MSBO Update – June 2026

Middle MI SBO

June 5, 2026

Jason Helsen
Associate Executive Director
MSBO

Agenda

- MSBO Events
- FY2025-26 Budget
- FY2026-27 Proposals
- Legislative Update & Other items
- Q&A

THANK YOU!

MICHIGAN Department of Education

SBO State Budget Office

HOUSE FISCAL AGENCY

MICHIGAN SENATE FISCAL AGENCY

MASA

OaklandSchools

SAGINAW ISD
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CISD
CALHOUN INTERMEDIATE SCHOOL DISTRICT
An Educational Service Agency

Education Advocates of West Michigan

MISD

MSBO Events

- *BUSY SEASON – Back to School…*
- Aug - Back to School & BMA started
- Sept - Leadership Institute started, MDE/MSBO Workshop – Sept 11, Intro to School Business – Sept 23-24
- Oct - Facilities Conf – Oct 5-7, Up North Workshop – Oct 9-10, UPSBO Fall Conference & Cert classes, ASBO International ACE, Group Solutions
- Nov – Group Solutions (Payroll), Cert Classes

MSBO Events

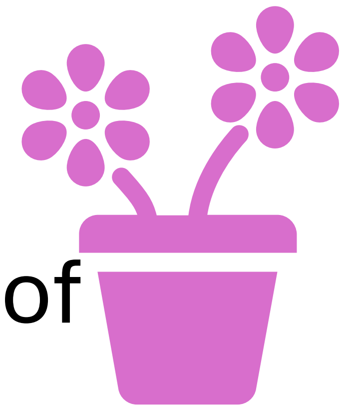
- *MIDWINTER ACTIVITITES ****
- Dec - Leadership Dimensions (rescheduled), Navigating Grants Webinar – Dec 2-9-16, 2025
- January CREC – Friday 1/16/26 – School Finance Committee meeting - debrief with SFA
- Financial Strategies – Jan 21-22, 2025
- Feb – Group Solutions for Transportation, Human Resources, Technology, and Facilities
- *And more…*see calendar of events

MSBO Events

- *MIDWINTER ACTIVITITES ****
- Dynamic Budget Projections available
- FY2025-26 Bus Purchasing Program – Now open
- MPCC update coming – BMO to **US Bank**
- MSBO/Hiring Solutions Survey – findings released at AC 2026

MSBO Events

- *Warmer Weather ahead…*
- MSBO Board of Directors election results
- MSBO AC wrapped last week – record number of attendees once again in 2026!
- Video of some AC highlights
- BMA is open for applications – due June 30



MSBO Events

- *The home stretch…*
- May CREC & Sch Fin Committee recap – Fri May 15
- Financial Statement Prep Workshop June 2
- Business Manager/CPA Workshop June 3
- *Onward to FY2026-27!*

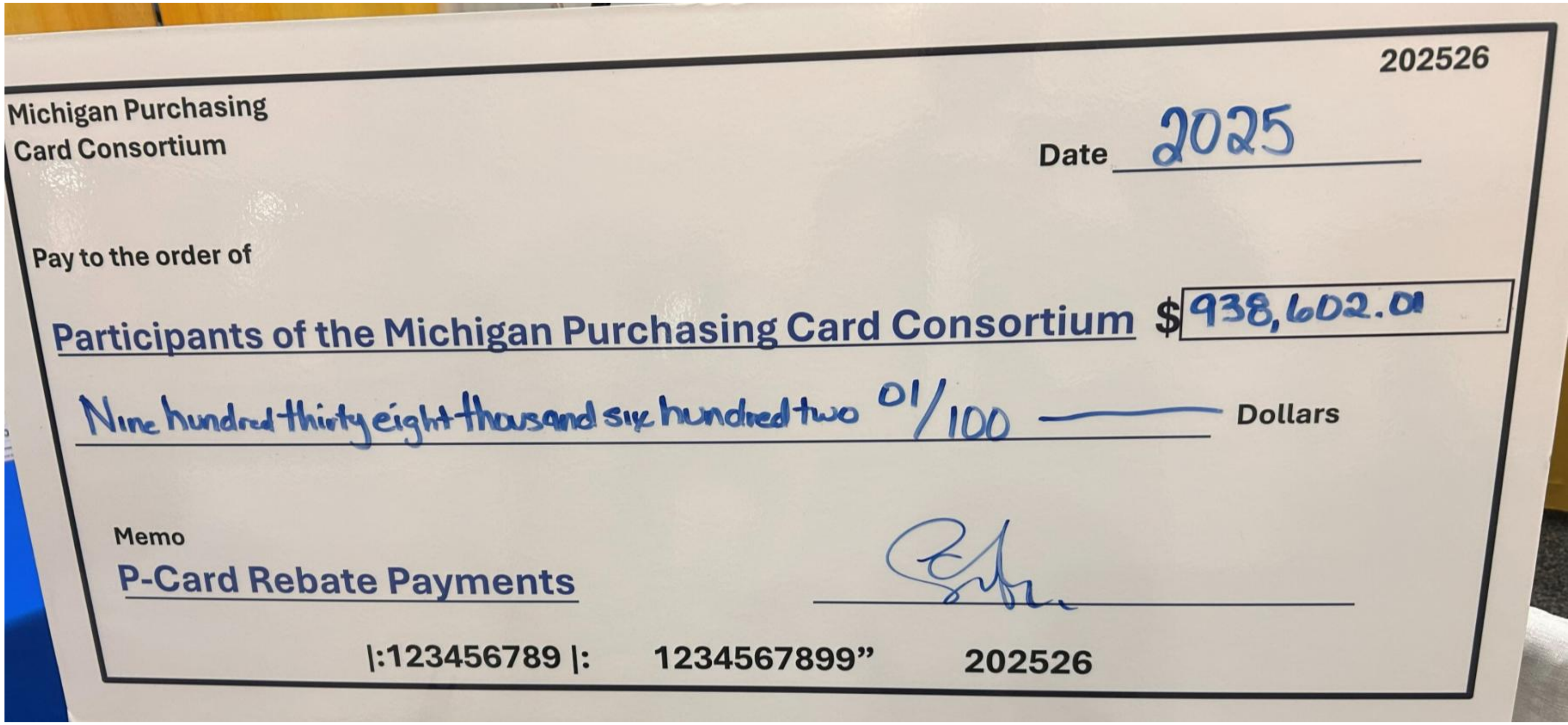
MSBO Update

- MSBO Exchange – LIVE March 10, 2026
- MSBO Back to Basics - LIVE

MSBO Update – Business Solutions

MPCC looks to further improve card program through new partnership with US Bank.

MPCC pays record rebates to member districts!



MSBO Update

- *Annual Update items…*
- FY2025-26 Competitive Bid Threshold: $31,321
- 2026 IRS Mileage Rate – 72.5 cents/mile
- 2026 Income Deferral limit increases - $24,500
- 2026 HSA Contribution limits - $4,400 S/$8,750 F
- MI minimum wage – $13.73/hour for 2026
- MI overtime rules – “no tax on OT” is really an individual tax deduction for 2026, 2027, 2028
- Tech bids coming in MUCH higher than FY2025-26

MSBO Update

- *Summer & Fall 2026 items upcoming…*
- Back to School Workshop – Aug 4-5-6, 2026 – 9-11 AM each day
- MDE/MSBO Workshop – Sep 10, 2026
- Up North Workshop – Oct 1-2, 2026 at Crystal Mt
- Facilities Conference – Oct 4-6, 2026 at Crystal Mt

FY2025-26 School Aid Fund Budget

- Shutdown crisis (somewhat) averted
- Continuation budget early morning Oct 1
- Funded government and GF/GP
- *No SAF appropriation at first!*

- Senate Bill 166 and Conference Committee on Oct 2
- Deal reached early morning Oct 3
- Passed to Gov's desk for signature on Oct 4
- Governor Whitmer signed on Tu, Oct 7 – *PA 15 of 2025*

FY2025-26 School Aid Fund Budget

- ***Headline items***
- $10,050 Foundation Allowance (+$442, no cyber cut) – 4.6%
- Sec. 30d MI School Meals continues - $200 million, added funds for nonpublic schools
- Big increase for Sec. 31A At Risk (25% or ~$258 million)
- More higher ed funding (-$400 million)
- Loss of Sec. 147a1 (-$100 million)

- *Note: the following will not be exhaustive but hopefully gives you good context of the SB166 SAF budget deal*

FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Revenue side:**
- Sec. 147a1 MPSERS Cost Offset (-$100 million) ELIMINATED in Conf – *this is a hit to district bottom lines*
- Sec. 147a2 MPSERS Normal Cost Offset (reduced by $28.9 million in FY2025-26, increased by $50 million in FY2024-25 suppl) – *expected according to budget proposals*
- Sec. 147a3 MSPERS Cost Offset/ISDs (-$12 million) ELIMINATED in Conf - *this is a hit to ISD bottom lines*

FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Revenue side CONTINUED:**
- Sec. 147a4 MPSERS Cost Offset UAAL (-$598 million) ELIMINATED – *while expected, this is a **HUGE HIT** to district bottom lines*
- Sec. 147c State Share – net increase of $247.4 million (147c2 is eliminated and 147c1 increases to offset) – *matches up with MPSERS UAAL rate of 15.02%*
- Sec. 147e DC Added Costs – increase by $13.7 mm ($118.4 mm)
- Sec. 147g EE HCC Reimb (-$181.5 million) ELIMINATED – *no FY2024-25 supplemental adjustment either***
- ***What about Sec. 27L though?*

FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Expenditure side:**
- No changes to FY2025-26 rate reduction as threatened
- 5.75% rate cap reduction (to 15.21%) goes into effect, but so do normal cost increases…*is your district somewhere around the 3% blended rate reduction?*
- At 10/1/25 – no more 3% EE HCC deduction
- MPSERS UAAL Stabilization goes back up…15.02% published rate
- FY2025-26 Rate Sheet
- ORS Infographic & State Aid resource

FY2025-26 School Aid Fund Budget

- **Sec. 31aa Mental Health and School Safety**
- $321 million for FY2025-26 only ($300 mm SAF & $21 mm GF)
- New requirements for SROs (licensed law enforcement)
- Adds: safety dogs, cell phone free policies as allowable
- Sec. 31aa(3) – per-pupil grants
- Sec. 31aa(4) added - $53.5 million – competitive grants for SRO's and safety dogs
- Sec. 31aa(5) added - $53.5 million – competitive grants for mental health professionals

FY2025-26 School Aid Fund Budget

- **Sec. 31aa Mental Health and School Safety CONTINUED**
- Sec. 31aa(9) added - ***To receive funding under this section, a district must agree to be subject to a comprehensive investigation, must affirmatively agree to waive any privilege that may otherwise protect information from disclosure in the event of a mass casualty event, and must agree to comply with a comprehensive investigation…(continues)***
- Sec. 31aa(10 & 11) added – work project language added to allow carryover into FY2026-27 and completion date 9/30/2029
- ***Deadline for district opt-in - Dec 4, 2025 – Rescind opt-in – Dec 30, 2025***
- ***Lawsuit…preliminary decision…what next?***

FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items CONTINUED**
- Sec. 27L – NEW $350.3 million
- Two distinct parts – Sec. 27L(2) Educator Compensation
- $203 million SAF for FY2024-25 only…conditional on State Budget Director to lapse remaining Sec. 27k funds ***
- Allocated on per-pupil basis…district *shall* increase compensation for educators. Educator is defined but not limited. Includes union EE's.
- District *shall* bargain any increases in compensation with unions and payments *shall* be in addition to existing CBA
- ***ORS – says yes this is MPSERS reportable***
- ***Paid on PY Adj in December 2025 State Aid***

FY2025-26 School Aid Fund Budget

From Dec 2025 State School Aid Update:

*"The statutory language is broad and **does not specify methods** for increasing compensation, **such as dedicating it all to salary increases**. For ORS reporting information of this compensation, please review MPSERS Employer News – December 2025. Questions regarding employer taxes and other benefit costs should be referred to districts' legal counsel. Additional questions regarding this program and funding should be directed to MDE-EdWorkforceGrants@michigan.gov.“*

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FY2025-26 School Aid Fund Budget

- F
- S

From Dec 2025 State School Aid Update:

*"The statutory language is broad and **does not specify methods** for increasing compensation, **such as dedicating it all to salary increases**.*

Questions:

FICA taxes & MPSERS costs? *Not required to be allocated to salary* (per MDE Dec 2025 State School Aid Update).

Non-reportable methods of compensation? *Not sure how to reconcile these two. Read MPSERS Dec 2025 Employer News carefully.*

Timing? *Final deadline of September 30, 2027.*

Reporting? *Grant code required – 274X. Program office may ask for more reporting…stay tuned.*

What else? *Additional questions regarding this program and funding should be directed to MDE-EdWorkforceGrants@michigan.gov.*

FY2025-26 School Aid Fund Budget

From Dec 2025 State School Aid Update:

MSBO performed a Sec. 27L(2) survey at member request - LINK for results

Most said…

- **YES** to non-union
- **YES** to administrators
- **NO** to 3rd parties
- **YES** to netting FICA & MPSERS

Many mentioned…

- Their approach/negotiations are still in progress
- They were excluding their superintendent
- And/or paying central office out of General Fund
- They produced a unique allocation method for their EE's

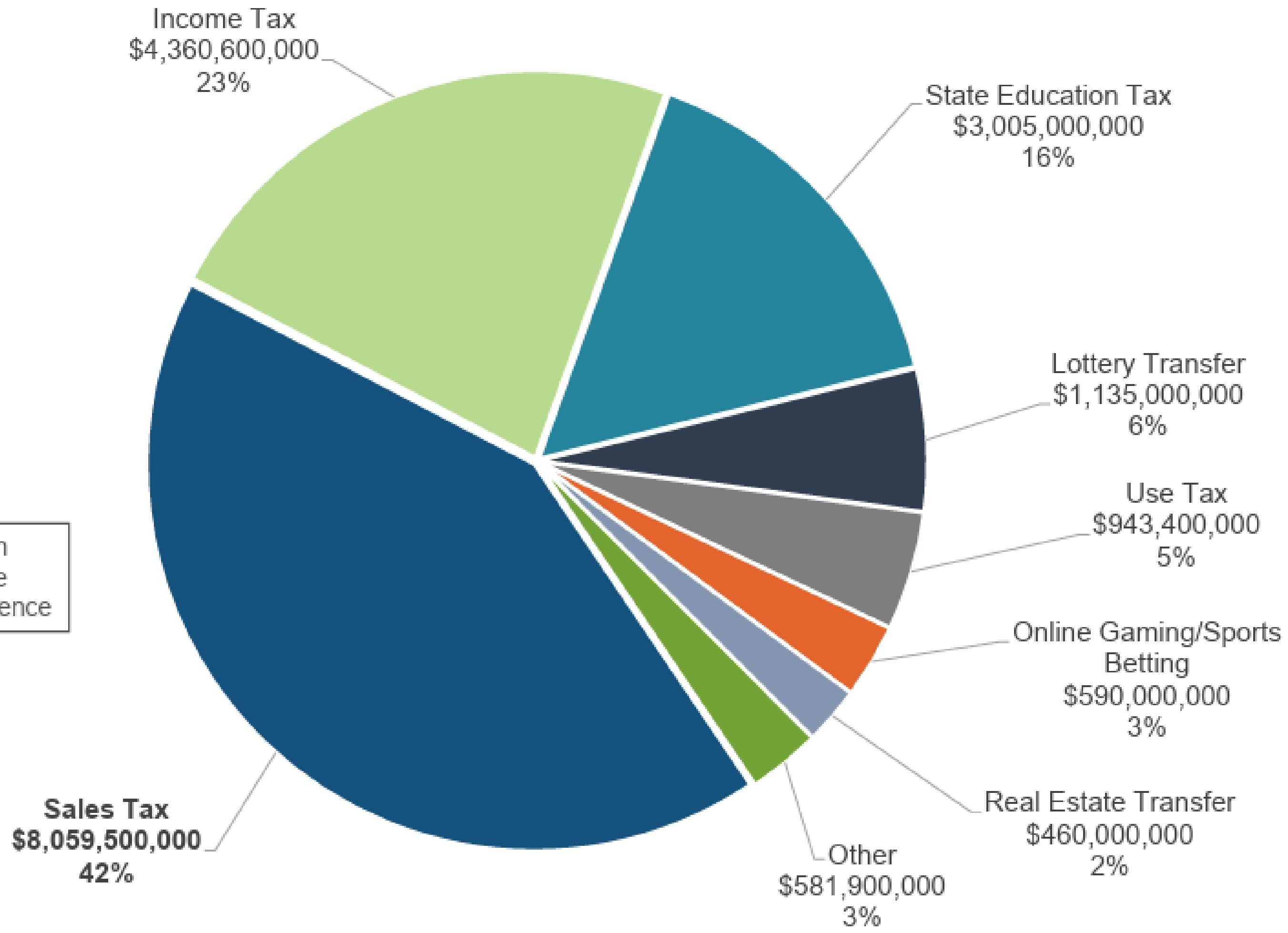
What else? *Additional questions regarding this program and funding should be directed to MDE-EdWorkforceGrants@michigan.gov.*

FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items CONTINUED**
- Sec. 27L(4) Education Compensation – NEW $147.3 million (est. remaining bal. of MPSERS reserve fund). Carries forward to FY2025-26.
- Offset normal costs of retiree health, allocation spelled out below
- *Allocated for payments to participating entities* ***to offset normal costs associated with retiree health benefits****. The amount allocated to each participating entity under this subsection must be based on the participating entity's proportion of the total funding distributed in 2024-2025 under section 147g. Participating entities* ***must*** *use funding distributed under this subsection as an* ***offset for normal costs associated with retiree health benefits****.*
- ***Paid on PY Adj in November 2025 State Aid***

SAF K-12 FY2025-26 Budget

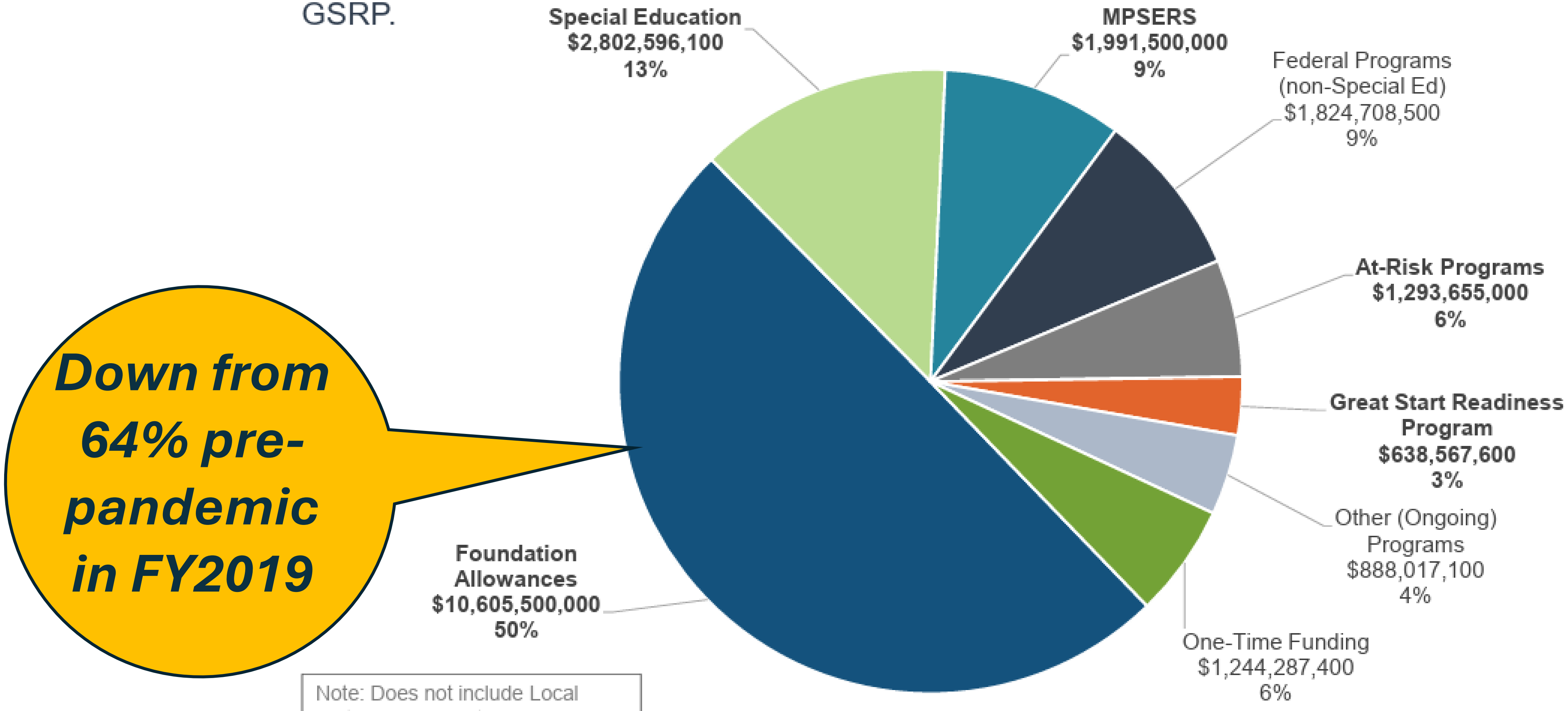
Sales tax is the largest revenue source, contributing **42%** of the **$19.1 billion** in total estimated SAF revenue for FY 2025-26.



* Figures based on Jan 2026 Revenue Estimating Conference

SAF K-12 FY2025-26 Budget

81% of the total **$21.3 billion** School Aid budget supports foundation allowances and the top four non-federal spending categories: Special Education, MPSERS, At-Risk, and GSRP.



Note: Does not include Local portion of Foundation Allowances

SAF K-12 FY2025-26 Budget

The foundation allowance is **$10,050** per pupil for FY 2025-26.

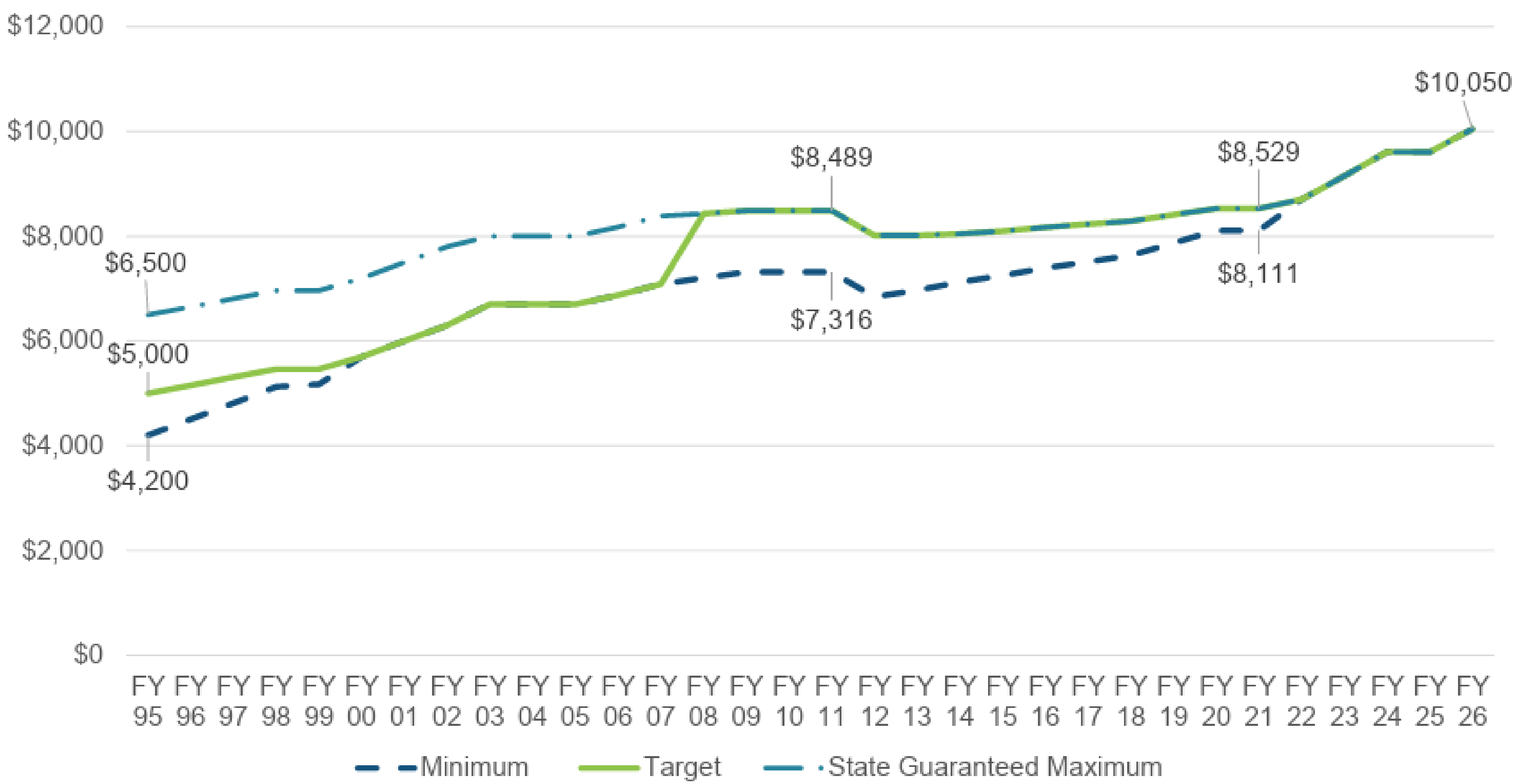
Foundation

Allowance

over time…

no longer a

spread



Source: House Fiscal Agency, Jan 2024

State Budget FY2025-26

Budget Time Frame

At any time during the fiscal year, SFA fiscal analysts may be engaged in program analysis, information gathering, and budget tracking. The annual creation of the State budget, however, provides the most common framework by which fiscal analysts serve the Senate.

Legislative action to develop the annual budget for the State fiscal year begins in January and typically ends by early July. Budgetary adjustments, including supplemental appropriations and transfers between line items, are necessary throughout the fiscal year.

The table below describes the activities surrounding the creation and maintenance of the annual State budget, including legislative activity and the SFA's role in the process, based on the customary time frame.

JANUARY	FEBRUARY	MARCH APRIL MAY	JUNE	JULY AUGUST SEPT.	OCT. NOV. DEC.
Legislative Action					**Legislative Action**
Governor's State of the State is delivered and budget recommendation is prepared for submission to the Legislature.	Governor's budget is delivered, legislative action begins.	Subcommittees make decisions, Appropriations Committee meets, floor votes take place.	Budget targets are negotiated between the Executive and the Legislature. Conference Committees meet.	Governor signs appropriation bills and issues vetoes. Veto overrides are considered. Current-year budget adjustments are considered. Fiscal year ends September 30.	New fiscal year begins October 1. Appropriations Committee considers year-end transfers.
Senate Fiscal Agency Action					**Senate Fiscal Agency Action**
First Consensus Revenue Estimating Conference (CREC) is scheduled. SFA prepares applicable documents, schedules future hearings, and provides background briefings.	SFA presents analysis of Governor's budget. Subcommittee hearings begin.	Decision documents are prepared, SFA works with Subcommittee chairs and members to develop proposals, substitute bills are prepared and analyzed, amendments are drafted. SFA revenue forecast is released. Second CREC is held in May.	SFA provides staff support to Conference negotiations, and prepares and analyzes Conference Reports.	Analysis of initial legislation is completed. Initial Appropriations Report is distributed. Year-end budgetary adjustments and lapse estimates are completed.	SFA Year-End Appropriations Report is generated. SFA Economic and Revenue Forecast is released. Mid-year budget adjustments (transfers, supplementals, Executive Orders) are analyzed as needed.

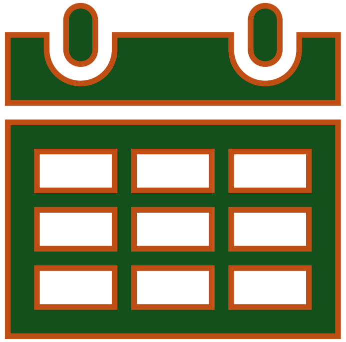
Senate Fiscal Agency

April 27, 2017

- ***So where do we stand?***
- *Think about impact not only back to start of FY2025-26 but* ***forward on FY2026-27 planning***
- *The "normal" flow has been* ***disrupted***

FY2026-27 State Budget

- Process starts with January CREC (annual) and Executive Budget Recommendation (Governor & team) in February
- Process continues with House & Senate recommendations in spring
- May CREC (annual) is another key guidepost



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 & May 2026 CREC

Table 2

May 2026 Consensus Forecast

(millions)

Net Revenue Estimates

	FY 2026			FY 2027			FY 2028		
	Jan 2026 Consensus	May 2026 Consensus	Change From Consensus	Jan 2026 Consensus	May 2026 Consensus	Change From Consensus	Jan 2026 Consensus	May 2026 Consensus	Change From Consensus
Net GF-GP Revenue	$14,134.1	$14,362.0	$227.9	$14,074.6	$14,168.8	$94.2	$14,484.2	$14,559.9	$75.7
Percent Growth	-2.4%	-0.8%		-0.4%	-1.3%		2.9%	2.8%	
Dollar Growth		($119.2)			($193.1)			$391.0	
Net SAF Revenue	$19,135.4	$19,214.8	$79.4	$19,568.3	$19,647.9	$79.6	$19,965.7	$20,063.8	$98.1
Percent Growth	2.3%	2.7%		2.3%	2.3%		2.0%	2.1%	
Dollar Growth		$501.2			$433.1			$416.0	
Combined	$33,269.5	$33,576.8	$307.3	$33,642.9	$33,816.7	$173.8	$34,449.9	$34,623.7	$173.8
Percent Growth	0.2%	1.2%		1.1%	0.7%		2.4%	2.4%	
Dollar Growth		$382.0			$240.0			$807.0	

Source: May 2026 CREC agreement.

State Budget & Jan 2026 CREC

Table 2

January 2026 Consensus Forecast

(millions)

Net Revenue Estimates

	FY 2025	FY 2026			FY 2027			FY 2028
	Preliminary	May 2025 Consensus	Jan 2026 Consensus	Change From Consensus	May 2025 Consensus	Jan 2026 Consensus	Change From Consensus	Jan 2026 Consensus
Net GF-GP Revenue	$14,475.8	$15,114.6	$14,134.1	($980.5)	$15,343.7	$14,074.6	($1,269.1)	$14,484.2
Percent Growth	-0.4%	4.3%	-2.4%		1.5%	-0.4%		2.9%
Dollar Growth	($51.2)		($341.7)			($59.5)		$409.6
Net SAF Revenue	$18,713.3	$18,934.3	$19,135.4	$201.1	$19,398.6	$19,568.3	$169.7	$19,965.7
Percent Growth	3.5%	2.1%	2.3%		2.5%	2.3%		2.0%
Dollar Growth	$638.8		$422.1			$432.9		$397.4
Combined	$33,189.1	$34,048.9	$33,269.5	($779.4)	$34,742.3	$33,642.9	($1,099.4)	$34,449.9
Percent Growth	1.8%	3.1%	0.2%		2.0%	1.1%		2.4%
Dollar Growth	$587.5		$80.4			$373.4		$807.0

Source: Jan 2026 CREC agreement.

State Budget & May 2026 CREC

FY 2026-27: School Aid Fund Balance Sheet (Baseline)

	FY 2025-26	FY 2026-27
BEGINNING BALANCE	**$1,705.6**	**$1,018.5**
REVENUE		
School Aid Fund (SAF) Revenue: Jan 2025 CREC	$19,135.4	$19,568.3
SAF Revenue: May 2025 CREC Adjustment	$79.4	$79.6
General Fund/General Purpose (GF/GP)	$73.2	$46.3
Other Restricted Funds	$525.0	$0.0
Reserve Fund Deposits	($456.1)	$0.0
Federal Funds	$2,407.7	$2,405.7
TOTAL REVENUE	**$21,764.6**	**$22,099.9**
EXPENDITURES		
School Aid (Adj for CREC revisions)	$21,105.5	$19,669.8
Community Colleges	$495.4	$478.5
Higher Education	$850.8	$844.9
TOTAL EXPENDITURES	**$22,451.7**	**$20,993.2**
TOTAL ENDING BALANCE	**$1,018.5**	**$2,125.2**

School Aid Fund balance sheet, May CREC (baseline, prior to Exec Recommendation)

Source: House Fiscal Agency, May 2026.

State Budget & May 2026 CREC

FY 2026-27: General Fund Balance Sheet (Baseline)

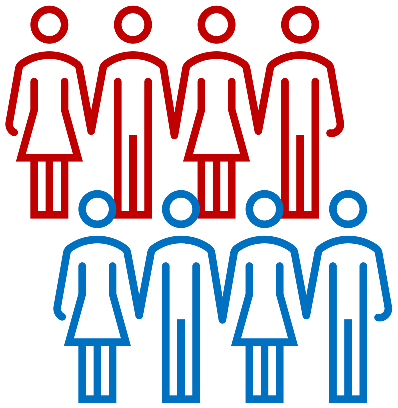
	FY 2025-26	FY 2026-27
BEGINNING BALANCE	**$240.6**	**$0.0**
REVENUE		
General Fund (GF/GP) Revenue: Jan 2025 CREC	$14,134.1	$14,074.6
GF/GP Revenue: May 2025 CREC Adjustment	$227.9	$94.2
Revenue Sharing	($627.2)	($627.2)
Other	$13.3	($102.7)
TOTAL REVENUE	**$13,748.1**	**$13,438.9**
EXPENDITURES		
Ongoing Appropriations (Adj for CREC revisions)	$13,588.1	$14,323.8
One-time Appropriations	$526.5	$0.0
GF/GP to School Aid	$73.2	$46.3
Supplementals/Other	$29.2	$118.7
TOTAL EXPENDITURES	**$14,143.8**	**$14,492.6**
TOTAL ENDING BALANCE	**($155.1)**	**($1,020.0)**

General Fund/General Purpose balance sheet, May CREC (baseline, prior to Exec Recommendation)

Source: House Fiscal Agency, May 2026.

FY2026-27 State Budget - Executive

- Executive Budget Recommendation presented to Joint Appropriations Committee on Wed, Feb 11, 2026
- Budget Director Jen Flood: Budget proposal helps "*Michiganders save money, improve student literacy, protect access to health care, and sets MI up for long term success.*"



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FY2026-27 State Budget - House

- House Bill 5628 released during AC week…
- *Expected to include weighted avg FTE/Foundation Allowance but **did not**.*
- *Least like the other two proposals but still a lot of similarities.*
- *Likely less for traditional K-12 to love here…**maybe**?*
- *What happens in negotiations? **Anyone's guess…***

FY2026-27 State Budget - Senate

- Senate Bill 858 released during AC week…
- *Goes further than the Governor's proposal in some key areas.*
- *Provides **15-year (!!!) phase-in** to fully fund certain weighted average FTE/FA priorities.*
- ***More like the Gov's** than House's.*
- *Some sections that are clear union priorities that may not be popular with our members.*

FY2026-27 State Budget

- Gov: Foundation Allowance: $250 increase to $10,300 (2.5% increase)
  - *Cyber School FA $8,240*
- House: agrees, cyber at 100%
- Senate: Agrees with Governor
- *Bottom line: 2.5% increase looks solid; is it enough?*

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).

FY2026-27 State Budget

- Gov: Defines weighted pupil and establishes weights > 1.0 FTE for ELL & 31A (economically disadvantaged). ELL 1.019-1.1687, 31A 1.01692-1.2273
- House: Not included.
- Senate: Agrees with Governor, sets a 15-year phase-in for weights to increase. **Allows district to use higher of actual or 3-yr avg count**.

FY2026-27 State Budget

- Dual enrollment – all 3 include Sec. 21b to reimburse districts for costs. Range $20-60 million.
- **Transportation – all 3 include**, range $125-150 million.
- Declining enrollment – G & H include Sec. 29 ($125/71 mm), S addresses through expanded use of 3-year average count.

FY2026-27 State Budget

- Sec. 30d Universal meals – **all continue funding**. House makes a statement about prohibiting all soda and candy to students as well as chemicals and dyes.
- Sec. 32d & 39 – all make **continued increased investments in GSRP**.
- All include new Sec. 32p early learning partnerships at about $30 million
- All include increases to Sec. 54d Early On

FY2026-27 State Budget

- Sec. 35a Literacy – all 3 make **significant increases**. G & S concur; **LETRS training** in all 3. $102-117 million.
- Sec. 35p – all 3 include for high-impact tutoring. $50-100 million.
- All 3 include literacy dashboard (Sec 35O or Sec. 35Q) through MDE.

FY2026-27 State Budget

- ***Key Differences - House***
- Sec. 16a withholds 20% of funding for violating new statement re: a number of current race/DEI/gender initiatives.
- Sec. 35Q - $40 million for parents to pay private tutors. Limited to 20 districts.
- Sec. 67 FAFSA – repeals, others include.
- Sec. 164m – did not include, others did.

FY2026-27 State Budget

- ***Key Differences - Senate***
- Sec. 21f allows for 6 days of virtual learning. 3 days for testing; 3 days for weather or emergency closing.
- Sec. 27L - $150 million for educator compensation. This time around – bonuses, not MPSERS reportable.

FY2026-27 State Budget

- Other key areas...**Sec. 31aa**:
- Gov: $300 million, retains district waiver language. Intent language - $50 mm ongoing.
- Senate: $300 million, retains waiver language but limits definition of mass casualty, includes some new requirements. FY2026-27 one-time funding.
- House: $300 million, retains waiver language but limits definition of mass casualty. Intent language - $200 mm ongoing.

FY2026-27 State Budget

- Other key areas…**MPSERS & Sec. 147**:
- House & Senate – concur with Governor's proposal
- All 3 eliminate the $100 million offset (Sec. 147a1) taken in the 11th hour last year.

FY2026-27 State Budget

- Sec. 147 funding…
- Sec. 147a1 – gone in Gov's proposal
- Sec. 147a2 – decrease from approx. $336 million to approx. $307 million
- Sec. 147c1 – decrease from approx. $1.54 billion to $1.45 billion – UAAL rate of 13.51%
- Sec. 147e – slight increase
- Sec. 147g - NONE

FY2026-27 State Budget - MPSERS

MPSERS Retirement Rates for FY2027								
	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
Total Rate	41.02%	36.28%	34.85%	28.72%	30.15%	28.72%	39.59%	34.92%
Employer Rate:								
Pension Normal Cost	10.87%	6.13%	6.13%	0.00%	0.00%	0.00%	10.87%	6.20%
Pension UAAL	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%
Pension Total Rate	**26.08%**	**21.34%**	**21.34%**	**15.21%**	**15.21%**	**15.21%**	**26.08%**	**21.41%**
Health Normal Cost	1.43%	1.43%	0.00%	0.00%	1.43%	0.00%	0.00%	0.00%
Health UAAL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retiree Health Total Rate	**1.43%**	**1.43%**	**0.00%**	**0.00%**	**1.43%**	**0.00%**	**0.00%**	**0.00%**
Employer Capped Rate	**27.51%**	**22.77%**	**21.34%**	**15.21%**	**16.64%**	**15.21%**	**26.08%**	**21.41%**
Stabilization Rate (State Funded)	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**

FY2026 Employer Capped Rate	**29.91%**	**25.17%**	**21.34%**	**15.21%**	**19.04%**	**15.21%**	**26.08%**	**21.41%**

FY2026-27 State Budget - MPSERS

MPSERS Retirement Rates for FY2027								
	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
Total Rate	**41.02%**	**36.28%**	**34.85%**	**28.72%**	**30.15%**	**28.72%**	**39.59%**	**34.92%**
Employer Rate:								
Pension Normal Cost	10.87%	6.13%	6.13%	0.00%	0.00%	0.00%	10.87%	6.20%
Pension UAAL	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%	15.21%
Pension Total Rate	**26.08%**	**21.34%**	**21.34%**	**15.21%**	**15.21%**	**15.21%**	**26.08%**	**21.41%**
Health Normal Cost	1.43%	1.43%	0.00%	0.00%	1.43%	0.00%	0.00%	0.00%
Health UAAL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retiree Health Total Rate	**1.43%**	**1.43%**	**0.00%**	**0.00%**	**1.43%**	**0.00%**	**0.00%**	**0.00%**
Employer Capped Rate	**27.51%**	**22.77%**	**21.34%**	**15.21%**	**16.64%**	**15.21%**	**26.08%**	**21.41%**
Stabilization Rate (State Funded)	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**	**13.51%**

FY2026 Employer Capped Rate	**29.91%**	**25.17%**	**21.34%**	**15.21%**	**19.04%**	**15.21%**	**26.08%**	**21.41%**

FY2026-27 State Budget – Higher Ed

- Community College increases from $493 mm to $525 mm – approximately $32 mm increase
- University spending increases from $851 mm to $1.38 BB – *an additional $528 mm*
- This totals approximately **$1.8 billion** in proposed higher education spending out of the School Aid Fund for FY2026-27
- This equates to nearly **$1,400 per student** spread equally statewide…*what would $11,700 per student mean for your district?*

FY2026-27 State Budget - Higher Ed

House Proposal		FY2026-27		Total Higher Ed to SAF:
Budget Area	Gross	SAF	GF/GP	
School Aid	$ 21,524,830,200	$ 18,705,849,400	$ 67,334,900	
Community College	$ 491,039,800	$ 491,039,800	$ -	
Higher Education	$ 2,161,916,700	$ 844,918,300	$ 1,131,798,400	$ 1,335,958,100
Total	$ 24,177,786,700	$ 20,041,807,500	$ 1,199,133,300	

Senate Proposal		FY2026-27		
Budget Area	Gross	SAF	GF/GP	
School Aid	$ 22,023,029,300	$ 19,143,728,500	$ 50,834,900	
Community College	$ 490,763,500	$ 490,763,500	$ -	
Higher Education	$ 2,590,132,800	$ 939,678,600	$ 1,415,254,200	$ 1,430,442,100
Total	$ 25,103,925,600	$ 20,574,170,600	$ 1,466,089,100	

Governor's Proposal		FY2026-27		
Budget Area	Gross	SAF	GF/GP	
School Aid	$ 21,403,420,100	$ 18,546,739,300	$ 45,334,900	
Community College	$ 525,371,600	$ 525,371,600	$ -	
Higher Education	$ 2,592,127,000	$ 1,247,418,300	$ 1,209,508,700	$ 1,772,789,900
Total	$ 24,520,918,700	$ 20,319,529,200	$ 1,254,843,600	

Health Insurance

Updated PA 152 Calculation

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CAP Calculation*	Effective Year
2014	2.1	2.3	2.2	2.4	2.8	2.6	2.6	2.1	2.0	2.1	2.5	3.0		
2015	2.6	2.3	2.5	2.9	2.8	2.5	2.5	2.5	2.5	3.0	2.9	2.6	2.5	
2016	3.0	3.5	3.3	3.0	3.1	3.5	3.9	4.9	4.9	4.3	4.0	4.1	3.3	
2017	3.9	3.5	3.5	3.0	2.7	2.7	2.6	1.8	1.6	1.7	1.7	1.8	3.4	
2018	2.0	1.8	2.0	2.2	2.4	2.5	1.9	1.5	1.7	1.7	2.0	2.0	1.9	
2019	1.9	1.7	1.7	1.9	2.1	2.0	2.6	3.5	3.5	4.3	4.2	4.6	2.0	2020
2020	4.5	4.6	4.7	4.8	4.9	5.1	5.0	4.5	4.2	2.9	2.4	1.8	3.3	2021
2021	1.9	2.0	1.8	1.5	0.9	0.4	0.3	0.4	0.4	1.3	1.7	2.2	3.7	2022
2022	2.6	2.4	2.8	3.2	3.7	4.5	4.8	5.4	6.0	5.0	4.2	4.0	1.3	2023
2023	3.1	2.3	1.5	1.1	0.7	0.1	-0.5	-1.0	-1.4	-0.8	0.2	0.4	4.1	2024
2024	1.0	1.4	2.2	2.6	3.1	3.3	3.2	3.0	3.3	3.3	3.1	2.8	0.2	2025
2025	2.6	2.9	2.7	2.7	2.5	2.8	3.4	3.3	3.3	3.3	2.9	-	2.9	2026
2026	-	-	-	-	-	-	-	-	-	-	-	-	3.0	2027

2027 PA152 memo released 3/27/2026 – 3.0% increase

Expect the 2027 PA 152 Hard Cap to be near 3.0%.

Updated Hard Cap numbers are released in late March.

Review the slides (linked above) and the Feb 2026 Health Insurance committee recording for more good info!

THE POOL
Michigan Health Insurance

FY2026-27 State Budget

- MSBO Budget Resources
- FY2026-27 Budget page
- May 2026 CREC page
- School Finance Committee page
- MDE Update (Feb 20, 2026)
- Dan Behm – WMEA update from AC2026
- MSBO/Hiring Solutions Labor Market Survey – *2026 report is out!* Log in to MSBO Member Resources

Legislative Update

- HB 6058 - *not out of the woods*
- House property tax cut proposals – HB 5872, 5873, 5874, 5878 - ***$4 billion cost plus pop-up tax impact***
- HB 5032 would ban use of state funds to pay for millage election. Any costs paid by donations
- HB 4583-4584 would limit all school elections to only November ballots.
- HB 5797 – now PA 15 of 2026 – additional forgiveness of missed days

Legislative Update

- MASA & MASSP testified on a weighted average foundation allowance idea....
- Building To SFRC - A Roadmap to Sustainable and Adequate Funding

Building Toward a Weighted Foundation

A Roadmap to a Sustainable and Adequate Funding

Michigan's education community shares a common vision for school funding grounded in the research and recommendations of the School Finance Research Collaborative (SFRC). While meaningful progress has been made in recent years, Michigan lacks a clear, shared roadmap for moving from today's system to a fully funded, research-based weighted foundation allowance.

Federal Update

FY26 Federal Funding: Takeaways

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The latest bipartisan L-HHS-ED bill would provide flat funding, w/ exceptions:

Increases:

- Title I-A (+$20 million)
- Title VII Impact Aid (+$5 million)
- Title V-B REAP/Rural Ed. (+$5 million)
- Title VI Sec. 6002 Indian Education (+$2 million)
- IDEA-B (+$20 million)
- Edtech/media/materials for IDEA-D (+$1 million)
- Special Olympics (+$2 million)
- Non-USED programs:
  - Head Start/Early Head Start (+$85 million)
  - Child Care and Development Block Grant (+$85 million).

Cuts:

- Special programs for migrant students (HEP/CAMP; -$1 million)
- Title IV-F Sec. 4631 School Safety National Activities (-$26 million)
- Education Innovation and Research grants (-$24 million)
- USED program administration (-$21 million)

Note: If a program isn't listed here, it would receive level funding (e.g., Title II-A, III-A, IV-A, etc.). Flat funding is a major advocacy win in the current climate.

Will funds ACTUALLY be allocated on time, given USED & DOL's new interagency agreements?

Federal Update

USED Interagency Agreements (IAAs)

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

USED announced several (IAAs) to transfer key programs to other agencies. The aim is to return education to the states, streamline bureaucracy, and downsize USED's size and scope. Timeline is TBD.

USED Office	To be transferred where?	Relevant examples of impacted programs
Office of Elementary & Secondary Education (OESE)	**Department of Labor (DOL)**	**Formula:** Title I (A, B, C, D); Title II (A); Title III (A); Title IV (A, B); Title V; Impact Aid; McKinney-Vento **Competitive:** Literacy grants; SEED; TSL; Charter Schools; Magnet Schools; Arts in Education; American History and Civics; Statewide Family Engagement Centers; DC SOAR/Vouchers; Promise Neighborhoods; Full-Service Community Schools
Office of Postsecondary Education (OPE)	**Department of Labor (DOL)**	High School Equivalency Program (HEO); College Assistance Migrant Program (CAMP). *Excludes student loans/grants.
Office of Indian Education (OIE)	**Department of Interior (DOI)**	Indian, Alaska, and Native Hawaiian Education programs (ESEA/ESSA); Tribally Controlled Colleges and Universities (HEA); Tribally Controlled Postsecondary CTE programs (Perkins/CTE); and Vocational Rehabilitation programs for Native Americans with disabilities (Rehabilitation Act).

Contact info & Thank you!

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