

## Regarding Our Budget Deficit - How Did We Get Here?

While there isn't a single reason for the projected budget shortfall in 2026-27, there are a number of contributing factors that we can identify:

- Post-pandemic, there was a consistent supply of federal funds flowing to both our state and directly to school districts. Those funds have largely "dried up". While some districts used this opportunity to build higher fund balances, Okemos was intentional in using funds for their prescribed purposes, supporting students and our schools. This includes investments in behavioral supports, mental health support, and school safety.
- In the 2024-25 school year, our legislature did not provide a regular foundation allowance (per pupil) increase, instead providing additional funding through a different mechanism (relief from some retirement costs). The next year, while they provided a reasonable foundation allowance increase, the previous year's increase was mostly "walked back".
- Inflationary pressures have hit school districts and our employees hard. Costs for materials and labor have risen dramatically in recent years and funding from our state has not kept pace. This is not a recent problem, but in fact, is a problem that goes back many years.
- State dollars have consistently shifted away from "per pupil" to more targeted sources known as "categorical funds". These categorical funds are most often allocated based on student and district level demonstrated need. While Okemos certainly has students and families with greater needs (and these numbers are increasing), comparatively speaking, we have less than most surrounding districts. As a result Okemos receives a progressively smaller portion of these funds.

We are not the only district experiencing these shortfalls. Indeed, Lansing Schools recently eliminated over 50 positions while dealing with a 10 million dollar deficit. Ann Arbor and Midland Schools have both been dealing with structural deficits of over 25 and 12 million dollars respectively. Okemos at one time was one of the better funded districts in the state. Today, we rank more in the middle of the state and have been trending downwards through no fault of our own, but rather due to the systems that distribute state dollars.

## What Did the Process Look Like That Led to These Recommendations for Reductions?

The process for developing this year's budget followed the same steps as in previous years, beginning in February when the Governor's budget recommendation is released (which gives us some idea of what funding in the next year may look like). District leaders, through their interactions and conversations with staff who work in the building each day, generate and bring ideas to the district leadership team, which collaboratively vets ideas and brainstorms further

to create a comprehensive list. There is then a process to “rank” these based on their viability and potential impact. These rankings and ideas go to the superintendent and cabinet for further debate and analysis, with the superintendent ultimately finalizing recommendations to take to the board of education. The board held a workshop session on May 26th to request additional information, pose questions, and begin discussion on the 2026-27 budget. This is generally followed by a regular board meeting where the budget recommendations are discussed and a final board meeting where the budget receives a formal vote. State law requires that each school board adopt a budget for the upcoming fiscal year not later than June 30th of each year. It should be noted that our state budget is rarely agreed upon by our deadline, so we are stuck doing most of this work with a great deal of uncertainty. This year is no exception, with no state budget passed as of the writing of this document on June 18th, 2026.

## **Why Are We Considering Reductions in Infant/Toddler Programs at Edgewood?**

While OPS values these programs greatly, these are not supported by meaningful state or federal dollars like PreK-12 education. Unfortunately, they are also among the most expensive to operate due to licensing requirements from the state. Children in these programs must have (rightfully so) a very low ratio of children to staff because of their age and needs for care. Those higher staff numbers translate to higher costs. In addition, these programs also have needs beyond staff including classroom equipment, playground equipment, building space, maintenance, and administrative costs. Even with increased tuition and the greater sacrifices made by our families, these specific programs essentially are designed to operate at a loss. This is why most school districts no longer operate such programs, as their funding is directed to children at other ages. We would like to see our legislature better address this issue for the future as it's a clear need across the state.

## **Can We Cut Further in the Central Office / Administration?**

We have eliminated a number of positions in Central Administration over the past several budget cycles and have continued to do that this year. Our 26-27 budget recommendation eliminates our director of communications and reduces the cost of our director of safety and security through a proposed cooperative agreement with a neighboring district. In previous years we have reduced an assistant superintendent position, eliminated a director position, and reduced our facilities and information technology staff. We are committed to keeping cuts away from the classroom as much as possible, but we must have the administrative support needed to ensure the district can run efficiently. Okemos has consistently done very well in this area. In fact, when compared with other similar districts, Okemos has among the lowest number of administrators / central office support staff per student.

## **Why Are We Not Cutting More?**

While we are making challenging budget recommendations this year, we are unlikely to fully close our deficit given what we know so far (though there are still many budget unknowns since the state has not passed a budget yet). Delaying deeper cuts will give Superintendent Olson and the board more time to thoughtfully and intentionally work with administrators, staff, and other stakeholders in our community to refine our process, examine all options, and plan for a longer term set of solutions.

# How Will the District Adapt to Fewer MTSS Coaches Going Forward?

Our MTSS (Multi-Tiered Systems of Support) coaches have been in place for many years and have provided great support to the students and staff that we serve. Through this budget process, we have heard from many staff and community members who have advocated for the work that they do. We currently have one MTSS coach in each building that works with staff to help ensure we are providing appropriate academic support and interventions for learners that have different needs. Moving to three coaches serving the district will necessitate some changes. These changes would include such things as:

- Modifying data analysis and meeting structures with coaches and principals helping train and facilitate data meeting protocols, engaging staff more directly in the processes.
- Shifting MTSS coaches focus more from a building level to a district level lens, including having them more directly involved in focused, district level professional learning work.
- Empowering teaching staff to help direct classroom interventions provided by support personnel. Coaches would work with building leaders and staff to ensure they are ready and confident in their skills to do this effectively and impactfully.
- Leveraging our existing relationship with Ingham ISD for support services to help increase their support for literacy and math, coaching, and professional learning for staff.
- Reforming our District Instructional Leadership Team led by Assistant Superintendent Bailey to include our 3 MTSS coaches, Gifted and Talented Coordinator, and Instructional Technology Coach. This team would plan and coordinate utilization of ISD resources, reform the MTSS coach roles, and lead the district MTSS committee.

The goal of these initial changes would be to increase district-wide alignment of the MTSS work and to set up our District Instruction Leadership Team for success. We know that we continue to have important work ahead to improve our student achievement and growth, to ensure each student is well served by their experience in OPS.