

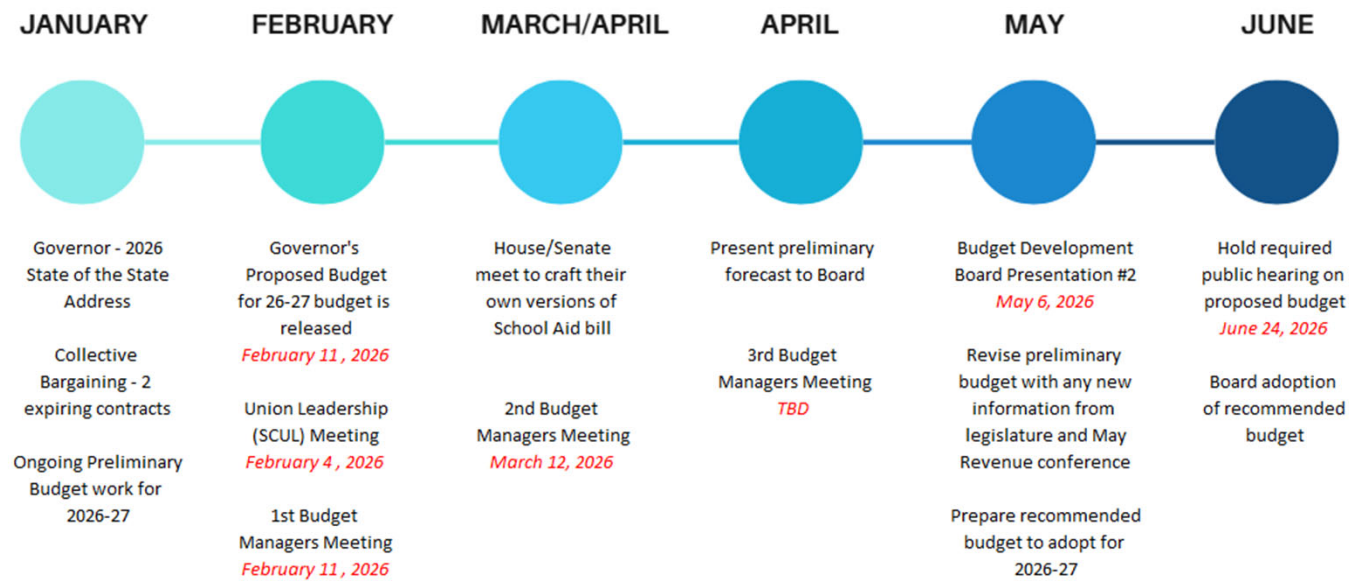


Budget Development #1

Budget Development Process, Forecast/
Enrollment Update & Long Term Strategic Plan

Board of Education
Regular Meeting
February 4, 2026

Budget Development Process



Budget Variables - External

- ▶ Inflation remains low; at **4.4%** in December, lowest level since September and well below Fed Full Employment 4.7-5.8%
- ▶ Recession risk remains real, but Fed remains focused on soft-landing
- ▶ State General Fund/General Purpose (GF/GP) remains challenging
- ▶ State School Aid Fund (SAF) healthy, though not exceptional
- ▶ Efforts are underway to make reductions to balance the GF budget
 - ▶ Such an imbalance can create political pressure on the SAF
- ▶ Pupil Trends: Continuing Declining State Enrollment
 - ▶ Losing more than 10,000 students/year

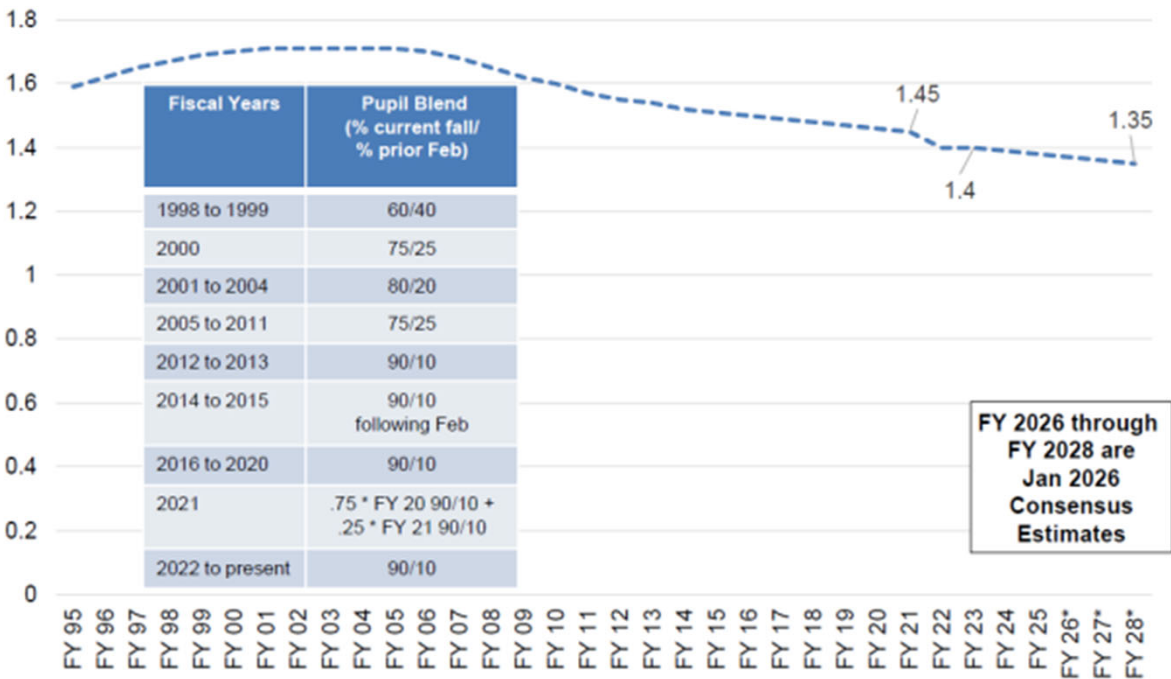
School District Base Revenue Calculation

- ▶ Number of Students X Per-Pupil foundation allowance (FA) = Annual Base Foundation Revenue
 - ▶ Example: 4,133 students x \$10,050 = 41,536,650
 - ▶ Maintain annual revenue - Per Pupil FA
 - ▶ -50 FTE Need \$~125
 - ▶ -100 FTE Need \$~250
 - ▶ -150 FTE Need \$~375

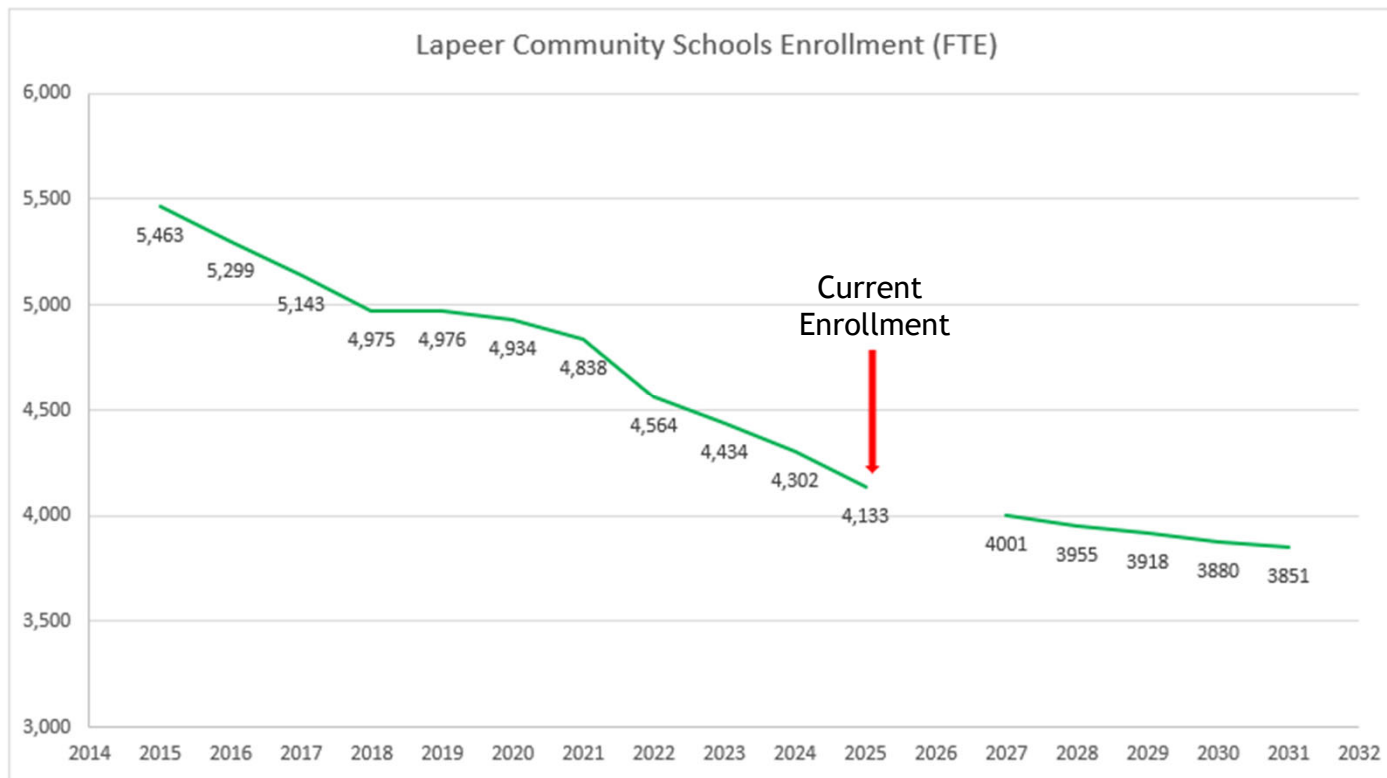
State Pupil Membership

Total Pupil Membership

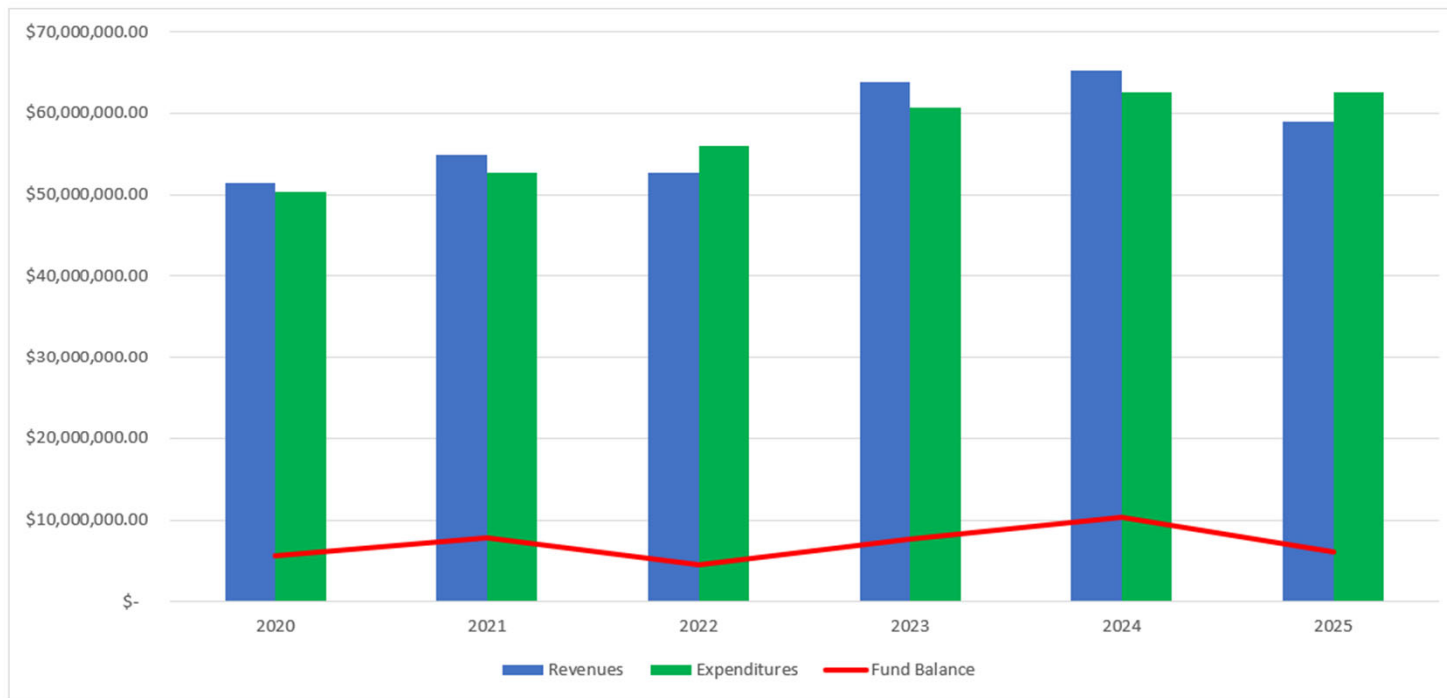
Statewide, pupil memberships are 20% lower than their peak in FY 2003 and dropping. 74% of traditional districts are experiencing pupil decline.



Enrollment & Pupil Projections - Michigan Alliance



How We Have Managed Our Resources



Fund Balance History

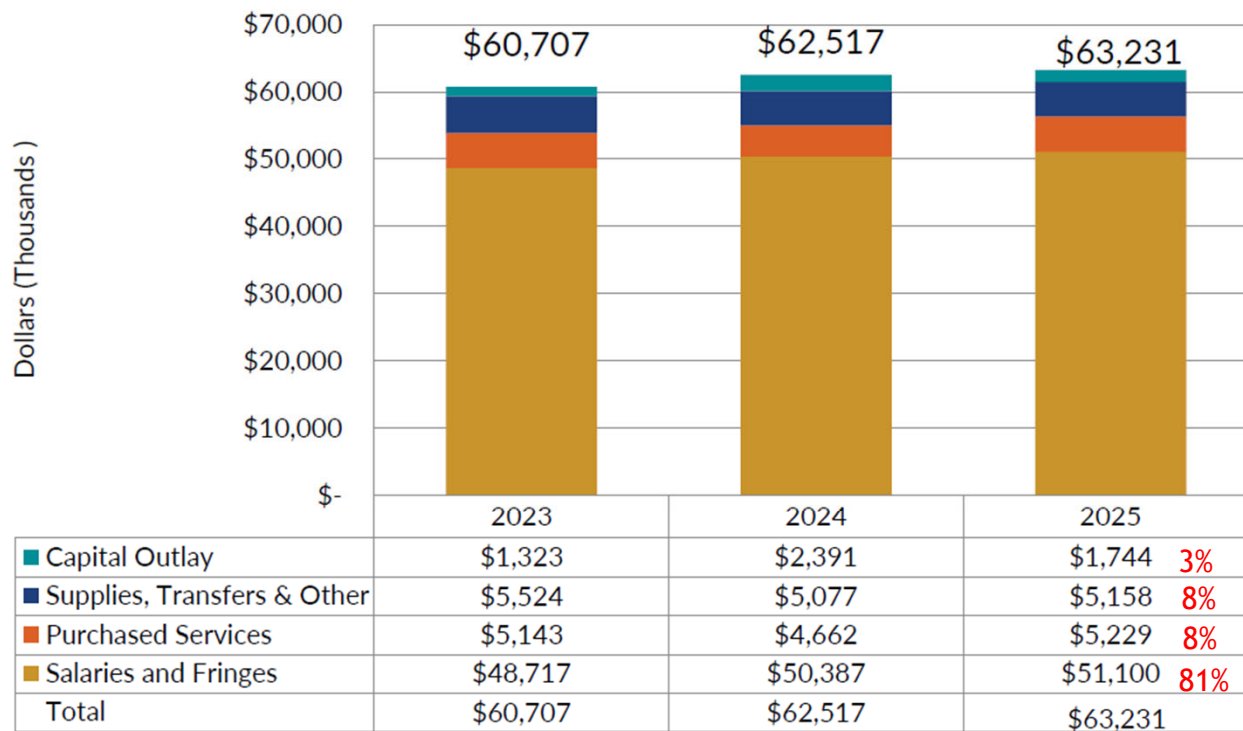
Fund Balance refers to the money left over after all bills are paid.

FY	Lapeer %	Lapeer \$	Board Goal	State Avg.
2015	4.99%	2,479,349	10%	9.83%
2016	6.06%	2,945,139	10%	11.37%
2017	7.16%	3,458,632	10%	12.79%
2018	7.51%	3,673,384	10%	13.96%
2019	9.35%	4,600,564	10%	14.20%
2020	11.30%	5,650,525	10%	15.90%
2021	14.90%	7,801,872	10%	19.30%
2022	8.20%	4,567,595	10%	20.30%
2023	12.60%	7,645,834	10%	21.90%
2024	16.50%	10,319,913	10%	24.70%
2025	9.60%	6,047,667	10%	Not Yet Available



Analysis of General Fund Expenditures (including Transfers) Three-year Comparison by Object

Years Ended June 30



Budget Variables

- ▶ Board adopted FY25-26 budget with \$2.4 million deficit
- ▶ \$1.1M reduction already established in current FY budget
- ▶ UAAL retirement rate ~\$1M unfavorable
- ▶ Property sales delay ~\$1M unfavorable
- ▶ Greater student loss than projected
 - ▶ Down 117 FTE from FYE 2024-25
- ▶ Grant funding reduction
- ▶ Overall scope of remaining **\$3-4M deficit**

Current Year Reductions

Budget Reductions Already Determined	25-26
District Admin - Health and Safety	(166,000.00)
Building Floater Sub Elimination	(200,000.00)
Grant Funding Shift - 40% Deans	(307,572.00)
Building Budgets Reduction	(70,000.00)
1/2 Teacher FTE Tech Coach	(30,000.00)
Technology Contract FTE Reduction	(40,000.00)
Operational - One time costs	(330,000.00)
	<u>(1,143,572.00)</u>

Ideas to Address to Deficit

In an effort to collect accurate data and make the most informed decisions as it relates to the district facilities. We have engaged with a third-party firm to perform a comprehensive study.

Barton Malow Studies:

- ▶ Facility Utilization
- ▶ Operational Efficiency
- ▶ Results expected in Spring 2026



Ideas to Address to Deficit

- ▶ Analyze the current administrative organizational structure to determine efficiency opportunities for 2026-27.
- ▶ District reconfiguration & staffing efficiency 2027-2028
- ▶ Evaluate collective bargaining agreements
- ▶ Increased marketing/recruitment campaigns

LCS Strategic Plan Concepts for 2027-2028 School Year

Reduce the total number of buildings in use from 13 to 8.

Building	Programs to House in 27-28 - Option A	Building	Programs to House in 27-28 - Option B
Building #1	E5/K	Building #1	K-5 Elementary
Building #2	Grades 1 & 2	Building #2	K-5 Elementary
Middle School #1	Grades 3, 4, 5	Building #3	K-5 Elementary
Middle School #2	Grades 6, 7, 8	Middle School #1	Grades 6, 7, 8
LHS	Grades 9-12	LHS	Grades 9-12
CFI	Alternative Ed	CFI	Alternative Ed
Building #3	LVP	Building #4	LVP
Bus Garage	Transportation - Maintain	Bus Garage	Transportation - Maintain
Additional programs/staff to assign	Kids & Co. ASC Maple Grove Program	Additional programs/staff to assign	Kids & Co. ASC Maple Grove Program
Building #4 Building #5 Building #6 Maple Grove Mayfield	Close and/or Market for Sale	Building #5 Building #6 Building #7 Maple Grove Mayfield	Close and/or Market for Sale

Strategic Planning Timeline

