

FY25 Executive Budget Recommendation

School Aid



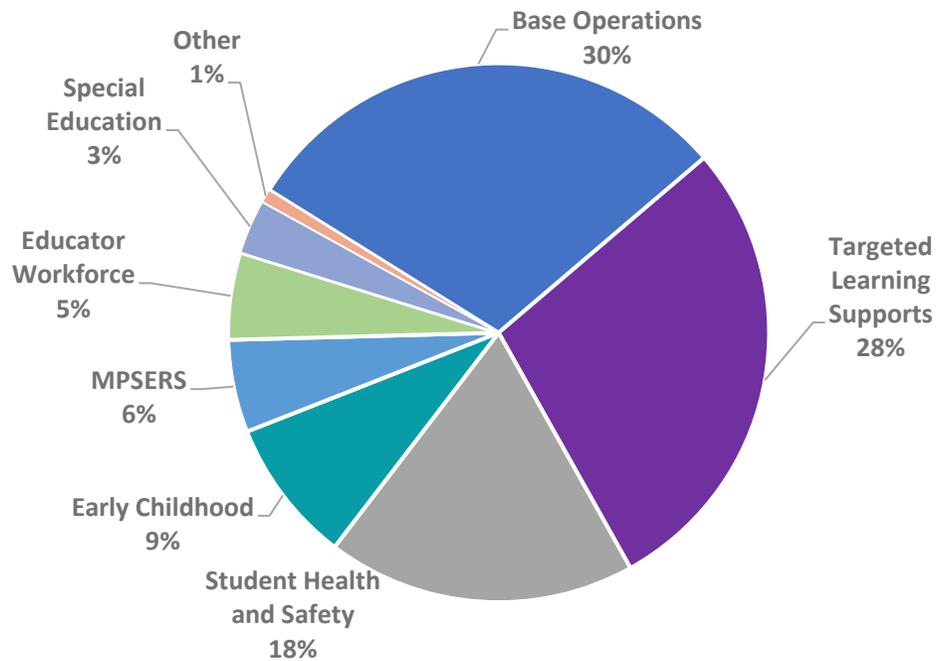
Summary of Appropriations

<i>(In Thousands)</i>	FY2024 School Aid		
	Current Law PA 320 of 2023	Exec. Rec. Revised	Difference from Current Law
<i>School Aid Fund</i>	\$18,364,157.8	\$18,421,957.8	\$57,800.0
<i>General Fund</i>	\$87,900.0	\$87,900.0	\$0.0
<i>Other State Restricted</i>	\$806,800.0	\$836,800.0	\$30,000.0
Total State Funds	\$19,258,857.8	\$19,346,657.8	\$87,800.0
<i>Federal Funds</i>	\$2,204,793.5	\$2,218,093.5	\$13,300.0
Gross Appropriations	\$21,463,651.3	\$21,564,751.3	\$101,100.0
<i>Est. Local Revenue</i>	\$4,562,584.9	\$4,562,584.9	\$0.0
Total Funding	\$26,026,236.2	\$26,127,336.2	\$101,100.0

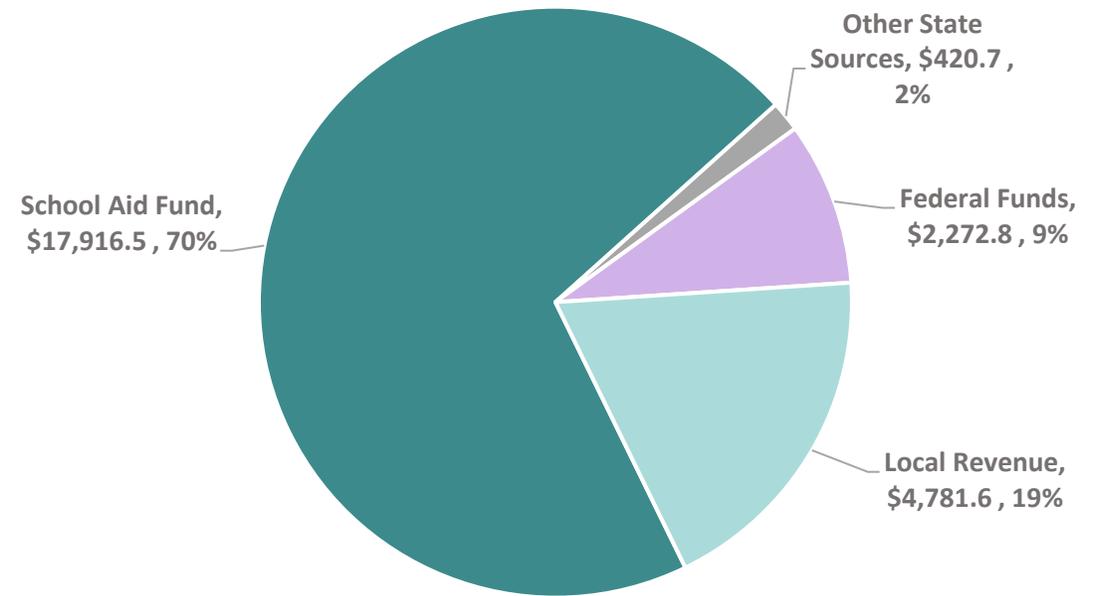
FY2025 School Aid		
Executive Budget	Difference from FY24 Current Law	% Change
\$17,916,530.2	(\$447,627.6)	-2.4%
\$51,550.0	(\$36,350.0)	-41.4%
\$369,100.0	(\$437,700.0)	-54.3%
\$18,337,180.2	(\$921,677.6)	-4.8%
\$2,272,793.5	\$68,000.0	3.1%
\$20,609,973.7	(\$853,677.6)	-4.0%
\$4,781,589.0	\$219,004.1	4.8%
\$25,391,562.7	(\$634,673.5)	-2.4%

Summary of Appropriations

Recommended total funding increase of \$1.9 billion supports all aspects of the Pre-K to 12 system



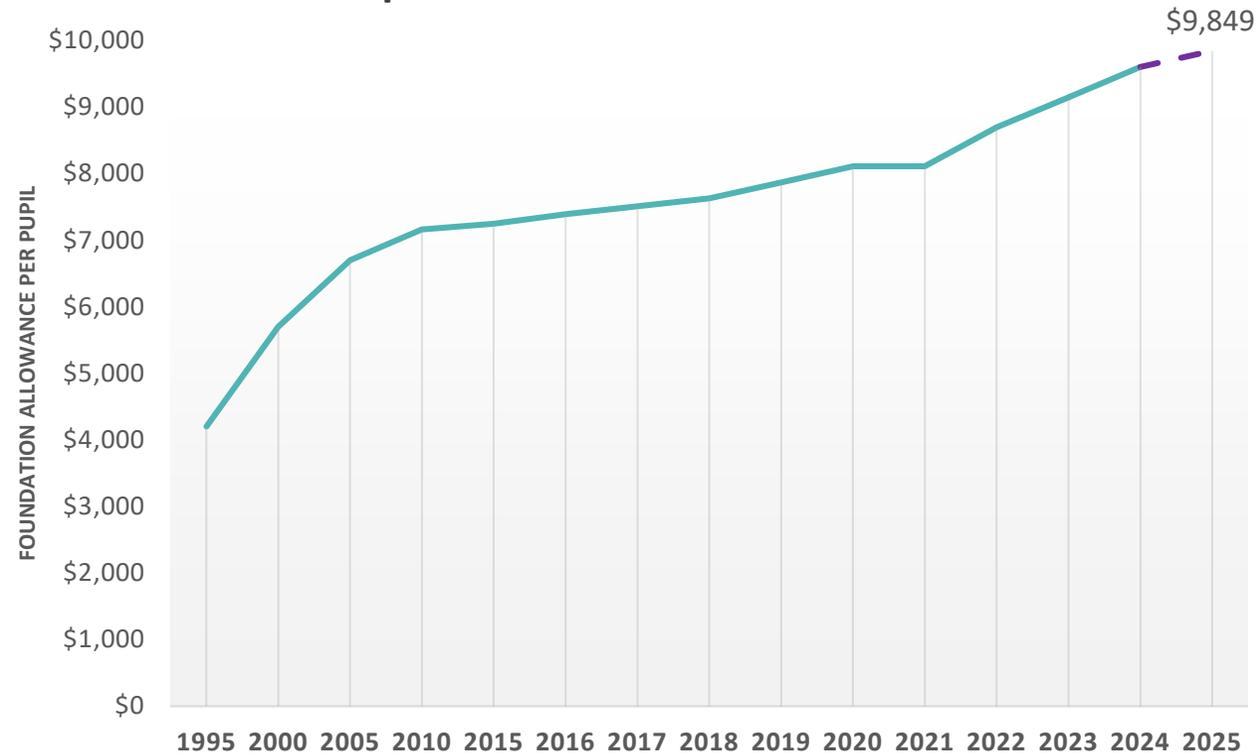
FY25 Fund Sourcing (in thousands)



Weighted Funding Model

- **Foundation Allowance:** 2.5%, \$241 per pupil increase to \$9,849. Estimated cost of \$316 million.
 - Foundation allowance for cyber schools is set at 80% of this amount, \$7,879, for a reduction of \$27 million.
- **Weighted Elements :** Increased by same 2.5% to tie to foundation increase.
 - At risk (\$23.8 million), special education foundations (\$12.5 million), GSRP slot costs (\$13.1 million), ELL (\$1.0 million), CTE (\$1.3 million), Rural/Isolated Districts (\$290,000), and funding for ISD operations (\$1.3 million).

Per Pupil Foundation Allowance Growth



Weighted Funding Model (continued)

- **Additional Weighted Increase - \$125m**
 - Per child allocation for GSRP to an amount 5% higher than the foundation allowance, \$10,342 for a full-time student. (\$29.6 million)
 - Increases support for English language learners (\$2 million), career and technical education students (\$2.7 million), students enrolled in rural and isolated districts (\$595,000) by 5%.
 - New \$90 million program for **targeted academic, social-emotional, and physical needs** of students experiencing high poverty. Distributed as grants to applicant districts.

Special Education Supports

- \$76.2 million as baseline adjustment to shift remaining portion of **special education foundation payments** to ongoing.
- **Local cost equalization** - \$50 million (total of \$124.2 million)
 - Reallocates existing Sec. 56 millage equalization funding and adds \$50 million.
 - New formula caps the amount of special education costs that districts must cover from revenue sources not specifically dedicated for special education.
 - Determines total special education costs, removes dedicated revenues (51a/51c payments, 51e payments, expected local millage share, other sources) and caps uncovered costs at an estimated 22.6% of total costs.
 - ISDs would be expected to levy at least 3 mills (or their max if less than 3) to receive full reimbursement. Mills levied over 3 are not contemplated into the formula and would further reduce local share.

Early Learning Opportunities

- \$63.5 million to serve **6,800 additional children**
- \$35 million for **GSRP startup grants**, similar to program included in FY23
- Continuation of \$18 million from the GSRP reserve for higher **transportation reimbursements**.
- \$1 million increase for **Early On**, total of \$23.3m.
- \$1 million increase for **home visitation** programs, total of \$4.5m

Literacy Supports

- **Literacy Curriculum and Accountability** - \$155 million
 - Establishes a committee of academic experts to evaluate and rank available literacy curriculum.
 - Provides incentive payments to districts that implement highly rated curriculum
- **Reading Excellence and Advancing District (READ) Innovation Competition** - \$10 million
 - Establishes funding for a competition for high-quality, district-led interventions.
 - Districts compete for literacy gains with the highest performing district receiving an award.
- **Literacy Coaches** - \$3.2 million
 - Provides an additional literacy coach for ISDs that did not receive an increase in fiscal year 2024.
- Continues funding for **Dolly Parton Imagination Library** and similar programs. (\$4 million)

Continuation of Student Supports

- **Discretionary Per Pupil Mental Health and Safety Payments** - \$300 million / \$150 million ongoing
- **MI Kids Back on Track** - \$150 million
- **Transportation Reimbursements** from reserved fund - \$125 million
- **Declining Enrollment Supports** from reserved fund - \$71 million
- **Healthy Meals for All** – Cost adjustment to increase to \$200 million, \$30 million from reserve fund
- **Before and After School Programs** - \$50 million and shifts to ongoing.

Continuation of Educator Supports

- **Educator Mentorship Programs** - \$50 million
 - Adds component to support administrators
- **District Grow-Your-Own Programs** - \$50 million
- **MI Future Educator Student Teacher Stipend** - \$50 million
- **MI Future Educator Fellowship** - \$25 million

College and Career Readiness

- Continues \$10.4 million one-time increase for **Sec. 61a vocational education** reimbursements and shifts to ongoing
- Continues \$15 million for **Sec. 61c CTE Equipment Purchases**
- Continues funding for **FAFSA completion** at \$40 million with intent that it be spent over multiple years.
- **New Key Industries Pilot** - \$20 million
 - New pilot program to connect high schoolers with training and career opportunities at local key industries

MPSERS Adjustments

- Recognizes \$670 million in savings from **early full funding of the OPEB UAAL**.
 - OPEB UAAL portion of the system will be 100% funded during FY25 but statutory change is necessary to recognize savings.
 - Reduces state contributions through Sec. 147c and in the community colleges budget.
- New \$94.3 million payment to **reduce the effective local share** from 20.96% of payroll to 20.00%.
 - Distributed as an offset payment instead of amending statutory cap.
- Continuation of \$11.9 million to **offset payments to ISDs** at the same rate received by districts and community colleges (funded as one-time in FY24).

Other New Investments

- **NEW - Student Success Strategies - \$5 million**
 - System to work through the data hubs to provide early warning indicators for students in grades 6-12 and provides recommendations for interventions, student success tracking, and accountability.
- **NEW - Michigan Education Research Institute - \$1 million**
 - Support for an ongoing, collaborative research partnerships between MSU, UM, and the state on issues impacting education.
- **NEW – Peer Mentoring - \$1 million**
 - Provides \$1m for a peer mentoring program currently be offered in one community. Intention to spend over several years with the option to expand to other communities.

School Aid Fund Balance Sheet (in millions)

	Ongoing		One-Time		Gross	
	FY 2024	FY 2025 (Executive Budget)	FY 2024	FY 2025 (Executive Budget)	FY 2024	FY 2025 (Executive Budget)
Revenues						
School Aid Fund	\$17,937.2	\$18,307.0	\$2,192.5	\$564.3	\$20,129.7	\$18,871.3
Other State Sources	\$121.6	\$91.1	\$848.5	\$398.4	\$970.1	\$489.5
Federal Funds	\$2,200.8	\$2,272.8	\$17.3	\$0.0	\$2,218.1	\$2,272.8
Total Revenues	\$20,259.6	\$20,670.9	\$3,058.3	\$962.7	\$23,317.9	\$21,633.6
Expenditures						
School Aid Appropriations	\$19,134.6	\$19,657.0	\$2,329.1	\$953.0	\$21,463.7	\$20,610.0
School Aid Pending Supplemental Adjustments	\$57.8	\$0.0	\$43.3	\$0.0	\$101.1	\$0.0
Community College Appropriations	\$496.2	\$465.9	\$53.4	\$0.0	\$549.6	\$465.9
Universities Appropriations	\$452.3	\$545.5	\$30.0	\$0.0	\$482.3	\$545.5
Other Budgeted Appropriations (MDE/Treasury)	\$0.0	\$0.0	\$157.1	\$0.0	\$157.1	\$0.0
Total Expenditures	\$20,140.8	\$20,668.4	\$2,612.9	\$953.0	\$22,753.7	\$21,621.4
Fund Balance	\$118.8	\$2.5	\$445.4	\$9.7	\$564.3	\$12.2

Questions

