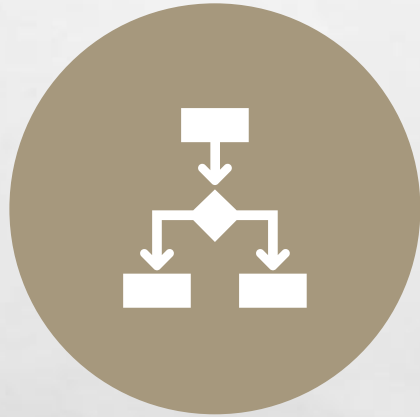


MAS BIG RED BOARD CHAT: SCHOOL FUNDING BASICS

FEBRUARY 10, 2026



SCHOOL FINANCE CAN FEEL CONFUSING



SCHOOL FUNDING COMES FROM MULTIPLE SOURCES, EACH WITH DIFFERENT RULES.



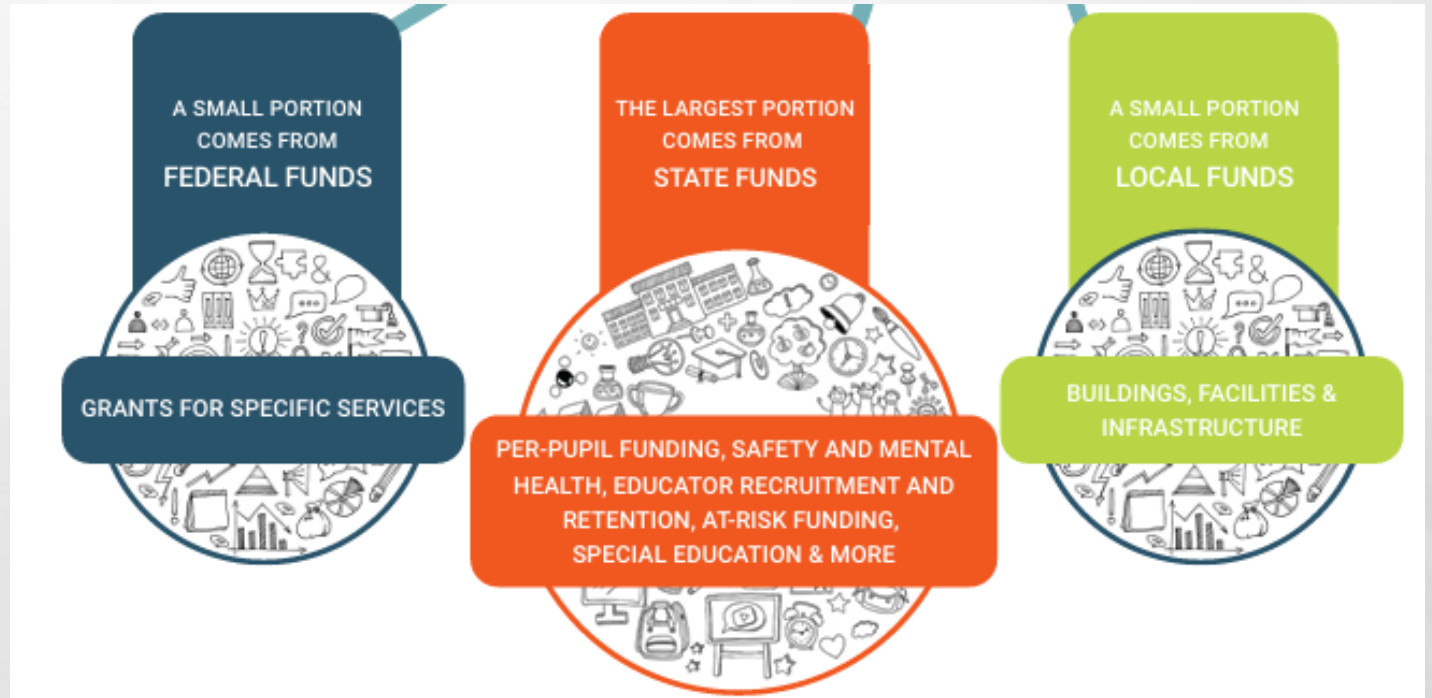
NOT ALL DOLLARS CAN BE USED FOR THE SAME PURPOSES.



STUDENT ENROLLMENT AND STATE DECISIONS HAVE A DIRECT IMPACT ON OUR BUDGET.

THE BIG PICTURE

HOW ARE MICHIGAN LOCAL SCHOOLS FUNDED?





Until 1993, public schools in MI funded almost entirely through property taxes



Operating Millage

**18 mill tax on non-homestead properties
Can supplement per-pupil allowance (if amount raised exceeds that amount)**



State Education Tax

**6 mill statewide property tax for schools;
deposited into state School Aid Fund**



Millages to support ISD



Bonds and/or Sinking Fund

**LOCAL
REVENUE**

FUNDING FOR BUILDINGS & FACILITIES

- **State of Michigan does not provide state aid for school facilities**
- **Local voter-approved bond or sinking fund millages**
 - **Can be used for construction and major repairs**
 - **Cannot be used for salaries, classroom needs, etc.**
- **If there are not enough funds available, or if funds are restricted for certain uses, these costs must come from the general fund (supported by Foundation Allowance)**
 - **Example: Mold remediation at Paddock**



STATE REVENUE

- **Per-pupil funding model (“Foundation Allowance”)
Currently \$10,050/student**
- **Set dollar amount paid for each enrolled student;
enrollment changes directly affect district revenue**
- **Enrollment numbers based on ‘count day’ (October
and February)**
- **Most operating revenue comes from the State of
Michigan School Aid Fund**
 - **Local property taxes play a limited role in day-to-
day operations (only that in excess of F.A.)**
 - **SAF comes from a variety of sources including sales
tax, income tax, and State Educational Tax**

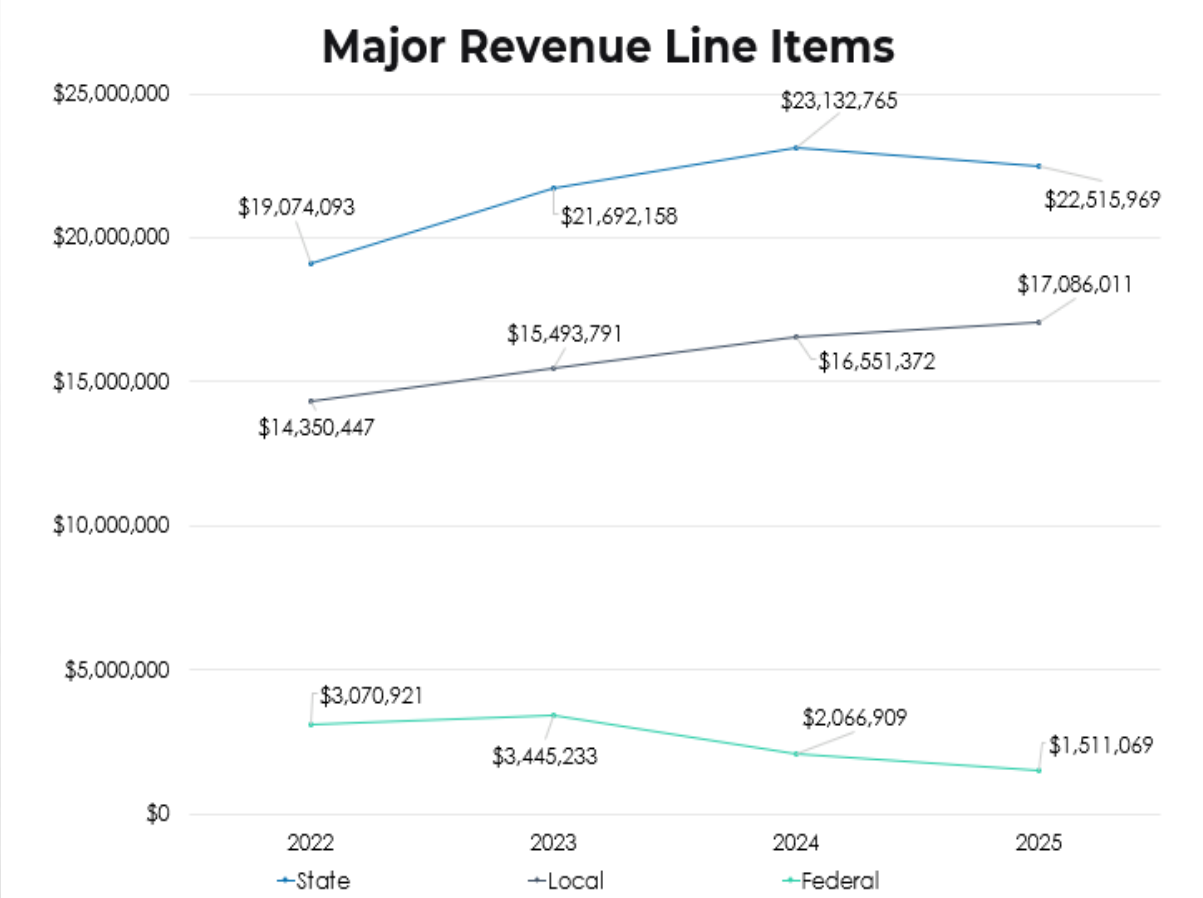
- **Categorical grants awarded to districts for specific purposes and are earmarked for a specific purpose**
 - **Safety and Mental Health; At-Risk/Economically Disadvantaged; Special Education; Declining Enrollment/Stabilization; Early Literacy & Intervention; Educator Recruitment & Retention**
- **Funds must be used as directed**
- **Districts must carefully track and report use of these funds**
- **Funds often do not cover the full cost of expenses and must be supplemented by general fund dollars**

**STATE REVENUE:
'CATEGORICALS'**

FEDERAL REVENUE

- **A limited amount of funds come from the federal government (~10%), mostly in way of supporting special education and districts with low-income populations**

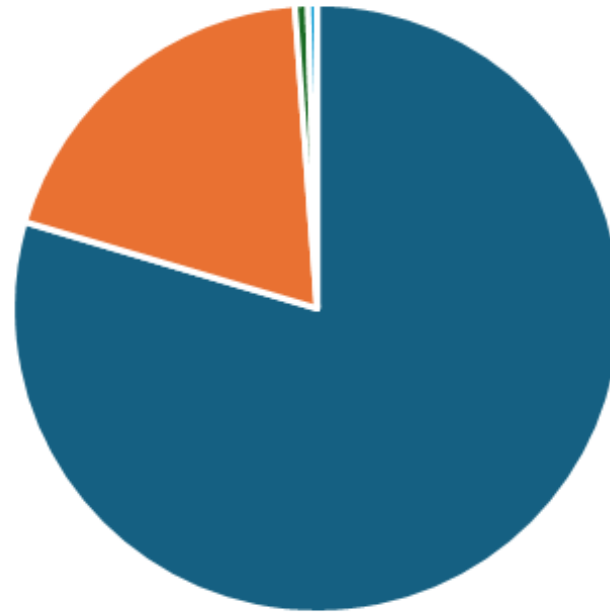




MAS 2024-2025



MAS Expenditures



■ Salaries & Benefits ■ Purchased Services ■ Capital Outlay ■ Other

WHAT ARE MAS EXPENDITURES?



Metric of financial health; difference between assets and liabilities

Percent fund balance is scaled to the size of the annual budget

Akin to the school's savings account

Impacts district's credit rating

Michigan School Business Officials suggest a 15-20% fund balance; MAS Board goal 10%

**WHAT IS A
'FUND
BALANCE'?**

MAS PERCENT FUND BALANCE

FY 25 (Audited) Fund Balance:	\$3,478,107
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Divided by Expenditures:	\$33,283,109
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FY 25 (Audited) Fund Balance:	10.45%
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FY 25 (Audited) Fund Balance (less PECC):	\$2,933,220
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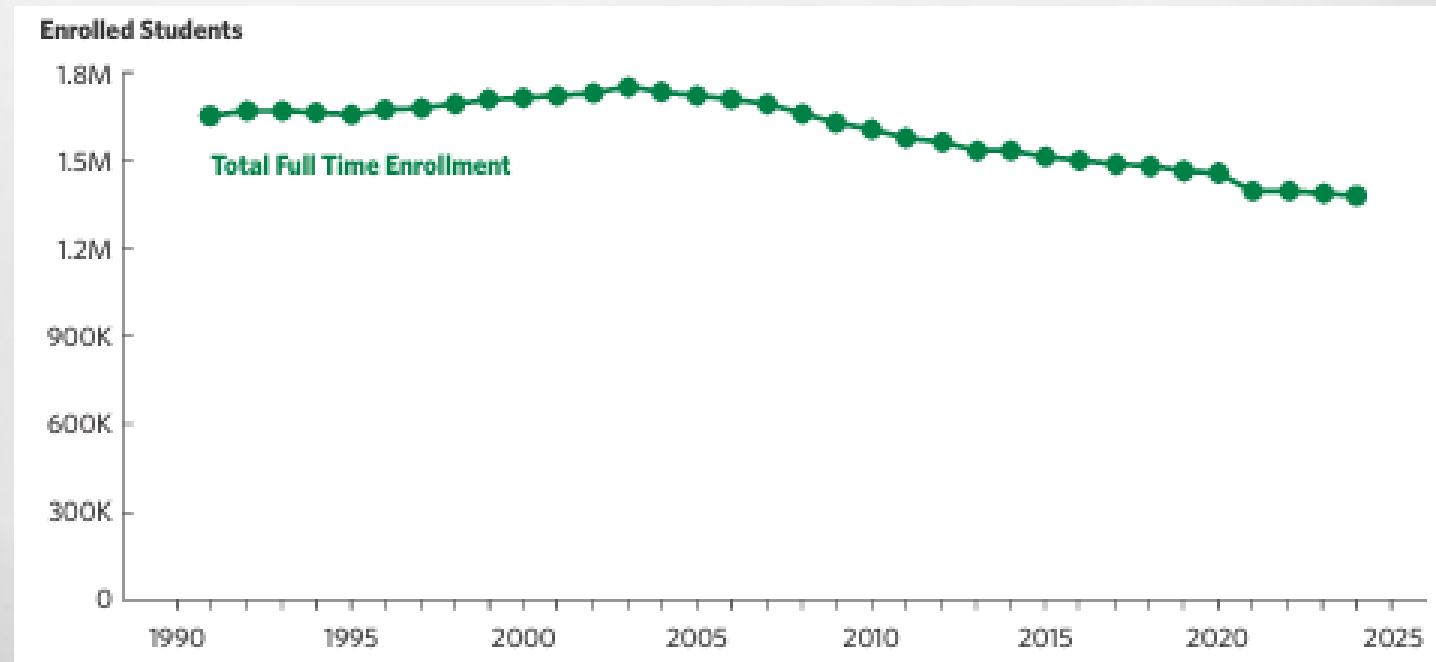
Divided by Expenditures:	\$33,283,109
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FY 25 (Audited) Fund Balance (less PECC):	8.21%
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ONGOING FINANCIAL CONCERNS

- **State-wide declining enrollment (impacts foundation allowance and categoricals)**

Since 2003, no state lost more students than Michigan. This trend is predicted to continue.



ONGOING FINANCIAL CONCERNS

- **Rising costs (healthcare, utilities, staffing, contributions to State retirement program)**

+ \$442 Foundation Allowance increase (4.6%)

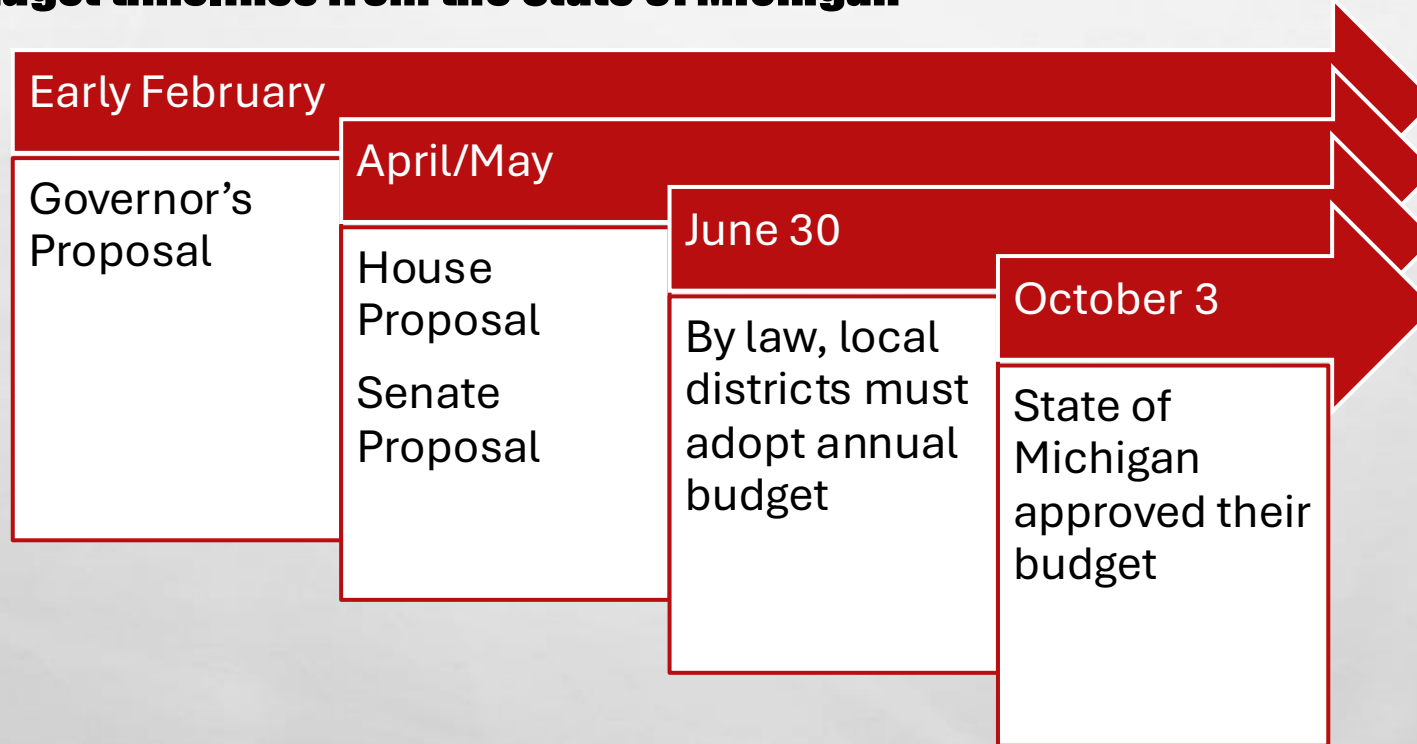
- \$120 Pension Cost Increases

- \$75 MPSERS cost offset elimination

\$247 net increase (2.5%)

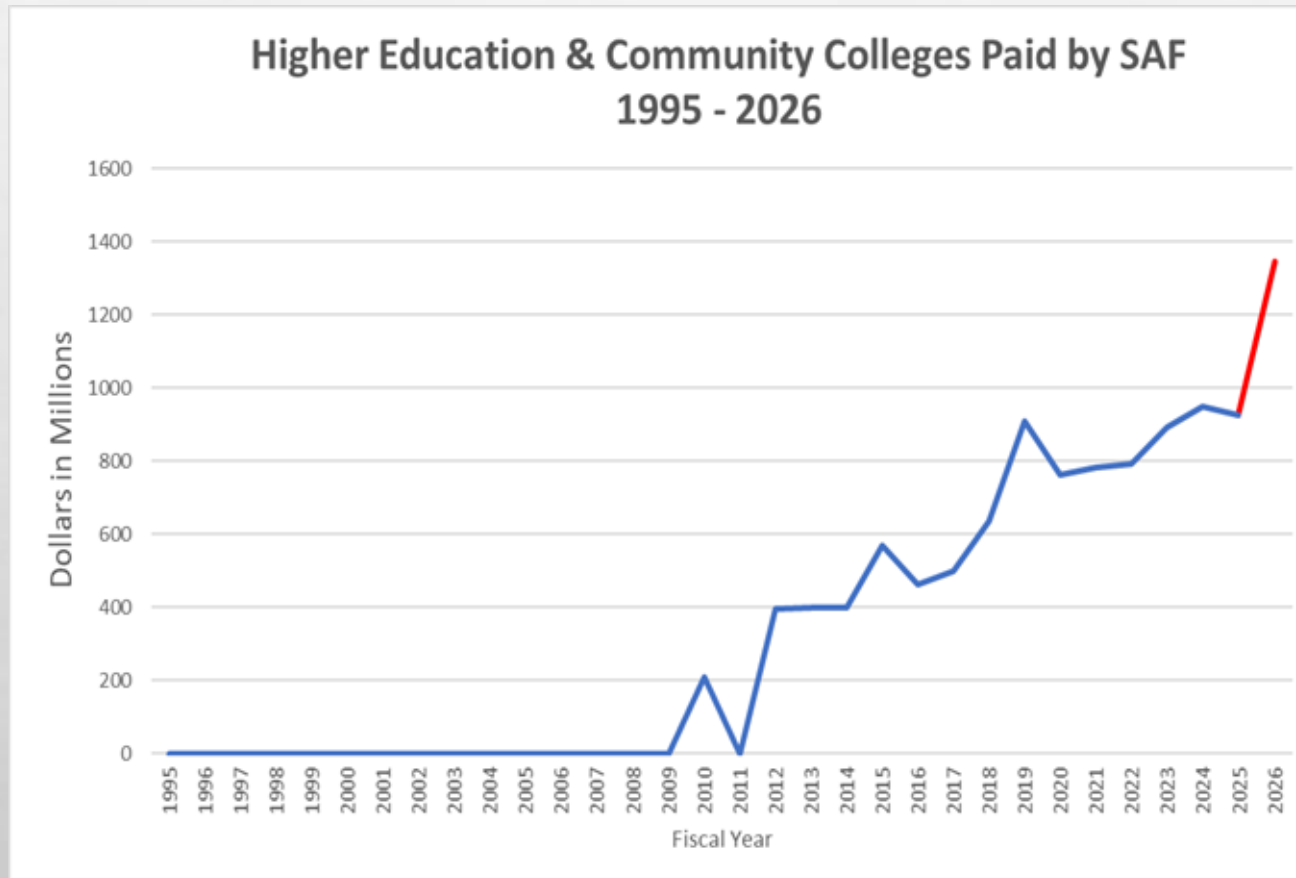
ONGOING FINANCIAL CONCERNS

- **Delayed budget timelines from the State of Michigan**



ONGOING FINANCIAL CONCERNS

- **School Aid Fund (SAF) increasingly providing support to Michigan colleges and universities**



MAS FINANCIAL CONSIDERATIONS

**Unpredictable and
unstable certainty
of categorical
funds**

**Aging
infrastructure**

**Growth and
maintenance of
fund balance**

**Ongoing
collective
bargaining
agreements**

MAS BUDGET PRIORITIES



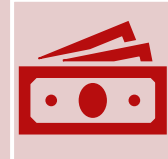
**Use resources responsibly
and transparently**



**Prioritize student learning
and well-being**



Plan carefully for the future



**Keep families and
stakeholders informed of
financial status and seek
feedback**