



Legislative Update

State Update

Roads

- Dedicates sales tax on fuel to roads - a loss to the SAF
- House plan which passed last month backfills \$755M
 - Based on estimates, we believe this is actually an increase in SAF revenue in the short term
- Part of the discussion: prohibiting Higher Ed from the SAF to give long term security to General Fund pressures
- HJR H was introduced by Rep. Kelly

House Budget Bill

- **Per-pupil: \$10,025** (increase of \$417 from \$9,608)
- **Cyber school per-pupil: \$10,025** (increase of \$875 from \$9,150)
- **31aa mental health and school safety: \$350M** (increase of \$50M)
- **Special education: \$2.7B** (increase of \$127.3M)
- **MPSERS: \$2.1B** (reduction of \$232.2M from current-year funding levels)
- Left 5B on balance sheet
- Meant to be a back up in case negotiations break down.

Senate Budget

- Foundation Allowance: \$400/pupil increase bringing the total amount to \$10,008/pupil (4.2% increase, higher than the Executive Recommendation)
 - Added section to require districts use 50% of the foundation allowance for permanent educator compensation increases
- At-Risk: \$259M increase
- Special Education: \$21M increase for foundation payment
- English Learners: \$12.5M increase

Senate Budget

- MPERS: \$153M to offset district normal costs from increased employee healthcare expenses
- 31aa : \$350M increase (\$75M ongoing and \$275M one-time)
- Small Class Sizes Program: \$65M (new initiative, one-time)
- Infrastructure Grant: \$350M for needs identified in the SFRF Statewide Infrastructure Study (one-time)
- Transportation: \$125M to offset student transportation costs (still designated as one-time)

House Budget

- It's been rumored to come out for a month
- Speaker Hall last week on the island said \$12,000 per pupil and rolling lines up. Said it would come out this week.
- Nothing
- We sent a press release this morning demanding action

House Budget

- We believe most, if not all line items that are not legally or statutorily required will be rolled up
- Including At-risk
- We've been told there will be a hold harmless provision for districts who would lose funding from at-risk getting rolled up
- Hearing significantly more higher ed coming out of SAF

Federal Update



FY 26 Budget

- Last Friday President Trump provided more details for his 26 Fiscal Year budget proposal, including for the Department of Education.
- Overall the proposal calls for \$12 billion in cuts to various programs.
- Specifically, the proposal only increases or hold flat the following programs:
 - Charter School grant program and proposes level funding for three programs: Impact Aid, Indian Education and the Perkins CTE program.
- Additionally, the budget would introduce a block grant program - the K-12 Simplified Funding Program (K12 SFP) - which would be funded at \$2 billion and include Title II, REAP, Title IV, Parts A & B, and McKinney-Vento as part of the consolidated grant - while cutting \$6 billion in other programs, providing a significant cut to funding.

FY 26 Budget

- However, in more positive news, Title I funding would be preserved at \$18 billion and IDEA funding would see a \$677 million increase in IDEA, Part B (Grants to States).
- Finally, the following programs would be eliminated under the proposal:
 - Title I, Part, C
 - Title III
 - Teacher and School Leader Incentive Grants
 - Supporting Effective Educator Development (SEED) Grants
 - Full-Service Community Schools

Federal Update - EO's

- Reminder- Executive Orders ARE NOT law
- EO's are supposed to provide guidance to federal agencies and departments on applying existing law
- These have slowed down, at least with respect to education policy.

Federal Update - EO's

- “Expanding Educational Freedom” would direct the Education Secretary to look at supporting school choice through the federal formula funding model and prioritizing educational freedom in federal grants.
- “Ending Radical Indoctrination in K-12 Schooling” would eliminate Federal support and funding for “illegal and discriminatory treatment and indoctrination in K-12 schools, including based on gender ideology and discriminatory equity ideology.”
 - Protects parents rights.

OCR Guidance

- Warns schools potential federal funding loss for “treating students differently on the basis of race to achieve nebulous goals such as diversity, racial balancing, social justice, or equity,” asserting that such actions violate SC precedent. The letter further directs educational institutions to:
 - Ensure compliance with existing civil rights law.
 - Avoid using proxies or indirect methods to circumvent race-based decisions prohibitions.
 - Stop relying on third-party contractors, clearinghouses, or aggregators to bypass restrictions on race-based practices.

OCR Guidance

- The letter itself acknowledges that its guidance “does not have the force and effect of law and does not bind the public or create new legal standards.”
- Legal challenges were filed almost immediately, as the guidance may go beyond interpreting existing law and court rulings.
- OCR follows a structured complaint process and offers institutions resolution agreements before imposing any funding consequences.

New Letter to States

- The letter, which was delivered to MDE, requires states to certify that schools are not engaging in illegal DEI activities, and threatens a loss of funding.
- MDE issued [Memo 2025-031](#) in response to the April 3 DOE communication, stating that “Michigan had previously certified compliance with Title VI of the Civil Rights Act of 1964 and its implementing regulations.” The memo also noted that “many efforts to promote programs that support diversity and inclusion seek to expand opportunities, not limit them, and therefore do not discriminate.”

New Letter to States

- When the deadline for certification was about to come into effect, multiple courts issued injunctions.
- The Department has said they will follow the injunctions and not require the certifications.
- It's over ... for now.

Federal Update - Freeze

- No federal grants or programs should be impacted during that time, pending further legal developments.
- In either situation:
 - Current-year Title funding will not be affected.
 - Head Start is explicitly excluded from the freeze.
 - The potential effect on school meals or Impact Aid is still unclear.

Department of Ed

- Executive Order abolishing Department officially unveiled and signed
- President Trump seemed to concede that a vote from Congress would be needed to dismantle the Department by referencing his hope that Congress would act. It's also important to note that the Order does not purport to eliminate any Federal funding programs.
- Approximately half of the Dep. of Ed. staff has been eliminated
 - Severe impacts - gov relations is gone
- Michigan and several other states are suing to stop the cuts

Federal Budget

- Reconciliation
 - Process allowing Senate to vote with simple majority
 - School-based Medicaid and federal vouchers could be part of this - but political momentum against cuts
- Appropriations process
 - Where Congress sets funding for Title programs, IDEA, Impact Aid
 - Continuing resolution until September funded programs FLAT - a win
 - BUT - Congress appeared to give the Administration discretion on Title II funding - implications unclear

Federal Budget

- Proposal would create new cost-sharing requirements for adult Medicaid beneficiaries who are just above the poverty line and would prohibit states from raising taxes to cover the difference
 - Significant impact on Michigan's Medicaid funding, creating more GF pressures as we try to get to a complete budget

Federal Budget

- Voucher proposal that would make the vast majority of families eligible for the federal program.
- SNAP changes- the proposal would create a cost-sharing model which will increase costs to states. Under this proposal there is concern that families impacted by the change in requirements would make it more difficult for schools to directly certify students for free or reduced lunch programs.



Questions?