

MSBO Budget Update

UPSBO Fall Conference



October 17, 2025
FY2025-26 SAF Budget Deal



Agenda

- MSBO Update
 - Support Services – Tim Peraino
 - Finance – Jason Helsen
- State Budget details
- Federal Budget situation

FY2025-26 MSBO Events

- *BUSY SEASON!*
- Back to School – August
- BMA starts – August
- Leadership Institute starts – Aug/Sept
- MDE/MSBO Workshop – Sept 11
- [Intro to School Business](#) – Sept 23-24
- [Facilities Conference](#) – Oct 5-7 in Crystal Mt
- [Up North Workshop](#) – Oct 9-10 in Houghton Lake



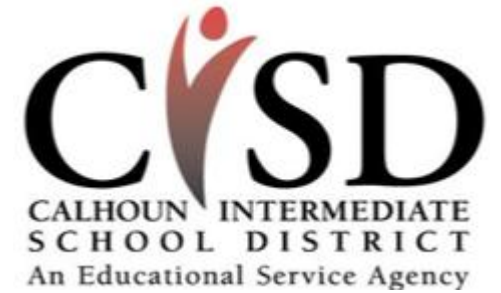


FY2025-26 MSBO Events

- *LOOKING AHEAD!*
- UP Cert Classes in Marquette – Oct 15-16
- Leadership Dimensions – Nov 12-13
- Group Solutions – Oct & Nov – MULTIPLE
- Grants Webinar Series – Dec 2-9-16, 2025
- Financial Strategies – Jan 21-22, 2025
- And more...[see calendar of events](#)



THANK YOU!





FY2025-26 School Aid Fund Budget

- Shutdown crisis (somewhat) averted
- Continuation budget early morning Oct 1
- Funded government and GF/GP
- *No SAF appropriation at first!*
- Senate Bill 166 and Conference Committee on Oct 2
- Deal reached early morning Oct 3
- Passed to Gov's desk for signature on Oct 4
- Governor Whitmer signed on Tu, Oct 7 – *PA 15 of 2025*



FY2025-26 School Aid Fund Budget

- ***Headline items***
 - \$10,050 Foundation Allowance (+\$442, no cyber cut) – 4.6%
 - Sec. 30d MI School Meals continues - \$200 million, added funds for nonpublic schools
 - Big increase for Sec. 31A At Risk (25% or ~\$258 million)
 - More higher ed funding (-\$400 million)
 - Loss of Sec. 147a1 (-\$100 million)
- *Note: the following will not be exhaustive but hopefully gives you good context of the SB166 SAF budget deal*



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Revenue side:**
- Sec. 147a1 MPSERS Cost Offset (-\$100 million) ELIMINATED in Conf – *this is a hit to district bottom lines*
- Sec. 147a2 MPSERS Normal Cost Offset (reduced by \$28.9 million in FY2025-26, increased by \$50 million in FY2024-25 suppl) – *expected according to budget proposals*
- Sec. 147a3 MSPERS Cost Offset/ISDs (-\$12 million) ELIMINATED in Conf - *this is a hit to ISD bottom lines*



FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Revenue side CONTINUED:**
- Sec. 147a4 MPSERS Cost Offset UAAL (-\$598 million) ELIMINATED – *while expected, this is a **HUGE HIT** to district bottom lines*
- Sec. 147c State Share – net increase of \$247.4 million (147c2 is eliminated and 147c1 increases to offset) – *matches up with MPSERS UAAL rate of 15.02%*
- Sec. 147e DC Added Costs – increase by \$13.7 mm (\$118.4 mm)
- Sec. 147g EE HCC Reimb (-\$181.5 million) ELIMINATED – *no FY2024-25 supplemental adjustment either***
- ***What about Sec. 27L though?*



FY2025-26 School Aid Fund Budget

- **Sec. 147 & MPSERS Expenditure side:**
- No changes to FY2025-26 rate reduction as threatened
- 5.75% rate cap reduction (to 15.21%) goes into effect, but so do normal cost increases...*is your district somewhere around the 3% blended rate reduction?*
- At 10/1/25 – no more 3% EE HCC deduction
- MPSERS UAAL Stabilization goes back up...15.02% published rate
- [FY2025-26 Rate Sheet](#)



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

- **Sec. 31aa Mental Health and School Safety**
- \$321 million for FY2025-26 only (\$300 mm SAF & \$21 mm GF)
- New requirements for SROs (licensed law enforcement)
- Adds: safety dogs, cell phone free policies as allowable
- Sec. 31aa(3) – per-pupil grants
- Sec. 31aa(4) added - \$53.5 million – competitive grants for SRO's and safety dogs
- Sec. 31aa(5) added - \$53.5 million – competitive grants for mental health professionals



FY2025-26 School Aid Fund Budget

- **Sec. 31aa Mental Health and School Safety CONTINUED**
- Sec. 31aa(9) added - ***To receive funding under this section, a district must agree to be subject to a comprehensive investigation, must affirmatively agree to waive any privilege that may otherwise protect information from disclosure in the event of a mass casualty event, and must agree to comply with a comprehensive investigation...(continues)***
- Sec. 31aa(10 & 11) added – work project language added to allow carryover into FY2026-27 and completion date 9/30/2029



FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items**

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

- **FY2024-25 Supplemental Items CONTINUED**
- Sec. 27L Education Compensation – NEW \$350.3 million
- \$203 million SAF for FY2024-25 only...conditional on State Budget Director to lapse remaining Sec. 27k funds
- Allocated on per-pupil basis...district *shall* increase compensation for educators. Educator is defined but not limited. Includes union EE's.
- District *shall* bargain any increases in compensation with unions and payments *shall* be in addition to existing CBA
- \$147.3 million est. remaining bal. of MPERS reserve fund - to offset normal costs of retiree health, allocated same as FY2024-25 Sec. 147g
- Carries forward into FY2025-26



FY2025-26 School Aid Fund Budget

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




FY2025-26 School Aid Fund Budget

- Audit filing – [MDE memo 25-093](#)

MEMORANDUM

DATE: October 9, 2025

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Dr. Diane Golzynski, RDN, SNS, Deputy Superintendent
Division of Business, Health, and Library Services 

SUBJECT: Fiscal Year 2025 Federal Office of Management and Budget Compliance Supplement

According to the American Institute of Certified Public Accountants, the final version of the 2025 Compliance Supplement has been delayed due to an administrative backlog. The federal Office of Management and Budget has provided the Governmental Audit Quality Center with a final draft version of the Compliance Supplement to ensure auditors can plan for their fiscal year 2025 audits and single audits.



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

- **FY2025-26 Interesting items that don't fit into other categories
CONTINUED...**
- Sec. 21f – Virtual Instruction days – 15 days lowered to 7 days originally, then eliminated entirely in Conference agreement
- This could impact school schedules re: state test days
- Original SFA & HFA analysis was wrong
- Per MDE – this impacts everything post-Sept 30, 2025. There could be more guidance forthcoming.



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

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



FY2025-26 School Aid Fund Budget

- SAF balance sheet...[HFA provided](#)

School Aid Fund: Conference

Beginning SAF Balance

<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
\$2,192.5	\$1,257.6	\$995.1	\$49.8

Total Resources

22,868.0	21,745.9	21,484.1	21,852.5
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Total Expenditures

\$23,802.9	\$22,008.5	\$22,429.4	\$21,343.8
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Ending SAF Balance

\$1,257.6	\$995.1	\$49.8	\$558.4
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Ongoing Balance

\$473.4	\$618.1	\$10.8	\$508.7
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One-time Balance (SAF)

\$784.2	\$377.0	\$39.0	\$49.8
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FY2025-26 School Aid Fund Budget

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



FY2025-26 State Economy

- Sept 2025 HFA Revenue report



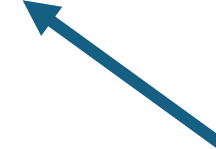
Ben Gielczyk, Associate Director

September 2025 Revenue Update

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated¹ to be \$1,908.6 million in September 2025, about \$1.9 million above the amount established at the May 2025 CREC. Above forecast collections from gross IIT, online gaming, and lottery slightly more than offset below forecast collections from the sales tax and state education tax.

On a year-to-date basis, SAF revenue for FY 2024-25 was approximately \$145.2 million above the consensus revenue projections.



FY2025-26 Federal Budget

- **Federal shutdown...**
- Day 11, 12, 13...
- No House sessions held
- Senate – impasse on Continuing Resolution (CR)
- Impact Aid – delays
- HeadStart – new allocations in question & haven't been approved
- Title I & IDEA – forward-funded, not immediately affected
- SNAP & WIC will start to be impacted
- Essential svc – air traffic, TSA, border patrol, FBI



FY2025-26 School Aid Fund Budget

- Q&A





Contact & Thanks

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Contact & Thanks

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