

October 6, 2026

October Student Count Will Provide Districts with a Clearer Picture of Their Finances

In a Nutshell

- **The October count drives the budget.** Michigan's October 7 student count makes up 90 percent of the enrollment formula that sets state aid. Districts had to adopt budgets by July 1 without knowing their fall enrollment, and sometimes without knowing their foundation grant either. Districts that overestimated enrollment will probably need to make corrective budget adjustments in the coming months.
- **Declining enrollment is now normal for most districts.** Statewide public school enrollment has fallen 21 percent since 2002-03, while charter openings have increased the number of districts. As a result, the average district has about 26 percent fewer students. About two-thirds of Michigan's 828 districts lost students in 2025-26. Urban districts such as Detroit, Flint, and Pontiac have been hit hardest because of charter activity and school choice.
- **Costs don't drop as fast as enrollment.** Buildings, transportation, and administration costs are "sticky," so losing students raises fiscal stress in the short run. Districts need long-term plans, such as closing buildings or reducing staff, to right-size their budgets. This week's count will show how much adjusting each district has to do.

Although public K-12 schools across Michigan approved their 2026-27 spending plans back in June and most welcomed students back in late August, this week's student count will reveal how much money each district will have to operate this year. For many districts, a lot is riding on the result of the student count because Michigan uses an enrollment-based mechanism to distribute funding to schools. Districts that overestimated year-over-year enrollment gains (or underestimated enrollment losses) when preparing budgets last spring will likely have to take corrective action in the coming months to ensure budget balance.

Under Michigan's longstanding school funding policy, the first of two student count days occurs on the first Wednesday in October (October 7, 2026). The other count day comes next February. The two counts (each with different weights) are blended to arrive at a total enrollment figure for purposes of distributing state aid to school districts. A district's total annual operating budget is largely a function of its October student count and the amount of the per-pupil foundation grant determined by Lansing policymakers through the state budget process.

Because the October student count carries the heaviest weight (90 percent), much will be revealed about a school district's 2026-27 finances with the result of this week's count. By law, school districts are required to adopt their budgets for the coming school year by July 1, but much of this work is

done without knowing where student enrollment will be in the fall. Districts consider several factors when estimating their upcoming enrollment numbers, including past enrollment experience, state-wide birth rates and migration patterns, major new or exiting employers, and the varied impacts of competition for students and their per-pupil dollars from neighboring districts. Missing the mark on student enrollment estimates can have material fiscal consequences. Bottom line: fewer students relative to projections means further budget adjustments.

In addition to the student enrollment uncertainty, Michigan schools often don't know the amount of their state foundation grant before having to complete their spending plans for the coming year. That is because the per-pupil grant amount is set in the state's annual School Aid budget, which has a completion deadline of September 1. Although the state budget was wrapped up on July 3 this year, two years ago was a different story. That year, the state budget process dragged into the fall and well beyond schools' July 1 budget deadline.

For many districts, budgeting for declining student enrollment is the new norm. Statewide, the total number of students enrolling in public schools has dropped by 21 percent since the 2002-03 school year, while, at the same time, the number of school districts has grown with the opening of new charter public schools. These two realities suggest that while the size of the student enrollment "pie" is shrinking, the "pie" is being sliced into many more pieces. The result is fewer students per school district statewide; from about 2,300 students per district in 2002-03 to 1,700 students per district in 2025-26, a 26 percent decline.

Given the compounding effects of the state's ongoing population growth challenges and varied school choice policies, the number of districts coping with shrinking enrollment has grown. Approximately two-thirds of Michigan's 828 traditional and charter school districts experienced year-over-year enrollment decline in the 2025-26 school year, a percentage that has remained level since the COVID-19 pandemic. Notably, three-fourths of all traditional public school districts experienced year-over-year enrollment declines; a total of nearly 14,000 fewer students were counted for regular state funding purposes in the 2025-26 school year compared to 2024-25. For the 2026-27 school year, the state School Aid budget funded a stop-gap "declining student enrollment" measure to allow districts to use the greater of their current year's student count or their three-year average student count for state aid calculations. However, this state appropriation is designated as "one-time", meaning districts can't count on using the three-year average count to develop their 2027-28 school year budgets.

This statewide student enrollment decline, however, masks considerable variation among individual districts. Our previous research shows how the combined effects of a shrinking K-12 enrollment pie and the state's school choice policies have not been evenly spread across school districts, with some being impacted much more than others. Although declining enrollment can be found in districts of all sizes, locations, and types (charter and traditional public), public schools in urban settings (for example, Detroit, Flint, Mt. Clemens, and Pontiac) have been most affected. Urban locations tend to be home to the majority of charter school activity as well as greater inter-district choice participation.

Fewer students mean fewer total resources for districts. If district officials don't recognize the impact of continuous declining student enrollment and avoid making the necessary budget adjustments, they can experience increased fiscal stress. But, managing in an environment of declining resources, at least in the short term, can be difficult, especially when the funding reduction is sizeable. All schools face some fixed (or semi-fixed) costs for building operations (i.e., lighting, heating, cleaning), student transportation, central administration, etc. When students leave a district, many of these fixed costs remain with the district. The reality is that the relationship between enrollment and district costs is not completely linear, at least in the near term.

Over time, districts can “right size” their budget to accommodate a smaller student body, for instance, by closing buildings or reducing staff. But, in the short run, declining enrollment can increase fiscal stress because many school costs are “sticky”. The bottom line is that declining enrollment will continue to be a challenge requiring affected districts to think long term to effectively manage their resources without incurring undue stress. For many districts, the results of the October 7 student will signal how much work will be needed to adjust their current fiscal plans to avoid further fiscal stress.

ABOUT THE AUTHOR

Craig Thiel - Research Director



Craig is the Research Council’s Research Director and primary researcher of education and school finance issues. Prior to becoming Research Director, Craig served as the Director of State Affairs and as a Senior Research Associate. During his graduate school studies, he worked for the Council as a Lent Upson-Loren Miller Fellow from 1993 to 1995. Before joining the Council in 2006, Craig worked for ten years as a fiscal analyst at both the Senate Fiscal Agency and the House Fiscal Agency. He previously worked for the Michigan Department of State, Office of Policy and Planning and the United States Environmental Protection Agency in Chicago.

Craig holds a B.A. in Economics and Political Science from Kalamazoo College and a Masters in Public Administration from Wayne State University. He holds positions on various professional, nonprofit, and local government boards/associations.

Founded in 1916, the Citizens Research Council of Michigan works to improve government in Michigan. The organization provides factual, unbiased, independent information concerning significant issues of state and local government organization, policy, and finance. By delivery of this information to policymakers and citizens, the Citizens Research Council aims to ensure sound and rational public policy formation in Michigan. For more information, visit www.crcmich.org.

Southeast Michigan

38777 Six Mile Rd. Suite 208, Livonia, MI 48152
(734) 542-8001

Mid Michigan

115 W Allegan St. Suite 480, Lansing, MI 48933
(517) 485-9444
Detroit (313) 572-1840
West Michigan (616) 294-8359

A Fact Tank Cannot Run on Fumes

Do you want to ensure better policy decisions and better government in Michigan? A donation to support our organization will help us to continue providing the trusted, unbiased, high-quality public policy research Michigan needs. We also accept charitable bequests. Click the gas tank to donate or learn more about planned giving.

