



Northwest Education Services

2026-27 Budget Overview

General, Special & Vocational Education

April 2026

INTRODUCTION

The budgets presented for review are based on the most up-to-date information available. This is the initial budget projection of Northwest Education Services (North Ed) for the upcoming 2026-2027 school year. The budget includes our best estimates at this time; the governor released her School Aid Fund budget proposal, the House and Senate have not yet released their proposals. As additional facts become available, North Ed's budgets will be adjusted appropriately.

Some basic assumptions affect all of the main operating budgets. North Ed is anticipating a 5% increase in local property taxes. Negotiated salary increases and steps are included in all budgets. The Governor's proposed retirement rate of 41.02%, which includes a defined benefit contribution of 27.51% and 13.51% for the unfunded actuarial accrued liability, has been utilized in the budgets. The decrease in MPSERS funding that flows through districts to the retirement system is budgeted as a decrease to both revenues and expenditures in all funds, with a net reduction in overall MPSERS funding. Health insurance has been budgeted based on hard caps set by PA 152 of 2011 and indexed at 3%.

Board policy 3202 established a minimum fund balance percentage of 12% of the preceding year's revenues for the General Education, Special Education, and Vocational Education funds, and addresses capital project needs. A facility study completed as part of the Michigan Statewide School Facilities Study in 2025 identified North Ed's capital project needs, which will be funded for a minimum of two years in the appropriate capital projects fund. In support of local school districts' unfunded special education costs, excess funds above the minimum 12% level in the Special Education fund will be distributed to all constituent school districts and public school academies annually. In addition, North Ed will include in its appropriations the full cost of Career-Tech Center transportation within the Vocational Education fund.

GENERAL EDUCATION FUND BUDGET

Revenue

General Education fund revenues include four basic sources: local (18%), state (66%), federal (5%), and transfers & modifications (11%).

Local revenue: The bulk is derived from property taxes levied within North Ed's service region. The original millage to support General Education was .2700, which has been rolled back to .1828 due to the Headlee Amendment. The tax base for 2025 was roughly \$17.8 billion from 7 counties. Taxable values continue to grow steadily across our region, and a 5% increase has been budgeted. The local tax revenue increase is estimated at approximately \$159,000 and we anticipate an increase in Medicaid C4S funding of \$42,000. The increases are offset by a decrease of \$162,000 in local grant contributions.

State revenue: Funding was decreased due to an anticipated net reduction in grant expenditures as well as decreased MPSERS funding.

Federal revenue: Funding was decreased due to an anticipated reduction in grant expenditures in 2026-2027.

Incoming Transfers and Other Transactions: These revenues are projected to increase due to increases in charges to local districts for technology and business services.

Expenditures

Instructional costs comprise 29% of expenditures for the General Education fund. Instructional staff include consultants in the core areas as well as health and data analysis, Early Childhood programs, Migrant Education and the Regional Educational Media Center (REMC). Professional development opportunities include, but are not limited to, the Regional Staff Development Day, Professional Learning Communities, Curriculum and Assessment Development, trainings in various other core instructional areas, evaluation practices and school improvement initiatives. Stipends for constituent district personnel, substitute teacher reimbursements and applicable supplies are included in this category. The Marzano iObservation System, which is used for tracking and monitoring teacher and administrator evaluations and growth plans, is budgeted at \$75,000 and will continue to be funded from the General Education budget for the region. The REMC, which services local districts in the North Ed region as well as Charlevoix-Emmet ISD and Wexford-Missaukee ISD regions, is accounted for within instructional costs. Section 81, State operating dollars are used to operate the REMC, which provides training, materials and video streaming to area educators.

Basic Programs include expenditures for tuition for online learning opportunities through Michigan Virtual University, as well as early childhood grant activities.

Added Needs budget area includes the teachers and support staff for our consortium supported by the Migrant program grant. This grant is a consortium for our local districts as well as districts in the Manistee and Charlevoix-Emmet ISD regions. North Ed operates the Migrant program and is the fiscal agent. The budget is projected to increase due to normal salary and benefit increases.

The **Pupil Support** category is projected to increase due to normal salary and benefit increases.

The **Instructional Staff** expenditures are expected to decrease due to the reduction in MPSERS funding and the elimination of MiSTEM, Health, and Grow Your Own grants.

General Administration expenditures are anticipated to decrease due to a reduction in contractual costs that are offset by normal salary and benefit.

The support areas of business, technology, truancy reporting, information services, human resources, pupil auditing, operations/maintenance, and community services account for 19% of the General Education fund.

Business Services have been increased due to normal salary and benefit increases.

Operations and Maintenance budgets are expected to increase due to normal salary and benefit increases.

Central Services decreased due a reduction in MPSERS funding that is offset by normal salary and benefit increases.

The **Community Services** category is expected to decrease due to decreased expenditures in Early Childhood grants.

Outgoing Transfers and Other Transactions make up 50% of the General Education budget. Overall, the largest portion of the General Education budget is Early Childhood costs. The vast majority of these funds are transferred to our districts and community partners. North Ed retains 3% for administrative costs and 5% for quality support services which allows North Ed to provide the support of Early Childhood specialists and program service staff. North Ed is expecting increased costs associated with carryover dollars for Early Childhood education with our local districts and partners, which is offset by a decrease in available carryover funds associated with the 31n mental health grant. Carryover funding can be difficult to predict, causing much fluctuation in this area of the budget from year to year. Also included is a transfer to the capital projects fund for identified projects.

Outgoing Transfers and Other Transactions Detail

- Medicaid Caring 4 Students (C4S): \$ 316,101
- Grant Flowthrough to LEAs/Community Partners:
 - Mental Health: \$1,441,135
 - Early Childhood: \$8,917,879
 - Other: \$39,200
- LEA Program Support: \$181,738
- Transfer to Capital Projects Fund: \$761,042

SPECIAL EDUCATION FUND BUDGET

Revenue

Special Education fund revenues include four basic sources: local (53%), state (36%), federal (9%), and transfers & modifications (2%).

Local revenue: Property taxes levied within the North Ed region are the largest source of local funding. The Special Education millage authorized is 2.0000. The tax base for 2025 was roughly \$17.8 billion from 7 counties. Taxable values continue to grow steadily across our region, and a 5% increase has been budgeted. The local tax revenue increase is estimated at approximately \$1.74 million, which is offset by the anticipated decrease in Medicaid revenue of \$209,000 and investment earnings of \$50,000, resulting in an estimated net increase in local revenue of approximately \$1,485,329.

State revenue: Funding for MPSERS costs is expected to decrease by \$735,000, while state special education funding is expected to increase by \$2,304,672 based on 2025-2026 cost projections. The net increase in state revenue is projected to be approximately \$1,555,000.

Federal revenue: Funding is expected to decrease in 2026-2027 by approximately \$74,000 due to a reduction in IDEA grant expenditures of \$123,000 that is offset by an increase in Medicaid Outreach revenue.

Incoming Transfers and Other Transactions: These revenues are projected to increase by roughly \$89,400 due to an anticipated increase in special education transportation reimbursements from local districts as well as an increase in indirect cost recovery.

Expenditures

Instructional costs comprise approximately 24% of expenditures for the Special Education fund. The **Added Needs** budget includes the center-based programs for high needs special education students within the region. Classroom teachers, teacher assistants, interpreters, equipment, and supplies are represented in this area of the budget. The budget reflect the addition of two ASD classrooms in the Bridgeway program, as the need for the program continues to grow in the region.

The **Pupil Support** category represents the largest expenditures in the Special Education fund at 39%. School psychologists, speech pathologists, teacher consultants, school social workers, physical therapists, occupational therapists and nursing services are included in this section and are referred to as Itinerant Staff. The Itinerant Staff provide services in the region to the local districts, public school academies, private schools, and center-based programs.

The **Instructional Staff** category includes the administration within the Special Education fund, including the Assistant Superintendent position and the Service Area Supervisors. Increased costs are due to normal salary and benefit increases, which are offset by a reduction in costs for conferences and materials.

General Administration expenditures are expected to decrease due to a reduction in contractual costs that are offset by normal salary and benefit.

The **School Administration** expenditures include the administration of ISD center-based programs. Increased costs are due to normal salary and benefit increases as well as the addition of one clerical position to support the Bridgeway program.

The support areas of business, technology, information services, human resources, operations/maintenance, transportation, and community services account for 13% of the Special Education fund.

Business services expenditures are anticipated to increase due to salary and benefit increases that are offset by a reduction in Medicaid fees.

The **Operations and Maintenance** category is expected to be relatively flat due to normal salary and benefit increases and an increase in property and liability insurance that are offset by a reduction in operating costs.

Transportation services have increased to reflect anticipated costs for next fiscal year.

Central services increased due to normal salary and benefit cost increases.

The **Community Services** category increased due to normal salary and benefit cost increases.

Outgoing Transfers and Other Transactions reflects 15% of the Special Education budget. Major expenditures are payments to local districts and public school academies for Act 18 millage funds to support special education programs and Medicaid funding. Included in the budget is an allocation of \$1,000,000 to local districts for anticipated fund balance from 2025-2026 as well as the payout of funds from prior years that were supporting services to a local district in lieu of the original payout.

Outgoing Transfers and Other Transactions Detail

- Medicaid School Based Services and Outreach: \$1,220,922
- Grant Flowthrough to LEAs/PSAs: \$180,168
- Reimbursement for Unfunded Special Education Costs: \$2,586,357
- Distribution of Fund Balance Above 12%: \$1,553,998
- Transfer to Capital Projects Fund: \$6,062,326

VOCATIONAL EDUCATION FUND BUDGET

Revenue

Vocational Education fund revenues include three basic sources: local (86%), state (12%), federal (2%).

Local revenue: The bulk is derived from property taxes levied within the North Ed region. The authorized Vocational Education millage of 1.0000 has been rolled back to 0.6796 due to the Headlee Amendment. The tax base for 2025 was roughly \$17.8 billion from 7 counties. Taxable values continue to grow steadily across our region, and a 5% increase has been budgeted. The estimated increase to local taxes is \$591,753, which represents the total projected increase to local revenue at this time.

State revenue: Funding was decreased to reflect a reduction in the MPSERS funded retirement categorical as well as a decrease in state payments in lieu of taxes. The estimated decrease to state revenue is \$164,346.

Federal revenue: Perkins grant funding is expected to remain flat in 2026-2027.

Incoming Transfers and Other Transactions: Revenue for tuition from non-ISD residents is expected to increase by approximately \$50,000.

Expenditures

Instructional costs comprise 51% of expenditures for the Vocational Education fund. The **Added Needs** budget includes the career-technical education programs. Classroom teachers, paraprofessionals, equipment, and supplies are represented in this section.

Pupil Support includes school counselors, the school social worker, teacher consultants, and job placement services that provide additional supports to students.

The **Instructional Staff** category includes curriculum and professional development services.

General Administration expenditures are expected to increase due to normal salary and benefit increases.

School Administration expenditures are expected to decrease due to the reduction in MPSERS funding as well as a decrease in technology needs. The decreases are offset by normal salary and benefit increases

The support areas of business, technology, information services, human resources, operations/maintenance, transportation, and community services account for 17% of the Vocational Education fund.

Business services expenditures are anticipated to increase due to normal salary and benefit increases.

Operations and Maintenance budgets have been increased due to normal salary and benefits increases and filling an open position from the prior year as well as an increase in property and liability insurance; the increases are offset by a reduction in costs related to equipment needs.

Transportation is expected to increase slightly.

Central services are expected to decrease due to the reduction in MPSERS funding that is offset by normal salary and benefit increases.

Community Services are expected to decrease slightly.

Outgoing Transfers and Other Transactions reflects 15% of the Vocational Education budget. This budget reflects full reimbursement to the local districts for the cost of Career-Tech transportation as well as a transfer to the capital projects fund.

Outgoing Transfers and Other Transactions Detail

- Reimbursement for Unfunded Vocational Education Costs: \$91,380
- Reimbursement for CT Transportation: \$734,511
- Transfer to Capital Projects Fund: \$1,656,381



**General Education Fund
Proposed Budget
For Fiscal Year 2026 - 2027**

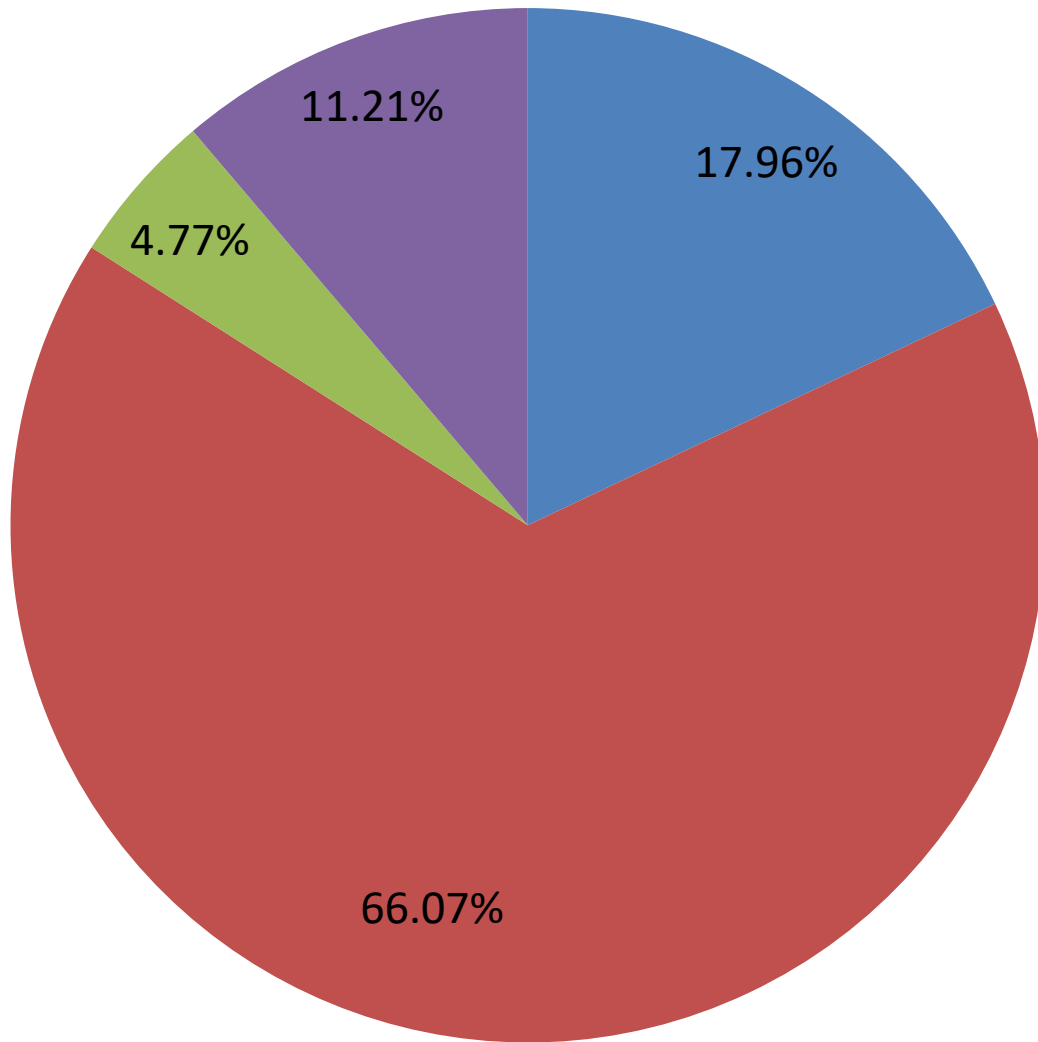
	FINAL 2024-2025 6/30/2025	AMENDED BUDGET 2025-2026 2/3/2026	PROPOSED BUDGET 2026-2027 4/7/2026	
REVENUES				
Local Sources	3,912,522	4,067,485	4,190,734	1,2
Intermediate Sources	-	-	-	
State Sources	14,537,947	16,254,089	15,417,128	2,3
Federal Sources	1,979,303	1,443,181	1,112,572	2
TOTAL REVENUES	20,429,773	21,764,755	20,720,434	
INCOMING TRANSFERS AND OTHER TRANSACTIONS	3,161,269	2,496,348	2,614,711	4
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS	<u>23,591,041</u>	<u>24,261,103</u>	<u>23,335,145</u>	
EXPENDITURES				
Instruction Expense				
Basic Program	400,601	387,030	372,179	2
Added Needs	780,176	388,802	400,566	2,3
Adult and Continuing	-	-	-	
Support Service				
Pupil	699,722	486,689	516,776	3,5
Instructional Staff	5,587,633	6,252,595	5,600,019	2,3,5
General Administration	651,560	551,926	543,368	3,5,6
School Administration	-	-	-	
Business	1,200,701	1,352,733	1,398,220	3,5
Operation & Maintenance	367,733	613,244	622,359	3,5
Pupil Transportation	65,068	66,834	65,930	
Central	1,808,395	2,064,555	2,070,762	3,5
Other	17,077	4,110	-	
Community Services	409,867	349,573	218,208	2
TOTAL EXPENDITURES	11,988,534	12,518,091	11,808,387	
OUTGOING TRANSFERS AND OTHER TRANSACTIONS	11,517,127	11,823,930	11,657,095	2,7
TOTAL APPROPRIATED	<u>23,505,661</u>	<u>24,342,021</u>	<u>23,465,482</u>	
EXCESS REVENUE (APPROPRIATIONS)	85,380	(80,918)	(130,337)	
FUND BALANCE JULY 1	2,906,870	2,992,250	2,911,332	
FUND BALANCE JUNE 30	<u>2,992,250</u>	<u>2,911,332</u>	<u>2,780,995</u>	

Exhibit I

12%

1) Increased tax revenue; 2) Changes in grant expenditures; 3) Decreased MPSERS funding; 4) Increased LEA Services;
5) Updated staff costs; 6) Changes in contracts; 7) Decreased transfer to capital projects

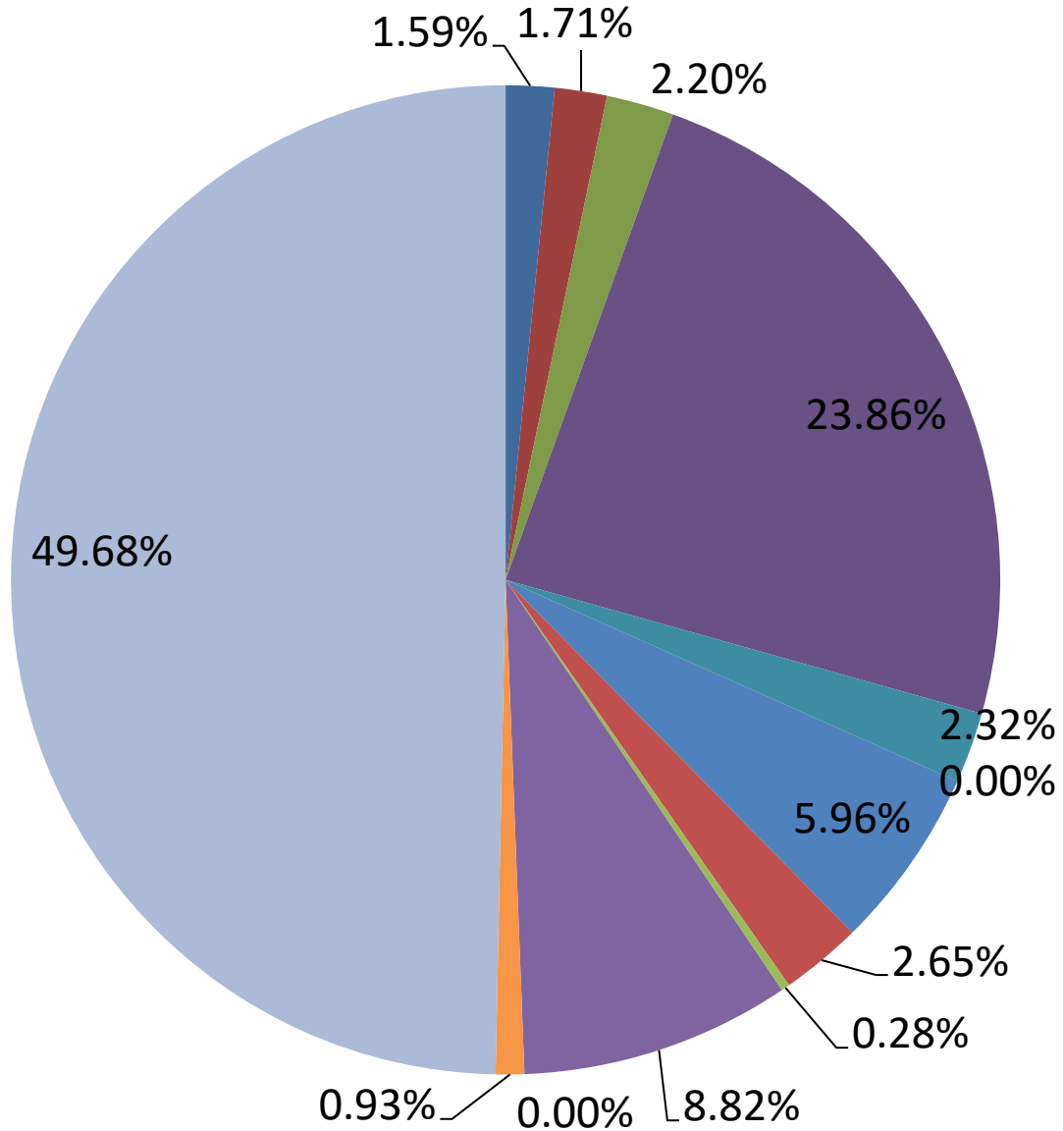
**Northwest Education Services
General Education Fund
2026-2027
Projected Revenue Sources**



■ Local Sources
■ Federal Sources

■ State Sources
■ Incoming Transfers & Other Transactions

**Northwest Education Services
General Education Fund
2026-2027
Projected Expenditures**



- Basic Program
 - Pupil Services
 - General Administration
 - Business Services
 - Pupil Transportation
 - Other Support Services
 - Other Transfers & Other Transactions
- Added Needs
 - Instructional Staff Services
 - School Administration
 - Operation & Maintenance
 - Central Services
 - Community Services



Special Education Fund Proposed Budget For Fiscal Year 2026 - 2027

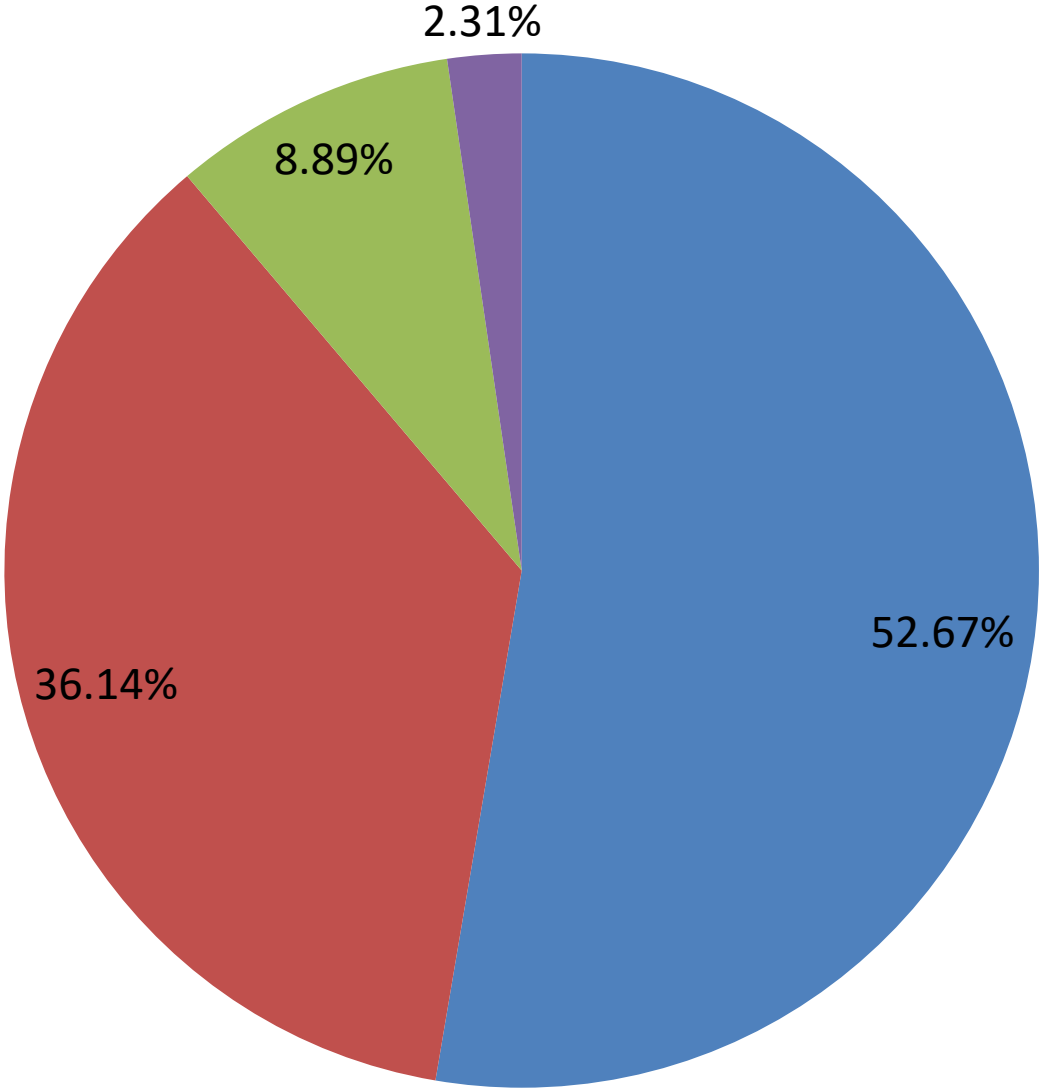
	FINAL 2024-2025 6/30/2025	AMENDED BUDGET 2025-2026 2/3/2026	PROPOSED BUDGET 2026-2027 4/7/2026	
REVENUES				
Local Sources	36,646,721	40,480,097	41,965,426	1, 2
Intermediate Sources	-	-	-	
State Sources	27,991,347	27,238,802	28,793,909	3, 4
Federal Sources	7,258,162	7,155,798	7,081,572	2, 6
TOTAL REVENUES	71,896,230	74,874,697	77,840,907	
INCOMING TRANSFERS AND OTHER TRANSACTIONS				
	1,732,309	1,749,520	1,838,920	5
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS	73,628,539	76,624,217	79,679,827	
EXPENDITURES				
Instruction Expense				
Basic Program	-	-	-	
Added Needs	15,997,442	18,327,508	19,606,611	4, 7, 8
Adult and Continuing	-	-	-	
Support Service				
Pupil	27,267,114	30,714,128	31,596,415	4, 7
Instructional Staff	3,637,648	4,379,577	4,441,981	4, 7
General Administration	95,491	239,153	237,432	4, 7
School Administration	1,231,995	1,405,663	1,479,365	4, 7, 8
Business	1,220,978	1,493,459	1,532,861	4, 7
Operation & Maintenance	1,435,610	1,705,097	1,706,219	4, 7
Pupil Transportation	5,086,801	5,259,990	5,409,117	5
Central	1,847,859	2,062,597	2,092,357	4, 7
Other	8	1,225	1,225	
Community Services	264,293	152,657	159,602	6, 7
TOTAL EXPENDITURES	58,085,239	65,741,054	68,263,185	
OUTGOING TRANSFERS AND OTHER TRANSACTIONS				
	14,552,986	11,974,267	11,603,771	9
TOTAL APPROPRIATED	72,638,225	77,715,321	79,866,956	
EXCESS REVENUE (APPROPRIATIONS)	990,314	(1,091,104)	(187,129)	
FUND BALANCE JULY 1	9,849,498	10,839,812	9,748,708	
FUND BALANCE JUNE 30	10,839,812	9,748,708	9,561,579	
COMMITTED FOR DISTRIBUTION TO LEAs	435,530	553,802	-	
RESTRICTED FUND BALANCE JUNE 30	10,404,282	9,194,906	9,561,579	

12%

Exhibit II

- 1) Increased tax revenue; 2) Changes in Medicaid funding; 3) Increased state aid revenue; 4) Decreased MPSERS funding;
 5) Increased transportation consortium; 6) Changes in grant expenditures; 7) Updated staff costs;
 8) Changes in program cost; 9) Increased transfer to capital projects

**Northwest Education Services
Special Education Fund
2026-2027
Projected Revenue Sources**



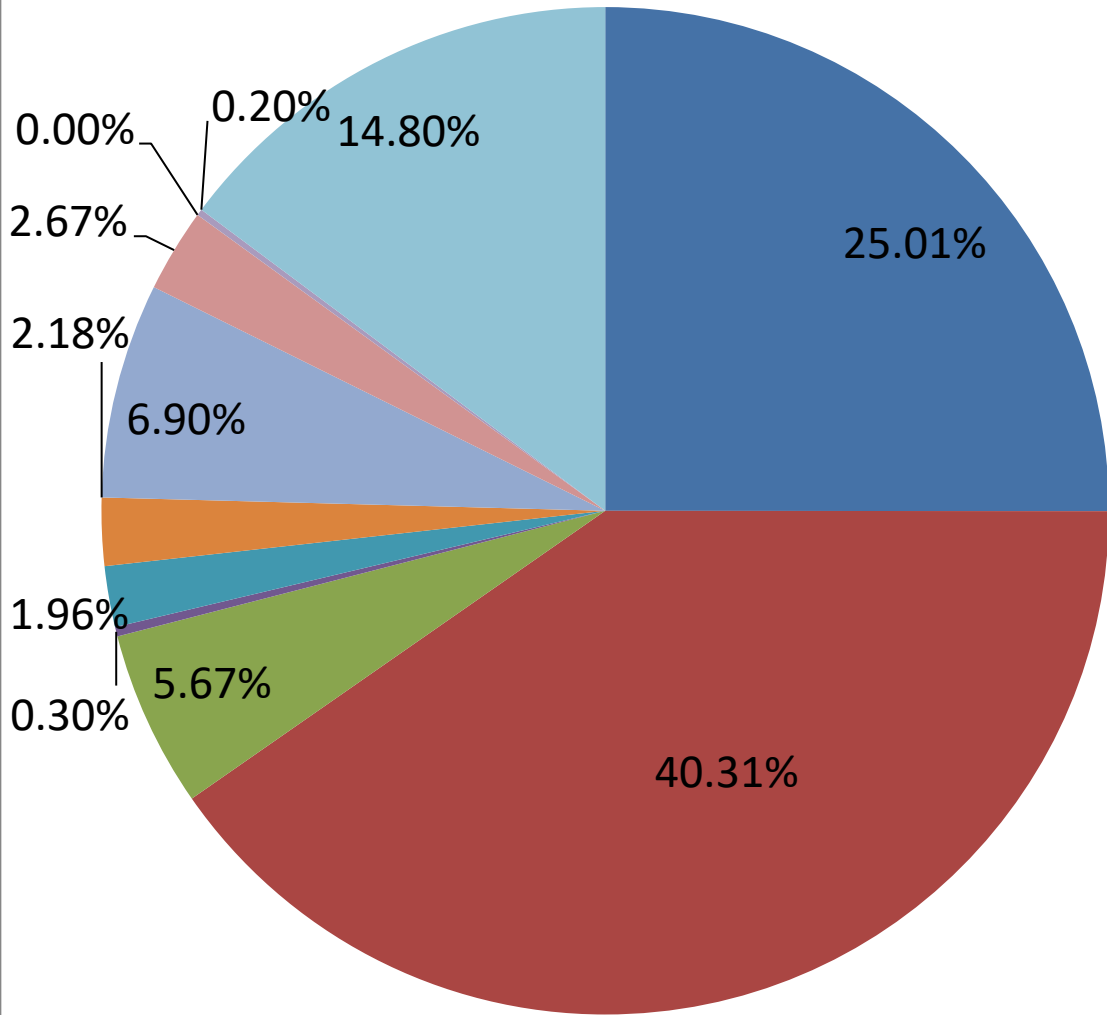
Local Sources

State Sources

Federal Sources

Incoming Transfers & Other Transactions

**Northwest Education Services
Special Education Fund
2026-2027
Projected Expenditures**



- Added Needs
- Instructional Staff Services
- Business Services
- Pupil Transportation
- Other Support Services
- Other Transfers & Other Transactions
- Pupil Services
- General Administration
- Operation & Maintenance
- Central Services
- Community Services



Vocational Education Fund Proposed Budget For Fiscal Year 2026 - 2027

	FINAL 2024-2025 6/30/2025	AMENDED BUDGET 2025-2026 2/3/2026	PROPOSED BUDGET 2026-2027 4/7/2026	
REVENUES				
Local Sources	11,782,929	12,370,858	12,962,611	1
Intermediate Sources	0	0	-	
State Sources	1,871,718	1,931,582	1,767,236	2
Federal Sources	273,870	282,303	282,303	
TOTAL REVENUES	13,928,517	14,584,743	15,012,150	
INCOMING TRANSFERS AND OTHER TRANSACTIONS				
	34,146	39,060	88,800	3
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS	13,962,663	14,623,803	15,100,950	
EXPENDITURES				
Instruction Expense				
Basic Program	-	-	-	
Added Needs	6,695,017	7,554,151	7,567,850	2,4
Adult and Continuing	-	-	-	
Support Service				
Pupil	959,672	1,075,353	1,079,403	2,4
Instructional Staff	405,049	444,868	448,138	2,4
General Administration	273,840	356,616	363,463	2,4
School Administration	615,541	683,778	632,731	2,4,5
Business	253,002	318,484	328,183	2,4
Operation & Maintenance	1,126,927	1,250,460	1,295,798	2,4,6
Pupil Transportation	18,871	89,611	93,085	7
Central	669,803	714,070	709,384	2,4
Other	20,850	28,097	28,535	
Community Services	17,709	20,967	14,850	
TOTAL EXPENDITURES	11,056,281	12,536,455	12,561,420	
OUTGOING TRANSFERS AND OTHER TRANSACTIONS				
	2,651,614	2,332,815	2,482,272	7,8
TOTAL APPROPRIATED	13,707,895	14,869,270	15,043,692	
EXCESS REVENUE (APPROPRIATIONS)	254,768	(245,467)	57,258	
FUND BALANCE JULY 1	1,745,555	2,000,323	1,754,856	
FUND BALANCE JULY 30	2,000,323	1,754,856	1,812,114	

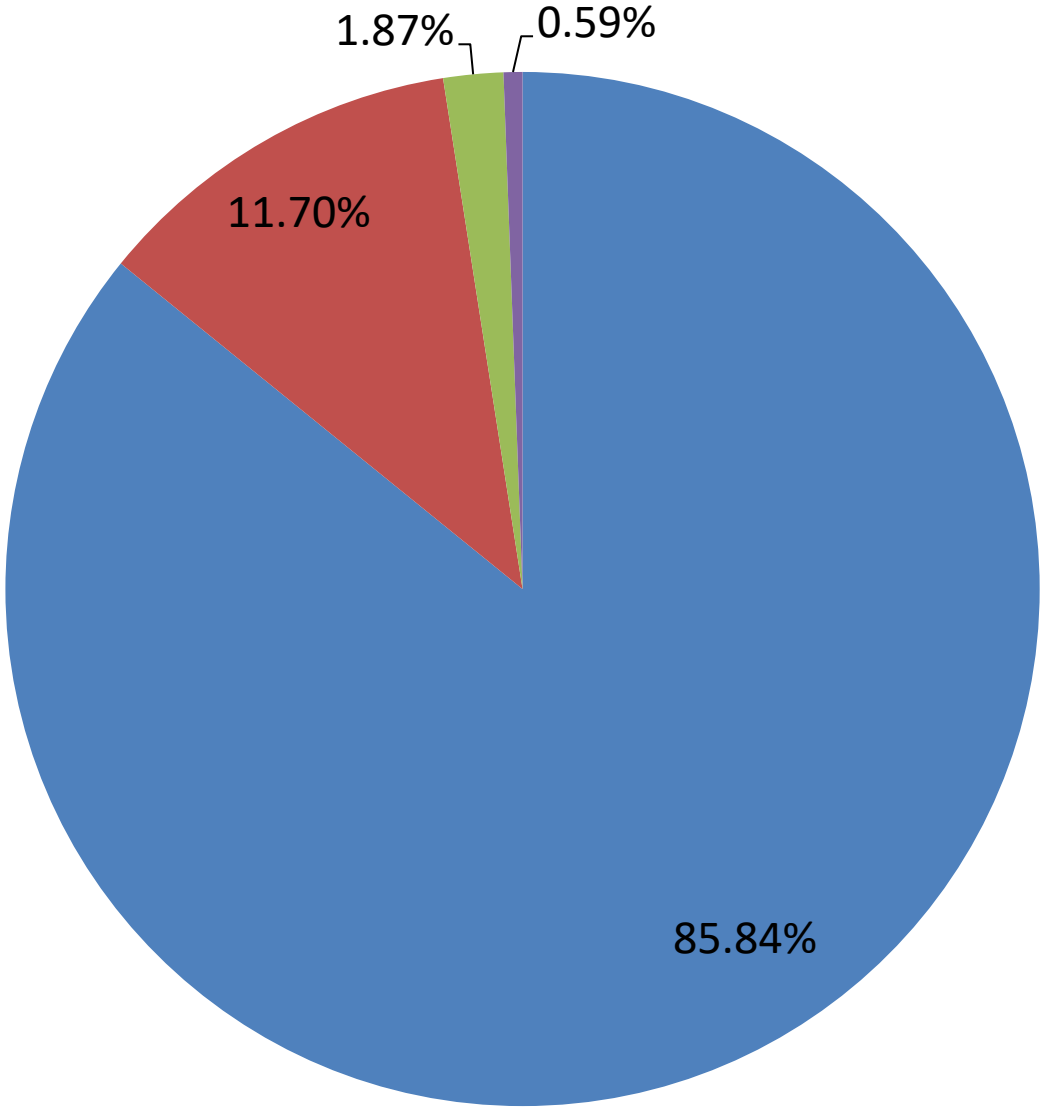
12%

Exhibit III

1) Increased tax revenue; 2) Decreased MPSERS funding; 3) Tuition revenue; 4) Updated staff costs;

5) Changes in tech costs; 6) Changes in operating costs; 7) Increased transportation costs; 8) Increased transfer to capital projects

**Northwest Education Services
Vocational Education Fund
2026-2027
Projected Revenue Sources**



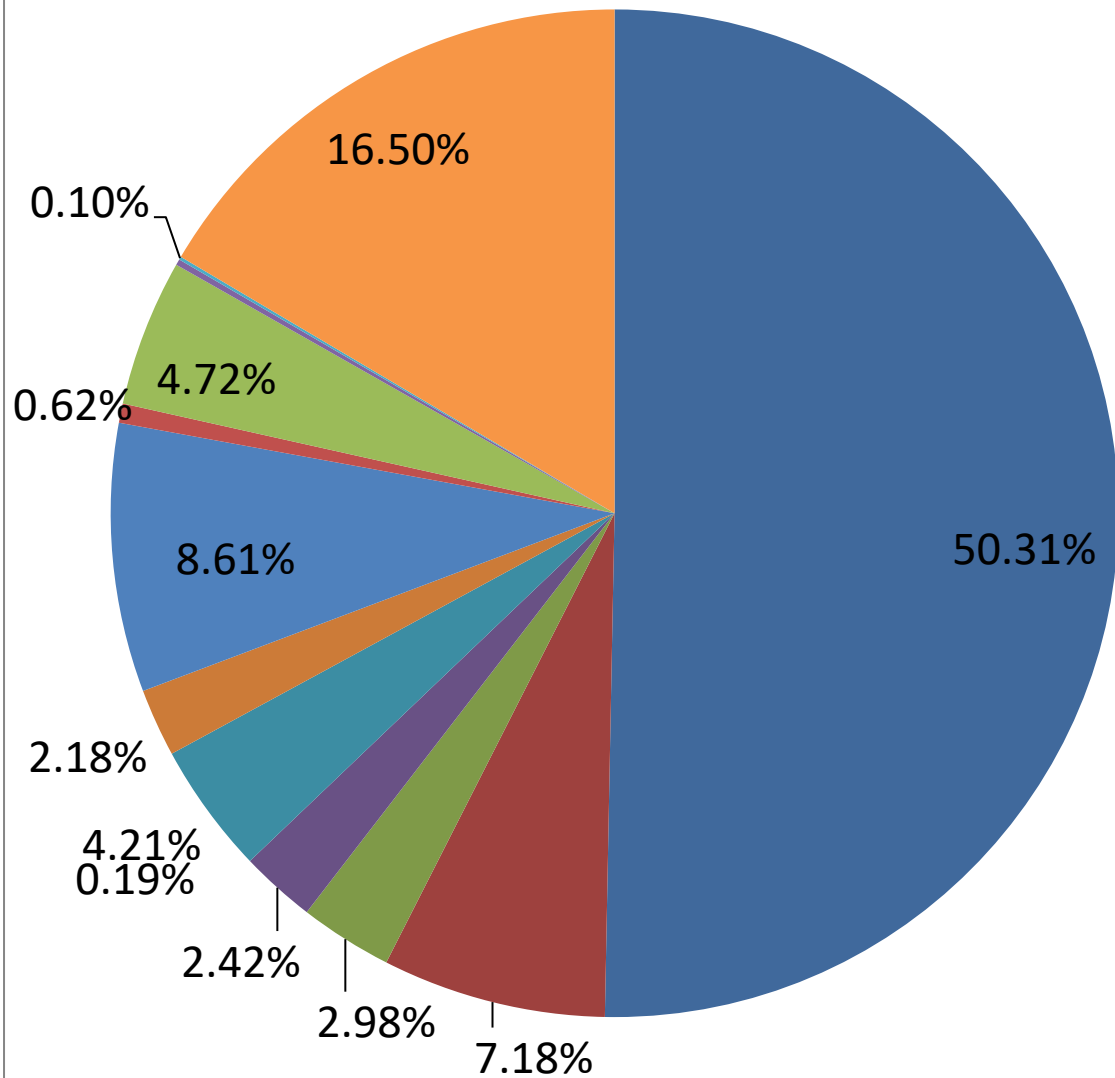
Local Sources

State Sources

Federal Sources

Incoming Transfers & Other Transactions

**Northwest Education Services
Vocational Education Fund
2026-2027
Projected Expenditures**



- Added Needs
 - Instructional Staff Services
 - School Administration
 - Operation & Maintenance
 - Central Services
 - Community Services
- Pupil Services
 - General Administration
 - Business Services
 - Pupil Transportation
 - Other Support Services
 - Other Transfers & Other Transactions