



MSBO

Legislative Update

April 21, 2026

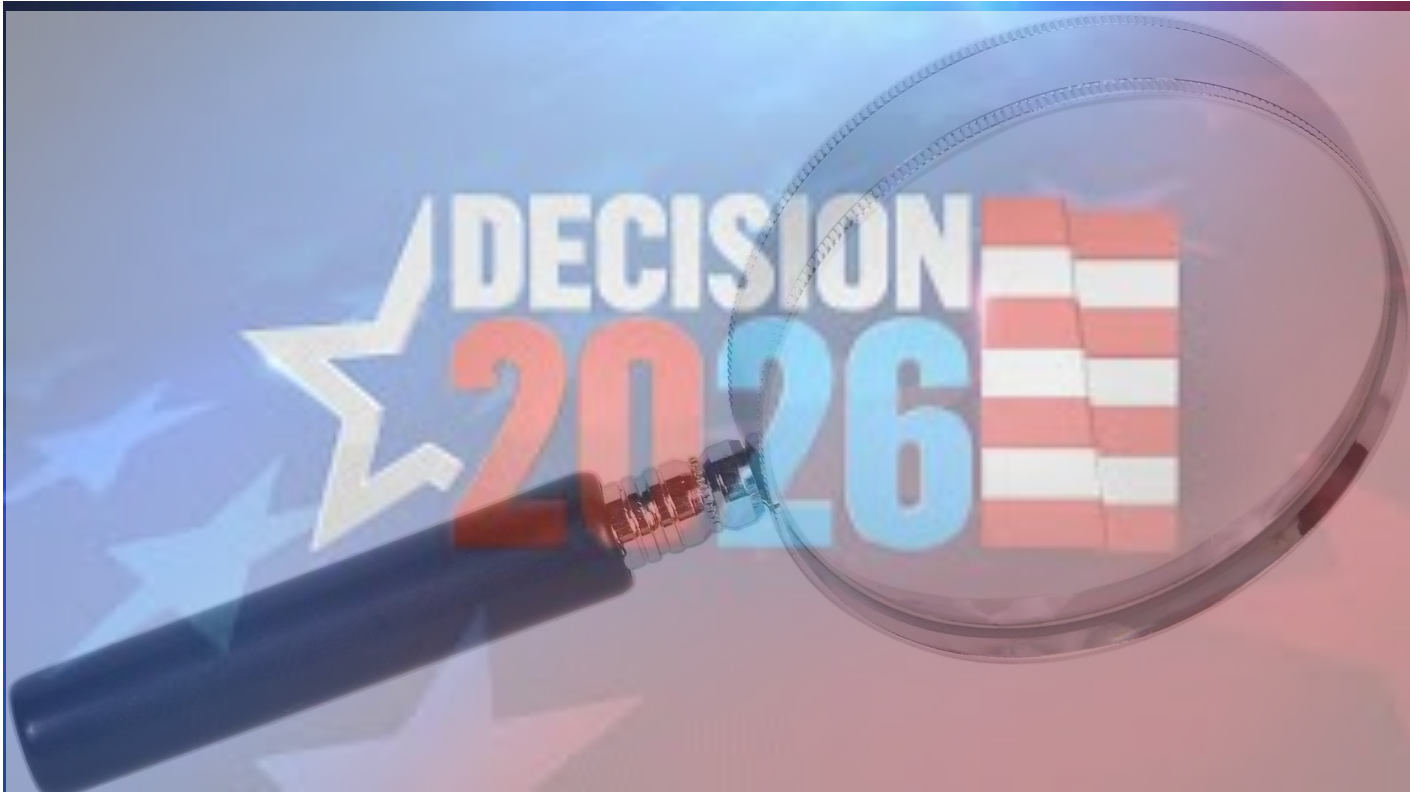


Education Advocates
of West Michigan

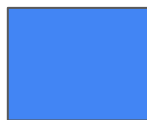
Topics

- November, 2026
- Michigan FY 2027 Budget
- Property taxes
- Way-too-early budget analysis
- 31aa COA ruling
- Policy bills

November, 2026 Election



GOVERNOR

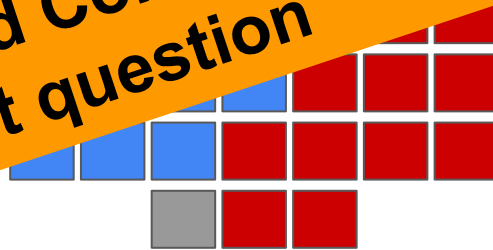


HOUSE of
REPRESENTATIVES



52

All 148 legislative seats up in 2026, plus
governor, SOS, AG, US Senate, all
congressional seats, and Constitutional
Convention ballot question

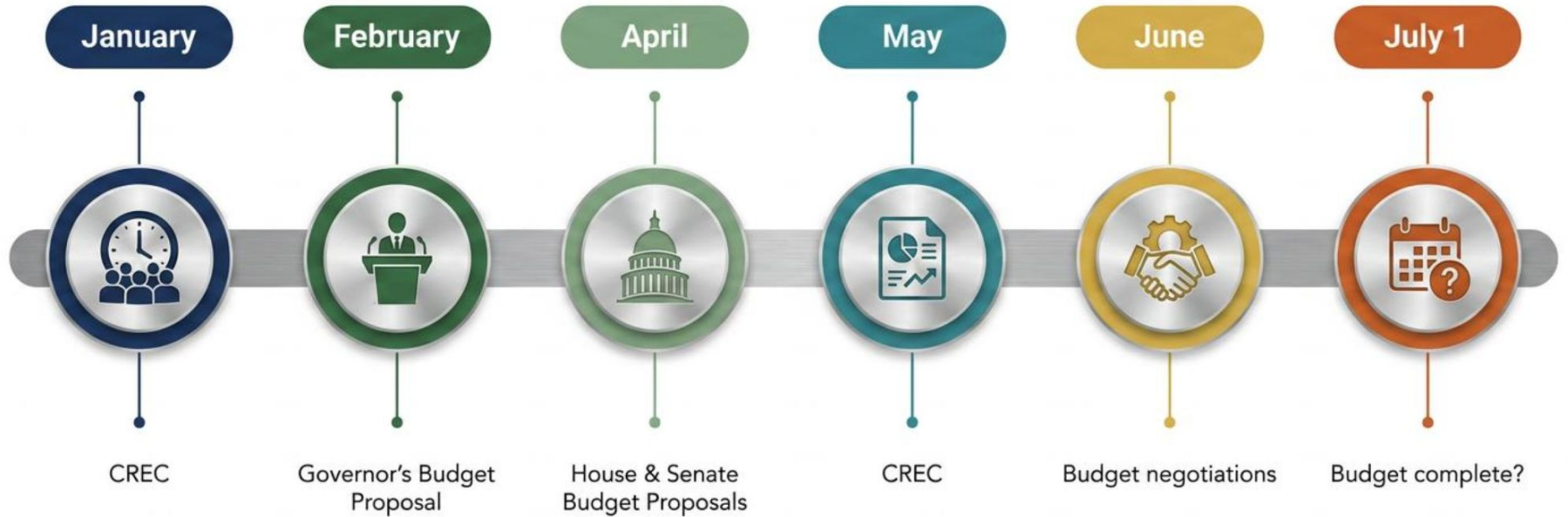


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Michigan Budget



Budget Process Timeline



Michigan FY 2027 Budget

Gov. Whitmer's Budget Proposal

- \$88.1 Billion in expenses
- \$1.8 Billion shortfall
 - Addressed through:
 - \$800 million in new revenue
 - \$400 million from reserves
 - \$561 million more from School Aid Fund to pay for higher education
 - Small cuts

Why a Shortfall?

- General Fund revenues are falling
- General Fund expenses are rising
 - Feds requiring states to spend more
 - Medicaid
 - Food Stamps
 - Costs increase every year through FY '32

One Big Beautiful Bill Act (OBBBA)

- Passed July, 2025
 - 218-214 House
 - 51-50 Senate
- Feds pay less for Medicaid, States pays more
 - Michigan GF FY 26 budget = \$450M
 - Michigan's costs increase through FY 2032
- Cuts to SNAP; Rule Changes
 - Adds ~ \$100M to Mich GF costs beginning in FY 2027
 - Costs grow each year through FY 2032

Revenue Trends

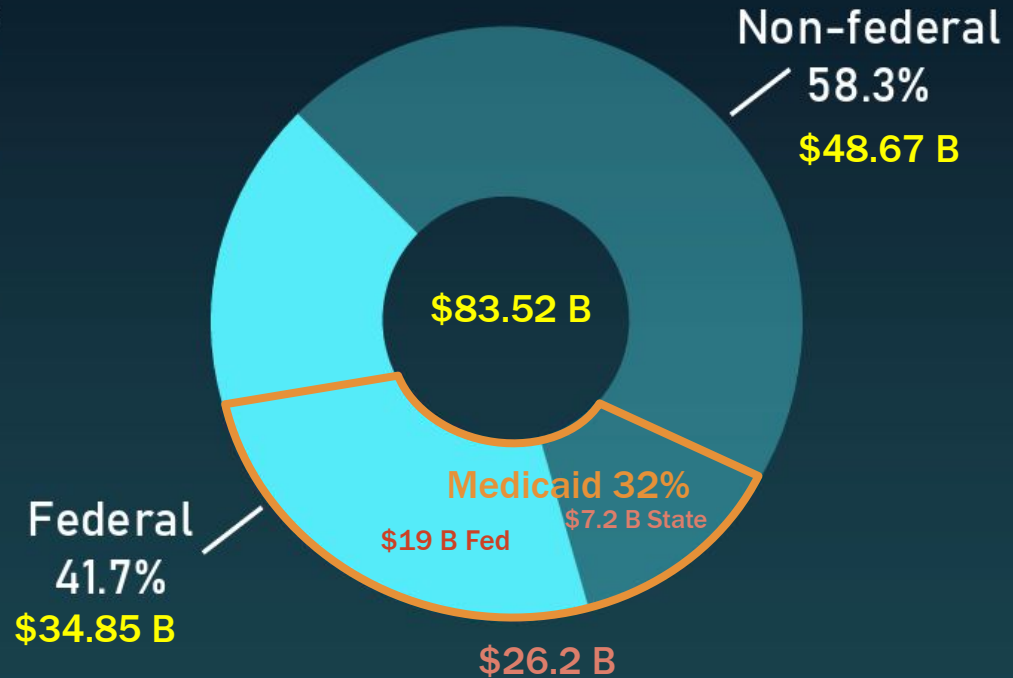
Budget Year	23-24	24-25	25-26	26-27 Estimated
SAF Billions	\$18.1	\$18.7	\$19.1	\$19.5
General Fund Billions	\$14.5	\$14.4	\$13.8	\$13.7



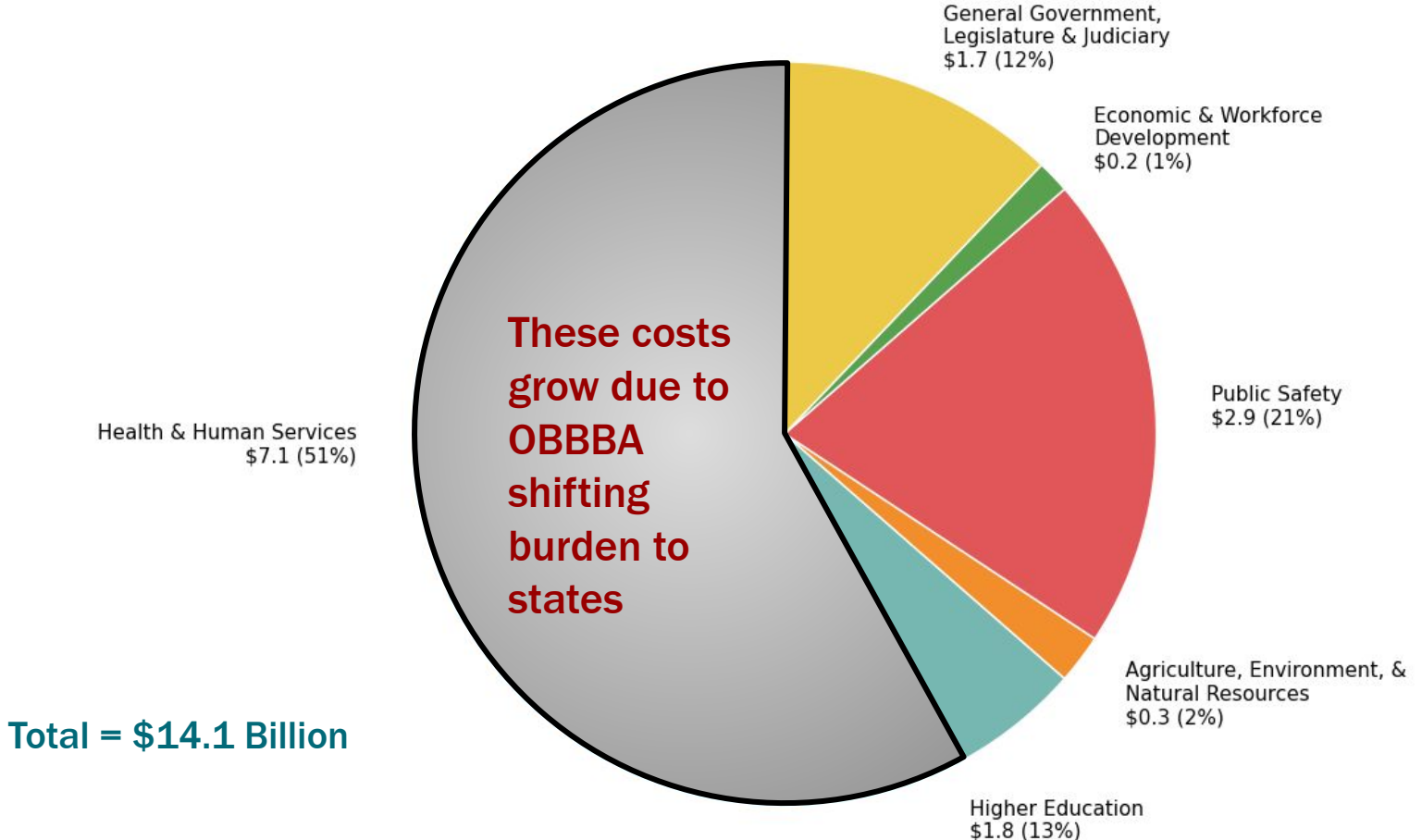
Federal Funding

GF Revenues are falling while expenditures are increasing.

Medicaid is Michigan's largest, single expenditure.



Michigan General Fund Expenditures - FY 2026

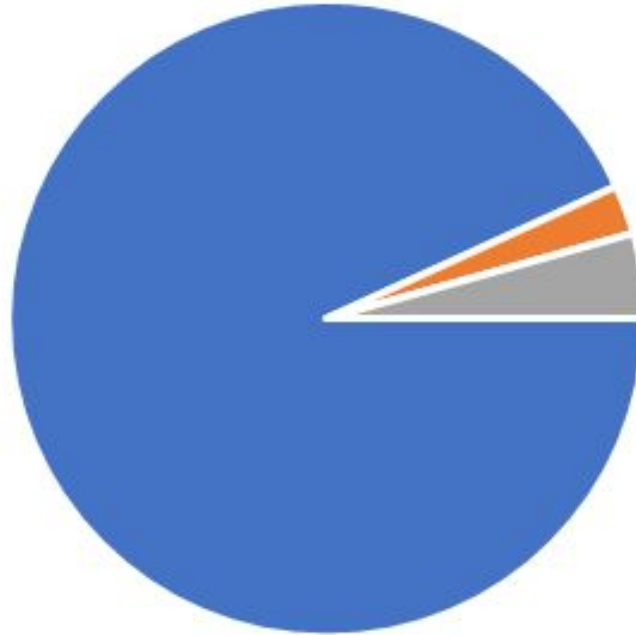


School Aid Budget FY 2025



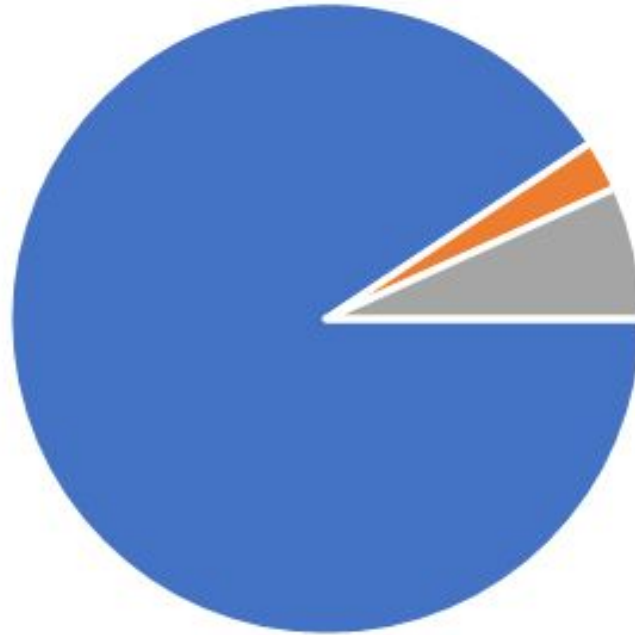
 PK-12  Community Colleges  Public Universities

School Aid Budget FY 2026



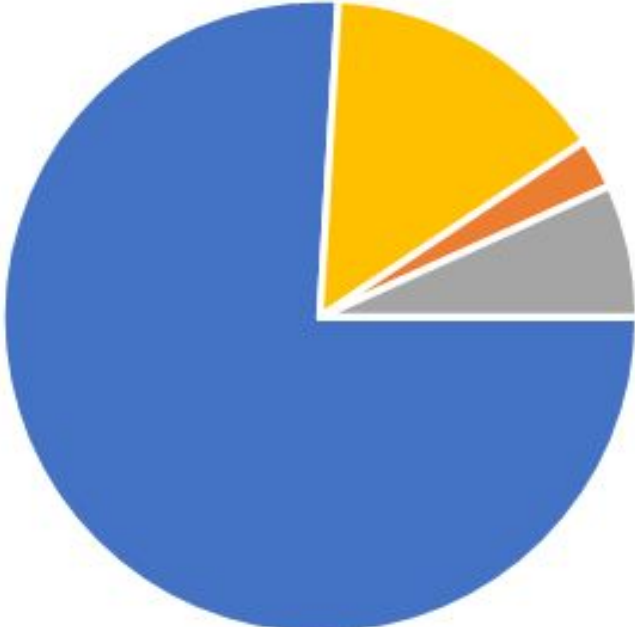
■ PK-12 ■ Community Colleges ■ Public Universities

School Aid Budget FY 2027 - Proposed



 PK-12  Community Colleges  Public Universities

School Aid Budget FY 2027 - Proposed



■ PK-12 ■ Retirement Debt ■ Community Colleges ■ Public Universities

Community College & University Funding Paid by the School Aid Fund

(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	378.4	185.7	564.1	386
2020-21	438.4	356.1	794.5	548
2021-22	431.9	661.4	1,093.3	778
2022-23	448.6	547.9	996.5	712
2023-24	550.8	482.3	1,033.1	742
2024-25	461.7	461.7	923.4	667
2025-26	493.0	850.8	1,343.8	980
2026-27*	525.4	1,379.4	1,904.8	1,399

Proposed →

+561 M
\$400/
student

TOTAL

\$ 6,216.0	\$ 6,912.0	\$ 13,128.0	\$ 9,185.2
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Michigan FY 2027 Budget

House & Senate Budget Proposals

- Released today!
- House School Aid Appropriations Sub-Committee
 - 9 AM
- Senate School Aid Appropriations Sub-Committee
 - 12 PM
- **IMPORTANT NOTE:** The following are **INCOMPLETE** summaries of the House & Senate proposals

Michigan FY 2027 Budget

House Budget Proposal

- **HB 5628 (H-1)**

Senate Budget Proposal

- **SB 858 (S-1)**

www.legislature.mi.gov

House Proposed FY 2027 School Aid Budget

- \$250 Foundation Allowance Increase
- No weighted funding
 - 5% increases to At-Risk & EL
 - Allocations proportional to student counts in a school building
- Approved curricula (NEW)
 - \$100M math (one of five vetted curricula)
 - \$150M literacy curricula (five vetted curricula)
 - \$50M STEM curricula (Statewide committee)
- LETRS training - \$75M

House Proposed FY 2027 School Aid Budget

- \$50M High impact tutoring
- \$270M deposit into budget stabilization funds
- Sec. 31aa - Maintains current year funding
 - Tightens mass casualty event
 - Intentional act that results in fatality or three or more serious injuries
 - Privilege waived for institutions, not individuals
- Eliminates “Grow Your Own” funding
- Maintains free meals, declining enrollment, and transportation funding at current levels

House Proposed FY 2027 School Aid Budget

- \$40M private tutoring for At-Risk students in bands 4 - 6; districts reimburse parents
- \$30M CTE for non-resident students; transportation costs
- \$350K for MDE to develop accountability system
 - Letter grades for schools
 - Publish each district's promotion/retention policy
 - Publish number of 3rd grade student who were not proficient but promoted to 4th grade

House Proposed FY 2027 School Aid Budget

- \$1M for MDE to secure a vendor for teacher and student “growth reports”
- Penalties - 20% of 22b funds for the following:
 - DEI programs
 - Transgender girls in girls sports
 - Multistall unisex bathrooms
 - Must notify parents if student requests pronoun change
- Maintains Sec. 164k requirements; adds that all student must take the Presidential Fitness Test

Senate Proposed FY 2027 School Aid Budget

- \$250 Foundation Allowance Increase
- Weighted funding for At-Risk & EL
 - 25% increase over current year
 - Spending flexibility (added to Sec. 22b)
- Three-year average for pupil count or current year count, whichever is higher; eliminates declining enrollment funding
- \$60 M to reimburse districts for dual enrollment
- \$300 M for Sec. 31aa
 - Eliminates “waiver of privilege” language
 - Mass casualty = targeted violence with at least one fatality; state can investigate

Senate Proposed FY 2027 School Aid Budget

- Transportation Funding increased by \$25 M to \$150 M
- \$150 M for educator compensation
 - Specifies that these funds are one-time bonuses and are not subject to retirement withholdings
- Repeals Sec. 164k
- Concurs with Gov. Budget Recommendation
 - Free meals
 - Literacy coaches
 - Retirement cost rates held constant

Major Points of Difference & Negotiations

- Leverage mechanisms
 - Accountability
 - Weighted funding
 - Culture war items
 - Federal tax credit opt-in
- Drawdown from reserve funds
- New Higher Ed costs covered by School Aid
- Property tax cuts

Property Taxes

- 6.0 mil SET generates about \$2.7 B
- 18.0 mil non-homestead generates about \$4 B statewide
- Personal property taxes
- Pop-up mechanism when houses sell
- All of the above property tax elements are under review for possible elimination
- Gov's plan
 - Homestead property tax credit for senior citizens
 - \$90 million
- Senate plan
 - "Expand gov's plan; costs \$300 million

Way-too-Early Analysis

- Gov's budget uses SAF to bail out GF the most
- House budget allocates smallest amount of new money; perhaps saving \$\$\$ for tax cuts??; many proposals for negotiating fodder
- Senate budget is most favorable for schools; battle with governor over 31aa language
- Matt Hall is king of creating leverage

Sec. 31aa Lawsuit



Sec. 31aa Lawsuit

- Court of Appeals ruled against school districts
- Different legal arguments in state and federal courts

Sec. 31aa Lawsuit

- Decision of whether to appeal to Supreme Court
- Federal case remains
 - Has not yet begun
 - Waiting for state process to conclude

Policy Bills



Literacy Bills

- HB 5697 - Requires LETRS training
- In House Education Committee
- Working on changes
- Possible changes include:
 - Tool flexibility
 - Narrowing affected staff
 - Timeline for compliance
 - Compensation & cost coverage
- HB 5646 - Teacher prep programs
- Long way to go...

Q & A





Dan Behm
danbehm@kentisd.org
616-365-2306



Education Advocates
of West Michigan