

To: Local District Boards of Education

From: Scott Thomas, Assistant Superintendent for Business Services 

Date: April 28, 2023

Subject: Kalamazoo RESA 2023-2024 Original General Education Fund Budget Narrative and Resolution

The Kalamazoo RESA (KRESA) 2023-2024 Original General Fund budget shows an overall increase in revenues of approximately 2.6% and an overall increase in expenditures of approximately 2.8% compared to the 2022-2023 revised budget. These increases are 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 \$264,802. This will leave the General Fund with an estimated unassigned fund balance on June 30, 2024 of \$8,665,842 or 14.0% of annual expenditures.

KRESA's sources of General Fund revenues include an operating tax levy of 0.1428 mills on all property in the KRESA area. We are anticipating that property taxable values will increase by 6.00% and that property tax revenue will increase by \$76,520. 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. We are expecting increases in both of these revenue sources.

KRESA's expenditures include the following assumptions: 3.0% increase in health insurance costs, retirement costs based on ORS published rates effective 10-1-2023, and a compensation adjustment for staff that includes a range of 3% to 6% increase on pay schedules and step advancements. KRESA has mitigated rising expenditures by implementing the hard cap (instead of 80/20 premium share) for health insurance and 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 General Fund revenues and expenditures are categorized in the following departments, which are supported by the attached proposed budget resolution:

General Administration and Maintenance: These expenses include the General Fund portion of the Board of Education, Superintendent's Office, Communications, Human Resources, Business Office, and Maintenance and Operations departments. These departments are primarily funded through a portion of property tax revenue and Section 81 State Aid revenue.

Southwest MiTech Technology Services: The Southwest MiTech Technology Services department supports the technology needs of KRESA programs, state reporting compliance, on-site technology support staff to schools, the Michigan DataHub, 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. The Michigan Data Hub is funded by a state grant. KRESA's General Fund budget is projected to contribute an additional \$494,766 to support this department.



Seeds for Success, Great Start Collaborative (GSC) and Great Start Readiness Program (GSRP): This budget includes the birth to eight year old programs county-wide. Funding includes state and local grants, local district contributions and \$182,567 in direct support from KRESA's General Fund budget. The budget assumes funding for 1,949 GSRP preschool slots with 1,461 of these slots being provided to local districts and private providers.

Print Center: The Print Center is funded with fee for service in the areas of our full print shop, graphic arts services, county-wide delivery services and shredding services. Schools who participate in the program pay a fee for the services they purchase. The Print Center is showing a small surplus of \$4,488 that is used to offset future equipment replacement purchases.

Instructional Services and Community Supports: The Instructional Services department is funded with state and federal grants along with local district professional development consortium contributions, fee for service coaching and consulting billings, and a direct contribution from the KRESA General Fund budget of \$539,488. The expenditures include the following grants: Title I Regional Assistance, Early Literacy, MiSTEM Network Regions, MiSTEM Math Action Area, Sec 31n Mental Health, 31p Trails and a few other various grants. Instructional Services leads workshops through the professional development consortium, and provides instructional coaching and consulting services to local school districts.

Career Connect Education for the Arts (EFA), Early/Middle College (EMC) and Career & Technical Education (CTE): These programs provide arts education, a path to earn an associate degree, 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. EFA and CTE 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 CTE, as well as support for administrative costs for EFA. The KRESA General Fund budget directly contributes \$100,000 to the administration of the EFA program. The CTE millage was passed in 2019 and some of the costs that were previously paid for by local district contributions and KRESA's General Fund are being paid from the Career Connect Special Revenue Fund. CTE redesign efforts are still ongoing, and we have broken ground on the Career Connect Campus building.

Career Connect YOU: YOU operates programs that provide career learning, job training and education assistance to youth in Kalamazoo, Calhoun, St. Joseph and Branch counties. Programs include MyCity, CareerNow, Bridging Opportunities, WIOA Youth Services, Jobs for Michigan's Graduates, and on-site education programming, such as, Education Reconnection. YOU is funded with a combination of federal, state and local grants, and this budget includes \$3,753,975 in revenues and expenses to operate these programs.

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 \$7,290,217 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 \$14,961,439 in revenue for the enhancement millage that is on the ballot for renewal on May 2, 2023. Enhancement millage revenue is distributed back to the local districts and public school academies to support their operations, which equates to approximately \$425 per student.

Attached to this budget narrative please find the Resolution for Local District Vote on ISD General Fund Budget and KRESA's proposed 2023-2024 General Fund Budget Resolution. Local district Boards of Education are required to adopt a resolution expressing its support or disapproval of KRESA's General Fund proposed budget and submit to KRESA's Board of Education any specific objections and/or proposed changes prior to June 1, 2023.

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Also attached to this budget narrative are pages from our 21/22 annual report. These pages will provide more information on the departments described above that are funded by the proposed budget resolution. The full annual report can be found on our website here: <https://www.kresa.org/site/Default.aspx?PageID=1882>

Please contact me at 269.250.9363 or [scott.thomas@kresa.org](mailto:scott.thomas@kresa.org) for any questions related to KRESA's 2023-2024 Original General Fund budget. Thank you.



RESOLUTION FOR LOCAL DISTRICT VOTE ON ISD GENERAL FUND BUDGET

Kalamazoo Regional Educational Service Agency  
("ISD")  
GENERAL EDUCATION FUND BUDGET  
RESOLUTION

A regular meeting of the Board of Education of the Vicksburg School District was held at the High School on May 8th, 2023, at 7:00 pm.

Members present were: Buikema, Forsyth, Grabowski, Lohman, Schreimer, Willoughby and Knowles

The following preamble and resolution were offered by Member \_\_\_\_\_ and seconded by Member \_\_\_\_\_.

WHEREAS:

This Board received the Kalamazoo Regional Educational Service Agency General Education Fund Budget on or before May 1, 2023; and

WHEREAS:

In accordance with Section 380.624 of the Revised School Code, this Board must now adopt a resolution expressing its support or disapproval of the proposed ISD budget, and must submit to the ISD Board any specific objections and/or proposed changes the Board may have to the budget prior to June 1, 2023.

THEREFORE, BE IT RESOLVED THAT:

The ISD General Education Fund Budget for the 2023-2024 school year be ("supported" or "disapproved for the reasons attached hereto"), and that the Secretary of the Board is hereby directed to submit a copy of this Resolution to the Secretary of the ISD Board of Education, along with any specific objections or proposed changes to the budget.

Ayes: Members \_\_\_\_\_

Nays: Members \_\_\_\_\_

Motion declared \_\_\_\_\_.

The undersigned duly qualified and acting Secretary of the Board of Education of Vicksburg Community Schools in Vicksburg,, Michigan hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a regular meeting held on May 8th, 2023, the original of which resolution is a part of the Board's minutes, and further certifies that notice of the meeting was given to the public under the Open Meetings Act, 1976 PA 267, as amended.

Signed:

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Secretary, Board of Education

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION OF  
KALAMAZOO REGIONAL EDUCATIONAL SERVICE AGENCY  
2023-2024 ORIGINAL GENERAL EDUCATION FUND BUDGET**

RESOLVED, that this resolution shall be the appropriations of Kalamazoo Regional Educational Service Agency for the 2023-2024 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 2023-2024 is as follows:

	ACTUAL 2021-22	ORIGINAL 2022-23	REVISED 2022-23	ORIGINAL 2023-24
REVENUES:				
Local	18,984,726	19,742,602	20,217,040	21,235,947
State	16,786,369	19,266,096	20,434,065	20,128,028
Federal	10,636,213	12,613,274	11,790,839	11,834,339
Other Sources	7,512,725	7,783,856	7,735,242	8,559,582
Total Revenue	<u>53,920,033</u>	<u>59,405,828</u>	<u>60,177,186</u>	<u>61,757,896</u>

BE IT FURTHER RESOLVED, that \$62,022,698 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	5,212,914	5,954,630	5,156,915	6,007,555
Added Needs	386,121	682,712	824,171	1,068,800
Support Services:				
Pupil	2,495,151	2,993,598	3,650,922	3,307,551
Instructional staff	4,403,173	5,480,974	5,631,566	5,827,392
General Administration	453,486	462,944	493,031	609,031
School Administration	444,076	573,664	461,312	548,212
Business	1,339,482	1,344,052	1,344,514	1,470,539
Operations and Maintenance	836,457	1,187,060	1,342,770	1,296,174
Transportation	718,837	971,975	1,036,448	938,758
Central	9,370,718	9,642,922	10,024,923	10,853,819
Other Support Services	173,754	-	-	-
Community Services	5,803,295	6,791,198	6,286,941	5,125,460
Other Financing Uses	21,600,877	23,469,606	24,075,707	24,969,407
Total Expenditures	<u>53,238,341</u>	<u>59,555,335</u>	<u>60,329,219</u>	<u>62,022,698</u>
Revenues over Expenses	681,692	(149,507)	(152,033)	(264,802)
FUND BALANCE - July 1	<u>8,400,984</u>	<u>8,400,000</u>	<u>9,082,676</u>	<u>8,930,643</u>
FUND BALANCE - JUNE 30	<u>9,082,676</u>	<u>8,250,493</u>	<u>8,930,643</u>	<u>8,665,842</u>

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 6/15/2023)

Note: The General Education tax levy for 2023 is proposed to be 0.1428 mills and the Regional Enhancement tax levy for 2023 is proposed to be 1.4918 mills. These millages will be levied on all properties to be used for operating purposes as described above.