A Budget Hearing of the School Board of said district was held in the Administrative Offices
on the above date. The meeting was called to order by President Bajema at 5:40 p.m.

Members Present: Bajema, Grifhorst, Haidle, Joseph and Thorne
Members Absent:
Guests:

Kent ISD Staff Present: Superintendent Caniff, Assistant Superintendents Hagerty, Koehler,
Smith, Sullivan, Recording Secretary Conners, Director Baine, Principal Kiley.

Superintendent Caniff opened up the annual Budget Hearing held pursuant to statute MCL
141.413.

Assistant Superintendent Hagerty thanked the Kent ISD staff for all their work preparing
for the budget hearing. He provided a PowerPoint presentation and gave the following report to
the School Board:

National and Michigan Economy
The national economy is moving well and private employment is at an all-time high.
Michigan has had nine straight years of job growth. This is starting to slow and remains below
the national average. The national and state unemployment rate remains low, with Michigan
close to full employment.

U.S. light vehicle sales have been over 17 million four years in a row and the Detroit Three
auto market share has stabilized at around 44.5 percent. Housing remains strong and crude oil
prices are projected to recover. Interest rates are also projected to start rising from the current
low levels.

The Federal Budget
The Federal Budget has a projected growth rate of approximately 5% a year. The federal
deficit is about 3% of the gross domestic product (GDP).

The State Budget
Michigan state revenues are growing at around 3.5 percent. Funding from the general fund
for road plan expenses will end next year and the road plan will be funded through new taxes
levied. This redirection of road funding revenue has allowed for growth in other areas of the
budget. The proposed School Aid increase of $174 million is not guaranteed. The Flint water
crisis will also impact the general fund. College/University funding has remained stable since
2011.

State-wide Taxable Value
The State taxable value at the regional level (the ten prosperity regions) was reviewed.
Thirty-six percent of the taxable value is in Region 10, in the Detroit area. Region 4, which
includes Kent County, is at 16 percent. The state-wide regional aggregate taxable value trends
by property class were reviewed. Property values statewide appear to be rebounding. However,
during the past eight years the entire lower peninsula has experienced a decline in value. Region
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4 (which includes Kent County) has had a 13% increase from 2000-2015, but had a 11% decrease from 2007-2015. The 2016-17 School Aid Fund ongoing revenue sources were also reviewed.

The Local Economy
The local taxable value history was reviewed. Taxable value for this year rose .53%, down from the preliminary projection of a 1.75% increase. Reasons for this difference and the effects of this on the Kent ISD budget were discussed.

Kent ISD Budgets
The Kent ISD budgets have not been revised based on this new taxable value information since the budget has already been submitted to the local districts for review and consideration. A reimbursement of $1.6 million from personal property taxes is a possibility in the fall.

The 2016 Kent ISD proposed millage rate is 4.7903 mills. The 2016 projected tax revenue based on this is $105,799,223.

Budget assumptions for revenue and expenses were reviewed. Property taxes were projected to increase 1.75 percent. State revenue saw a 1.6% increase in Section 81. There was no change in federal revenue. Wages are projected to increase 1.5%. The health benefits cost and retirement rates were reviewed.

All three Kent ISD operating funds currently have a surplus. The General fund is now over $36 million in expenditures. GSRP and adult education consortiums make up over 60% of the revenue. This fund is steady with an expected surplus of $306,015 and a healthy fund balance. The Special Education fund has had little change in total revenue/expenditures from year to year. Act 18 funds represent over 40% of total revenue, which is passed on to local districts. The fund is steady and we are in the process of growing the fund balance. Eighty percent of the CTE fund is property tax revenue. The increase of .1 mills levied for this budget, which occurred in June 2015 to restore the levy it to its authorized amount, is being used towards infrastructure, program equipment upgrades and expansion, and reserve funds for future opportunities. Two additional instructors were added due to student demand in the IT and health diagnostic programs. The fund is stable and we are starting to rebuild the fund balance, which is low. The Cooperative Programs fund budget is steady and includes programs and services such as KIH, MySchool, SNN and the data warehouse.

Member Joseph asked about the impact of the current Detroit Public Schools crisis. Hagerty said the projected cost is $70 million annually for ten years. This money is proposed to come out of the tobacco settlement funds and not the School Aid fund.

The meeting was adjourned by President Bajema at 6:05 p.m.
Minutes Approved: June 20, 2016

Andrea Haidle, Secretary

Claudia Bajema, President