

MSBO Budget Update



October 2025

FY2025-26 SAF Budget Deal



FY2025-26 School Aid Fund Budget

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

- ***New items of note in Conference Committee agreement:***
- Sec. 12e Infrastructure Grants \$100 million
- Sec. 27b Grow Your Own \$70 million
- Sec. 27L Educator Compensation **FY2024-25 suppl \$350 mm
- Sec. 31c Small Class Size \$65 million
- Sec. 32t GSRP 3-yr-old pilot \$25 million
- Sec. 35e School Libraries \$250k
- Sec. 61v CTE Pathways \$70 million
- Sec. 97n Community Violence Intervention \$10 million



FY2025-26 School Aid Fund Budget

- ***Items of note eliminated in Conference (not exhaustive)***
- Sec. 22f Categorical Roll-Up (from House)
- Sec. 16b & 16c Targeted Interventions (from Exec)
- Sec. 12f Educator Housing (from Senate)
- Sec. 27 MULTIPLE (from Senate)



FY2025-26 School Aid Fund Budget

- ***Eliminations made in Conference***
- Sec. 22c Equity Payment – out of formula
- Sec. 22e Charter School Per-Pupil (-\$57 million)
- Sec. 25L Early Warning (-\$5 million)
- Sec. 27 – MULTIPLE – f, g, k, o, p, r, s (Combined -\$65.5 million)
- Sec. 31g Student Wellness Software (-\$1.25 million)
- Sec. 31j Local Produce (-\$4.5 million)
- Sec. 32p Early Childhood Block Grants (-\$19.4 million)



FY2025-26 School Aid Fund Budget

- ***Eliminations made in Conference CONTINUED***
- Sec. 32p(6) Dolly P library (-\$4 million)
- Sec. 32d(30) GSRP Awareness (-\$1.95 million)
- Sec. 35a(5) Early Literacy Added Time (-\$19.9 million)
- Sec. 35a(7) Literacy & Math Essentials (-\$6 million)
- Sec. 35a(8) MI Ed Corps (-\$5 million)
- Sec. 35d Orton Gilligam (-\$1 million)
- Sec. 35n READ Innovation (-\$10 million)



FY2025-26 School Aid Fund Budget

- ***Eliminations made in Conference CONTINUED***
- Sec. 41b Immigrant Support Svc (-\$1 million)
- Sec. 51h SE Study (-\$500k)
- Sec. 54b MiMTSS TTA Ctr (-\$1.6 million)
- Sec. 55 Conductive Learning (-\$500k)
- Sec. 67a, b, & d (-\$2 million +)
- Sec. 94d SE Task Force (-\$1 million)
- Sec. 97 – MULTIPLE – a, h, j, k, m (-\$2.85 million)



FY2025-26 School Aid Fund Budget

- ***Eliminations made in Conference CONTINUED***
- Sec. 98d MI Learning Channel (-\$3 million)
- Sec. 99 One-Time Grants (-\$32.25 million)
- Sec. 99 – MULT – b, c, g, i, s(4), s(5)(7), t, x, aa, ee, ff, hh:
(-\$22.28 million)



FY2025-26 School Aid Fund Budget

- ***Continuations in the Conference Agreement (selected)***
- Sec. 22L Transportation \$125 million
- Sec. 29 Enrollment Stabilization \$71 million
- Sec. 31n Mental Health \$108 million
- Sec. 35a4 Literacy Coaches Elem \$42 million
- Sec. 56 & 56(7) SE Millage Equalization \$74 million combined
- Sec. 67f FAFSA Completion \$10 million



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](#)



FY2025-26 School Aid Fund Budget

- **Sec. 32d GSRP** - \$28.5 million increase
- Dashboard requirements
- MiLEAP application process
- Target pp \$10,650
- Sec. 32d(29) GSRP startup – reduced from \$25 mm to \$10 mm
- Sec. 32d(3) GSRP Awareness – ELIMINATED
- Sec. 32p EC Block Grants – ELIMINATED
- *Overall, Sec. 32 sees an increase, but how will these eliminated sections impact EC programs?*



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



FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items**

- Some supplemental items are normal course of business at this point and to be expected. Others...*maybe not*
- Regular cost adjustments for Foundation Allowance, Special Education costs, etc.
- Sec. 61v Huron Downriver CTE – NEW \$5 million
- Sec. 99 One-time grants – increase by \$20.8 million
- Sec. 99ee Hispanic Collaborative – increase by \$1 million
- Sec. 99mm Menominee Cleanup – NEW \$4.5 million



FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items CONTINUED**
- Sec. 104 State Assessments – increase by \$2 million
- Sec. 147a2 MPSERS Cost Offset – increase by \$49.8 million – *assume this leads to district page 2 PY payments*
- Sec. 147e DC Costs – reduce by \$33.1 million - *assume this leads to district page 2 PY reductions*



FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items CONTINUED**
- Sec. 27L Education Compensation – NEW \$350.3 million
- \$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
- \$147.3 million est. remaining bal. of MPERS reserve fund - to offset normal costs of retiree health, allocated same as FY2024-25 Sec. 147g
- Carries forward into FY2025-26



FY2025-26 School Aid Fund Budget

- **FY2025-26 Interesting items that don't fit into other categories...**
- Sec. 18 – addresses audit compliance supplement delay:
- If the issuance of single audits is delayed for the 2024-25 school year due to a late issuance of a Compliance Supplement, the single audit portion of that audit must be filed within 30 days of the issuance of the Compliance Supplement by OMB.
- Sec 18d – intent language that districts should make permanent increases to educator compensation (priority starting salaries) whenever the foundation allowance increases



FY2025-26 School Aid Fund Budget

- **FY2025-26 Interesting items that don't fit into other categories
CONTINUED...**
- Sec. 19 – REP reporting back to twice per year. No longer a 30-day update required.
- Sec. 22r – Pupil Support Reserve Fund is established to fund 21h, 32n, 65, 67f, and 99h. Support through FY2027-28. Deposits \$326.1 million in FY2025-26.
- Sec. 22s – General Pupil Support Reserve Fund is established to fund 99h. Support through FY2027-28. Deposits \$1.8 million in FY2025-26.



FY2025-26 School Aid Fund Budget

- **FY2025-26 Interesting items that don't fit into other categories
CONTINUED...**
- Sec. 21f – Virtual Instruction days – 15 days lowered to 7 days originally, then eliminated entirely in Conference agreement
- This could impact school schedules re: state test days
- Original SFA & HFA analysis was wrong



FY2025-26 School Aid Fund Budget

- **FY2025-26 Interesting items that don't fit into other categories
CONTINUED...**
- Sec. 164k –
- *To the extent practicable under federal regulations, a district or intermediate district shall require each student household to complete the child nutrition and education benefits application, as provided by the department, for free and reduced-price school meals regardless of whether the district or intermediate district opts to provide universal breakfast or lunch.*



FY2025-26 School Aid Fund Budget

- **Budget Resources...**
- [MSBO SAF webpage](#) – Conference Committee section added
- [Full budget language](#)
- Summary docs – [HFA](#) & [SFA](#)
- [District impact estimates](#)
- [Member email 10/3/25](#) – MASA summary
- [MASB Views from the Capitol 10/6/25](#)



FY2025-26 School Aid Fund Budget

- **Questions remain...**
- Governor's signature...will she veto anything specific?
- What does the SAF balance sheet look like?
- What about reserve funds?
- Long-term impact of pushing more higher ed into SAF
- Impact of the delays and dysfunction on FY2025-26 execution and FY2026-27 planning
- Federal Gov't Shutdown with no apparent end in sight



FY2025-26 School Aid Fund Budget

- **What Next?**
- Go back to your district budget assumptions...how does it look similar or different to what passed?
- 3C's - Communicate – and be Clear and Concise
- Review district impact statement but understand that doesn't tell the full story (*Sec. 147a4 loss, MPSEERS rate impacts, etc*)
- Stay engaged & informed on some of the curveballs...Sec. 31aa language, Sec. 27L supplemental
- What precedent was set? What does this mean for the future?
How does it impact advocacy efforts?

FY2025-26 School Aid Fund Budget

- Q&A





Contact & Thanks

Jason Helsen

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

