

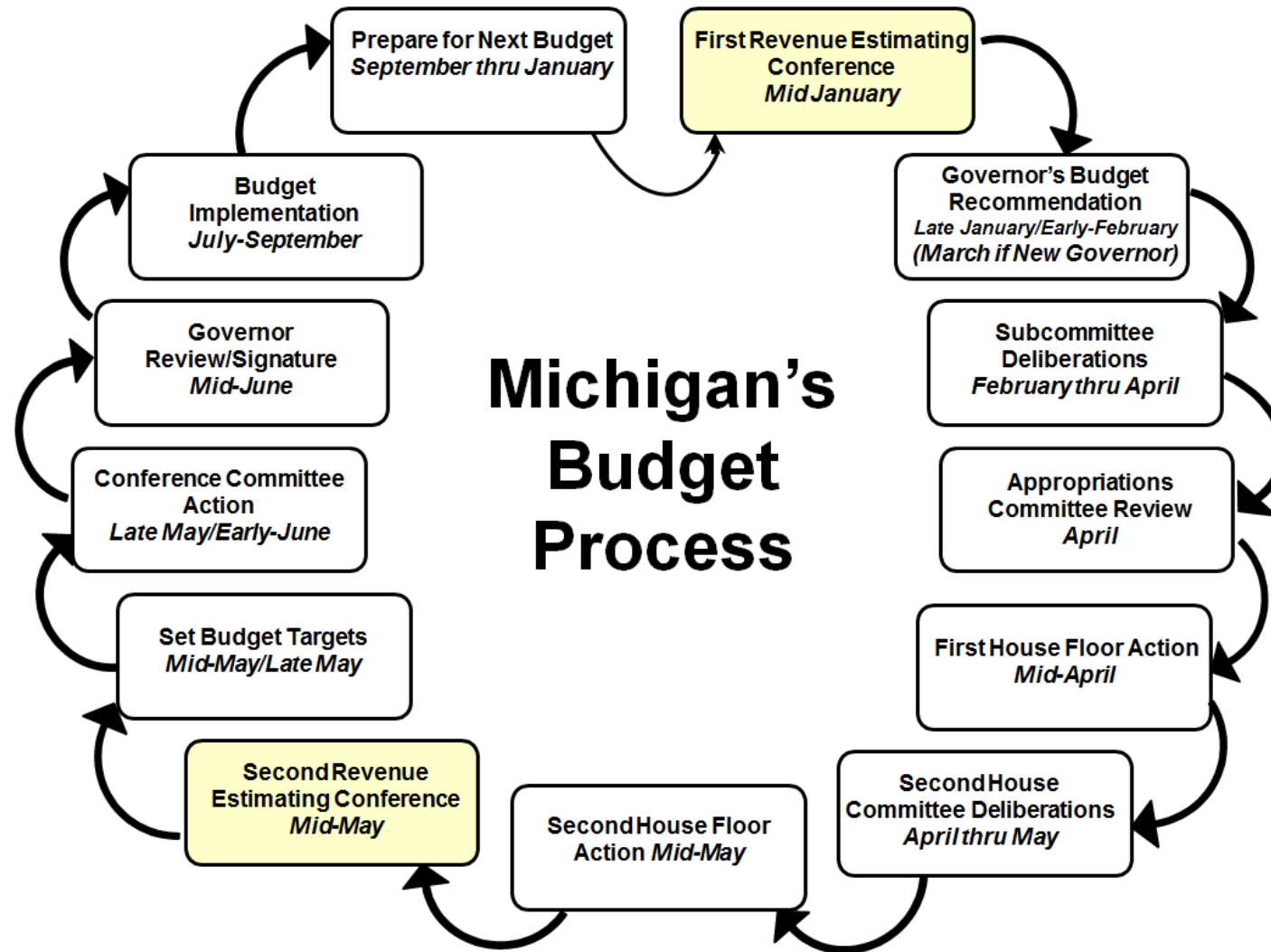
Michigan School Business Officials

April 26, 2022

Bethany Wicksall,
Deputy State Budget Director

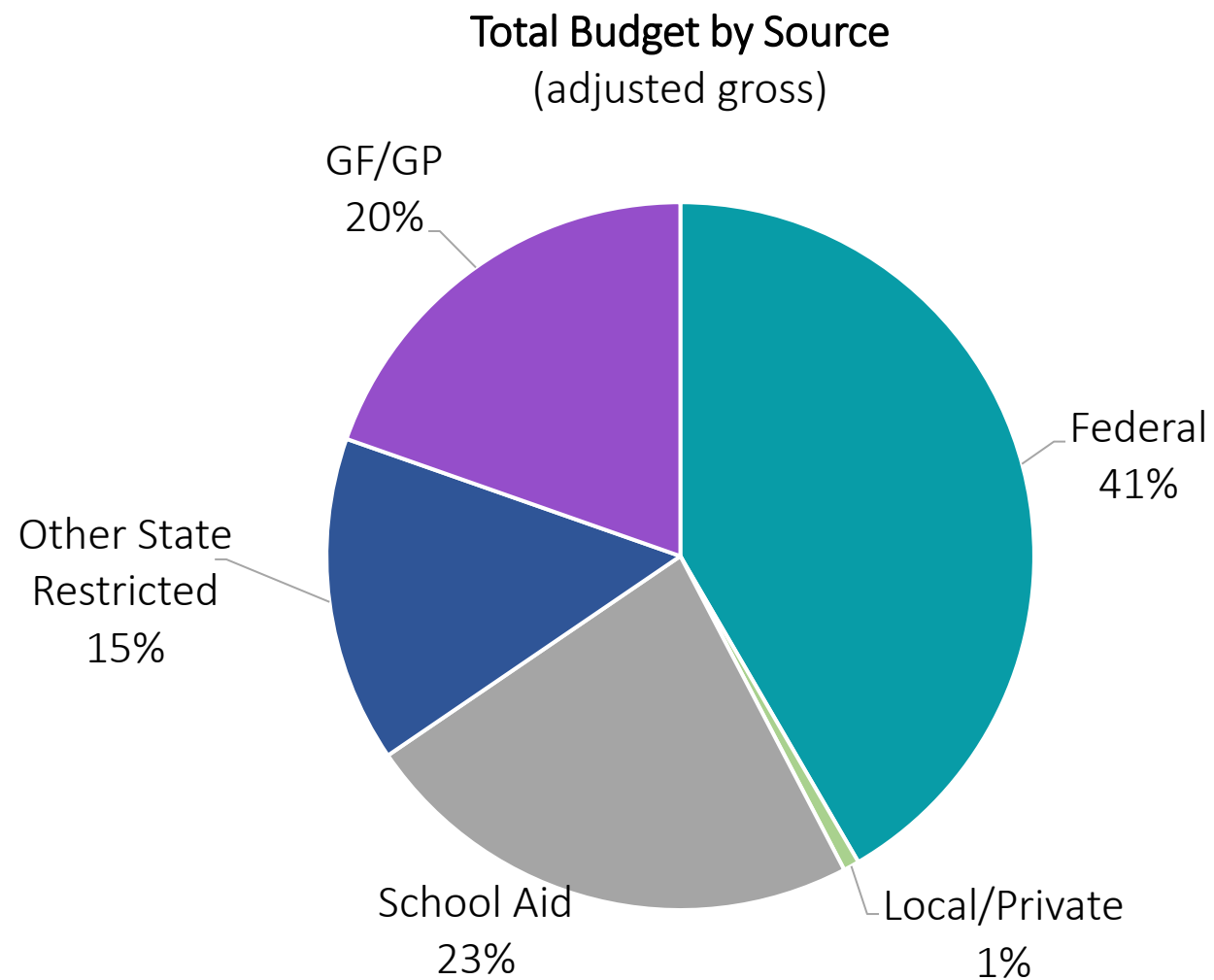


Budget Process



FY 2023 Exec Budget

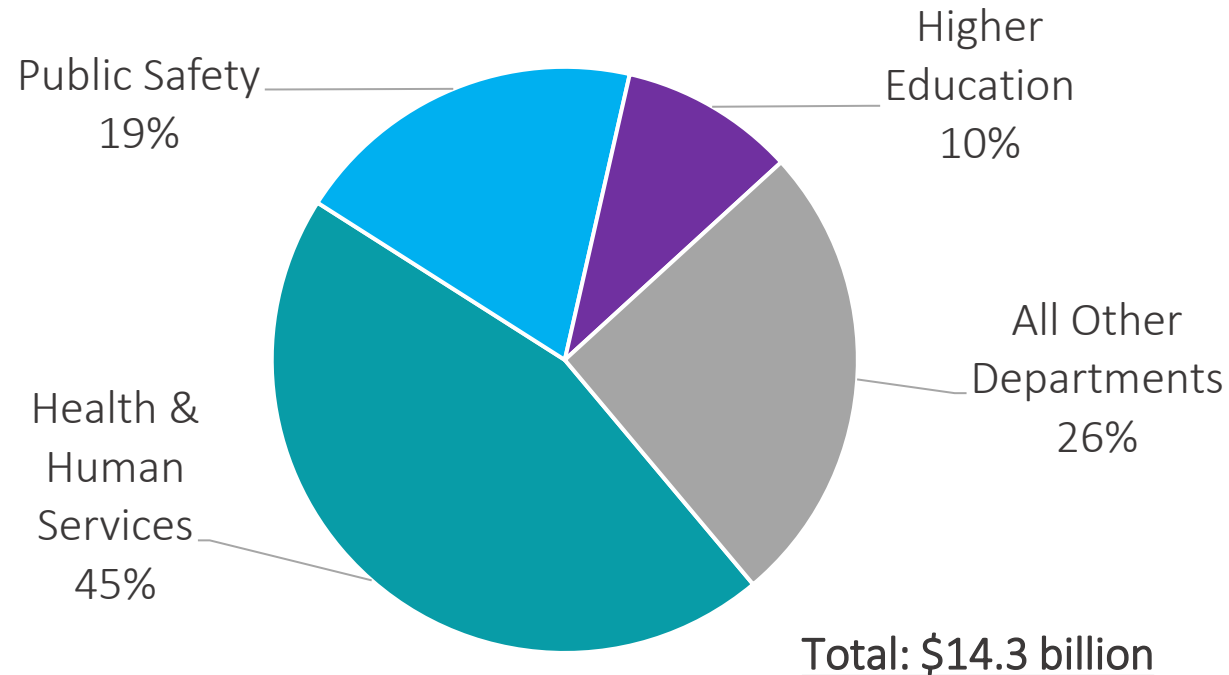
- Total budget \$74.1b
- General Fund \$14.3b
- School Aid Fund \$16.6b



General Fund Exec Budget

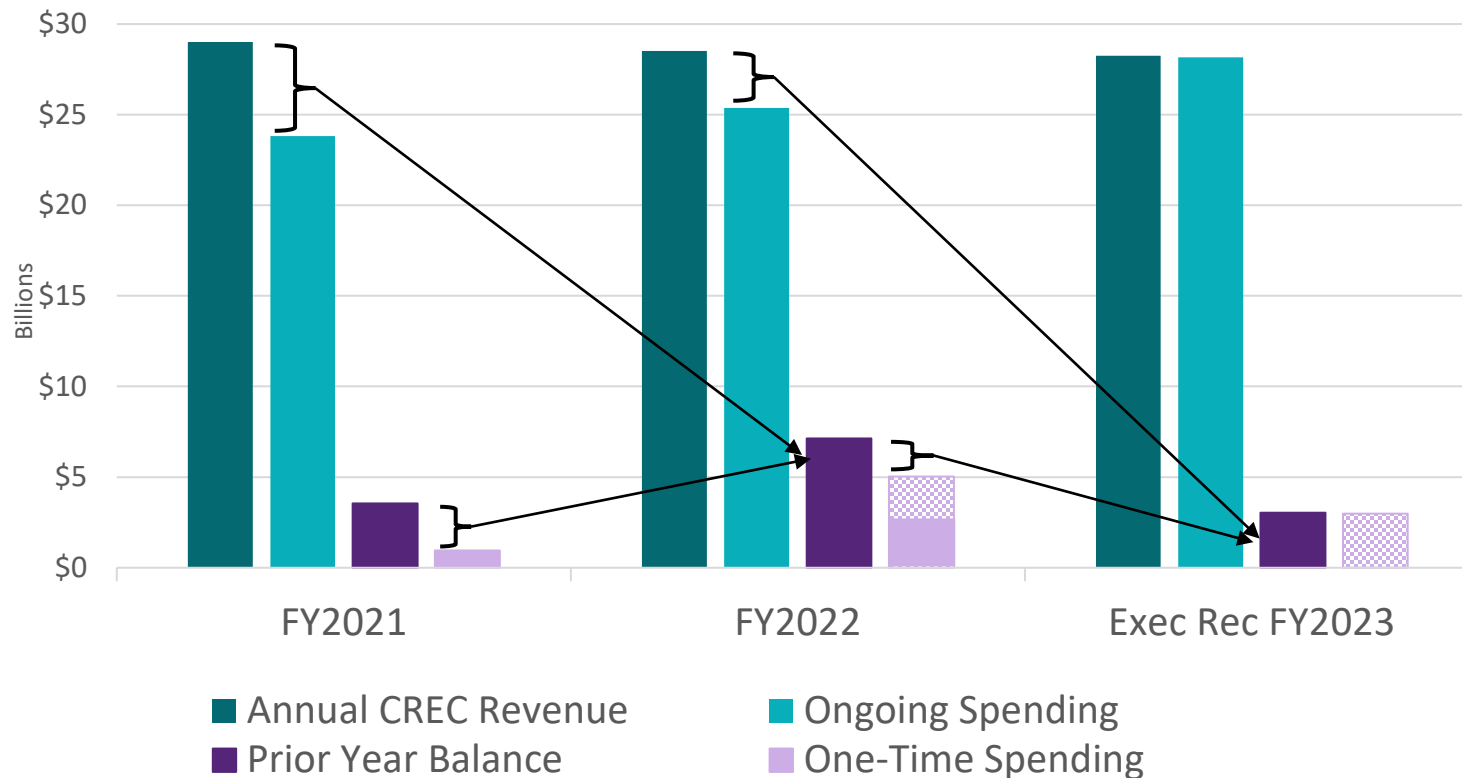
General Fund: Nearly three quarters of GF/GP appropriations fund health care, the protection of vulnerable children and adults, public safety, and education.

Total General Fund by Category



Ongoing vs One-time Funding

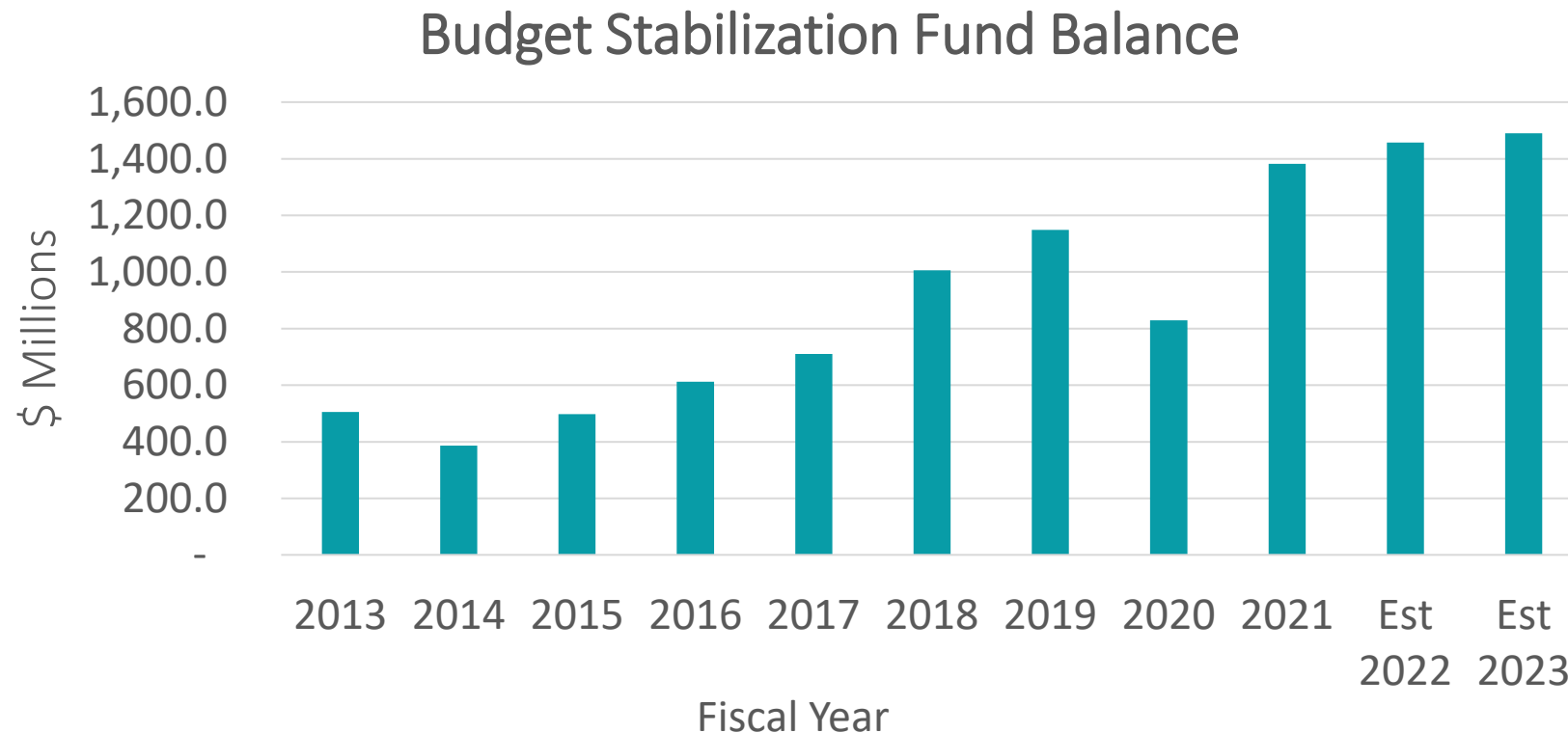
Combined GF and SAF Ongoing and One-Time Revenues vs Ongoing and One-time Spending



- Unspent balances carried forward are **one-time funds** and should be spent on **one-time costs**
- FY21 revenues far exceeded estimates creating a \$7B balance to carry into FY22
- The recommended budget proposes spending one-time balance in FY22 and FY23 on one-time costs and deposits
- Estimated remaining ARP State Fiscal Recovery Funds , \$2.7b

Budget Stabilization Fund

Budget Stabilization Fund Deposit: \$51.8m, brings balance to nearly \$1.5 billion and meets goal of at least 5% of combined SAF and GF revenues



Putting Michigan First: Priorities for FY23



Education: Putting Students First

Strategic investments that put students first and make strong investments in education



Workforce and Economic Development

Provides strategic investments in a wide range of economic projects and workforce programs to get Michigan back on track from the pandemic



Road, Bridge, and Infrastructure Improvement

Improves all facets of Michigan's Infrastructure with once in a lifetime investment dollars



Healthy Families

Improves access to care for families with medical and behavioral health needs



Safe Communities

Creates a full-circle investment plan to keep our communities safe and our IT infrastructure secure

Putting Money Back in Pockets

- **Earned Income Tax Credit (EITC) - \$262 million**
 - Increase the state's earned income tax credit from 6 percent to 20 percent of the federal credit
 - The EITC provides substantial support to low-income working families
 - Nearly 750,000 Michigan families would receive an average of over \$300 more over the current credit
- **Roll back taxes on Retirement Income - \$500 million when fully phased in by 2025**
 - **Restore Exemptions and deductions eliminated in 2012**
 - Public pensions and private retirement income, including private-sector pensions, withdrawals from individual retirement accounts (IRAs), and the portion of a 401k account that is subject to an employer match
 - Rolling back this tax on retirement income would save half a million households on average \$1,000 a year

A person is sitting on a white bed, wearing a grey sweater and light blue jeans with a large tear at the knee. They are surrounded by school supplies: a laptop, an open book, a calendar for August and September, and a pen. The text "Putting Michigan Students First" is overlaid on the image.

Putting Michigan Students First

How We're Getting Kids Back on Track

Strategic investments that put students first and make strong investments in state education. Investments focus on:

Historic, Equitable Funding

- Ongoing investments ensure kids have the staff and support they need to thrive
- Investments connect resources with the students who need them most

Talent In Schools

- Excellent educators drive student learning
- Investments target staffing shortages with focus on teacher recruitment and retention

Mental Health and Safe Schools

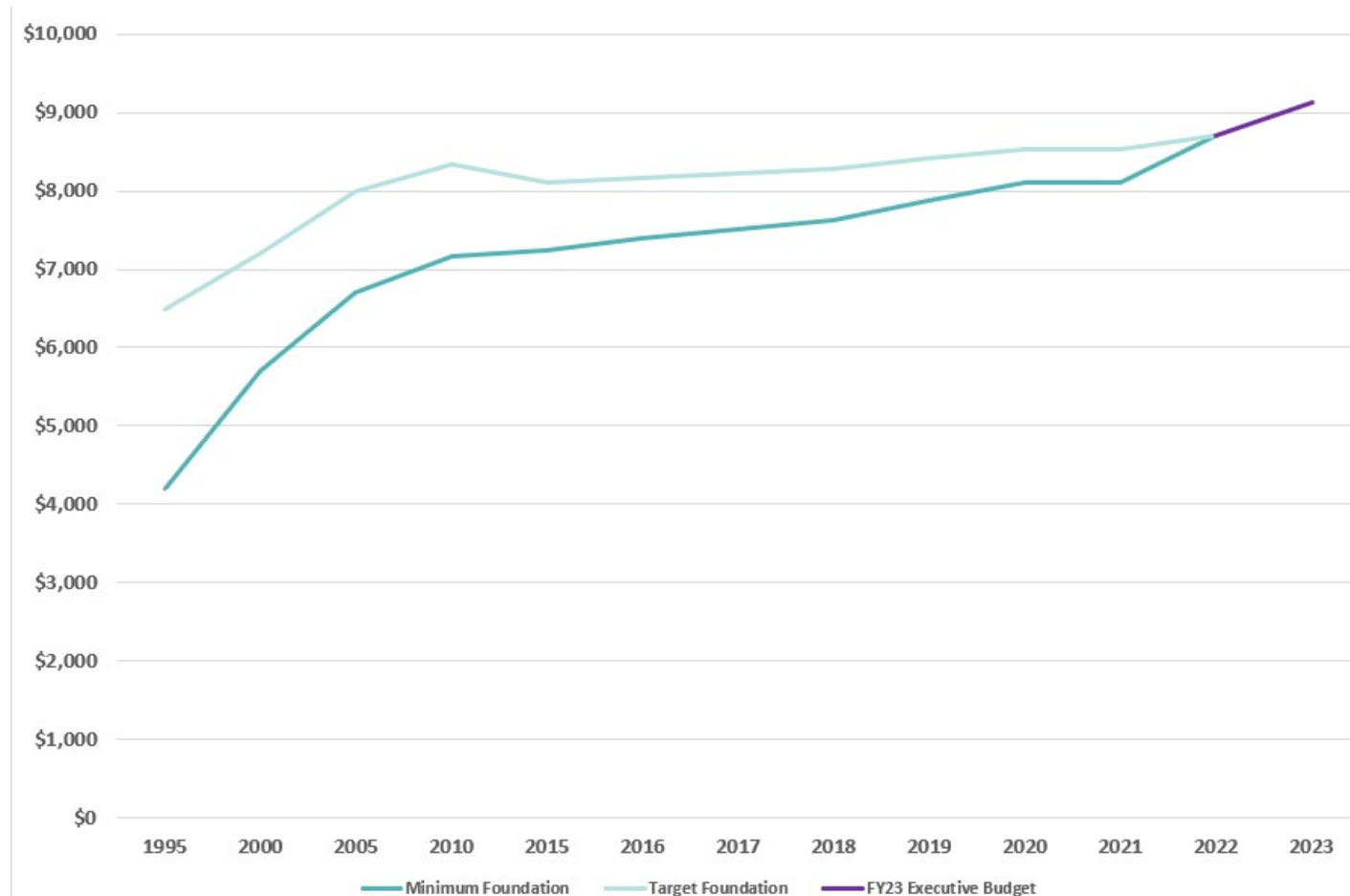
- Kids that are stressed and anxious struggle to learn
- Investments focus on trained, supportive adults and safe schools for every kid

Historic, Equitable Funding

Classroom Support

- Last year, Governor Whitmer and the legislature worked together to close the funding gap between schools
- This budget will invest \$988m to continue building a weighted funding model that includes a base per-pupil amount plus additional funding for students with more costly educational needs
- Increases base per-pupil funding to districts up to \$9,135 (a 5 percent increase, \$435 per pupil), \$580m

Per-Pupil Funding



Historic, Equitable Funding – Foundation Allowance

Classroom Support

Last year, Governor Whitmer and the legislature worked together to close the funding gap between schools

Executive Budget	Senate Subcommittee
<ul style="list-style-type: none">Increases base per-pupil funding to districts by \$435 per pupil (a 5% increase) to \$9,135Maintains foundation allowance for cyber schools at FY22 levels, \$8,700 per pupil.	<ul style="list-style-type: none">Increases base per-pupil funding to districts by \$450 per pupil (a 5.2% increase) to \$9,150.Includes foundation allowance for cyber schools in the increase.

Historic, Equitable Funding – Weighted Funding Model

Classroom Support

Michigan serves a diverse population of students, with some children needing additional assistance or resources to help them thrive in an educational environment:

	Executive Budget	Senate Subcommittee
At-Risk	\$222 million increase. Fully funds all eligible students at 11.5% of the foundation allowance	Does not include. Maintains current law. Payments are prorated by 23.2%
Special Education	\$150 million increase. Increases additional reimbursement of costs from 3% to 8%.	Does not include. Maintains current law
Career and Technical Education	\$20.8 million increase. Provides additional reimbursement for added costs and increases ISD millage equalization levels.	Does not include. Maintains current law
Rural and Isolated Districts	\$421,00 increase. Total funding of \$8.8 million	Concurs with Executive Budget

Historic, Equitable Funding – Early Childhood Education

Classroom Support

Michigan serves a diverse population of students, with some children needing additional assistance or resources to help them thrive in an educational environment:

	Executive Budget	Senate Subcommittee
Early Child Interventions	\$16.6 million increase. Increase for Early On program and expands home visitation and early childhood collaboratives efforts.	Does not include. Maintains current law
Great Start Readiness Program	\$56 million increase. Increases number of slots, per child allocation, develops home-based pilots, and provides startup grant funding.	Does not include. Maintains current law

Talent in Schools

Educator Retention

	Executive Budget	Senate Subcommittee
Educator Retention Payments	\$1.5 billion. Paid out over 4 years for teachers (\$11,000) and other people employed by schools (\$4,000).	Does not include
Teacher Onboarding, Induction, and Mentoring	\$100 million. Cohorts of support and guidance to teachers to ensure they have the help they need to thrive in their new career.	Does not include
Regional Innovation Grants	\$75 million. Funding to allow local response to regional needs and increase the number of qualified personnel in Michigan's schools	Does not include

Talent in Schools

Educator Recruitment

	Executive Budget	Senate Subcommittee
Michigan Future Educator Fellowship	\$250 million. Provides up to \$10,000 per year for first-time degree seekers and career changers to lower the cost of becoming a PreK-12 teacher.	Does not include
Michigan Future Educator Fellowship – School Leaders	\$50 million. Second track of the Michigan Future Educator Fellowship for aspiring principals, school leaders, counselors, and mental health professionals.	Does not include
Stipends for Student Teachers	\$150 million over 5 years. Provides \$9,600 per academic semester of required student teaching.	\$25 million. Provides \$3,750 per academic semester of required student teaching.
Grow-Your-Own Programs	\$150 million. Grants to districts to develop and implement programs to create certified teachers from people within the district.	Does not include

Mental Health and Safe Schools

Mental Health

	Executive Budget	Senate Subcommittee
TRAILS	\$150 million over 3 years. Statewide expansion of the existing TRAILS program to support student mental health.	\$10 million. Increase of \$4.6 million over current law.
School-Based Mental Health Professionals	\$120 million. Partially offsets the cost of hiring new mental health and wraparound support staff in schools over 3 years.	\$15 million. New program to pay graduate-level mental health students \$25 per hour to serve as interns within schools.
Mental Health Grants	\$50 million increase. Increases existing mental health grants from \$53.9m to \$103.9m	Does not include. Maintains current law
Mental Health Screenings	\$25 million. Provides optional universal mental health screenings in schools.	Does not include
School-Based Health Clinics	\$11 million increase. Additional funding for school-based health clinics (total of \$19 million).	\$15 million. Additional funding for school-based health clinics (total of \$23 million).

Mental Health and Safe Schools

Safe Schools

	Executive Budget	Senate Subcommittee
School Safety Grants	\$50 million. Increases existing school safety grants from \$10 million to \$50 million.	Does not include. Maintains current law
Cross-System Interventions	\$15 million. Partnership between schools, law enforcement, and mental health professionals to intervene and support students before acts of violence occur.	Does not include
School Security Assessments and Building Mapping	Not included in Executive Budget	\$25 million. Funding to conduct buildings security assessments (\$15m) and to develop response plans with public safety officials (\$10m)
School Discipline Helpline	Not included in Executive Budget	\$100,000. Funding for the Student Advocacy Center for Michigan for its statewide helpline.

Other Major New Uses of School Aid Fund

	Executive Budget	Senate Subcommittee
School Infrastructure	\$1 billion. Deposits \$1b into a new school infrastructure fund and spends \$170 million over the next 6-7 years on school infrastructure needs.	Does not include
School Consolidations	Not included in Executive Budget	\$500 million. Sets aside funding to be used by consolidating districts to retire debt obligations.
University MPSERS Debt Obligations	Not included in Executive Budget	\$581 million. Pays off the outstanding accrued retirement liabilities for the seven universities that are members of MPSERS.
University Operations Fund Swap	Not included in Executive Budget. <i>Executive increases 5% one-time and 5% ongoing, funded with general fund.</i>	\$361 million. Reduces general fund allocations to universities and increases school aid fund allocations by a like amount and provides increase using SAF.

Investment in Higher Education

- **Universities**
 - **Operations**
 - \$76.3m ongoing, \$76.3m one-time, 5 percent
 - **University per-student funding floor, \$12.7m**
 - Investment will establish floor up to \$4,500 over the course of four years to ensure that state resources are allocated more equitably on a per-student basis
 - Year one will see a \$12.7m investment, and raise the floor to over \$3,500
- **Community Colleges**
 - **Operations**
 - \$16.2m ongoing, \$16.2m one-time, 5 percent
- **Infrastructure, Technology, Equipment, and Maintenance (ITEM) funding, \$200m (FY22)**
 - Assist community colleges and universities with improving existing facilities, infrastructure, and technology
 - \$58.5m Community Colleges and \$141.5 Universities