

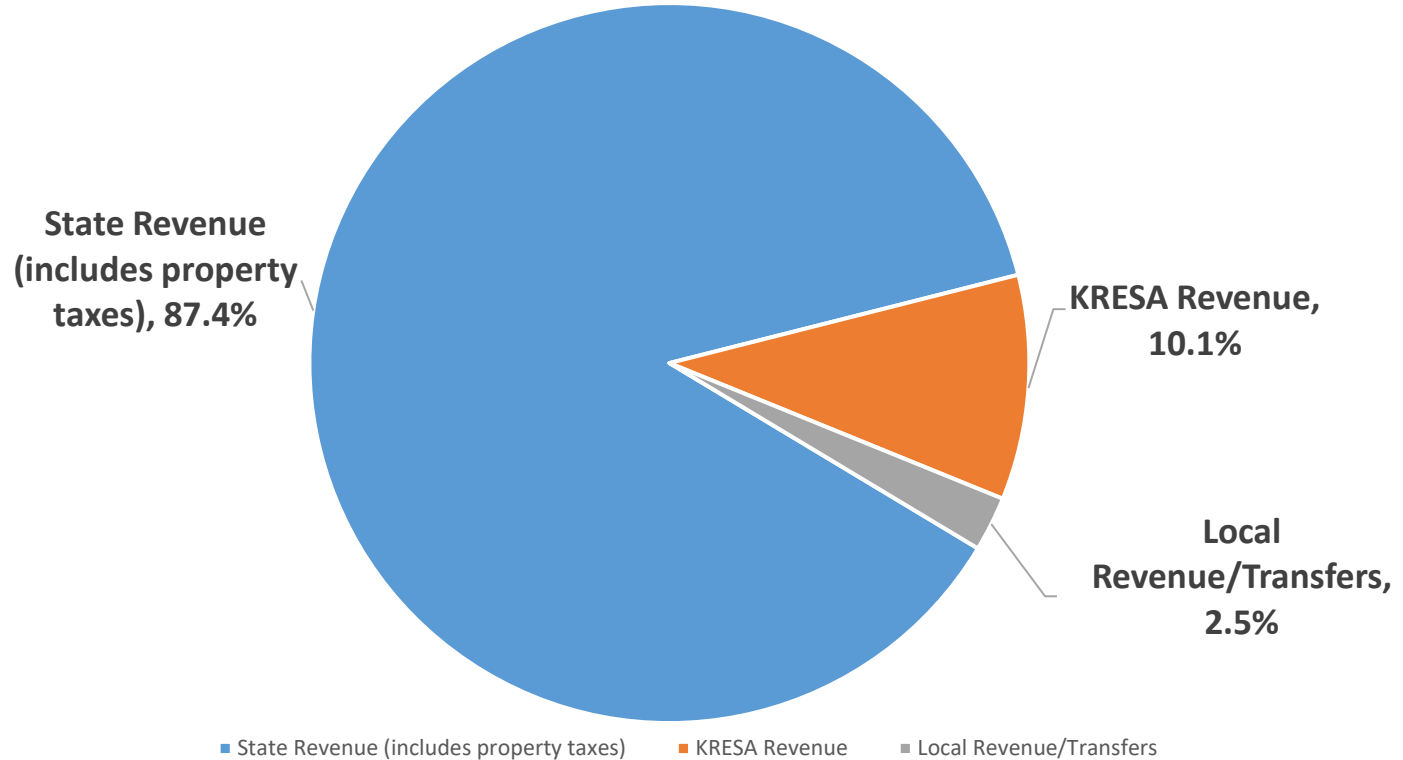
Budget Presentation to the Board of Education

Kalamazoo Public Schools

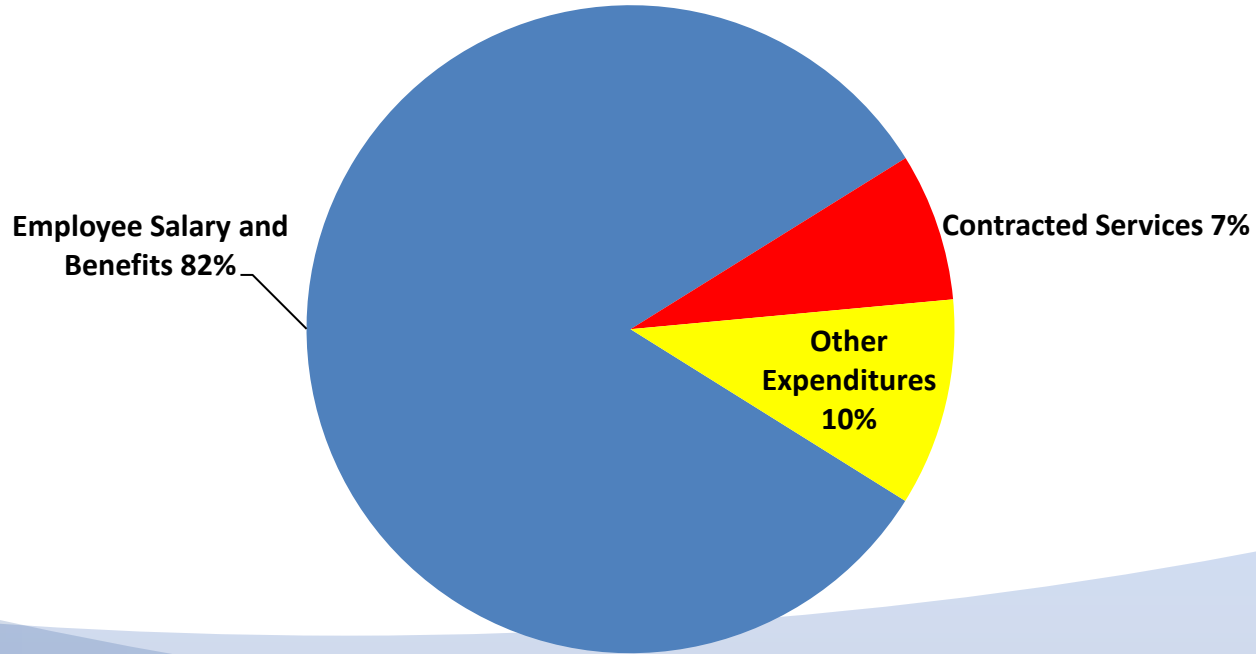
June 11, 2026

2026-27 Preliminary Budget

2026/27 Preliminary Budget Budgetary Revenues



2026/27 Preliminary Budget Budgetary Expenditures



2026-27 Preliminary Budget – State of Michigan - Key Dates

- January 16, 2026– January Consensus Revenue Estimating Conference
- February 11, 2026 – Governor’s 2026-27 Budget Proposal released
- April 21, 2026– House and Senate Budget Proposals
- May 15, 2026 – May Consensus Revenue Estimating Conference
- TBD – Conference Committee and Final State Budget

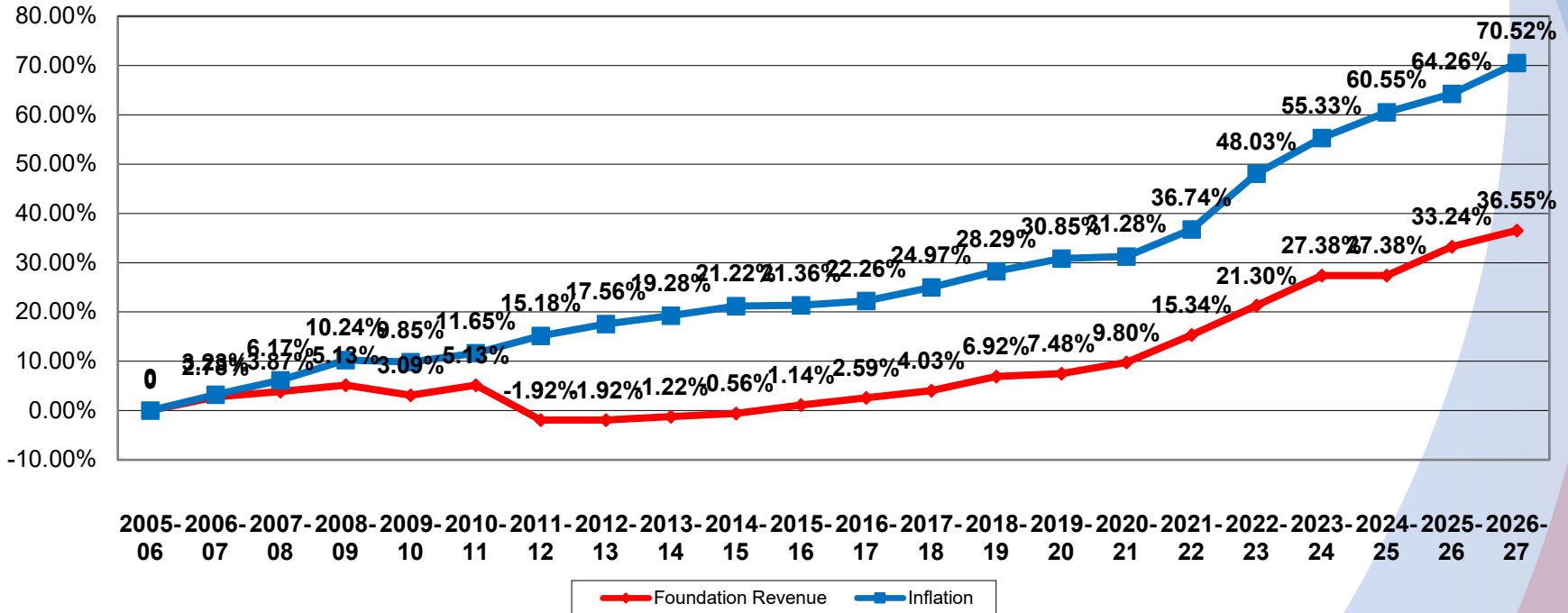
2026-27 Budget Proposals Highlights

- At the time of budget preparation, the following foundation increases were proposed:
 - The Governor's, Senate's and House's budget proposals all included a 2.5% increase in the per pupil foundation rate (\$250 pp) to \$10,300.

Based on the above, a 2.5% increase in the foundation rate was used for this presentation.

Per Pupil Foundation Revenue Compared to Inflation

Per Pupil Foundation Revenue (Incl. Small Class Size) Compared to Inflation
(Cumulative Change)
Kalamazoo Public Schools



2026-27 General Fund Forecast

Excess of Expenditures over Revenues in 2025-26		-\$ 311,000
One-time Additional 1.0 Network Manager		\$153,000
One-time Additional .5 State Count Administrator		\$78,000
One-time Enrollment/Insurance Bonus		<u>\$132,000</u>
Structural Surplus carried forward		\$52,000
2026/27 Budget Assumptions:		
Foundation allowance increase to \$10,300 (\$250 per student) (2.5%)		\$3,055,000
Decrease in blended enrollment (-4.64 Blended FTE) (5 increase fall 2025 to fall 2026)		-\$48,000

General Fund Forecast (Cont.)

Enhancement millage revenue (4.95%)		\$300,000
Projected Staffing Changes, net of School Center Reserve (.1 FTE)		\$26,000
Health insurance increase (projected 10%)		-\$1,641,000
Attrition savings (projected)		\$1,047,000
Projected Increase in utilities/custodial/grounds		-\$337,000
Projected Increase in fuel		-\$165,000
Increase in property/casualty insurance		-\$50,000
Net Increase in projected KRESA CTE/EFA Costs		-\$89,000
Other Miscellaneous items		-\$9,000

General Fund Forecast (Cont.)

Retirement Revenues and Expenses:		
Elimination of Sec 27L(4) 2025 MSPERS Healthcare Offset revenue		-\$1,256,000
Reduction of the OPEB Normal Pension Expense by 2.4%		\$1,309,000
Decrease of Sec 147a(2) MSPERS Normal Cost Offset revenue		<u>-\$65,000</u>
Subtotal – Net Increase in Retirement Costs		-\$12,000
Available Funds after 2026/27 Budget Assumptions		\$2,129,000

General Fund Budget Reductions/Transfers

	<u>FTEs</u>	
Elimination of a 1.0 receptionist position	1.0	\$65,000
Full Year of Title II funding - Coordinators	.40	\$83,000
Budget Transfers to (from) At Risk:		
Multilingual Program	3.0	-\$374,000
Secondary School Centers	10.0	\$1,280,000
Elementary School Centers	1.0	\$55,000
Instruction	1.0	\$144,000
Student Services		<u>\$760,000</u>
Total Budget Transfers to(from) At Risk	15.0	\$1,865,000
Total Budget Reductions/Transfers	16.0	\$2,013,000
Amount Available for New Investments		\$4,142,000

General Fund New Investments

Cyber Security Position	<u>1.0</u>	-\$135,000
Raptor Subscription (formerly Sec 31aa)		-\$110,000
High School National Competitions		-\$34,000
Compensation adjustments subject to negotiations:		
Steps/levels (1.5%)		-\$1,745,000
Base pay increase (1.8%)		<u>-\$2,094,000</u>
Total general fund investments		-\$4,118,000
Projected change in general fund balance		<u>\$24,000</u>

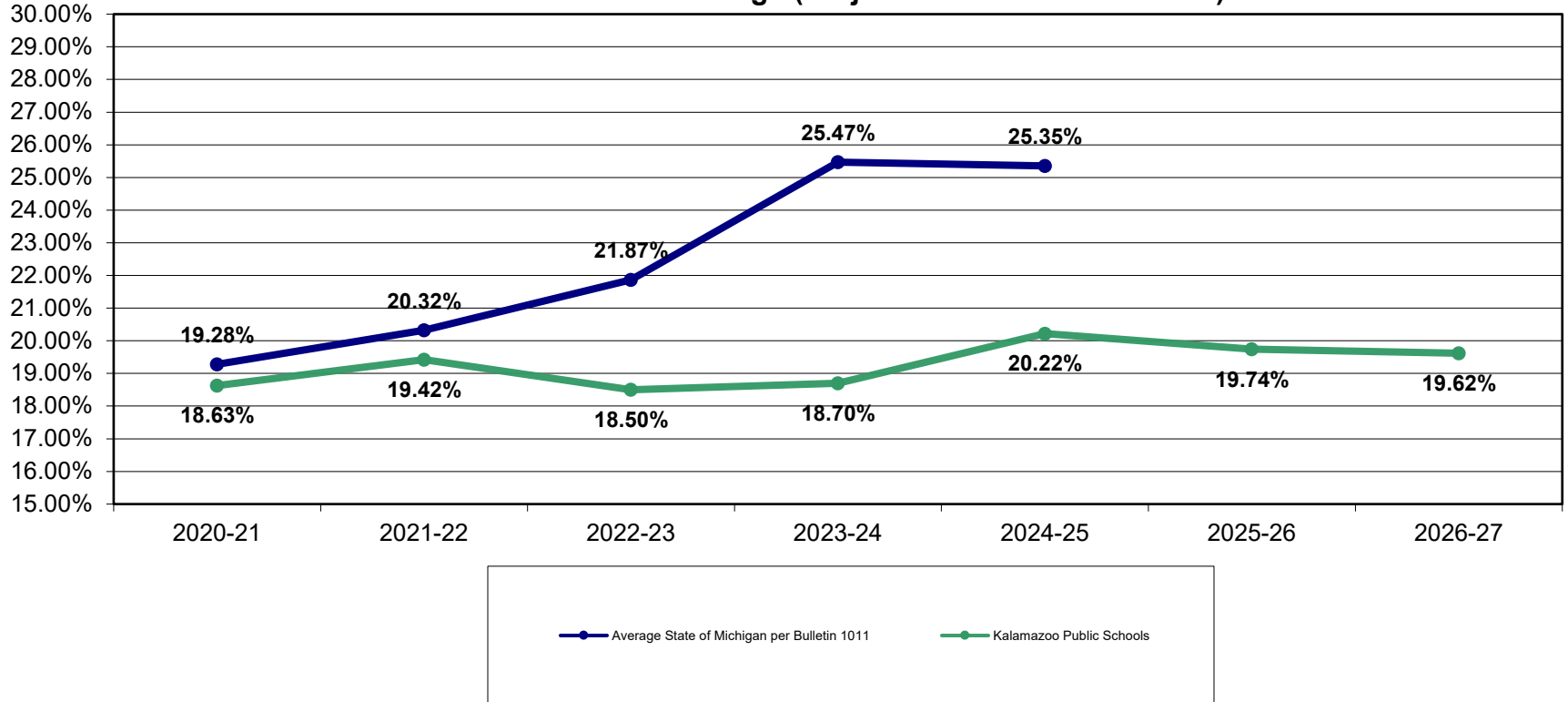
Projected 2026/27 At Risk Funds

	FTEs	
Excess of Revenues over Expenditures in 2025-26		\$1,996,000
Estimated increase in revenue per Governor's Budget (6%)		<u>\$844,000</u>
Projected Available 2026-27 At Risk Funds		\$2,840,000
Budget Transfers from General Fund:		
Multilingual Program	3.0	\$374,000
Secondary School Centers	9.0	-\$1,280,000
Elementary School Centers	1.0	-\$55,000
Instruction	1.0	-\$144,000
Student Services		<u>-\$760,000</u>
Total Budget Transfers (to)from At Risk	15.0	-\$1,865,000

At Risk New Investments

Amount Available for New Investments:		\$976,000
Elementary Instructional Intervention Teachers	<u>2.5</u>	-\$416,000
Middle School Strategic Math Teachers	<u>2.0</u>	-\$261,000
Home Support Specialist	<u>2.0</u>	-158,000
Climate and Culture Coach (reclassification)	<u>1.0</u>	-170,000
Reduction of OPEB Normal Pension Costs		135,000
Reserve for Compensation increases less vacancies		-71,000
Other miscellaneous adjustments		<u>-19,000</u>
Total At Risk fund investments		-\$960,000
Projected change in At Risk balance		<u>\$15,000</u>

Ending Fund Balance as a Percentage of Expenditures and Outgoing Transfers Compared to State Average (Projected and Last Five Years)



Reasons to Maintain an Adequate Fund Balance

- To mitigate:
 - State funding cuts due to a recession
 - Federal program funding cuts
 - Unexpected decreases in enrollment
 - Unforeseen school building issues
 - Avoids borrowing for cash flow
 - Higher bond rating, therefore lower borrowing costs

Maintaining an adequate fund balance allows for consistent programming in good times and bad, ensuring that today's kindergarten student will graduate with little disruption as possible throughout their educational career.

Future Budgets

- The district is fortunate to have all stakeholders committed to working together to have a balanced and stable budget.
- In the future, as state and federal revenues face additional constraints, the district will need to continue its focus on increasing student enrollment, pursuing additional funding sources, and encouraging state decision makers to adequately and equitably fund school districts, along with reviewing district programming to ensure student needs are being met through the efficient and effective use of public funds.