HOUSE FISCAL AGENCY

Budget Briefing: Department of Education

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics
  - FY 2026-27 Budget Highlights
  - Libraries

Department of Education

The Department of Education is the administrative arm of the State Board of Education, and it is charged with implementing state and federal mandates in the field of education.

Major departmental responsibilities include the following:

- Development of K-12 instructional programs and administration
- Certification and professional development of teachers
- Administration of state aid to school districts
- Education assessment development and administration
- Collecting and reporting educational data
- Providing technical assistance to school districts
- Managing the operations of the Library of Michigan

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2026-27 is October 1, 2026 through September 30, 2027.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

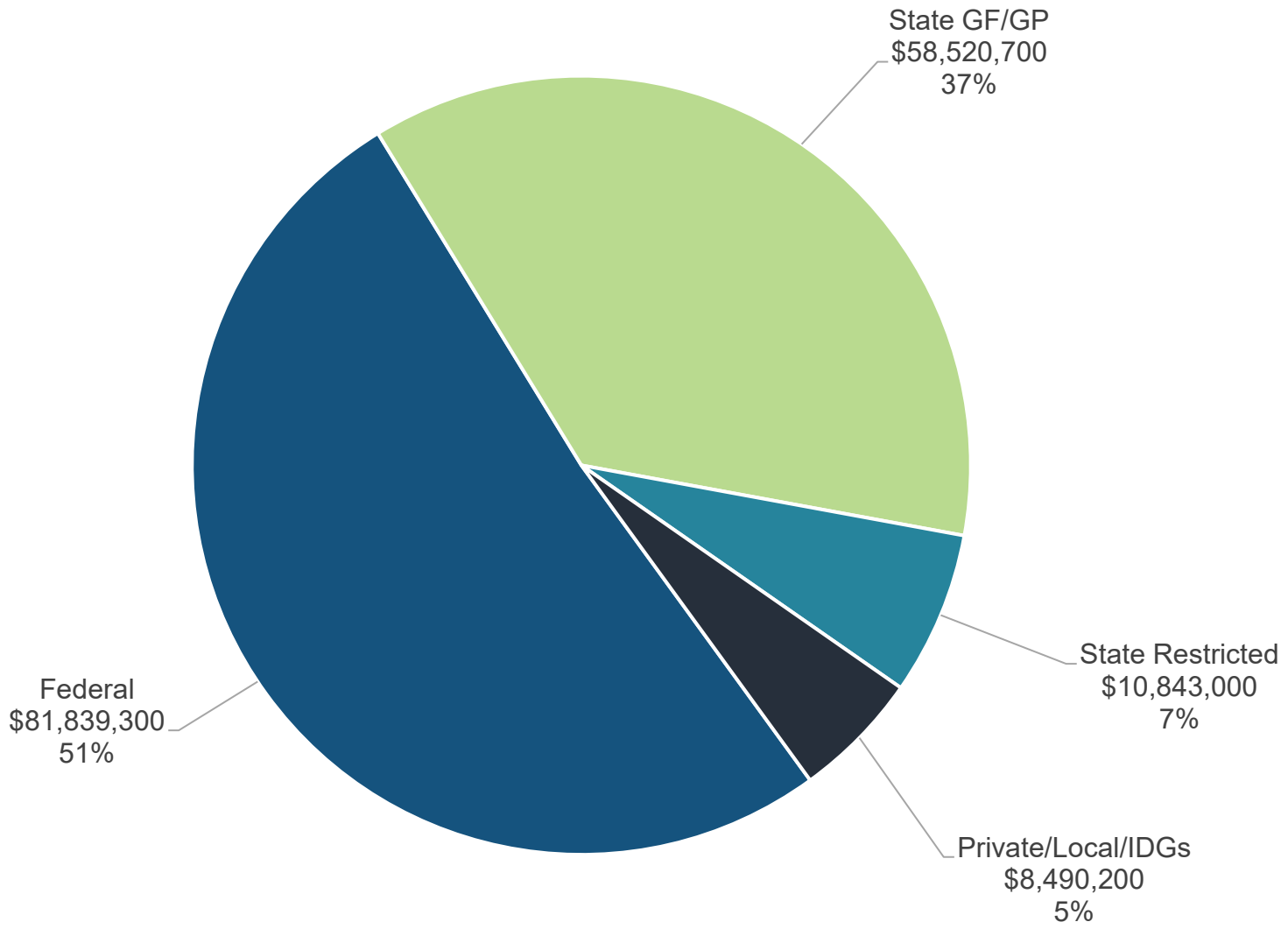
Funding Sources

FY 2026-27 MDE Budget

Fund Source	Funding	Description
Gross Appropriations	$159,693,200	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	0	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	$159,693,200	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	81,839,300	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	5,937,300	Revenue received from local units of government for state services
Private Revenue	2,552,900	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	10,843,000	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	$58,520,700	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

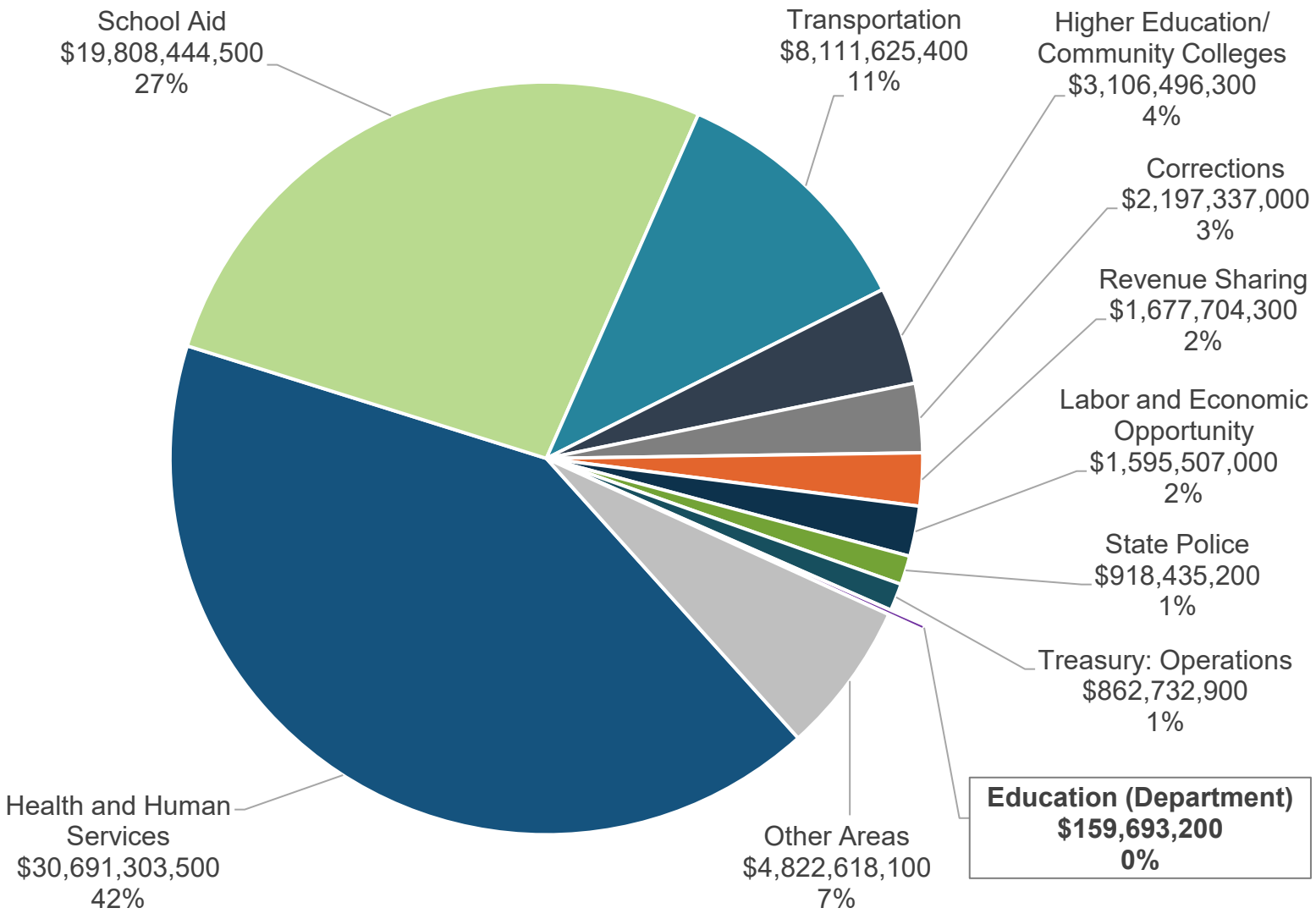
FY 2026-27 Fund Sources

Just over half of the **$159.7 million** MDE budget is funded by federal revenue.



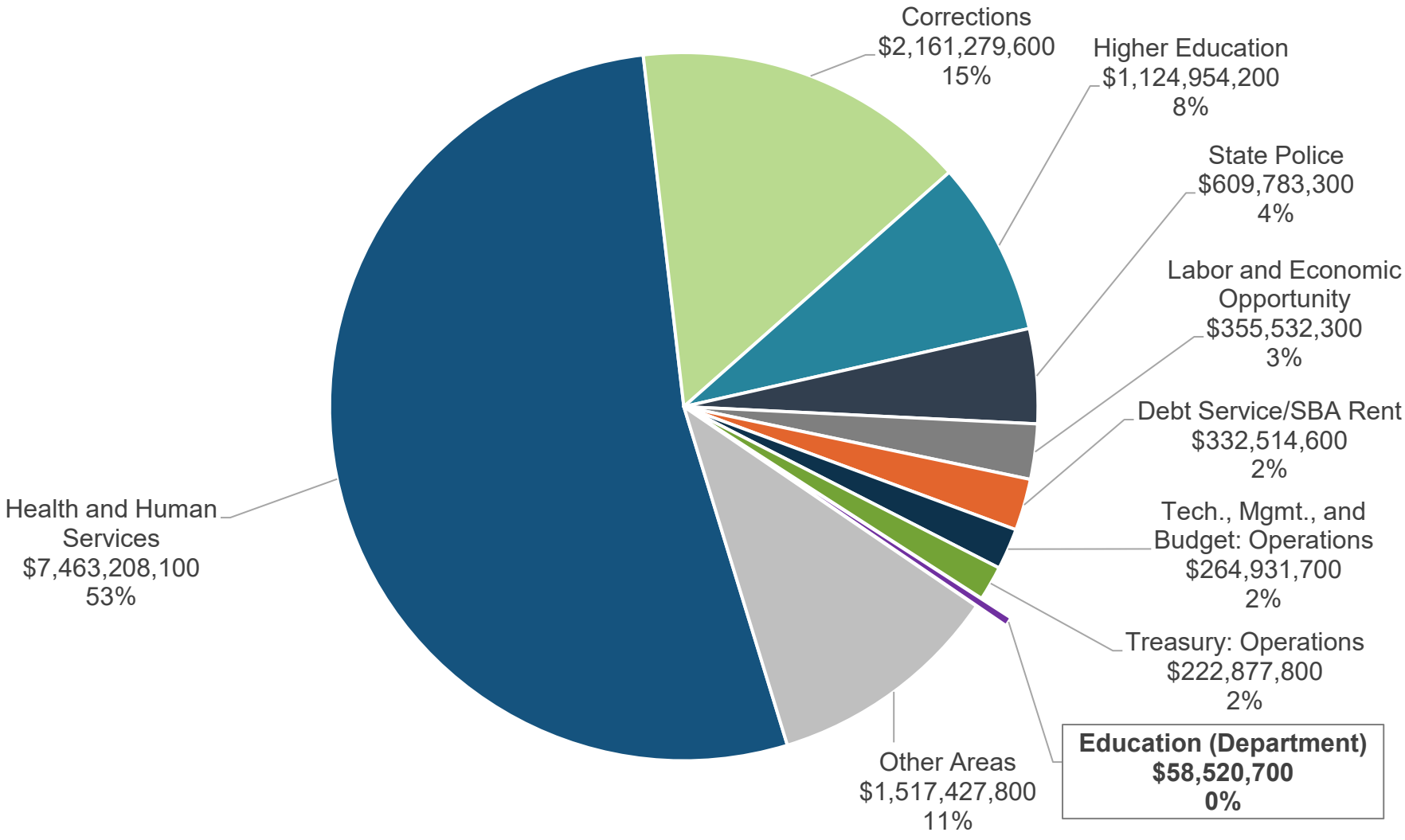
MDE Share of Total State Budget

The MDE budget represents less than **1%** of the **$74.0 billion** state budget (adjusted gross) for FY 2026-27.



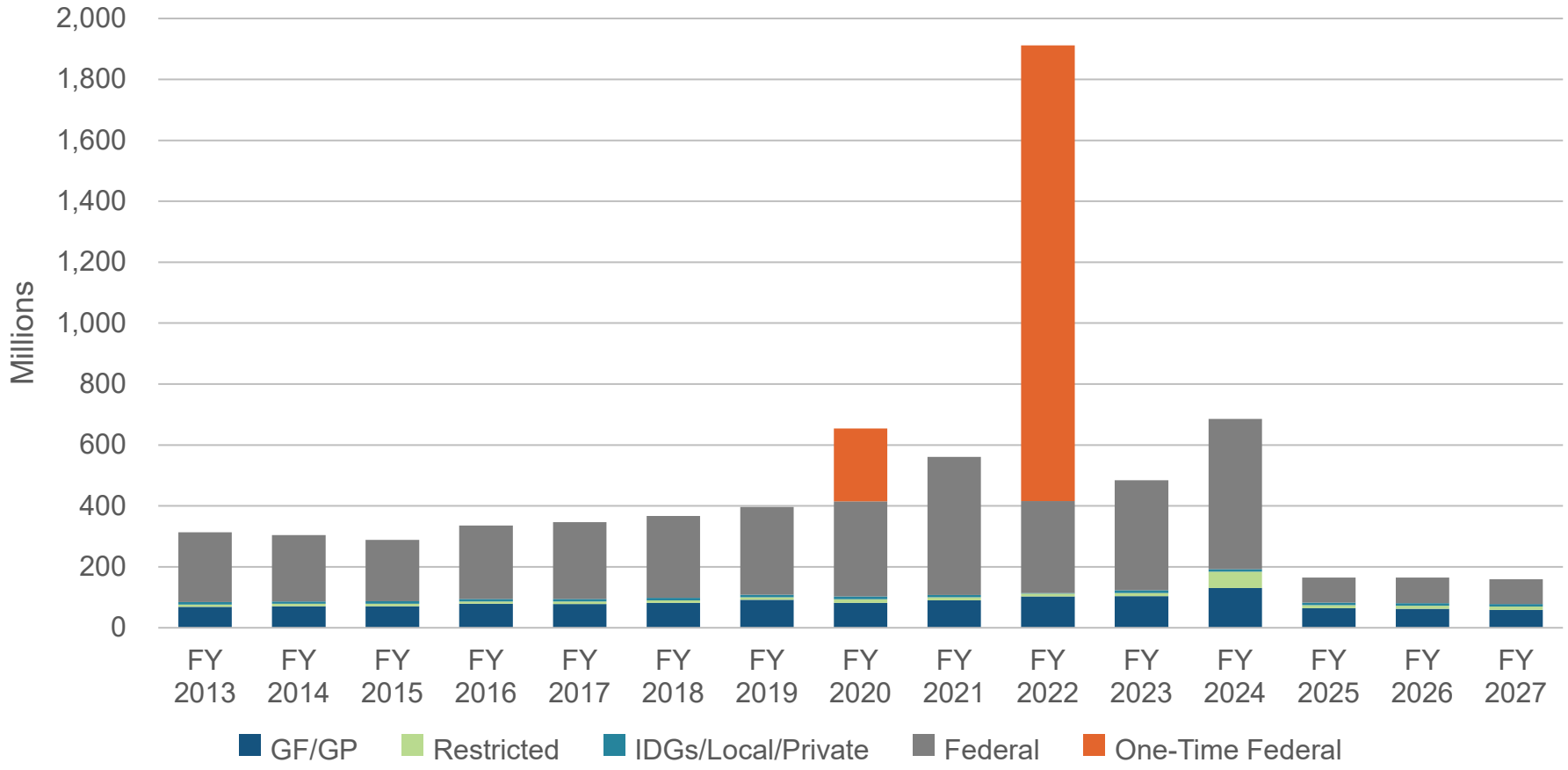
MDE Share of Total GF/GP Budget

The MDE budget represents less than **1%** of the **$14.1 billion** state GF/GP budget appropriations for FY 2026-27.



MDE Funding History

Recent MDE budget changes have largely been driven by the Child Development and Care program (CDC) program, including increasing caseloads, policy changes, and its transfer out of the department and into MiLEAP in FY 2024-25. In FY 2021-22, **$1.5 billion** in federal COVID-19 child care funding represented **78%** of the budget.



Appropriation Areas

MDE Appropriation Areas

Libraries: Operates the Library of Michigan; provides reference services to the Executive, Legislative, and Judicial branches; distributes state aid to local libraries; provides eLibrary services; distributes renaissance zone reimbursements.

Educational Supports/Educator Excellence: Oversees federal Elementary and Secondary Education Act (ESEA); oversees state at-risk categorical grants; provides curriculum and instruction standards; oversees charters granted by public school academy authorizers; oversees professional preparation and professional development programs; manages teacher certifications; oversees statewide educator evaluation efforts.

Schools for the Deaf/Blind: Delivers educational and residential services to students who are hearing or visually impaired; provides technical assistance and resources to local districts through cost-sharing.

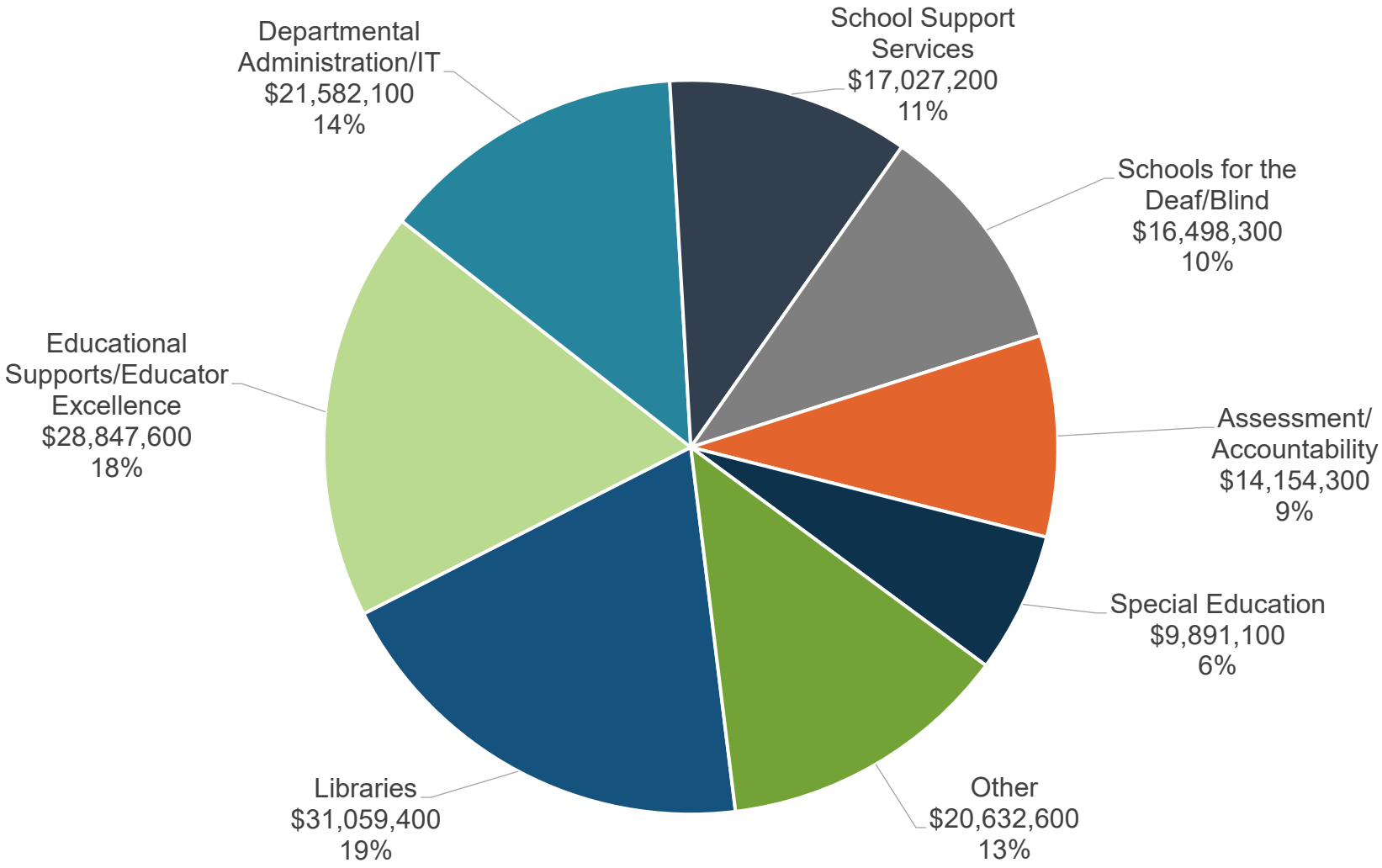
Assessment and Accountability: Develops, administers, and analyzes reports on M-STEP, the Merit Examination, and other state assessments; provides school district accountability and accreditation.

School Support Services: Administers federal and state education grants related to school nutrition and school health and safety.

Special Education: Administers education and early intervention programs for young students with disabilities; provides identification, evaluation, and provision of programs to meet individual educational needs.

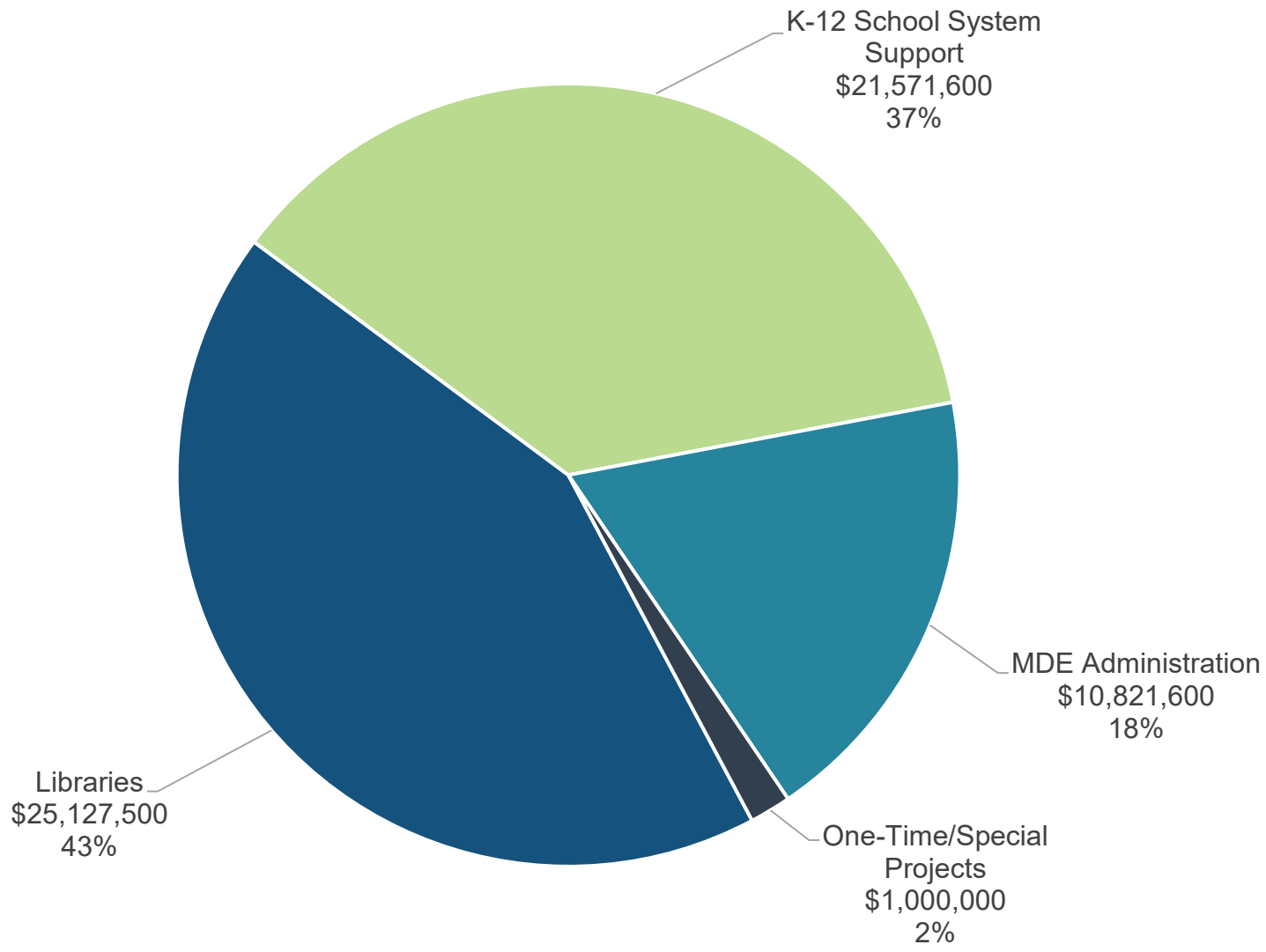
FY 2026-27 Gross Appropriations

The largest area of funding supports libraries, comprising about **19%** of the budget.



FY 2026-27 GF/GP Appropriations

43% of the MDE GF/GP funds supports libraries and **37%** supports the K-12 School System.



Major Budget Topics

FY 2026-27 Major Budget Highlights

FY 2026-27 Changes

Michigan Schools for the Deaf and Blind: Transfers **$2.8 million GF/GP** to the School Aid budget.

Artificial Intelligence Tools: $250,000 GF/GP (one-time) to support MDE development of AI model policies, guidelines, and implementation tools and integration of AI into services and supports for school districts.

Education Support Services: $750,000 GF/GP (one-time) for state aid to libraries and MDE's eLibrary services to support expansion of eLibrary's free online access to articles, books, and other research materials.

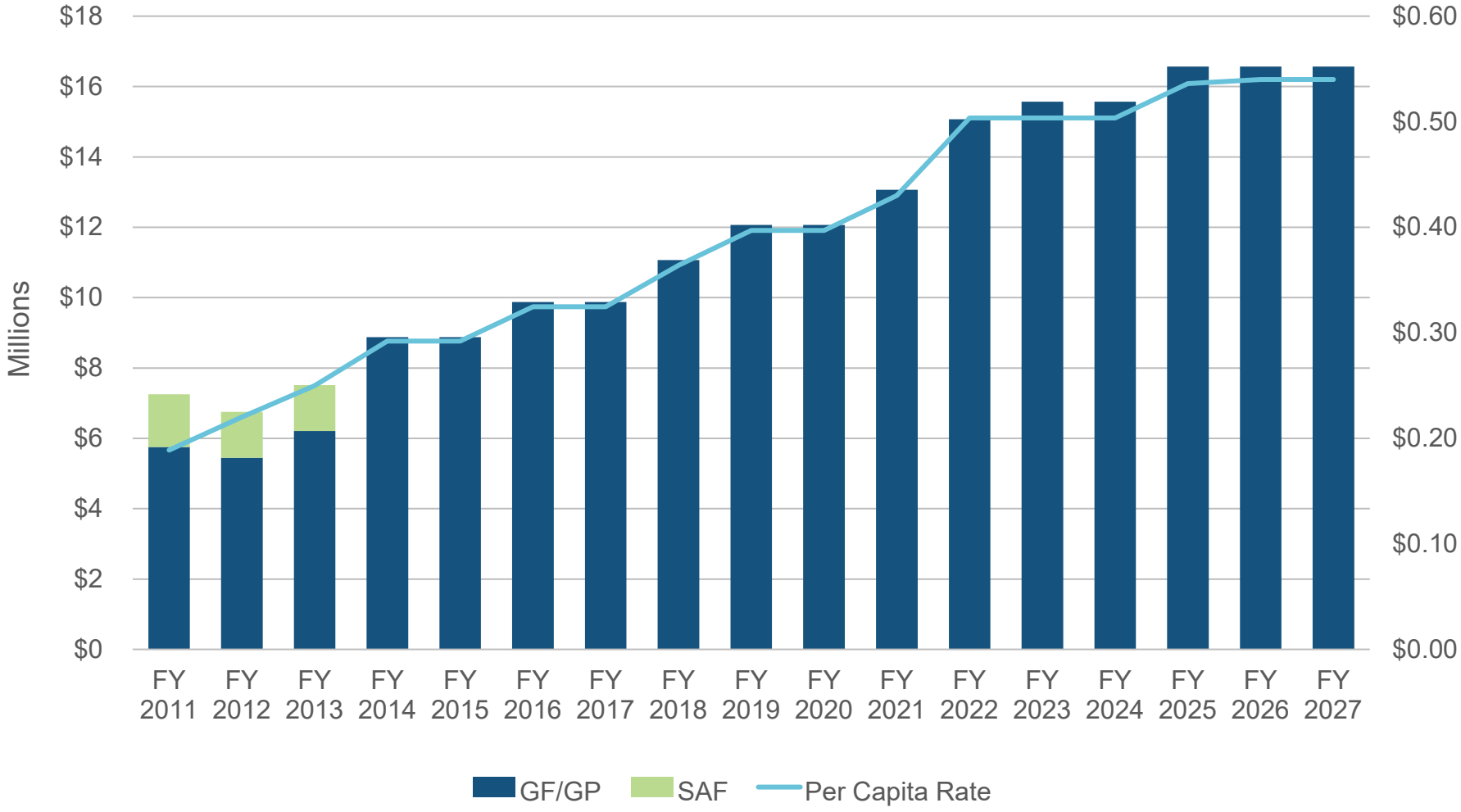
Libraries

Library of Michigan/State Aid to Libraries

- Transferred from the Department of History, Arts, and Libraries in FY 2009-10
- Supports operation of the Library of Michigan (**$5.2 million** Gross)
- Supports State Aid to Libraries (**$16.6 million** GF/GP), based on:
  - **$0.54 per capita** to public libraries meeting minimum standards
  - **$0.54 per capita** to public libraries for cooperative services
  - **$0.54 per capita** to cooperative libraries
  - **$10.87 per square mile** to cooperative libraries with low population density
  - Reimbursement of up to **$4,800** for the director's salary for county libraries serving populations of less than 50,000

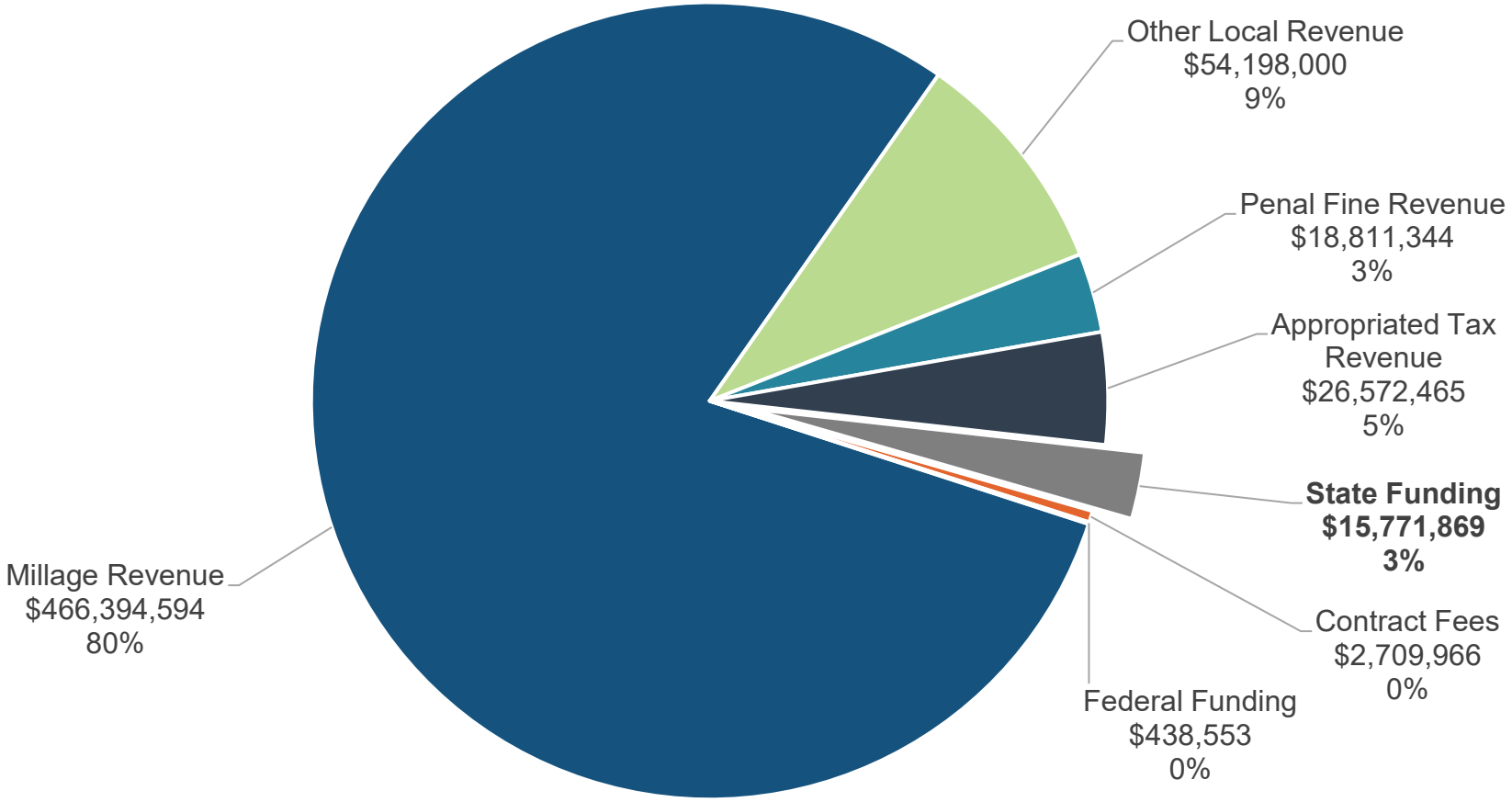
State Aid to Libraries

In FY 2021-22, the per capita rate reached the target of $0.50 for the first time since FY 2000-01 and has continued its growth in recent years.



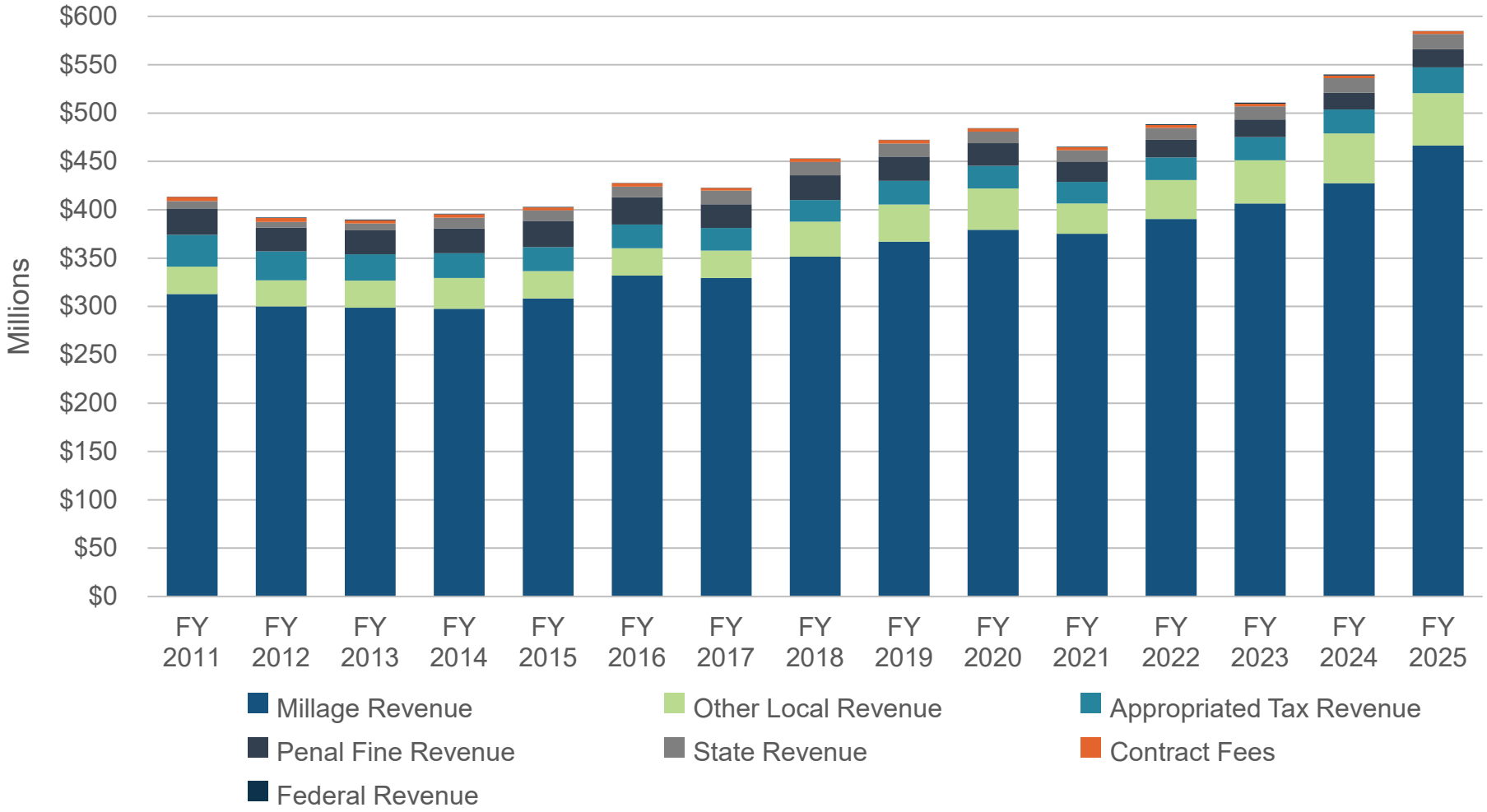
Public Library Operating Revenue

Funding from the state makes up **3%** of the **$584.9 million** FY 2024-25 total operating revenue for libraries statewide.



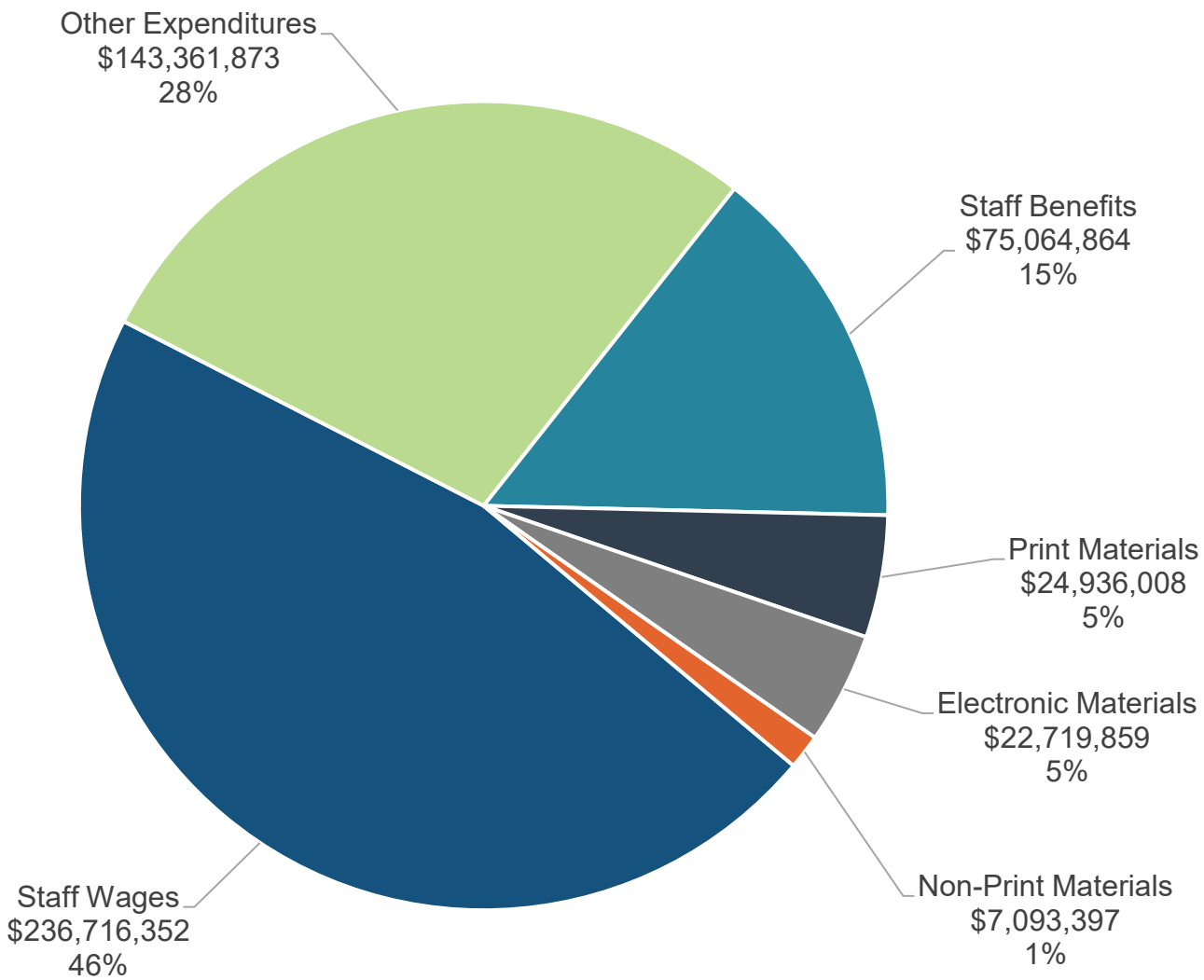
Public Library Operating Revenue

Local property tax millage revenues are the main revenue source for local libraries. Millage revenue reached a nominal record high of **$466.4 million** in FY 2024-25.



Public Library Operating Expenditures

Total operating expenditures for public libraries were **$509.9 million** in FY 2024-25.



For more information about the Department of Education budget:

HFA Resources

http://www.house.mi.gov/hfa/Education.asp

Contact Information

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