

To: Local District Boards of Education

From: Scott Thomas, Assistant Superintendent for Business Services 

Date: April 29, 2022

Subject: Kalamazoo RESA 2022-2023 Original General Education Fund Budget Narrative and Resolution

The Kalamazoo RESA (KRESA) 2022-2023 Original General Fund budget shows an overall increase in revenues of approximately 6.8% and an overall increase in expenditures of approximately 6.8% compared to the 2021-2022 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 \$149,507. This will leave the General Fund with an estimated unassigned fund balance on June 30, 2023 of \$8,250,493 or 13.9% of annual expenditures. KRESA's overall fund equity is approximately 9.2% of total expenditures when combined with the Special Education Fund (which is estimated to have a 4.9% fund balance).

KRESA's sources of General Fund revenues include an operating tax levy of 0.1434 mills on all property in the KRESA area. We are anticipating that property taxable values will increase by 4.00% and that property tax revenue will increase by \$48,683. 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: 3.5% increase in health insurance costs, retirement costs based on ORS published rates effective 10-1-2022, and a compensation adjustment for staff that includes a 3% 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 revenues and expenditures are categorized in the following departments:

General Administration and Maintenance: These expenses include the General Fund portion of the Board of Education, Superintendent's Office, Communications, Human Resources Department, Business Office, and Maintenance and Operations departments. These departments are primarily funded through 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, 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. KRESA's General Fund budget is projected to contribute an additional \$410,135 to support this department.

Seeds for Success, Great Start Collaborative (GSC) and Great Start Readiness Program (GSRP): This budget includes the birth to five year old programs county-wide. Funding includes state and local grants, local district contributions and \$185,302 in direct support from KRESA's General Fund budget. The budget assumes funding for 2,094 GSRP preschool slots with 1,688 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 \$3,537 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 \$453,711. The expenditures include the following grants: Title I Regional Assistance, Early Literacy, MiSTEM Network Regions, MiSTEM Math Action Area, Sec 31n Mental Health, MiBLSi 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 and Talent Development (CTD) Education for the Arts (EFA) and Education for Employment (EFE): These programs provide arts education 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. 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 EFA and EFE, as well as support for administrative costs for EFA. The KRESA General Fund budget directly contributes \$97,344 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 Technical Education Fund. CTE redesign efforts are still ongoing.

Career and Talent Development (CTD) Youth Opportunities Unlimited (YOU) and MiWorks: YOU and MiWorks departments operate programs that serve youth and adults in Kalamazoo, Calhoun, St. Joseph and Branch counties. The departments provide job training and education assistance, and manages operations of the Michigan Works! Service Centers in Kalamazoo, Three Rivers, Battle Creek and Coldwater. YOU and MiWorks are funded with a combination of federal and local grants, and this budget includes \$5,406,829 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 \$8,121,138 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 \$13,973,414 in revenue for the enhancement millage approved by voters on May 5, 2020. Enhancement millage revenue is distributed back to the local districts and public school academies to support their operations.

Attached to this budget narrative please find the Resolution for Local District Vote on ISD General Fund Budget and KRESA's proposed 2022-2023 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, 2022.

Please contact me at 269.250.9363 or scott.thomas@kresa.org for any questions related to KRESA's 2022-2023 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 _____ meeting of the Board of Education of the _____ School District was held at the _____ on _____, 2022, at _____.

Members present were: _____

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, 2022; 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, 2022.

THEREFORE, BE IT RESOLVED THAT:

The ISD General Education Fund Budget for the 2022-2023 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 _____, Michigan hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a _____ meeting held on _____, 2022, 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:

Secretary, Board of Education

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION OF
KALAMAZOO REGIONAL EDUCATIONAL SERVICE AGENCY
2022-2023 ORIGINAL GENERAL EDUCATION FUND BUDGET**

RESOLVED, that this resolution shall be the appropriations of Kalamazoo Regional Educational Service Agency for the 2022-2023 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 2022-2023 is as follows:

	ACTUAL 2020-21	ORIGINAL 2021-22	REVISED 2021-22	ORIGINAL 2022-23
REVENUES:				
Local	17,711,091	18,670,473	18,999,820	19,742,602
State	16,140,137	16,124,692	16,893,843	19,266,096
Federal	10,112,599	12,254,731	12,342,343	12,613,274
Other Sources	6,863,010	7,448,356	7,365,572	7,783,856
Total Revenue	50,826,837	54,498,252	55,601,578	59,405,828

BE IT FURTHER RESOLVED, that \$59,555,335 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	4,918,851	5,628,251	5,892,691	5,954,630
Added Needs	149,389	294,070	347,645	682,712
Support Services:				
Pupil	1,826,238	2,480,347	3,047,264	2,993,598
Instructional staff	4,439,453	4,659,176	4,912,064	5,480,974
General Administration	428,100	475,010	494,630	462,944
School Administration	447,544	510,353	476,440	573,664
Business	1,161,909	1,390,048	1,642,637	1,344,052
Operations and Maintenance	1,050,215	1,231,131	1,226,480	1,187,060
Transportation	661,653	1,031,969	977,468	971,975
Central	9,139,375	9,624,017	9,542,136	9,642,922
Other Support Services	97,833	-	-	-
Community Services	5,557,107	6,686,769	5,907,366	6,791,198
Other Financing Uses	20,105,425	20,676,987	21,302,086	23,469,606
Total Expenditures	49,983,092	54,688,128	55,768,907	59,555,335
Revenues over Expenses	843,745	(189,876)	(167,329)	(149,507)
FUND BALANCE - July 1	7,557,239	7,554,762	8,400,984	8,400,000
FUND BALANCE - JUNE 30	8,400,984	7,364,886	8,233,655	8,250,493

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 6/16/2022)

Note: The General Education tax levy for 2022 is proposed to be 0.1434 mills and the Regional Enhancement tax levy for 2022 is proposed to be 1.4977 mills. These millages will be levied on all properties to be used for operating purposes as described above.