



711 St. Joseph Ave.
PO Box 364
Berrien Springs, MI 49103
269-471-7725
BerrienRESA.org

TO: Local District Boards of Education

FROM: Emily Herbert, Director of Business and Finance, Berrien RESA

DATE: April 24, 2026

SUBJECT: Berrien RESA 2026-2027 Preliminary General Education Fund Budget - Narrative and Resolution

Overview

The Berrien RESA 2026-2027 Preliminary General Education Fund budget results in an overall decrease in revenues of approximately 1.0% and an overall decrease in expenditures of approximately 2.0%, as compared to the 2025-2026 revised budget. This preliminary budget anticipates an overall surplus of \$279,219, which will leave the General Fund with a projected fund balance on June 30, 2027 of \$4,313,877, which represents 13% of budgeted annual expenditures.

Revenues

Berrien RESA's General Fund receives approximately 80% of its operating budget from state and federal sources. The preliminary budget reflects conservative estimates, as the impact of any potential funding cuts to state or federal dollars is not known at this time. The projected decrease in revenues is primarily due to a reduction in state funding relating to the unfunded actuarial accrued liability (UAAL) in the Michigan Public School Employees' Retirement System (MPSERS), which offsets against lower projected expenses into MPSERS. General Education support from the State of Michigan for RESAs is primarily received through Section 81 of the State Aid Act, and this preliminary budget assumes that Section 81 State Aid will remain flat as compared to 2025-2026.

General Fund revenues also include an operating tax levy of 0.1743 mills on all property in the Berrien RESA coverage area. We are currently projecting an overall increase in property taxable values of 3.0%, including the negative impact of the tax tribunal agreement relating to the Cook Nuclear Plant, which froze the taxable value for this significant taxpayer through 2027. This forecast reflects conservative estimates, as we do not currently know whether we may be subject to any Headlee Rollback, which would permanently reduce the millage we are able to collect if the upward trend in property tax values exceeds the rate of inflation.

Higher taxable values or increased state and federal funding would improve the revenue reflected in the preliminary numbers presented in this budget.

Expenditures

General Fund expenditures include the following key assumptions:

- 5.0% increase in health insurance costs. We are awaiting final insurance rates for the next year, however based on preliminary feedback from our insurance advisor, we are estimating a 5% increase in the employer contribution portion. Berrien RESA continues to mitigate rising expenditures by implementing a self-insurance program that has helped minimize insurance cost increases.
- Retirement costs are based on the Michigan Office of Retirement Services (ORS) rates effective September 1, 2026, which will slightly reduce retirement contributions rates for employers, on average.
- Compensation adjustment for staff including a 2% increase on pay schedules and step advancements. We reviewed a number of contracts that have settled over the past year across the state and within our region, and the average was an approximately 2% increase. While we are currently in the midst of contract negotiations with our two bargaining units, in order to move forward with this preliminary budget, we elected to use this 2% assumption as a placeholder.

FTE additions include:

- Creation of a Facilities Supervisor role to support the expanded scope of the Facilities & Operations Department, including countywide school safety coordination efforts and energy efficiency rebate programs. This role will expand the department's capacity to continue closely supervising ongoing operational and maintenance needs, while also enhancing support for these newer countywide programs.
- Funding a Facilities Manager Registered Apprenticeship Program which will strengthen the long-term workforce pipeline across the county, supporting succession planning within both Berrien RESA and the local districts we serve. This position has been developed as a three-year structure apprenticeship program in conjunction with Michigan School Business Officials (MSBO). The program will be open to all districts in the region, however Berrien RESA is holding the cost for 2026-2027 in our budget as we work to fully implement this initiative.
- Addition of two Behavior Support Consultants to provide Tier 3 behavior support for general education students showing more intensive behavior needs. Note: While the funds have been preliminarily allocated for these positions, discussion is ongoing with the countywide superintendent advisory group to align on the best strategic use of these funds to address behavioral issues in the general education population. As a result of those discussions, these funds may be reallocated from the proposed FTEs to other programming needs.

Departmental Overview

Berrien RESA's General Fund revenues and expenditures are categorized into the following departments:

Career and Technical Education (CTE): This program provides career and technical education opportunities to all students within the Berrien County area. It is funded with a combination of state, federal, and local grants, as well as local district and Berrien RESA funding. Career and Technical Education has an advisory board that includes local superintendents to complete annual reviews, provide direction, and review budgets. CTE offers 65 different career development programs in Berrien County. In our countywide apprenticeship program, we currently have 156 pre-apprentices, as well as 191 students placed in industry and 85 in CTE-specific placements.

Early Childhood Services: Early Childhood Services includes Parents as Teachers (PAT), Early On, Playgroups, Family Engagement, Great Start Readiness Program (GSRP), and School-Based (SB) Services. This budget supports programming for children from birth to age five across Berrien County, including targeted supports for their families. Funding sources include state and local grants, as well as Berrien RESA funding. Early Childhood funding and services have expanded rapidly over the past several years, despite the recent loss of funding from Section 32p of the State Aid Act during FY2026. The budget assumes funding for approximately 750 GSRP/SB preschool students served through local districts and private providers, along with funding that supports parents and children through home visiting, playgroups, and community engagement events.

General Administration: These expenses include the General Fund portion of the Board of Education, Superintendent's Office, Human Resources, Business Office, Communications, and Maintenance and Operations. These departments are primarily funded through property tax revenue and Section 81 State Aid revenue. In addition, the General Administration department includes expenses related to the Michigan Educator Workforce Initiative, for which Berrien RESA has operated as a fiscal agent since 2023. These expenses are entirely grant-funded through Section 27g of the State Aid Act (Talent Together Coalition).

Instructional Services: The Instructional Services department is funded primarily with state and federal grants, as well as Berrien RESA funding. Key expenditures are supported by the Early Literacy State Coaching Grant and Federal Title 1 Regional Assistance Grant. Instructional Services personnel provide leadership in the areas of curriculum, assessment, data analysis, system development and implementation, literacy/mathematics best practices, professional development and SCECHs, State and Federal Programs continuous improvement, MTSS and Whole Child. Instructional Services also works closely with local district Superintendents in an advisory capacity, and facilitates countywide networks for Principals and Assistant Principals, Literacy and Math Leaders, Whole Child Collaborative, and Curriculum Directors.

LEA Shared Services: These expenses reflect the cost to provide purchased services in payroll, accounts payable, Business Manager, Facility Manager, IT Systems Administration, Medicaid billing, Infinity system support, and hosting services (e.g. PowerSchool). These shared services represent over \$1.6 million dollars in savings in Berrien County.

Mental Health Services: Mental Health Services includes programming provided through Section 31n of the State Aid Act. This involves the coordination of services from 12 FTEs that are hired by local districts and partially funded through grant funds. It also funds 4 FTEs of mental health providers at Berrien RESA that provide direct services to districts. This was initially slated to be one-time funding but the State has continued to renew the funding each year since 2019.

Print Shop: Berrien RESA operates a full-service Print Shop specializing in short-run production. It is largely funded through fees charged for printing and copying services, which are available to schools and non-profit agencies. To maximize customer budgets, pricing is highly competitive.

Technology Services: These expenses reflect the provision of technology services to Berrien RESA and local districts across the county, including hosting services, connectivity, technical support, and management of electronic infrastructure. Services are also provided in eSports, Technology Instructional Consultants, and services to the Math & Science Center.

Please contact Emily Herbert at (269) 471-7725 or emily.herbert@berrienresa.org for any questions related to this preliminary General Fund budget.

Attachments:

1. FY27 General Education Budget Summary
2. Board of Education Resolution
3. While no formal motion is required relative to the Berrien RESA Special Education Budget for FY27, it is also attached for informational purposes.

**Berrien Regional Education Service Agency
2026-27 General Fund Operating Budget
April 13, 2026**

<u>REVENUE</u>	<u>2025-26 REVISED</u>	<u>2026-27 PRELIMINARY</u>	<u>VARIANCE \$</u>	<u>VARIANCE %</u>
LOCAL	4,895,653	4,936,094	40,441	0.8%
STATE	24,407,001	24,013,421	(393,581)	-1.6%
FEDERAL	2,619,555	2,604,481	(15,074)	-0.6%
INCOME. TRANS/ OTHER	<u>1,307,278</u>	<u>1,345,278</u>	<u>38,000</u>	<u>2.9%</u>
TOTAL REVENUE	33,229,487	32,899,274	(330,213)	-1.0%
BEGINNING FUND EQUITY	4,075,830	4,034,658	(41,172)	-1.0%
EST. TOTAL AVAILABLE	42,731,184	36,933,931	(5,797,253)	-13.6%
<u>EXPENDITURES</u>				
ADMINISTRATION CENTER	32,389,290	31,699,470	(689,820)	-2.1%
ADMIN IMPROVEMENTS	299,000	105,000	(194,000)	-64.9%
BERTRAND INNOVATION CENTER	395,369	424,045	28,676	7.3%
BERTRAND IMPROVEMENTS	<u>187,000</u>	<u>391,539</u>	<u>204,539</u>	<u>109.4%</u>
TOTAL EXPENDITURES	33,270,659	32,620,054	(650,605)	-2.0%
FUND EQUITY AVAILABLE	4,034,658	4,313,877	279,219	6.9%
REV - EXP	(41,172)	279,219	320,392	-778.2%

KEY BUDGET ASSUMPTIONS

REVENUES:

- **Local Revenue:** Assumed a 3% increase in property tax values, pending additional feedback from the County.
- **State & Federal Revenues:** Generally assumed flat, given the current uncertain budget environment. Reduced UAAL Stabilization revenues (1.5%) offset expected reduction in expense.

EXPENSES:

- **Salaries:** We looked at a number of contracts that settled over the past year, and the average was approximately 2% increase. While we are currently in the midst of contract negotiations, in order to move forward with creating a budget that can be used for decision-making in the next year, we elected to use this 2% assumption as a placeholder.
- **Insurance:** We are awaiting final insurance rates for the next year, however based on preliminary feedback from our insurance advisor, we are estimating a 5% increase in the employer contribution.
- **Retirement:** Per the State guidance, MPERS rates are either flat or decrease (2.4%) for the next year. We have applied a decrease of (1.5%) across the employee population to reflect a weighted average of our employee base. UAAL Stabilization rates are also (1.5%) per the State.
- **Program Costs:** Program costs have been aligned with supervisors, including needs for new FTEs to support operations, as well as right-sizing of certain employee wage rates to match market increases.
- **Capital Expenditures:** Projects for planned capital expenditures have been allocated to the General Fund and Special Education fund based on the nature of the work being performed and the programs expected to benefit from the improvements.