

MSBO Update

Central MI SBO
Sept 5, 2025



Agenda



- MSBO Update
- Budget Chat
- Federal Funds
- Q&A



FY2025-26 MSBO Events

- [MDE/MSBO Workshop](#) – Sept 11 – *on-demand through Sept 30*
- [Intro to School Business](#) – Sept 23-24
- [Up North Finance Workshop](#) – Oct 9-10 in Houghton Lake – [register here](#)
- And more...[see calendar of events](#)



FY2025-26 MSBO Events

- [Business Mgr Academy \(BMA\)](#) – 2 cohorts are underway
- [Leadership Institute](#) – 1 cohort is wrapping, another has started
- Leadership Dimensions – new program in FY2024-25 for MSBO leadership positions (board, committee chairs, regional group chairs)
- And more...



FY2025-26 Budget Resources

- Resources for understanding the Budget:
- [MSBO Webpage](#)
- [HFA Analysis; SFA Analysis](#)
- [CRC webinar & presentation](#)
- [March 2025 School Finance Committee – Budget Assumptions Panel – see *recording*](#)



FY2025-26 Budget Resources

- Resources for understanding the Budget:
- [MSBO Regional Group](#)
- Your ISD
- Your software user group
- [MSBO Dynamic Budget Projection](#)
- And more...

State Budget

- Legislature adjourned at June 30, with no budget deal
- PA 122 of 2020 requires a budget to be on Gov's desk by July 1
- Scheduled back in session 7/15 & 7/22...no progress
- Governor, Hall, & Brinks have met recently...*where do we stand?*
- Gov/Senate/House highlights
- Is labor (MEA) supportive of a deal?
- [MSBO website for the docs](#)



Disclaimer – the following slides are far from exhaustive. They simply highlight some of the common district sources and questions that arise this time of year. See the actual budget proposals for more details (links included in the presentation).

State Budget

- [Will legislature start to feel some pressure?](#)

EDUCATION

STATE BUDGET + TAXES

Education leaders to Michigan Legislature: Do your jobs, pass a budget

BY: BEN SOLIS - JULY 29, 2025 12:20 PM



- [School group messaging – worried about roads](#)

School groups: Don't let roads deal hold up K-12 budget

89.1 WEMU | By Rick Pluta

Published July 30, 2025 at 5:53 AM EDT



State Budget

Michigan House speaker says finalizing budget before government shutdown could be a 'challenge'

Quinn Klinefelter September 3, 2025

House Speaker Matt Hall says one of the major priorities for Michigan is finding a new source of revenue for road infrastructure.



State Budget

• **Michigan House speaker says**

EDUCATION

'We're not getting anywhere': Hall and Brinks meet on budget; House GOP defends spending plan

House Speaker Matt Hall and Senate Majority Leader Winnie Brinks met to discuss the state budget on Wednesday.

The meeting went poorly.

House speaker Matt Hall says one of the major priorities for Michigan is finding a new source of revenue for road infrastructure.

89.1 WEMU | By Rick Pluta

Published July 30, 2025 at 5:53 AM EDT



State Budget

- What happens on Oct 1 if no budget deal?
- In both 2007 & 2009 – state gov't shut down for several hours
- Immediately reached a deal to reopen
- During Granholm's 2nd term as Gov



State Budget

- [MSBO Survey Results](#)
 - 214 responses
 - 52% made cuts in initial FY2025-26 budget
 - 43% would have major cash flow issues without October 2025 state aid payment
- MSBO Press coverage
 - [Bridge MI](#)
 - [9 & 10 News](#)
 - Gongwer: ***Education leaders demand state budget as schools face funding uncertainty*** (Aug 22, 2025)



State Budget

- So where do we stand?
- Similar to where we were in June...
- Roads v. Schools
- House Republicans have made roads & cuts the priorities
- Where does the Governor stand?





Gov's Budget highlights

- The Good:
- \$10,000 Foundation Allowance (\$392 or 4.1%)
- The Not-so-Good:
- Sec. 16 – response to lagging test scores. *A lot of strings!*
- The wildcard:
- Road funding



Senate Budget highlights

- The Good:
- Strong investment in weighted-avg formula (\$10,008 pp); extra \$\$ invested in Sec. 31A
- The Not-so-Good:
- Introduction of new sections; dedicated grants
- The wildcard:
- Unclear where Senate fits in negotiations piece



House Budget highlights

- The Good:
- Simplification – elimination supplementals for Sec. 22f \$1,975 per pupil; highest FA proposed at \$10,025
- The Not-so-Good:
- Huge increase in higher ed out of SAF, \$\$ to non-public K-12, big structural deficit suggests *unsustainable*, eliminates some categorical funds that have strong support
- The wildcard:
- New leadership, new priorities. Road funding package.



State Budget & May 2025 CREC

May 2025 CREC was held Friday, May 16, 2025

[Link to Documents](#)

- AUTO INDUSTRY PROJECTIONS
- INCOME TAX IMPACTS
- SALES TAX IMPACTS



State Budget & May 2025 CREC

Table 2
May 2025 Consensus Forecast
(millions)

Net Revenue Estimates

	FY 2025			FY 2026			FY 2027		
	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus
Net GF-GP Revenue	\$14,715.5	\$14,493.9	(\$221.6)	\$15,477.7	\$15,114.6	(\$363.1)	\$15,743.5	\$15,343.7	(\$399.8)
Percent Growth	1.5%	-0.2%		5.2%	4.3%		1.7%	1.5%	
Dollar Growth		(\$33.2)			\$620.7			\$229.1	
Net SAF Revenue	\$18,459.6	\$18,545.2	\$85.6	\$18,891.5	\$18,934.3	\$42.8	\$19,354.5	\$19,398.6	\$44.1
Percent Growth	2.1%	2.6%		2.3%	2.1%		2.5%	2.5%	
Dollar Growth		\$470.7			\$389.1			\$464.4	
Combined	\$33,175.1	\$33,039.1	(\$136.0)	\$34,369.2	\$34,048.9	(\$320.3)	\$35,098.0	\$34,742.3	(\$355.7)
Percent Growth	1.8%	1.3%		3.6%	3.1%		2.1%	2.0%	
Dollar Growth		\$437.5			\$1,009.8			\$693.5	

Source: May CREC agreement, May 2025.



State Budget & May 2025 CREC

School Aid Fund	<u>FY 25</u>	<u>FY 26</u>
Beginning SAF Balance	\$1,257.6	\$1,240.4
Total Resources	21,598.6	21,392.1
Total Expenditures	\$21,615.9	\$20,322.7
Ending SAF Balance	\$1,240.4	\$2,309.8
<i>Ongoing Balance</i>	<i>\$618.1</i>	<i>\$1,069.4</i>
<i>One-time Balance (SAF)</i>	<i>\$622.3</i>	<i>\$1,240.4</i>

Source: House Fiscal Agency, May 2025.



State Budget – Declining Enrollment

History of Pupil Membership

Fiscal Year	Blend	Pupil Count	Pupil Change	Percent Change
1994-95	50/50	1,592,726		
1995-96	50/50	1,615,579	22,853	1.4%
1996-97	50/50	1,646,747	31,168	1.9%
1997-98	60/40	1,671,174	24,427	1.5%
1998-99	60/40	1,688,996	17,822	1.1%
1999-00	75/25	1,698,414	9,418	0.6%
2000-01	80/20	1,706,407	7,993	0.5%
2001-02	80/20	1,710,630	4,223	0.2%
2002-03	80/20	1,714,705	4,075	0.2%
2003-04	80/20	1,714,185	(520)	0.0%
2004-05	75/25	1,707,357	(6,828)	(0.4%)
2005-06	75/25	1,697,537	(9,820)	(0.6%)
2006-07	75/25	1,680,282	(17,255)	(1.0%)
2007-08	75/25	1,652,332	(27,950)	(1.7%)
2008-09	75/25	1,619,449	(32,883)	(2.0%)
2009-10	75/25	1,592,380	(27,069)	(1.7%)
2010-11	75/25	1,569,436	(22,944)	(1.4%)
2011-12	90/10	1,548,999	(20,437)	(1.3%)
2012-13	90/10	1,535,989	(13,010)	(0.8%)
2013-14	90/10 current	1,522,628	(13,361)	(0.9%)

2014-15	90/10 current	1,508,008	(14,620)	(1.0%)
2015-16	90/10	1,495,980	(12,028)	(0.8%)
2016-17	90/10	1,491,164	(4,816)	(0.3%)
2017-18	90/10	1,484,193	(6,971)	(0.5%)
2018-19	90/10	1,470,839	(13,354)	(0.9%)
2019-20	90/10	1,461,051	(9,788)	(0.7%)
2020-21	Superblend	1,449,814	(11,237)	(0.8%)
2021-22	90/10	1,405,083	(44,731)	(3.1%)
2022-23	90/10	1,399,229	(5,854)	(0.4%)
2023-24	90/10	1,390,859	(8,370)	(0.6%)
2024-25*	90/10	1,384,300	(6,559)	(0.5%)

Change since FY 1994-95	(208,426)	(13.1%)
Change since FY 2002-03 peak	(330,405)	(19.3%)

*Source: House
Fiscal Agency,
Feb 2025*

Notes:

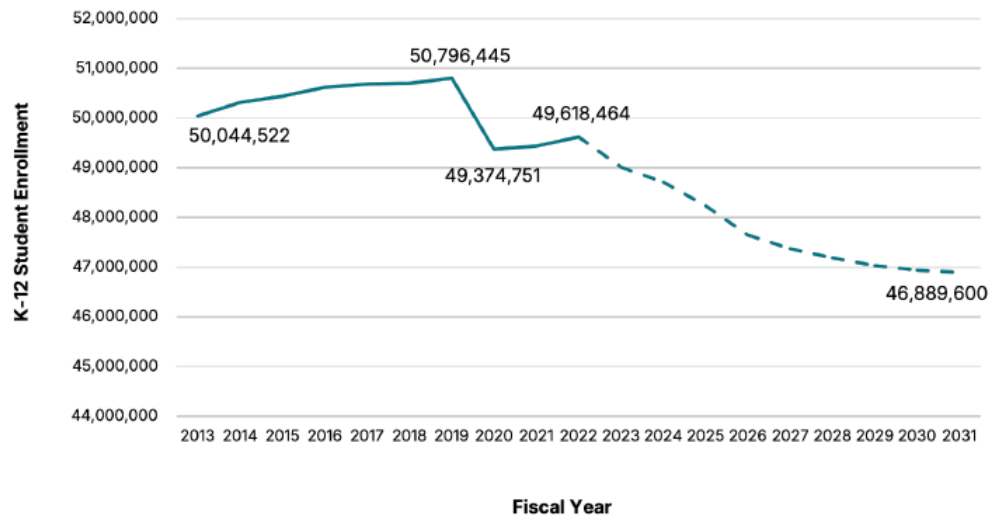
1. Blend ratio is the weight of the current year October count/the weight of the prior year February count, except in FYs 2013-14 and 2014-15, for which the February count was also current year.
2. "Superblend" means a blend calculated as follows: $0.75 * \text{FY 20 90/10} + 0.25 * \text{FY 21 90/10}$
3. FY 2024-25 estimate is from the January 2025 Consensus Revenue Estimating Conference

State Budget – Declining Enrollment

Other areas to watch in the education sector: declining enrollment in K-12 public schools

Declining enrollment means budget problems for many districts.

Figure 1: Over the past decade, K-12 enrollment declined nationally and is projected to continue to decline through at least FY31



Since the pandemic, enrollment in K-12 public schools has declined, and federal projections suggest that this trend will continue, with a predicted **5.5% decline (or 2.7 million fewer students)** from fiscal year 2022 to 2031. Most states are projected to face continued enrollment declines.

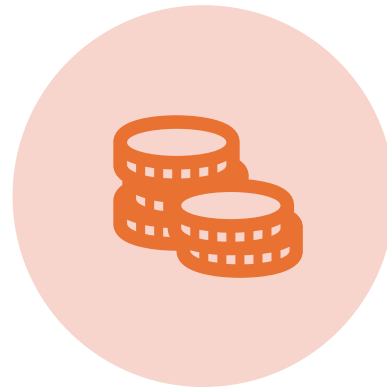
The state of MI challenges mirror the national trend...

Source: *Bellwether – Navigating the Now, AASA Legislative Advocacy, July 2025*

Federal Funds



FY2025-26 FUNDS WITHHELD
(IMPOUNDMENT?
RECISSION?)



FY2025-26 FEDERAL
BUDGET DEAL



MEDICAID



FY2025-26 Withholding (Impoundment)

Federal Funding: FY25

On June 30th, the Department of Education notified states that it was not going to allocate more than \$6 billion in FY25 funds – until further review.



Programs Impacted:

- Title I-C: Migrant Education
- Title II-A: Supporting Effective Instruction Grants
- Title III-A: English Language Acquisition
- Title IV-A: Student Support and Academic Enrichment Grants
- Title IV-B: 21st Century Community Learning Centers



FY2025-26 Withholding (Impoundment)

Actions from Trump Admin: budget and impoundment

- The biggest shakeup in education in recent weeks is the Trump administration's decision to **withhold nearly \$7 billion in education spending** from states - effectively seeking to implement their budget request without Congressional action.
- This is an escalation of the administration's desire to challenge and change key elements of the Congressional Budget and Impoundment Act of 1974.
 - Previously, Congress and the White House of both parties had deviated from the law, but never challenged the impoundment portion.
- **States depend on federal funding, like Title III funding for English Language Learners**, who have clearly been a target of this administration.
- **Under current law, this action is clearly illegal**, but it's definitely an issue to watch moving forward.

Source: *Bellwether – Navigating the Now, AASA Legislative Advocacy, July 2025*



FY2025-26 Withholding (Impoundment)

The withheld funds in Michigan include:

- More than \$5.4 million in Title I-C funds for migrant education.
- More than \$12.8 million in Title III funds for English learners.
- More than \$63.7 million in Title II funds for staff professional development.
- More than \$36.7 million Title IV-B funds for before- and after-school programs.
- More than \$38.3 million in Title IV-A funds for academic enrichment.



FY2025-26 Withholding (Impoundment)

- [AASA/ASBO Update](#) (from AASA Legislative Advocacy, July 2025)
- [Bellwether – Navigating the Now](#) (from AASA Legislative Advocacy)
- [Bruman Group – Navigating Uncertain Funding and Policy](#) (from AASA Legislative Advocacy)
- [MDE statement](#)
- [MDE memo](#)
- [Michigan joins lawsuit](#)



FY2025-26 Withholding (Impoundment)

- July 21 - \$1.3 billion released
- July 25 – remaining \$4.9 billion released
- [AASA July 25 statement](#)
- [ASBO Funding roundtable presentation](#) (July 21) & [video](#)



FY2025-26 Withholding (Impoundment)



Walters, Kevin (MDE)

To: ● Jason Helsen; ● Robert Dwan

😊 ↩ Reply ↩ Reply all ➡ Forward 📅 📧 📎 📅 ...

Thu 7/24/2025 3:29 PM

Good afternoon!

I was made aware last night that the Administration is preparing to send another round of previously appropriated federal fund rescissions to Congress, this time around Department of Education cuts.

No specific details at this point, only that White House budget chief Russ Vought has continued to state that the White House is interested in using a tactic where they send Congress funding cuts (rescissions) less than the 45 days that is typical (by August 15). In that scenario (less than 45 days from September 30), if Congress takes no action, the money is immediately recaptured on October 1. If they send the proposed rescissions to Congress before August 15, action would be required by Congress for rescissions to occur.

FY2025-26 Federal Budget Deal

Federal Funding: FY26

- President's FY26 Proposal cuts \$6.5 billion from K-12 funding
- Level funds Title I
- Consolidates IDEA programs to increases IDEA, Part B by \$677 million
- Consolidates 18 formula and competitive grants programs into the "K12 Simplified Funding Program" to provide greater flexibility. But, \$6.5 billion ≠ \$2 billion
- Eliminates 5 programs including Title I, Part C and Title III

Programs Consolidated in K-12 SFP	FY24 Allocations (since not all FY25 numbers are final)
Title II, Part A: Supporting Effective Instruction State Grants	\$2.19 billion
Title IV, Part B: 21 st Century Community Learning Centers	\$1.33 billion
Title IV, Part A: Student Support and Enrichment Grants	\$1.38 billion
Neglected, Delinquent, and At-Risk Children and Youth	\$49.2 million
Comprehensive Literacy State Development Grants	\$194 million
Innovative Approaches to Literacy	\$30 million
State Assessments	\$380 million
Promise Neighborhoods	\$91 million
McKinney Vento	\$129 million
Native Hawaiian Education	\$45.9 million
Alaska Native Education	\$45 million
REAP	\$220 million
American History and Civics Education	\$23 million
Magnet Schools Assistance	\$139 million
Javits Gifted and Talented Education	\$16.5 million
Statewide Family Engagement Centers	\$20 million
Arts in Education	\$36.5 million
School Safety National Activities	\$216 million
Total	6.535 billion

Source:
AASA/ASBO
Legislative
Advocacy,
July 2025

FY2025-26 Federal Budget Deal

Budget FY2026 & Beyond

United States Education Department FY2026 Proposed Budget – General Education

- Title I Grants to LEAs - No cut, Same funding as FY25
- Impact Aid - No cut, Same funding as FY24
- Indian Education - No cut, Same funding as FY24
- Charter Schools Grants - Increase of \$60M
- **K-12 Simplified Funding Program:**
 - USED proposes K-12 Simplified Funding Program (K-12 SFP), which consolidates eighteen (18) currently funded federal formula and competitive grant programs for Elementary and Secondary Education into a single State formula grant program.
 - States and localities would have flexibility to use K-12 SFP funds for any number of Elementary and Secondary education activities, consistent with the needs of their communities, including increasing educational options for students within and across schools, strengthening instruction in core education subjects, and promoting patriotic education.

[fiscal-year-2026-budget-summary-110043.pdf](#)

Source:
[MSBO](#)
[Business](#)
[Mgr/CPA](#)
[Workshop,](#)
[June 2025](#)





FY2025-26 Federal Budget Deal

Budget FY2026 & Beyond

USED Proposed \$0 Amount for FY2026 Budget	USED Proposed \$0 Amount for FY2026 Budget
Comprehensive Literacy State Development Grants	Arts in Education
Innovative Approaches to Literacy	Gifted and Talented Education
Neglected, Delinquent, and At-Risk Children/Youth	Statewide Family Engagement Centers
Special Programs for Migrant Students	School Safety National Activities
Supporting Effective Instruction State Grants	Promise Neighborhoods
21 st Century Community Learning Centers	Migrant Education
State Assessments	Education Innovation and Research
Education for Homeless Children and Youth	Teacher and School Leader Incentive Grants
Rural Education	Supporting Effective Educator Development (SEED)
Student Support and Academic Enrichment Grants	Ready to Learn Programming (RTL)
American History and Civics Education	Full-Service Community Schools (FSCS)
Magnet School Assistance	English Language Acquisition

[fiscal-year-2026-budget-summary-110043.pdf](#)

Source:
[MSBO](#)
[Business](#)
[Mgr/CPA](#)
[Workshop,](#)
[June 2025](#)





FY2025-26 Federal Budget Deal



FY26 Budget & Appropriations

Federal FY26 runs from Oct. 1, 2025, through September 30, 2026. It affects K-12 funding for the 2026-2027 school year.

The President released a FY26 budget proposal for Congress to consider as lawmakers work on their 12 annual appropriations bills this summer.

- Most of it is dead on arrival in Congress. Appropriations bills need 60 votes (including Democrats) to pass the Senate, unlike with budget reconciliation.
- Democrats don't support the deep cuts proposed for education or other programs. Block grants require reopening IDEA/ESEA statutes, which wouldn't clear the Senate either.

Recent Rescission Vote May Doom FY26 Negotiations

Republicans approved a \$9B rescission package for other (non-education) FY25 funds last week. Democrats are concerned about negotiating in good faith for FY26 if Republicans can simply rescind funds later. A short-term CR is needed to avoid a shutdown since all 12 bills won't be completed by 9/30, but the rescission vote has only increased the chances for a shutdown.

The POTUS FY26 Budget proposes a 15% cut to U.S. Department of Education Programs.

While Title I, IDEA, Impact Aid, and Perkins/CTE are protected, the budget proposes two block grants that result in less funding for K-12 programs.

- K-12 Simplified Funding Program: Consolidates 18 formula and competitive grant programs (worth \$6.5 billion at FY24 levels), into a \$2 billion block grant, meaning a \$4.5 billion cut!
- Special Education Simplified Funding Program: Consolidates IDEA programs and provides Part B a +\$677 million boost while zeroing out other programs (e.g., Part D) worth \$676 million and consolidating them into this block grant.
 - IDEA Part C and Special Olympics would be flat-funded and aren't part of the block grant.

Funding would be completely eliminated for Titles I-C, II-B (TSL and SEED Grants), III, and IV-F (Full-Service Community Schools)

Source:
[ASBO](#)
[Legislative](#)
[update, July](#)
[21, 2025](#)



FY2025-26 Federal Budget Deal



FY26 POTUS Proposal for K-12

Programs Consolidated in the K-12 SFP	FY24 Allocations (since not all FY25 numbers are final)
Title II, Part A: Supporting Effective Instruction State Grants	\$2.19 billion
Title IV, Part B: 21st Century Community Learning Centers	\$1.33 billion
Title IV, Part A: Student Support and Enrichment Grants	\$1.38 billion
Neglected, Delinquent, and At-Risk Children and Youth	\$49.2 million
Comprehensive Literacy State Development Grants	\$194 million
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Magnet Schools Assistance	\$139 million
Javits Gifted and Talented Education	\$16.5 million
Statewide Family Engagement Centers	\$20 million
Arts in Education	\$36.5 million
School Safety National Activities	\$216 million
TOTAL	6.535 billion

IDEA Consolidation	
Program	Proposed FY26 Levels
Grants to States	\$14.891 billion (+677 million)
Preschool Grants	\$0 (-\$420 million)
State Personnel Development	\$0 (-\$38.6 million)
Technical Assistance and Dissemination	\$0 (-\$39.4 million)
Personnel Preparation	\$0 (-\$115 million)
Parent Information Centers	\$0 (-\$33.2 million)
Educational Technology, Media and Materials	\$0 (-\$31.4 million)
Grants for Infants and Families	\$540 million (level)
Special Olympics Education Program	\$36 million (level)

Programs Eliminated in FY26 Proposal	
Program	FY24 Allocation (since not all FY25 allocations are not final)
Title I, Part C: Migrant Education State Grants	\$375.6 million
Title III: English Language Acquisition	\$890 million
Full Service Community Schools	\$150 million
Teacher and School Leader Incentive Grants	\$60 million
Supporting Effective Educator Development (SEED)	\$90 million
TOTAL	\$1.565 billion

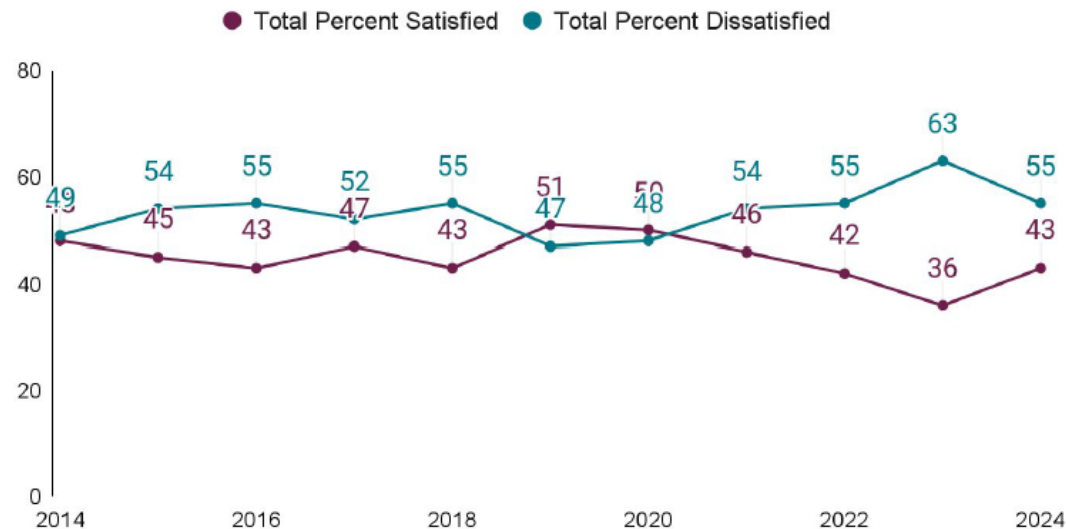
Source:
[ASBO](#)
[Legislative update, July 21, 2025](#)

FY2025-26 Federal Budget Deal

More than half of Americans are unsatisfied with the quality of K-12 education

While polling indicates opinions of education in the U.S. have improved slightly in the years since the pandemic, more than half of Americans remain dissatisfied with the quality of education.

Overall, how satisfied are you with the quality of education students receive in kindergarten through grade 12 in the U.S. today?

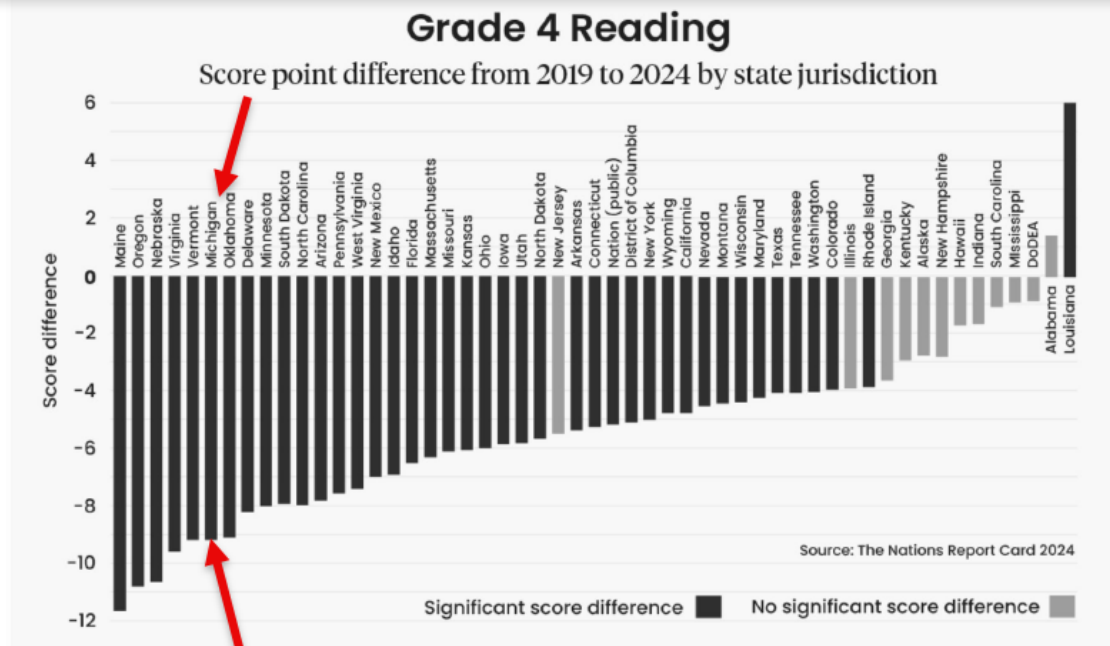


Source: *Bellwether – Navigating the Now, AASA Legislative Advocacy, July 2025*

FY2025-26 Federal Budget Deal

Other areas to watch in the education sector: funding changes, declining student achievement

In addition to projected enrollment declines, schools are facing the end of federal COVID-19 relief funding for K-12 schools. Meanwhile, schools must also grapple with declining student achievement.





FY2025-26 Federal Budget Deal

- Medicaid - [\\$171 million annually for SBS](#) (*Bridge MI opinion piece*)
- Decreased participation in SNAP and/or Medicaid has the potential to reduce the amount of federal “free meal” reimbursements local school districts will receive in the future.
- Remember: Sec. 30d MI School Meals is \$200 million annually but it relies heavily on federal matching funds!
- [CRC MI link](#) explains the interplay of Medicaid direct cert, SNAP, and MI School Meals

Q&A





Contact info & Thank you!

- **Jason Helsen**
- MSBO Associate Executive Director
- jhelsen@msbo.org
- (517)376-3087

