MSBO Update – September 2026

Central MI SBO

Sept 18, 2026

Jason Helsen
Associate Executive Director
MSBO

Agenda

- Back to School
- MSBO Events & Supports
- FY2026-27 SAF Budget Deal
- Federal & State Landscape
- Q&A

THANK YOU!

MSBO Resources – *Learn. Lead. Connect.*

- MSBO Events
- MSBO Committees
- MSBO Regional Groups
- MSBO Exchange – went live March
- MSBO Back to Basics – introductory videos on School Finance fundamentals
- MSBO/Hiring Solutions Labor Market Survey – *2026 report is out!* Log in to MSBO Member Resources

MSBO Events

- *BUSY SEASON – Back to School…*
- Aug - Back to School, Business Manager Academy (BMA) starts
- Sept - Leadership Institute starts, MDE/MSBO Workshop, Intro to School Business, ORS Processors Workshop
- Oct - Up North Workshop, Facilities Conf, UPSBO Fall Conference, ASBO International ACE, Preparing Your Financial Picture

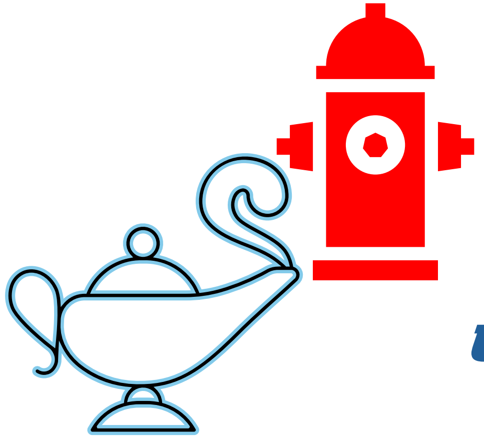
MSBO Events

- *FALL & WINTER ACTIVITITES ****
- Nov – Payroll Group Solutions, Group Solutions Current Issues, Certification Classes
- Dec - Navigating Grants Webinar, Group Solutions for Pupil Accounting
- January CREC – School Finance Committee meeting - debrief with Fiscal Agencies, Financial Strategies
- Feb – Group Solutions for Transportation, Human Resources, Technology, and Facilities

MSBO Business Solutions

MILAF+ DEPOSITS AND RETURNS ARE INCREASING

18% INCREASE IN DISTRICT REBATES PAID ON 2025 SPEND



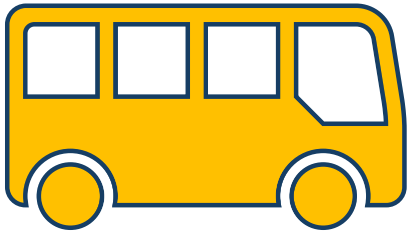
MISEC UTILITY CO-OP

HIRING SOLUTIONS LLC

Posting a Position

Confidential Credential Submissions

Recruiting

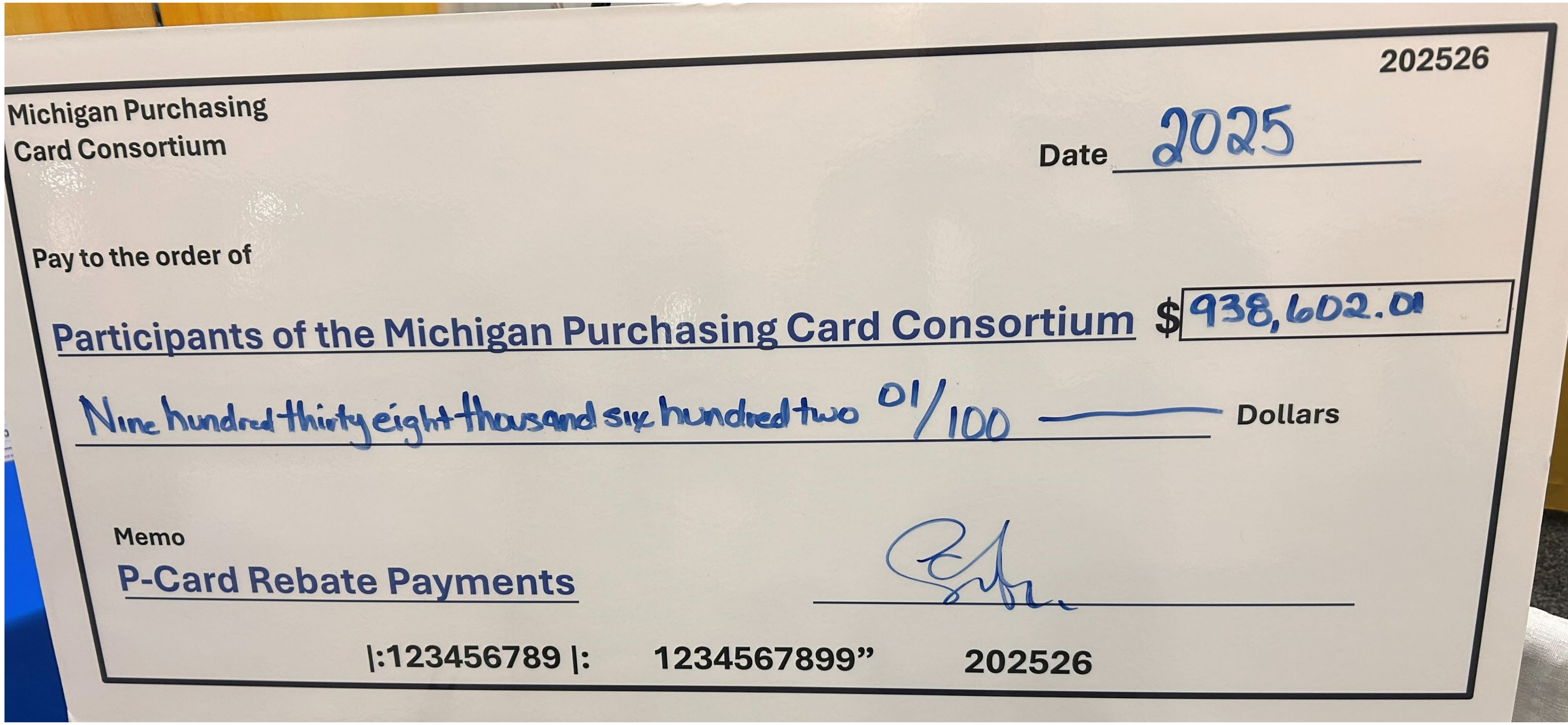


BUS PURCHASE PROGRAM

MSBO Business Solutions

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

MPCC pays record rebates to member districts!

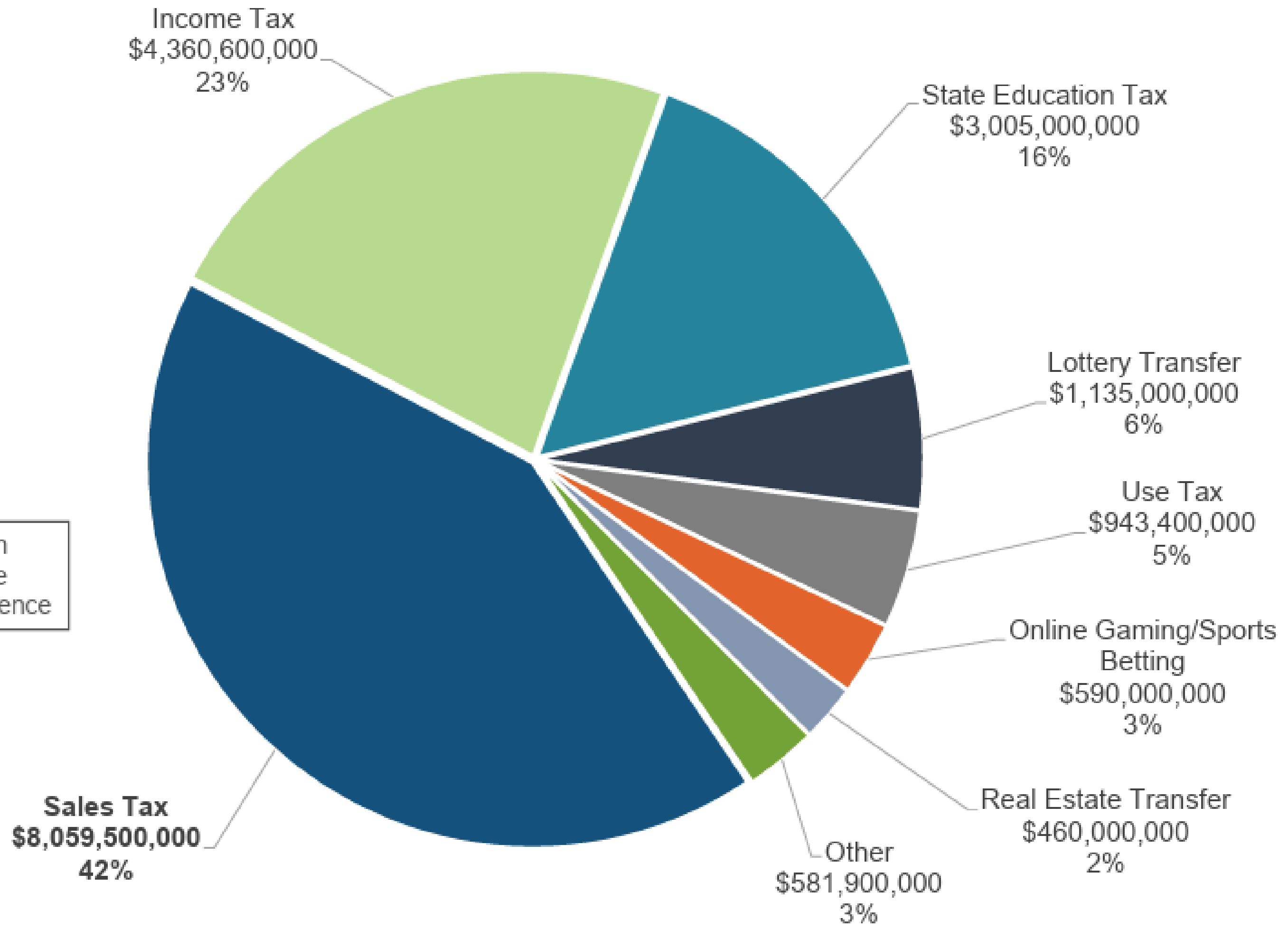


MSBO Events

- *Annual Conference Planning has begun! ****
- AC Call for topics – deadline Sept 30, 2026 – please submit your ideas!
- Focus Groups – please sign up & have your voice heard
- Meetings to be held in Oct-Nov, 2026
- Annual Conference – Apr 20-22, 2027 in Grand Rapids

SAF Revenue Sources

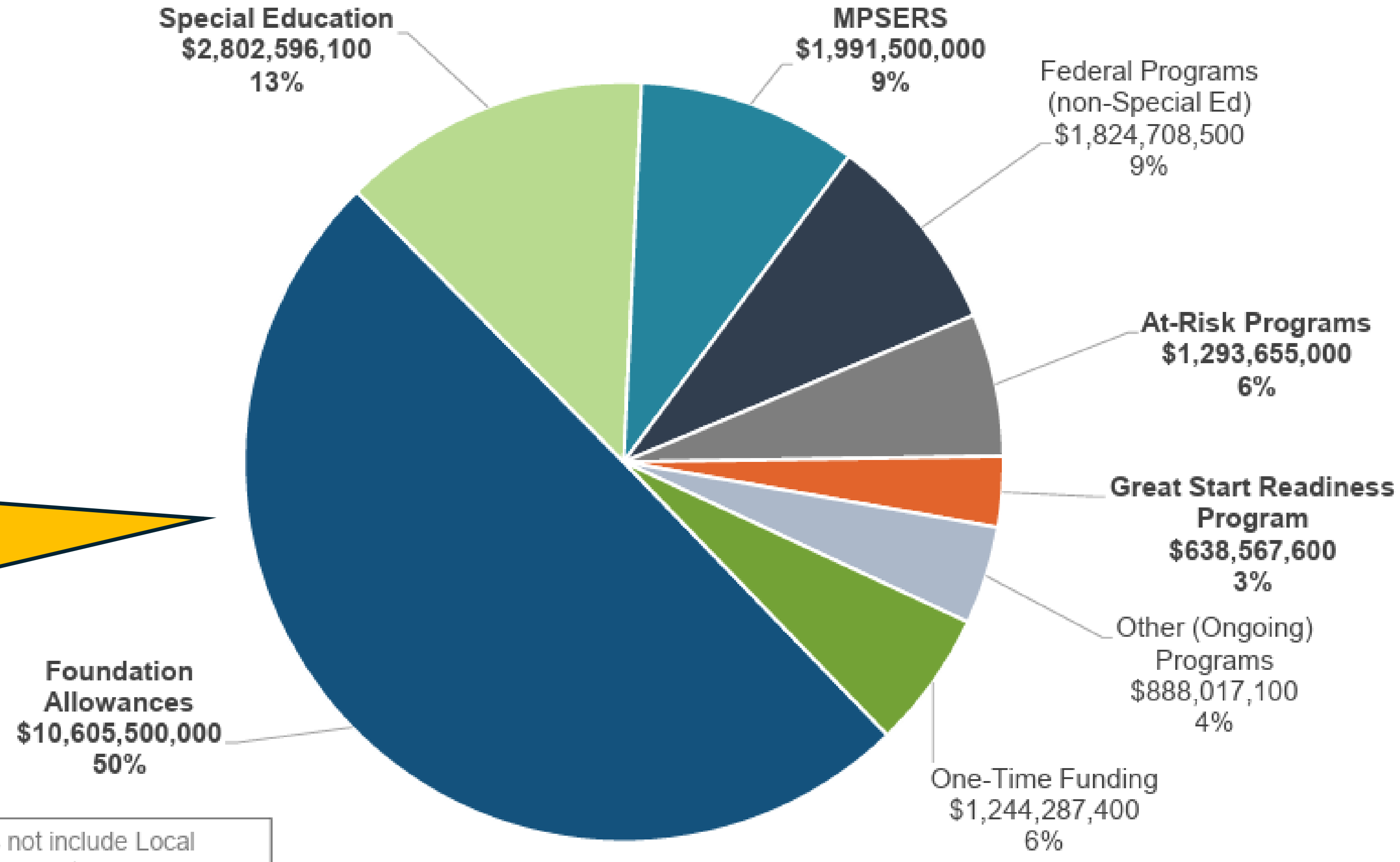
Sales tax is the largest revenue source, contributing **42%** of the **$19.1 billion** in total estimated SAF revenue for FY 2025-26.



* Figures based on Jan 2026 Revenue Estimating Conference

SAF K-12 Appropriations

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.



Down from 64% pre-pandemic in FY2019

Note: Does not include Local portion of Foundation Allowances

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)**

11 House Fiscal Agency May 2026

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

Source: House Fiscal Agency, May 2026.

State Issues

- MDE Memo 63 – jointly issued by MSBO. Reminder of sound budgeting practices and expiration of stimulus funds

MEMORANDUM

DATE: August 20, 2026

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Dr. Diane Golzynski, Deputy Superintendent
Division of Business, Health, and Library Services

Kevin Smith, Deputy Treasurer
Michigan Department of Treasury

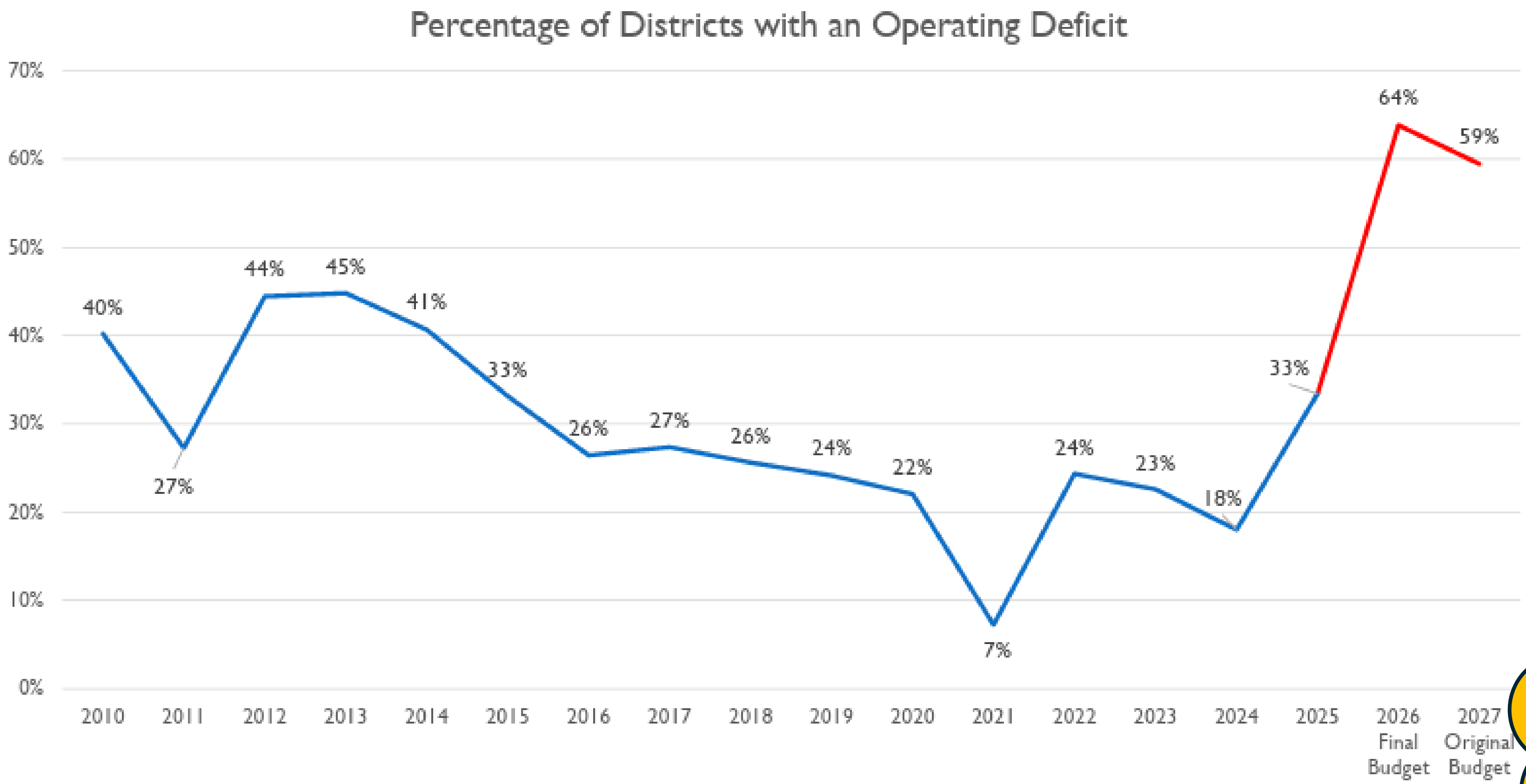
Robert Dwan, Executive Director
Michigan School Business Officials

SUBJECT: Budget Management & Financial Stability Best Practices

The final round of federal COVID-19 relief funding, called the American Rescue Plan (ARP) or Elementary and Secondary School Emergency Relief (ESSER) funding, has ended. These dollars helped schools get through the pandemic by supporting health and safety needs and allowing districts to hire extra staff to focus on student wellness and success.

State Issues

District Percentage of Operating Deficits



The data presented represents FY 2009-10 to 2024-25 audited financial data posted on mischooldata and budgeted data from district transparency pages. This graph shows a percent of districts with general fund expenditures that exceed general fund revenues.

MDE – MSBO Workshop, 9/10/2026 (S. Irrer)

State Issues

- November Elections – New Governor
- Health Insurance – SB1136 & HB6237 resurrect the zombie bill ideas from HB6058
- *Understand your district's health insurance costs, not just capped expenditures!*

State Issues

- OMB has not yet issued the Audit Compliance Supplement
- *Could delay filings of Single Audit Reports and this wasn't included in the SAF omnibus as it was in FY2025-26.*
- Expect MDE memo to come out – it sounds like there is a solution in the works.

State Issues

Audit Reminders

3

- The State School Aid Act requires all school district audits be submitted to MDE by November 1 each year. For 2026, this is a **Sunday**.
- Late audits will result in a withhold of the State Aid payment, beginning in November, until the next payment after the audit is submitted.
- There is no grace period.
- It is the district's responsibility to make sure the audit is submitted. If submitted by the CPA firm for the district, the district should confirm with the CPA firm that the audit was submitted.

MICHIGAN Department of Education

MDE – MSBO Workshop, 9/10/2026 (J. Quintero)

Upcoming Deadlines

- SE-4096 – September 30, 2026
- SE-4094 – October 7, 2026
  - Failure to submit will result in withholding the district's entire state aid payment
- Section 24 Final Cost Report – September 30, 2026
- Section 51a(5) – October 30, 2026
- Maintenance of Effort Eligibility –
  - Individuals with Disabilities Education Act (IDEA) Part B funds will not be released until eligibility is met
- Excess Cost – Available November 15

MDE – MSBO Workshop, 9/10/2026 (McLaughlin)

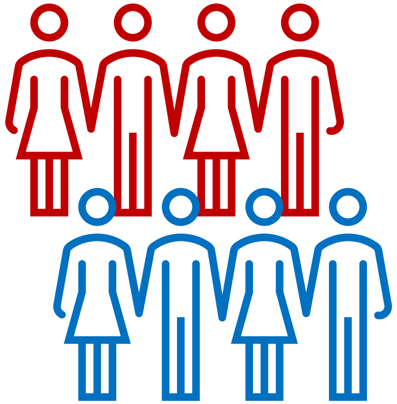
MCL 388.1622l

- $125M
- Consistent calculation structure (octiles and median cost per rider)
- Riders per **square** mile – district boundaries, no school of choice
- Since FY23, reimbursement at 22-25% of district costs
- Reporting: SE-4094 in the Financial Information Database (FID/CEPI)
- Forms: SE-4094 User Guide, SE-4094 Instructions, and Transportation Allowable Costs
- Due date for SE-4094 collection: October 7, 2026 (last year's costs)
- Strongly encourage cooperation between business and transportation offices/personnel
- Eligibility criteria: riders, miles, vehicles, costs

MDE – MSBO Workshop, 9/10/2026 (Hansbarger)

FY2026-27 State Budget Deal

- Like 2025 – the deal came after July 1 deadline required by law.
- Unlike 2025 – a deal was announced shortly after July 1 without a drawn-out delay and debate about government shutdowns.
- HB5630 of 2026 (PA 25 of 2026).
- MASB's July 7 Views from the Capitol gave a good first look **(and a lot of Q's)**



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 SAF Budget

- **Headline Items…**
- *Foundation Allowance* - $250/pupil increase to $10,300. *2.5% - does this cover your cost increases?*
- 3-year blend instead of Sec. 29 for declining enrollment.
  - *The better of 2025/26/27 average or 2027 actual.*
  - *HFA & SFA estimates could vary – run your own projections for reasonability.*

One-Time Appropriations

- Three-Year Blend for all - existing logic extends to all LEAs $186M
- Per Pupil Mental Health $103M
- Pupil Transportation $125M
- High Impact Tutoring $50M
- Tribal Consultation $2.5M
- Michigan Learning Channel $3M
- Dual Enrollment Reimbursements $40M
- Math Supports/STEM Supports $5M each

MDE – MSBO Workshop, 9/10/2026 (P. Boone)

FY2026-27 SAF Budget

- *Weighted FTE* Funding for ELL & At Risk
- Defines weighted pupil and establishes weights > 1.0 FTE for ELL & 31A (economically disadvantaged). ELL 1.0219-1.1940, At Risk 1.1913-1.2569
- *Removes $$ from Sec. 31A & 41 and pays through Sec. 22b(4).*
- ***20% added** to both sources - $12.5 million ELL & $278 million At-Risk*
- Spreadsheet for running district estimates.

FY27 State Aid Update – New Weighted Foundation Components

- The new weighted foundation/funding formula impacts the calculation of what were originally two separate Sections/categoricals
  - Section 31a – At-Risk Programs
  - Section 41 – Bilingual Education/ELL
- Now part of Section 22b (subsection 4), but separate appropriation, so these funds will remain separate lines on State Aid Status Reports (using the new calculation methodologies):

31a/22b(4)	At-Risk Programs
41/22b(4)	Bilingual Education

- Accounting treatment for revenues and expenditures for these parts of the weighted foundation will remain the same as when they were separate categoricals:
  - 31a/22b(4): Major Class 312, Suffix 0020, Grant Code 306
  - 41/22b(4): Major Class 312, Suffix 0040, Grant Code 307

MDE – MSBO Workshop, 9/10/2026 (C. May)

FY2026-27 SAF Budget

- *Sec. 27L Educator Compensation*
- $150 million current year one-time SAF appropriation
- Added language stipulates it's for bonus payments (**non-reportable**)
- Same CBA & union language as last year
- *ORS guidance forthcoming?*

New Updates

- FY 2027 updates to Michigan's State School Aid Act (Section 27l) define educator payments as one-time bonuses.

- Under the Public-School Employees' Retirement Act (Section 3a(3)), these bonuses are **not** considered retirement-eligible compensation.

MDE – MSBO Workshop, 9/10/2026 (ORS)

FY2026-27 SAF Budget

- *Sec. 31aa School Safety & Mental Health*
- $300 million one-time funds
  - $100 million for mental health
  - $200 million for school safety
- School Safety fund acceptance requires waiver language agreement
  - More focused language regarding mass casualty
  - Continues to fund non-public schools also

Goal 3 – improve health, safety, and wellness of students

- **$310 million** in funding for Mental Health and School Safety (sec. 31aa)
  - $73.53 per pupil for mental health
  - $147.06 per pupil for school safety
  - Waiver language remains and relates to school safety funds only

MDE – MSBO Workshop, 9/10/2026 (Golzynski/ Maleyko)

FY2026-27 SAF Budget

How to Receive Funding

- To receive FY27 31aa funding:
  - Subsection 2: Funds will be made available after recipients agree to use funds only for allowable expenses and agree to submit the annual expense report in NexSys.
  - Subsection 3: Eligible recipients will need to agree to all requirements in NexSys.
  - The **anticipated** deadline to apply for the first round of funding will be Monday, November 9, 2026, at 5:00 pm ET.
  - MDE anticipates that the application for both subsections will be available in NexSys beginning in mid-October.

Students First

MDE – MSBO Workshop, 9/10/2026 (S. Hutchins)

FY2026-27 SAF Budget

- *Sec. 21b Dual enrollment* – $40 million to reimburse districts for costs.
- *GSRP & Early Childhood - Sec. 32d & 39* – continued increased investments in GSRP.
- Includes new Sec. 32p early learning partnerships at $30 million
- 10% increase to Sec. 54d Early On

FY2026-27 SAF Budget

- *Sec. 35 Literacy – A lot of attention*
- Sec. 35a(2) – Teacher Coaches +$10.5 million = $52.5 million
- Sec. 35a(4) - **LETRS training** = $75 million
- Sec. 35m – Literacy Curriculum (less $20 million) = $50 million
- Sec. 35o – **NEW** Literacy Essentials $6 million
- Sec. 35p – **NEW** High Impact Tutoring $50 million

FY2026-27 SAF Budget

- *Sec. 22L Transportation* – continued at $125 million.
- *Sec. 30d Universal Meals* - continued at approx. $200 million.
- List of HFA identified one-time sources in the FY2026-27 appropriations

FY2026-27 SAF Budget

- *MPSERS & Sec. 147 funding…*
- Sec. 147a1 – gone *(eliminated last minute in FY2025-26, loss of $112 million (w/147a3))*
- Sec. 147a2 – +$15 million = $351 million
- Sec. 147c1 – decrease from approx. $1.54 billion to $1.45 billion – UAAL rate of 13.51%
- Sec. 147e – slight increase, offsets DC costs
- Sec. 147g - NONE

FY2026-27 SAF 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 SAF 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:								
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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%**
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FY2026 Employer Capped Rate	**29.91%**	**25.17%**	**21.34%**	**15.21%**	**19.04%**	**15.21%**	**26.08%**	**21.41%**

FY2026-27 SAF Budget – Higher Ed

- Community College increases from $493 mm to $496 mm – *approx $4 mm increase*
- University spending increases from $851 mm to $1.25 BB – *an additional $400 mm*
- This totals approximately **$1.75 billion** in proposed higher education spending out of the School Aid Fund for FY2026-27
- This equates to approx **$1,276 per student** spread equally statewide…*what would **$11,576** per student mean for your district?*

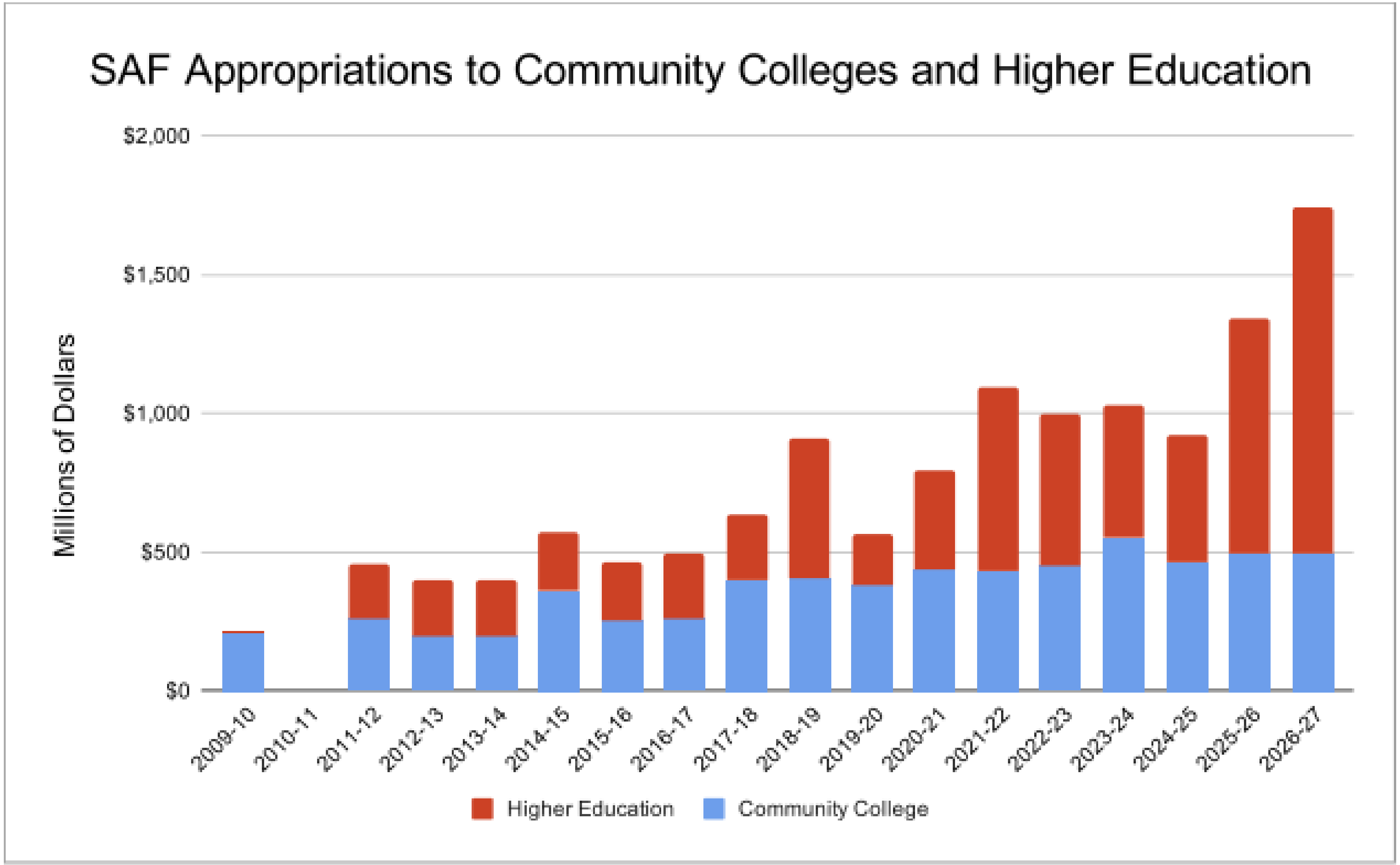
FY2026-27 SAF Budget - Higher Ed

Shift of Community College and University Funding
2009-10 through 2026-27
(Millions of Dollars)

Year	Community College	Higher Education	Total	Per K-12 Student	Total	Pupil Membership
2009-10	208.4	-	208.4	$131	$208,400,000	1,595,722
2010-11	-	-	-	-	-	1,569,436
2011-12	259.6	200	459.6	$296	$459,600,000	1,552,100
2012-13	197.6	200.5	398.1	$259	$398,100,000	1,535,989
2013-14	197.6	200.5	398.1	$261	$398,100,000	1,522,628
2014-15	364.7	206.5	571.2	$379	$571,200,000	1,508,008
2015-16	256.7	205.2	461.9	$309	$461,900,000	1,495,980
2016-17	260.4	237.1	497.5	$334	$497,500,000	1,491,164
2017-18	398.3	238.3	636.6	$430	$636,600,000	1,481,731
2018-19	408.2	500.1	908.3	$618	$908,300,000	1,469,021
2019-20	378.5	185.7	564.2	$386	$564,200,000	1,460,527
2020-21	438.4	356.1	794.5	$548	$794,500,000	1,449,500
2021-22	431.4	661.4	1092.8	$778	$1,092,800,000	1,405,083
2022-23	448.6	547.9	996.5	$712	$996,500,000	1,399,229
2023-24	550.8	482.3	1033.1	$743	$1,033,100,000	1,390,858
2024-25	461.7	461.7	923.4	$676	$923,400,000	1,366,207
2025-26	493	850.8	1343.8	$994	$1,343,800,000	1,351,953
2026-27	496.7	1249.7	1746.4	$1,276	$1,746,342,100	1,369,100 *
TOTAL	**$6,250.60**	**$6,783.80**	**$13,034.40**	**$9,128.98**		

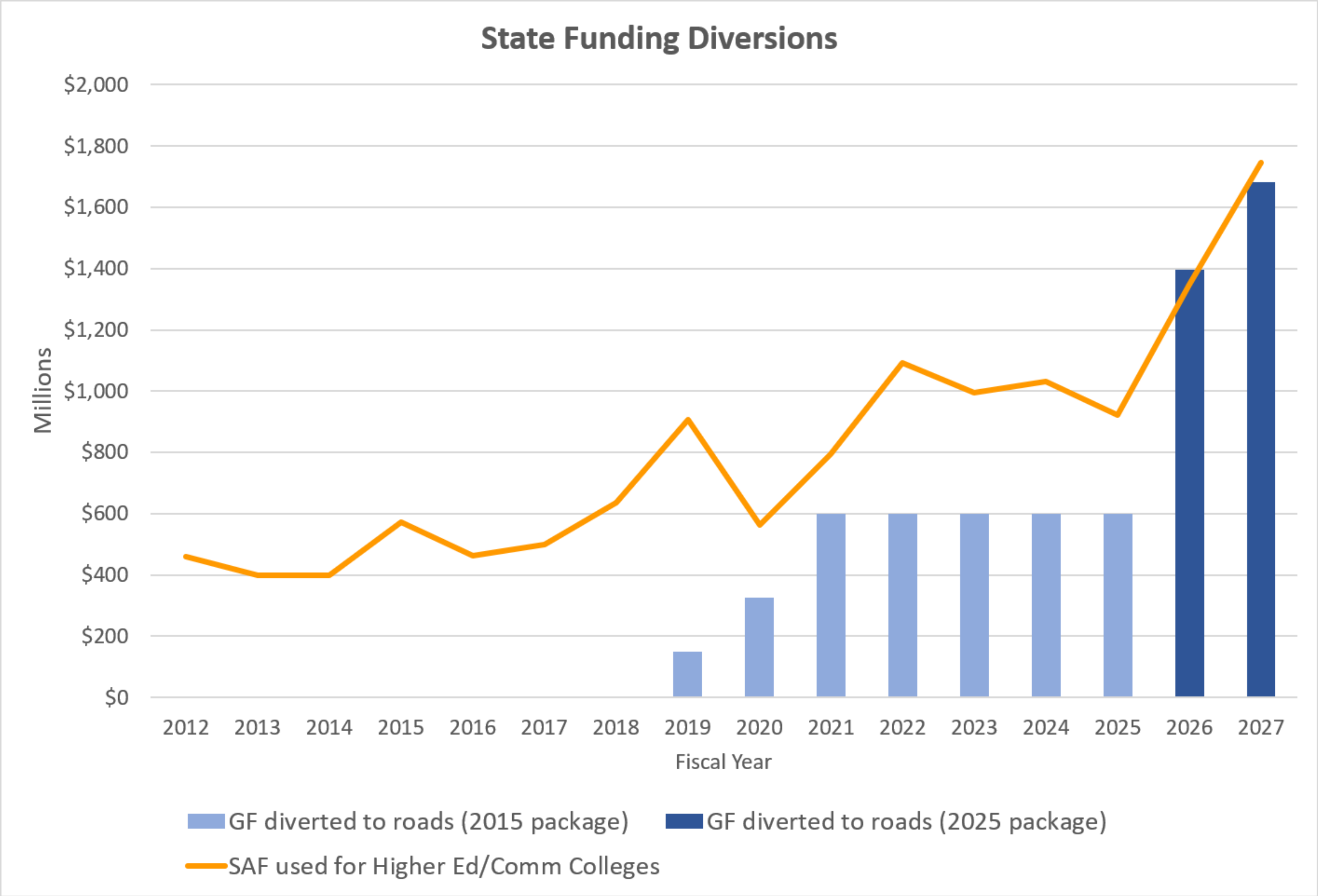
*Estimated

FY2026-27 SAF Budget - Higher Ed



House Fiscal Agency compiled a list of funding shifts and programs moved from GF/GP to SAF over the years

FY2026-27 SAF Budget - Roads



FY2026-27 SAF 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

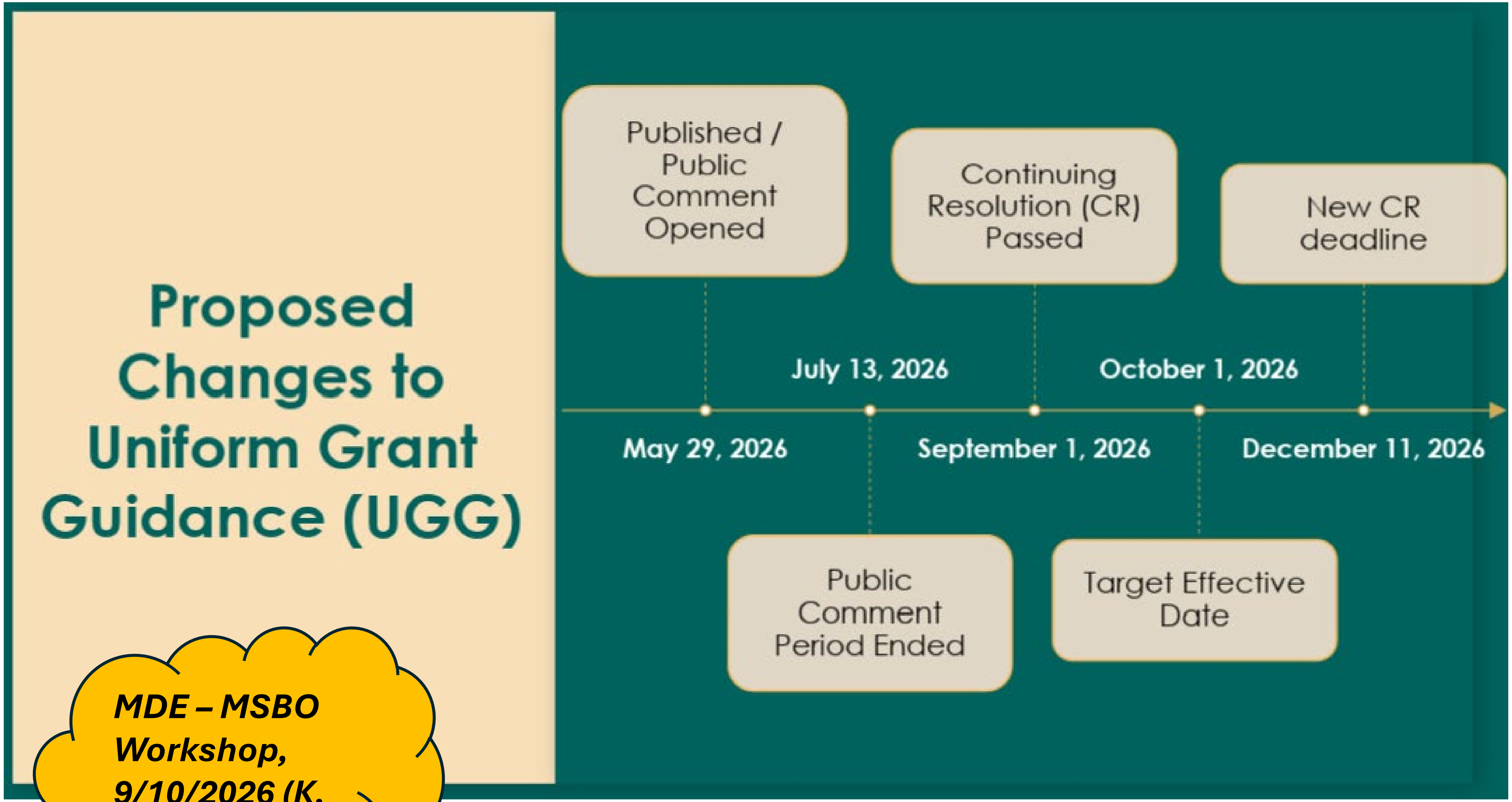
Federal Scholarship Tax Credit

- MSBO Update Sept 9
- Discussion of Scholarship-Granting Organizations (SGO's)
- AASA Toolkit & Webinar series
- Michigan is one of 20 states that has not opted in…is it coming?

Federal E-Rate Debate

- Federal Communications Commission (FCC) is reviewing proposed regulations for the E-Rate program
- MDE Webinars were held on 8/19 & 8/27

Federal Uniform Guidance



MDE – MSBO Workshop, 9/10/2026 (K. Walters)

- Considerable updates are being considered to Uniform Grant Guidance at federal level.
- AASA & ASBO Updates - July 2026

Contact info & Thank you!

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MSBO FY2026-27 Updates & Docs