



April 17, 2025

Good afternoon, Okemos Community.

As you may know, since January the Okemos Board of Education has engaged in regular monthly budget discussions, gathering information about the challenges and opportunities for creating the 2025-26 budget. The combination of a loss of funding and increased costs has created a budget environment that will be difficult for the district and our employees. We are currently projecting a \$1.6 million deficit at the beginning of the next school year.

In 2024-25, the Board of Education adopted a deficit budget, understanding that a year of spending from the district's fund balance (savings account) would allow the district to maintain current levels of support for our students and staff. While the district likely would have closed that gap this school year, unexpected revenue losses from the State of Michigan and Ingham Intermediate School District (ISD), as well as increased costs beyond our financial projections have significantly impacted the budget, including:

- a net \$1.2 million dollar decrease in general fund revenue from the State to offset employee retirement costs,
- a \$1.17 million dollar decrease in special education funding received from the Ingham ISD as a result of a newly implemented funding formula (a reduction of \$470,000 in 2025-26, plus an additional loss of \$700,000 in 2026-27), and
- a \$825,000 increase in the cost of health insurance for employees beyond an already budgeted 10% increase.

In addition to the above recurring costs, the district had a one-time \$940,000 use of fund balance to address health and safety issues (environmental remediations).

As our fund balance cannot sustain recurring costs, the district has been actively identifying potential reductions and revenue enhancements, including:

- restructuring Early Childhood programming and fees,
- implementation of a Voluntary Severance Plan (VSP) for retiring or resigning long-term teachers,
- not backfilling positions of some retiring staff members,
- investigation of potential insurance options, and
- identifying areas across all departments for additional savings.

Please know there are many unknowns that could impact the current budget projections before June. We are monitoring news regarding the state foundation allowance (per-pupil funding) and student enrollments, which could significantly change our current outlook. The district is required to adopt a balanced budget by June 30, while the State budget must be adopted by September 30.

Budget updates and planning will occur at each board meeting this spring. Meetings are currently scheduled for April 28, May 12, 19, 27 and June 9, with an anticipated budget adoption on June 23. A livestream is available for those who wish to attend remotely. Please check our [website](#) for updates.

As you know, the district is developing a new strategic plan this spring to reset our vision and establish goals for the next five years. With our current budget challenge, this work is even more critical in prioritizing opportunities for our students and staff as we move forward, together.

We recognize the uncertainty of the budget may add anxiety and stress to staff and community members and that there are very few, if any, palatable options where reductions impact the relationships we treasure across our district. We value each employee and their outstanding work in support of our students.

Sincerely,

John J. Hood  
Superintendent, Okemos Public Schools