

# School Aid Fund Budget Update

**MSBO Ann Conf  
Finance Preconference  
Session 170i  
April 23, 2024**



SAF Budget  
FY2024-25

THANK YOU!

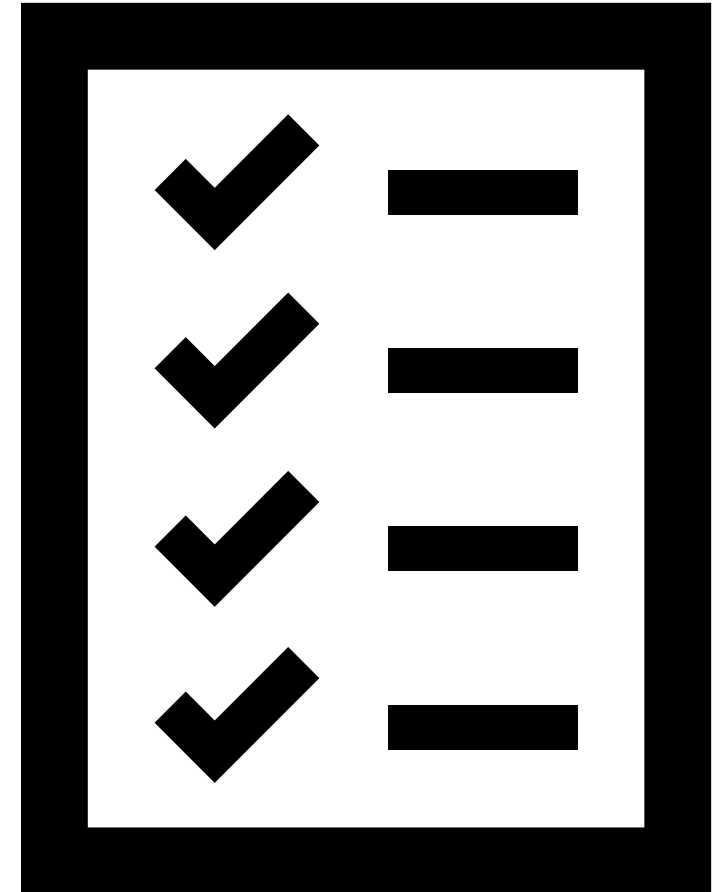


# SAF Budget FY2024-25

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*Another Budget  
Cycle is in full  
swing!*

- Jan 12, 2024 – January CREC
- Jan 24, 2024 – State of the State address
- Feb 7, 2024 – Governor's Proposal
- ...
- April 2024 – House & Senate proposals
- May 17, 2024 - May CREC
- July 1, 2024 – FY2024-25 begins for districts





# State Revenues

JAN  
2024

## January 2024 Consensus Forecast (millions)

	Net Revenue Estimates							
	FY 2023	FY 2024			FY 2025			FY 2026
	Preliminary	May 2023 Consensus	Jan 2024 Consensus	Change From Consensus	May 2023 Consensus	Jan 2024 Consensus	Change From Consensus	Jan 2024 Consensus
<b>Net GF-GP Revenue</b>	\$13,965.9	\$13,238.3	\$13,597.4	\$359.1	\$13,916.4	\$14,022.2	\$105.8	\$14,707.6
Percent Growth	-8.2%	-4.0%	-2.6%		5.1%	3.1%		4.9%
Dollar Growth			(\$368.6)			\$424.9		\$685.4
<b>Net SAF Revenue</b>	\$17,859.4	\$17,888.1	\$17,946.9	\$58.8	\$18,265.9	\$18,307.0	\$41.1	\$18,706.0
Percent Growth	-0.1%	0.8%	0.5%		2.1%	2.0%		2.2%
Dollar Growth			\$87.6			\$360.0		\$399.0
<b>Combined</b>	\$31,825.3	\$31,126.4	\$31,544.3	\$417.9	\$32,182.3	\$32,329.2	\$146.9	\$33,413.6
Percent Growth	-3.8%	-1.3%	-0.9%		3.4%	2.5%		3.4%
Dollar Growth			(\$281.0)			\$784.9		\$1,084.4



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# State Revenues

JAN  
2024

## Budget Stabilization Fund Calculation

FY 2024 Calculations  
FY 2025 Calculations  
FY 2026 Calculations

NO PAY-IN OR PAY-OUT  
NO PAY-IN OR PAY-OUT  
NO PAY-IN OR PAY-OUT

## School Aid Index

	FY 2025	FY 2026
Revenue Adjustment Factor	1.0177	1.0235
Pupil Membership Factor	1.0042	1.0046
School Aid Index	1.0220	1.0282

## Long Term Revenue Trend

Net GF-GP Revenue  
Growth

FY 2027  
\$15,071.5  
2.5%

FY 2028  
\$15,534.3  
3.1%

Net SAF Revenue  
Growth

\$19,204.7  
2.7%

\$19,703.6  
2.6%

Combined GF-GP/SAF  
Growth

\$34,276.2  
2.6%

\$35,237.9  
2.8%

## Income Tax Rate Under MCL 206.51(1)

\*As of the January 2024 Consensus Revenue Estimating Conference, the Annual Comprehensive Financial Report has not been published. A determination of the comparison between capped GF/GP revenue and actual revenue can not yet be made as prescribed under MCL 206.51(1). The determination calculation and rate determination will be made after publication of the ACFR.

# State Revenues

## School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated<sup>1</sup> to be \$1,355.4 million in January 2024, about \$12.7 million below the amount established at the January 2024 CREC. Below forecast lottery revenues and slightly weaker gross income tax collections state education tax collections more than offset stronger recreational marijuana excise tax revenues.

- Sources:

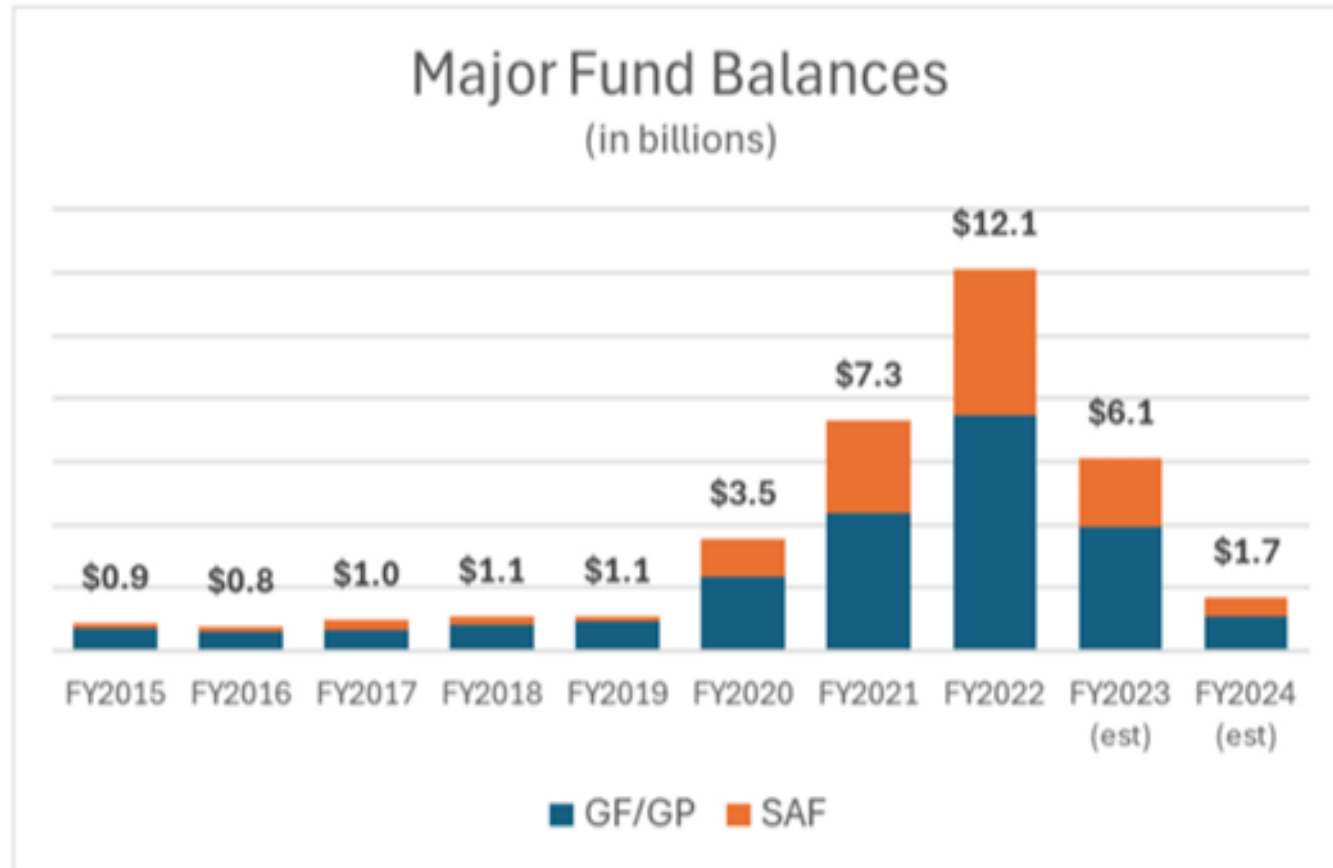
*House Fiscal  
Agency: Jan 2024  
revenue report*

*CRC Michigan:  
Analyzing the  
Governor's FY2025  
Budget  
Recommendations*

- One of the themes is the “normalizing” of estimates post-COVID w/collections & estimates converging.

- Return to “normal” revenue growth for School Aid Fund
- School Aid Fund surpluses (one-time and ongoing) largely exhausted

# State's "Money in the Bank" Has Fallen



Both GF/GP and SAF projected year-end balances are down from the unprecedented levels realized over the previous four fiscal years.

FY24 Year-End Balance Estimates:

- GF/GP: \$1.1B
- SAF: \$564M

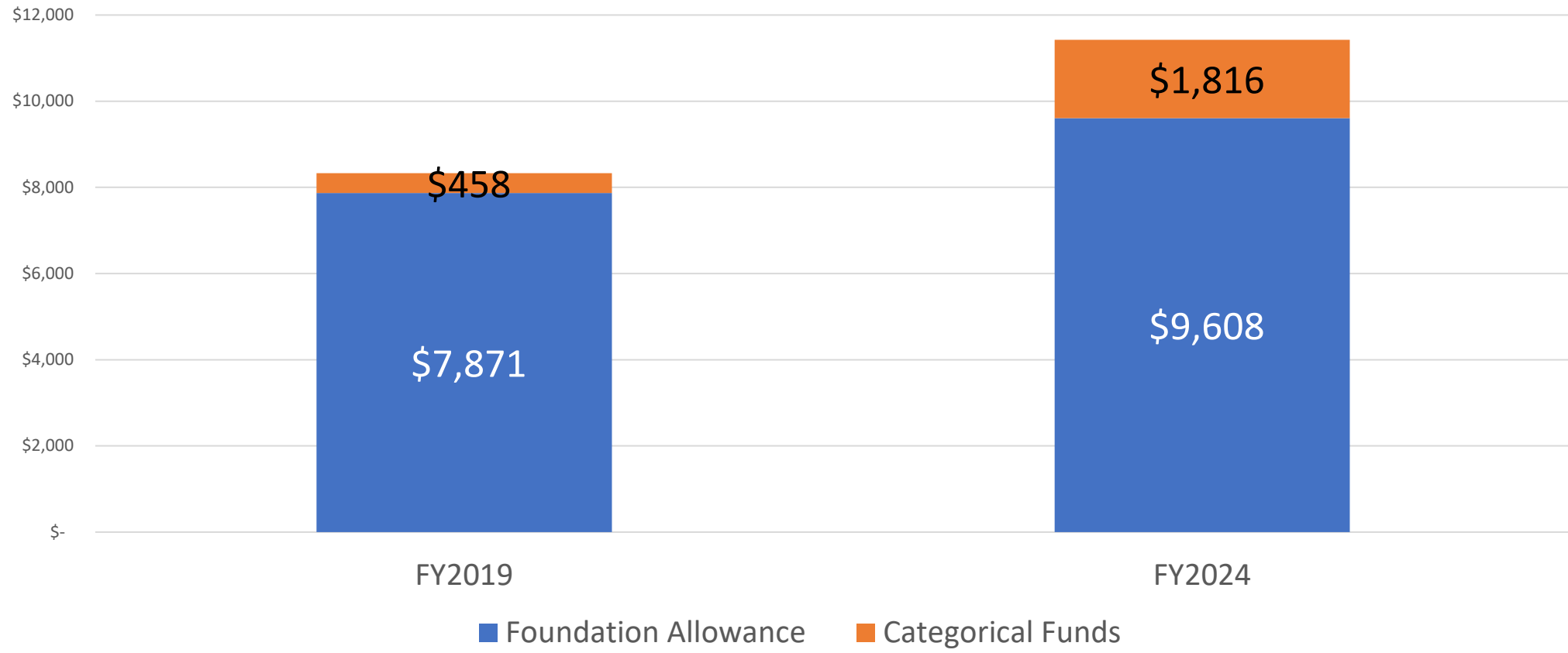
Source: State of Michigan Comprehensive Annual Financial Reports and House Fiscal Agency projections..





# SAF Budget FY2023-24

State Funding per pupil - FY2019 v. FY2024



Source: Saginaw ISD budget analysis



# SAF Budget FY2023-24

## One-Time Categoricals

- In FY 2023-24, a record number of categoricals were funded for a single fiscal year. There are **93** sections that include one-time funding, totaling **\$2.3 billion**.
- Major sections include:
  - **\$328.0 million** for Per-Pupil Mental Health and Safety Grants
  - **\$245.0 million** for Consolidation Grants
  - **\$225.0 million** for a Student Loan Repayment Pilot
  - **\$140.0 million** for Early Literacy Instruction
  - **\$125.0 million** for MI Clean School Bus Grants
  - **\$125.0 million** for School Transportation Costs
  - **\$63.8 million** for an Educator Compensation Program
  - **\$50.0 million** for Mentoring Grants

S



FY2023-24

Time Categorical

Sec.	APPROPRIATIONS (In thousands):
11j	School Bond Loan Redemption Fund
11m	School Aid Fund Borrowing Costs
11s	Flint Declaration of Emergency
11bb	GEER Fund Reallocation
12c	Consolidation Incentive Payments
20f	Categorical Offset Payments
21h	Partnership Model Districts
22a	Proposal A Obligation Payment
22b	Discretionary Payment
22c	Foundation Allowance - Equity Payment
22d	Isolated Districts
22i	Transportation Costs
22m	Data Hub Network
23g	MI Kids Back on Track
23h	Mathematics Pathways
23i	Friends of the Children - Detroit
24	Court-Placed Children
24a	Juvenile Detention Facility Programs
25f	Strict Discipline Academies Pupil Transfers
25g	Dropout Recovery Program Pupil Transfers
25k	Covenant House Academy
25i	Student Success Strategies
25m	Additional Weighted Funding for High Poverty Students
26a	Renaissance Zone Reimbursement
26b	PILT Reimbursement
26c	Promise Zone Payments
26d	Brownfield Redevelopment Reimbursements
27a	MI Future Educator Fellowship
27b	Grow Your Own Supports
27c	MI Future Educator Student Teacher Stipends
27h	Statewide Teacher Mentoring and Induction
27i	Rural Educator Credentialing Hub
27j	Administrator/Principal training on special education
27k	Student loan repayment assistance pilot
27l	Salary incentive pilot program / One-Time Foundation
27m	National Board Certification fund
27n	SVSU Saginaw grow your own
27o	Learner Wallet
27q	Instructional coaches for Hamtramck
29	Enrollment Stability Supports
30d	Expanded Breakfast/Lunch Programs
31a	At-Risk Programs
31a	Adolescent Teen Health Centers
31a	Vision/Hearing Screening + Dental
31d	School Lunch - State
31d	School Lunch - Federal
31f	School Breakfast
31j	Local Produce
31n	Mental Health Grants and Admin
31p	TRAILS
31r	Novi Schools Wellness Center
31aa	Mental Health and School Safety Per Pupil Payments
31f	SMART

32d	Great Start Readiness
32d	Great Start Readiness Startup Grants
32n	Before and After School Programs
32p	Great Start Early Childhood Block Grants
32p(6)	Improving Access to Books
32t	Pilot Program for 3-year-olds
32w	Goal Line
32x	Levin Center/Wayne State civics education
33	K-5 Music Instruction
35a	Early Literacy Teacher Coaches
35a	Early Literacy District Grants
35a	Literacy and Math Essentials
35a	Reading Corps
35a	Professional Learning Early Literacy
35d	Dyslexia Tool
35f	Chaldean Community Foundation
35i	MI Family Engagement Centers
35i(5)	Literacy Marketing
35j	Professional Development Supports
35k	Detroit Parent Network
35l	Lake Shore early childhood center
35m	Literacy Supports
35n	READ Innovation Competition

0.0 million for Early Literacy

0.0 million for MI Clean Sch

0.0 million for School Trans

8 million for an Educator C

0 million for Mentoring Gra

Sec.	APPROPRIATIONS (In thousands):
39a1	Federal Grant Funds
39a2	Other Federal Funding
41	Bilingual Education
41b	KEYS Academy (Refugees)
51a	Special Education - Federal IDEA
51a2	Special Education Foundations & Sped
51a3	Special Ed Hold Harmless Pmt. To ISDs
51a6	Special Ed Rule Change
51a11	Special Ed Non Sec 52 to ISDs
51c	Special Education Headlee
51d	Special Education - Other Federal
51e	Special Education Foundations
51g	Special Education Supports - Learning Library
53a	Court Placed Special Ed FTE
54	MI School for Deaf and Blind
54b	Michigan's MTSS Technical Assistance Center
54d	Early On
56	Special Ed Millage Equalization
61a	Vocational Education
61b	CTE Middle College Program
61c	CTE Equipment Upgrades
61d	CTE Incentive Payment
61j	Downriver career and technical consortium
61k	Mott Bilingual Center
61l	Schoolcraft early/middle college expansion
61m	Beecher schools
61n	Waverly High School
61o	DPS Coleman Young Elementary infrastructure
61p	DPS Foreign Language
61q	Michigan Training Innovation Center
61r	Lansing Schools Hill Center Track
61s	Future Farmers of America
61t	Harper Woods CTE Center
61u	Romulus CTE
61v	Key Industries Pilot
62	ISD Vocational Ed Millage Reimbursement
65	Detroit Pre-College K-12 Engineering Program
67	Michigan College Access Network (MCAN)
67c	Developer Academy
67f	FAFSA Completion Challenge
67g	Ready Rosie
74	Bus Driver Safety
74	School Bus Inspection Program
74b	Electric Bus Grants
81	ISD General Operations
94	AP, IB, CLEP Assessments
94a	CEPI - State
94a	CEPI - Federal
94e	MERI Partnership
95b	EVAAS
97a	Navigate 360
97e	School Safety Commission
97g	Statewide Security Operations Center
97i	Zero Eyes
97j	Student Safety Early Interventions
97k	Student Advocacy Hotline
97l	Dearborn cybersecurity

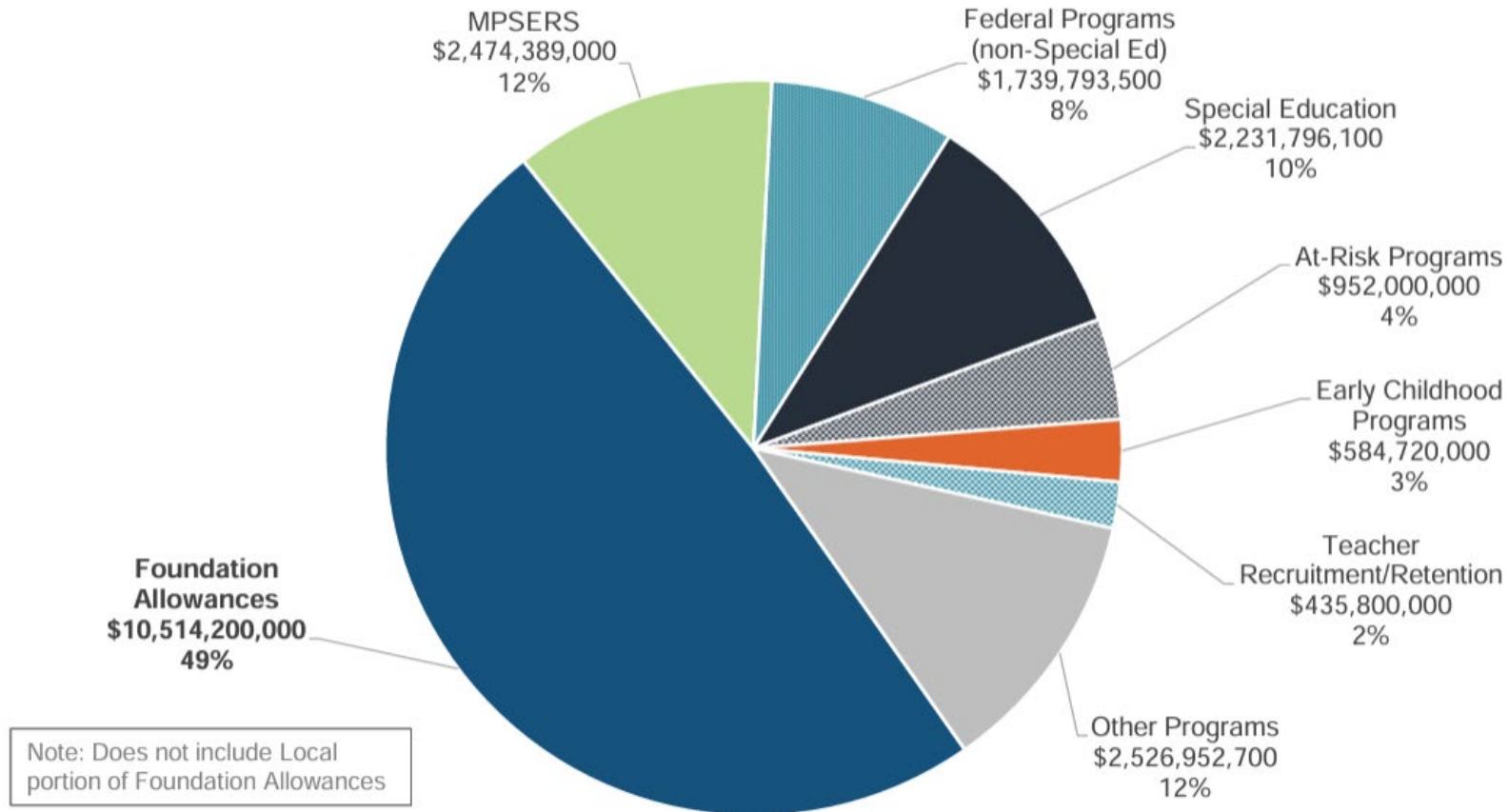
97i	Zero Eyes
97j	Student Safety Early Interventions
97k	Student Advocacy Hotline
97l	Dearborn cybersecurity
97j	Peer Mentoring
98	Michigan Virtual University
98d	Michigan Learning Channel
99a	Heroes Circle
99b	Code.org / Project Lead the Way
99d	Teaching diverse histories pilot
99e	Brilliant Detroit
99f	Godfrey district roof
99g	Helping women period pilot
99h	First Robotics
99m	Shiawasee RESA CTE
99n	Lansing CTE center
99s	MI-STEM Council Grants
99s	MI-STEM Network Regions
99t	Algebra Nation
99u	Imagine Learning
99x	Teach for America
99aa	Project SEARCH
99ee	Hispanic Collaborative
99ff	Junior Achievement - NEW
99gg	Boys and Girls Club SE MI
99hh	City Year fellowship
99ii	Wayne-Westland Drivers training grants
99ii	Dearborn Drivers training grants
99kk	Boys and Girls Club of Grand Rapids

Sec.	APPROPRIATIONS (In thousands):
99li	Eastpointe high school pool
104	Student Assessments - State
104	Student Assessments - Federal
104f	Digital Literacy Program
104h	Benchmark Assessments
107	Adult Education
107a	Adult Education Pilots
147a	MPERS Cost Offset
147a(2)	MPERS Normal Cost Offset
147a(3)	MPERS Cost Offset - ISDs and District Libraries
147a(4)	MPERS Cost Offset - 20.00% Rate Cap Offset
147c	MPERS UAAL Rate Stabilization Payment
147e	MPERS Transition Costs
147f	MPERS One-Time Payment
152a	Data Collection and Reporting Costs
152b	Nonpublic School Reimbursements

Source: Hous  
Jan 2024

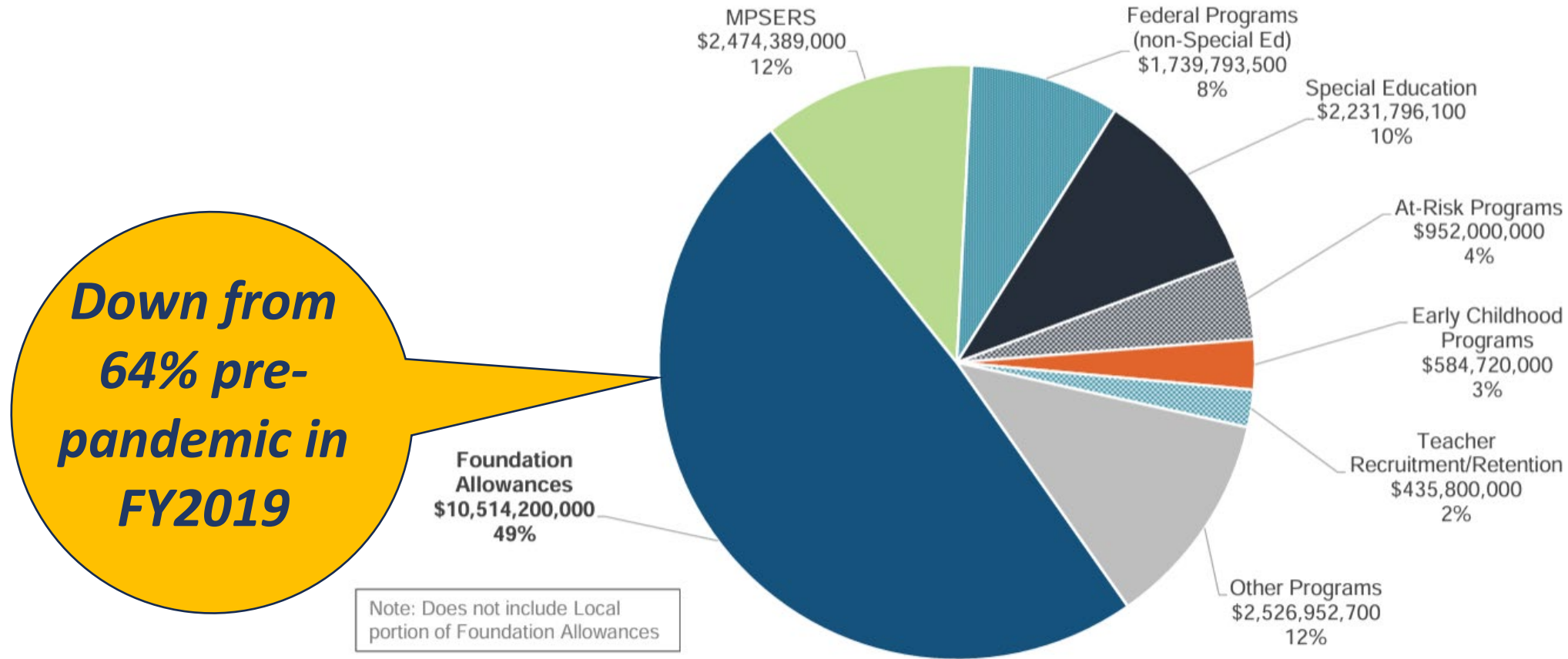
# SAF Budget FY2023-24

About **49%** of the **\$21.5 billion** School Aid budget supports per-pupil foundation allowances used for school district general operations.



# SAF Budget FY2023-24

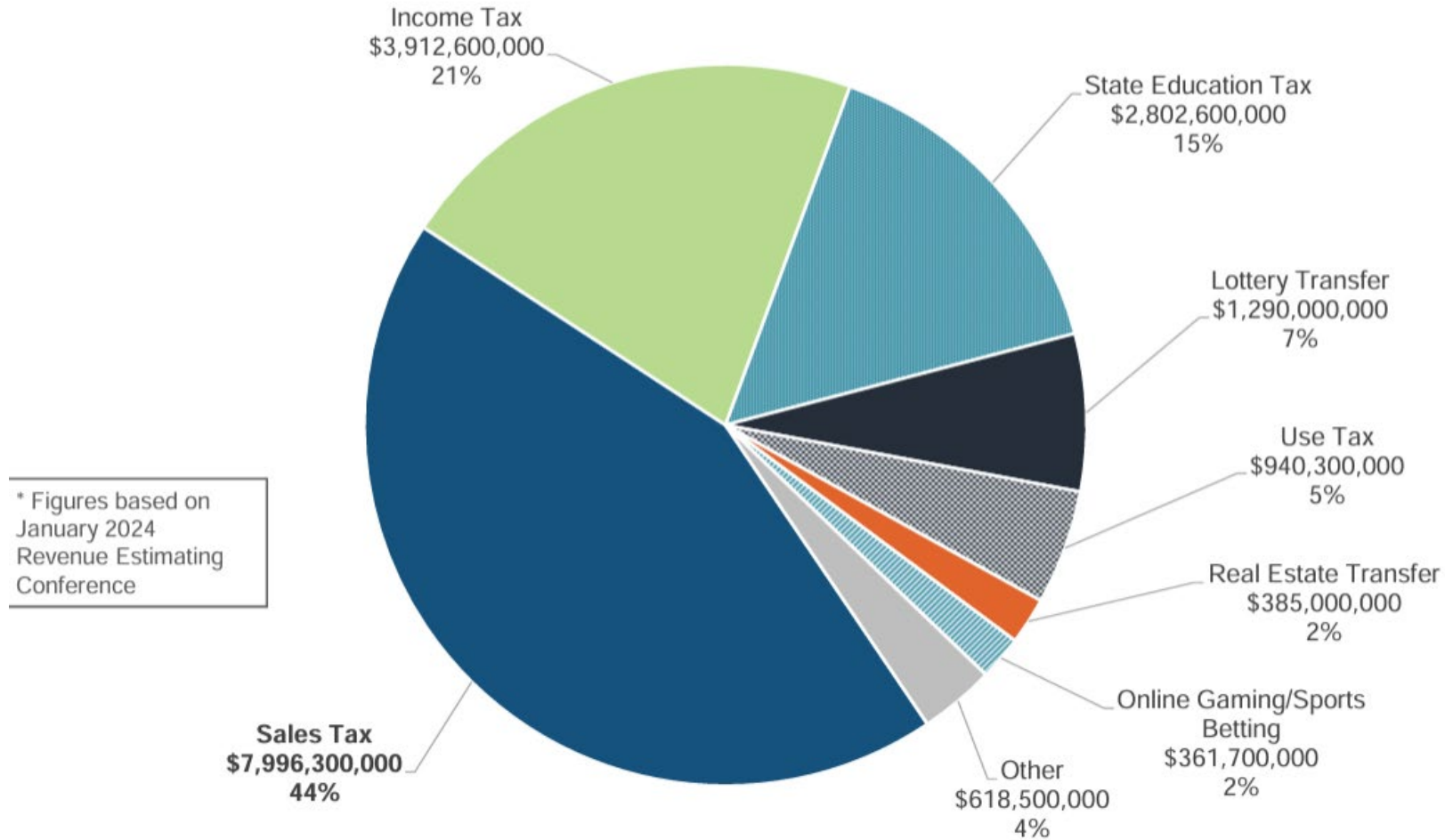
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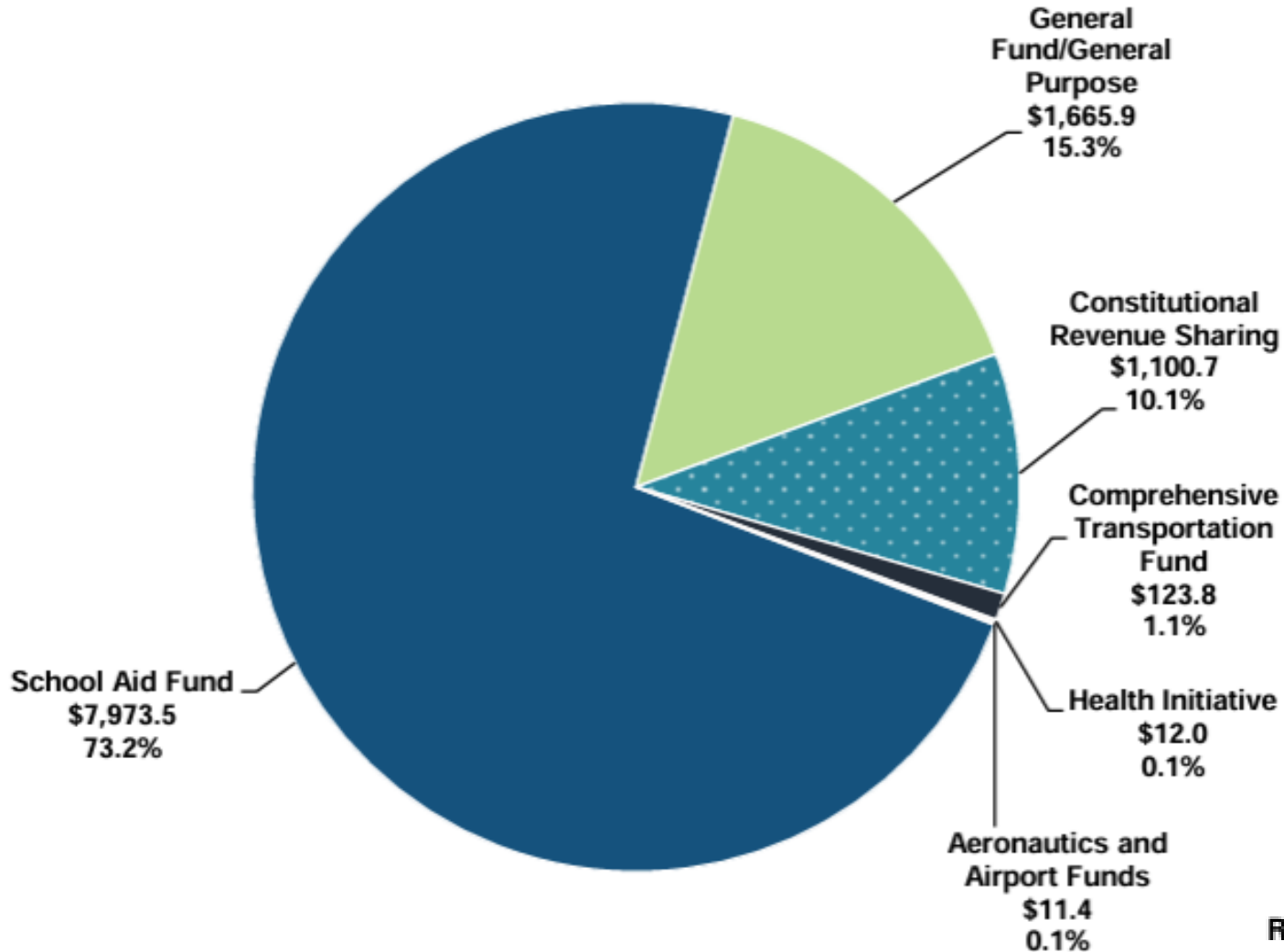
# SAF Budget FY2023-24

Sales tax is the largest revenue source, contributing nearly half of the **\$18.3 billion** in total estimated SAF revenue for FY 2024-25.





# SAF Budget FY2023-24



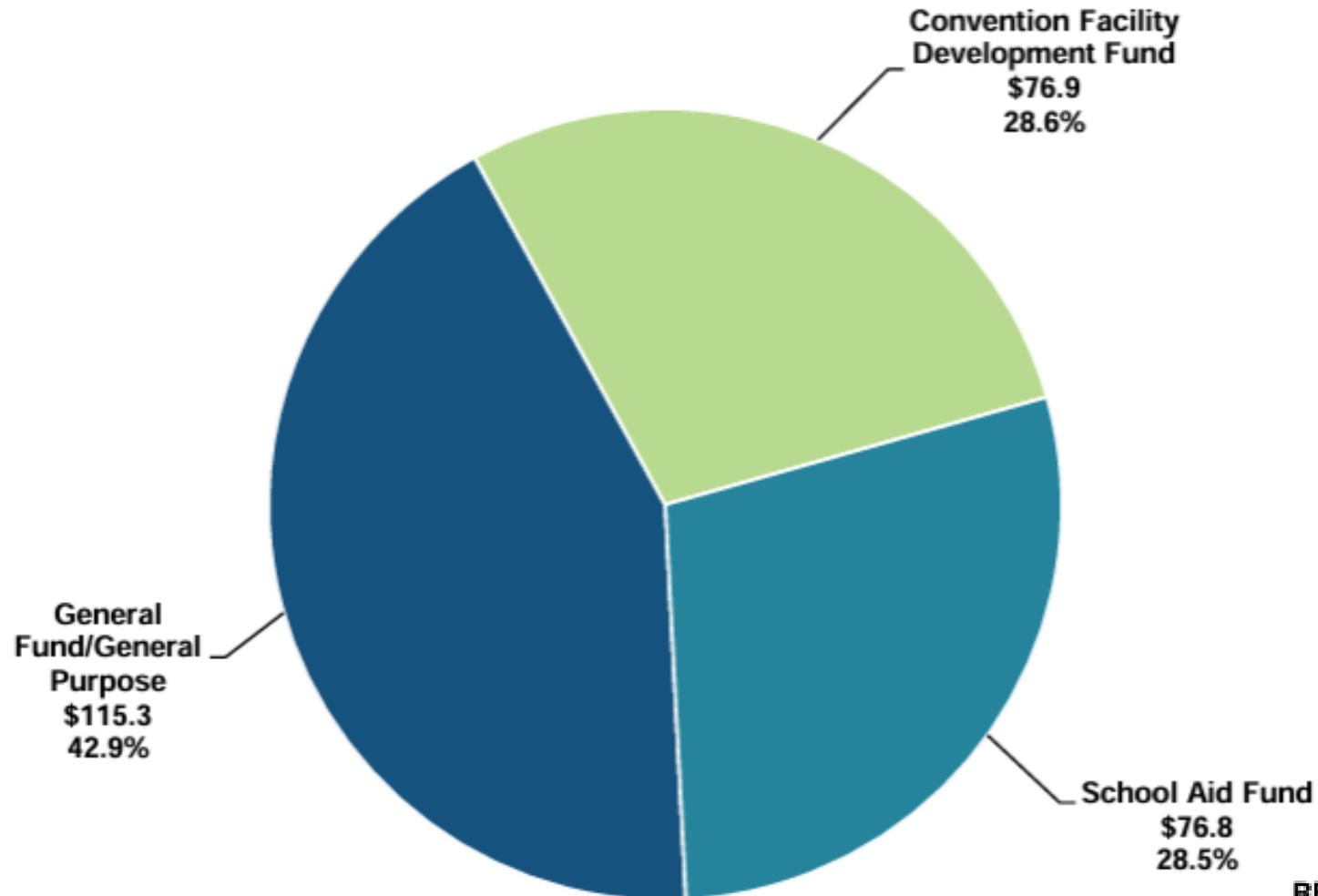
## STATE OF MICHIGAN SALES TAX REVENUE DISTRIBUTION ESTIMATED FY 2023-24

**TOTAL RESOURCES: \$10,887.3 MILLION**

(Chart dollars in millions)

***SCHOOL AID FUND RECEIVES  
THE MAJORITY OF SALES  
TAX REVENUE***

# SAF Budget FY2023-24



## STATE OF MICHIGAN ALCOHOL TAX REVENUE DISTRIBUTION ESTIMATED FY 2023-24

**TOTAL RESOURCES: \$269.0 MILLION**

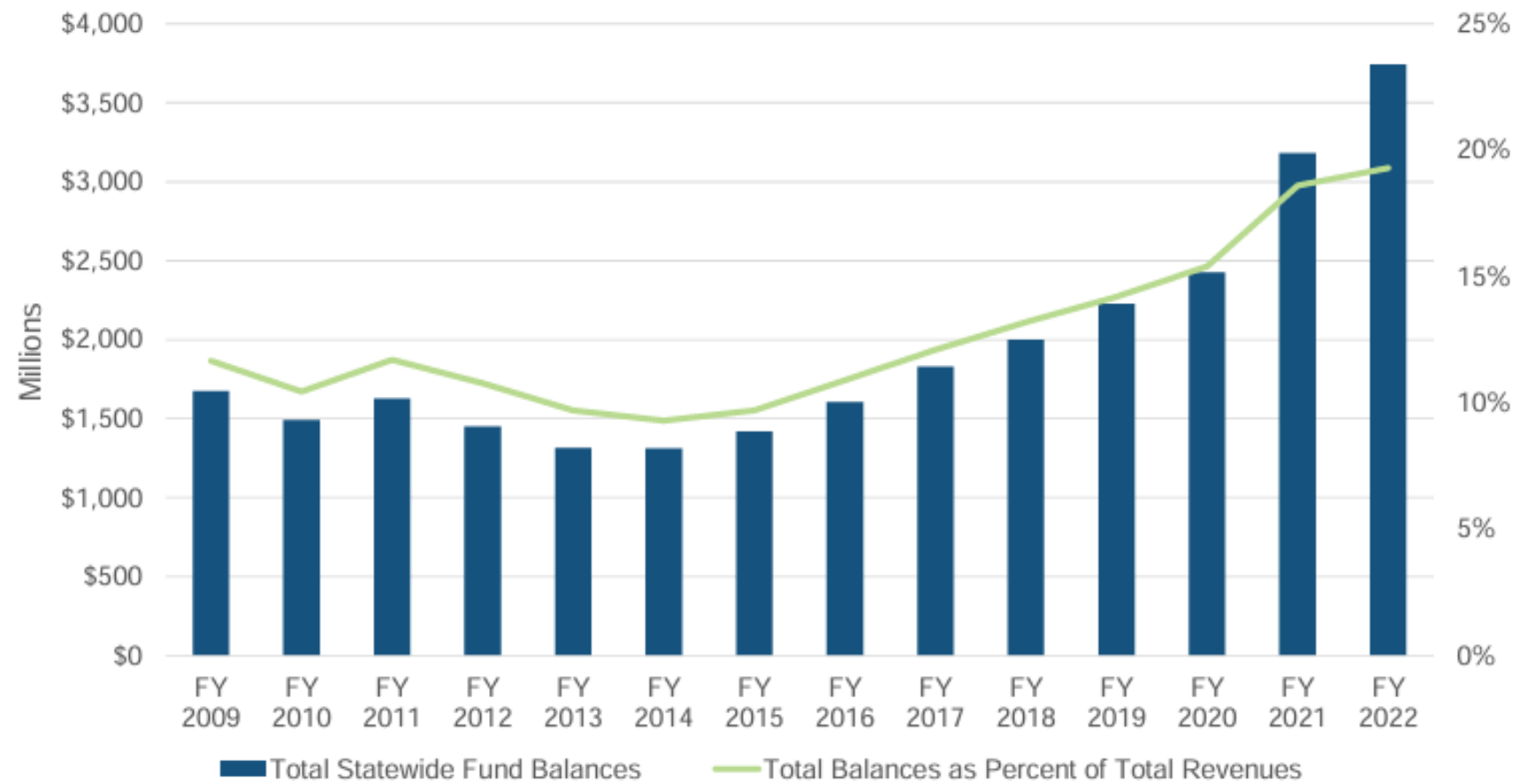
(Chart dollars in millions)

***“SIN” CONSUMPTION  
TAXES HELP THE  
SCHOOL AID FUND***



# District Fund Balance

As pupils and funding declined, districts used their fund balances to replace lost revenue. However, fund balances have been growing since FY 2013-14, and at the end of FY 2021-22, totaled **\$4.1 billion**. The average statewide total fund balance as a percent of revenues is now at **19.3%** in FY 2021-22.



Source: House Fiscal Agency,  
Jan 2024

Note: Figures exclude Detroit Public Schools, for which policy changes have significantly altered fund balance information.

# SAF Budget FY2024-25

- Governor Whitmer & her team presented the executive budget recommendation on Feb 7<sup>th</sup>, 2024
- Highlights of the Proposal:
  - **2.5% base increase** (compared to 5% last two years)
  - *Elimination of many **one-time** sources & uses*
  - ***Spends down SAF balance significantly***



# SAF Budget FY2024-25

- Other areas of focus & investment
  - Student Wellness
  - Early Childhood
  - Career and Technical Education
  - Academic Supports
  - Investments in Educators
  - Sixty by 30 Initiative
- Shift of several sections from MDE to ***MiLEAP***

# SAF Budget FY2024-25

- Foundation Allowance - **\$241 per-pupil increase** or 2.5%
  - \$316 million SAF increase
- Proposed FY2024-25 level: **\$9,849** per student
- Cyber school FA: 80% of new FA or \$7,879
  - Currently \$9,150 (flat in FY2023-24)





# SAF Budget FY2024-25

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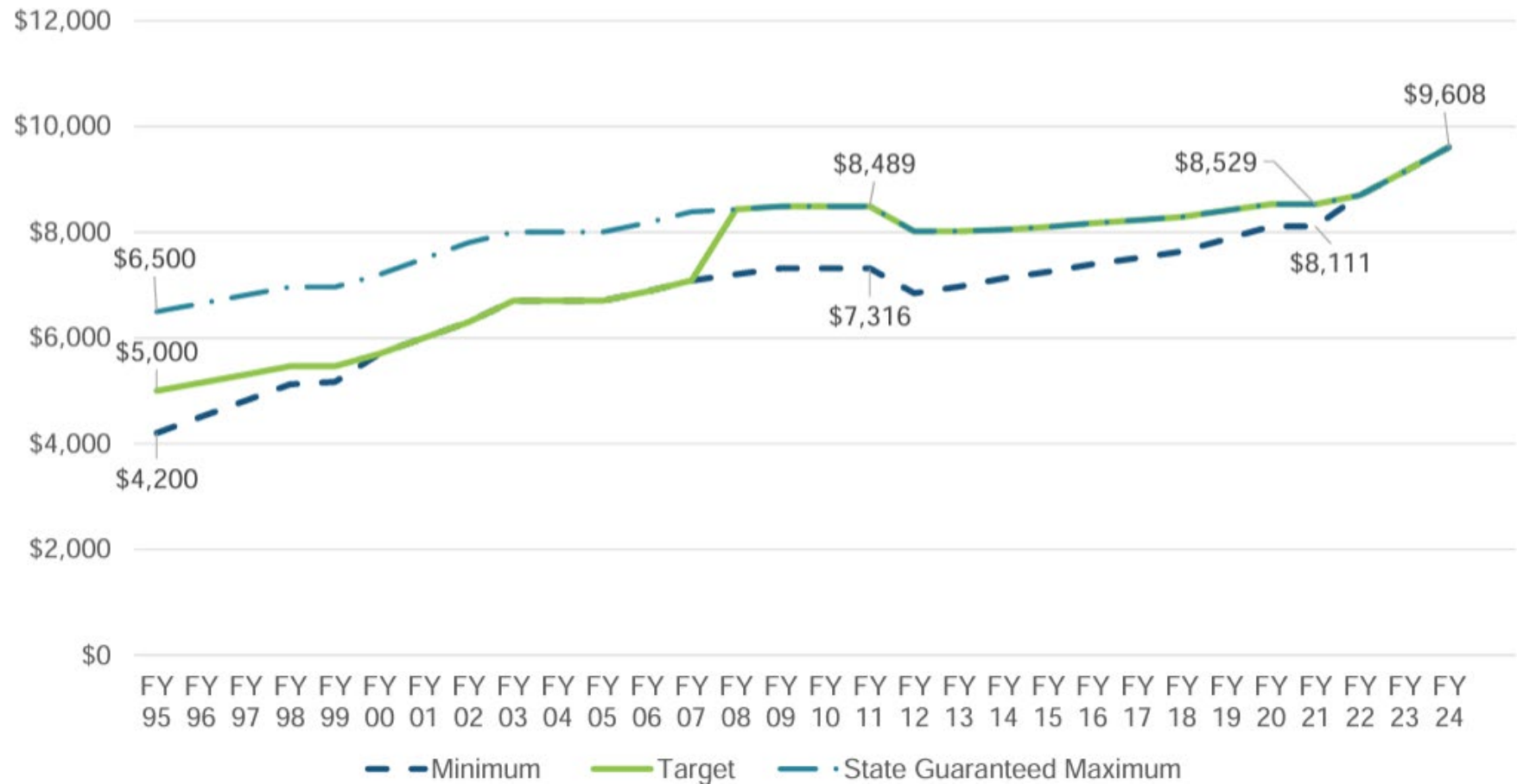
**SENATE:**  
\$9,910, or  
\$302  
increase  
(*about 3.1%*)  
Cyber @  
80% - concur



# SAF Budget FY2024-25

The Target is increased by **\$458** per pupil to **\$9,608** for FY 2023-24.

Foundation  
Allowance  
over time...  
*no longer a  
spread*



Source: House Fiscal Agency,  
Jan 2024



# SAF Budget FY2024-25

- Other “base” 2.5% increases...
  - Sec. 31A at-risk - \$24 million increase to **\$975.8 million**
  - Sec. 51e Special education – **full foundation allowance** FY2024-25
    - \$514 million for FA, \$1 billion + for reimbursement of costs
  - Sec. 41 ELL \$3 million increase
  - Sec. 61a CTE \$4 million increase
  - Sec. 81 ISD operations **2.5% increase**
  - Sec. 29 - \$71M for schools facing declining enrollment

# SAF Budget FY2024-25

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**SENATE:**  
Higher  
investment in  
Sec. 31a (*about  
\$1.07 billion*)  
Concurs on other  
key sections



# SAF Budget FY2024-25

- New Sections of note:
- Sec. 25m NEW - \$90 million SAF categorical for competitive grants to address income-eligible students' academic, social-emotional, and physical needs. Districts must apply and describe the services they intend to provide, ensure funds are used exclusively for eligible students, and not replace existing funds.
- Sec. 56 SE Equalization – significant update. Increases appropriation by **\$50 million**. Eliminates recent Sec. 56(7). Implements a new distribution formula using the lower of the millage cap or 3.0 mills.

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## SENATE:

Sec. 25m not included (*TANF question*)

Does not include additional Sec. 56 investment





# SAF Budget FY2024-25

- The in-between:
- **Sec. 22L** - allocates \$125.0 million to districts as a **one-time** School Transportation Fund. Distributed to districts based on the number of riders per square mile. This provision mirrors allocation of \$125.0 million in the FY2023-24 budget.
- Sec. 30d MI School Meals - ***increases ongoing SAF appropriation*** by \$70.0 million, bringing total to \$170.0 million. Additionally, provides an additional \$30.0 million as a one-time School Meals Reserve Fund. Similar to previous allocation of \$60.0 million in the FY 2023-24 budget. Allows additional funding to be appropriated to the School Meals Reserve Fund if the current appropriations prove inadequate.

# SAF Budget FY2024-25

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**SENATE:**  
Concurs with  
Executive  
Rec.

# SAF Budget FY2024-25

- The in-between:
- Sec. 32 GSRP – increasing slots, per-child allocation – **adds \$106 million** plus **\$35 million** for classroom start-up grants
- Sec. 31aa School mental health and safety - per pupil grants for the 2024-25 fiscal year include a decrease in from \$310 to \$300 million SAF, with a ***future reduction planned*** to \$150 million. The mandate for at least 50% of funds to be spent on mental health has been removed, allowing greater flexibility in allocating between mental health and safety measures.

# SAF Budget FY2024-25

## SENATE:

Lesser investment than Gov – *moves threshold from 300% to 400%*

per-child allocation – **adds \$106**  
classroom start-up grants

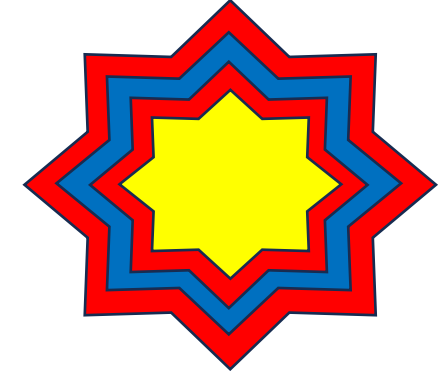
and safety

2024-25 fiscal year include a decrease in funding for SAF, with a **future reduction planned** to \$100 million for at least 50% of funds to be spent on measures removed, allowing greater flexibility in allocation for health and safety measures.

## SENATE:

\$50 million ongoing,  
\$150 million for  
*FY2024-25 only*

# SAF Budget FY2024-25



- The asterisk: **\$670 million** in MPERS funds...
- MPERS has different “buckets” of liabilities...
- OPEB is projected to be > 100% funded once the next valuation comes out
- This budget resource for FY2024-25 requires a statutory change...
- BUT....
- It sounds like the State will have a question to deal with in either FY2024-25 or FY2025-26

# MPERS Proposal - Budget Impacts

- Governor requesting statutory change to apply funding floor provision to **each separate component** of MPERS unfunded liability (pension and retiree health)
  - Reduces state's portion of the unfunded liability payment by \$670M in FY2025 (table)
  - Redirects these SAF "savings" to other areas of the budget
- Required employer contributions for unfunded liabilities: **no statutory change requested**
  - State law caps employer contributions at 20.96% of payroll (pension and retiree health combined)
  - \$94M appropriation to reduce employer contribution to 20% of payroll
- Required employee 3% contribution for retiree health: **no change**

Summary of Change (in millions)								
	Pension UAAL Contribution	OPEB UAAL Contribution	Total UAAL Contribution	Employer Payroll	Capped Employer Share	State Share	Sec. 147c (K-12 and Libraries)	Sec. 201(5) (Community Colleges)
FY25, <u>without</u> statutory change	\$3,273.2	<b>\$679.8</b>	<b>\$3,953.0</b>	\$10,410.9	\$2,182.1	<b>\$1,770.9</b>	\$1,671.1	\$99.8
FY25 Executive Budget	\$3,273.2	<b>\$10.4</b>	<b>\$3,283.6</b>	\$10,410.9	\$2,182.1	<b>\$1,101.5</b>	\$1,039.4	\$62.1
<b>Difference</b>	<b>\$0.0</b>	<b>\$ (669.4)</b>	<b>\$ (669.4)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$ (669.4)</b>	<b>\$ (631.7)</b>	<b>\$ (37.7)</b>

Source: FY2025 Executive Budget Recommendation



# School Employee Retirement System Proposal

- Two Components of Michigan Public School Employees Retirement System (MPERS)
  - Pension – \$35B unfunded liabilities (64% funded) as of 9/30/22
    - Scheduled to be fully funded by 2038
  - Retiree Health - \$89M unfunded liabilities (99% funded) as of 9/30/22
    - Projection: 100% funded by FY2025, therefore no amortization payment required
- Current MPERS “funding floor” provision added in PA 181 of 2018
  - Annual payments for unfunded liabilities (pension and retiree health) no less than prior year until ALL liabilities “fully paid”
    - As a result, actual contribution amounts for retiree health well-above actuarially-determined amounts since FY2020; pay-off unfunded liabilities much sooner
  - Proposal seeks state law change to reduce contributions for retiree health component above amount needed for 100% funding
    - This effectively “frees up” \$670M in FY2025 budget



# SAF Budget FY2024-25

- Section 147 highlights and lowlights...
- Rates are changed for assumed statutory change – big decrease in UAAL portion of the rate.
- Sec. 147a1 – stays at \$100 million
- Sec. 147a2 - increases allocation from \$359.95mm to \$365.1mm
- Sec. 147a3 - no change – continues \$12mm for ISD's.
- Sec. 147a4 – **NEW** - \$94.3 million to offset 0.96% of payroll cost
- Sec. 147c(1) – **reduces significantly**. From \$1.647 billion for FY2023-24 to \$955 million for FY2024-25.
- Sec. 147e – increases from \$90.4 to \$104.7 million for FY2024-25
- Sec. 147f – **eliminated**

# SAF Budget FY2024-25

- Section 147 highlights and lowlights...
- Rates are changed for assumed statutory change – big d  
UAAL portion of the rate.
- Sec. 147a1 – stays at \$100 million
- Sec. 147a2 - increases allocation from \$359.95mm to \$3
- Sec. 147a3 - no change – continues \$12mm for ISD's.
- Sec. 147a4 – **NEW** - \$94.3 million to offset 0.96% of payroll cost  
ntly. From \$1.647 billion for FY2023-24  
.4 to \$104.7 million for FY2024-25

**SENATE:**  
No 147a4  
included

**SENATE:**  
Deposits \$150 million into  
MPERS Reserve Fund

## MPSERS Contribution Rates

The estimated FY2025 MPSERS retirement contribution rates are detailed below:



# SAF Budget FY2024 -25

- Potential MPSERS changes
- **16.89% in FY2023-24**

MPSERS Retirement Rates for FY2025								
	Basic MIP w/Prem Subsidy	Pension Plus w/Prem Subsidy	Pension Plus PHF	Pension Plus to DC w/PHF	Basic/MIP To DC w/ Prem Subsidy	Basic/MIP To DC w/PHF	Basic/ MIP w/PHF	Pension Plus 2 with PHF
<b>Total Rate</b>	<b>41.94%</b>	<b>38.10%</b>	<b>36.85%</b>	<b>31.54%</b>	<b>32.79%</b>	<b>31.54%</b>	<b>40.69%</b>	<b>37.74%</b>
<b>Employer Rate:</b>								
<i>Pension Normal Cost</i>	9.15%	5.31%	5.31%	0.00%	0.00%	0.00%	9.15%	6.20%
<i>Pension UAL</i>	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%
<b>Pension Total Rate</b>	<b>30.01%</b>	<b>26.17%</b>	<b>26.17%</b>	<b>20.86%</b>	<b>20.86%</b>	<b>20.86%</b>	<b>30.01%</b>	<b>27.06%</b>
<i>Health Normal Cost</i>	1.25%	1.25%	0.00%	0.00%	1.25%	0.00%	0.00%	0.00%
<i>Health UAL</i>	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>Retiree Health Total Rate</b>	<b>1.35%</b>	<b>1.35%</b>	<b>0.10%</b>	<b>0.10%</b>	<b>1.35%</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.10%</b>
<b>Employer Capped Rate</b>	<b>31.36%</b>	<b>27.52%</b>	<b>26.27%</b>	<b>20.96%</b>	<b>22.21%</b>	<b>20.96%</b>	<b>30.11%</b>	<b>27.16%</b>
<b>Stabilization Rate (State Funded)</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>10.58%</b>

<b>FY2024 Employer Capped Rate</b>	<b>31.34%</b>	<b>27.48%</b>	<b>26.23%</b>	<b>20.96%</b>	<b>22.21%</b>	<b>20.96%</b>	<b>30.09%</b>	<b>27.16%</b>
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# SAF Budget FY2024-25

- *This is being used for...*
- *(according to the administration)*

## Reallocation of Previous MPSERS Funds

Notably, because the governor's office estimates that the state will **fully fund MPSERS obligations ahead of schedule**, the recommendations announced today **decrease MPSERS payments by \$640M**, which along with other adjustments, **increases the available state revenue by over \$670M**.

However, we **expect vigorous discussion on the feasibility of this** revenue increase.

The governor proposed **allocating this additional revenue** for the following:

- \$125M (5% increase) for at-risk, special education and EL
  - \$90M for targeted academic supports for SNAP eligible children
  - \$35M for ELL, GSRP, CTE, Rural/Isolated for an increase of 5%
- \$150M for mental health and school safety
- \$94.3M reduction in MPSERS district share – reducing the amount paid by districts to 20% from 20.95% of payroll
- \$200M for Healthy Meals for All (inclusive of \$30M from the reserve fund)
- \$50M for Special Education
- \$63M to lift income barriers for GSRP



# SAF Budget FY2024-25

- *This is being used for...*
- *(according to the administration)*

**SENATE:**  
Makes similar investments  
as Executive Rec

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- health and school safety
- on MPSERS district share – reducing the amount paid from 20.95% of payroll
- Meals for All (inclusive of \$30M from the reserve fund)
- education
- \$63M to lift income barriers for GSRP

# SAF Budget FY2024-25

- Remember that a significant portion of SAF \$\$ are being used for Community Colleges and Higher Education.

\* Includes \$74.9 million in FY2022-23 Supplemental Education Budget.

\*\* Based on SFA YTD FY2023-24 #s and Jan 2024 CREC pupil est (Jan 2024)

## Based on SFA FY2024-25 Executive Budget recommendation (Feb 2024)

## SCHOOL AID FUND SHIFT OF COMMUNITY COLLEGE AND UNIVERSITY FUNDING 2009-10 THRU 2024-25 (Millions)



Year	Community College	University	Total	Per K-12 Student
2009-10	\$ 208.4	\$ -	\$ 208.4	\$ 131
2010-11	-	-	-	-
2011-12	195.9	200.2	396.1	255
2012-13	197.6	200.6	398.2	259
2013-14	197.6	200.6	398.2	262
2014-15	364.7	204.6	569.3	378
2015-16	256.7	205.2	461.9	309
2016-17	260.4	237.1	497.5	334
2017-18	398.3	238.3	636.6	429
2018-19	408.2	500.1	908.3	618
2019-20	414.7	349.4	764.1	523
2020-21	425.7	356.1	781.8	540
2021-22	431.9	361.4	793.3	564
2022-23*	544.9	347.9	892.8	638
2023-24**	496.2	452.3	948.5	681
2024-25##	465.9	545.5	1,011.4	730
TOTAL	\$ 5,267.1	\$ 4,399.3	\$ 9,666.4	\$ 6,649



# SAF Budget FY2024-25

- Many one-time uses from FY2023-24 are eliminated from the FY2024-25 proposal.
- *Know your district sources!*
- **Difficult with many grants being delayed...**

FY 2023-24 Through FY 2025-26 Executive Recommendation School Aid Fund (SAF) Millions of Dollars				
	FY 2023-24	FY 2024-25	FY 2025-26	
Beginning Balance	\$2,192.5	\$564.1	\$12.0	
<b><u>Resources</u></b>				
Consensus Revenue Estimates: January 2024	\$17,946.8	\$18,307.0	\$18,706.0	
GF/GP Grant	120.6	116.6	50.1	
Detroit Public Trust Fund	72.0	41.0	0.0	
Restricted Reserve Funds	767.8	328.1	328.1	
Federal Aid	<u>2,218.1</u>	<u>2,272.8</u>	<u>2,272.8</u>	
<b>Total Resources</b>	<b>\$21,125.2</b>	<b>\$21,065.5</b>	<b>\$21,357.0</b>	
<b><u>Expenditures</u></b>				
Appropriations: Ongoing	\$19,135.6	\$19,553.7	\$19,689.1	
January 2024 CREC Baseline Adjustments	57.8	99.6	--	
Appropriations: One-Time	2,324.1	953.0	--	
Supplemental: Current Law	161.1	--	--	
Proposed Supplemental (2024-3)	43.3	--	--	
Community Colleges	544.5	465.9	469.5	
Higher Education	<u>487.2</u>	<u>545.5</u>	<u>545.0</u>	
<b>Total Expenditures</b>	<b>\$22,753.5</b>	<b>\$21,617.6</b>	<b>\$20,703.6</b>	
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$564.1</b>	<b>\$12.0</b>	<b>\$665.5</b>	

Numbers may not add due to rounding.

# SAF Budget FY2024-25

- **Significant spend-down of SAF resources**
- Contrast with the beginning of the FY2023-24 budget cycle with \$4 billion + balance

FY 2023-24 Through FY 2025-26 Executive Recommendation School Aid Fund (SAF) Millions of Dollars				
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# SAF Budget FY2024-25

- **Significant spend-down of SAF resources**
- Contrast with the beginning of the

## SENATE:

Appropriations are slightly lower than Executive

FY 2023-24 Through FY 2025-26 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
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<b><u>Expenditures</u></b>			
Appropriations: Ongoing			
January 2024 CREC Baseline			
Appropriations: One-Time			
Supplemental: Current Law			
Proposed Supplemental (2024)			
Community Colleges			
Higher Education			
<b>Projected Ending Balance</b>			

## HOUSE:

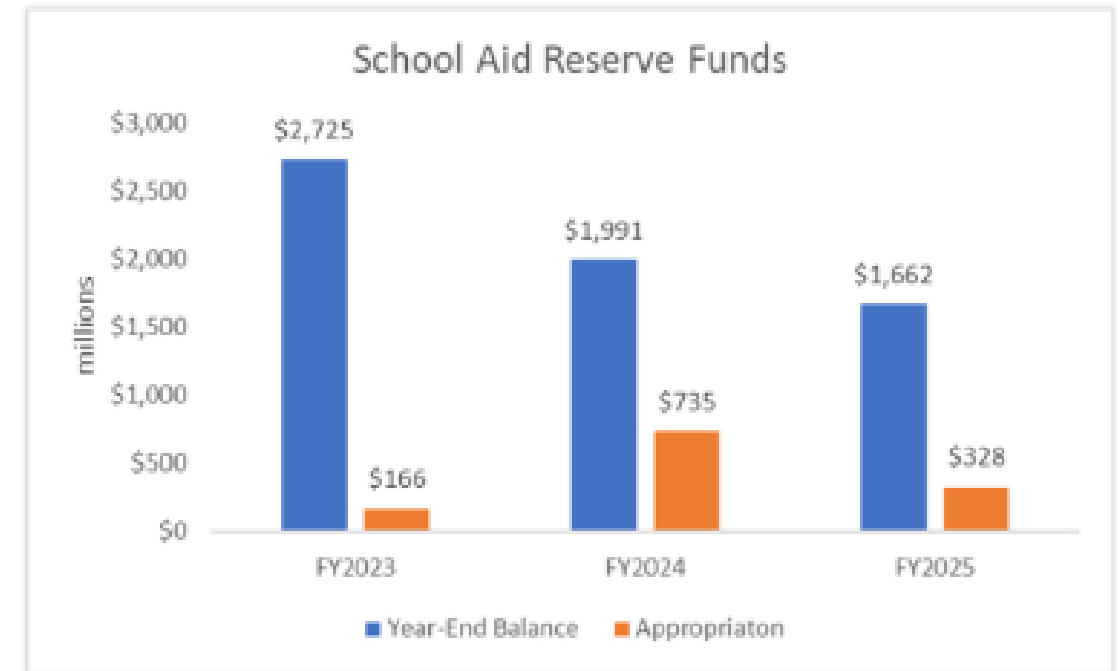
*Expect to hear more this week (Apr 25?)*

# SAF Budget FY2024-25

## Some Spending Covered by Reserve Funds

• *But that doesn't tell the whole story...*

- Deposits of \$2.9B one-time SAF across various "reserve" funds in FY2022/FY2023
  - New "rainy day" fund (\$450M)
  - School infrastructure (\$475M)
  - Declining enrollment (\$314M)
- Reserve funds appropriated over several years
  - \$328M in FY2025
  - \$1.6B remaining FY2025 (chart)



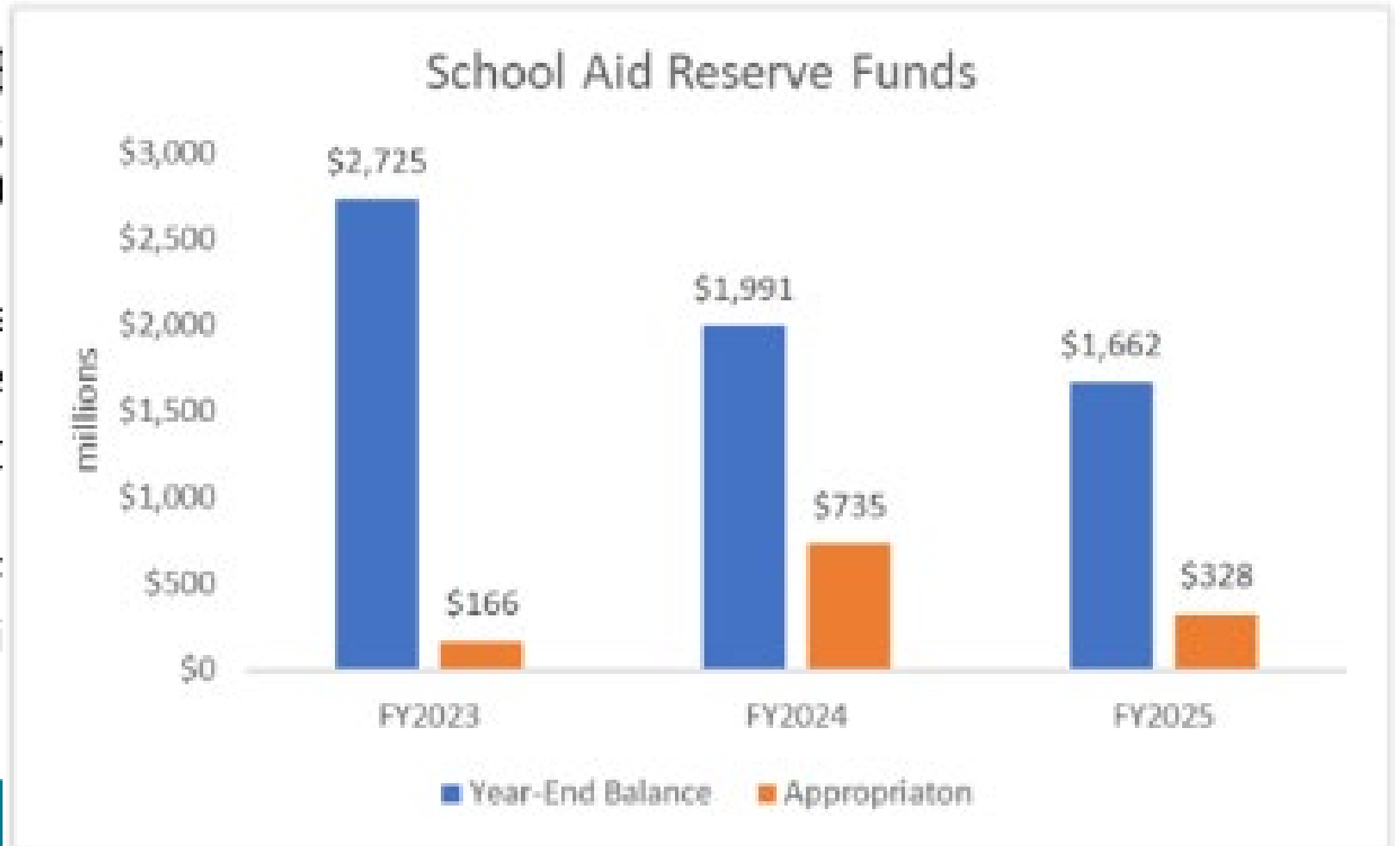
Source: Research Council calculations from Senate Fiscal Agency and House Fiscal Agency documents

# SAF Budget FY2024-25

## Some Spending Covered by Reserve Funds

• *But that doesn't tell the whole story...*

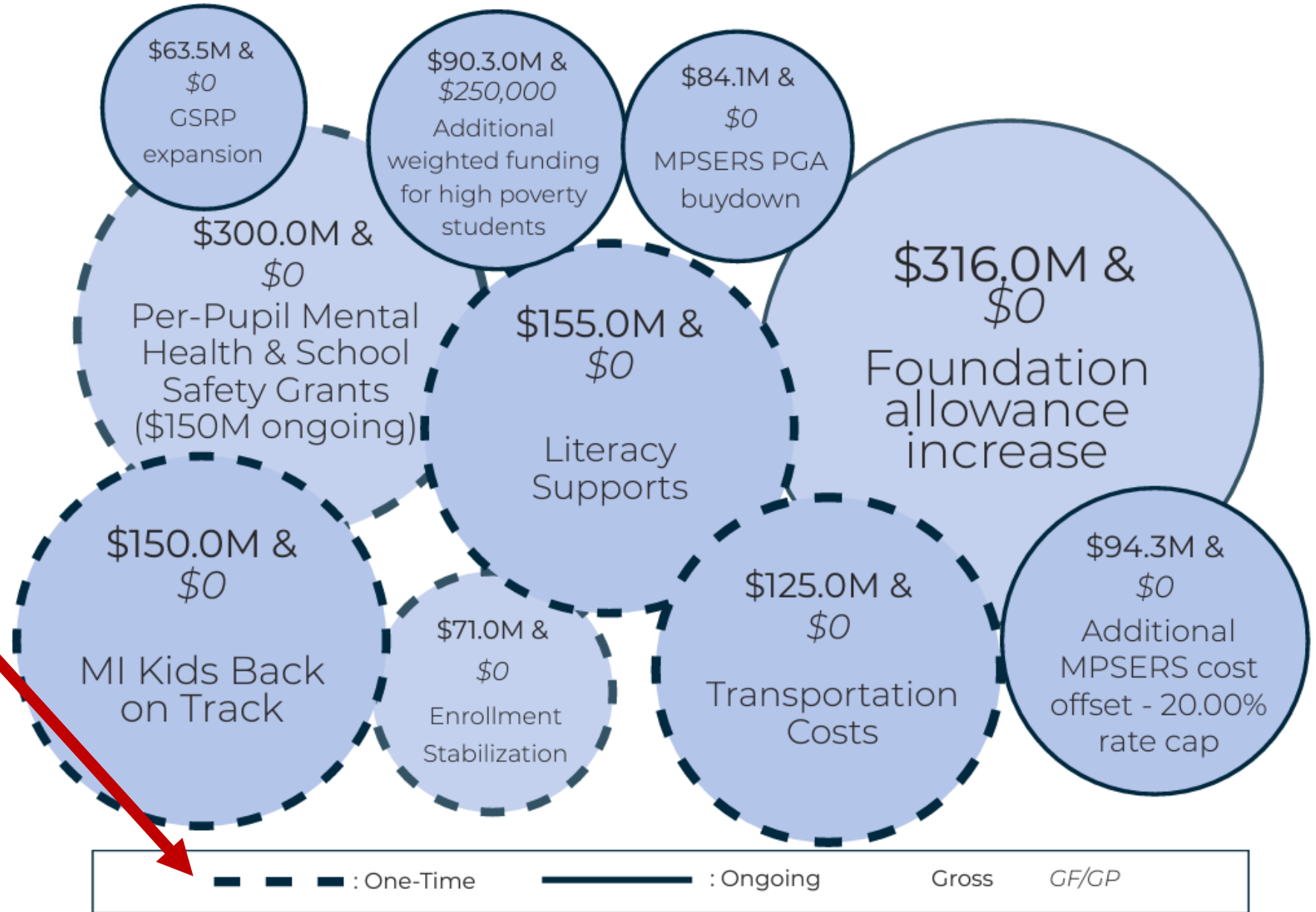
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  - School infra
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- Reserve func over several
  - \$328M in F
  - \$1.6B rema



# SAF Budget FY2024-25

- **One-time funds continue to play a big part in FY2024-25 proposal**

• *Source: Education Advocates of West MI*



# SAF Budget FY2024-25

- What comes next...
- April – House & Senate proposals
- May 17 (Friday) – CREC – *joint MSBO committee meetings*
- May – June – budget negotiations
- July 1 - implementation



# MSBO Update



**Questions?**



# MSBO SAF Budget Update

*Thank  
You!*