

Enclosure: 9.4.

**THE GROSSE POINTE PUBLIC SCHOOL SYSTEM
Grosse Pointe Woods, Michigan
May 6, 2024**

AGENDA NUMBER & TITLE: 9.4.

Action on WRESA 2024-2025 Budget

BACKGROUND INFORMATION:

Annually, Wayne RESA is required to provide their General Fund Operating Budget for the upcoming school year to all local education agencies by May 1st. In accordance with section 380.624 of the Revised School Code, our Board of Education must adopt a resolution expressing its support or disapproval of the proposed Wayne RESA budget. Any specific objections and/or proposed changes must be submitted to the Wayne RESA Board prior to June 1, 2023.

Enclosed for your review are three documents provided by WRESA: a model resolution, the 2024-2025 Wayne RESA Preliminary Budget and Wayne RESA 2024-2025 Preliminary Budget Frequently Asked Questions.

REQUEST:

The Board of Education make a motion to either support or disapprove (reasons should be included) the Wayne RESA General Fund Operating budget for the 2024-2025 school year.

Brandy Pavlik
Executive Director of Finance and Operations



PRELIMINARY BUDGET
Wayne RESA
2024-2025

Comments

From Wayne RESA Superintendent, Daveda J. Colbert, Ph.D.

April 30, 2024

Dear Superintendents and Board of Education Members:

This budget package reflects the projected financial profile of the Wayne County Regional Educational Service Agency's operations for fiscal year 2024-25. This information was presented to the Wayne RESA Board of Education on April 17, 2024, for review and discussion. A hearing for constituent districts will be held at the May 15, 2024, Wayne RESA Board of Education meeting. The budget is also being presented for formal approval at the June 12, 2024, meeting of the Board.

As one of the 56 intermediate school districts in the State of Michigan, Wayne RESA works closely with each of our 33 local school districts to ensure that our programs and services positively impact teaching and learning. We are connecting with, and directing our services, resources and leadership to Wayne County districts and schools with the goal of making these services relevant, cost effective, and focused on improving student achievement. Additionally, it is imperative that we continue to assist in targeting, maximizing, and distributing critical resources and to provide cost saving opportunities through collaboration, support, and economies of scale. Wayne RESA's support and expertise provided to local districts leads to clean audits, quicker resolution of issues, uninterrupted local services during periods of employee transition, and process improvements that help districts' operations run smoother, freeing up valuable time to keep the focus on improving instruction for our students.

The attached budget document provides a high level of information for your review. Additional detail is available on our website at www.resa.net under "About Us", then "Reports". Answers to many of the questions we are asked can be found in the FAQ document also posted to the report page of our website. The Wayne RESA General Fund continues to have a positive fund balance and the Wayne RESA Board of Education has taken the position that we will manage the use of our fund balance to assure stability in our services from year to year, while optimizing vital services to support our districts.

Your questions or points of interest regarding this proposed budget are invited and should be directed to Drew McMechan, Assistant Superintendent of Financial Services at (734) 334-1564 or at mcmecha@resa.net

Of course, you are always encouraged to contact me directly if you have any additional questions or comments about any aspect of Wayne RESA.

Sincerely,



Daveda J. Colbert, Ph.D.
Superintendent



Foreword



Who We Are and What We Do

Wayne RESA is a regional educational service agency that provides a wide variety of services to children, families and communities. We coordinate many of our programs with Wayne County's 33 public school districts and 97 public school academies. We also provide services to local and intermediate school districts in other parts of the state.

The services Wayne RESA provides range from curriculum consulting, leadership and content coaching, and staff development, to helping districts maximize technology in the classroom and in their business and administrative operations. Wayne RESA's services save taxpayers millions of dollars annually and enable districts to concentrate more time, money, and energy on the direct education of students.

With a projected budget of over \$745 million, Wayne RESA's budget includes **more than \$587 million that is distributed to local districts and agencies**

to cover the costs related to special education, Medicaid, the enhancement millage, and other special projects and grant-funded initiatives.

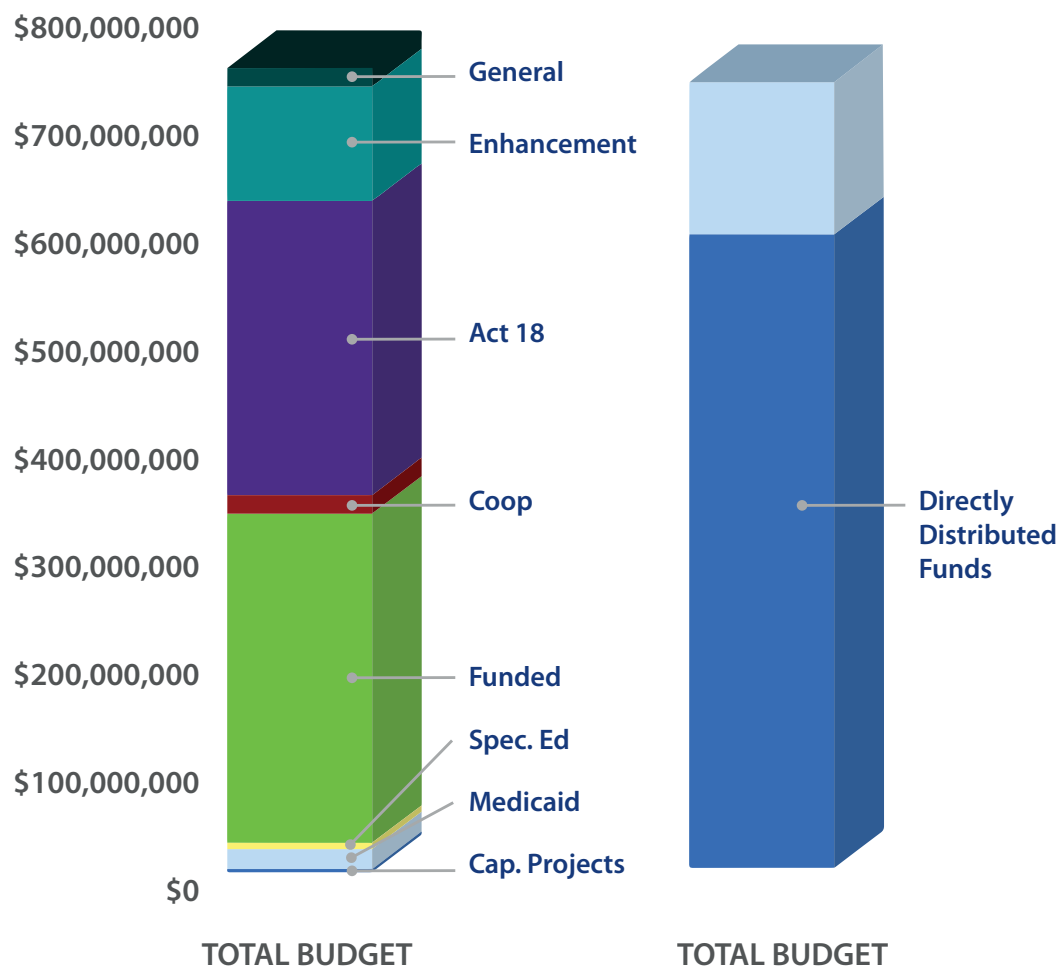
The Preliminary Budget reflects the expected revenues and planned expenditures for the 2024-2025 fiscal year. While projections are as precise as available information will permit, it is anticipated that adjustments will be necessary during the coming year.

The Preliminary Budget provides a comprehensive financial profile of all of the funds of Wayne RESA, as well as supplementary information to promote a more complete understanding of WRESA's financial structure.

Each of the individual funds includes a brief description of their purpose, and in the case of the General Operating Fund and the Cooperative Fund, are followed by links to detailed budgets for each cost center.

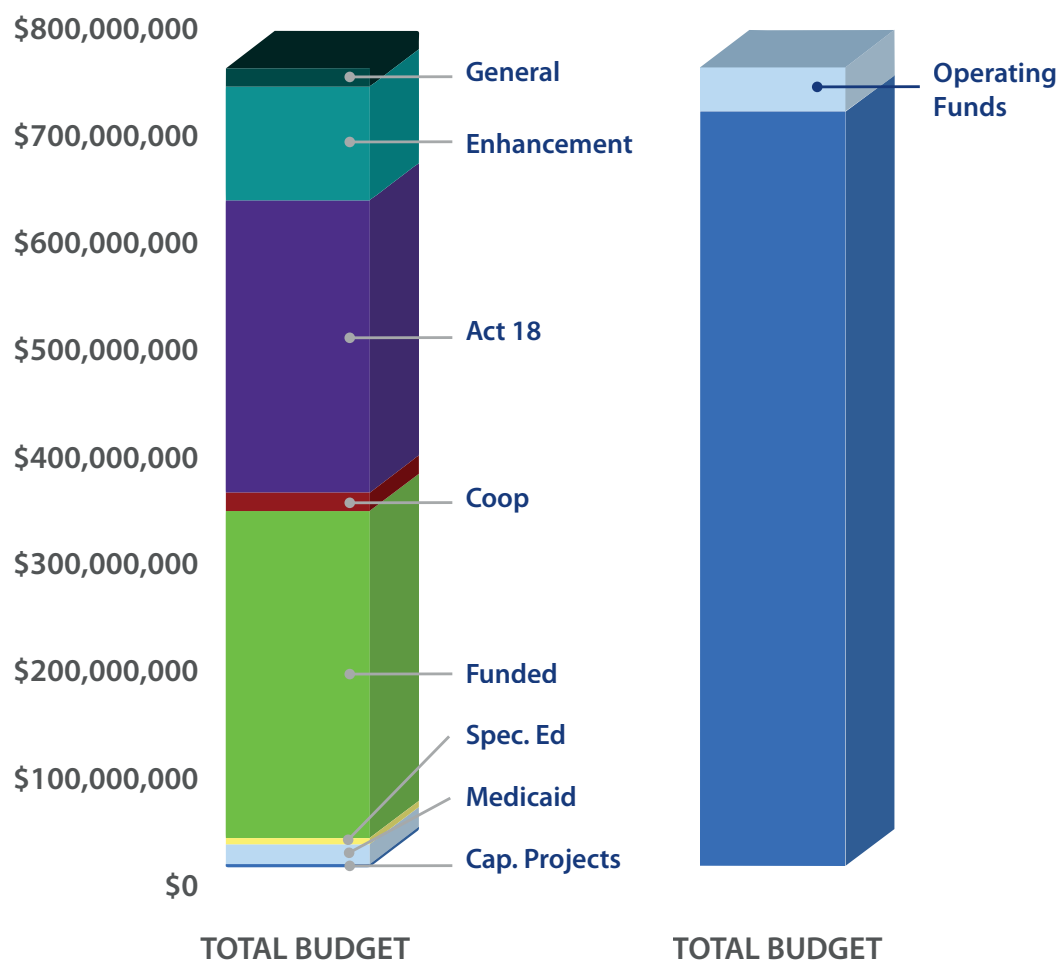
Wayne RESA 2024-25 Budget

Wayne RESA's total budget across all funds is over \$745 million. Of this, \$587 million is directly distributed to schools.



Wayne RESA 2024-25 Budget

Wayne RESA's Operating Funds, the General, Cooperative, Special Education Operating, and Capital Projects Funds, represent 5.75% of all the Agency's expenditures..



Budget by Service Area

Wayne RESA's Operating Expenditures are further divided into both indirect services and direct services to districts. Indirect services and administration costs account for approximately 28% of costs, while direct services to districts make up the remaining 72%.

Wayne RESA 2024-25 Operating Funds Budget by Service Area



General Fund

The **General Fund Operating Budget** is established to record and report all financial transactions of the Agency except those required by law to be entered in other funds.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$23,694,132	\$18,233,209
Revenues		
Local Sources	\$7,863,000	\$8,078,700
State Sources	15,555,900	15,555,900
Incoming Transfers – Other Governmental Agencies	343,000	343,000
Incoming Transfers – Other Funds	1,100,000	1,100,000
Total Revenues	\$24,861,900	\$25,077,600
Expenditures		
Salaries	\$6,745,890	\$7,352,200
Employee Benefits	4,389,300	4,732,100
Purchased Services	2,494,500	2,554,500
Supplies and Materials	546,800	546,800
Capital Outlay	3,495,500	1,236,500
Other Expenses	160,100	160,100
Outgoing Transfers – Other Governmental	252,000	252,000
Other Funds	8,129,400	9,754,400
Total Expenditures	26,213,490	26,588,600
Ending Fund Balance	\$22,342,542	\$20,831,542

See the [General Fund Program details](#).

Enhancement Millage Fund

The Wayne County schools **enhancement millage** was re-approved by voters in November of 2020 to levy two mills on all properties within the school districts in Wayne County. This millage is fully distributed as collected to the 33 school districts of Wayne County and eligible Public School Academies. It can be used for all allowable school expenditures.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$0	\$0
Revenues		
Local Sources	\$100,126,000	\$104,960,550
State Sources	1,130,000	1,130,000
Incoming Transfers – Other Governmental Agencies	0	0
Incoming Transfers – Other Funds	0	0
Total Revenues	\$101,256,000	\$106,090,550
Expenditures		
Salaries	\$0	\$0
Employee Benefits	0	0
Purchased Services	0	0
Supplies and Materials	0	0
Capital Outlay	0	0
Other Expenses	0	0
Outgoing Transfers – Other Governmental	101,256,000	106,090,550
Other Funds	0	0
Total Expenditures	\$101,256,000	\$106,090,550
Ending Fund Balance	\$0	\$0

Act 18 Fund

Act 18 monies are collected and distributed by WRESA primarily to reimburse center program operating districts for allowable added costs. In 2002 an additional 1.5 mill was approved by voters increasing the total authorized millage to 3.5 mill. Act 18 monies are completely segregated from all other WRESA accounts and are distributed according to a county-wide plan recommended by constituent districts and approved by the WRESA Board of Education.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$307,583,141	\$268,787,541
Revenues		
Local Sources	\$170,397,100	\$178,173,340
State Sources	39,998,600	39,998,600
Incoming Transfers – Other Governmental Agencies	500,000	500,000
Incoming Transfers – Other Funds	5,600,000	5,600,000
Total Revenues	\$216,495,700	\$224,271,940
Expenditures		
Salaries	\$14,000	\$15,300
Employee Benefits	10,300	11,200
Purchased Services	2,149,800	2,149,800
Supplies and Materials	186,600	186,600
Capital Outlay	22,000,000	15,169,000
Other Expenses	100	100
Outgoing Transfers – Other Governmental	227,975,100	255,290,200
Other Funds	2,955,400	4,069,000
Total Expenditures	\$255,291,300	\$276,891,200
Ending Fund Balance	\$268,787,541	\$216,168,281

Cooperative Education Fund

The **Cooperative Education Fund** is established to record and report the revenues and expenditures derived from providing services to local districts, agencies and public school academies. Revenues are comprised of user fees and subsidies from the General Operating Fund. Included in this fund are the activities included in Administrative and Instructional Technology Services, Illuminate Assessment Project, Print Services, Production Services, District Field Services, and Consolidated Services.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$4,057,540	\$3,257,540
Revenues		
Local Sources	\$113,500	\$136,700
Incoming Transfers – Other Governmental Agencies	8,353,800	8,710,400
Incoming Transfers – Other Funds	6,270,700	6,816,000
Total Revenues	\$14,738,000	\$15,663,100
Expenditures		
Salaries	\$6,020,300	\$6,562,400
Employee Benefits	4,040,100	4,356,200
Purchased Services	4,264,800	4,913,800
Supplies and Materials	705,900	705,900
Capital Outlay	292,100	327,100
Other Expenses	211,500	211,500
Outgoing Transfers – Other Governmental	0	0
Other Funds	3,300	3,300
Total Expenditures	\$15,538,000	\$17,080,200
Ending Fund Balance	\$3,257,540	\$1,840,440

See the [Cooperative Fund details](#).

Funded Projects Fund

The **Funded Projects Fund Operating Budget** is established to record and report all financial transactions of a combination of grants and initiatives that support General Education and Special Education activities.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$ (567,307)	\$ (567,307)
Revenues		
Local Sources	\$4,207,730	\$17,994,255
State Sources	136,821,090	197,747,262
Federal Sources	144,148,861	136,633,101
Incoming Transfers – Other Governmental Agencies	2,065,327	1,923,224
Incoming Transfers – Other Funds	0	0
Total Revenues	\$287,243,008	\$354,297,842
Expenditures		
Salaries	\$4,728,040	\$13,578,367
Employee Benefits	0	8,952,692
Purchased Services	8,479,041	21,501,762
Supplies and Materials	4,560,972	5,206,001
Capital Outlay	0	5,000
Other Expenses	0	51,140
Outgoing Transfers – Other Governmental	268,280,371	301,338,427
Other Funds	1,194,584	3,664,453
Total Expenditures	\$287,243,008	\$354,297,842
Ending Fund Balance	\$(567,307)	\$ (567,307)

Special Education Fund

The **Special Education Services Fund** provides consultant and staff development support for constituent districts to foster free and appropriate special education services for the eligible students with disabilities in Wayne County. The fund also includes the distribution of state and other funds to the Michigan School for the Deaf and certain other residential programs that serve Wayne County students.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$ -0-	\$ -0-
Revenues		
Local Sources	0	0
State Sources	\$1,590,700	\$1,590,700
Federal Sources	0	0
Incoming Transfers – Other Governmental Agencies	0	0
Incoming Transfers – Other Funds	3,255,400	4,369,000
Total Revenues	\$4,846,100	\$5,959,700
Expenditures		
Salaries	\$1,881,900	\$2,051,400
Employee Benefits	1,348,000	1,451,000
Purchased Services	554,900	1,396,000
Supplies and Materials	63,900	63,900
Capital Outlay	600,000	600,000
Other Expenses	5,800	5,800
Outgoing Transfers – Other Governmental	101,600	101,600
Other Funds	290,000	290,000
Total Expenditures	\$4,846,100	\$5,959,700
Ending Fund Balance	\$-0-	\$-0-

Medicaid Fund

The **Medicaid Fund** represents flow-through funding to the local districts of Wayne RESA for direct Medicaid-eligible services and Caring for Students programs. These programs have been made available through an agreement entered into by WRESA on behalf of the constituent districts to provide partial reimbursement for services to Medicaid-eligible special education students and eligible health and mental health services provided to general education students.

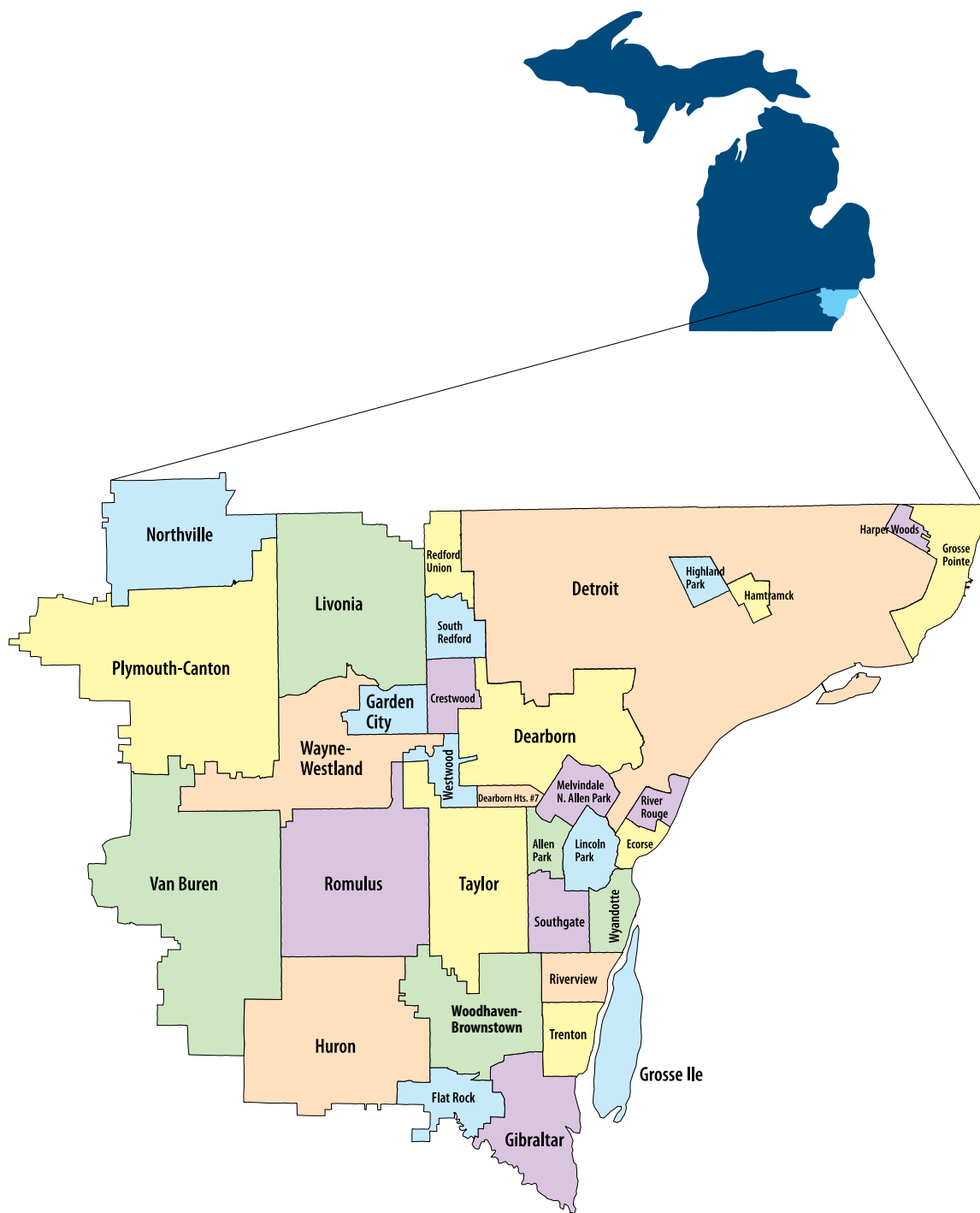
	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$-0-	\$-0-
Revenues		
Local Sources	\$18,352,100	\$18,397,800
Total Revenues	\$18,352,100	\$18,397,800
Expenditures		
Salaries	\$312,600	\$340,700
Employee Benefits	230,400	248,000
Purchased Services	43,800	43,800
Supplies and Materials	2,500	2,500
Capital Outlay	0	0
Other Expenses	900	900
Outgoing Transfers – Other Governmental	11,141,400	11,141,400
Other Funds	6,620,500	6,620,500
Total Expenditures	\$18,352,100	\$18,397,800
Ending Fund Balance	\$-0-	\$-0-

Capital Projects Fund

The **Capital Projects Fund** has been established by the Board of Education as a segregated group of accounts that are to be used for non-routine capital items. The Capital Projects Fund is funded through transfers from the General Operating Fund.

	2023-24 Approved Budget	2024-25 Proposed Budget
Beginning Fund Balance	\$954,476	\$507,376
Revenues		
Local Sources	\$20,000	\$20,000
Incoming Transfers – Other Funds	1,825,000	2,950,000
Total Revenues	\$1,845,000	\$2,970,000
Expenditures		
Purchased Services	\$80,100	\$85,000
Capital Outlay	2,212,000	2,885,000
Other Expenses	0	0
Total Expenditures	\$2,292,100	\$2,970,000
Ending Fund Balance	\$507,376	\$507,376





**SERVICE
LEADERSHIP
COLLABORATION
EXCELLENCE**

Wayne RESA:

33500 Van Born Road • Wayne, MI • 48184 • 734.334.1300 • 734.334.1620 FAX • www.resa.net

Board of Education:

James S. Beri • Mary E. Blackmon • Danielle Funderburg • Lynda S. Jackson • James Petrie

Daveda J. Colbert, Ph.D., Superintendent

Wayne RESA is an equal opportunity employer.

Wayne RESA

2024-2025 Proposed Budget

Frequently Asked Questions

QUESTION	RESPONSE
1. What are the Agency's assumptions regarding revenue?	Due to the uncertainty of the State School Aid Budget, no increases or decreases in State Aid have been budgeted. Although Property Tax values are not yet available from the counties, we are projecting an increase in taxable values based on current trends.
2. What salary adjustments are included in the proposed budget?	Salary steps and scheduled increases that are part of current bargaining unit contracts combined with a full year of salary and benefits for positions that were unfilled for a portion of the prior year. All collective bargaining agreements expire on June 30, 2025.
3. What assumptions were made about retirement costs?	The budget holds the retirement rate at a composite rate of 41% including passthrough revenue related to Section 147c of the state school aid budget to help offset a portion of the gross retirement expense.
4. What assumptions were made about health care costs?	The preliminary budget reflects the continued compliance with the Public Act 152 hard cap and has included the 4.1% increase for 2024 to raise the cap, as imposed by law.
5. In the General Fund, why are there some program areas with compensation increases, some with decreases and some with virtually no change?	The various programs within the General Fund may have as few as one person or more than 20 people. The variations in individual programs when comparing the current year budget to the projected budget reflect, in most cases, contractually negotiated pay increases and changes in the allocation of staff between grant funds, the Cooperative Fund and the General Fund.
6. How much does the Wayne RESA General Fund contribute toward the support of the Wayne County IT Consortium and the MiStar DNA/Illuminate Project?	The General Fund is budgeted to contribute \$4,439,600 to the Wayne County IT Consortium and \$305,100 to IT field services in 2023-2024. The General Fund is budgeted to contribute \$983,600 to the MiStar DNA/Illuminate Project.

Wayne RESA

2024-2025 Proposed Budget

Frequently Asked Questions

7. The budget projections indicate that the Agency will have a \$1.51M operating deficit in 2024-2025. Is this expected to be a continued trend?	The agency has budgeted to use fund balance in a planned way to minimize impact on services to local schools and to cover one-time costs of necessary capital projects including roofing and HVAC replacements, as well as upgrades related to security and replacements of equipment for the conference rooms vital to providing professional development. The projected 2024-2025 operational deficit is reflective of that planned use of fund balance. The Wayne RESA Board's long-term strategy has been to maintain fund balance necessary to provide stability in the delivery of operational services to constituent districts.
8. What are the revenue assumptions in the Act 18 Special Education fund?	Property tax revenues are budgeted to increase due to expected increases in taxable values across the county. Neither the State School Aid Budget nor the 2023 property values have been released at this time. Interest income is budgeted to remain stable for the upcoming year based on current market rates.
9. Why are transfers to other agencies increasing in the Act 18 Fund?	Transfers to other agencies (school districts and charter schools) are based on 2024-25 budgets submitted by Center Program Operating Districts.
10. Are one-time payments for unreimbursed special education costs included in the budget?	Yes, one-time payments related to unreimbursed special education and special education transportation costs are included in the 2024-25 budgets.

Wayne RESA

2024-2025 Proposed Budget

Frequently Asked Questions

11. What is the purpose of the Capital Projects Fund and why is there a proposed increase for the 2024-2025 budget?	This fund was established by the Board of Education to provide for the capital needs of the organization and has been funded through transfers from the General Fund. The 2024-25 budget will use available fund balance from projected unfinished 2023-24 projects as well as an additional allocation from the General Fund. The following projects are budgeted to be completed in the 2024-25 school year: roof, HVAC, elevator, and gate repairs – Annex; flooring replacement, elevator repairs, IT server room generator replacement, security enhancements, lighting upgrades, office space restructuring, and replacement of outdated equipment in conferences rooms and print shop – Education Center.
12. How will the Enhancement Millage fund be distributed during the 2024-25 Budget year?	The Renewal of the Enhancement Millage in 2020 and changes to legislation require RESA to distribute current year collections to both local Districts and Public School Academies. An increase in total current collections is budgeted based on projected property value increases.

MODEL RESOLUTION FOR LOCAL DISTRICT VOTE ON WAYNE RESA BUDGET

Wayne County Regional Educational Service Agency (“Wayne RESA”)
2024-2025
General Fund Operating Budget
RESOLUTION

A _____ meeting of the Board of Education of the _____
School District was held at the _____ on _____, 2024 at _____.

Members present were: _____

The following preamble and resolution were offered by Member _____
and seconded by Member _____.

WHEREAS:

This Board received the Wayne RESA General Fund Operating Budget on or before May 1, 2024;
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 Wayne RESA budget, and must
submit to the Wayne RESA Board any specific objections and/or proposed changes the Board may
have to the budget prior to June 1, 2024

THEREFORE, BE IT RESOLVED THAT:

Please check one of the following options:

☐ The Wayne RESA General Fund Operating budget for the 2024-2025 school year be supported,
and that the Secretary of the Board is hereby directed to submit a copy of this resolution to the
Secretary of the Wayne RESA Board of Education, along with comments.

OR

☐ The Wayne RESA General Fund Operating budget for the 2024-2025 school year be disapproved
(for 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 Wayne RESA Board of Education, along with any
specific objections or proposed changes to the budget.

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 _____
2024, 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