2024. President Haidle called the meeting to order at 5:00 p.m.

Members Present: Drake, Rettig, Featherston, Hamming, Haidle
Members Absent:

Kent ISD Staff: Superintendent Koehler; Assistant Superintendent Philipps, Rodgers, Gardner, Gorman; Recording Secretary Lovell.

President Haidle called the meeting to order at 5:01 p.m. Assistant Superintendent Philipps reviewed the presentation agenda and gave the board the following report.

State Budget Outlook

Assistant Superintendent Philipps gave an overview of the School Aid Fund projections from the January Revenue Conference. The fiscal year will end with a balance of \$525 million in school aid funds, estimated at \$1.1 billion for the 24-25 school year based on 23-24 appropriations. The May Revenue Conference will be held towards the end of the month to provide updated projections. The state surplus has been spent quickly, spiking from 12.1 billion in 2022 to 1.7 billion in 2024.

Assistant Superintendent Philipps presented the Governor's budget proposal, which included several significant changes. The general fund (Section 81) is set to increase by 2.5%, but there are no planned increases in CTE funding. The budget proposal also continues Section 51(e) at 100% of the foundation allowance, equating to \$9,849 per pupil and plans to eliminate Section 56(7) Special Ed Millage Equalization, which could result in a funding loss approximately \$900,000 for center programs. On a positive note, the Great Start Readiness program will receive a substantial funding increase for a full-day slot, from \$9,608 to \$10,342 per pupil. Additionally, the Governor has proposed a decrease in the MPSERS OPEB contributions from 16.89% to 10.58%. The healthcare trust of the retirement system is funded 99.2%; therefore, the Governor proposes to reduce the passthrough funding of \$670 million and redistribute it to fund other programs.

2024 Taxable Values

Kent County's taxable values have grown by 51.9% over the last decade and have increased by 9.07% this year. Based on the inflation rate multiplier, we will be subject to the reduction of the Headlee Amendment this year. A comparison of the Taxable values in relation to the State Equalized Value (SEV) was reviewed, and the gap continues to grow.

2024-25 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	6.5% increase
Section 81 Funding	2.5% increase
Section 51f Special Ed cost reimbursement	100% of foundation allowance (9,849)
Other State Funding (Section 61a &62)	No change
Special Education Millage Equalization 56(7)	\$0
GSRP	\$10,342 full day, 12,107 extended
Section 31n (Mental Wellness)	\$1,003,100 no change
Expenses	
Salaries/Wages	3.5% + step increment
Health Benefits	2.0% increase
MPSERS Retirement Rate	Gov’s employer rates, 22-23 147c rate
Risk Management Insurance	15% increase
Capital Outlay	4.0% increase

-Potential impacts from the MPSERS OPEB were shared should the Governor's proposal to lower the Section 147c allocation from 16.89% to 10.58% be approved.

Proposed 2024-2025 Budget(s)

Assistant Superintendent Philipps reviewed the proposed budget for all Kent ISD funds. The General Fund is in good health overall. Increases to property taxes will generate \$173,500 in revenue, and Section 81 will add an additional \$72,000 to the general fund. A one-time transfer of \$1.5 million will be made to capital funds for ESC building renovations.

The Special Education Fund will see a \$6.9 million increase due to property tax collection, of which 93.5% will be distributed to local districts and center programs. The Center Programs funds show an excess cost this year totaling \$5.3 million. The cost for these programs billed to our local districts is significantly higher this year due to the increased staff needed to support the complex needs of our students.

The CTE Fund is projected to increase by \$2.6 million, bringing its balance to \$22.7 million. This increase will support onboarding additional CTE personnel to provide direct instruction to students.

The Cooperative Education Fund is experiencing an overall fund reduction due to MySchool@Kent's structural deficit of \$650,000. This is due to the limited number of teachers per student and increased classroom aides. The budget will be modified to reduce the amount of technology departments expense charged to MySchool, which will reduce the deficit by \$250,000

Although CTE funds can currently absorb a \$300,000 to MySchool, movement back toward self-sustainability will need to occur in the future.

The Community Service fund represents the enhancement millage passed through to local districts. This is approximately \$330 per pupil for the 24-25 school year.

Capital Project Funds projects were reviewed along with expenses for upcoming projects. \$2.5 million will be set aside for ESC renovations, totaling \$6 million upon the completion of the project. In addition, PA system and security camera updates will begin in the 24-25 school year across all programs. Special Education Capital projects include Lincoln Developmental, Mayfield parking lot, Empower U South, and enhancements to the Wide Area Network. CTE Capital projects include renovations to the former Kent Innovation High building to support MySchool@Kent and Launch U.

The Assistant Superintendent updated the board on potential future issues facing Public Act 152 and the cost of medical premiums. More information will surface as we get closer to the Governor finalizing the budget.

Assistant Superintendent Philipps summarized the presentation and noted that he expects another strong budget in 2024-25. President Haidle thanked Assistant Superintendent Philipps for the budget update.

The meeting was adjourned by President Haidle at 6:04 p.m.

Minutes Approved: June 17, 2024

Andrea Haidle, President

Laura Featherston, Secretary

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