

A graphic in the shape of a shield with a dark green background and a light green border. Inside the shield, there is a stylized illustration of a mountain range with several evergreen trees in the foreground. The text "MSBO 2022" and "Fall Update" is written in a bold, white, sans-serif font.

MSBO 2022 Fall Update

October 14, 2022

ROBERT DWAN
DEPUTY EXECUTIVE DIRECTOR
RDWAN@MSBO.ORG



MSBO UPDATE



AGENDA

- **STATE REVENUES**
- **STATE AID 2022-23**
- **MSBO EVENTS**
- **QUESTIONS**



THANK YOU

SPECIAL THANK YOU!





STATE REVENUE

CONSENSUS REVENUE ESTIMATING CONFERENCE 2022

Table 2
May 2022 Consensus Forecast
(millions)

Net Revenue Estimates

	FY 2022			FY 2023			FY 2024		
	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus
Net GF-GP Revenue	\$12,449.7	\$14,179.7	\$1,730.0	\$12,892.1	\$13,973.5	\$1,081.4	\$13,314.3	\$14,228.9	\$914.6
Percent Growth	-3.9%	9.0%		3.6%	-1.5%		3.3%	1.8%	
Dollar Growth		\$1,176.0			(\$206.2)			\$255.4	
Net SAF Revenue	\$16,078.2	\$17,340.6	\$1,262.4	\$16,246.6	\$17,195.3	\$948.7	\$16,557.7	\$17,444.9	\$887.2
Percent Growth	0.2%	8.0%		1.0%	-0.8%		1.9%	1.5%	
Dollar Growth		\$1,284.2			(\$145.3)			\$249.5	
Combined	\$28,527.9	\$31,520.3	\$2,992.4	\$29,138.7	\$31,168.8	\$2,030.1	\$29,872.0	\$31,673.8	\$1,801.8
Percent Growth	-1.6%	8.5%		2.1%	-1.1%		2.5%	1.6%	
Dollar Growth		\$2,460.2			(\$351.5)			\$505.0	



STATE REVENUE

CONSENSUS REVENUE ESTIMATING CONFERENCE 2022

Long Term Revenue Trend

	FY 2025	FY 2026
Net GF-GP Revenue	\$14,553.1	\$15,089.4
Growth	2.3%	3.7%
Net SAF Revenue	\$17,836.5	\$18,240.6
Growth	2.2%	2.3%
Combined GF-GP/SAF	\$32,389.6	\$33,330.0
Growth	2.3%	2.9%



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STATE REVENUE





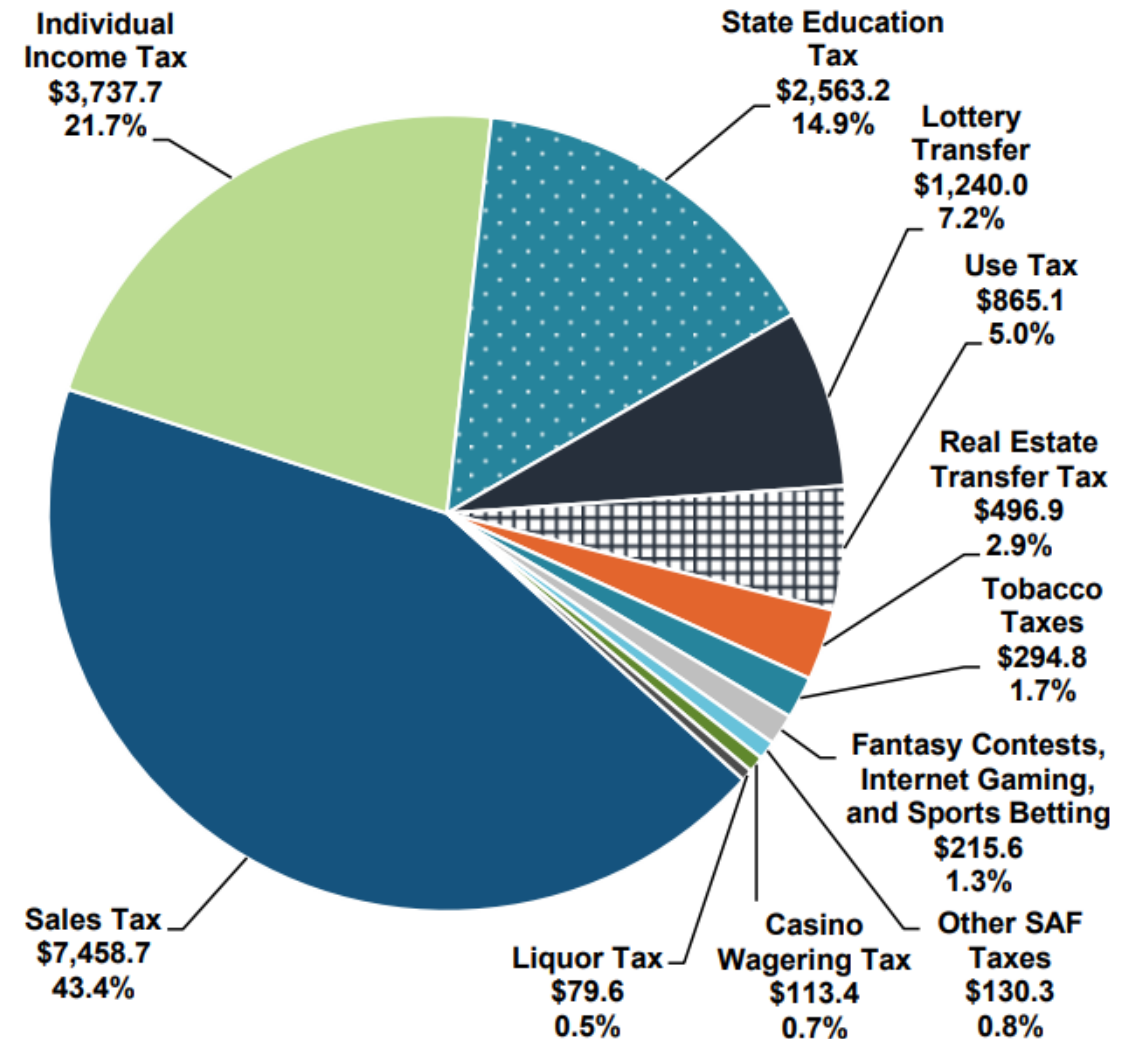
STATE REVENUE

STATE OF MICHIGAN SCHOOL AID FUND TAX AND LOTTERY REVENUE BY SOURCE ESTIMATED FY 2022-23

TOTAL RESOURCES: \$17,195.3 MILLION

(Chart dollars in millions)

“BIG 3” TAXES STILL STRONG
LOTTERY SIGNIFICANT
USE TAX HOLDING STEADY
NEW TAXES GROWING
GF/GP TRANSFER CONTINUES





**MSBO 2022 FALL
UPDATE**

**SLOWING DOWN
A BIT UPDATE
STATE
REVENUES
MSBO EVENTS
QUESTIONS**

STATE REVENUE



		<u>Final</u>	<u>% of</u>	<u>CREC</u>	<u>% of</u>	<u>CREC</u>	<u>% of</u>
		<u>FY 2020-21</u>	<u>Total</u>	<u>FY 2021-22</u>	<u>Total</u>	<u>FY 2022-23</u>	<u>Total</u>
SCHOOL AID FUND TAX AND LOTTERY REVENUE BY SOURCE FY 2020-21 through FY 2022-23 (MILLIONS OF DOLLARS)	Sales Tax	\$6,857.6	42.7%	\$7,505.0	43.3%	\$7,458.7	43.4%
	Individual Income Tax	\$3,458.3	21.5%	\$3,982.5	23.0%	\$3,737.7	21.7%
	State Education Tax	\$2,255.3	14.0%	\$2,396.0	13.8%	\$2,563.2	14.9%
	Lottery Transfer	\$1,419.8	8.8%	\$1,240.0	7.2%	\$1,240.0	7.2%
	Use Tax	\$876.8	5.5%	\$869.6	5.0%	\$865.1	5.0%
	Real Estate Transfer Tax	\$490.3	3.1%	\$527.0	3.0%	\$496.9	2.9%
	Tobacco Taxes	\$323.7	2.0%	\$299.9	1.7%	\$294.8	1.7%
	Fantasy Contests, Internet Gaming, and Sports Betting*	\$92.1	0.6%	\$210.8	1.2%	\$215.6	1.3%
	Other SAF Taxes	\$119.0	0.7%	\$121.2	0.7%	\$130.3	0.8%
	Casino Wagering Tax	\$90.6	0.6%	\$110.0	0.6%	\$113.4	0.7%
	Liquor Tax	\$76.7	0.5%	\$78.6	0.5%	\$79.6	0.5%
TOTAL		\$16,060.2		\$17,340.6		\$17,195.3	



MAJOR SCHOOL TAXES LIST HAS EXPANDED ALWAYS WATCH FOR TAX CUT PROPOSALS IMPACTS OF STRONG BUDGET AND ELECTION YEAR POLITICS

STATE REVENUE



SALES TAX	School Aid Fund receives approximately 72.8% of total sales tax revenue. The current tax rate is 6%.
INDIVIDUAL INCOME TAX	School Aid Fund receives approximately 23.8% of gross income tax revenue.
STATE EDUCATION TAX	6-mill levy on all real and personal property except eligible manufacturing personal property and property subject to the small parcel exemption. All revenue is dedicated to the School Aid Fund.
LOTTERY TRANSFER	School Aid Fund receives all of the net revenue from lottery sales.
USE TAX	The School Aid Fund receives one-third of use tax revenue collected at the 6% rate.
REAL ESTATE TRANSFER TAX	School Aid Fund receives 100% of the real estate transfer tax. Tax rate is 0.75% of the sale price of real estate.
TOBACCO TAXES	School Aid Fund receives approximately 41.4% of cigarette tax revenue.
FANTASY CONTESTS, INTERNET GAMING, AND SPORTS BETTING	School Aid Fund receives approximately 64% of total combined tax revenue from fantasy contests, Internet gaming, and sports betting.
OTHER SAF TAXES	Includes industrial and commercial facilities tax, commercial forest tax, and roughly 35% of the recreational marijuana excise tax.
CASINO WAGERING TAX	School Aid Fund receives all casino wagering tax revenue.
LIQUOR TAX	The SAF liquor tax is a 4% tax assessed on the base price.



“SIN” TAXES HELP STATE SCHOOLS

MARIHUANA TAX “GROWING” UP 74% FROM AUG/AUG

STATE REVENUE



CONSUMPTION TAXES

FY 2020-21
Final Collections

BEER TAX	\$36,961,583
ENACTED: 1998 PA 58	
BASE: Beer manufactured or sold in Michigan	
RATE: \$6.30 per barrel (\$2 per barrel credit for small brewers)	
DISPOSITION: General Fund/General Purpose	
LIQUOR TAX	\$234,300,157
ENACTED: 1998 PA 58	
BASE: Base price of spirits	
RATE: 12%	
DISPOSITION: 4%—General Fund/General Purpose; 4%—School Aid Fund; 4%—Convention Facility Development Fund	
RECREATIONAL MARIHUANA EXCISE TAX	\$140,757,250
ENACTED: Initiated Law 1 of 2018	
BASE: Sales price of recreational marihuana	
RATE: 10%	
DISPOSITION: Net revenue is distributed as follows: 35% to the School Aid Fund, 35% to the Michigan Transportation Fund, 15% to counties, and 15% to cities, villages, and townships	
TOBACCO PRODUCTS TAXES	\$891,807,557
ENACTED: 1993 PA 327	
BASE: Tobacco products sold in Michigan	
RATE: Cigarettes at \$2.00 per pack of 20; Other tobacco products at 32% of wholesale price	
DISPOSITION: From cigarettes—41.5% School Aid Fund, 19.2% General Fund/General Purpose, 3.7% Healthy Michigan Fund, 2.8% Health and Safety Fund, 31.4% Medicaid Benefits Trust Fund, 0.6% Wayne County; From other tobacco products—75% Medicaid Benefits Trust Fund, 25% General Fund/General Purpose	



STATE AID

SCHOOL AID

The School Aid budget, Article I of the School Aid Act, provides funding for the state's local school districts, public school academies (PSAs) and intermediate school districts (ISDs). It also includes a limited number of grants to other entities.

Number of Public School Districts in Michigan

School Year	Intermediate School Districts	Local Educational Authorities	Public School Academies	Educational Achievement Authority	Total Public Schools	Fall Pupil Count
2020-2021	56	537	293	0	886	1,415,820



STATE AID



NOTES:

THE SCHOOL AID BILL FOR 2022-23 HAS MULTIPLE NEW CATEGORICAL FUNDING SECTIONS MANY OF WHICH REQUIRE AN APPLICATION PROCESS.

MDE, MICHIGAN STATE POLICE, TREASURY ALL HAVE AUTHORITY

TO DATE, MDE HAS ASSIGNED NEW CATEGORICALS INTERNALLY TO STAFF TO PROVIDE GUIDANCE

MDE AND MSBO ARE WORKING COOPERATIVELY ON PROVIDING A COMPREHENSIVE DOCUMENT THAT WILL ATTEMPT TO PULL ALL INFORMATION INTO A USABLE FORMAT

THIS PRESENTATION IS INTENDED TO PROVIDE HIGH LEVEL OVERVIEW



STATE AID

\$9,150 TARGET FOUNDATION PER PUPIL INCREASE OF \$450 PP

Sec. 22a. Proposal A Obligation Payment

Allocates funds to pay school districts an amount sufficient to guarantee an amount equal to FY 1994-95 total state and local per pupil revenue for school operating purposes as required by the State Constitution.

Sec. 22b. Discretionary Payment

Makes payments to districts using the foundation allowance and special education calculations in Secs. 20 and 51a.

Section 22a – Foundations: Proposal A Obligation Payment	4,376,000,000	Funding guarantees FY 1994-95 total state and local per pupil revenue for operating purposes as required by Michigan Constitution; payment is equal to a district's FY 1994-95 foundation allowance multiplied by the total number of general education and special education membership pupils in the district, minus the district's local revenue from non-homestead millage revenue.
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Funding Source(s): Restricted 4,376,000,000

Related Boilerplate Section(s): 6, 11, 20, 22b, 105, 105c

Section 22b – Foundations: Discretionary Payment	5,758,000,000	Provides funds equal to the sum of amounts calculated under Sec. 20 and 20m (total foundation allowances) and under Sec. 51a(2) plus Sec. 51a(3) plus Sec. 51a(11) (total special education), minus amounts under Sec. 22a (Proposal A guaranteed portion of foundation allowance) and Sec. 51c (Headlee obligated special education reimbursements - <i>Durant v State of Michigan</i>).
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Funding Source(s): Restricted 5,757,609,300
GF/GP 390,700

Related Boilerplate Section(s): 6, 11, 20, 20m, 21f, 21h, 22a, 22p, 51a, 51c, 76, 101, 105, 105c



STATE AID

OUT OF FORMULA AND ISOLATED DISTRICTS FUNDING

Sec. 22c. Out-of-Formula Payment

Provides funding for districts with local school operating revenue per pupil exceeding their foundation allowance.

Sec. 22d. Isolated District Funding

Allocates a portion of the funds to small, rural and Upper Peninsula or island districts with fewer than 250 students and with school buildings located at least 30 miles from any other school building, or located on an island not accessible by a bridge. Allocates a portion of the funds to districts that have 10.0 or fewer pupils per square mile. Allocates a portion of the funds to districts that have greater than 250 square miles and do not otherwise receive funding under this section.

Section 22c – Out-of-Formula Payment	3,000,000	Provides payments to out-of-formula districts in an amount equal to \$171 per pupil.
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Funding Source(s): Restricted 3,000,000

Related Boilerplate Section(s): 11, 20

Section 22d – Isolated District Funding	8,858,000	Provides \$1.6 million to certain small, geographically isolated districts and \$6.4 million to districts that have fewer than 10.0 pupils per square mile. Also provides \$862,700 for payments to districts that have greater than 250 square miles and do not otherwise receive funding under this section.
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Funding Source(s): Restricted 8,858,000

Related Boilerplate Section(s): 6, 11



STATE AID

CATEGORICAL AND OFFSETS MAINTAINED

Sec. 20f. Categorical Offset Payments

Provides funds so that no district received less than a \$5 increase for FY 2013-14 compared with FY 2012-13 when adding certain increases and decreases in other funding sections. Also provides funds so that no district received less than a \$25 increase for FY 2015-16 when compared with FY 2014-15 when adding certain increases and decreases in other funding sections.

Section 20f – Categorical
Offset Payments

18,000,000

Maintains \$6.0 million for FY 2013-14 per pupil allocations which guaranteed that no district received less than a \$5 per pupil increase for FY 2013-14 when adding together the increases in the foundation allowance and equity payment and the reductions in MPSERS cost offsets that year. Maintains \$12.0 million to guarantee a minimum net increase of \$25 per pupil for FY 2015-16 when adding together the increases in foundation allowances and At-Risk funding and the elimination of Best Practices and District Performance grants.

Funding Source(s): Restricted 18,000,000

Related Boilerplate Section(s): 11



STATE AID

NEW!!!! CONSOLIDATION AND INFRASTRUCTURE \$\$

Sec. 11x. School Consolidation and Infrastructure Fund

Establishes the School Consolidation and Infrastructure Fund for the purpose of improving student academic outcomes, increasing the efficiency of the state's public education system, and creating a healthy and safe space for students in this state.

Sec. 11y. Infrastructure Study

Provides funds for an ISD or consortium of ISDs to conduct a statewide school facilities study for all non-PSA school buildings.

Section 11x – School Consolidation and Infrastructure Fund	5,000,000	Deposits \$475.0 million SAF into the School Consolidation and Infrastructure Fund for improving student academic outcomes, increasing the efficiency of the state's public education system, and creating a healthy and safe space for students in this state. Provides \$5.0 million for non-PSA districts and ISDs to conduct a feasibility study for consolidation.
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Funding Source(s): Restricted 5,000,000

Related Boilerplate Section(s): 11

Section 11y – Infrastructure Study	20,000,000	Provides \$20.0 million for an ISD or consortium of ISDs to conduct a statewide school facilities study for all non-PSA school buildings.
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Funding Source(s): Restricted 20,000,000

Related Boilerplate Section(s): 11



STATE AID



NEW!!!! CONSOLIDATION AND INFRASTRUCTURE \$\$

(5) Money available in the school consolidation and infrastructure fund must not be expended without a specific appropriation. No more than 50% of funds in the school consolidation and infrastructure fund may be appropriated for non-consolidation-related infrastructure projects.

(6) From the state school aid fund money appropriated under section 11, there is allocated for 2022-2023 only an amount not to exceed \$5,000,000.00 for grants to districts and intermediate districts to support the cost of a feasibility study or analysis of consolidation among 1 or more districts or among 1 or more



STATE AID

NEW!!!! CONSOLIDATION AND INFRASTRUCTURE \$\$

intermediate districts. Districts and intermediate districts may apply for a grant under this section to the department on a first-come, first-serve basis. The maximum amount of a grant to be distributed under this section may not exceed \$250,000.00.

Notwithstanding section 17b, the department shall make payments under this subsection on a schedule determined by the department.

(8) To be eligible for the receipt of funds appropriated from the school consolidation and infrastructure fund created under this section, a district must allow for the facility condition assessments described in section 11y to be conducted in the district.



STATE AID



NEW!!!! CONSOLIDATION AND INFRASTRUCTURE \$\$

(2) The department must award funds under this section to an intermediate district or a consortium of intermediate districts.

(3) The recipient of funding under this section must use the funds to coordinate with engineers from Michigan-based construction companies familiar with school construction to perform facility condition assessments of each school building in this state in which students are educated that is operated by a district. As part of the assessment described in this subsection, the engineers must report to the recipient of funding under this section either of the following, as applicable:



STATE AID



NEW!!!! CONSOLIDATION AND INFRASTRUCTURE \$\$

(a) If the engineers do not determine that the most cost-effective way to bring a building to health, safety, and wellness standards is new construction, the investments required to ensure that the building meets health, safety, and wellness standards and the estimated cost of the investments.

(b) If the engineers determine that the most cost-effective way to bring a building to health, safety, and wellness standards is new construction, the estimated cost of the new construction that meets the education needs of the student population currently being served by the existing building.



STATE AID

\$275M INCENTIVE PROGRAMS TO ATTRACT EDUCATORS

Sec. 27a. MI Future Educator Fellowship Program

Provides funding to offset tuition costs for college students earning their initial teacher certification.

Sec. 27b. Grow Your Own Program

Provides funding for grants to districts and ISDs to provide a no-cost pathway for support staff members to become certified teachers.

Sec. 27c. MI Future Educator Student Teacher Stipend

Provides funding for public and nonpublic institutions of higher education to pay stipends to student teachers.

Sec. 27d. Educator Fellowship Public Provider Fund

Establishes the Educator Fellowship Public Provider Fund for improving the educator workforce through recruitment efforts for students attending public educator preparation programs.

Sec. 27e. Educator Fellowship Private Provider Fund

Establishes the Educator Fellowship Private Provider Fund for improving the educator workforce through recruitment efforts for students attending private educator preparation programs.

Sec. 27f. Education Workforce Report

Provides funding for an analysis of Michigan's education workforce, including shortages across districts, recommendations, and policies other states have implemented.



STATE AID

INCENTIVE PROGRAMS TO ATTRACT EDUCATORS

Section 27a – MI Future Educator Fellowship Program	25,000,000	Provides funding to offset tuition costs for college students earning their initial teacher certification who agree to work in a Michigan public or nonpublic school or qualifying preschool program for 3-5 years or repay a proportionate amount of total funds received as a 0% interest loan.
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Funding Source(s):	Restricted	20,000,000
	GF/GP	5,000,000

Related Boilerplate Section(s): 11

Section 27b – Grow Your Own Program	175,000,000	Provides funding for grants to districts and ISDs to provide a no-cost pathway for support staff members to become certified teachers. Requires a recipient to work in the district or ISD for the same number of years funding was received.
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Funding Source(s):	Federal	155,000,000
	Restricted	20,000,000

Related Boilerplate Section(s): 11



STATE AID

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INCENTIVE PROGRAMS TO ATTRACT EDUCATORS

Section 27c – MI Future Educator Student Teacher Stipend	50,000,000	Provides funding for public and nonpublic institutions of higher education to pay student teachers up to \$9,600 per semester for tuition, living expenses, childcare, or any other cost associated with student teaching.
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Funding Source(s): Restricted 50,000,000

Related Boilerplate Section(s): 11

Section 30c – Troops to Teachers	15,000,000	Provides funding for districts to implement a Troops to Teachers mentorship training program for veterans. Requires participants to student teach while shadowing a mentor teacher. Provides a salary for participants during the program and requires a district to independently fully fund a participant's salary by September 30, 2027.
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Funding Source(s): Restricted 15,000,000

Related Boilerplate Section(s): 11



STATE AID

FULLY FUNDED AT-RISK FOR ALL ELIGIBLE STUDENTS (\$1,052 PP)

Section 31a – At-Risk Pupil Support, School-based Health Centers, Hearing/Vision/Dental Screening	787,150,000	Supports instructional programs and direct noninstructional services for at-risk pupils (\$747.5 million) for the purpose of ensuring that pupils are proficient in English language arts by the end of 3 rd grade, pupils are proficient in math by the end of 8 th grade, high school graduates are career and college ready, and pupils are attending school regularly. Districts must comply with K-12 reading requirements under MCL 380.1280f, use resources to address early literacy and numeracy, and provide multi-tiered systems of support in grades K-12 to qualify.
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Eligible districts receive an amount equal to 11.5% of the target foundation allowance per economically disadvantaged pupil, including those eligible for free and reduced price meals, TANF, or SNAP family benefits (cash or food assistance); or children who are migrants, homeless, or in foster care. Also includes funding for school-based health centers (\$33.0 million) and hearing, vision, and dental screenings (\$6.7 million).

Funding Source(s):	Restricted	785,650,000
	GF/GP	1,500,000

Related Boilerplate Section(s): 11, 20



STATE AID

MENTAL HEALTH SUPPORTS

Sec. 31m. School Mental Health and Support Services Fund

Establishes the School Mental Health and Support Services Fund to improve mental health and support services for K-12 pupils.

Sec. 31n. School Mental Health and Support Services

Provides funding for the provision of mental health and support services and additional licensed behavioral health providers in schools for general education pupils.

Section 31n – School Mental Health and Support Services	78,900,000	Allocates funding to place licensed behavioral health providers in schools (\$14.3 million) and to provide mental health and support services (\$62.8 million) for general education students. Also includes funding for DHHS and ISDs for program administration (\$1.8 million).
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Funding Source(s):	Restricted	77,600,000
	GF/GP	1,300,000

Related Boilerplate Section(s): 11

Section 31p – TRAILS Program	50,000,000	Provides funds for grants to ISDs to implement the TRAILS program to improve youth access to evidence-based mental health services by training school mental health professionals in effective practices.
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Funding Source(s):	Federal	50,000,000
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Related Boilerplate Section(s): 11



STATE AID

GSRP \$9,150

Section 32d – Great Start Readiness Program

452,470,000

Provides funds to ISDs to operate school readiness preschool programs for four-year-old children in low-income families; comprehensive program includes an age-appropriate curriculum, nutritional services, physical and dental health and developmental screening, and parental involvement. Each allocation is equal to \$9,150 per child for a full-day preschool program. \$10.0 million of the total funding is allocated for transportation reimbursements. Allocates \$2.0 million for professional development for educators in programs implementing new curricula or for assessment tools approved for use in the Great Start Readiness Program. Allocates \$350,000 to continue a longitudinal evaluation of the program.

Funding Source(s):	Federal	83,000,000
	Restricted	369,120,000
	GF/GP	350,000

Related Boilerplate Section(s): 11, 39



STATE AID



FEDERAL FUNDING FOR 2022-23

Section 39a(1) – Federal Grant Programs	752,300,000	Appropriates up to \$752.3 million for federal grant programs under Every Student Succeeds Act, including the following estimated funds: Drug-Free Schools and Communities: 1,200,000 Improving Teacher Quality: 100,000,000 Language Acquisition (Limited English Proficient): 13,000,000 Rural and Low Income Schools: 2,800,000 Title I, Disadvantaged Children: 535,000,000 Title I, Migrant Education: 9,200,000 21st Century Community Learning Centers: 39,000,000 Title I, School Improvement Grants: 14,000,000 Student Support/Academic Enrichment Grants: 35,000,000 <u>Striving Readers Comprehensive Literacy Program: 3,100,000</u>
	Funding Source(s):	Federal 752,300,000
Related Boilerplate Section(s): 11		
Section 39a(2) – Other Federal Funding	56,500,000	Appropriates up to \$56.5 million for other federal grants, including the following estimated funds: Homeless Children and Youth: 3,000,000 Career & Technical Education: 24,000,000 Public Charter Schools Program: 14,000,000 Preschool Development: 14,000,000 <u>Substance Abuse Treatment and Prevention: 1,500,000</u>
	Funding Source(s):	Federal 56,500,000



STATE AID

SPECIAL EDUCATION FUNDING

Sec. 51a. Special Education Calculation

Provides funding for special education and describes the method for calculating funding.

Sec. 51b. School District and ISD Compliance with Rules

Requires districts and ISDs to comply with Article 3 (refers to Special Education) of the Revised School Code.

Sec. 51c. Special Education Payment

Allocates funds to reimburse districts for special education services as required under *Durant v State of Michigan*. The state must reimburse 28.6138% of total approved costs of special education and 70.4165% of total approved costs of special education transportation.

Sec. 51d. Federally Funded Special Education Programs

Allocates funds for certain federally funded special education programs for individuals with disabilities, including funds for infants and toddlers and preschool students.

Sec. 51e. Special Education Foundation Payment

Allocates funds for districts and ISDs for 75% of foundation allowance costs associated with special education pupils.

Sec. 51g. Remote Learning Library

Provides funds to an association for administrators of special education services to develop content for special education students and teachers.

Sec. 52. Limit on Special Education Reimbursement

States reimbursement for special education programs and services shall not exceed 75% of total program cost.



STATE AID



SPECIAL EDUCATION FUNDING

Sec. 51a. (1) From the state school aid fund money in section (b) ~~(a) The~~ **For 2022-2023, the** department shall calculate the initial amount allocated to a district under this subsection toward fulfilling the specified percentages by multiplying the district's special education pupil membership, excluding pupils described in subsection (11), times **25% of** the foundation allowance under section 20 of the pupil's district of residence, plus **25% of** the amount of the district's per-pupil allocation under section 20m, not to exceed **25% of** the target foundation allowance for the current fiscal year, or, for a special education pupil in membership in a district that is a public school academy, times an amount equal to **25% of** the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages is an amount per special education membership pupil, excluding pupils described in subsection (11), and is calculated in the same manner as for a district, using **25% of** the foundation allowance under section 20 of the pupil's district of residence, not to exceed **25% of** the target foundation allowance for the current fiscal year, and that district's per-pupil allocation under section 20m.



STATE AID

SPECIAL EDUCATION FUNDING

Sec. 51e. (1) From the allocation under section 51a(1), there is allocated for 2022-2023 the amount necessary, estimated at \$336,207,000.00 for 2022-2023 for payments to districts and intermediate districts for 75% of foundation allowance costs associated with special education pupils.

HIGH LEVEL

51A SE FTE * (TARGET FOUNDATION *25%)

51E SE FTE * (TARGET FOUNDATION *75%)

51C DURANT % - 51A ABOVE

MAY BE SOME DISTRICTS WITH HOLD HARLESS



MENTAL HEALTH AND SCHOOL SAFETY STATE AID



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

GRETCHEN WHITMER
GOVERNOR

MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

MEMORANDUM

DATE: September 22, 2022

TO: Local and Intermediate School District Superintendents
Public School Academy Directors
Non-Public School Administrators

FROM: Kyle L. Guerrant, Deputy Superintendent KG
Finance and Operations

SUBJECT: School Mental Health and School Safety Funding Opportunities

Pursuant to [Public Act 144 of 2022](#) and [Public Act 93 of 2022](#), the Michigan Department of Education announces the availability of funding opportunities specific to school safety and student mental health in support of Goal 3 of [Michigan's Top Ten Strategic Education Plan](#). This funding seeks to reduce the impact of high risk factors on students while improving the health, safety and wellness of all learners. The [application](#) can be found through the Grantee Electronic Monitoring System and Michigan Administrative Review System (MARS). The application process will close at 7:00 am Monday, October 17, 2022.



STATE AID

MENTAL HEALTH AND SCHOOL SAFETY

1. Section [31aa](#) (MCL [388.1631aa](#)) provides per pupil funding to districts for activities to improve student mental health. Intermediate school districts (ISDs)
2. Section [97](#) (MCL [388.1697](#)) provides per pupil funding to districts and nonpublic schools for activities to improve student safety.
 - a. The recipient agrees to use the funding only to implement critical incidence mapping that meets all of the following:
 - i. Must be compatible with platforms and applications used by local, state, and federal public safety officials;
 - ii. must not require the purchase of additional software for use;
 - iii. must be provided in a printable format;
 - iv. must be verified for accuracy through a walk-through of a school building and school grounds;
 - v. must be oriented true north;
 - vi. must include accurate floor plans of, or current aerial imagery of, a school building or school plan;
3. Section [97c](#) (MCL [388.1697c](#)) contains funding to contract with a vendor for the completion of comprehensive safety and security assessments in school buildings operated by the district, ISD, or nonpublic school.
4. Section [97d](#) (MCL [388.1697d](#)) contains funding to implement critical incidence mapping in school buildings operated by the district, ISD, or nonpublic school.
 - a. The recipient agrees to use the funding only to implement critical incidence mapping that meets all of the following:
 - i. Must be compatible with platforms and applications used by local, state, and federal public safety officials;
 - ii. must not require the purchase of additional software for use;
 - iii. must be provided in a printable format;
 - iv. must be verified for accuracy through a walk-through of a school building and school grounds;
 - v. must be oriented true north;
 - vi. must include accurate floor plans of, or current aerial imagery of, a school building or school plan;

APPLICATIONS AVAILABLE NOW. 31AA, 97, 97C, 97D



STATE AID

MENTAL HEALTH SUPPORTS

Section 31aa – Per-Pupil
Mental Health Grant

150,000,000 Provides funds for per-pupil payments to districts for activities to improve mental health, including hiring support staff, implementing screening tools, providing school personnel with consultations with behavioral health clinicians, and any other mental health service or product.

Funding Source(s): Restricted 150,000,000

Related Boilerplate Section(s): 11



STATE AID

MENTAL HEALTH SUPPORTS (EST \$107 PP)

Sec. 31aa. (1) From the state school aid fund money appropriated in section 11, there is allocated \$150,000,000.00 for 2022-2023 only to provide payments to districts for activities to improve student mental health. The allowable expenditures of funds under this section include, but are not limited to, the following:

(a) Hiring or contracting for support staff for student mental health needs, including, but not limited to, school psychologists, social workers, counselors, and school nurses.

(b) Purchasing and implementing mental health screening tools.

(c) Providing school-based mental health personnel access to consultation with behavioral health clinicians to respond to complex student mental health needs.

(d) Any other mental health service or product necessary to improve or maintain the mental health of students and staff.

(2) From the allocation under subsection (1), the department shall make payments to districts in an equal amount per pupil based on the total number of pupils in membership in each district.



STATE AID

MENTAL HEALTH SUPPORTS

Sec. 97. School Safety

Provides per-pupil payments to districts and nonpublic schools for activities to improve student safety.

Sec. 97a. Navigate 360

Appropriates funds for Michigan Virtual University to support Navigate 360.

Sec. 97b. School Resource Officers

Provides funding for schools, districts, and ISDs to hire school resource officers.

Sec. 97c. Risk Assessments

Formerly appropriated funds for grants to districts, ISDs, and nonpublic schools to implement risk assessments.

Sec. 97d. Critical Incidence Mapping

Formerly appropriated funds for districts, ISDs, and nonpublic schools to implement critical incidence mapping of each school.

Sec. 97e. School Safety and Mental Health Commission

Provides funding for a School Safety and Mental Health Commission within MDE.

Sec. 97f. Cross-System Intervention Approach

Provides funding for a public research institution, in collaboration with a national law enforcement foundation, to pilot a cross-system intervention approach to identifying and supporting middle and high school students that are determined to be at risk for violence through a psychiatric or psychological assessment.



STATE AID



SCHOOL SAFETY

Section 97 – School Safety

168,000,000

(EST \$120 PP)

Provides per-pupil payments to districts and nonpublic schools. Allowable uses include: coordination with law enforcement; training on threat assessment, threat response, crisis communication, and responsible gun ownership; safety infrastructure; professional development for school resource officers; and any other school safety service or product.

Funding Source(s):	Restricted	150,000,000
	GF/GP	18,000,000

Related Boilerplate Section(s): 11

Section 97a – Navigate 360

1,947,000

Provides funding to Michigan Virtual University to support Navigate 360.

Funding Source(s):	GF/GP	1,947,000
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Related Boilerplate Section(s): 11



STATE AID



SCHOOL SAFETY

Section 97b – School Resource Officers	25,000,000	Provides funds to schools, districts, and ISDs to hire school resource officers and requires a recipient to provide 50% matching funds.
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Funding Source(s): Restricted 25,000,000

Related Boilerplate Section(s): 11

Section 97e – School Safety and Mental Health Commission	2,000,000	Provides funds for a School Safety and Mental Health Commission within MDE. Allows the commission to hire an executive director and staff.
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Funding Source(s): GF/GP 2,000,000

Related Boilerplate Section(s): 11

Section 97f – Cross System Intervention Approach	15,000,000	Provides funds for a public research institution, in collaboration with a national law enforcement foundation, to pilot a cross-system intervention approach to identifying and supporting middle and high school students that are determined to be at risk for violence through a psychiatric or psychological assessment.
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Funding Source(s): Restricted 15,000,000

Related Boilerplate Section(s): 11



STATE AID

SCHOOL SAFETY

3. [Section 97c](#) ([MCL 388.1697c](#)) contains funding to contract with a vendor for the completion of comprehensive safety and security assessments in schools operated by the district, ISD, or nonpublic school. Grants are available in amounts not to exceed \$2,000 per building.
4. [Section 97d](#) ([MCL 388.1697d](#)) contains funding to implement critical incidence mapping in school buildings operated by the district, ISD, or nonpublic school.



STATE AID

LEARNING LOSS

MICHIGAN DEPARTMENT OF EDUCATION

Criteria for Section 98c – Learning Loss

The purpose of this grant is to encourage districts to develop and implement plans to address learning loss experienced by students of the LEA as a result of the COVID-19 pandemic.

Eligible applicants are local education agencies (LEAs).

- An assurance that by not later than October 30, 2022, at a public meeting of the board of an LEA, a presentation is provided on how funding received under section 98c will be used to address learning loss.



STATE AID

MPERS FUNDING

Sec. 147. Allocations to Michigan Public School Employees' Retirement System (MPERS)

Reports the annual estimates of employer payroll contribution rates for MPERS.

Sec. 147a. MPERS Cost Offset

Payment to districts to partially offset increases in MPERS employer contribution rates in 2012 and to offset normal cost increases related to the reduction in the assumed rate of return.

Sec. 147b. MPERS Reserve for Retirement Obligation Reform

Establishes the MPERS retirement obligation reform reserve fund within the School Aid Fund.

Sec. 147c. MPERS State Contribution

Appropriates funds to pay for the required pension and retiree health care prefunding amounts that exceed the cap on the employer rate for unfunded accrued liabilities of 20.96% of payroll. Also provides an additional payment into the system and provides funds to accelerate the reduction in the payroll growth assumption.

Sec. 147e. MPERS Employer Defined Contribution Match

Appropriates funds to reimburse districts, ISDs, and community colleges for the costs of a higher hybrid plan normal cost and a larger employer contribution for the new defined contribution plan under 2017 PA 92.



STATE AID



MPERS FUNDING

Section 147a(1) – MPERS Cost Offset	100,000,000	Offsets a portion of costs for school districts related to the Michigan Public School Employees Retirement System (MPERS). Payments are distributed based on each district's share of the total statewide MPERS payroll for the previous fiscal year.
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Funding Source(s): Restricted 100,000,000

Related Boilerplate Section(s): 11

Section 147a(2) – MPERS Normal Cost Offset	191,750,000	Reimburses districts, ISDs, and district libraries for the employer normal cost increases related to a reduction in the assumed rate of return (AROR). Reimbursements are based on an entity's reported quarterly payroll for members that became Tier 1 prior to February 1, 2018 for the current year.
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Funding Source(s): Restricted 191,700,000
 GF/GP 50,000

Related Boilerplate Section(s): 11



STATE AID



MPERS FUNDING

Section 147c – MPERS State Share of Unfunded Liability Payments	2,618,900,000	Appropriates funds to districts, ISDs, and participating local libraries in an amount equal to the state's required share of the MPERS contribution pursuant to Sec. 41 of the Public School Employees' Retirement Act. Districts, ISDs, and libraries must remit the funds to MPERS. Also provides an additional \$1.0 billion into the retirement system and provides \$140.4 million to reduce the payroll growth assumption to 1.75%.
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Funding Source(s):	Restricted	2,618,400,000
	GF/GP	500,000

Related Boilerplate Section(s): 11

Section 147e – MPERS PA 92 Added Costs	54,000,000	Reimburses districts, ISDs, and community colleges for the costs of a higher hybrid plan normal cost and a larger employer contribution for the new Defined Contribution plan under 2017 PA 92.
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Funding Source(s):	Restricted	54,000,000
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Related Boilerplate Section(s): 11



MPSERS RATES

STATE AID



MPSERS Member and Employer Contribution Rates for K12 Districts, ISDs, Charter Schools/PSAs, Libraries, and Community Colleges Effective Oct. 1, 2022 - Sept. 30, 2023

Benefit Plan	Healthcare Plan	Active Members Employee DB Contribution Rates (DTL2)			Active Members and Retirees Employee DC Contribution Rates (DTL4)			Active Members Employer DB Contribution Rates (DTL2)							Active Members and Retirees Employer DC Contribution Rates (DTL4)			
		DB Contributions	Premium Subsidy	DB TOTAL	DC Contributions	PHF Contributions	DC TOTAL	Pension Normal Cost	Pension UAAL	Pension Total	Health Normal Cost	Health UAAL	Health Total	DB TOTAL	Mandatory	Matching*	PHF*	DC TOTAL
Basic	Premium Subsidy		3.00%	3.00%				6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
Basic	PHF				2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
Basic 4%	Premium Subsidy	4.00%	3.00%	7.00%				6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
Basic 4%	PHF	4.00%		4.00%	2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
Basic DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%	13.75%	13.75%		0.86%	7.21%	8.07%	21.82%	4.00%	3.00%		7.00%
Basic DC Converted	PHF				3.00%	2.00%	5.00%	13.75%	13.75%			7.21%	7.21%	20.96%	4.00%	3.00%	2.00%	9.00%
MIP Fixed	Premium Subsidy	3.90%	3.00%	6.90%				6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
MIP Fixed	PHF	3.90%		3.90%	2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
MIP Graded	Premium Subsidy							6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		4.30%	3.00%	7.30%														
MIP Graded	PHF				2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		4.30%		4.30%														
MIP Plus	Premium Subsidy							6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		6.40%	3.00%	9.40%														
MIP Plus	PHF				2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		6.40%		6.40%														
MIP 7%	Premium Subsidy	7.00%	3.00%	10.00%				6.41%	13.75%	20.16%	0.86%	7.21%	8.07%	28.23%				
MIP 7%	PHF	7.00%		7.00%	2.00%	2.00%		6.41%	13.75%	20.16%		7.21%	7.21%	27.37%		2.00%		2.00%
MIP DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%	13.75%	13.75%		0.86%	7.21%	8.07%	21.82%	4.00%	3.00%		7.00%
MIP DC Converted	PHF				3.00%	2.00%	5.00%	13.75%	13.75%			7.21%	7.21%	20.96%	4.00%	3.00%	2.00%	9.00%
Pension Plus	Premium Subsidy				2.00%		2.00%	3.49%	13.75%	17.24%	0.86%	7.21%	8.07%	25.31%		1.00%		1.00%
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		6.40%	3.00%	9.40%														
Pension Plus	PHF				2.00%	2.00%	4.00%	3.49%	13.75%	17.24%		7.21%	7.21%	24.45%		1.00%	2.00%	3.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		6.40%		6.40%														
Pension Plus 2	PHF	6.20%		6.20%	2.00%	2.00%	4.00%	6.20%	13.75%	19.95%		7.21%	7.21%	27.16%		1.00%	2.00%	3.00%
DC	PHF				3.00%	2.00%	5.00%		13.75%	13.75%		7.21%	7.21%	20.96%	4.00%	3.00%	2.00%	9.00%

*The rates in these columns reflect the maximum employer match. See the Member Benefit Plan link on the Employer Reporting website for more information.

Note: Public Act 184 of 2022 removed the requirement to pay UAAL contributions for MPSERS retirees who return to direct or indirect public school employment.



STATE AID



GRAND TOTAL

GROSS APPROPRIATION		\$19,602,716,400	Total of all applicable line item appropriations.
Federal revenue	2,524,243,500		Total other federal grant or matchable revenue.
Community District Education Trust Fund	72,000,000		Restricted fund statutorily dedicated to backfilling redirected local revenue for the Community District which replaced Detroit Public Schools.
MPERS Obligation Reform Reserve Fund	140,400,000		Fund created as a separate account in the School Aid Fund in Sec. 147b of the School Aid Act to fund a portion of the costs related to MPERS reforms.
School Aid Fund revenue	16,754,072,900		State revenue dedicated to School Aid Fund (SAF).
STATE GENERAL FUND/ GENERAL PURPOSE	\$112,000,000		Unrestricted state revenue from taxes and other sources.



MSBO UPDATE

CONFERENCES & WORKSHOPS

OCT
02

**24th Annual
Facilities/Operations
Director Conference**

In-Person

OCT
05

**Leadership Institute
Session 5**

Holiday Inn Downtown

OCT
11

**Group Solutions – Current
Issues**

MSBO

OCT
20

**School Finance Services
Committee "Up North"
Workshop**

Treetops Resort

CERTIFICATION CLASSES

OCT
11

**Group Solutions – Current
Issues**

MSBO

OCT
13

**Preparing Your Financial
Picture**

Eagle Eye

OCT
18

Data Quality I

Webinar – Live

OCT
20

**Overview of Human
Resource Management**

MSBO

ENVIRONMENTAL WORKSHOPS

OCT
18

**Operations & Maintenance
Personnel - Asbestos
Training**

MSBO

JAN
12

**AHERA Designated Person
Training**

MSBO

JAN
31

**AHERA Inspectors &
Management Planners
Training Webinar**

MSBO

MAR
28

**AHERA Designated Person
Training**

MSBO, Lansing



MSBO UPDATE



[ABOUT](#) [MEMBERSHIP](#) [PROFESSIONAL DEVELOPMENT](#) [CERTIFICATION](#)

MSBO AWARDS

MSBO's Meridian, School Business Official of the Year and to recognize the extraordinary contribution

Direct questions to [Nancy Hawkins](#), 517/327-9254.

- ✓ Business Official of the Year — January 31 deadline
- ✓ Distinguished Service Award — January 31 deadline
- ✓ Meridian Award of Excellence — January 31 deadline
- ✓ President's Award
- ✓ Friend of Education Award

[SIGN IN](#)[EVENT REGISTRATION](#)[CONTACT](#)

[ABOUT](#) [MEMBERSHIP](#) [PROFESSIONAL DEVELOPMENT](#) [CERTIFICATION](#) [SCHOOL FINANCE](#) [BUSINESS SOLUTIONS](#) [SUPPORT SERVICES](#) [RESOURCES](#)

SCHOOL BUSINESS OFFICIAL OF THE YEAR AWARD

PURPOSE & INTENT:

This award honors an individual with innovative and unique accomplishments and contributions with emphasis during the past two years.

[Click here](#) to download the scholarship application. Deadline is January 31, 2023.

Winners

- 2022 — Michelle Sine
- 2021 — Scott Sawyer
- 2020 — Lawrence J. Gallagher
- 2019 — Cheryl S. Wald
- 2018 — Robert F. Moore, Jr.

