



UPSBO Federal & State Grant Update

October 17, 2025

Kevin Walters, Office of Financial Management
Michigan Department of Education



Topics

- Federal Government Shutdown (Agency Operations)
- FY2025 (AY2025-2026) Funding
- FY2026 (AY2026-2027) Proposed Funding

- FY2026 State School Aid Budget Grants
- FY2026 State Aid Grant Programs (funds release target)
- FY2026 Formula and Competitive Grants



Remember this? Federal Fund Uncertainty

Fiscal Year	Academic Year	What we Knew August 15	What we Know Today	Possible Impact
FY2024	FY2024-2025	Rescission of Funds was Possible	No Rescission of FY2024 Funds	No Impact
FY2025	FY2025-2026	Release of “Select” Federal Grants	Full Release of Initial Federal GANs	Not all updated Federal GANs received
FY2026	FY2026-2027	Reduction & Elimination of Federal Grants	FY2027 Planning & Budgeting will be impacted	FY2027 Planning & Budgeting will be impacted



Federal

Agency

Operations

**Federal
Government
Shutdown**

- 95% of ED staff is currently furloughed
- ED fund disbursement via G5/G6 financial systems are operational (deemed essential)

- USDA indicates they have about 3 months of reserve funding to reimburse School Breakfast and Lunch programs

- Expect delays in ED communications and guidance
- Compliance Supplement still not released (Auditors)

- There is not an immediate impact on LEAs
- MDE staff and electronic systems are active/operating (no delays for LEAs completing applications/fund requests)
- There could be some delays (CTE Perkins) in MDE receipt of federal GANs until shutdown ends

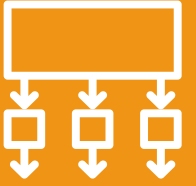


Federal Shutdown and Cuts to ED staffing

- In March 2025, approximately 1,300 employees were eliminated from ED
- Friday, October 10, 2025, 466 additional employees were eliminated by Reduction in Force actions
- Nearly all employees below Senior Executive Services level were eliminated (effective December 9)
- Homeless and Special Education Departments cut.....More to come?

Date	ED Employees	Impact
September 30, 2023	4,166	
September 30, 2025	2,447	- 41.3%
October 10, 2025	2,001	- 18.2%
TOTALS		- 52.0%

Federal FY2025 (AY2025-2026) Funding



- Major Federal Programs funding not impacted (Forward Funded)



- Funds are Appropriated (MDE has GANs) for FY2025 (AY2025-2026)



- GEPA (General Education Provisions Act) important



- Business as Usual





GEPA Sec. 421(a)

- Funds available on basis of Academic (AY) or School Year (SY) differing from Fiscal Year (FY)
- Funds become available July 1 even though FY begins October 1

GEPA Sec. 421(b)(1)

- Funds remain available to obligate in succeeding Fiscal Year (FY)
- Carryover funds allowed to be obligated in next FY
- **First In First Out**

GEPA Sec. 422(a)

- Appropriations are automatically extended for one additional Fiscal Year (FY)
- Tydings Amendment allows for automatic extension to 27 months overall with additional FY

FY2026 (AY2026-2027) Budget

- Increased Charter School funding
- Consolidation of ESEA funding (Preserves Title IA)
 - **House proposal cuts Title IA by 27%**
- Consolidation of Special Education funding
- K-12 Simplified Funding Program (Block Grants)
- Nothing is finalized yet!

FY2026 (AY2026-2027) Budget

USED Proposed \$0 Amount FY2026	USED Proposed \$0 Amount FY2026
21 st Century Community Learning Centers	Neglected, Delinquent, and At-Risk Children/Youth
American History and Civics Education	Promise Neighborhoods
Arts in Education	Ready to Learn Programming (RTL)
Comprehensive Literacy State Development Grants	Rural Education
Education for Homeless Children and Youth	School Safety National Activities
Education Innovation and Research	Special Programs for Migrant Students
English Language Acquisition	State Assessments
Full-Service Community Schools (FSCS)	Statewide Family Engagement Centers
Gifted and Talented Education	Student Support and Academic Enrichment Grants
Innovative Approaches to Literacy	Supporting Effective Educator Development (SEED)
Magnet School Assistance	Supporting Effective Instruction State Grants
Migrant Education	Teacher and School Leader Incentive Grants

**Which 18
will
become
K-12
Simplified
Funding
Program
(Block
Grants)**

FY2026 (AY2026-2027) Budget

K-12 Simplified Funding Program:

USED proposes K-12 Simplified Funding Program (K-12 SFP), which consolidates eighteen (18) currently funded federal formula and competitive grant programs for Elementary and Secondary Education into a single State formula grant program.

States and localities would have flexibility to use K-12 SFP funds for any number of Elementary and Secondary education activities, consistent with the needs of their communities, including increasing educational options for students within and across schools, strengthening instruction in core education subjects, and promoting patriotic education.

FY2026 (AY2026-2027) Budget

USED Proposed \$0 Amount FY2026	USED Proposed \$0 Amount FY2026
Client Assistance State Grants	Adult Education
Demonstration and Training	
Educational Technology, Media, and Materials	
Parent Information Centers	
Personnel Preparation	
Preschool Grants	
Protection and Advocacy of Individual Rights	
State Personnel Development	
Supported Employment State Grants	
Technical Assistance and Dissemination	
Training	



FY2026 State School Aid Budget Grants

Grant Type	New	Continuing	Total	Amount
Formula	2	42	44	\$6,595,970,700.00
Designated	14	15	29	\$194,383,000.00
Competitive	8	12	20	\$600,024,200.00
State Aid Direct	0	9	9	\$13,707,845,700.00
MiLEAP Grants	0	6	6	\$666,567,600.00
Other	0	5	5	\$63,477,500.00
Contracts	0	2	2	\$45,509,400.00
TOTALS	24	91	115	\$21,873,778,100.00



FY2026 State School Aid Budget Grants

- State Aid direct grants will be paid first (Top Priority) **October 20 SAMS Payment**

State Section	Appropriation Name
22a	Proposal A Obligation Payment
22b	Discretionary Payment
22d	Isolated Districts
29	Enrollment Stability Supports
31a	At-Risk Programs
31n(6)	Mental Health/Support Services ISD Per Pupil
51c	Special Education Headlee
51e	Special Education Foundations
62	ISD Vocational Ed Millage Reimbursement



Competitive

New Competitive:

12e (\$100M Infrastructure Needs)
31c (\$65M for K-3 class size reduction)
31aa(4) (\$53.5M Resource Officers/Dogs)
31aa(5) (\$53.5M Student Mental Health staff)
61v(2) (\$68.5M Access/Enrollment in CTE)
61v(5) (\$1.5M Media Campaign for CTE) ***
97n (\$10M Community Violence Intervention)

(Continuing) Competitive:

11x(6) (\$5M Consolidation Study)
21h (\$6.1M Partnership Districts)
27a (\$25M MI Future Educator Fellowship)
27b (\$70M Grow Your Own)
27h (\$49.4M New Teacher/Counselor/Admin support)
27h(5) (\$1.5M Admin Mentorship payments)
27h(6) (\$500k Research-Based standards, curriculum, PD)
27h(7) (\$500k Program Evaluation of Activities under 27h)
61b (\$8.3M CTE Early Middle College / Dual Enrollment)
99h (\$5M for Robotics Competition)



Formula

New Formula: **31aa:** of \$321M total appropriated:

\$214M is formula, opt-in based (\$200M for Public Schools and \$14M for Nonpublic Schools)

\$107M is new competitive grants (31aa(4) and 31aa(5))

In addition to FY25 funding under 31aa, new language adds **Safety Dogs** and specifies **School Resource Officers** must be properly licensed/good standing with Michigan Commission on Law Enforcement. Also adds **Implementing Cell Phone Free School Policies** that prohibits students from accessing or using a personal communication device during instructional time as determined by the school

MDE will pay no later than December 31, 2025, those that “Opt-In” in equal amount per pupil based on the total number of pupils in membership in each district



Formula

New Formula: **94(1)** Increased participation in AP/IB programs and support CLEP

Same as FY2025 language

Funds to cover all or part of costs of AP or IB test fees and IB registration fees for low-income pupils who take an AP or IB test and CLEP fees for low-income pupils who take a CLEP test



Questions and Contact Information



Kevin Walters
Office of Financial Management (OFM)
Michigan Department of Education (MDE)

waltersk5@michigan.gov

Cell: 810-728-5254