



UPSBO Fall Conference

Landmark Inn
Marquette, MI
Oct 11, 2024



Agenda

- Intros



Agenda

- State Revenues
- SAF Budget
- MSBO Update

SAF
Budget
FY2024-25

THANK
YOU!





State Revenues

JAN
2024

January 2024 Consensus Forecast (millions)

| | Net Revenue Estimates | | | | | | | |
|--------------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------|
| | FY 2023 | FY 2024 | | | FY 2025 | | | FY 2026 |
| | Preliminary | May 2023 Consensus | Jan 2024 Consensus | Change From Consensus | May 2023 Consensus | Jan 2024 Consensus | Change From Consensus | Jan 2024 Consensus |
| Net GF-GP Revenue | \$13,965.9 | \$13,238.3 | \$13,597.4 | \$359.1 | \$13,916.4 | \$14,022.2 | \$105.8 | \$14,707.6 |
| Percent Growth | -8.2% | -4.0% | -2.6% | | 5.1% | 3.1% | | 4.9% |
| Dollar Growth | | | (\$368.6) | | | \$424.9 | | \$685.4 |
| Net SAF Revenue | \$17,859.4 | \$17,888.1 | \$17,946.9 | \$58.8 | \$18,265.9 | \$18,307.0 | \$41.1 | \$18,706.0 |
| Percent Growth | -0.1% | 0.8% | 0.5% | | 2.1% | 2.0% | | 2.2% |
| Dollar Growth | | | \$87.6 | | | \$360.0 | | \$399.0 |
| Combined | \$31,825.3 | \$31,126.4 | \$31,544.3 | \$417.9 | \$32,182.3 | \$32,329.2 | \$146.9 | \$33,413.6 |
| Percent Growth | -3.8% | -1.3% | -0.9% | | 3.7% | 2.5% | | 3.4% |
| Dollar Growth | | | (\$281.0) | | | \$784.9 | | \$1,084.4 |

State Revenues

**MAY
2024**

Table 2
May 2024 Consensus Forecast
(millions)

| | Net Revenue Estimates | | | | | | | | |
|--------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | FY 2024 | | | FY 2025 | | | FY 2026 | | |
| | Jan 2024 Consensus | May 2024 Consensus | Change From Consensus | Jan 2024 Consensus | May 2024 Consensus | Change From Consensus | Jan 2024 Consensus | May 2024 Consensus | Change From Consensus |
| Net GF-GP Revenue | \$13,597.4 | \$13,948.8 | \$351.4 | \$14,022.2 | \$14,257.8 | \$235.6 | \$14,707.6 | \$14,886.5 | \$178.9 |
| Percent Growth | -2.6% | -0.1% | | 3.1% | 2.2% | | 4.9% | 4.4% | |
| Dollar Growth | | (\$18.0) | | | \$309.0 | | | \$628.7 | |
| Net SAF Revenue | \$17,946.9 | \$17,783.6 | (\$163.3) | \$18,307.0 | \$18,146.9 | (\$160.1) | \$18,706.0 | \$18,572.5 | (\$133.5) |
| Percent Growth | 0.5% | -0.4% | | 2.0% | 2.0% | | 2.2% | 2.3% | |
| Dollar Growth | | (\$76.4) | | | \$363.3 | | | \$425.6 | |
| Combined | \$31,544.3 | \$31,732.4 | \$188.1 | \$32,329.2 | \$32,404.7 | \$75.5 | \$33,413.6 | \$33,459.0 | \$45.4 |
| Percent Growth | -0.9% | -0.3% | | 2.5% | 2.1% | | 3.4% | 3.3% | |
| Dollar Growth | | (\$94.4) | | | \$672.3 | | | \$1,054.3 | |

State Revenues

**MAY
2024**

Long Term Revenue Trend

| | FY 2027 | FY 2028 |
|--------------------|------------|------------|
| Net GF-GP Revenue | \$15,240.0 | \$15,707.3 |
| Growth | 2.4% | 3.1% |
| Net SAF Revenue | \$19,071.5 | \$19,567.8 |
| Growth | 2.7% | 2.6% |
| Combined GF-GP/SAF | \$34,311.5 | \$35,275.1 |
| Growth | 2.5% | 2.8% |

Income Tax Rate Under MCL 206.51(1)

| Fiscal Year | Total GF/GP Revenue ⁽¹⁾ | Consumer Price Index ⁽²⁾ |
|-------------------|------------------------------------|-------------------------------------|
| 2022 | \$15,309.1 | 287.723 |
| 2023 | \$14,033.6 | 302.289 |
| Percentage Change | -8.33% | 5.06% |

(1) MCL 206.51(1)(c)(ii)

(2) MCL 206.51(10)(b)

In accordance with Section 51(1)(c) of the Income Tax Act, it has been determined that a formulary reduction to the rate for tax year 2024 is not required.

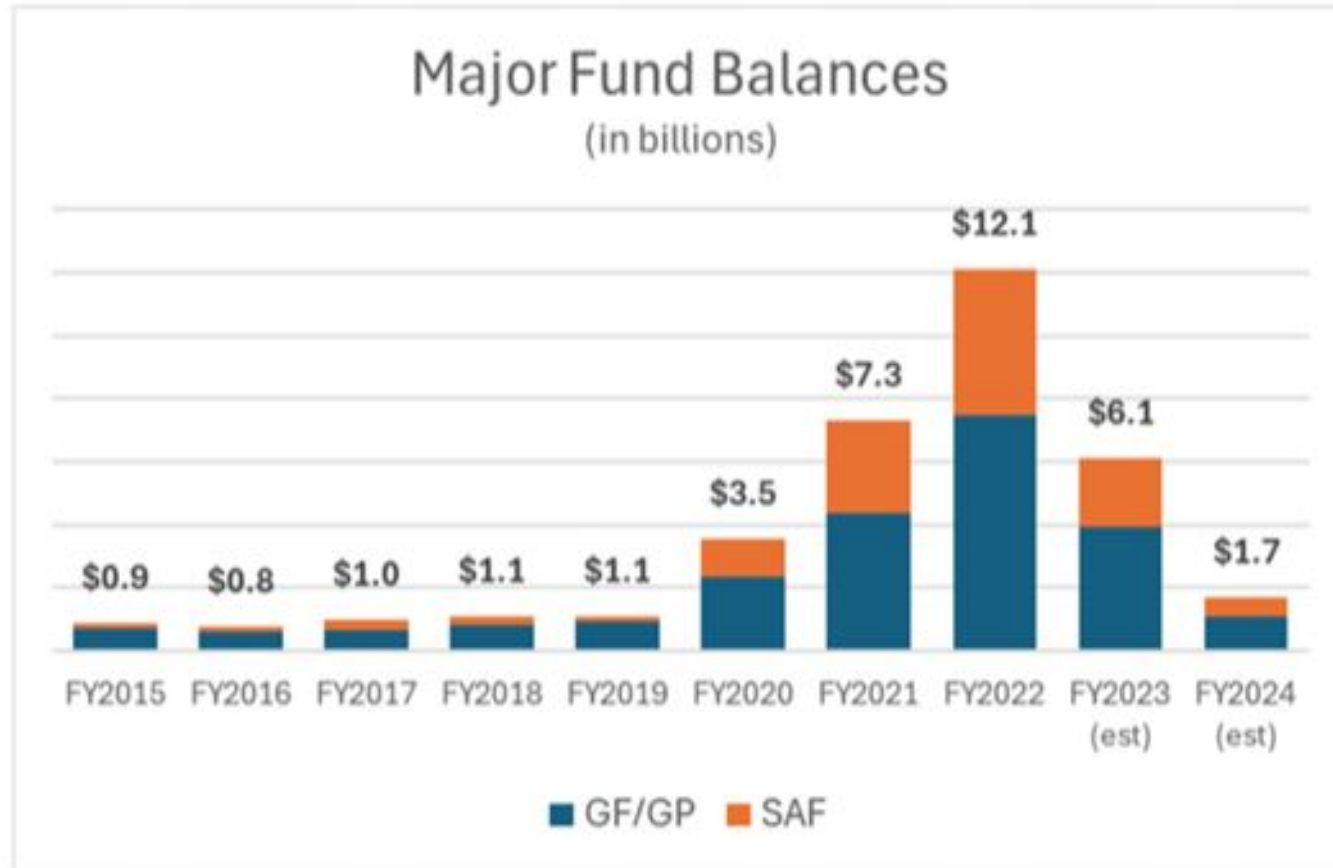
School Aid Index

| | FY 2025 | FY 2026 |
|---------------------------|---------|---------|
| Revenue Adjustment Factor | 1.0132 | 1.0245 |
| Pupil Membership Factor | 1.0045 | 1.0048 |
| School Aid Index | 1.0178 | 1.0294 |

Budget Stabilization Fund Calculation

| | |
|----------------------|----------------------|
| FY 2024 Calculations | NO PAY-IN OR PAY-OUT |
| FY 2025 Calculations | NO PAY-IN OR PAY-OUT |
| FY 2026 Calculations | PAY-IN \$15.7 |

State's "Money in the Bank" Has Fallen



Both GF/GP and SAF projected year-end balances are down from the unprecedented levels realized over the previous four fiscal years.

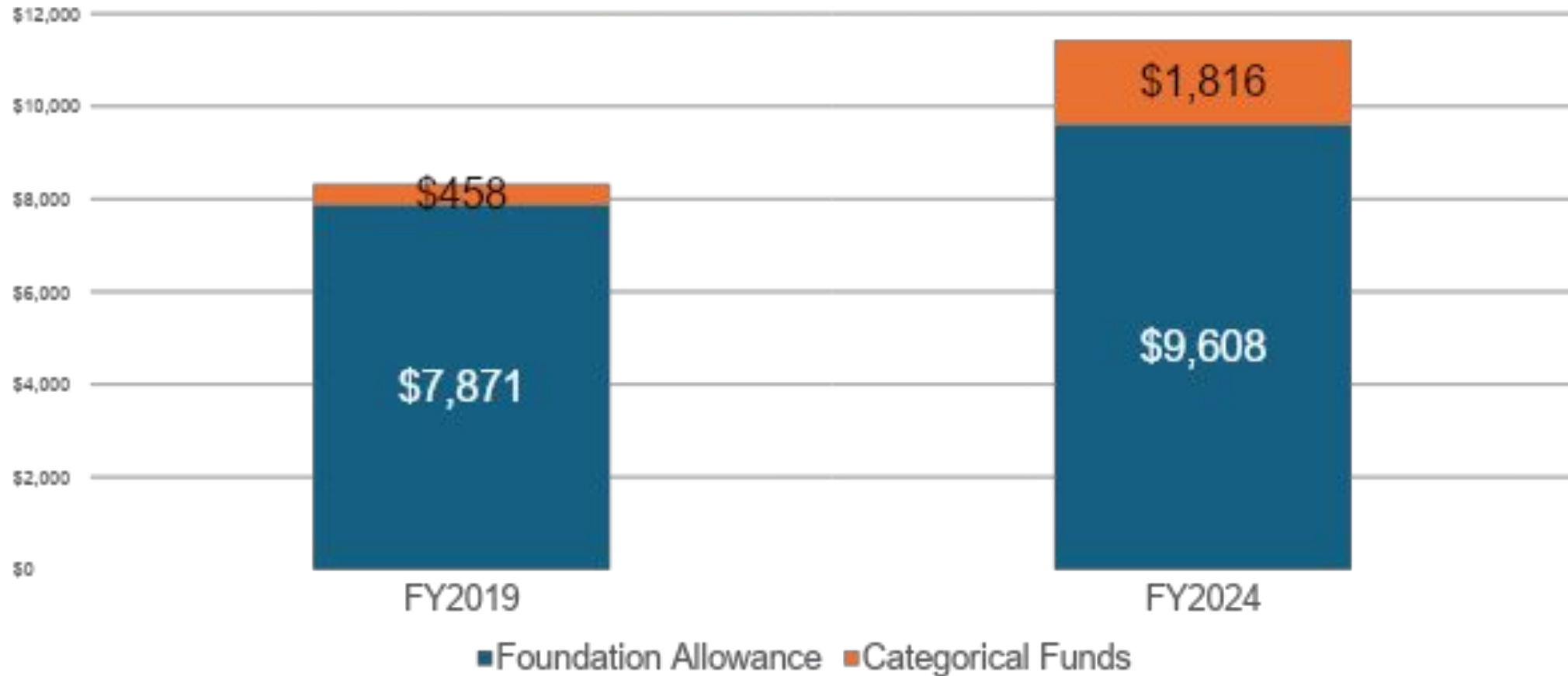
FY24 Year-End Balance Estimates:

- GF/GP: \$1.1B
- SAF: \$564M

Source: State of Michigan Comprehensive Annual Financial Reports and House Fiscal Agency projections..

SAF Budget FY2023-24

State Funding per pupil - FY2019 v. FY2024





SAF Budget FY2023-24

One-Time Categoricals

- In FY 2023-24, a record number of categoricals were funded for a single fiscal year. There are **93** sections that include one-time funding, totaling **\$2.3 billion**.
- Major sections include:
 - **\$328.0 million** for Per-Pupil Mental Health and Safety Grants
 - **\$245.0 million** for Consolidation Grants
 - **\$225.0 million** for a Student Loan Repayment Pilot
 - **\$140.0 million** for Early Literacy Instruction
 - **\$125.0 million** for MI Clean School Bus Grants
 - **\$125.0 million** for School Transportation Costs
 - **\$63.8 million** for an Educator Compensation Program
 - **\$50.0 million** for Mentoring Grants

Budget FY2023-24 Time Categorical

| Sec. | APPROPRIATIONS (In thousands): |
|------|---|
| 11j | School Bond Loan Redemption Fund |
| 11m | School Aid Fund Borrowing Costs |
| 11s | Flint Declaration of Emergency |
| 11bb | GEER Fund Reallocation |
| 12c | Consolidation Incentive Payments |
| 20f | Categorical Offset Payments |
| 21h | Partnership Model Districts |
| 22a | Proposal A Obligation Payment |
| 22b | Discretionary Payment |
| 22c | Foundation Allowance - Equity Payment |
| 22d | Isolated Districts |
| 22i | Transportation Costs |
| 22m | Data Hub Network |
| 23g | MI Kids Back on Track |
| 23h | Mathematics Pathways |
| 23i | Friends of the Children - Detroit |
| 24 | Court-Placed Children |
| 24a | Juvenile Detention Facility Programs |
| 25f | Strict Discipline Academies Pupil Transfers |
| 25g | Dropout Recovery Program Pupil Transfers |
| 25k | Covenant House Academy |
| 25i | Student Success Strategies |
| 25m | Additional Weighted Funding for High Poverty Students |
| 26a | Renaissance Zone Reimbursement |
| 26b | PILT Reimbursement |
| 26c | Promise Zone Payments |
| 26d | Brownfield Redevelopment Reimbursements |
| 27a | MI Future Educator Fellowship |
| 27b | Grow Your Own Supports |
| 27c | MI Future Educator Student Teacher Stipends |
| 27h | Statewide Teacher Mentoring and Induction |
| 27i | Rural Educator Credentialing Hub |
| 27j | Administrator/Principal training on special education |
| 27k | Student loan repayment assistance pilot |
| 27l | Salary incentive pilot program / One-Time Foundation |
| 27m | National Board Certification fund |
| 27n | SVSU Saginaw grow your own |
| 27o | Learner Wallet |
| 27q | Instructional coaches for Hamtramck |
| 29 | Enrollment Stability Supports |
| 30d | Expanded Breakfast/Lunch Programs |
| 31a | At-Risk Programs |
| 31a | Adolescent Teen Health Centers |
| 31a | Vision/Hearing Screening + Dental |
| 31d | School Lunch - State |
| 31d | School Lunch - Federal |
| 31f | School Breakfast |
| 31j | Local Produce |
| 31n | Mental Health Grants and Admin |
| 31p | TRAILS |
| 31r | Novi Schools Wellness Center |
| 31aa | Mental Health and School Safety Per Pupil Payments |
| 31f | SMART |

| | |
|--------|---|
| 32d | Great Start Readiness |
| 32d | Great Start Readiness Startup Grants |
| 32n | Before and After School Programs |
| 32p | Great Start Early Childhood Block Grants |
| 32p(6) | Improving Access to Books |
| 32t | Pilot Program for 3-year-olds |
| 32w | Goal Line |
| 32x | Levin Center/Wayne State civics education |
| 33 | K-5 Music Instruction |
| 35a | Early Literacy Teacher Coaches |
| 35a | Early Literacy District Grants |
| 35a | Literacy and Math Essentials |
| 35a | Reading Corps |
| 35a | Professional Learning Early Literacy |
| 35d | Dyslexia Tool |
| 35f | Chaldean Community Foundation |
| 35i | MI Family Engagement Centers |
| 35i(5) | Literacy Marketing |
| 35j | Professional Development Supports |
| 35k | Detroit Parent Network |
| 35l | Lake Shore early childhood center |
| 35m | Literacy Supports |
| 35n | READ Innovation Competition |

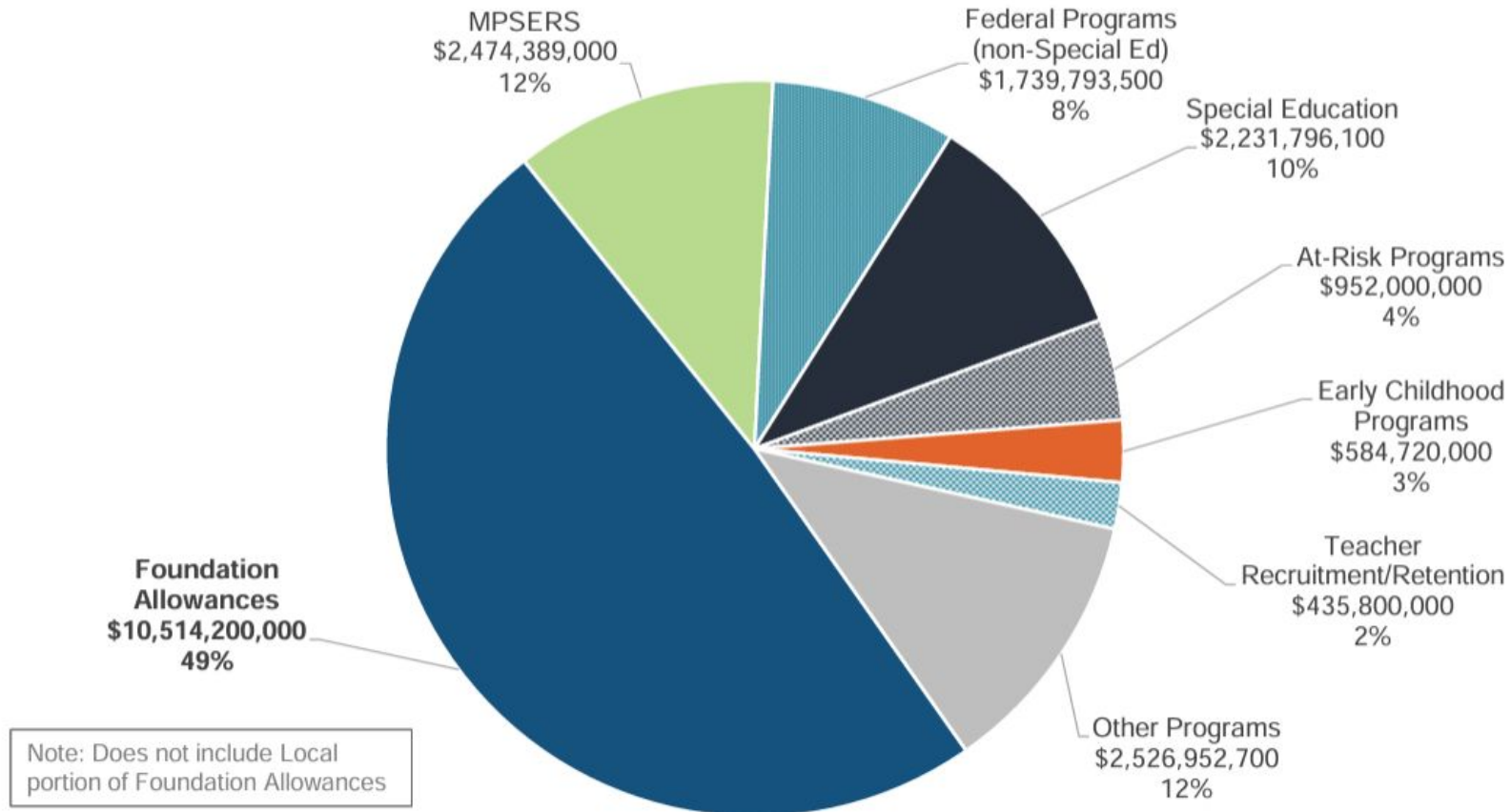
| Sec. | APPROPRIATIONS (In thousands): |
|-------|---|
| 39a1 | Federal Grant Funds |
| 39a2 | Other Federal Funding |
| 41 | Bilingual Education |
| 41b | KEYS Academy (Refugees) |
| 51a | Special Education - Federal IDEA |
| 51a2 | Special Education Foundations & Sped |
| 51a3 | Special Ed Hold Harmless Pmt. To ISDs |
| 51a6 | Special Ed Rule Change |
| 51a11 | Special Ed Non Sec 52 to ISDs |
| 51c | Special Education Headlee |
| 51d | Special Education - Other Federal |
| 51e | Special Education Foundations |
| 51g | Special Education Supports - Learning Library |
| 53a | Court Placed Special Ed FTE |
| 54 | MI School for Deaf and Blind |
| 54b | Michigan's MTSS Technical Assistance Center |
| 54d | Early On |
| 56 | Special Ed Millage Equalization |
| 61a | Vocational Education |
| 61b | CTE Middle College Program |
| 61c | CTE Equipment Upgrades |
| 61d | CTE Incentive Payment |
| 61j | Downriver career and technical consortium |
| 61k | Mott Bilingual Center |
| 61l | Schoolcraft early/middle college expansion |
| 61m | Beecher schools |
| 61n | Waverly High School |
| 61o | DPS Coleman Young Elementary infrastructure |
| 61p | DPS Foreign Language |
| 61q | Michigan Training Innovation Center |
| 61r | Lansing Schools Hill Center Track |
| 61s | Future Farmers of America |
| 61t | Harper Woods CTE Center |
| 61u | Romulus CTE |
| 61v | Key Industries Pilot |
| 62 | ISD Vocational Ed Millage Reimbursement |
| 65 | Detroit Pre-College K-12 Engineering Program |
| 67 | Michigan College Access Network (MCAN) |
| 67c | Developer Academy |
| 67f | FAFSA Completion Challenge |
| 67g | Ready Rosie |
| 74 | Bus Driver Safety |
| 74 | School Bus Inspection Program |
| 74b | Electric Bus Grants |
| 81 | ISD General Operations |
| 94 | AP, IB, CLEP Assessments |
| 94a | CEPI - State |
| 94a | CEPI - Federal |
| 94e | MERI Partnership |
| 95b | EVAAS |
| 97a | Navigate 360 |
| 97e | School Safety Commission |
| 97g | Statewide Security Operations Center |
| 97i | Zero Eyes |
| 97j | Student Safety Early Interventions |
| 97k | Student Advocacy Hotline |
| 97l | Dearborn cybersecurity |

| | |
|------|--|
| 97i | Zero Eyes |
| 97j | Student Safety Early Interventions |
| 97k | Student Advocacy Hotline |
| 97l | Dearborn cybersecurity |
| 97j | Peer Mentoring |
| 98 | Michigan Virtual University |
| 98d | Michigan Learning Channel |
| 99a | Heroes Circle |
| 99b | Code.org / Project Lead the Way |
| 99d | Teaching diverse histories pilot |
| 99e | Brilliant Detroit |
| 99f | Godfrey district roof |
| 99g | Helping women period pilot |
| 99h | First Robotics |
| 99m | Shiawasee RESA CTE |
| 99n | Lansing CTE center |
| 99s | MI-STEM Council Grants |
| 99s | MI-STEM Network Regions |
| 99t | Algebra Nation |
| 99u | Imagine Learning |
| 99x | Teach for America |
| 99aa | Project SEARCH |
| 99ee | Hispanic Collaborative |
| 99ff | Junior Achievement - NEW |
| 99gg | Boys and Girls Club SE MI |
| 99hh | City Year fellowship |
| 99ii | Wayne-Westland Drivers training grants |
| 99ii | Dearborn Drivers training grants |
| 99kk | Boys and Girls Club of Grand Rapids |

| Sec. | APPROPRIATIONS (In thousands): |
|---------|---|
| 99li | Eastpointe high school pool |
| 104 | Student Assessments - State |
| 104 | Student Assessments - Federal |
| 104f | Digital Literacy Program |
| 104h | Benchmark Assessments |
| 107 | Adult Education |
| 107a | Adult Education Pilots |
| 147a | MPERS Cost Offset |
| 147a(2) | MPERS Normal Cost Offset |
| 147a(3) | MPERS Cost Offset - ISDs and District Libraries |
| 147a(4) | MPERS Cost Offset - 20.00% Rate Cap Offset |
| 147c | MPERS UAAL Rate Stabilization Payment |
| 147e | MPERS Transition Costs |
| 147f | MPERS One-Time Payment |
| 152a | Data Collection and Reporting Costs |
| 152b | Nonpublic School Reimbursements |

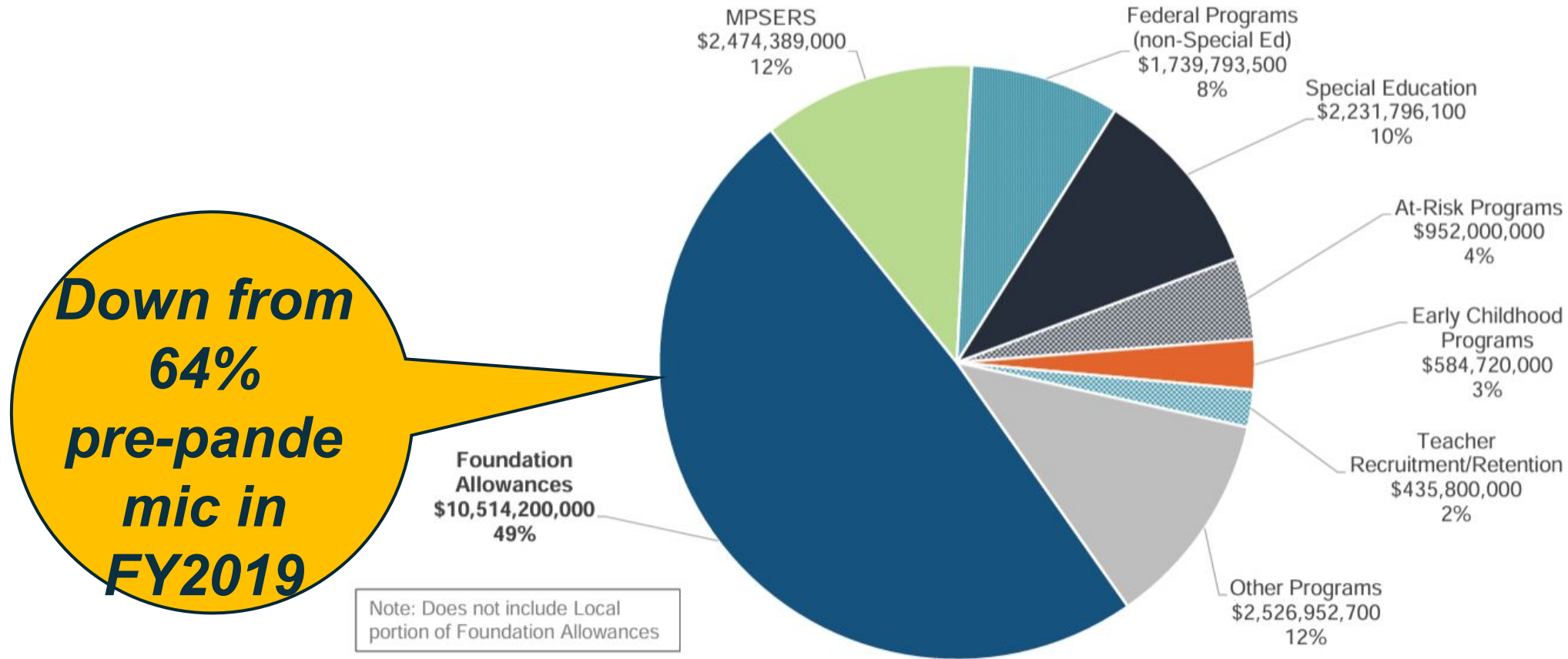
SAF Budget FY2023-24

About **49%** of the **\$21.5 billion** School Aid budget supports per-pupil foundation allowances used for school district general operations.



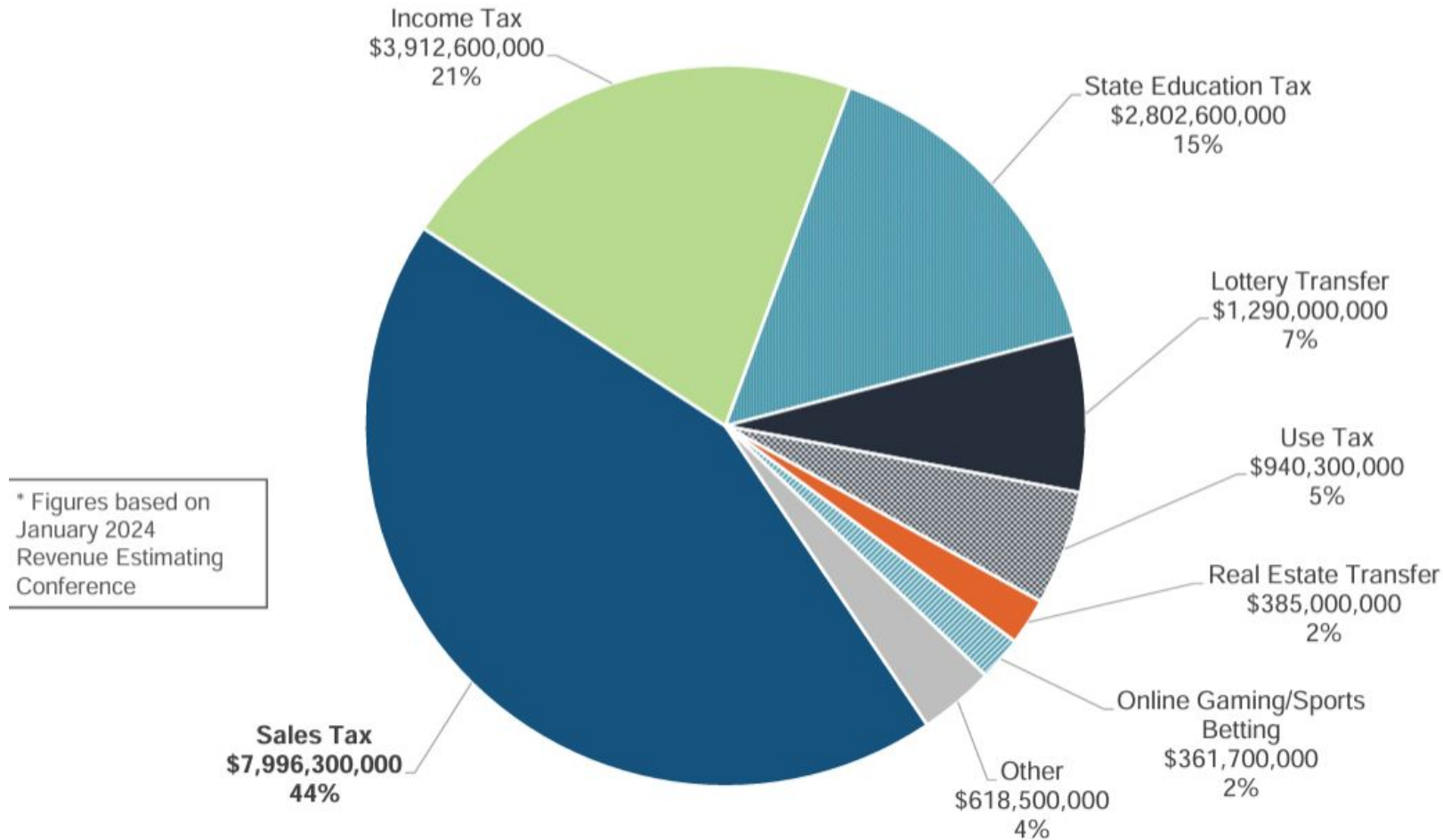
SAF Budget FY2023-24

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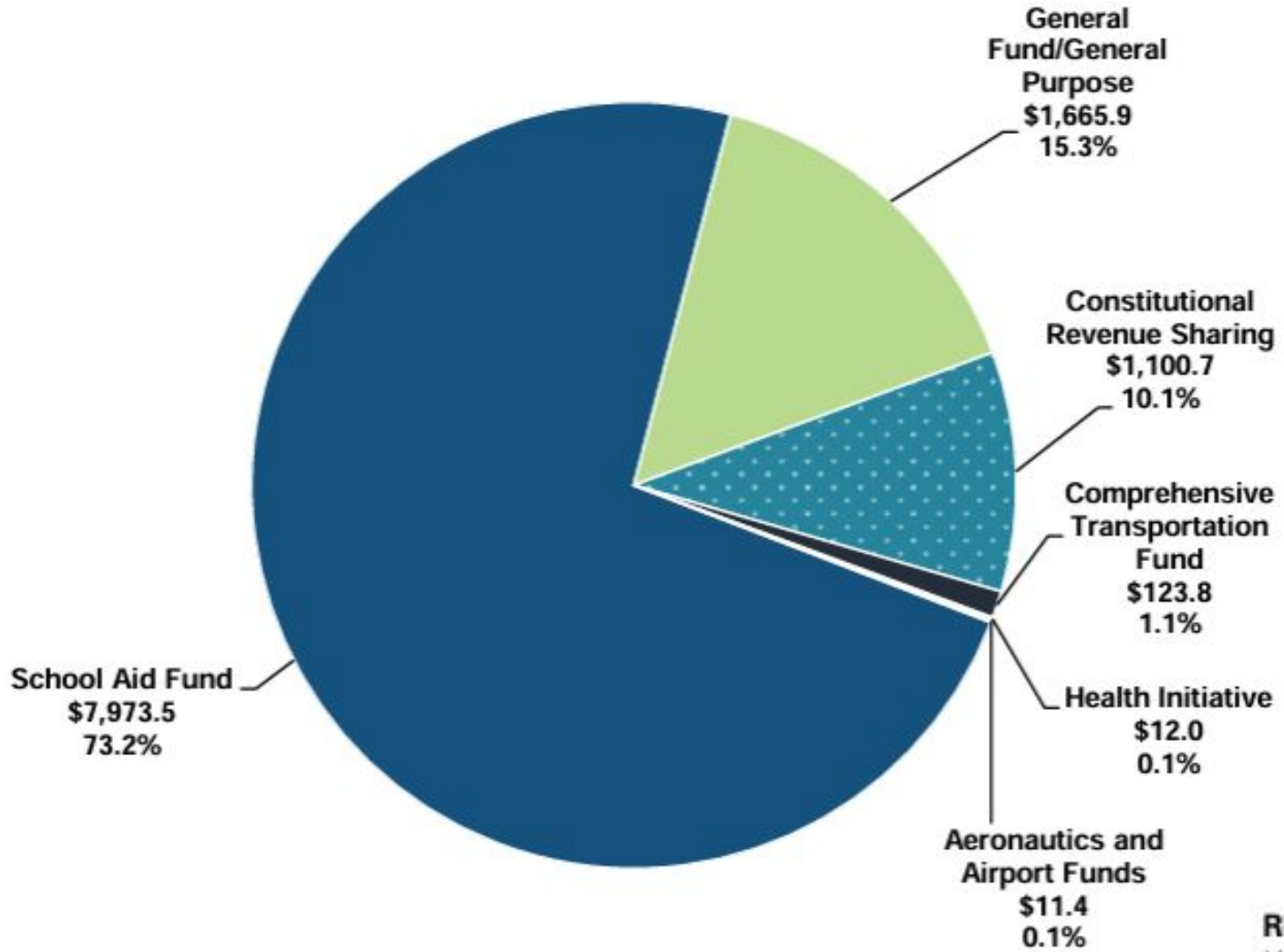


SAF Budget FY2023-24

Sales tax is the largest revenue source, contributing nearly half of the **\$18.3 billion** in total estimated SAF revenue for FY 2024-25.



SAF Budget FY2023-24



STATE OF MICHIGAN SALES TAX REVENUE DISTRIBUTION ESTIMATED FY 2023-24

TOTAL RESOURCES: \$10,887.3 MILLION

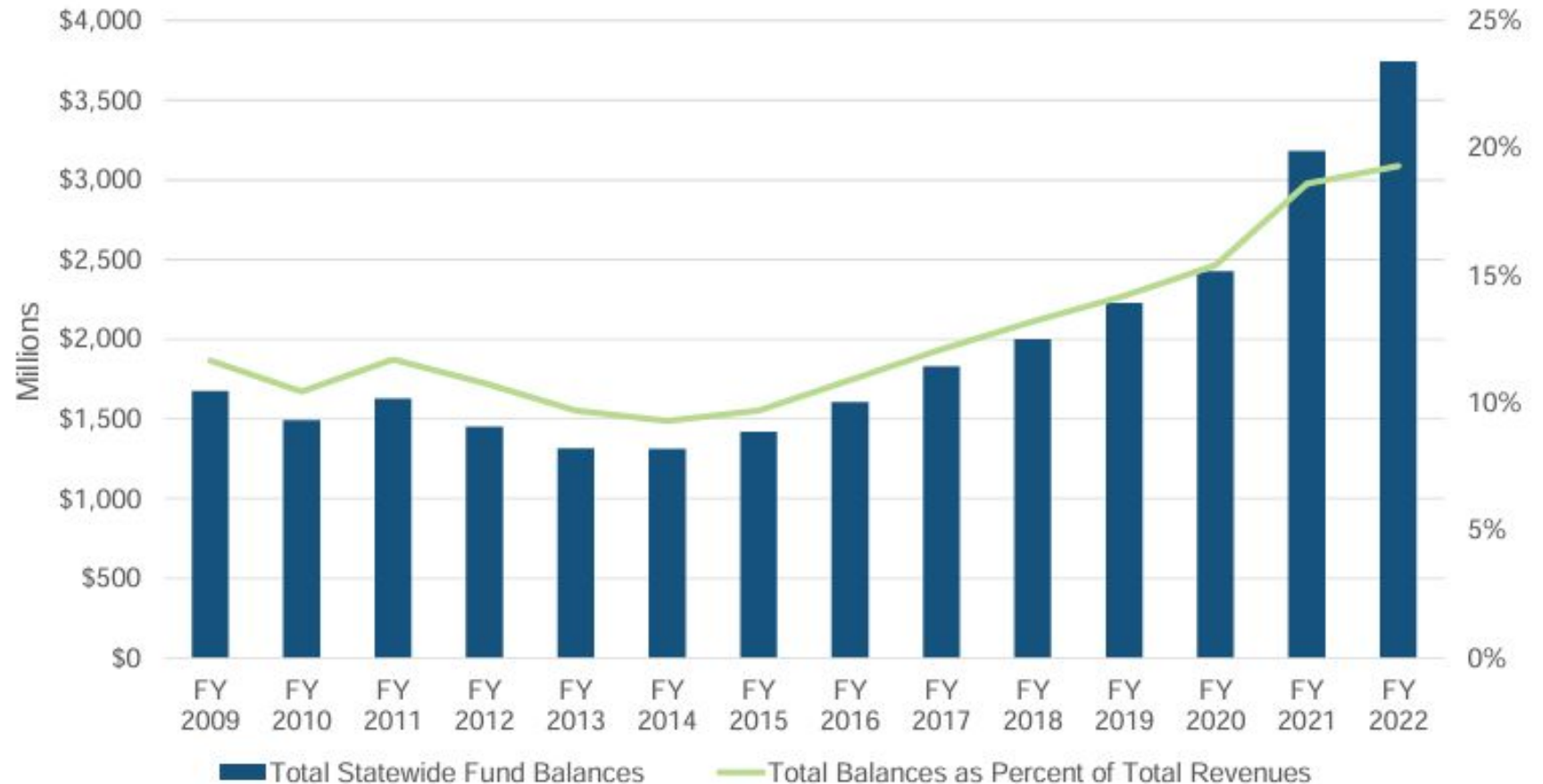
(Chart dollars in millions)

**SCHOOL AID FUND
RECEIVES THE
MAJORITY OF SALES
TAX REVENUE**



District Fund Balance

As pupils and funding declined, districts used their fund balances to replace lost revenue. However, fund balances have been growing since FY 2013-14, and at the end of FY 2021-22, totaled **\$4.1 billion**. The average statewide total fund balance as a percent of revenues is now at **19.3%** in FY 2021-22.



Source: House Fiscal Agency, Jan 2024

Note: Figures exclude Detroit Public Schools, for which policy changes have significantly altered fund balance information.

Federal Funds Timeline

ARP
draws to
a close –
have your
ducks in
a row!

| ARP Grant Timelines | | |
|--|-----------------------------|--|
| ARP Grant Obligation Period Concludes | Monday, September 30, 2024 | <p>All ARP funds must be obligated by Monday, September 30, 2024, with no exceptions. This means that:</p> <ul style="list-style-type: none"> All equipment, supplies, services, and assistance under the ARP program must be provided (services), or ordered/requested from the vendor by Monday, September 30, 2024, and approved by MDE in the application/budget. |
| ARP Grant Performance Period Concludes | Friday, November 29, 2024 | <p>The ARP Program Period of Performance concludes on Friday, November 29, 2024. This means that:</p> <ul style="list-style-type: none"> ARP recipients must be in receipt of all equipment and supplies of validly obligated (MDE approved) purchases that will be submitted for possible payment by Friday, November 29, 2024. Final Expenditure Report (FER) is due by November 29, 2024. Note that services are obligated on the day they are performance, which means that all services provided must end by Monday, September 30, 2024. |
| ARP Grant Liquidation Period Concludes | Monday, December 30, 2024 | <p>All requests for payment must be submitted on or before Monday, December 30, 2024, to be considered for payment using ARP funding.</p> |
| ARP Grant Close Out | Wednesday, January 29, 2025 | <p>MDE, as the SEA, must fully liquidate and close out ARP funding.</p> |

Source: MDE, Sept 2024

Federal Funds Timeline

ARP
draws to
a close –
have your
ducks in
a row!



Current Status in Michigan – ARP Grants

- As of September 4, 2024:

- ARP ESSER III: \$346.7M remains not drawn (10.4%)
- ARP Sec. 11t: \$27.9M remains not drawn (7.8%)
- Sec. 11bb: Application Open in MEGS+

- Unbudgeted/Unapproved is most concerning with September 30, 2024, deadline to obligate

Federal Funds Timeline

ARP
draws to
a close –
have your
ducks in
a row!



Grant Closeout– ARP Grants

- **Entities should ask themselves:**

- Is funding fully spent?
- Have we reconciled ARP expense ledger to reflect actual costs?
- Do expenses align with allowable expenses?
- Have we filed our Final Expenditure Report (FER)?
- Are we prepared for financial and programmatic monitoring?
- Do we have all relevant documentation to support expenditures?
- Do we have policies/practices in place to support financial/programmatic items



SAF Budget FY2024-25

- **3 big issues in the June 2024 budget deal**

- Foundation Allowance
- MPERS rates and Sec. 147 funding
- Sec. 31aa – School Safety and Mental Health



SAF Budget FY2024-25

Budget Recommendations

Ranged
from **2.25%**
- **3.1%**
increase
(*Recall 5%
each of the
past two
years*)

■ Total Appropriations

- ❖ Exec – \$21.56 billion including \$87.9 million in GF/GP
- ❖ Senate – \$20.3 billion including \$59.7 million in GF/GP
- ❖ House – \$21.55 billion including \$88.4 million in GF/GP

■ Foundation Allowance Increase

- ❖ Exec – 2.5% increase of \$241 to \$9,849 per pupil
- ❖ Senate – 3.1% increase of \$302 to \$9,910 per pupil
- ❖ House – 2.1% increase of \$217 to \$9,825 per pupil

■ Cyber School Foundation Allowance

- ❖ Exec – reduced to 80% of allowance to \$7,879 per pupil
- ❖ Senate – reduced to 80% of Senate proposed allowance to \$7,928 per pupil
- ❖ House – leaves at current amount of \$9,150

**MAIN ISSUE
#1
FOUNDATION
ALLOWANCE**

SAF Budget FY2024-25

Ranged
from **2.25%**
- **3.1%**
increase
(Recall **5%**
each of the
past two
years)

Budget Recommendations

■ Total Appr

❖ Exec – \$2

❖ C

■ Foun

❖ Exec

■ Cyb

❖

❖ House –

RESULT: \$0 increase -

\$9,608 for FY2024-25

**PSA's get one-time
increase of 3.9% through
Sec. 22e – est. \$9,983 for
FY2024-25**

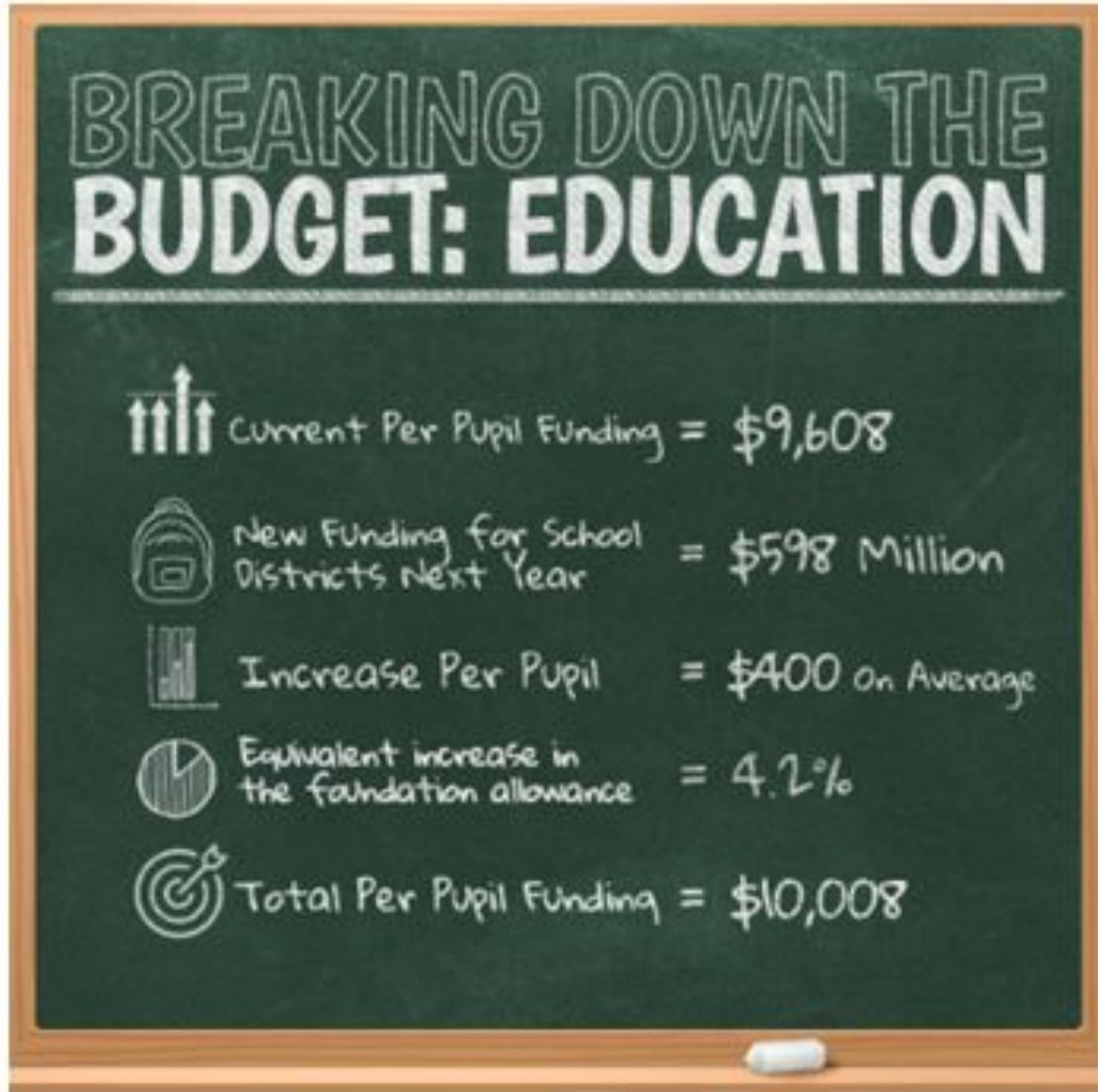
per pupil
proposed allowance to

\$7,920 p

at current amount of \$9,150

SAF Budget FY2024-25

Ranged
from 2.25
- 3.1%
increase
(Recall 5
each of the
past two
years)



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Source:
Michigan
Executive
Office of the
Governor, email
release July 1,
2024

SAF Budget FY2024-25

•Source: *Oakland Schools
analysis, June 2024*

**THIS SWITCH FROM THE STATE
HAS A WIDE RANGE OF IMPACTS
DEPENDING ON YOUR DISTRICT'S
DEMOGRAPHICS, BUDGET
PRIORITIES, PAY LEVELS, ETC...**

**NOT A 4.2% ACROSS THE BOARD
INCREASE!**

| | 2023-24 Membership | Sec. 147a(4) UAAL Offset | Per Pupil Increase | 2023-24 Foundation | 2024-25 % Increase |
|----------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| County Average | | | \$ 438.43 | | 4.56% |
| Ad Hills Schools | 5,105.93 | \$ 3,370,064 | \$ 660.03 | \$ 9,608 | 6.87% |
| Am Public Schools | 7,313.37 | \$ 4,235,780 | \$ 579.18 | \$ 9,608 | 6.03% |
| n District Public Schools | 876.34 | \$ 461,289 | \$ 526.38 | \$ 9,608 | 5.48% |
| Park School District | 2,954.21 | \$ 1,533,052 | \$ 518.94 | \$ 9,608 | 5.40% |
| field Public School District | 4,783.67 | \$ 2,382,878 | \$ 498.13 | \$ 9,608 | 5.18% |
| rford School District | 6,863.35 | \$ 3,395,181 | \$ 494.68 | \$ 9,608 | 5.15% |
| nington Public School District | 9,082.24 | \$ 4,468,492 | \$ 492.00 | \$ 9,608 | 5.12% |
| nphere Public Schools | 2,384.72 | \$ 1,129,768 | \$ 473.75 | \$ 9,608 | 4.93% |
| wson Public Schools | 1,200.66 | \$ 542,156 | \$ 451.55 | \$ 9,608 | 4.70% |
| ak Park School District | 3,055.35 | \$ 1,368,208 | \$ 447.81 | \$ 9,608 | 4.66% |
| est Bloomfield School District | 4,853.37 | \$ 2,172,529 | \$ 447.63 | \$ 9,608 | 4.66% |
| ontiac City School District | 3,621.07 | \$ 1,609,019 | \$ 444.35 | \$ 9,608 | 4.62% |
| ake Orion Community Schools | 7,044.77 | \$ 2,998,747 | \$ 425.67 | \$ 9,608 | 4.43% |
| uron Valley Schools | 7,808.68 | \$ 3,309,703 | \$ 423.85 | \$ 9,608 | 4.41% |
| roy School District | 12,370.44 | \$ 5,185,783 | \$ 419.21 | \$ 9,608 | 4.36% |
| oyal Oak Schools | 4,854.14 | \$ 2,022,731 | \$ 416.70 | \$ 9,608 | 4.34% |
| ovi Community School District | 6,715.98 | \$ 2,748,543 | \$ 409.25 | \$ 9,608 | 4.26% |
| alled Lake Consolidated Schools | 12,118.43 | \$ 4,937,872 | \$ 407.47 | \$ 9,608 | 4.24% |
| rkston Community School District | 8,774.65 | \$ 3,524,467 | \$ 401.66 | \$ 9,608 | 4.18% |
| ith Lyon Community Schools | 8,341.45 | \$ 3,350,044 | \$ 401.61 | \$ 9,608 | 4.18% |
| hester Community School District | 14,887.55 | \$ 5,867,513 | \$ 394.12 | \$ 9,608 | 4.10% |
| ley School District | 5,691.25 | \$ 2,212,521 | \$ 388.76 | \$ 9,608 | 4.05% |
| rceville School District | 1,659.02 | \$ 638,469 | \$ 384.85 | \$ 9,608 | 4.01% |
| ale Public Schools | 3,130.72 | \$ 1,172,978 | \$ 374.67 | \$ 9,608 | 3.90% |
| ra School District | 3,124.51 | \$ 1,120,450 | \$ 358.60 | \$ 9,608 | 3.73% |
| Community Schools | 7,397.44 | \$ 2,625,733 | \$ 354.95 | \$ 9,608 | 3.69% |
| School District | 2,097.28 | \$ 719,128 | \$ 342.89 | \$ 9,608 | 3.57% |
| School District | 4,854.38 | \$ 1,636,916 | \$ 337.20 | \$ 9,608 | 3.51% |

SAF Budget FY2024-25

| | 2023-24 Membership | Sec. 147a(4) UAAL Offset | Per Pupil Increase | 2023-24 Foundation | 2024-25 % Increase |
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| | | | | \$ 9,608 | 5.15% |
| | | | | \$ 9,608 | 5.12% |
| | | | | | 4.93% |
| | | | | | 4.70% |
| | | | | | 4.66% |
| | | | | | 4.66% |
| | | | | | 4.62% |
| | | | | | 4.43% |
| | | | | | 4.41% |
| | | | | | 4.36% |
| | | | | | 4.34% |
| | | | | | 4.26% |
| | | | | | 4.24% |
| | | | | | 4.18% |
| | | | | | 4.18% |
| | | | | | 4.10% |
| | | | | | 4.05% |
| | | | | | 4.01% |
| | | | | | 3.90% |
| | | | | | 3.73% |
| Community Schools | 7,397.44 | \$ 2,625,733 | \$ 354.95 | \$ 9,608 | 3.69% |
| School District | 2,097.28 | \$ 719,128 | \$ 342.89 | \$ 9,608 | 3.57% |
| School District | 4,854.38 | \$ 1,636,916 | \$ 337.20 | \$ 9,608 | 3.51% |

RECOMMENDATIONS:

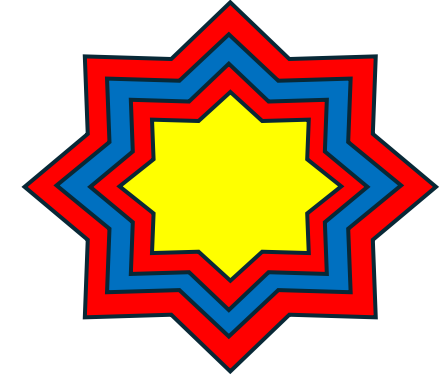
- Understand your district's budget assumptions & quantify the difference
- Gauge impact on any CBA formulas
- Update multi-year projections

•Source
analysis

THIS SW
HAS A W
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INCREASE!

SAF Budget FY2024-25



- ***MAIN ISSUE #2: MPSERS funds***

- MPSERS has different “buckets” of liabilities...
- OPEB is > 100% funded once the next valuation comes out
- This budget resource for FY2024-25 requires a statutory change...
- BUT....
- It sounds like the State will have a question to deal with in either FY2024-25 or FY2025-26

MPERS Proposal - Budget Impacts

- Governor requesting statutory change to apply funding floor provision to **each separate component** of MPERS unfunded liability (pension and retiree health)
 - Reduces state's portion of the unfunded liability payment by \$670M in FY2025 (table)
 - Redirects these SAF "savings" to other areas of the budget
- Required employer contributions for unfunded liabilities: **no statutory change requested**
 - State law caps employer contributions at 20.96% of payroll (pension and retiree health combined)
 - \$94M appropriation to reduce employer contribution to 20% of payroll
- Required employee 3% contribution for retiree health: **no change**

| Summary of Change (in millions) | | | | | | | | |
|---------------------------------------|---------------------------|------------------------|-------------------------|------------------|-----------------------|-------------------|--------------------------------|----------------------------------|
| | Pension UAAL Contribution | OPEB UAAL Contribution | Total UAAL Contribution | Employer Payroll | Capped Employer Share | State Share | Sec. 147c (K-12 and Libraries) | Sec. 201(5) (Community Colleges) |
| FY25, <u>without</u> statutory change | \$3,273.2 | \$679.8 | \$3,953.0 | \$10,410.9 | \$2,182.1 | \$1,770.9 | \$1,671.1 | \$99.8 |
| FY25 Executive Budget | \$3,273.2 | \$10.4 | \$3,283.6 | \$10,410.9 | \$2,182.1 | \$1,101.5 | \$1,039.4 | \$62.1 |
| Difference | \$0.0 | \$ (669.4) | \$ (669.4) | \$0.0 | \$0.0 | \$ (669.4) | \$ (631.7) | \$ (37.7) |

Source: FY2025 Executive Budget Recommendation

School Employee Retirement System Proposal

- Two Components of Michigan Public School Employees Retirement System (MPERS)
 - Pension – \$35B unfunded liabilities (64% funded) as of 9/30/22
 - Scheduled to be fully funded by 2038
 - Retiree Health - \$89M unfunded liabilities (99% funded) as of 9/30/22
 - Projection: 100% funded by FY2025, therefore no amortization payment required
- Current MPERS “funding floor” provision added in PA 181 of 2018
 - Annual payments for unfunded liabilities (pension and retiree health) no less than prior year until ALL liabilities “fully paid”
 - As a result, actual contribution amounts for retiree health well-above actuarially-determined amounts since FY2020; pay-off unfunded liabilities much sooner
 - Proposal seeks state law change to reduce contributions for retiree health component above amount needed for 100% funding
 - This effectively “frees up” \$670M in FY2025 budget



SAF Budget FY2024-25

- Section 147 highlights and lowlights of the FY2024-25 budget deal...
- Rate changes for assumed statutory change – decrease in UAAL state-subsidized portion of rate – ***NO NET DISTRICT COST SAVINGS HERE.***
- Sec. 147a1 – stays at \$100 million
- Sec. 147a2 - increases allocation from \$359.95mm to \$365.1mm
- Sec. 147a3 - no change – continues \$12mm for ISD's.
- Sec. 147a4 – **NEW - \$598 million** to offset **5.75%** of payroll cost
- Sec. 147c(1) – **reduced significantly**. From \$1.647 billion for FY2023-24 to **\$955 million** for FY2024-25.



SAF Budget FY2024-25

- Section 147 highlights and lowlights of the FY2024-25 budget deal...
- **CONTINUED...**
- Sec. 147c(2) – **ADDED** - \$250 million – state-subsidized portion...the budget bill calls this an “asset” to the state rather than UAAL...more to come!
- Sec. 147e – increased from \$90.4 to \$104.7 million for FY2024-25
- Sec. 147f – **eliminated** – **NET LOSS FOR DISTRICTS**
- Sec. 147g – MPERS Employee Healthcare Reimbursement - \$182 million for the districts to reimburse the 3% deduction
 - **Sounds like more work for district admin & business offices**
 - **The 3% - gift that keeps on giving!**

SAF Budget FY2024-25

MPSERS Contribution Rates
The estimated FY2025 MPSERS retirement contribution rates are detailed below:



| MPSERS Retirement Rates for FY2025 | | | | | | | | |
|------------------------------------|--------------------------|-----------------------------|------------------|--------------------------|---------------------------------|-----------------------|------------------|-------------------------|
| | 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 | 41.94% | 38.10% | 36.85% | 31.54% | 32.79% | 31.54% | 40.69% | 37.74% |
| Employer Rate: | | | | | | | | |
| Pension Normal Cost | 9.15% | 5.31% | 5.31% | 0.00% | 0.00% | 0.00% | 9.15% | 6.20% |
| Pension UAL | 20.86% | 20.86% | 20.86% | 20.86% | 20.86% | 20.86% | 20.86% | 20.86% |
| Pension Total Rate | 30.01% | 26.17% | 26.17% | 20.86% | 20.86% | 20.86% | 30.01% | 27.06% |
| Health Rates: | | | | | | | | |
| Health Normal Cost | 1.25% | 1.25% | 0.00% | 0.00% | 1.25% | 0.00% | 0.00% | 0.00% |
| Health UAL | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| Retiree Health Total Rate | 1.35% | 1.35% | 0.10% | 0.10% | 1.35% | 0.10% | 0.10% | 0.10% |
| Employer Capped Rate | 31.36% | 27.52% | 26.27% | 20.96% | 22.21% | 20.96% | 30.11% | 27.16% |
| Stabilization Rate (State Funded) | 10.58% | 10.58% | 10.58% | 10.58% | 10.58% | 10.58% | 10.58% | 10.58% |

- MPSERS change
- 16.89% in FY2023-24

| | | | | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| FY2024 Employer Capped Rate | 31.34% | 27.48% | 26.23% | 20.96% | 22.21% | 20.96% | 30.09% | 27.16% |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|

SAF Budget FY2024-25



- **MAIN ISSUE #2: MPSERS funds**
- **So where do we stand as of Oct 3, 2024?**
- HB 5803 passed last week – will go into effect Oct 1, **2025**
- Sec. 147g **3% employee reimbursement** will go into effect...*but when?*
- Sorting out what rates to use and when... ***Oct 1 is past!***
- \$598 million pumped in was larger than any of the 3 budget proposals...did it come at cost of Foundation Allowance increase?
- Didn't get the net district cost reduction hoped for... ***Executive budget proposal approach won out***

SAF Budget FY2024-25

• ***Updates this week...hot off the press!***

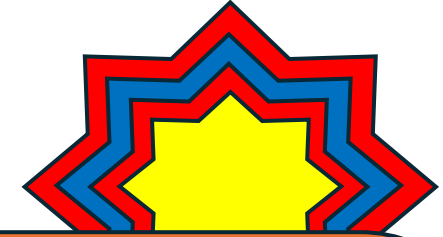
- New rates published Oct 7, 2024, effective Oct 3, 2024
- Stabilization rate goes to 10.58% to match Sec. 147c appropriation
- More permanent changes go into effect Oct 1, 2025
- Sec. 147g & 3% reimbursement will still happen in FY2024-25

effect...*but when*

- Sorting out what
- \$598 million pun proposals...did i increase?

- Didn't get the net district cost reduction hoped for...***Executive budget proposal approach won out***

SAF Budget FY2024-25



- **MAIN ISSUE #2: MPSERS funds**

- **So**

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RECOMMENDATIONS:

- **Understand your district's payroll numbers & quantify 3%, 5.75%, etc**

- **Conversations on 3% reimbursement & urge patience**

- **Project impact on MOE & other key formulas**

budget proposal approach won out

SAF Budget FY2024-25

- **MAIN ISSUE #3: Sec. 31aa Mental Health & School Safety Funding**
- Feb – Gov: Sec. 31aa School mental health and safety - per pupil grants for the 2024-25 fiscal year include a decrease in from \$310 to \$300 million SAF, with a **future reduction planned** to **\$150 million**.
- Apr – House: **\$300 million**, keeps 50% mental health requirement
- Apr – Senate: **\$50 million** ongoing, **\$150 million** for FY2024-25 only
- June – drastically cut to **\$25 million** in Conference Committee

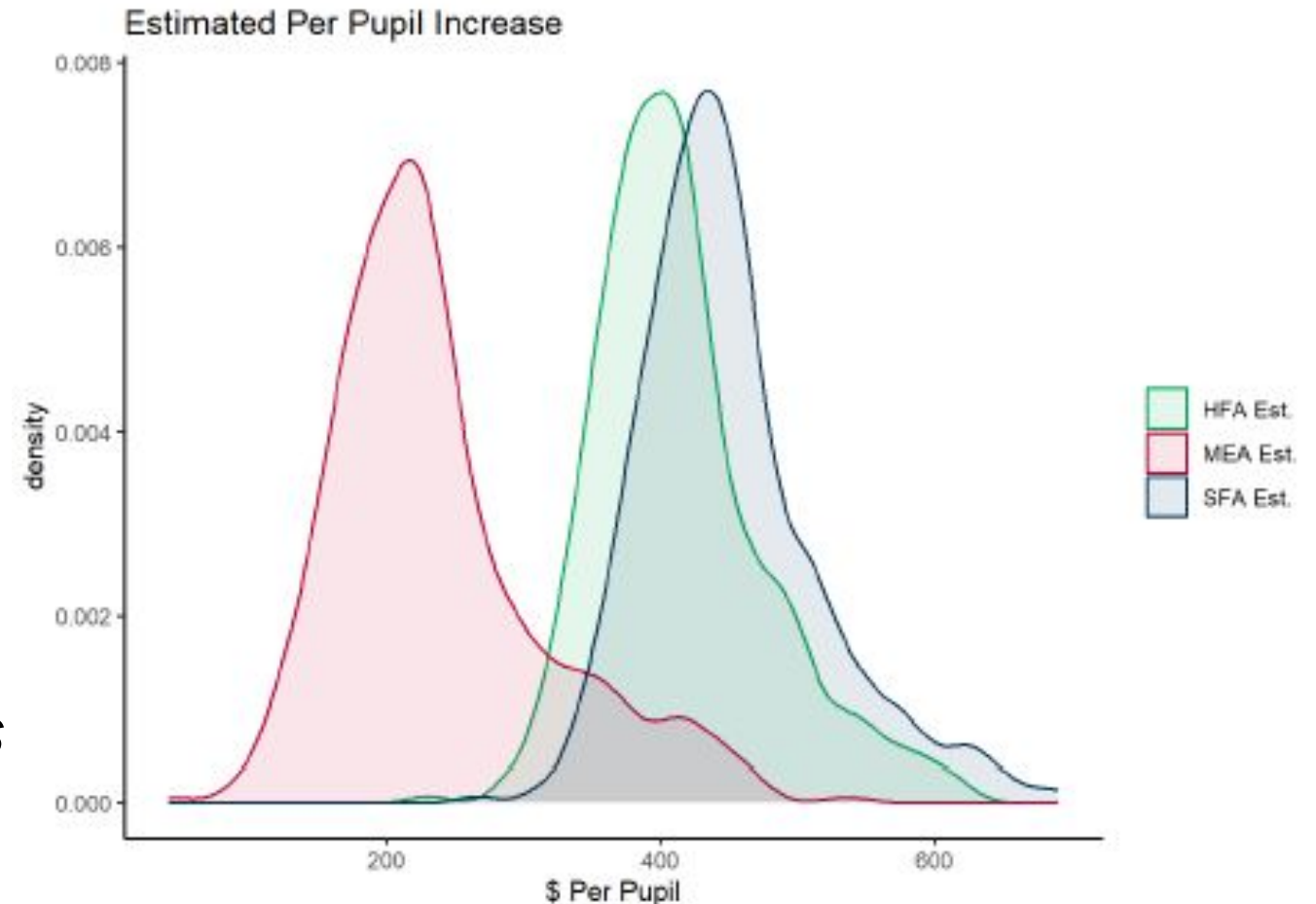
SAF Budget FY2024-25

Source: MEA/MSBO
SAF budget analysis,
July 2024

• *MAIN ISSUE #3: Sec. 31aa Mental Health & School Safety Funding*

Because the FY2023-24 Sec. 31aa funds were technically one-time only, the State is not considering this a cut...

Once factored in, the FY2024-25 district impacts look a lot different



SAF Budget FY2024-25

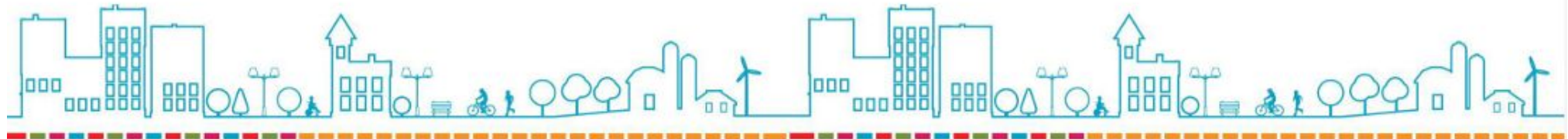
• *Prior to supplemental*



31aa Funding



- 31aa funding provides payments to districts, intermediate school districts (ISDs), non-public schools, and the Michigan School for the Deaf to improve student mental health and improve student safety.
- To receive 31aa funding, eligible recipients can opt in and agree through the Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS) via [MiLogin](#) beginning September 3, 2024.
 - The process to opt in will close at 11:59 PM Eastern Standard Time (EST) November 1, 2024.
 - There is no requirement to submit a budget when opting in.
- 31aa funds will be disbursed by December 31, 2024, on a per-pupil basis.
 - Current estimate is around \$17.60/student.
- The grant period for 31aa funds is **10/1/24-9/30/26** because new boilerplate language for this section allows for one year of automatic carryover.
- Recipients of 31aa funds will be required to submit an expenditure report in GEMS/MARS no later than June 1, 2025.



SAF Budget FY2024-25



Mental Health Funding in State School Aid Since Fiscal Year (FY) 18

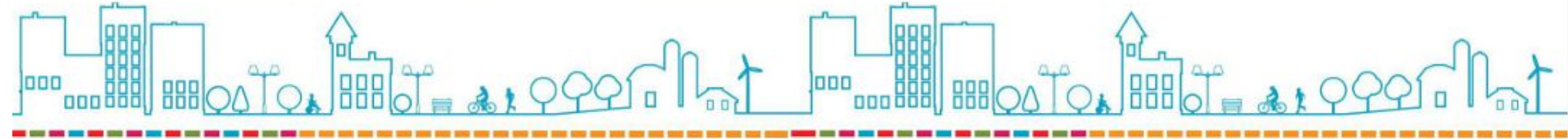


• *Prior to supplemental*

| Fiscal Year | Recurring | Non-Recurring |
|-------------|-----------|---------------|
| FY18 | \$0 | \$0 |
| FY19 | \$31.3m | \$0 |
| FY20 | \$31.3m | \$0 |
| FY21 | \$56.9m* | \$0 |
| FY22 | \$53.9m | \$125.4m |
| FY23 | \$78.9m | \$297.5m |
| FY24 | \$107.8m | \$384.0m |
| FY25 | \$132.8m | \$3.95m |

*FY21 was \$36.9m + \$20m supplemental in March of 2021

- FY25 Recurring = 31n, 31aa (public)
- FY25 Non-Recurring = 31aa (nonpublic), 31g, 99(10), and 99(17)



SAF Budget FY2024-25

- **MAIN ISSUE #3: Sec. 31aa Mental Health & School Safety Funding**
- *Sept 2024 – supplemental appropriation to restore \$125 million*
- *No immediate effect – probably impacts March 31, 2025-forward*
- *As of now – application is in GEMS/MARS and due 11/1/2024*



SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- GSRP – continued increased investment. \$85 million plus some other categorical funds...
 - Moves to 400% of FPL. Can enroll all 4-year-olds once documented that waiting list is clear. All 4-year-olds prioritized before 3-year-olds regardless of FPL. Every ISD needs prioritized enrollment standards. Aug 15 deadline for enrollment for over-income families (can be sooner).

SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*

- Sec. 31a At Risk – continued increased investment. Over \$1 billion for FY2024-25
 - Continued opportunity index bands
 - New flexibility provisions to reduce teacher/pupil ratio and support retention and recruitment efforts



SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- Sec. 30d Michigan School Meals – continued increased investment. Total of **\$200 million** for FY2024-25 (SAF + Reserve \$)
 - Meal counts and participation rates in FY2023-24 were predictably very high around the state

SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- **Sec. 22I Transportation** – continued investment. Total of **\$125 million** for FY2024-25
- Website: <https://mapt.org/transportation-reimbursement-22I/>
- Webinar recording:
<https://drive.google.com/file/d/1CvQ5iQcfXC9fZHWIBcuRrjy29gw1aUs9/view>



SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- Continued flat investment for FY2024-25 in the following key areas...
 - *Sec. 27a MI Future Educator Fellowship*
 - *Sec. 27c MI Future Educator Student Teacher Stipend Program*
 - *Sec. 29 Enrollment Stabilization*
 - *Sec. 81 ISD operations*
 - *...and many others*



SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- As expected, removal of many one-time sources from FY2023-24 budget.
 - *With over \$2.3 billion in FY2023-24 – this was inevitable.*
 - *See p.32 of this document for more detail*
 - *https://www.msbo.org/wp-content/uploads/2024/06/24h5507h1cr1_education_omnibus_conference_report_summary.pdf*



SAF Budget FY2024-25

- *Not the only changes in FY2024-25 – some other highlights:*
- Resources available:
 - MSBO State Aid webpage
 - <https://www.msbo.org/school-finance/funding/state-school-aid/>
 - MASB Views from the Capitol (July 1, 2024)
 - https://youtu.be/9aJP5Wzq_Fw?si=jIAJ92ig9FMNbHG3



MSBO Update

- Leadership Transition!





MSBO Update

- Updated/renewed focus for FY2024-25
 - Regional Groups
 - **Practical Professional Development**
 - Supporting Other Functional Areas
 - *Other Business Office Roles - Payroll, Human Resources*
 - *Operations & Support - Facilities, Transportation and Food Service*

MSBO Update

- Updated/renewed focus for FY2024-25
 - *Operations & Support - Facilities, Transportation and Food Service*



TIM PERAINO, CFD

**ASSOCIATE EXECUTIVE DIRECTOR OF
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MSBO Update

- FY2024-25 events are live!
 - <https://www.msbo.org/msbo-schedule-of-events-24-25/>



2024-25 SCHEDULE OF EVENTS

The Schedule of Events for the 2024-25 school year is now available!

[VIEW THE SCHEDULE OF EVENTS](https://www.msbo.org/msbo-schedule-of-events-24-25/)



MSBO Business Manager Academy

***FY2024-25
cohort
starting in
August***

***In-person +
virtual
options***

Topics for discussion include:

- Budgeting
- Cash flow and borrowing
- Working & Negotiating with unions
- Human resources
- Facilities, Food Service, Transportation
- Technology
- Curriculum
- Bond issues



The Business Manager Academy provides:

- ✓ Online technical content provided for advanced self-study
- ✓ Facilitated “in-person” work sessions designed to foster skills through “real-world” case examples
- ✓ Individual mentoring opportunities to allow for personalized professional support
- ✓ MSBO certification renewal credit is available
- ✓ SCECHs and college credit will be awarded pending approval



MSBO Leadership Institute

*2025
Application
Window
Opens in
Fall 2024

Single
Annual
Cohort*



This program is designed to help individuals grow as leaders through its challenging curriculum. It includes face-to-face group sessions focusing on specific leadership themes and individual, personal executive coaching sessions.

- ✓ [Click here](#) for a detailed outline
- ✓ [Click here](#) to see the list of co

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MSBO Awards

*January 31 –
Annual
deadline for
nominations*

**Michigan School Business Officials**

Search ...

SIGN IN

EVENTS

ABOUT ▾MEMBERSHIP ▾PROFESSIONAL DEVELOPMENT ▾CERTIFICATION ▾SCHOOL FINANCE ▾BUSINESS SOLUTIONS ▾

SCHOOL BUSINESS OFFICIAL OF THE YEAR

PURPOSE & INTENT:

This award honors an individual with innovative and unique accomplishments and contributions with experience in the field of school business administration for a minimum of 10 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.

**Michigan School Business Officials**

ABOUT ▾MEMBERSHIP ▾PROFESSIONAL DEVELOPMENT ▾CERTIFICATION ▾

MSBO AWARDS

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

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



MSBO Update

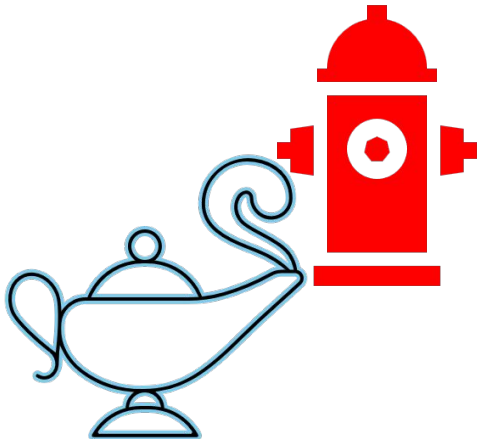
BUSINESS SOLUTIONS



***MILAF+
DEPOSITS AND
RETURNS ARE
INCREASING***



***35% INCREASE IN
DISTRICT REBATES
PAID ON 2022 SPEND***



***MISEC
UTILITY
CO-OP***



Posting a Position
Confidential Credential Submissions
 Recruiting



***BUS PURCHASE
PROGRAM***



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