

Legislative/State Update

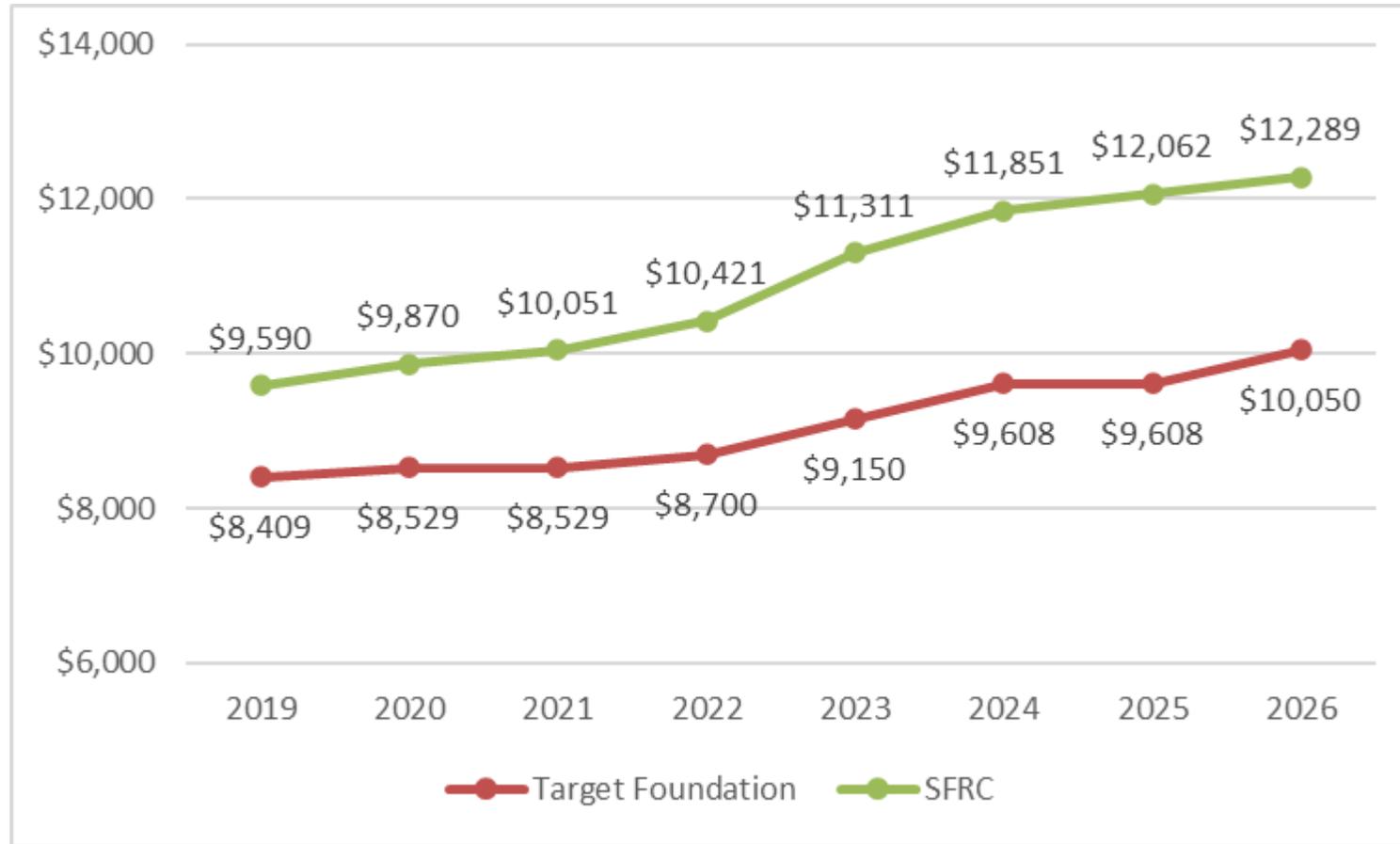
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Deputy Superintendent for Business, Health, and Library Services

Middle MSBO, February 20, 2026

Agenda

- Current year and fiscal year 2027 (FY 27) executive budget recommendation proposal for:
 - Per pupil target foundation allowance
 - Adequate and equitable funding under Goal 8 of the state strategic education plan
 - Goal 2: Literacy
 - Goal 3: Health, Safety, and Wellness
 - Goal 7: Teacher Shortage
 - Goal 4: CTE
 - Other
- Q&A

Current Target Foundation Allowance



Goal 8 – Provide Adequate and Equitable School Funding

FY27 Per Pupil Allocation Proposed

	FY 26 Year-to-Date	FY 27 Governor's Recommendation
Traditional LEAs	\$10,050	\$10,300 (2.5% increase)
PSAs (not contributing to MPSERS)	\$10,050	\$10,300 (2.5% increase)
Cyber Charter	\$10,050	\$8,240 (18% decrease; 20% of foundation)

Sec. 22b (164k requirement)

NEW

- Requirement from 164k re: sending letters to parents for not using a curriculum on the 1280f list now sits in section 22b, which is tied to the foundation allowance.

Proposal A of 1994 and the State School Aid Fund

- Proposal A was a constitutional amendment initiated by the Legislature, along with several statutory changes, with several primary goals:
 - Reduce local school property taxes
 - Increase the state share of support for schools
 - Guarantee a minimum per pupil funding level
 - Provide more equity in school district per pupil revenues
- SAF provides most of the state funding for schools
- Certain taxes are earmarked, or reserved, for deposit into SAF to pay for school operations
- State Constitution requires SAF to be used exclusively for schools, higher education, and school employee retirement benefits

School Aid in Higher Education and Community Colleges 2009-2017

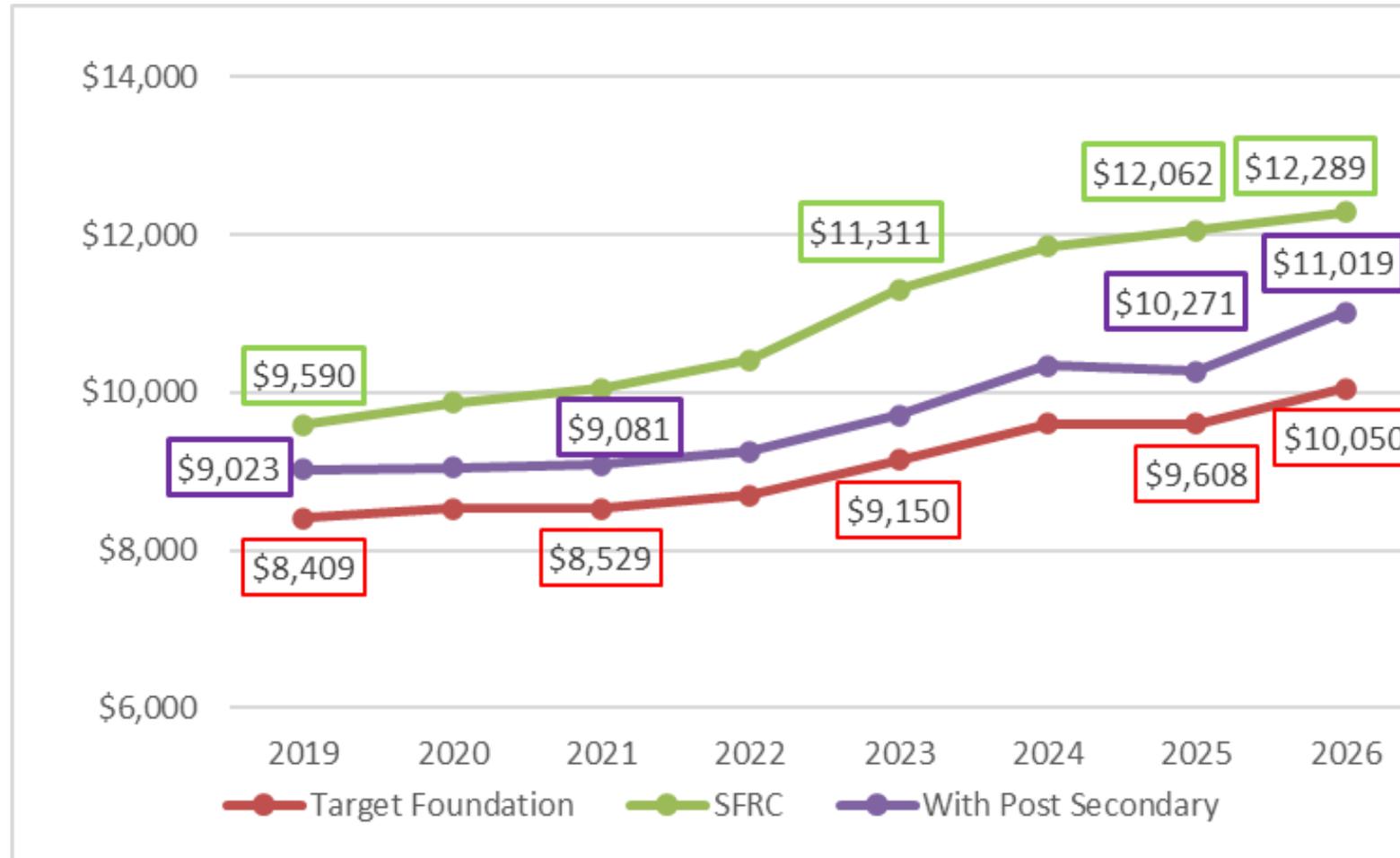
Budget Year	Universities	Community Colleges	Total School Dollars To Post Secondary	Total Pupils (Rounded)	Potential Foundation Allowance Increase Per Student (Rounded)
2009	\$ -	\$ -	\$ -	1,628,938	\$ -
2010	\$ -	\$ 208,400,000	\$ 208,400,000	1,605,830	\$ 130.00
2011	\$ -	\$ -	\$ -	1,578,431	\$ -
2012	\$ 200,019,500	\$ 259,629,400	\$ 459,648,900	1,563,347	\$ 294.00
2013	\$ 200,465,700	\$ 197,614,100	\$ 398,079,800	1,546,601	\$ 257.00
2014	\$ 200,465,700	\$ 197,614,100	\$ 398,079,800	1,535,258	\$ 259.00
2015	\$ 206,467,900	\$ 364,724,900	\$ 571,192,800	1,520,441	\$ 376.00
2016	\$ 205,179,500	\$ 256,714,800	\$ 461,894,300	1,507,279	\$ 306.00
2017	\$ 237,109,500	\$ 260,414,800	\$ 497,524,300	1,502,660	\$ 331.00

School Aid in Higher Education and Community Colleges 2018-2026

Budget Year	Universities	Community Colleges	Total School Dollars To Post Secondary	Total Pupils (Rounded)	Potential Foundation Allowance Increase Per Student (Rounded)
2018	\$ 238,343,500	\$ 398,301,500	\$ 636,645,000	1,495,395	\$ 426.00
2019	\$ 500,088,300	\$ 408,215,500	\$ 908,303,800	1,480,233	\$ 614.00
2020	\$ 349,419,300	\$ 414,719,000	\$ 764,138,300	1,470,949	\$ 519.00
2021	\$ 356,063,300	\$ 425,667,000	\$ 781,730,300	1,415,902	\$ 552.00
2022	\$ 361,403,300	\$ 431,917,000	\$ 793,320,300	1,413,975	\$ 561.00
2023	\$ 347,888,300	\$ 449,058,000	\$ 796,946,300	1,408,483	\$ 566.00
2024	\$ 482,248,300	\$ 544,517,500	\$ 1,026,765,800	1,399,547	\$ 734.00
2025	\$ 461,688,300	\$ 461,720,800	\$ 923,409,100	1,393,126	\$ 663.00
2026	\$ 850,768,300	\$ 493,032,100	\$ 1,343,800,400	1,386,426	\$ 969.00

FY2027 proposal: \$525.4m for community colleges and \$1.279b for universities

Per Pupil Allowance with Revenue Supporting Post Secondary



Child Poverty

- Children in poverty are those whose families make 185% or less of the federal poverty level
- SFRC recommends that all children receive 35% above the base funding to account for poverty
- For the 2024-25 school year:
 - The recommended base cost was \$12,062 per student
 - Number of students in poverty was 684,456
 - The SFRC recommendation was **\$2.9 billion**

FY26 Economically Disadvantaged

- **One-Year Increase: \$258.7 million** increase (25%) for economically disadvantaged (ED) students (sec. 31a)
- **Four-Year Increase: \$781.1 million increase (152.3%)** from \$512.5 million in FY 2022 to \$1.29 billion in FY 2026
- Districts must provide a report to parents and guardians that details the amount received and what evidence-based interventions were implemented with those dollars

FY27 Executive Recommendation

New Weighted Funding Model

- Weights related to at risk (sec. 31a) or English learner (sec. 41) students would be automatically calculated in the foundation payment rather than a separate categorical
 - English Learners (sec. 41): Based on WIDA score, a multiplier to the foundation of anywhere from 0.0190 to 0.1687, with the intent to increase every year until the multipliers reach 0.35 to 0.75.
 - At Risk (sec. 31a): Based on Opportunity Index Band, a multiplier to the foundation of anywhere from 0.1741 to 0.2273 for each economically disadvantaged pupil, with the intent to increase every year until the multipliers reach 0.35 to 0.47.

Goal 8 – Provide Adequate and Equitable School Funding

FY27 Executive Recommendation Proposed

Section	Line Item Description	FY26 Year-to-Date	FY27 Governor's Recommendation
21h	Partnership Districts	\$6,137,400	\$6,137,400*
22d	Rural and Isolated	\$12,873,100	\$13,656,100 (6.1% increase)
22l	Transportation Reimbursement	\$125,000,000	\$125,000,000** (from 22h fund)
31a/22b	At-Risk	\$1,293,655,000	1,372,405,000 (6.1% increase)

** No new deposit to the transportation fund in Sec. 22h

FY26 English Learners

\$12.5 million increase (25%) for English learners (sec. 41)*

- **Four-Year Increase: \$37.5 million increase (148.8%)** from \$25.2 million in FY 2022 to \$62.7 million in FY 2026
 - Services for English language learners under this section may include software to assist learning.
 - For the 2024-25 school year, the SFRC English learner recommendation would cost **\$904 million.**

*Recurring

Special Education Revenues and Expenses – Statewide 2023-2024

Revenue

Federal Sources	\$ 582,014,005
State Sources	\$1,857,794,817
Local Sources	<u>\$1,347,136,510</u>
Total Funds Available for Special Education:	\$3,786,945,332

Expenditures

Total Special Education Expenditures: \$4,403,758,323

Unfunded Special Education Costs: (\$ 616,812,991)

Students with Disabilities Foundational State Funding

- **One-Year Increase: \$28.5 million (5.7%)** for students with disabilities (sec. 51e)
- **Four-Year Increase: \$437.9 million increase (485.4%)** from \$90.2 million (Sec. 51f) in FY 2022 to \$528.1 million in FY 2026 (Sec. 51e)
- **Section 51f was rolled into a new section in FY 2023, which is now 51e

Goal 8 – Provide Adequate and Equitable School Funding

FY27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY27 Governor's Recommendation
56 and 56(7)*	Special Ed Millage Equalization	\$74,208,100	\$89,208,100 (20% increase)
41 /22b	Bilingual Education	\$62,732,600	\$66,532,600 (6.1% increase)
51e	Special Education Foundations	\$528,100,000	\$535,000,000 (1.3% increase)

*Revised formula to better equalize the impact of special education costs on districts

FY 27 Executive Recommendation Proposal

Sec. 51i

NEW

- MI Blueprint Framework from Sec. 51h
 - Intent to implement in FY28 a weighted special education funding formula that works toward specified target weights for payments to districts and intermediate districts for identified special education students.

Goal 2 - Improve Early Literacy Achievement

FY27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY27 Governor's Recommendation
35a(4)	Early Literacy Teacher Coaches	\$42,000,000	\$52,500,000* (20% increase)
35a(10)	LETRS	\$10,000,000	\$50,000,000 (Over 5 years)**
35m	Literacy Supports	\$64,400,000	\$100,000,000 (over 2 years)
NEW(ish) 35o	Literacy Essentials	\$4,000,000 (Sec. 35m)	\$6,000,000
NEW 35p	High-Impact Tutoring	\$0	\$100,000,000

*35a: Requires funding for each ISD to hire one additional literacy coach.

**35a: MDE boilerplate change request regarding LETRS reporting included

Goal 2 Improve Early Literacy Achievement

NEW Sec. 35o:

\$6m to the smallest ISD in Michigan to lead statewide literacy work aligned with the science of reading.

- The recipient would then partner with the state ISD administrator to:
 - Maintain literacy essential training modules.
 - Lead training for coaches, teachers, and school/district administration.
 - Run a statewide literacy coach network.
 - Funded coaches must complete LETRS and join the network.
 - Place regional coaches to support local coaches and educators and collect regional data on effectiveness.
 - Meet monthly with MDE and MiLEAP.

NEW Sec. 35p:

\$100m for a competitive grant to implement high-impact tutoring in eligible districts.

- High-impact tutoring is defined as in-person, during the school day, tutor ratios not higher than 1:4, a minimum of 2 sessions a week, and include structured, evidence-based curriculum with trained tutors with formative assessments to track progress.
 - Virtual waivers permitted.
- To qualify, vendors must be approved by at least one of the following accrediting organizations: Johns Hopkins (ProvenTutoring), Stanford (NSSA), or MiStrategyBank.

Goal 3 Improve the Health, Safety, and Wellness of All Learners

FY 27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
30d	Free Meals for All Students	\$201,600,000 (\$200m ongoing SAF, \$1.6m one-time GF)	\$200,000,000 (recurring)*
31n	Mental Health Grants	\$107,845,000	\$107,845,000

Sec. 30d:

- Governor recommends permanently codifying Michigan School Meals in the Revised School Code in her budget implementation bills section
- Nonpublic schools not included

Goal 3 Improve the Health, Safety, and Wellness of All Learners

- **SB 784 Meal Programs (Polehanki)**
 - This bill would codify the free school lunch and breakfast program in the Revised School Code.
- **SB 785 Meal Programs (Polehanki)**
 - This bill would modify the free school lunch and breakfast program in the State School Aid Act.

These bills would permanently codify Michigan School Meals in the Revised School Code. They were introduced shortly after the Executive Budget Recommendation.

Goal 3 Improve the Health, Safety, and Wellness of All Learners

FY27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
31a	School Based Health Centers	\$33,000,000	\$33,000,000
31a	Hearing, Vision, and Dental Screenings	\$11,650,000	\$11,650,000
31aa	Mental Health Per Pupil Payments	\$321,000,000 (\$300m one-time SAF, \$21m one-time GF for nonpubs)	\$300,000,000 (SAF only, waiver language remains, Dec. 31 deadline removed)

Section 27l – Educator Compensation

- “Eligible populations are broadly defined in the legislation. It is not confined to instructional personnel. Section 27l(7)(a) specifies: “’Educator’ includes, but is not limited to, teachers, librarians, speech therapists, language therapists, physical therapists, occupational therapists, school counselors, school social workers, school psychologists, school nurses, paraprofessionals aids, food service workers, custodians, bus drivers, and literacy coaches. Educator also includes any other school employee covered under a collective bargaining agreement.” (emphasis added) A district could limit it to instructional personnel, but the law does not mandate such a limit. Similarly, the law does not prohibit or obligate districts to use funds to increase compensation for school administrators or for educators who are directly employed by third party service providers.”

Goal 7 Increase the Number of Certified Teachers in Areas of Shortage

FY 27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
27a	MI Future Educator Fellowship	\$25,000,000	\$25,000,000 (note boilerplate)
27b	GYO	\$70,000,000	\$60,000,000 (note boilerplate)
27c	MI Future Educator Student Teacher Stipends	\$50,000,000	\$50,000,000 (note boilerplate)

Goal 7 Increase the Number of Certified Teachers in Areas of Shortage

FY27 Executive Recommendation Proposal

NEW Boilerplate

- Sec. 27a (Mi Future Educator Fellowship) & Sec. 27c (Mi Future Educator Stipend)
 - Adds requirement that must include pedagogical methods grounded in the science of reading or provide MiLEAP a public plan to comply with PA 147 by 9/30/27
- Sec. 27b (Grow Your Own)
 - Adds a new category for school librarian specialist certification grants

Goal 4 Expand Secondary Learning Opportunities for All Students

FY 27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
61a	CTE Programming	\$41,733,800	\$44,233,800 (6% increase)
61b	CTE Middle College Program	\$8,368,000	\$8,868,000 (6% increase)
61d	CTE Incentive Payment	\$13,400,000	\$0
61v	CTE Pathways to Success	\$70,000,000 (over 5 years)	\$0

Goal 4 Expand Secondary Learning Opportunities for All Students

FY27 Executive Recommendation Proposed

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
NEW 21b*	Dual Enrollment Incentives	\$0	\$20,000,000
94	AP/IB/CLEP	\$2,600,000	\$1,200,000 (54% decrease)

*NEW Sec. 21b: Grant administered by MDE to reimburse districts from opportunity index bands 4, 5, or 6 for student enrollment at eligible post-secondary institutions

Other FY 27 Executive Recommendation Proposals

Section	Line Item Description	FY 26 Year-to-Date	FY 27 Governor's Recommendation
NEWish 23h	Mathematics Pathways	\$0	\$12,000,000
NEWish 99s	MiSTEM Network Regions	\$0	\$8,000,000
99h	First Robotics	\$5,600,000	\$5,600,000

NEW Sec. 23h:

\$12m total for professional learning for math educators.

- \$3m for professional learning, including instructional and leadership coaching, for math educators for grades PreK-5.
 - Development of learning systems with MiStrategy Bank.
- \$9m to fund early math specialists within ISDs to support school personnel in implementing instructional strategies for PreK-5 students.
- Funds available until the end of FY 29.

*Slight boilerplate changes and slight increase in funding over FY25 levels

Other FY 27 Executive Recommendation Proposal

Sec. 164m

NEW

- Districts must:
 - Comply with PA 146 (MCL 380.1280f)
 - Implement a multi-tiered system of supports
 - Use weighted funding to support student needs on items identified in a district's MICIP plan
 - Communicate information detailing the amount of funding received and what evidence-based interventions were implemented with the dollars, as well as literacy related results for the district
- MDE must:
 - Monitor districts for compliance with this section and withhold monthly state aid payments for noncompliance



What Questions Do
You Have?