



**FY 25 Executive Budget Recommendation Highlights**  
**House Appropriations Subcommittee on School Aid and Education**  
**February 22, 2024**

*Michael F. Rice, Ph.D.*

*State Superintendent*

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*Chief Deputy Superintendent*

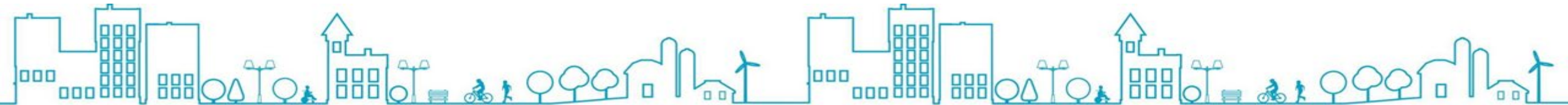
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*Deputy Superintendent Finance and Operations*

# Top 10 Strategic Education Plan Goals



1. Expand early childhood learning opportunities
2. Improve early literacy achievement
3. Improve the health, safety, and wellness of all learners
4. Expand secondary learning opportunities for all students
5. Increase the percentage of all students who graduate from high school
6. Increase the percentage of adults with a post-secondary credential
7. Increase the numbers of certified teachers in areas of shortage
8. Provide adequate and equitable school funding



# Upstream and Downstream

- The two **resource upstream goals** addressing teacher shortage and adequate and equitable school funding (Goals 7 and 8) **help drive all other goals.**

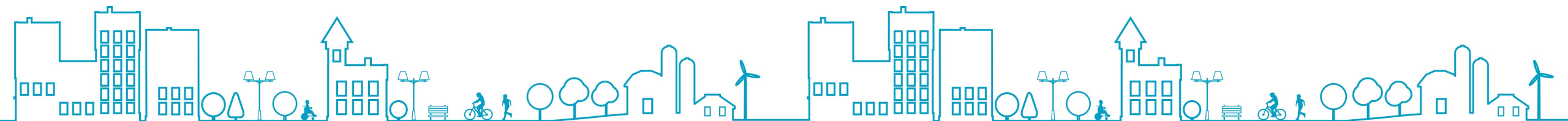




# Upstream and Downstream

- The **developmental upstream** goals addressing the expansion of early childhood education and the improvement of early literacy (Goals 1 and 2) and health, safety, and wellness (Goal 3) **help drive all other downstream goals**, which include secondary school program expansion, graduation rates, and postsecondary credential rates (Goals 4, 5, and 6).

# FY 25 State School Aid Executive Budget Recommendation



# Goals

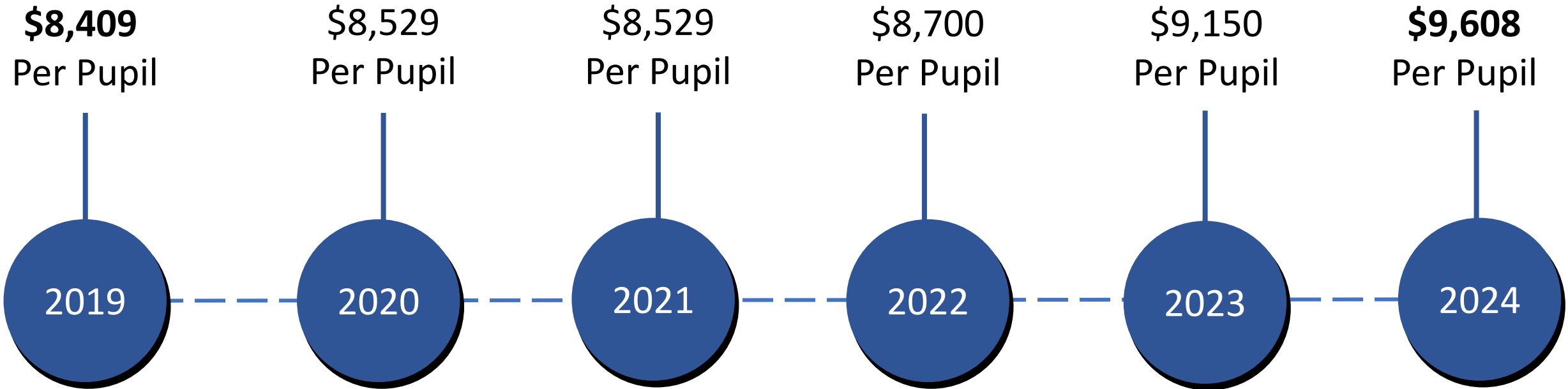
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Different children have different needs;  
different needs have different costs.

# Historical FY Per Pupil Target Foundation Allowance





# Goal 8: Provide Adequate & Equitable School Funding

## FY 25 Executive Budget Recommendation:

- Proposes to increase the per pupil target foundation allowance **\$241 (2.5%)** to \$9,849 per pupil
- Proposes FY 25 per pupil for cyber charter schools at \$7,879 (80% of the foundation)



# Goal 8: Provide Adequate & Equitable School Funding

## FY 25 Executive Budget Recommendation:

- At-Risk (sec. 31a): Increase of \$23.8 million or **2.5%**
- Bilingual Education (sec. 41): Increase of \$3.05 million or **7.7%**
- With the proposed reduction in MPERS contribution for retiree health insurance, the executive budget recommendation included an additional weighted 5% increase.



# Goal 8: Provide Adequate & Equitable School Funding

## FY 25 Executive Budget Recommendation:

- Special Education Foundation (sec. 51e): Increase of \$23.2 million or **4.7%**
- Special Education Millage Equalization (sec. 56)
  - **New** formula to better equalize the impact of special education costs on districts by providing a **\$50 million increase** (with the proposed reduction in MPSERS contribution for retiree health insurance) to reduce the gap between available funding and required costs in districts.



# Goal 8: Provide Adequate & Equitable School Funding

FY 25 Executive Budget Recommendation maintains:

- Transportation Reimbursement (sec. 22I): \$125 million from transportation fund
  - Need for ongoing funding
  - If the proposal for FY 25 moves forward, there will only be \$100 million remaining in the transportation fund for FY 26.



# Goal 8: Provide Adequate & Equitable School Funding

## FY 25 Executive Budget Recommendation:

- Consolidation and Infrastructure Fund (sec. 12c):
  - Boilerplate change adds emergency allocations, up to \$25 million, as an allowable use in event that a district has an infrastructure emergency but lacks funds to address the issue (e.g., a roof collapse).



# Goal 8: Provide Adequate & Equitable School Funding

## FY 25 Executive Budget Recommendation:

- Additional Weighted Funding for High Poverty Students (sec. 25m)
  - \$90 million **in competitive grants** to districts and intermediate districts to support the academic, social-emotional, and physical needs of income-eligible students.



# Goal 8: Provide Adequate & Equitable School Funding

Additional considerations for the subcommittee:

- Per pupil foundation allowance percentage increases have to be greater than inflationary percentage increases each year.
- Major categorical percentage increases have to be greater than per pupil foundation allowance percentage increases.
- General education transportation reimbursement needs to be continued and increased in the future.
- The legislature needs to reduce the numbers of small grants, competitive or not. The proliferation of grant *categories* has been a burden on districts without a related benefit to students.



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# State Budget To Address the Teacher Shortage



## **Goal 7: Increase the numbers of certified teachers in areas of shortage**

- **FY 20 and earlier** - \$0 in the state school aid act to address teacher shortage
- **FY 21** - \$5 million for early career retention bonuses
- **FY 22** - Less than \$2 million for Grow Your Own programs
- **FY 23** - \$575 million for a range of efforts to address the teacher shortage, many of these initially recommended by MDE.
- **FY 24** - \$448 million for a range of efforts to address teacher shortage.

# Goal 7: Increase the Number of Certified Teachers in Areas of Shortage

## FY 25 Executive Budget Recommendation:

- Grow Your Own (GYO) programs (sec. 27b): \$50 million
  - This is new GYO funding
- Mentoring and Induction programs (sec. 27h): \$50 million
  - This is in addition to the \$50 million over 5 years in FY 24



# Goal 7: Increase the Number of Certified Teachers in Areas of Shortage

FY 25 Executive Budget Recommendation maintains:

- MI Future Educator Fellowship (sec. 27a): \$25 million
- MI Future Educator Student Teacher Stipends (sec. 27c): \$50 million



# Goal 7: Increase the Number of Certified Teachers in Areas of Shortage

Additional considerations for the subcommittee:

- **Mandatory** new superintendent mentoring and **mandatory** new school board member training.



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# Historical GSRP Funding

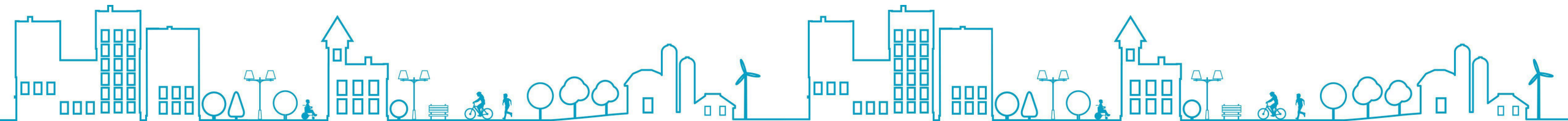
FY 21: \$249.6 million

FY 22: \$418.1 million

FY 23: \$452.5 million

FY 24: \$543.3 million

**118% increase (\$293.7m)**



# Goal 1: Expand Early Childhood Learning Opportunities

FY 25 Executive Budget Recommendation:

- GSRP Boilerplate changes
  - Removes income limits on GSRP eligibility.
  - Includes flexibility in age requirement for children who will turn 4 early in the fiscal year.
  - Removes the requirement that tuition be charged **for families with particular family household income levels.**



# Goal 1: Expand Early Childhood Learning Opportunities

FY 25 Executive Budget Recommendation:

- Increases the Great Start Readiness Program (GSRP) per child allocation, from **\$9,608 to \$10,342 (5% higher than the proposed per pupil target foundation allowance)**.
  - Funding to serve an additional 6,800 children





# Goal 1: Expand Early Childhood Learning Opportunities

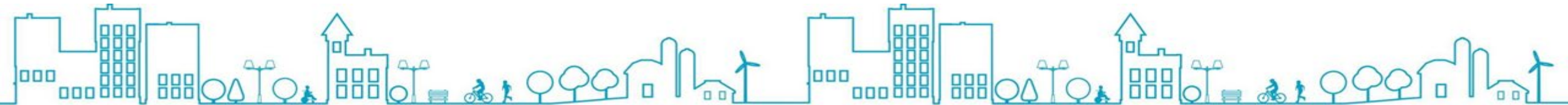
Additional considerations for the subcommittee:

- The subcommittee and the legislature must stay focused on **quality** as we seek to expand the **quantity** of young people in universally accessible preschool.
- All early childhood programs are not the same. While all deserve our support, the lines between types of early childhood programming should not be blurred.



# Goals

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# Goal 2: Improve Early Literacy Achievement

## FY 25 Executive Budget Recommendation:

- Literacy (sec. 35a): \$86.2 million, highlights of which include:
  - Support for Literacy Coaches (sec. 35a(4)): \$45.3 million
    - \$3.2 million increase
    - Each ISD will be eligible to receive support for at least 3 early literacy coaches
  - Up to \$10 million for professional learning, such as LETRS (sec. 35a(10))



# Goal 2: Improve Early Literacy Achievement

## FY 25 Executive Budget Recommendation:

- MI Kids Back on Track (sec. 23g): \$150 million
  - Similar to funding in FY 23



# Goal 2: Improve Early Literacy Achievement

## FY 25 Executive Budget Recommendation:

- Literacy Supports (sec. 35m): \$155 million
  - Creates committee for literacy achievement (MiLEAP must work with higher education institutions to form a group of experts to be members of committee.)
- READ Competition (sec. 35n): \$10 million
  - MiLEAP and literacy commission must establish structure of competition intended to foster district-led innovations in literacy instruction.



# Goal 2: Improve Early Literacy Achievement

Additional considerations for the subcommittee:

- Continued requirement that coaches have LETRS training.
- Additional LETRS training funding.
- Literacy efforts could be bolstered further by focusing on lower class size grants for K-3 classrooms in high poverty school districts.



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# Goal 3: Improve the Health, Safety, and Wellness of All Learners

## FY 25 Executive Budget Recommendation:

- Michigan School Meals (sec. 30d): \$200 million
  - \$40 million increase from FY 24
  - \$170 million from School Aid Fund (with the proposed reduction in MPERS contribution for retiree health insurance) and \$30 million from the school meals reserve fund
  - Includes a FY 24 supplemental of \$30 million to offset current year costs





# State School Aid Funding for Children's Mental Health



Fiscal Year	Recurring	Non-Recurring
FY18	\$0	\$0
FY19	\$31.8m	\$0
FY20	\$31.8m	\$0
FY21	\$46.3m	\$0
FY22	\$54.4m	\$125.4m
FY23	\$79.4m	\$282.5m
FY24	\$112.8m	\$343m



# Goal 3: Improve the Health, Safety, and Wellness of All Learners

## FY 25 Executive Budget Recommendation:

- Mental Health and School Safety Payments (sec.31aa): \$300 million
  - Removes funding for nonpublic schools
  - Shifts \$150 million from one-time to ongoing funds (with the proposed reduction in MPERS contribution for retiree health insurance)



# Goal 3: Improve the Health, Safety, and Wellness of All Learners

Additional considerations for the subcommittee:

- Make mental health funding recurring



# Eight Goals

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# Goal 4: Expand Learning Opportunities for All Students

# Goal 5: Increase the percentage of all students who graduate from high school

## FY 25 Executive Budget Recommendation:

- Key Industries Pilot (sec. 61v): \$20 million
  - This is a pilot program to connect high school seniors with local key industries and trade associations for on-the-job training and potential employment opportunities upon graduation.



# Goal 4: Expand Learning Opportunities for All Students

## Goal 5: Increase the percentage of all students who graduate from high school

FY 25 Executive Budget Recommendation maintains:

- CTE early middle college programs (sec. 61b): \$8 million
- CTE equipment upgrades (sec. 61c): \$15 million
- CTE incentive payments (sec. 61d): \$5 million



**Goal 4: Expand learning opportunities for all students**

**Goal 5: Increase the percentage of all students who graduate from high school**

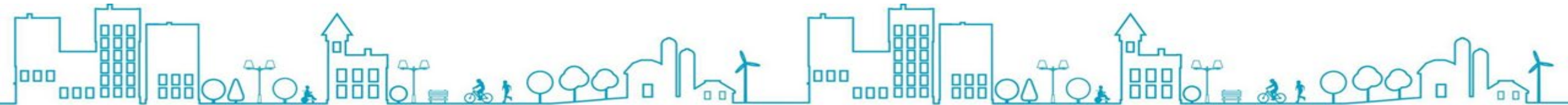
Additional considerations for the subcommittee:

- Provide incentive funding to local and intermediate school districts to open new high-quality career and technical education (CTE) programs in underserved areas.
- Greater opportunity for awareness and exploration into elementary and middle schools.
- Greater CTE development opportunities in the first two years of high school.
- More opportunities across the state with fewer CTE deserts.

# Top 10 Strategic Education Plan Goals



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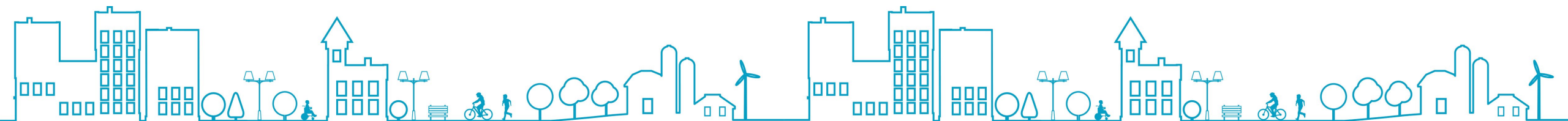
# Goal 6: Increase Percentage of Adults with a Postsecondary Credential

Additional considerations for the subcommittee:

- In 2022, 94.9% of Michigan CTE students graduated from high school compared to the state's overall graduation rate of 80.5%. Expanding CTE helps more students achieve high school graduation and sparks an interest in moving forward for a postsecondary credential.
- Continued investment in Grow Your Own (GYO) programs helps move school support staff to credentialed professionals.

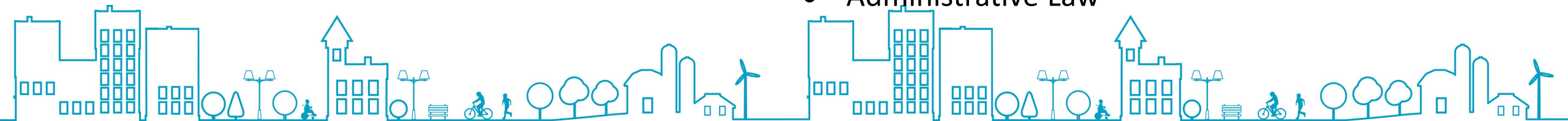


# FY 25 Michigan Department of Education Executive Budget Recommendation



# Selected MDE Responsibilities

- Certification of more than 197,000 Individuals
- Recertification
- Teacher and Counselor Reciprocity
- State Continuing Education Clock Hours (SCECHs)
- Grow Your Own Initiatives for Support Staff and Students To Become Teachers
- Teacher Loan Repayment
- Educator Preparation Standards Setting
- Educator Preparation Institution Accreditation
- Rural Credentialing Hub Establishment
- School Transportation
- Mentoring and Induction Standards and Grant Establishment
- Career and Technical Education
- Federal Grants Management
- State Grants Management
- Pupil Accounting
- School Safety and Bullying Prevention
- Children's Mental Health
- Child Nutrition In and Out of School Hours
- Student Attendance and Engagement Support for Schools and Districts
- Administrative Law



# Selected MDE Responsibilities

- Curricular Standards Setting
- Literacy Professional Development
- Social Studies Professional Development
- Science Professional Development
- Professional Development in Many Other Areas
- Special Education Oversight
- Michigan School for the Deaf
- Partnership District Agreements
- Library of Michigan
- Field Services and Federal Education Program Monitoring and Oversight
- School Index Accountability System
- State Assessments
- National Assessments
- Interaction with State and National Educational Researchers
- Guidance on All of the Above....and Much More
- Work with the State Board of Education
- Work with the Governor's Office, SBO, and Other State Agencies
- Work with the State Legislature on Proposed Legislation



# FY 25 MDE Budget Executive Recommendation

- **For at least a decade**, MDE has been responsible for more than 20% of the state's budget with approximately 1% of the state's workforce
- For example, in the FY 23 budget, prior to the advent of MiLEAP, MDE was responsible for the vast majority of the state school aid budget, \$21.2 billion, or 23% of the state's total budget. At the same time, it had approximately 1% of the state's workforce.



# FY 25 MDE Budget Executive Recommendation

- MDE's department budget for FY 24 is \$647 million.
- The FY 25 department budget in the executive recommendation is \$163 million.
- The significant MDE proposed budget reductions are related to:
  - The transfer of \$414.5 million in federal child care payments that go to child care providers on behalf of parents. These funds will now flow through MiLEAP and not MDE.
  - The transfer of \$15.7 million to fund 77 Office of Great Start (OGS) positions now in MiLEAP.
  - The removal of \$55 million in MDE one-time appropriations, the largest of which is the \$40 million for the Michigan School for the Deaf dormitory.



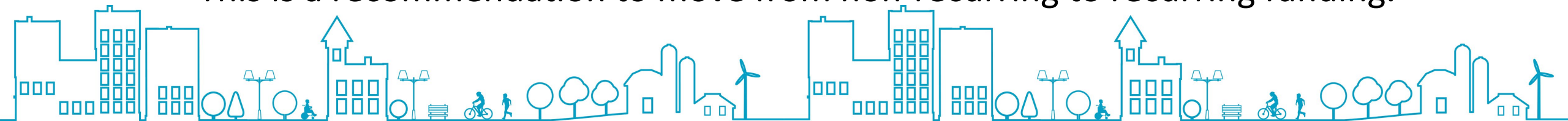
# FY 25 MDE Budget Executive Recommendation

- Summer EBT Food Benefits
  - \$500,000 for 2 FTEs
  - This was an investment request from the department.
- Expand Comprehensive Mental Health System Efforts
  - \$500,000 for 2 FTEs
  - This was an investment request from the department.
- CTE Administration
  - \$350,000 for 2 FTEs
  - This is similar to an investment request from the department.



# FY 25 MDE Budget Executive Recommendation

- Grants Management Administration
  - \$520,000 for 3 FTEs
  - This is to support NexSys and the distribution of grant funding.
  - This is similar to an investment request from the department.
- School Infrastructure and Consolidation
  - \$750,000 for 2 FTEs moving from non-recurring to recurring funding.
  - This is similar to investment requests from the department during FY 24 and FY 25 budget development.
- Poet Laureate
  - \$100,000
  - This is a recommendation to move from non-recurring to recurring funding.





# FY 25 MDE Budget Executive Recommendation

- MDE Total FTEs
  - FY 24 - 640.5
- Executive Recommendation
  - FY 25 - 572.5
  - This is the net number generated with the movement of 77 FTEs from MDE to MiLEAP and the proposed 11 FTEs (9 new and 2 moved to recurring) added to the department in the governor's budget recommendation.



Thank you for your work over the last few years. We look forward to our continued partnership to build better and safer schools and school experiences for children.

