

2025-26 Preliminary Budget Assumptions Budget Development Timelines

Board Meeting • 02/24/2025



Executive Budget Proposal

- **Foundation:** +\$392; 4.1% Increase from \$9,608 to \$10,000
 - Okemos impact \$1,817,700
- **Transportation** - Continues funding
- **School Safety/Mental Health** - Continues funding
- **Child Nutrition:** Continues funding for free breakfast & lunch
- **Early Learning Opportunities:** Additional funding for GSRP 4 year old programs, pilot program called Strong Beginnings for 3 year olds

Executive Budget Proposal - Retirement

Section	2024-25	2025-26 Proposal	Okemos Budget Impact, est
147a(4) MPSERS Rate Cap Reduction	1-time, \$'s to offset retirement costs	Eliminated; rate cap reduced from 20.96% to 15.21%	(\$1,882,774)
147g MPSERS Healthcare Reimbursement	Intent is to reimburse eligible employees 3% "Premium Subsidy Healthcare Benefit"	3% subsidy switches to employer paid, approx. ½ to be reimbursed in 25-26 only	\$287,000 (executive proposal)
			(\$1,595,774)

Retirement Impact - Okemos

	2024-25	2025-26	Change in % Points
Pension Normal Cost	9.15%	10.87%	+1.72
Pension UAAL	20.96%	15.21%	(5.75)
Pension Total Rate	30.11%	26.08%	(4.03)
Health Normal Cost	1.25%	3.83%	2.58
Employer Capped Rate	31.36%	29.91%	(1.45)

Budget Impact = +\$498,180

Executive Budget Proposal Summary

Section	Budget Impact, of New State Aid	
	Passes as is	Passes at 50%
Foundation, +\$392 executive	\$1,817,700	\$908,850
147a(4) MPSERS Rate Cap Reduction, 24-25 1x revenue	(1,882,774)	(1,882,774)
147g MPSERS Employer Healthcare Reimbursement	287,000	143,500
Revenue Summary	+\$221,926	(\$830,424)
Retirement Expenditure, decrease	+498,180	+498,180
	+\$702,106 +\$150/pupil	(\$332,244) (\$70)/pupil

2024-25 Preliminary Budget Revisions #2 & Carryforward Impact on 2025-26 Budget

	Budget Impact
2024-25 Net Change in Fund Balance, Budget Revision #1	(\$1,639,177)
ISD Revenue, SE & Medicaid	267,500
	(1,371,677)
2024-24 Non-Structural, 1x revisions	
Reductions in Grants	(621,327)
Environmental remediation	939,973
Curriculum/New textbooks	(205,000)
ISD SE Funding, addl due to 23-24 final & medicaid	(435,500)
SE State Aid, prior year final reconciliation	(286,620)
Equipment Needs	170,500
Kindergarten Classroom Aides	40,000
All Other 1-time	(49,851)
	(\$447,825)
Carry forward effect on General Fund Budget (6/30/26)	(\$1,819,502)

2025-26 Expenditure Increases/Revenue Decreases

<u>Decreases to General Fund</u>	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Health insurance (MESSA 1/2 yr +16%)*	290,844	290,844	290,844
MPSERS Cost Offset, Reduced UAAL by 5.75pts	1,882,774	1,882,774	1,882,774
ISD Special Education Funding, change in formula	470,000	470,000	470,000
20f Hold Harmless Guarantee	239,545	239,545	239,545
24-25 Wage/Position adjustments to full year	11,951	11,951	11,951
	\$2,895,114	\$2,895,114	\$2,895,114

Compensation Reference

Steps = \$927,110

1% wages = \$467,935

2025-26 Revenue Increases/Expenditure Decreases

<u>Increases to General Fund</u>	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Increase in Foundation Allowance (\$392,\$196,\$100)	1,817,700	908,850	463,700
MPSERS rate decrease (-1.45 pts to 29.91%)	498,180	498,180	498,180
MPSERS 3% Health Subsidy Reimb, 1-time	287,000	143,500	0
Increased Spec Ed Categorical State Aid	366,525	366,525	366,525
	\$2,969,405	\$1,917,055	\$1,328,405

2025-26 Projected Impact on General Fund Budget

	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Expenditure Increases/Revenue Decreases	(\$2,895,114)	(\$2,895,114)	(\$2,895,114)
Revenue Increases/Expenditures Decreases	2,969,405	1,917,055	1,328,405
Net Impact on General Fund Balance	\$74,291	(\$978,059)	(\$1,566,709)
Carryforward effect on GF Budget (6/30/26)	(1,819,502)	(1,819,502)	(1,819,502)
Total Impact on General Fund Balance	(\$1,745,211)	(\$2,797,561)	(\$3,386,211)
<i>Fund Balance as a % of Expenditures</i>	11.2%	9.7%	8.8%

Budget Development Tentative Timeline

2024-25 Fiscal Year	
Monitor Revenue and Expense Activity	Feb– May
2 nd Budget Revision	May/June

Slide under development

2025-26 Fiscal Year	
Budget Review & Discussion Leadership	Jan/Feb
Budget Development & Updated Assumptions	Feb– May (Board)
Budget Work Session	TBD
Proposed Budget	June 9
Budget Adoption	June 23

