

2025-26 State Aid & Revised Budget Update

Board Meeting • 10/27/2025



2025-26 State Aid Funding

	Governor	Senate	House	Enacted
Foundation	+\$392	+\$400 restricted use	+\$417	+\$442, to \$10,050
Transportation	Maintains Funding	Maintains Funding	Eliminates Funding	Maintains Funding
School Safety/ Mental Health	Maintains Funding	On-Going Funding @ 50% + 1x Funding	Eliminates Funding, rolled into 22f	Increased Funding (must comply w/ investigation if...)
Employee Healthcare Retirement Offset	1x Funding @ 50%	1x Funding @ ~85%	Eliminates Funding	1x Funding @ ~ 80%
147a1 Retirement Cost Offset	<i>Maintains Funding</i>	<i>Maintains Funding</i>	<i>Maintains Funding</i>	<i>Eliminates Funding</i>

Legislative Funding Proposals at 6/30/25

	Governor	Senate	House	Okemos Budget
Foundation	+\$392	+\$400 restricted use	+\$417	+\$300
Transportation	Maintains Funding	Maintains Funding	Eliminates Funding	Maintains Funding
School Safety/ Mental Health	Maintains Funding	On-Going Funding @ 50% + 1x Funding	Eliminates Funding, rolled into 22f	2025-26 expends 24-25 award
Employee Healthcare Retirement Offset	1x Funding @ 50%	1x Funding @ ~85%	Eliminates Funding	1x Funding @ 50%
147a1 Retirement Cost Offset	Maintains Funding	Maintains Funding	Maintains Funding	Maintains Funding

Other Major Changes

Funding for below sections restricted as to use

- **At Risk +25%**
- **Bilingual +25%**
- **Early Literacy Targeted Instruction - eliminated**

12e - Infrastructure Competitive Grant

- **Priority given to economically disadvantaged districts and districts that can't bond or have tried and failed**

18d - Intent of legislature that districts make permanent increases to staff salaries when target foundation increases (non-binding)

27l - One-Time Educator Compensation

- **Definition expanded to include basically all**
- **In addition to existing compensation negotiated in a CBA**

State Aid Funding Impact to 2025-26 Budget

	Original Budget	Revised Budget	Impact
Foundation Grant	+\$300; \$9,908	+\$442; \$10,050	
	\$1,391,100	\$2,049,600	\$658,500
3% Employee Healthcare Retirement Cost Offset (one-time)	\$287,000	\$466,000	\$179,000
147a(1) Retirement Cost Offset	\$374,000	\$0	(\$374,000)
	\$2,052,100	\$2,515,600	+\$463,500

2025-26 Preliminary Revenue Revisions

Change from Original Budget

Revenue Adjustments	Budget Impact
Increase in Foundation Allowance (+\$142)	658,500
Enrollment (Feb 25 -11; Oct 25: +20) Blend 10/90	172,222
MPERS Cost Offset 147a(1), on-going	(374,000)
MPERS 3% Health Subsidy Reimb, 1-time	179,000
Increased Spec Ed Categorical State Aid (ongoing & 1-time)	91,221
ISD SE Funding, prior final estimate (1-time?)	407,000
Grants, offsetting expenditure	43,151
	\$1,177,094

2025-26 Preliminary Expenditure Revisions

Change from Original Budget

Expenditure Adjustments	Budget Impact
Mold Remediation	(300,000)
MESSA Insurance 2026 rates	74,734
Staffing (+2 elem, -1 HS, +3 para)	(205,652)
Wage Adjustments (trans negotiations & admin asst/para steps)	(116,914)
Staff Turnover, Wage & Benefit Impact	98,898
Insurance (property/casualty/fleet), Sch Impr/PD Funding	(20,200)
Grants, offsetting revenue	(43,151)
	(\$512,285)

2025-26 Preliminary Revisions, Impact on General Fund Budget

	Original Budget	Revised Budget	Fund Balance Impact
Revenues	\$67,923,088	\$69,100,182	\$1,177,094
Expenditures	67,912,605	68,424,890	(512,285)
Net Impact on General Fund Balance	\$10,483	\$675,292	\$664,809
Fund Balance, 7/01/25	9,195,319	9,225,700	30,381
Fund Balance, 6/30/26	\$9,205,802	\$9,900,992	\$695,190
<i>Fund Balance as a % of Expenditures</i>	13.6%	14.5%	

1-Time source/use of funds included in
preliminary revised budget = \$918,652

Areas Still Under Review

- **Negotiations**
- **Staffing**
- **Enrollment**
- **ISD SE Revenue**
- **Grants**
- **Insurance Reimbursements & Related Expenditures**
- **Operations including Utilities**
- **Alternative Student Programming**

Revised Budget Timeline

- **Board Information:** **November 10**
- **Board Action:** **November 24**