

Funding the Future: Navigating the Budget in Lake Orion Schools

At the end of June 2025, Michigan entered a new fiscal year without a finalized state budget — placing public school districts across the state in a difficult position.

School districts are required to adopt their own budgets by July 1, but without knowing the state’s per-pupil funding, planning becomes largely speculative. For district leadership, this creates immediate and significant challenges.

For Lake Orion Community Schools, the delay forced administrators to operate conservatively — covering only essential day-to-day expenses while postponing important staffing and program decisions until funding levels were confirmed.

For schools, a delay is devastating.

Political fighting across aisles and the lack of a budget left Lake Orion Community Schools administration in a bind, as legislators were still far from agreement.

“We couldn’t do anything aside from what we needed to operate on a day-to-day basis and pay committed expenses,” said Andrea Curtis, LOCS Assistant Superintendent of Business and Finance. “Whether that be salaries for staff, retirement costs, insurance costs, software costs. We couldn’t commit to addressing any staffing concerns, even if it was necessary.”

In the previous year’s state budget, LOCS was receiving \$9,608 per pupil. For 2025-26, the number was unknown until a budget was passed. Multiply whatever difference it could/would be by 6,800 students and that’s a multi-million-dollar uncertainty.

The district leadership waited. And waited. And scrambled behind the scenes, creating different contingencies as they waited.

In addition to the per pupil funding, the potential of free meals for students — which were in place since 2020 — was unclear, which created a significant uncertainty for families.

Finally, in October, over a month into the school year, the budget was solidified, passed and signed by the governor with LOCS receiving the new minimum of \$10,050 per pupil.

LOCS administrators and every other district’s leaders in the state could exhale and move forward, scrambling to get back on schedule with planning for the remainder of the year.

Fund Times

For Lake Orion Community Schools, the school budget is a carefully constructed puzzle, with each piece working in concert.

With a budget of more than \$100 million, maintaining balance is important.

And when the district is unsure how much money will be coming in, budgeting is virtually impossible. More than 71% of the LOCS revenue comes from the state of Michigan in that per pupil allocation.

For most of Oakland County, it’s similar.

But for a few districts, there’s a built-in cushion, with the state providing those districts more per pupil which gives them more revenue to work with.

Of the 28 Oakland County districts, more than 1/3 of them receive an amount per pupil above the minimum of \$10,050. There are districts receiving over \$13,000 (Bloomfield Hills, Birmingham), and over \$12,000 (Lamphere, Southfield). Farmington is over \$11,000 and a few others (Royal Oak, Novi, Troy, West Bloomfield, Walled Lake) are above the state minimum, where LOCS sits.

(The imbalance is a result of a 1994 measure called Proposal A, which grandfathered in districts that have high levels of property wealth that exceed the state per pupil amount.)

The rest of the revenue flows from local taxes (12.7%), inter-district (7.7%), state restricted retirement (5.8%) and the smallest portion, federal (2.5%).

If all funds were available for whatever was necessary, LOCS would be able to manage in the best way to support students.

Yet much of it is restricted to use in certain areas. Many state funds are given to support certain populations or initiatives, such as at-risk students, employee retirement, English Language Learners and Special Education.

That’s what is coming into LOCS.

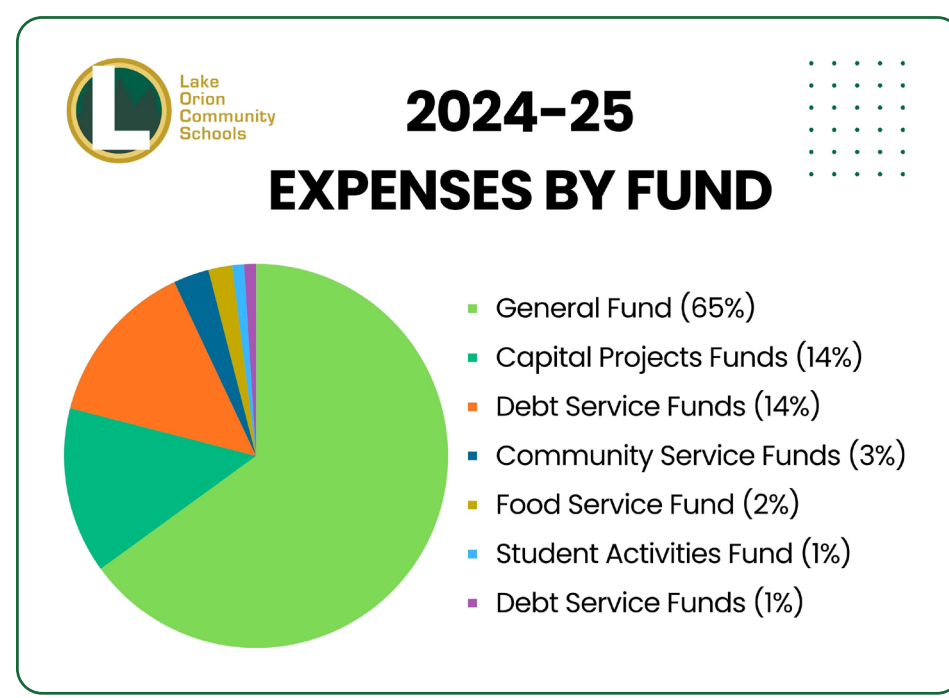
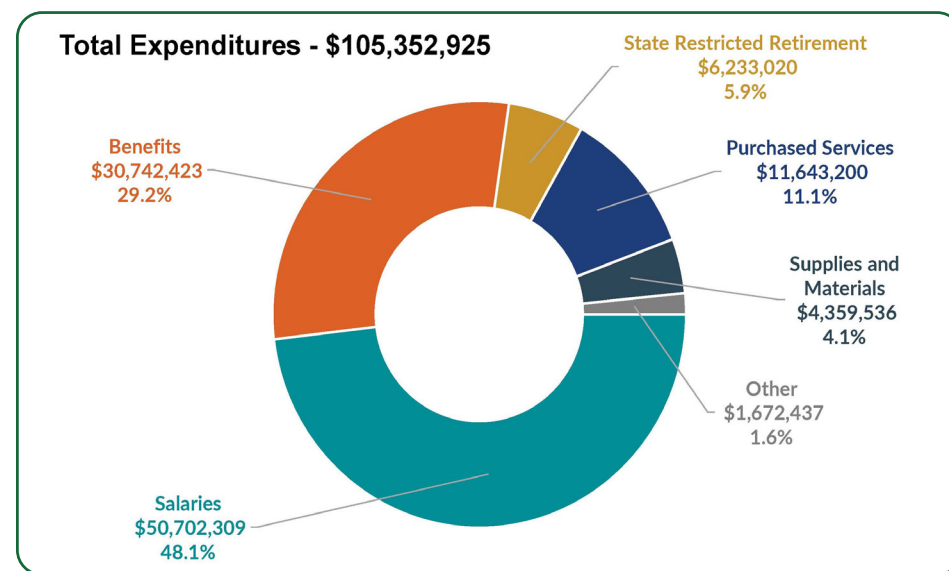
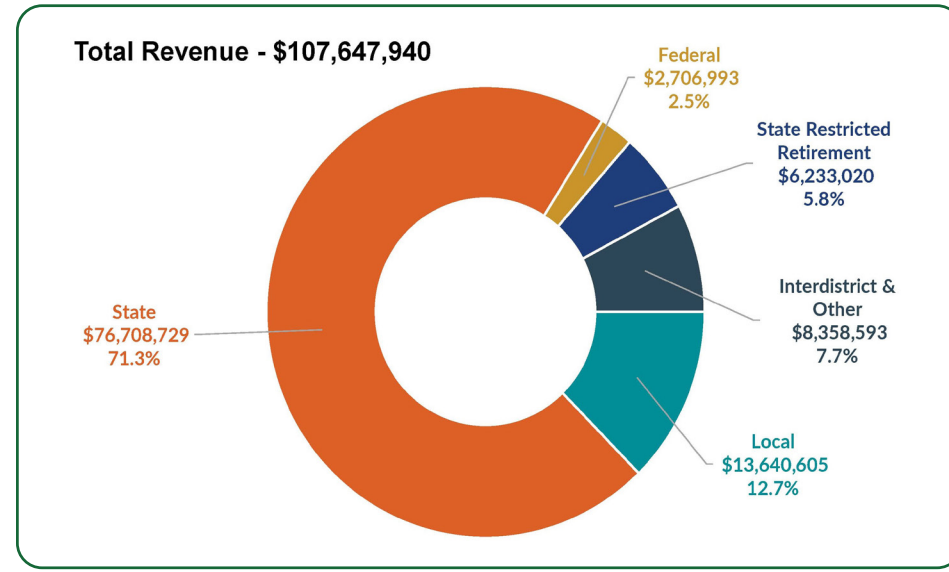
The totals on the expense are just as complicated and force many of the challenging decisions made by the administration.

“The largest expenses are salaries and benefits (for staff), which make upwards of 85% of the general fund budget,” Curtis said.

Most of those staff members belong to a union, so those salaries and benefits are negotiated totals, and the district is mandated to pay prescribed percentages of employee’s retirement costs per the Office of Retirement Services.

The union groups negotiate with the administration — Human Resources in consultation with Business and Finance — and the budget is affected.

This leaves around 15% of the general fund budget to support everything else: the curriculum and classroom operations, the external initiatives and all of the operations within the schools.



Schools and departments each have their own budget, which the principal or director in each department oversees to determine the most appropriate use of their allotted resources.

Those sub-budgets are monitored and reviewed by the Business and Finance department staff to ensure appropriate and reasonable spending.

This explains why it is necessary to have funds beyond the general fund to account for other areas: Community Service (Enrichment Services and Early Childhood), Food Service (state and federal for food, staff), Debt Service (previous debt on buildings), Student Activities (student groups, athletics), Sinking (small scale repair projects, instructional technology, transportation vehicles), Bond Capital Projects (large scale construction projects), Operating Capital Projects (insurance on technology devices), and Internal Service (Self-insured dental).

Which leads to the most common question: Why does the school district have to ask voters for additional funds for repairs and construction?

Because the revenue dollars are not enough to cover building repairs (sinking fund) and updating building capital projects (bond fund).

Whereas private businesses can raise money in multiple ways (outside investment, development and donors), public schools are not permitted the same opportunity. The state regulations are strictly defined with the per pupil allocation, the sinking fund and the bond fund, the latter two only available through voter support.

The Bond and Sinking Funds are the only way for a public school district to keep its facilities maintained. Just as community members need to make home updates, schools need to take care of their buildings and surrounding infrastructure (driveways, parking lots, etc.)

LOCS Operates Seven Funds:

- ▶ General Fund (K-12 in the classroom and operating the buildings)
- ▶ Community Service Fund (Enrichment Services and Early Childhood)
- ▶ Food Service Fund (state and federal for food, staff)
- ▶ Debt Service Fund (previous debt on buildings)
- ▶ Student Activities Fund (student groups, athletics)
- ▶ Sinking Fund (small scale maintenance projects)
- ▶ Bond Fund (large scale construction projects)
- ▶ Capital Projects Fund (insurance on technology devices)
- ▶ Internal Service Fund (Self-insured dental)

If voters do not support those measures for a school district, the building updates must be taken away from classroom items such as student support, staff and curriculum.

“This is how schools are funded; there are no other options,” Mercer said.

“There’s not a lot of flexibility. I think people believe that we can raise money. Well, not really. It really is tied to those three (primary) funding sources, and one of which is the state, which is, we get what we get. We don’t have any control over that.”

Making the decisions

The budget and expenses are an everyday conversation.

LOCS Superintendent Heidi Mercer meets multiple times each week with her Cabinet team, as a group and individually, to discuss the district’s needs.

Yet each conversation eventually comes back to the finances.

“A lot of the things I’m dealing with all tie back to the budget somehow,” Mercer said.

“Some people don’t necessarily think of the immediate or long-term budget impact of a request. But ultimately, most things, whether directly or indirectly, ties back to the budget.”

▶ For Human Resources — When a staff member retires, what the is the most appropriate way to the fill the position? When a staff member leaves for a medical situation, how much does the substitute cost? What is the status of the various union negotiations?

▶ For Operations — When a boiler breaks at a school, what are the challenges to replace it? Which company does the work, how much does it cost?

▶ For Teaching and Learning — When pursuing a new curriculum in a subject, what are the costs for updating it, what are the available options?

Major costs that many don’t realize:

- ▶ the massive bills simply on heating and electrical
- ▶ the technology that every year is a growing expense (every student and staff member with a device, Wi-Fi infrastructure and classroom technology)

Because there are limited revenues, decisions made in one area affect another.

Which requires an extensive amount of planning, due to all the external influences.

Often districts will talk about what their “fund balance” is, the amount of money that remains in revenues that is not spent in expense. The reserve is held for cash flow purposes or unique situations.

The LOCS fund balance remains around 10%, which is important each year in the fall when the state’s final State Aid payment comes in August and there is not another until October. The fund balance allows the district to continue its normal operations during that time without taking out a loan.

“It’s also important, as we’ve seen in the past couple years, where the state is not giving us our budget until much later, to be able to have a healthy fund balance helps, in order to deal with the uncertainty of State funding,” Curtis said.

Transparency

LOCS remains accountable to the community financial stakeholders in multiple ways.

The first oversight comes from the Board of Education.

Curtis meets with the Board of Education finance committee throughout the year to update them on the budget. They can examine the specific costs and revenues, ask questions and ensure that the budgets that come to the full Board for formal approval are in line. A monthly financial report is also prepared multiple times a year and presented to the Board for review.

At the local level, an independent auditing firm, Plante Moran, spends a few weeks examining the district finances each year, looking for inconsistencies or abnormalities and ensuring compliance with procedures.

For more than a decade, Plante Moran continues to provide an unmodified opinion, essentially support that LOCS is following all procedures. That examination includes a deep dive each year into a different aspect of the district to look at in greater detail.

The third accountability piece comes on the district website, at LakeOrionSchools.org. On the site’s front page, there is an icon that identifies transparency reporting. That webpage lists all budgets, bargaining agreements, expenditures and financial information for the public to view at any time. This is a requirement of all public school districts in complying with the State School Aid Act and is reviewed annually by the State.

The future of school finance remains uncertain, making Curtis’ job that much more difficult.

If there was a stable per pupil allocation and consistent regulations for a few years, she and her staff could plan.

Unfortunately, changes in the legislature every two years and the governor’s office this year, lead to uncertainty.

“Every year we do a forecast, which is for three years, but when we’re talking about our contracts and our staff, we really have to think much longer term,” Curtis said. “I think 10 years is always kind of in the back of our minds. But when we don’t know our funding in a year, it’s really hard to look much beyond three years in dealing with the here and now and the needs of the district.”



Staff Honors

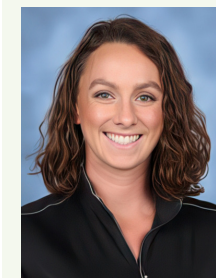
Each school year, Lake Orion Community Schools celebrates its outstanding staff members with building and district honors. Celebrations are held in each building, and the full district Teacher of the Year selections were recognized by Oakland Schools in the spring.

For the third time in the past three years, a Lake Orion Community Schools teacher was recognized as the Oakland County Teacher of the Year. Shelby McCumber, a fourth-grade teacher at Orion Oaks Elementary, was selected for her outstanding service to students in her classroom each day.

She joins recent LOCS Oakland County winners, LOHS Special Education teacher Erik Meerschaert (2025) and Orion Oaks Elementary fifth-grade teacher Norman Wright (2024).

District Honors

Teacher of the Year



Elementary
Shelby McCumber
Orion Oaks



Middle
Beth Simms
Waldon



High School
Stephanie Moyer
LOHS



ECC
Kelly Thomas

Ancillary Staff of The Year

- Elementary – Jennifer Antonelli, Orion Oaks
- Middle School – Sarah Iwanski, Waldon
- LOHS/ECC – Nancy Floyd

Support Staff of the Year

Shannon Chase, Oakview Middle School



Sign up for Spring & Summer Enrichment Programs:
LakeOrionSchools.org/departments/enrichment-services