

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**K-12 SCHOOL AID
PART 1: LINE ITEM DETAIL**

	2025 PA 15 FY 2025-26 <hr/> Initial
Sec. 11 APPROPRIATION SUMMARY	
1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution.	N/A
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	N/A
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$21,288,381,700
4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the Department of Education that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	N/A
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	\$21,288,831,700
6. <u>Federal revenue (on-going)</u> - Funding allocated to the State by the Federal government that is not temporary in nature.	\$2,407,708,500
8. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	N/A
9. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	N/A
10. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue for school aid is generally referred to as the School Aid Fund (SAF).	\$18,807,972,100
11. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	\$73,151,100
12. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government. For school aid purposes, local school districts and intermediate school districts (ISD) are considered local units of government.	\$17,433,304,100

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Sec. 11j - SCHOOL BOND LOAN FUND PAYMENTS

1.	<u>Appropriation</u>	\$23,000,000
2.	<u>Purpose of Appropriation</u>	
	To make payments to the school bond loan redemption fund in the Department of Treasury for debt service payments on behalf of districts and ISDs that have borrowed through the School Bond Loan Fund program. Prior to FY 2002-03, this program was funded in the Department of Treasury budget.	
3.	<u>Funding Source</u>	
	State school aid fund	\$23,000,000

Sec. 11m - CASH-FLOW BORROWING

1.	<u>Appropriation</u>	\$5,000,000
2.	<u>Purpose of Appropriation</u>	
	To make payments on behalf of districts and ISDs for fiscal year cash-flow borrowing costs related to the State School Aid Fund. Prior to FY 2006-07, this program was funded in the Department of Treasury budget.	
3.	<u>Funding Source</u>	
	State school aid fund	\$5,000,000

Sec. 11s - FLINT DECLARATION OF EMERGENCY

1.	<u>Appropriation</u>	\$8,000,000
2.	<u>Purpose of Appropriation</u>	
	To make payments to support early childhood programs, school nurses and social workers, nutrition programs, and related items for Flint Schools and Genesee ISD.	
3.	<u>Funding Source</u>	
	State school aid fund	\$5,000,000
	State general fund/general purpose	\$3,000,000

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Sec. 12e - INFRASTRUCTURE GRANTS

1.	<u>Appropriation</u>	\$100,000,000
2.	<u>Purpose of Appropriation</u> For grants to districts and ISDs to fund critical infrastructure needs. First included in FY 2025-26.	
3.	<u>Funding Source</u> School consolidation and infrastructure fund	\$100,000,000

Sec. 20 - FOUNDATION ALLOWANCE

1.	<u>Appropriation</u>	N/A
2.	<u>Purpose of Appropriation</u>	

This section is for **calculation of foundation allowances only** (and not for the payment of per-pupil funding). A foundation allowance is a per-pupil amount that is determined for each local school district. When Proposal A was first implemented in FY 1994-95, the foundation allowance for local school districts was calculated based on the amount of eligible State and local revenue per pupil a district received in FY 1993-94. Since then, the foundation allowance has been adjusted by adding a per-pupil amount to a district's foundation allowance according to the formula provided in the School Aid Act.

In addition, the basic foundation allowance is the foundation allowance that is used to determine the amount of increase each year. Prior to FY 1999-2000, some districts were below the basic foundation allowance and received a higher per-pupil increase so as to bring those districts up to the basic foundation allowance amount. Districts that were at or above the basic foundation allowance received only the actual amount of increase determined for the basic foundation allowance. From FY 1999-2000 through FY 2006-07, all districts were at or above the basic foundation and thus all districts received the same amount of per-pupil increase each year during that time period. Beginning in FY 2007-08, a return to what is called the "2x" formula was implemented, whereby districts at the minimum funding (\$6,966 per-pupil in FY 2012-13) receive twice the dollar increase provided to districts at or above the newly established basic foundation allowance (\$8,019 in FY 2012-13), in order to further close the funding gap among low- and high-spending districts.

Starting in FY 2019-20, the term, "basic foundation allowance" was changed to "target foundation allowance", to more clearly illustrate the differences between base/basic/target.

For FY 2021-22, the "2x" formula was not used, and districts received a foundation allowance increase of between \$171 and \$589 per pupil, to bring the target foundation allowance and the minimum foundation allowance to \$8,700 per pupil. For FY 2022-23, all districts received

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a \$450 per pupil increase and references to the minimum foundation allowance were removed. The target foundation allowance became \$9,150.

Beginning in FY 2022-23, the term "minimum foundation allowance" was no longer used, as the minimum foundation allowance increased to the same level as the target foundation allowance in that year.

Section 20m (described in more detail under Boilerplate Detail) was added in FY 2021-22 to ensure districts with foundation allowances above the target received the full per-pupil dollar increase.

Section 22p (described in more detail under Boilerplate Detail) places conditions on districts with partnership agreements for those districts to receive the discretionary portion of the foundation allowance (which is generally the portion of the foundation allowance that exceeds what a district received in FY 1994-95, the first year of Proposal A).

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| 3. | <u>Funding Source</u> | N/A |
| | State school aid fund | N/A |

Sec. 21h - PARTNERSHIP MODEL

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| 1. | <u>Appropriation</u> | \$6,137,400 |
| 2. | <u>Purpose of Appropriation</u> | |

This section provides funding to assist districts assigned by the Superintendent of Public Instruction to participate in a partnership to improve student achievement. Funds allocated may be used to pay for district expenditures approved by the Superintendent to improve student achievement, including professional development, increased instructional time, teacher mentors, or other expenditures that directly impact student achievement and can't be paid from existing district financial resources. The section was added in FY 2017-18. In FY 2018-19, new language required the intervention plan to additionally craft academic goals that put pupils on track to meet or exceed grade level proficiency. Also, the Superintendent may waive burdensome administrative rules for a partnership district during the agreement. Starting with FY 2019-20, the requirement that partnership districts include in their reconstitution plan the replacement of 25% of the school's staff was removed. In FY 2020-21, Benton Harbor was added to the list of districts eligible for funding, financial stability was added to desired outcomes, and \$137,400 was earmarked for partnership districts to purchase data analytics tools. In FY 2023-24, an additional \$36.0 million was included as one-time funding to be used over 3 years to supplement funding under this section.

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| 3. | <u>Funding Source</u> | |
| | State school aid pupil support reserve fund | \$6,137,400 |

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Sec. 22a - PROPOSAL A OBLIGATION PAYMENT

1.	<u>Appropriation</u>	\$3,785,000,000
2.	<u>Purpose of Appropriation</u>	
	<p>To satisfy the State's Proposal A Constitutional per-pupil funding obligation. This section allocates payments to guarantee a FY 1994-95 foundation allowance for every pupil. The number of pupils in a school district and the amount of local revenue raised from a district's 18-mill operational levy determine the amount of funding under this section. The State pays the difference between what is generated locally under the district's 18-mill operations levy on non-homesteads and the district's 1994-95 foundation allowance, multiplied by the district's pupils in membership.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$3,785,000,000

Sec. 22b - DISCRETIONARY PAYMENT

1.	<u>Appropriation</u>	\$6,820,500,000
2.	<u>Purpose of Appropriation</u>	
	<p>To make discretionary nonmandated payments to districts, equal to the sum of calculations under Sections 20, 20m, 51a(2), 51a(3), 51a(11), and 51e, less the payments made under Sections 22a and 51c. In order to receive these funds, districts must administer department-approved standardized tests of basic educational skills in grades 1-5, comply with Sections 1278a, 1278b, and 1230g of the Revised School Code, furnish data to the Center for Educational Performance and Information, and comply with Section 21f of the School Aid Act. In addition, new for FY 2018-19, districts with partnership agreements must comply with Section 22p of the School Aid Act in order to receive this funding. The section earmarks \$1.0 million for litigation costs incurred by the State related to commercial or industrial property tax appeals that impact SAF revenues, and \$1.0 million for litigation costs incurred by the State in defense of lawsuits.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$6,820,500,000

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Sec. 22d - ISOLATED DISTRICTS FUNDING

1.	<u>Appropriation</u>	\$12,873,100
2.	<u>Purpose of Appropriation</u> To make payments to small, geographically isolated districts. Beginning in FY 2021-22, funding was added for payments to districts that have greater than 250 square miles and do not otherwise receive funding under this section. Funding to this group of districts is determined based on a spending plan approved by the State Superintendent. Beginning in FY 2023-24, funding was added for payments to districts where each school building operated by the district is located on an island that is accessible by bridge (Grosse Ile.).	
3.	<u>Funding Source</u> State school aid fund	\$12,872,100

Sec. 22I - TRANSPORTATION FUNDING

1.	<u>Appropriation</u>	\$125,000,000
2.	<u>Purpose of Appropriation</u> To make payments to districts for transportation costs. Funding for each district is as follows: (a) The department must assign each district to a quartile based on the number of riders per mile and calculate the median cost per rider for each quartile. (b) Funds must be distributed to each district at the lesser of the quartile's median cost per rider or the actual transportation cost per general education student at the district. (c) If funds are insufficient to fully fund payments under this section, payments may be prorated on an equal percentage basis. First included in FY 2023-24. In FY 2024-25, the funding formula was changed from quartiles to octiles. Also, the formula allowed for additional payments to be made for districts and ISDs with outlier costs, as determined by MDE.	
3.	<u>Funding Source</u> School transportation fund	\$125,000,000

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Sec. 22m - DATA HUB NETWORK

1.	<u>Appropriation</u>	\$5,000,000
2.	<u>Purpose of Appropriation</u>	
	First funded in FY 2017-18, this section appropriates funding for supporting the integration of local data systems into the Michigan Data Hub Network based on common standards and applications in compliance with Section 19(6). An entity that is the fiscal agent for no more than five consortia of intermediate districts that previously received TRIG funding for the purpose of establishing regional data hubs are eligible for funding. Those eligible fiscal agents include Kalamazoo RESA, Kent ISD, Oakland Schools, REMC 1/Copper Country ISD, and Wexford-Missaukee ISD.	
3.	<u>Funding Source</u>	
	State school aid fund	\$5,000,000

Sec. 24 - COURT-PLACED PUPILS

1.	<u>Appropriation</u>	\$7,650,000
2.	<u>Purpose of Appropriation</u>	
	To reimburse the educating district or ISD for the added costs of providing an on-grounds educational program to pupils under court jurisdiction placed in or assigned to attend a juvenile detention facility or child caring institution.	
3.	<u>Funding Source</u>	
	State school aid fund	\$7,650,000

Sec. 24a - JUVENILE DETENTION FACILITIES

1.	<u>Appropriation</u>	\$1,355,700
2.	<u>Purpose of Appropriation</u>	
	For payments to ISDs to cover State costs associated with educational programs for pupils placed in juvenile justice facilities that are within an ISD's boundaries. Program responsibilities will not be transferred to the host ISD without their consent. Prior to FY 2006-07, this program was funded in the Department of Human Services budget.	

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3.	<u>Funding Source</u>		
	State school aid fund		\$1,355,700

Sec. 25f - STRICT DISCIPLINE ACADEMIES

1.	<u>Appropriation</u>		\$1,600,000
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2.	<u>Purpose of Appropriation</u>		
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For payments to strict discipline academies (SDAs) to reimburse for costs above and beyond the costs covered by the foundation allowance or other sources of State Aid on an added-cost basis. Payments under this section and under Section 24 (court-placed pupils) cannot exceed the equivalent of an additional foundation allowance payment.

In FY 2022-23, language was added to allow a district that was not an SDA to receive funding if it educated students in the custody of a juvenile detention facility.

In FY 2024-25, the funding formula was changed from a reimbursement for added costs to an equal per-pupil amount.

3.	<u>Funding Source</u>		
	State school aid fund		\$1,600,000

Sec. 25g - DROPOUT RECOVERY

1.	<u>Appropriation</u>		\$1,250,000
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2.	<u>Purpose of Appropriation</u>		
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For payments to districts operating dropout recovery programs under certain conditions. For districts operating dropout recovery programs that utilize special membership counting provisions of Section 6(4)(dd), payments reimburse for the education of students when they may otherwise be counted as more than 1.0 FTE (e.g., summer school months).

3.	<u>Funding Source</u>		
	State school aid fund		\$1,250,000

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Sec. 26a - RENAISSANCE ZONE REIMBURSEMENT

1.	<u>Appropriation</u>	\$14,000,000
2.	<u>Purpose of Appropriation</u>	
	To reimburse districts and intermediate school districts for tax revenue lost due to Renaissance Zone tax exemptions.	
3.	<u>Funding Source</u>	
	State school aid fund	\$14,000,000

Sec. 26b - PILT REIMBURSEMENT

1.	<u>Appropriation</u>	\$5,549,000
2.	<u>Purpose of Appropriation</u>	
	For payments to districts, ISDs, and community colleges for lost tax revenue on land owned by the State Department of Natural Resources and Environment. Prior to FY 2005-06, this program was funded in the DNR budget.	
3.	<u>Funding Source</u>	
	State school aid fund	\$5,549,000

Sec. 26c - PROMISE ZONE REIMBURSEMENT

1.	<u>Appropriation</u>	\$43,300,000
2.	<u>Purpose of Appropriation</u>	
	For reimbursement to local districts and ISDs that have a Promise Zone development plan approved by the Department of Treasury.	
3.	<u>Funding Source</u>	
	State school aid fund	\$43,300,000

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Sec. 26d - ISD BROWNFIELD REDEVELOPMENT REIMBURSEMENT

1.	<u>Appropriation</u>	\$14,400,000
2.	<u>Purpose of Appropriation</u>	
	For reimbursement to ISDs that have a brownfield development plan approved by the Michigan Economic Development Corporation. This section was new for FY 2021-22.	
3.	<u>Funding Source</u>	
	State school aid fund	\$14,400,000

Sec. 27a - MI FUTURE EDUCATOR FELLOWSHIP

1.	<u>Appropriation</u>	\$25,000,000
2.	<u>Purpose of Appropriation</u>	
	To offset tuition costs for individuals working toward their initial teacher certification. The maximum award is \$10,000 per year or the cost of tuition at the in-district resident rate plus other required fees. First included in FY 2022-23.	
	Beginning in FY 2023-24, fellowship recipients can no longer satisfy their teaching requirement in a nonpublic school.	
	Beginning in FY 2024-25, SAF money allocated that is unspent at the end of the year must be deposited into the educator fellowship public provider fund and unspent general fund money must be deposited into the educator fellowship private provider fund.	
3.	<u>Funding Source</u>	
	State school aid fund	\$10,000,000
	Educator fellowship public provider fund	\$10,000,000
	State general fund/general purpose	\$5,000,000

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Sec. 27b - GROW YOUR OWN AND EDUCATOR DEVELOPMENT

1.	<u>Appropriation</u>	\$70,000,000
2.	<u>Purpose of Appropriation</u> To fund grants for grow-your-own and educator development programs throughout the State. Program goals must include teacher and school leader retention, satisfaction, and efficacy. First included in FY 2025-26.	
3.	<u>Funding Source</u> State school aid fund	\$70,000,000

Sec. 27c - MI FUTURE EDUCATOR STUDENT TEACHER STIPEND

1.	<u>Appropriation</u>	\$50,000,000
2.	<u>Purpose of Appropriation</u> For eligible teacher preparation programs to pay eligible student teachers up to \$9,600 per semester while working in a district. First included in FY 2022-23. Beginning in FY 2024-25, SAF money allocated that is unspent at the end of the year must be deposited into the educator fellowship public provider fund. Also, if appropriated funds are insufficient to fully fund awards, there is appropriated the amount necessary from the educator fellowship public provider fund. Beginning in FY 2025-26, language specifies that a recipient may receive a maximum of 2 awards.	
3.	<u>Funding Source</u> State school aid fund	\$30,000,000
	Educator fellowship public provider fund	\$20,000,000

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Sec. 29 – ENROLLMENT STABILIZATION

1.	<u>Appropriation</u>	\$71,000,000
2.	<u>Purpose of Appropriation</u>	
	To stabilize the effects of declining enrollment. Districts whose membership for the current year is less than in the previous fiscal year are eligible for formula-based funding to offset part of the reduced funding from the declining enrollment. First included in FY 2023-24.	
3.	<u>Funding Source</u>	
	Enrollment stabilization fund	\$71,000,000

Sec. 30d – EXPANDED BREAKFAST/LUNCH PROGRAMS

1.	<u>Appropriation</u>	\$201,600,000
2.	<u>Purpose of Appropriation</u>	
	To make payments to participating entities to provide free school lunch and breakfast to pre-K to 12 public school students. First included in FY 2022-23.	
	Beginning in FY 2025-26, nonpublic schools are eligible for reimbursement provided they meet the same requirements as public schools.	
3.	<u>Funding Source</u>	
	State school aid fund	\$200,000,000
	State general fund/general purpose	\$1,600,000

Sec. 31a - AT-RISK PUPILS

1.	<u>Appropriation</u>	\$1,338,305,000
2.	<u>Purpose of Appropriation</u>	
	Of the total appropriation, \$1,293.7 million provides additional funding to districts for each student "at-risk" of educational failure; \$33.0 million of the appropriation is used to support child and adolescent health centers (previously funded in the Department of Community Health budget until FY 2005-06); \$10.2 million of the appropriation is used to cover the State's portion of hearing and vision screenings (previously funded in the Department of Community Health budget until FY 2006-07); and \$1.5 million (GF/GP) of the appropriation is used to cover the	

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State's portion of dental screenings. If fully funded, districts with higher concentrations of economically disadvantaged students receive a greater percent of the foundation allowance per ED pupil. The tiers range from 35.0% to 47.0%. If this appropriation is not enough to fully fund the categorical, proration occurs on a per-pupil basis.

The FY 2014-15 budget included significant language changes in the At-Risk section, where the dollars (other than those earmarked for vision/hearing screening or health centers) are specified for the purposes of ensuring that pupils are proficient in reading by the end of third grade and that high school graduates are career and college ready. All other restrictions on the uses of At-Risk funds were removed.

Language was added in FY 2014-15 to state that districts may use 100% of their funds to implement schoolwide reform in schools with 40% or more of pupils identified as at risk by providing supplemental instructional or noninstructional services consistent with the school improvement plan.

Changes in FY 2015-16 built upon the changes enacted in FY 2014-15, primarily by requiring all districts to implement a multi-tiered system of supports in at least grades K to 3 in order to receive any At Risk funding. In addition, the definition of "at-risk pupil" was broadened to include numerous additional qualifiers, such that more students can receive services funded with at-risk dollars.

Changes for FY 2017-18 also occurred, most notably by including previously ineligible districts in funding. Specifically, prior to FY 2017-18, districts whose combined State and local per-pupil operational funding exceeded the basic were ineligible for At Risk funding. Beginning with FY 2017-18, these districts are eligible for funding, with payment equal to 30% of what is received by a district whose combined State and local per-pupil operational funding is at or below the basic (\$8,529 for FY 2019-20).

In addition, the definition of eligible pupils was changed from being eligible for free lunch to being economically disadvantaged, which includes eligible for free or reduced-price meals, living in a household that receives supplemental nutrition or TANF assistance, and being homeless, a migrant, or in foster care. This significantly broadens the number of children eligible for At Risk funding.

The section also changed the overarching goals to align with the 3rd Grade Reading efforts, such that the funds are to ensure pupils are proficient in English Language Arts by the end of grade 3, that pupils are proficient in math by the end of grade 8, that pupils are attending school regularly, and that high school graduates are career and college ready. Along the same lines, for grades K to 12, districts must use resources to address early literacy and numeracy, and implement MTSS.

Districts may use up to 7.5% of their allocation to provide research-based professional development and to implement a coaching model that supports MTSS.

The FY 2018-19 budget amended the formula that was set to be implemented, and delayed its implementation until FY 2019-20. The formula stated that districts can demonstrate proficiency in 3rd grade reading and college and career readiness (and, newly included, 8th grade reading) by achieving at least one year's worth of growth on a local benchmark, as an option to demonstrating proficiency on a statewide assessment. The FY 2019-20 removed the requirement to implement the formula.

The FY 2019-20 budget also retained a hold harmless provision that was previously added in a supplemental bill in December 2018, but adjusted the hold harmless provision to account for changes in enrollment. Further, the FY 2019-20 budget included a provision for

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a district to use, for one year, its count of economically-disadvantaged pupils prior to achieving participation in the Community Eligibility Program if that count is higher than subsequent counts.

The FY 2021-22 budget allowed districts to use school security funds for parent liaison personnel, removed the 7.5% cap for MTSS, expanded at-risk eligibility to include prekindergarten, and added language allowing districts to use up to 10% of at-risk funding for pre-k services.

The FY 2022-23 budget increased the appropriation so that hold harmless districts would receive the full 11.5% funding amount, rather than the 3.45% they had previously received, and it was calculated that no general proration would be needed.

The FY 2023-24 budget created a new system for distribution, called the opportunity index. Under the index, districts with higher concentrations of economically disadvantaged students receive a greater percent of the foundation allowance per ED pupil. The tiers range from 35.0% to 47.0%, prorated based on available funding. Based on the FY 2023-24 appropriation, the effective percentages range from 11.5% to 15.3%.

The FY 2024-25 budget allowed certain, high-poverty districts, to use a portion of at-risk funding to reduce class sizes in grades K to 3, and to support educator retention and recruitment.

Beginning in FY 2025-26, any district may use up to 30% of at-risk funding to reduce class sizes in grades K to 3.

3. Funding Source

State school aid fund	\$1,336,805,000
State general fund/general purpose	\$1,500,000

Sec. 31c - SMALL CLASS SIZES PROGRAM

1. Appropriation

\$65,000,000

2. Purpose of Appropriation

For grants to eligible districts to maintain or establish small classes in grades K to 3, with specific eligibility criteria, application requirements, and funding limitations. First included in FY 2025-26.

3. Funding Source

State school aid fund	\$65,000,000
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Sec. 31d - SCHOOL LUNCH PROGRAMS

1.	<u>Appropriation</u>	\$945,953,400
2.	<u>Purpose of Appropriation</u>	
	<p>To reimburse districts for 6.0127% of the necessary costs of the State-mandated portion of the school lunch programs, and to reimburse districts for the Federal National School Lunch and Emergency Food Assistance programs.</p> <p>Beginning in FY 2025-26, if appropriated funding is insufficient to fully reimburse meals to districts, funds are automatically appropriated form the school meals reserve fund created in section 30e.</p>	
3.	<u>Funding Source</u>	
	Federal revenue	\$916,400,000
	State school aid fund	\$29,553,400

Sec. 31f - SCHOOL BREAKFAST REIMBURSEMENT

1.	<u>Appropriation</u>	\$16,900,000
2.	<u>Purpose of Appropriation</u>	
	<p>To reimburse districts for the cost of providing breakfast, which is statutorily required under certain circumstances. Until FY 2006-07, this program was funded in the Department of Education budget.</p> <p>Beginning in FY 2025-26, if appropriated funding is insufficient to fully reimburse meals to districts, funds are automatically appropriated form the school meals reserve fund created in section 30e.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$16,900,000

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Sec. 31n - SCHOOL MENTAL HEALTH GRANTS

1.	<u>Appropriation</u>	\$107,845,000
2.	<u>Purpose of Appropriation</u>	
	<p>To provide grants to intermediate districts and child and adolescent health care centers for the provision of mental health services. Grants to ISDs (which can be flowed to districts) total \$87.3 million and grants to child and adolescent health centers total \$14.3 million. \$6.3 million is for the Department of Health and Human Services and ISDs for program administration.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$106,545,000
	State general fund/general purpose	\$1,300,000

Sec. 31aa - PER-PUPIL MENTAL HEALTH AND SCHOOL SAFETY GRANTS

1.	<u>Appropriation</u>	\$321,000,000
2.	<u>Purpose of Appropriation</u>	
	<p>For per-pupil payments to districts to improve student mental health. Allowable expenses include hiring or contracting support staff, purchasing and implementing mental health screening tools, providing school-based mental health personnel access to consultation with behavioral health clinicians to respond to complex mental health needs, and any other mental health service or product necessary to improve or maintain the mental health of students or staff. This section was new for FY 2022-23.</p> <p>In FY 2023-24, this section was combined with the per-pupil school safety grants, so now all grants to public and nonpublic schools are distributed through this section and can be used by the schools for either mental health or school safety purposes. ISDs also were added to the list of eligible recipients.</p> <p>In FY 2025-26, carve-outs were added to fund school resources officers and mental health professionals. Also added requirements that to receive funding, a recipients 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.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$300,000,000
	State general fund/general purpose	\$21,000,000

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Sec. 32d – GREAT START READINESS PROGRAM

- | | | |
|----|---------------------------------|---------------|
| 1. | <u>Appropriation</u> | \$656,567,600 |
| 2. | <u>Purpose of Appropriation</u> | |

To provide formula grant funding to eligible intermediate districts and consortia of ISDs for comprehensive compensatory education programs to improve the school readiness of at-risk four-year-olds. The formula is provided in Section 39; beginning in FY 2017-18, American Community Survey (ACS) population census data replaced ISD estimates of eligible children. The initial allocation will be the lesser of the number of children served in the prior year (with funding based on numbers of children served in half-day and full-day programs), or the number of children the applicant has the capacity to serve. Any funds remaining would be distributed to each ISD or consortium that serves less than the State percentage benchmark (which is 60% in FY 2021-22).

An approved school readiness program must include an age-appropriate educational curriculum, nutritional services, health screening, a plan for parent (legal guardian) involvement, and referrals for community social services. (Language new for FY 2017-18 required the Department to review age-appropriate comprehensive classroom level quality assessments, and make at least two assessments available no later than April 1, 2018. Other new language allows the use of a supplemental curriculum that aligns with and enhances the age-appropriate educational curriculum.)

At least 85% of the children participating in the program must be from families with income levels no more than 400% of the Federal poverty level, with children from poorer families awarded slots before children from families with higher incomes levels. However, if all slots at 400% of poverty are served within an ISD, the threshold can be ignored. ISDs must contract for at least 30% of the total slot allocation, unless contractors are unable to fulfill the contracts. Children served in a program funded only through Head Start are not counted toward the 30% mandate.

Of the total appropriation, \$600,000 GF/GP also is allocated for a competitive grant for continuation of a longitudinal evaluation of children who participated in the school readiness program.

Of the total appropriation, \$28.0 million is earmarked for reimbursement of transportation costs at no more than the actual cost of transporting kids to GSRP programs, or \$500 multiplied by the number of children funded for the program. This earmark began in FY 2014-15 (and transportation costs related to parent-or guardian-accompanied transportation provided by buses or other public transportation services were added as allowable uses of funding).

School Readiness grants to entities other than school districts were funded in the Department of Education budget until FY 2005-06.

An ISD or consortium of ISDs may retain for administrative services provided an amount not to exceed 4% of the grant amount. Expenses incurred by subrecipients engaged by the ISD or consortium of ISDs for directly running portions of the program are considered program costs or a contracted program fee for service.

Also, from the total, \$2.0 million is earmarked for payments for professional development for educators in programs implementing new curricula. Further, MiLEAP is required to

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implement a process to evaluate and approve age-appropriate curricula that are in compliance with the early childhood standards of quality for prekindergarten children, adopted by the State Board.

Beginning in FY 2024-25, administration of the program was moved from the Department of Education to MiLEAP. Also, language was added to allow MiLEAP to waive certain requirements for new classrooms for up to 3 years, in order to accelerate the increase of new classrooms.

Beginning in FY 2025-26, if appropriated funding is insufficient to fully fund allocations calculated under section 39, funding is automatically appropriated from the great start readiness program reserve fund.

3. Funding Source

State school aid fund	\$638,217,600
Great start readiness program reserve fund	\$18,000,000
State general fund/general purpose	\$350,000

Sec. 32d(29) – GSRP CLASSROOM STARTUP GRANTS

1. Appropriation

\$10,000,000

2. Purpose of Appropriation

To fund one-time grants to new or expanded GSRP classrooms. The maximum grant is \$50,000 per classroom. First included in FY 2022-23.

3. Funding Source

State school aid fund	\$25,000,000
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Sec. 32n - BEFORE AND AFTER SCHOOL PROGRAMS

1. Appropriation

\$75,000,000

2. Purpose of Appropriation

To expand access to quality, affordable programming before and after the school day or during the summer for young people. First included in FY 2022-23.

3. Funding Source

State school aid pupil support reserve fund	\$75,000,000
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Sec. 32t - 3-YEAR-OLD PRESCHOOL PILOT

1.	<u>Appropriation</u>	\$25,000,000
2.	<u>Purpose of Appropriation</u>	
	To expand access to quality, affordable programming before and after the school day or during the summer for young people. First included in FY 2022-23.	
3.	<u>Funding Source</u>	
	State school aid fund	\$25,000,000

Sec. 35a - EARLY LITERACY

1.	<u>Appropriation</u>	\$52,000,000
2.	<u>Purpose of Appropriation</u>	
	To fund numerous early literacy activities under various sections, described in more detail as follows:	
	a) Sec. 35a(4) - Early Literacy Coaches: \$42.0 million, to provide early literacy coaches at ISDs to assist teachers in developing strategies for pupils in grades K to 3, with at least two coaches per ISD, and remaining funding directed to ISDs based on proportion of free-lunch eligible K-3 students. State grants are \$125,000 per coach.	
	b) Sec. 35a(10) - Professional learning - \$10,000,000, to provide professional learning programs for teachers in grades pre-K to 3, administrators, and early literacy coaches.	
3.	<u>Funding Source</u>	
	State school aid fund	\$52,000,000

Sec. 35e – SCHOOL LIBRARY STUDY

1.	<u>Appropriation</u>	\$250,000
2.	<u>Purpose of Appropriation</u>	
	To Wayne State University to study this state's public school library programs. First included in FY 2025-26.	
3.	<u>Funding Source</u>	
	State school aid fund	\$250,000

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Sec. 35m – LITERACY SUPPORTS

1.	<u>Appropriation</u>	\$64,400,000
2.	<u>Purpose of Appropriation</u> For the creation of a committee for literacy achievement to evaluate literacy curriculum. Grants will then be distributed to districts and ISDs to encourage the adoption of higher-ranked literacy tools and curriculum. First included in FY 2024-25.	
3.	<u>Funding Source</u> State school aid fund	\$64,400,000

Sec. 35m (9) - LITERACY PEER-TO-PEER COACHING

1.	<u>Appropriation</u>	\$4,000,000
2.	<u>Purpose of Appropriation</u> For training modules, professional development, and regional literacy coaching.	
3.	<u>Funding Source</u> State school aid fund	\$4,000,000

Sec. 35m (10) - MiMTSS TECHNICAL ASSISTANCE CENTER

1.	<u>Appropriation</u>	\$1,600,000
2.	<u>Purpose of Appropriation</u> To expand the implementation of the literacy and social, emotional, and behavioral components of a multi-tiered system of supports, including positive behavioral interventions and supports, using the Michigan Multi-Tiered System of Supports Technical Assistance Center.	
3.	<u>Funding Source</u> State school aid fund	\$1,600,000

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Sec. 39a - FEDERAL GRANTS

1.	<u>Appropriation</u>	\$891,115,000
2.	<u>Purpose of Appropriation</u>	
	To provide Federal grants to districts, ISDs, and other eligible applicants. Federal grants were previously appropriated in the Department of Education budget but were transferred to the School Aid budget in FY 2002-03. Grants are distributed in accordance with Federal law.	
3.	<u>Funding Source</u>	
	Federal NCLB Grants	\$824,700,000
	Federal Non-NCLB Grants	\$66,415,000

Sec. 41 - BILINGUAL EDUCATION

1.	<u>Appropriation</u>	\$62,762,600
2.	<u>Purpose of Appropriation</u>	
	To provide grants to districts offering programs of instruction for pupils of limited English-speaking ability. Districts must administer the WIDA assessment. Reimbursement per full-time English language learner is based on WIDA scores. To be eligible to receive funding, districts must allow access for the Department to audit records and must provide a report on usage of funds. If funds are insufficient, proration on an equal percentage basis occurs.	
	In FY 2024-25, MDE is required to develop standards providing a minimum number of minutes per week that districts must provide to English language learners based on proficiency levels.	
3.	<u>Funding Source</u>	
	State school aid fund	\$62,732,600

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Sections 51a, 51c, 53a, 54, and 56 - SPECIAL EDUCATION

1. Appropriation \$2,191,496,100

2. Purpose of Appropriation

Provides payments for the required State funding percentages for special education and special education transportation, including foundation allowance payments for students in special education membership, and other special education categorical programs.

The appropriation funds the following specific allocations which are listed in order of funding priority:

- a) An estimated \$492,400,000 for reimbursing districts and ISDs 28.6138% of total approved costs of special education students, excluding costs reimbursed under Section 53a, and 70.4165% of total approved costs of special education transportation. These payments are required by the *Durant v. State of Michigan* decision and are allocated in Section 51a(2).
- b) An estimated \$1,017,900,000 is allocated to reimburse districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under Section 53a, and 70.4165% of total approved costs of special education transportation. These payments are required by the *Durant v. State of Michigan* decision and are allocated in Section 51c.
- c) An estimated \$1,600,000 for foundation allowance payments for special education pupils described in Section 53a including those in institutional placements and nonspecial education pupils served by an ISD in a juvenile detention or child caring facility. These payments are allocated in Section 51a(10).
- d) Up to \$10,500,000 for reimbursement of 100% of the total approved costs of special education (excluding foundation allowance payments which are made under Section 51a(11)) for pupils in institutional and community placements described in Section 53a.
- e) Up to \$3,200,000 for the cost of implementing administrative rule revisions made in 1987. These allocations are made in Section 51a(5).
- f) \$10,500,000 for districts and ISDs to reimburse the additional special education costs for court-placed pupils above the foundation allowance.
- g) \$1,688,000 for ISDs in an amount per pupil for each pupil enrolled at the Michigan Schools for the Deaf and Blind. These allocations are made in Section 54.
- h) Up to \$74,208,100 for equalization of ISD special education millage. Reimbursement to each ISD will be at least 75.0% of what was received in the prior year, except for Wayne RESA, which is frozen at no more than 62.9% of the total appropriation. These allocations are made in Section 56.

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Federal Funds: Federal funds are allocated under applicable federal requirements.

3. Funding Source

State school aid fund \$1,691,496,100

Federal revenue \$500,000,000

Sec. 51d - FEDERAL SPECIAL EDUCATION GRANTS

1. Appropriation

\$83,000,000

2. Purpose of Appropriation

To allocate funding for special education programs funded by Federal grants. These grants include Handicapped Infants and Toddlers, Preschool Grants, and Special Education Programs (funded with Individuals with Disabilities Education Act funds).

All Federal funds allocated under this section shall be distributed in accordance with Federal law.

3. Funding Source

Federal revenue \$83,000,000

Sec. 51e - SPECIAL EDUCATION FOUNDATION PAYMENT

1. Appropriation

\$524,800,000

2. Purpose of Appropriation

To ensure all districts receive a total special education reimbursement equal to all required reimbursements plus 100% of the foundation allowance for each special education pupil. This allocation is new for FY 2022-23, and is on top of mandated percentages in Sec. 51a(2) and Sec. 51c. This allocation is made in Sec. 51e. In FY 2023-24, the percentage of foundation allowance paid under this section increased from 75% to 100%.

3. Funding Source

State school aid fund \$524,800,000

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Sec. 51g - SPECIAL EDUCATION LEARNING LIBRARY

1.	<u>Appropriation</u>	\$3,000,000
2.	<u>Purpose of Appropriation</u> To provide funding for an association for administrators of special education services to develop content for special education students and teachers. This section is new in FY 2021-22.	
3.	<u>Funding Source</u> State general fund/general purpose	\$3,000,000

Sec. 54d - ISD EARLY ON PROGRAM

1.	<u>Appropriation</u>	\$23,670,700
2.	<u>Purpose of Appropriation</u> First funded in FY 2018-19, this section provides funding to intermediate school districts to operate Early On programs for children from 0-3 years of age who have a development delay or disability. Funds are intended to draw down Federal assistance.	
3.	<u>Funding Source</u> State school aid fund	\$23,670,700

Sec. 61a - CAREER AND TECHNICAL EDUCATION PROGRAMS

1.	<u>Appropriation</u>	\$41,733,800
2.	<u>Purpose of Appropriation</u> To reimburse for the added costs of secondary-level career and technical education programs. The disbursement of funds to local school districts or secondary area vocational-technical centers occurs through an "added-cost" reimbursement process. The allocation depends on the type of program provided, the number of pupils enrolled, and the length of the training period. The reimbursement is limited to 75% of added costs of any program. Language directs the prioritization of the funding formula using specified criteria, as well as a requirement that 9 th grade students are counted in all aspects of the funding formula. Language allows a Career and Technical Education program funded under this section to provide an opportunity for adult education students participating under Sec. 107 to enroll if participation occurs outside of regular school hours.	

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3.	<u>Funding Source</u>	
	State school aid fund	\$41,733,800

Sec. 61b - CAREER AND TECHNICAL EDUCATION EARLY/MIDDLE COLLEGES

1.	<u>Appropriation</u>	\$8,368,000
2.	<u>Purpose of Appropriation</u>	

This program began in FY 2015-16. Its purpose is to increase the number of Michigan residents with high-quality degrees or credentials, and to increase the number of students who are college- and career-ready upon high school completion. Specifically, the funding is designed to incentivize Career and Technical Education (CTE) early/middle colleges, which are high school programs in the highest five career cluster rankings in any of the 10 regional strategic plans, that will allow for a high school diploma and either an associate degree, a certification, transferable college credits, or participation in a registered apprenticeship. The funding also supports CTE dual enrollment programs. Funds are distributed as 50% of CTE costs per pupil times the current year enrollment of each career cluster in an eligible CTE middle college program or CTE dual enrollment program.

Of the total, \$500,000 is earmarked for grants to ISDs or consortia of ISDs for the purpose of planning for new or expanded early middle college programs.

A program receiving funding under Section 61a may receive funding under this section for allowable costs that exceed the reimbursement received under 61a, but the combined payments shall not exceed the total allowable costs.

3.	<u>Funding Source</u>	
	State school aid fund	\$8,368,000

Sec. 61d - CTE INCENTIVE PAYMENT

1.	<u>Appropriation</u>	\$13,400,000
2.	<u>Purpose of Appropriation</u>	

First funded in FY 2018-19, this section provides payments to districts for students enrolled in CTE courses. Specifically, a payment of \$35 per high school pupil (adjusted with increased appropriation) will be made for enrollment in any CTE course, and an additional \$35 per-pupil (adjusted with increased appropriation) payment will be made for enrollment in a high-demand CTE course. Proration will occur if funding is insufficient to make the full payments as calculated by formula.

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3.	<u>Funding Source</u>		
	State school aid fund		\$13,400,000

Sec. 61v - CTE PATHWAYS TO SUCCESS

1.	<u>Appropriation</u>		\$70,000,000
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2.	<u>Purpose of Appropriation</u>		
	To begin new CTE programs and expand existing CTE programs throughout the State. First included in FY 2025-26.		

3.	<u>Funding Source</u>		
	State school aid fund		\$70,000,000

Sec. 62 - INTERMEDIATE SCHOOL DISTRICT VOCATIONAL EDUCATION MILLAGE EQUALIZATION

1.	<u>Appropriation</u>		\$9,190,000
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2.	<u>Purpose of Appropriation</u>		
	To equalize intermediate school district millage revenue for vocational education. ISDs are targeted for minimum per-mill revenue for ISD vocational education millages levied in the prior fiscal year. For an intermediate district with taxable value per pupil less than a specified level, the State provides a payment that enables the intermediate district to receive combined State and local revenue as if the ISD had a taxable value of the specified amount. Beginning in FY 2013-14, each ISD receives at least 75.0% of what it received in the prior year, except for Genesee ISD which is capped at no more than 38.4% of the total appropriation.		

3.	<u>Funding Source</u>		
	State school aid fund		\$9,190,000

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Sec. 65 - DETROIT AREA PRE-COLLEGE ENGINEERING PROGRAM (DAPCEP)

1.	<u>Appropriation</u>	\$900,000
2.	<u>Purpose of Appropriation</u> To provide funding for DAPCEP, which exposes Southeast Michigan pupils to, and motivates and prepares pupils for, science, technology, engineering, and mathematics careers and postsecondary education with special attention given to at-risk pupils.	
3.	<u>Funding Source</u> State school aid pupil support reserve fund	\$900,000

Sec. 67 – MICHIGAN COLLEGE ACCESS NETWORK

1.	<u>Appropriation</u>	\$3,000,000
2.	<u>Purpose of Appropriation</u> For support of the College Access Network. The Michigan College Access Network (MCAN) was funded in the Higher Education budget at \$2.0 million prior to its move to School Aid in FY 2015-16. Programs funded are intended to inform students of college and career options, and to increase the number of residents with high-quality degrees or credentials. The \$3.0 million may be used for MCAN operations and services to local networks, for local college access networks, the Michigan College Advising Program, for districts that establish a college access team and implement a college-going culture, for public awareness and outreach, and for postsecondary institutions to recruit college student mentors and advisors to assist high school pupils.	
3.	<u>Funding Source</u> State general fund/general purpose	\$3,000,000

Sec. 67f – FAFSA COMPLETION

1.	<u>Appropriation</u>	\$10,000,000
2.	<u>Purpose of Appropriation</u> To districts for efforts to improve FAFSA completion rates. First included in FY 2023-24.	
3.	<u>Funding Source</u> State school aid pupil support reserve fund	\$10,000,000

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Sec. 74 - BUS DRIVER SAFETY INSTRUCTION AND SCHOOL BUS INSPECTIONS

1.	<u>Appropriation</u>	\$3,949,900
2.	<u>Purpose of Appropriation</u>	
	<p>To support bus driver safety instruction or evaluation and to reimburse districts for nonspecial education auxiliary services transportation, and to reimburse for costs associated with the inspection of school buses. State-supported colleges or universities and intermediate school districts are eligible for bus driver safety instruction reimbursement and local districts are eligible for the nonspecial education auxiliary services transportation funds. Of the total appropriation, \$2,025,000 is allocated for these purposes.</p> <p>The remaining funding is used for the school bus inspection program, which, prior to FY 2006-07, was appropriated in the Michigan State Police (MSP) budget. The program funds a staff person at the MSP to inspect the buses.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$3,949,900

Sec. 81 - INTERMEDIATE SCHOOL DISTRICT GENERAL FORMULA

1.	<u>Appropriation</u>	\$83,157,700
2.	<u>Purpose of Appropriation</u>	
	<p>To fund ISDs for general operations to comply with the requirements of the School Aid Act and the Revised School Code and provide technical assistance to districts as authorized by the ISD board. The full amount of the appropriation is for unrestricted operational funding, and ISDs no longer must meet specified best practices criteria to receive full funding.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$83,157,700

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Sec. 94 - ADVANCED PLACEMENT (AP) INCENTIVE PROGRAM

1.	<u>Appropriation</u>	\$2,600,000
2.	<u>Purpose of Appropriation</u> To provide funding to the Department of Education for efforts to increase the number of pupils who participate and succeed in AP and International Baccalaureate (IB) programs, and, beginning in FY 2018-19, the College-Level Examination Program. The funds are to cover all or part of the costs of AP or IB test or registration fees for low-income pupils, provided the pupil pays at least \$5 toward the cost of each test. Beginning in FY 2023-24, if funds remain, the department must award funds for the provision of test for students who are not from low-income families.	
3.	<u>Funding Source</u> State general fund/general purpose	\$2,600,000

Sec. 94a - CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION (CEPI)

1.	<u>Appropriation</u>	\$21,558,200
2.	<u>Purpose of Appropriation</u> To provide funding for operations and the development and implementation of a comprehensive data management and student tracking system, including a longitudinal data system. The Center should use funding to collect, coordinate, and validate data, develop model policies, improve the quality and quantity of educational data available to teachers, school administrators, parents, and the general public, and to fulfill Federal reporting requirements. \$19.2 million GF/GP is appropriated to support the operations of the Center and \$193,500 Federal funds is to support the Center and the P-20 longitudinal data system. Of the total funding, an amount determined by CEPI is earmarked for competitive grants to support collaborative efforts on the P-20 longitudinal data system. Grants will be awarded to eligible ISDs or a consortium of ISDs, and activities funded under the grant may include portal hosting, hardware and software acquisition, maintenance, enhancements, and other items.	
3.	<u>Funding Source</u> State general fund/general purpose Federal revenue	\$19,364,700 \$2,193,500

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Sec. 94e – MERI PARTNERSHIP

1.	<u>Appropriation</u>	\$1,000,000
2.	<u>Purpose of Appropriation</u>	
	To support the Michigan Education Research Institute, a joint effort of the University of Michigan’s Michigan Education Data Center and Michigan State University’s Education Policy Innovation Center (EPIC), to build and maintain a research ready dataset, and to conduct research on the state’s education goals. First included in FY 2024-25.	
3.	<u>Funding Source</u>	
	State school aid fund	\$1,000,000

Sec. 97n - COMMUNITY VIOLENCE INTERVENTION GRANTS

1.	<u>Appropriation</u>	\$10,000,000
2.	<u>Purpose of Appropriation</u>	
	For grants to districts to support the efforts of community violence intervention plans to reduce or prevent youth violence. First included in FY 2025-26.	
3.	<u>Funding Source</u>	
	State school aid fund	\$10,000,000

Sec. 98 - MICHIGAN VIRTUAL HIGH SCHOOL

1.	<u>Appropriation</u>	\$9,800,000
2.	<u>Purpose of Appropriation</u>	
	To provide funding for the Michigan Virtual University (MVU) to operate the Michigan Virtual Learning Institute, tasked with a multiplicity of items, including: supporting and accelerating innovation in education (including research of digital education models), and analyzing the effectiveness of online learning in preparing students to be career- and college-ready; providing extensive professional development to 30,000 educators; establishing an internet-based platform for educators to use student-centric learning tools; establishing and maintaining a statewide catalog of online courses offered by public school, along with best practices, course reviews, and course statistics; and providing leadership for Michigan’s system of digital learning education (including making policy recommendations that accelerate the expansion of effective online learning). MVU is prohibited from using more	

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than \$1.0 million of the State funding under this section to subsidize the cost paid by districts for online courses. MVU is required to allocate up to \$500,000 to support the expansion of new online and blended educator professional development programs. Beginning in FY 2024-25, \$500,000 is allotted for research and dissemination of best practices regarding responsible utilization of artificial intelligence in schools.

3. Funding Source

State general fund/general purpose	\$9,800,000
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Sec. 99h - ROBOTICS

1. Appropriation

\$5,600,000

2. Purpose of Appropriation

To provide competitive grants to districts and intermediate districts (\$5.0 million) and nonpublic schools (\$600,000) that provide pupils in grades pre-K to 12 with expanded opportunities to improve math, science, computer science, and technology skills by participating in robotics competition programs. Funding under this section may be spent on three categories: stipends for coaches; event registrations, travel costs, or other costs of preparing competitions; and for districts advancing to State and world championships.

3. Funding Source

State school aid pupil support reserve fund	\$5,000,000
General pupil support reserve fund	\$600,000

Sec. 104 - ASSESSMENTS

1. Appropriation

\$45,509,400

2. Purpose of Appropriation

To make payments on behalf of districts for costs associated with complying with Sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the Revised School Code, and with PA 38 of 1970 (M-STEP testing). Prior to FY 2006-07, the costs of assessments were funded in the Department of Education budget. \$500,000 is earmarked for the operation of an online reporting tool to provide student-level assessment data in a secure environment.

3. Funding Source

State school aid fund	\$37,509,400
Federal revenue	\$8,000,000

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Sec. 104h - BENCHMARK ASSESSMENTS

1.	<u>Appropriation</u>	\$11,500,000
2.	<u>Purpose of Appropriation</u> To provide funding for districts to begin implementation of a benchmark assessment system for the current school year. This section was new in FY 2021-22.	
3.	<u>Funding Source</u> State school aid fund	\$11,500,000

Sec. 107 - ADULT EDUCATION

1.	<u>Appropriation</u>	\$32,913,600
2.	<u>Purpose of Appropriation</u> To provide high school completion, General Education Development (G.E.D.) test training, English as a second language, adult basic education, and job- or employment-related programs to eligible adults. An individual is eligible if enrolled in an adult basic education program, an adult secondary education program, an adult ESL program, a high school equivalency test preparation program, or a high school completion program, and is at least 20 years old, or at least 18 years old and the individual's graduating class has graduated. Between FY 2014-15 and FY 2017-18, one-third of the allocation was awarded to ISDs in each of the 10 prosperity regions identified by the Department of Education based on need (number of adults who are not high school graduates or proficient in English), and two-thirds of the allocation was awarded to ISDs based on the proportion of total funding formerly received by the adult education providers in that prosperity region in FY 2013-14. For FY 2018-19, two-thirds of the allocation will be awarded based on need in prosperity regions and subregions, and one-third will be awarded to ISDs based on previous allocations to providers in prosperity regions and subregions. However, if the FY 2018-19 allocation is less than FY 2017-18, the allocation will be what was provided in FY 2017-18. For FY 2019-20 and FY 2020-21, the allocation will be equal to what was received in FY 2018-19. Beginning in FY 2021-22, funding received is based on statewide allocation criteria including population aged 18-24 that are not high school graduates, population aged 25+ that are not high school graduates, and population aged 18+ lacking basic English proficiency. New language added in FY 2015-16 dovetailed with language in Section 61a (CTE) that requires an adult education funding recipient to agree to pay to a CTE program the amount of funding received under this section in the proportion of CTE coursework used to satisfy adult basic education programming, as billed by programs under Sec. 61a.	

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Beginning in FY 2020-21, \$4.0 million is earmarked for programs that connect adult education participants directly with employers by linking adult education, career and technical skills, and workforce development. The maximum grant per program is \$350,000.

Finally, \$500,000 is earmarked to reimburse for administrative and instructional costs associated with comingling CTE and adult education programming.

3. Funding Source

State school aid fund	\$32,913,600
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Sec. 147a - MPSERS DISTRICT REIMBURSEMENT

1. Appropriation

\$336,300,000

2. Purpose of Appropriation

For hold-harmless payments to participating districts, ISDs, and libraries to cover the increased normal cost associated with lowering the assumed rate of return from 7.5% to 6.8%. A language change in FY 2020-21 corrected the distribution method so that only affected payroll was included.

3. Funding Source

State school aid fund	\$336,200,000
General fund/general purpose	\$100,000

Sec. 147c - MPSERS RATE CAP

1. Appropriation

\$1,536,800,000

2. Purpose of Appropriation

The section provides funds to districts, ISDs, and participating libraries to remit to the Michigan Employees' Retirement System pursuant to Section 41 of the MPSERS Act. This funding is used to pay the difference between the uncapped MPSERS contribution rate (44.93% of payroll for MIP/Basic), and the capped rate that school employers will pay in FY 2023-24 (29.91% of payroll for MIP/Basic). Requires the Department of Education to publish and post an estimated MPSERS rate cap per pupil for each district.

FY 2023-24 included \$215,800,000 to reduce the payroll growth assumption to 0.75%.

FY 2024-25 included \$84.1 million to reduce the payroll growth assumption to 0.25% and \$250.0 million to deposit into the MPSERS system.

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3.	<u>Funding Source</u>	
	State school aid fund	\$1,536,500,000
	State general fund/general purpose	\$300,000

Sec. 147e - ADDITIONAL COSTS DUE TO MPSERS RETIREMENT REFORMS

1.	<u>Appropriation</u>	\$118,400,000
2.	<u>Purpose of Appropriation</u>	
	<p>First included in FY 2017-18, this provides funding to cover the additional costs to MPSERS employers related to SB 401 of 2017. Specifically, this funding will reimburse employers for the additional defined contribution costs for new hires choosing the DC plan, and for the higher hybrid defined benefit costs for new hires choosing the new hybrid, which is more costly due to a lower assumed rate of return.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$118,400,000

Sec. 152a - DATA REPORTING COSTS

1.	<u>Appropriation</u>	\$41,000,500
2.	<u>Purpose of Appropriation</u>	
	<p>To pay the necessary costs related to the State-mandated collection, maintenance, and reporting of data to the State. The Department of Education is directed to make payments to districts and intermediate districts on an equal per-pupil basis.</p>	
3.	<u>Funding Source</u>	
	State school aid fund	\$41,000,500

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Sec. 152b- REIMBURSEMENT FOR NONPUBLIC MANDATES

1.	<u>Appropriation</u>	\$1,000,000
2.	<u>Purpose of Appropriation</u> To reimburse costs incurred by nonpublic schools in complying with a health, safety, or welfare requirement mandated by a law or administrative rule. A nonpublic school seeking reimbursement must submit a form to the Department.	
3.	<u>Funding Source</u> State general fund/general purpose	\$1,000,000

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Section Number Description and History

6(4) **Pupil Membership Definitions.** Provides for the definition of a pupil membership and lists the criteria for counting pupils in membership. Pupil membership is the term for a pupil upon which many State aid payments are based.

Background: Since the implementation of Proposal A in FY 1994-95, the way a membership pupil is determined has changed several times. A membership pupil is determined by using what is known as a "blended count". Beginning in FY 2013-14, the blended count will use an averaging of the current-year fall pupil count with the current-year's spring pupil count (prior to this, it was the current-year fall and *previous-year* spring count). Each count is given a certain weight and then the two counts are "blended" to derive the current year's official membership count. The fall count day (known as the pupil membership count day) is the fourth Wednesday after Labor Day while the spring count day (known as the supplemental count day) is the second Wednesday in February.

In FY 1994-95, the blended count was determined by using 50% of the current year's pupil membership count and 50% of the previous year's supplemental count. That was known as a 50/50 blend. In FY 1997-98, the blend was changed to a 60/40 blend, thus using 60% of the current year's pupil membership count and 40% of the previous year's supplemental count. In FY 1999-2000, the blended count was again changed to a 75/25 blend, followed by a change in FY 2000-01 to a blend of 80/20. In FY 2004-05, the blend returned to 75/25. In FY 2011-12, the blend was changed to 90/10, and remained that calculation for FY 2012-13. For 2013-14 and 2014-15, the blend remained 90/10, but the weighting was changed to 90% on the current-year fall and 10% on the current-school year spring. Beginning in FY 2015-16, a return to prior-year weighting was implemented, with 90% current-year fall and 10% prior-year spring.

Also, small districts with fewer than 1,550 pupils, fewer than 4.5 pupils per square mile, and declining enrollments, may use a three-year average to determine their pupil membership, unless the district is funded under Section 22d(2).

Pupils' participation in an online educational program of the Education Achievement System or of an Achievement School is considered regular daily attendance, and for a district, a pupil's participation in an online course (defined in Sec. 21f) is considered regular daily attendance.

Beginning in FY 2017-18, nonpublic or home-school pupils who take classes taught by public school teachers may be counted in membership by the public school as no more than 0.75 of an FTE. Also, a pupil enrolled in a middle college program may be counted as more than 1.0 FTE if enrolled in more than the minimum number of days and hours and expected to complete the five-year program with a high school diploma and associate's degree or 60 transferable college credits.

New for FY 2018-19, language was added capping future growth in shared-time programs as follows: if a district's memberships counted under Sec. 166b met or exceeded 5% of its traditional pupil population, then the annual growth may not exceed 10%. If the district's current shared-time membership represented less than 5% of its traditional membership, then the cap on growth is the greater of 5% of its traditional membership or 10% growth in its shared-time membership.

For FY 2020-21 only, a 'superblend' was in effect. This blend placed a 75% weight on the FY 2019-20 blended membership (which was 90% Fall 2019, 10% Spring 2019) plus a 25% weight on what would have been the 'traditional' membership for FY 2020-21 (ie, a 90% weight on the Fall 2020 count plus a 10% weight on the Spring 2020 count). Numerous pandemic-related references were included in Sections 6 and 6a to allow districts to count pupils learning remotely, in-person, or a combination.

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In FY 2022-23, language was added specifying that cyber schools need not track pupil attendance hours to receive foundation allowed payments.

Beginning in FY 2025-26, dropout recovery programs may count 1/12 enrollment for each course completed rather than 1.12 for each month the pupil is enrolled.

6(7) **Pupil Membership Count Day Definition.** Specifies the date to be used for the pupil membership count day. In FY 2023-24, the definition was modified to allow for the count to be held on the next day school is in session if the count day falls on a day of religious or cultural significance.

6a **Supplemental Pupil Membership Count Day.** Specifies the date to be used for the Spring supplemental pupil membership count day. In FY 2023-24, the definition was modified to allow for the count to be held on the next day school is in session if the supplemental count day falls on a day of religious or cultural significance.

6b **Nonresident Pupils.** Allows districts to count in membership a nonresident pupil as long as the resident district gives its permission before the end of the school year.

Background: This section was first added in FY 1996-97 and remains unchanged.

8c **Cyber School Pupil Tracking.** This section specifies that cyber schools need not track pupil hours for the receipt of funding.

Background: This section was added in FY 2022-23.

7 **Costs for School Operating Purposes.** Lists the types of expenditures that can be considered to be costs for operating purposes.

Background: In FY 1996-97, this section was amended to state that costs for school operating purposes include all expenditures necessary to carry out the powers of the district under the Revised School Code. This amendment was necessary due to the revision of the School Code.

8b **Assignment of Public School Academy District Code.** Requires the Department of Education to assign a district code to each PSA that is authorized under the Revised School Code within 30 days after a contract is submitted to the Department by the Public School Academy District's (PSA's) authorizing body. If the Department does not assign a code, an automatic code is given to the PSA in order for the Department to make State aid payments to the PSA.

Background: This section was first added in FY 2003-04 in response to concerns that academies were not being assigned district codes (necessary to receive School Aid funding) in a timely manner. Language added for FY 2019-20 clarifies which ISD a cyber school is assigned to.

11a **School Aid Stabilization Fund (SASF).** Creates the SASF and requires unexpended School Aid Fund revenue to be deposited into the Fund at the close of a fiscal year. Funds in the SASF must be specifically appropriated before they may be expended.

Background: This section was first added in FY 2003-04.

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Section Number	Description and History
11f,g,h	<p><u>Amounts to Districts for Settlement of <i>Durant v State of Michigan</i></u>. Lists the amount paid to each nonplaintiff district, which receives payments under <i>Durant v. State of Michigan</i>.</p> <p>Background: This section was first added in FY 1997-98 as part of the State's response to <i>Durant I</i> and remains unchanged.</p>
11i	<p><u>Borrowing Money and Issuing Bonds</u>. Allows districts to borrow from the Michigan Municipal Bond Authority in anticipation of receiving funds under Section 11g.</p> <p>Background: This section was first added in FY 1997-98 as part of the State's response to <i>Durant I</i> and remains unchanged.</p>
11k	<p><u>School Loan Revolving Fund</u>. Appropriates from the General Fund to the School Loan Revolving Fund an amount equal to the school bond loans assigned to the Michigan Finance Authority (MFA).</p> <p>Background: This section was first added in FY 2005-06 as part of the School Bond Loan Reform in 2005. This language takes the loans from the General Fund and assigns them to the MFA.</p>
11x	<p><u>School Consolidation and Infrastructure Fund</u>. Creates a separate fund within the School Aid Fund to be used to fund consolidation and infrastructure activities.</p> <p>Background: This section was first added in FY 2021-22 with an appropriation of \$475.0 million.</p>
11z	<p><u>Countercyclical Budget and Foundation Stabilization Fund</u>. Creates a separate fund within the School Aid Fund to eliminate or reduce budget reductions in times of falling revenue.</p> <p>Background: This section was first added in FY 2022-23 with an appropriation of \$450.0 million.</p>
13	<p><u>Apportionments and Limitations of Apportionments</u>. Requires apportionments to be made based on pupil membership and number of teachers and other professionals approved by the Superintendent employed as of the pupil membership count day, and on the taxable value and the operating millage of each district for the calendar year.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
14	<p><u>Defective Data and Duties of the Department</u>. Prohibits the Department of Education from making State aid payments if the data from an ISD or district are defective or incomplete, making it impracticable to ascertain proper apportionment to be disbursed.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>

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15 **Adjusting State Aid Payments and Appropriating Overpayments.** Provides for adjustments in State aid payments to occur in the apportionment following the determination that the current apportionment is incorrect. The Department of Education may adjust payments in the following fiscal year if necessary, to correct payments from the prior fiscal year.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The section was amended in FY 2005-06 to appropriate an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments, for obligations in excess of applicable appropriations (i.e., payables and receivables). Language was added in FY 2014-15 allowing the Department of Education to conduct audits (or direct audits by a designee) for the current fiscal year and the immediately preceding three fiscal years. Language added for FY 2017-18 increases the amount of time that the Department may grant for a district to repay any overpayments, from four years to nine years, if the repayments would cause financial hardship to the district. In FY 2018-19, the language allowing the Department to audit districts for the preceding three fiscal years was changed to allowing for an audit only of the prior fiscal year. In FY 2019-20, the period of repayment was reduced from nine to four years, and added language allowing for proration of adjustments for violations of certification requirements, based on length of noncompliance.

17a **Withholding Payments to Districts or ISDs.** Allows the withholding of State aid for the purpose of repaying debts upon which districts have defaulted.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, with the exception of adding the Emergency Municipal Loan Act and the Local Financial Stability and Choice Act to the list under which aid may be withheld.

17b **Amounts to be Distributed in Installments to Districts.** Provides for school aid payments to be made in equal monthly installments.

Background: From FY 1994-95 through FY 1996-97, payments were made in nine equal monthly installments with no payments in July, August, or September. Payments were reduced for April, May, and June by one-third of the payments in the previous fiscal year under Section 20g. These reductions were necessary because districts received advanced funding called transitional payments that were intended to ease the financial burden on school districts that resulted from not receiving payments in July, August, and September that were the result of the implementation of Proposal A.

Beginning in FY 1997-98 and continuing through the current fiscal year, school aid payments are made in 11 equal monthly installments. Also, FY 1997-98 was the last year for the advance funding and the subsequent reduction in payments. Because of the switch to 11 installment payments, the reduction in payments to districts were made for April, May, June, and July and were reduced by one-fourth of the payments in the previous fiscal year under former Section 20c.

Advance payments are no longer made to districts and thus there is no longer a need to reduce payments. Simply, each school district receives 1/11 of their total State school aid payment each month from October through August. Currently, there is no September payment.

The section was amended in FY 2007-08 to allow for an advance release of funds due to a district or intermediate district, but the advance cannot be more than 30 days earlier than the established payment date for the funds. In order to receive an advance, a written request and submission of satisfactory proof of a need of a temporary and recurring nature must be submitted and approved by the Superintendent, State Budget Director, and State Treasurer.

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17c **Timeline for Grant Distribution.** Beginning in FY 2018-19, this section requires the Department to open the grant application not later than September 1 of each fiscal year (or within 30 days of the budget enactment if after August 1) and provides the grant application and award process schedule, and the list of State grants and contracts available in the subsequent fiscal year. In addition, the language requires the Department to publish, not later than December 1, grant awards for funds appropriated in that fiscal year. Information for grants awarded must be placed on the State Board of Education agenda in August of the preceding fiscal year.

18 **Application of Money Received Under Act.** Describes the allowable uses of unrestricted State aid received under this Act; requires posting of annual budgets to a web site, audits of financial and pupil accounting records, submission of financial and special education data, and special reporting requirements for districts offering online learning, including per-pupil costs of operation.

Background: Beginning with FY 1994-95, this section has required annual audits, annual comprehensive financial reports, and has limited the amount of State aid that may be used for a building and site fund or a debt retirement fund to no more than 5%. This limit was changed to no more than 20% of State aid in FY 1996-97. In FY 2006-07, this was amended to require districts and ISDs to post their annual operating budgets (or amendments to such) on the web. In FY 2009-10, this was further amended specifying detailed financial information to be posted on the internet, and in FY 2010-11, many of the financial reporting requirements were eliminated for ISDs under this Act, because the School Code provides slightly different financial reporting requirements which were in conflict. The section also was amended to allow single-building financially stable, very small districts to conduct financial audits every two years, rather than annually. The language requiring reports of providers of virtual learning was substantially revised for FY 2013-14 and again in FY 2014-15, and again in FY 2018-19, to attempt to standardize information remitted to the State and to make that information more usable. Beginning in FY 2014-15, districts will have only 15 days (instead of 30) in which to post to their web sites adopted budgets or revisions to budgets, and are newly required to post deficit elimination plans, to identify all credit cards maintained by the district, and to detail costs incurred for out-of-state travel. Further, financial reporting that is currently due by November 15 was moved up to a deadline of November 1, beginning with the data submitted for the 2014-15 school year, and the data submitted must be consistent with the district's or ISD's audited financial statements. Beginning with FY 2015-16, districts must adopt a budget that complies with the Uniform Budgeting and Accounting Act, and non-compliance may result in a 10% financial penalty.

18a **Expending of Grant Funds.** Requires grant funds to be expended by the end of the school fiscal year following the year in which they were awarded.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95.

18b **Property of Public School Academy (PSA) to be Transferred to the State.** Requires the assets of public school academies that are purchased with State funds to be transferred to the State if the public school academy ceases operations or if the PSA's contract has been revoked or terminated for any reason.

Background: This section was first added in FY 1999-2000. For FY 2013-14, language was added clarifying that one of the allowable scenarios for transferring assets would occur if a PSA's contract had expired and not been reissued. Further, the PSA corporation is required to initiate the process of transferring property to the State within 30 days of an event triggering the transfer process.

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Section Number	Description and History
18c	<p><u>Contract Between Public School Administrator and Third Party.</u> Exempts the State from liability for debts incurred by public school academies.</p> <p>Background: This section was first added in FY 1999-2000 and remains unchanged.</p>
18d	<p><u>Educator Compensation Increase.</u> Expresses legislative intent that any year the target foundation allowance is increased, districts will use a portion of the increase to make permanent compensation increases for educators.</p> <p>Background: This section was first added in FY 2025-26.</p>
19	<p><u>Compliance with Applicable Reporting Requirements.</u> Districts must comply with State and Federal reporting requirements and must submit all information necessary for the preparation of the district and high school graduation report. Districts must furnish information regarding completion of early middle college credentials and postsecondary credits obtained in any college acceleration program. Districts also must report educational personnel information and information on safety practices and criminal incidents. If districts fail to comply, the Department of Education is required to withhold 5% of total school aid funding. The Department also must allow a district or school to appeal a determination of school or district accountability designations. Language also requires the Department to implement, beginning in FY 2016-17, statewide standard reporting requirements for education data. Districts are required to implement the statewide standard reporting not later than FY 2017-18 or when a district or ISD updates its education data reporting system, whichever occurs later. Beginning no later than FY 2024-25, districts and ISDs must collect tribal affiliation data for students and staff. Beginning in FY 2025-26, districts are no longer to report personnel information within 30 days of changes in employment status.</p> <p>Background: Districts are required to provide information to the Center for Educational Performance and Information (CEPI). This section has been amended numerous times since its inception in 1988.</p>
20d	<p><u>Requirements for Final Determination under Former Section 20a.</u> Requires the Departments of Education and Treasury to follow certain procedures for calculating total State and local revenue in 1993-94 for purposes of foundation allowances beginning in 1994-95.</p> <p>Background: This section was included to provide for the implementation of Proposal A.</p>
21b	<p><u>Postsecondary Tuition.</u> Requires districts to pay tuition for pupils at eligible postsecondary institutions under the Postsecondary Enrollment Options Act.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
21f	<p><u>Virtual Courses.</u> Establishes numerous criteria for districts to offer, enroll, and count pupils enrolling in virtual courses. A pupil is eligible to enroll in virtual courses under this section with the consent of a pupil or guardian, and may enroll in up to two virtual courses per term, semester, or trimester offered by the district or offered in the statewide catalog of virtual courses maintained by the Michigan Virtual University. Further criteria are outlined in the section for eligibility of pupils and course offerings. To pay for the cost of virtual learning, and the district is not required to pay a course cost that exceeds 6.67% of the minimum foundation allowance.</p>

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Section Number Description and History

Background: This section was first added in FY 2013-14. FY 2014-15 changes to the section removed Grade 5 from the list of eligible grades and added a notification requirement such that students must make a request for virtual enrollment at least one semester or term prior to taking the virtual course. Language also was added allowing a pupil to enroll in more than two virtual courses in a semester or term if the pupil has demonstrated previous success and the parent or guardian, along with the school, determines it is in the pupil's best interest. FY 2015-16 added community colleges to the list of eligible providers of virtual courses under this section, and required providing districts to assign a teacher of record to each pupil, and required the pupil's primary district to assign to the pupil a mentor to monitor the pupil's progress during the virtual course. FY 2016-17 removed age eligibility requirements (however a district may deny enrollment if the pupil is enrolled in any of grades K to 5), and required the primary district to develop an education development plan with a pupil desiring to take more than 2 virtual courses per semester or term, along with other changes. FY 2022-23 removed the requirement to develop an educational development plan. FY 2023-24 changed so only courses that meet virtually for more than 15 days in a school year were subject to the general requirements of the section. A new subsection was added (14) that governed courses offered virtually for fewer than 15 days in a school year. Beginning in FY 2025-26, districts can no longer use up to 15 days of virtual learning toward instructional time (deleted provisions added in FY 2023-24).

22k **School Transportation Fund.** Creates a separate fund within the School Aid Fund to support district transportation costs.

Background: This section was first added in FY 2022-23 with an appropriation of \$350.0 million.

22p **Partnership Districts' Discretionary Portion of Foundation Allowance.** New for FY 2018-19, language requires districts with a signed partnership agreement with the Department to amend that agreement in order to receive any funding under Section 22b, the section that provides the discretionary portion of the foundation allowance. The discretionary portion of a district's foundation allowance is generally the increases that have occurred since FY 1994-95, the first year of Proposal A. Specifically, the section requires the partnership agreement to be amended to include measurable academic outcomes that will be achieved after 18 months and after 36 months, and also to include accountability measures to be imposed if the district does not achieve the measurable academic outcomes outlined in the agreement. The language specifies that accountability measures may include either the closure of the school or the reconstitution of the school, and further specifies what must be included relative to a reconstituted school (significant changes to instructional and non-instructional programming, replacement of at least 25% of faculty and staff, replacement of the principal unless he/she was in place for less than 3 years, and the adoption of goals to be achieved within 5 years, or face a second reconstitution or closure). For FY 2019-20, this section was amended to remove the requirement for replacing 25% of faculty and staff in a reconstituted building.

For FY 2020-21 only, this section was restructured somewhat to reflect updates in the process. The section now applies to districts that have been assigned as a partnership agreement, and those districts must have a signed 3-year agreement to receive 22b funding. If a partnership building remains open, it must review whether the current principal should remain or be replaced.

22r **State School Aid Pupil Support Reserve Fund.** Creates a separate fund within the School Aid Fund to support specific program costs. (Sec. 21h, 32n, 65, 67f, and 99h)

Background: This section was first added in FY 2025-26 with an appropriation of \$326.1 million.

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Section Number	Description and History
22s	<p><u>General Pupil Support Reserve Fund.</u> Creates a separate fund within the School Aid Fund to support specific program costs. (Sec. 99h)</p> <p>Background: This section was first added in FY 2025-26 with an appropriation of \$1.8 million.</p>
23a	<p><u>Dropout Recovery Program.</u> Allows a dropout recovery program operated by a district to qualify for special membership counting provisions outlined under Section (6)(4)(dd) and the hours and days of pupil instruction exemption under Section 101(12) if the program meets the specified criteria.</p> <p>Background: This section was first included in FY 2012-13 and amended in FY 2016-17 to include a definition of teacher of record.</p>
24b	<p><u>Parents or Legal Guardian Residing in Different Districts.</u> Students may enroll in a district in which either of the child's parents or legal guardian resides regardless of custody.</p> <p>Background: This section was first added in FY 1996-97 and remains unchanged.</p>
25e	<p><u>Enrollment of Pupil after Fall Count Day.</u> Requires CEPI to use a pupil transfer application process to allow a district or ISD, for a pupil transferring from one district or ISD into another, to enroll that pupil after the fall count day and to count that pupil in membership for the portion of the year (after the fall count day and before the spring count day) that the district or ISD educates the student. Requires the Department of Education to adjust the membership calculation of the district that first enrolled the student and the district that enrolled the student after the fall count day an amount equal to 1/105 of an FTE for each day enrolled and in attendance at the eligible entity between the fall and spring count days.</p> <p>Background: This section was first added in FY 2013-14 and replaced a previous section (section 25) that was first added in FY 1996-97 to require resident districts to reimburse educating districts or ISDs for educating pupils in the resident district who transfer to an alternative education program operated by the district or ISD after the count date. The old section was amended in FY 1999-2000 to clarify that the reimbursement requirement applies to students being counted in membership by another local or intermediate district. It was further amended in FY 2004-05 to comply with additions in the Revised School Code related to enrollment in strict discipline academies. The most recent changes in FY 2012-13 amended the old section to address prorated membership calculation for student transfers to any district or ISD after the count day. The section 25e as it was in effect in FY 2015-16 made the process more universal in nature. However, for the initially-passed FY 2016-17 budget, the section was again amended to restrict this process only to eligible entities, where eligible entities were defined as strict discipline academies or public school academies focused on educating homeless students, who previously were dropouts, and in an alternative program offering at least 200 days of instruction. A subsequent supplemental returned the process again to a universal one, where any student transferring to any type of entity between the count days may be counted by that district or ISD (where district includes academies, cybers, traditionals, ISDs, etc.).</p>
26	<p><u>Renaissance Zones.</u> Requires a district or ISD receiving funds pursuant to the TIFA Act, the Local Developing Financing Act, the Brownfield Redevelopment Financing Act, or the Corridor Improvement Act to have its funds received under Sections 22b, 56, or 62 reduced by the amount of the added local money.</p> <p>Background: This section has been in place since the implementation of Proposal A.</p>

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Section Number	Description and History
27d	<p><u>Educator Fellowship Public Provider Fund.</u> Creates a separate fund within the School Aid Fund to support the educator fellowship and student teacher stipend programs. Funds are automatically appropriated if those program needs exceed annual appropriations. Any SAF appropriated in those sections (Sec. 27a and 27c) lapses to this fund rather than to the School Aid Fund.</p> <p>Background: This section was first added in FY 2021-22 with an appropriation of \$235.0 million.</p>
27e	<p><u>Educator Fellowship Private Provider Fund.</u> Creates a separate fund within the School Aid Fund to support the educator fellowship program. Funds are automatically appropriated if program needs exceed annual appropriations. Any GF/GP appropriated in those Sec. 27a lapses to this fund rather than to the General Fund.</p> <p>Background: This section was first added in FY 2021-22 with an appropriation of \$45.0 million.</p>
27j	<p><u>Student Loan Reserve Fund.</u> Creates a separate fund within the School Aid Fund to supplement funding for the student loan repayment assistance program. Excess funds from that program do not lapse into the School Aid Fund and rather are deposited into the student loan reserve fund.</p> <p>Background: This section was first added in FY 2024-25.</p>
28	<p><u>Weighted Per-Pupil Education Funding Model.</u> Provides a list of sections that provide some type of additional funding in recognition of differentiated costs of instruction.</p> <p>Background: This section was first added in FY 2019-20.</p>
29	<p><u>Enrollment Stabilization Fund.</u> Creates a separate fund within the School Aid Fund to stabilize the effects of declining enrollment.</p> <p>Background: This section was first added in FY 2022-23 with an appropriation of \$314.0 million.</p>
30e	<p><u>School Meals Reserve Fund.</u> Creates a separate fund within the School Aid Fund to cover the costs of student meals.</p> <p>Background: This section was first added in FY 2022-23 with an appropriation of \$245.0 million.</p>
32e	<p><u>Great Start Readiness Program Reserve Fund.</u> Creates a separate fund within the School Aid Fund to support the Great Start Readiness Program.</p> <p>Background: This section was first added in FY 2022-23 with an appropriation of \$200.0 million.</p>
32y	<p><u>Extension for Learning By Hearings Program.</u> Extends the Sec. 18a exception for the former Sec. 32x, Learning By Hearings, to allow the recipient of funds to utilize those funds until September 30, 2029.</p> <p>Background. This section was first added in FY 2025-26. The original exception in Sec. 32x allowed the recipient to spend funds until September 30, 2027.</p>

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39 **Priority to Receive Michigan School Readiness Program Funds.** Sets the per-pupil allowance for School Readiness and describes how eligible applicants (ISDs or consortia of ISDs) will be prioritized to receive School Readiness funds.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The per-pupil amount (based on a half-day slot) in FY 1994-95 was \$3,000 and was increased to \$3,100 in FY 1997-98 and increased once again in FY 2000-01 to \$3,300. For FY 2010-11 through FY 2012-13, the per-pupil amount was \$3,400, rising to \$3,625 beginning in FY 2013-14. In FY 2021-22, the per-pupil amount was raised to \$4,350. In FY 2022-23, the per-pupil amount was raised to \$4,575.

Beginning in FY 2005-06, the section also allowed for a district providing a full-day program to count a full-day as two half-day slots and receive funding equivalent to two half-day slots for each child enrolled in a full-day program. The section was amended in FY 2009-10 to consolidate what was previously in Sections 37 (eligibility and application process) and 38 (funding formula). The section also was amended to modify the funding formula such that districts would no longer see potentially wide variations in individual funding, even in the absence of large changes in State funding. Beginning in FY 2011-12, districts no longer receive direct funding; instead, ISDs or consortia of ISDs act as fiscal agents. For FY 2016-17, "children" was changed to "slots" to provide stable funding from FY 2015-16 as a GSRP workgroup examines potential changes to the formula and program.

For FY 2017-18, recommendations from the workgroup were incorporated as follows: the comprehensive needs assessment is eliminated from the application. Instead, the application would include the total number of children meeting the criteria as provided to an ISD by the Department using census data, the total number of children served exclusively by Head Start, and the number of children able to be served by the ISD. The formula changes to provide the lesser of the funding to support the number of children served in a school-day program plus those served in a half-day program, or the number of children the ISD is able to serve. If funds remain after paying out the formula calculations, the Department is directed to distribute the funds to each ISD or consortium that serves less than the State percentage benchmark (60%), based on each applicant's proportionate share of the remaining unserved children necessary to reach the benchmark.

For FY 2018-19, language was added prohibiting the Department from requiring an applicant to amend the applicant's current accounting cycle or adopt the State's accounting cycle.

For FY 2020-21, language was added in subsection (5) that adds in the number of children served by Head Start when determining the percentage of children served by an ISD.

In FY 2023-24, a new category was added, "GSRP extended program". These programs meet for 5 days per week, 36 weeks per year and receive an amount equal to 120% of the slot reimbursement for a "school day program".

In FY 2025-26, a new concept, the Great Start Readiness target foundation, was introduced. The target foundation was set at \$10,650 for FY 2025-26. Children in a school-day program are funded at 1.0x the foundation. Children in a part-day program or a blended school-day and Head Start program are funded at 0.5x the foundation. Children in an extended program are funded at 1.2x the foundation. Children in an extended program blended with Head Start are funded at 0.6x the foundation.

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51b	<p><u>Compliance with Article 3 of the Revised School Code.</u> Requires districts and ISDs to comply with Article 3 of the Revised School Code (which governs Special Education) in order to receive State aid funds.</p> <p>Background: This section was added in FY 1996-97 and remains unchanged.</p>
52	<p><u>Limit on Special Education Reimbursement.</u> States that reimbursement for certain necessary costs of special education programs and services shall be made under Sec. 51(1).</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95. Originally, the reimbursement was not to exceed 75% of the added costs of operating special education programs except for the added costs of certain special education programs. The section was amended in FY 1995-96 to limit the reimbursement to 75% of the total approved costs of operating special education programs except for the added costs of certain programs and to revise the list of programs exempted from the 75% limit. There have been no further changes since FY 1995-96.</p>
58	<p><u>Special Education Transportation Services.</u> Requires reimbursement under Section 51a for special education transportation services to be based on data reported by districts and ISDs for the current school year.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
76	<p><u>Transporting Nonpublic School Students.</u> Requires districts to use foundation allowance funds to transport nonpublic school students if original funding was calculated as part of their base.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
77	<p><u>Transporting Nonresident High School Pupils.</u> Requires an educating district that is educating all of the high school pupils who are counted in membership in another district pursuant to an agreement to provide transportation to and from school for normal curricular activities for those high school pupils, if providing transportation for its own resident high school pupils.</p> <p>Background: New for FY 2015-16, this language pertains to Albion and Marshall.</p>
98a	<p><u>Extended COVID-19 Learning Plans.</u> In response to the pandemic, this section was included for FY 2020-21 to lay out conditions for districts to satisfy in order to receive State aid. Conditions include detailing instruction under an extended COVID-19 learning plan, with a statement why the learning plan is necessary, the educational goals expected to be achieved, a description of how instruction will be delivered during 2020-21, a description of instruction for core academic areas, and other requirements.</p> <p>Background: This section was new for 2020-21 and was part of the Return to Learn package.</p>
101	<p><u>Eligibility to Receive State Aid.</u> Describes specific requirements districts must meet in order to receive State aid, or face financial penalties. Requirements include submitting twice annually the number of pupils enrolled in the district, including identification of tuition-paying pupils, providing at least 1,098 hours of instruction and an allowance for six days of emergency situations to be counted as instruction, and exceptions to the hours requirement per approval from the Department of Education are provided. Beginning in FY 2014-15, the minimum number of days of pupil instruction is 175, an increase from the</p>

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170 requirement in place for FY 2012-13 and FY 2013-14. Beginning in FY 2016-17, the required minimum number of days is increased to 180. Beginning in FY 2019-20, up to 38 hours of qualifying professional development may be counted as hours of instruction, with criteria enumerated for the professional development to be considered "qualifying".

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. It was amended in FY 1995-96 to add the provision that 75% of the students enrolled must attend to count as a day of instruction (or face financial penalties) and lays out the guidelines for hour requirements for districts. It was amended in FY 2000-01 to lock in the minimum number of hours of instruction at 1,098 and to allow districts to count up to 51 hours of teacher professional development time as hours of pupil instruction. In FY 2006-07, the professional development hour's provision was lowered from 51 to 38 (and it was removed from FY 2014-15 until FY 2019-20). In FY 2010-11, a minimum number of days of instruction was reinstated: 165 days for FYs 2010-11 and 2011-12, increasing to 170 days thereafter, and additional increases in days have since been added. For FYs 2019-20 and 2020-21 only, the section saw numerous edits to account for pandemic learning and COVID. Beginning in FY 2022-23, districts that count hours or days of professional development for teachers as hours or days of pupil instruction are eligible for additional "forgiven" days in the same way as districts that do not use that provision.

102 **Deficit Budgets.** Prohibits deficit budgets and requires districts to set up a plan with the Department of Education to eliminate projected deficits, and post that plan on the district's website. The Department is required to prepare a report on deficit districts by March 1 each year and submit the report to numerous entities. The Department also is required to submit quarterly interim reports concerning the districts' progress, and the State Superintendent is required to present those reports to the K-12 School Aid/Education appropriations subcommittees.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The section was amended in FY 2010-11 to clarify that a district that ends one fiscal year not in deficit, but adopts a deficit budget for the upcoming year, is subject to the same regulations as districts already in deficit. In FY 2012-13 it was amended again to require a district to post its deficit elimination plan to its website, and to require quarterly interim reports from the Department of Education.

104b **Michigan Merit Examination (MME).** Provides for districts to administer State assessments under Section 1279 or the Michigan Merit Examination, consisting of a college entrance test, work skills test, and the M-STEP, to pupils in grade 11. Also details the timelines, purposes, and requirements of the MME.

Background: This section was added in FY 2004-05 to implement the MME, an augmented ACT test to be given to all pupils in Grade 11. The section was amended in FY 2008-09 to mirror changes in the MME. Changes for FY 2014-15 included specifying that the test has to include one or more writing components (instead of not requiring more than one extended writing sample) and requiring the exam to administered during the last 12 weeks of the district's school year. Changes for FY 2015-16 include that the college assessment be used by the majority of colleges and universities in Michigan for entrance purposes, and that it may (not shall) include one or more writing components. In FY 2018-19, language was added requiring the Department to include assessment scores and graduation rates for consortium pupils with the scores for the school building in which the consortium pupil is enrolled or otherwise would attend. Further, the assessment for a consortium pupil may be administered either at the consortium location or at the school building.

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104c **Michigan Assessments.** Provides for districts to administer State assessments described in this section and requires the Department of Education to develop for use in the spring of 2014-15 new MEAP assessments in English language arts and mathematics that are aligned with State standards. Further requires the Department to implement beginning in 2015-16 a summative assessment system that is proven valid and reliable that also meets numerous requirements laid out in the section, including being no more than nine hours in length. The Department is required to issue a request for proposals for the summative assessment not later than September 1, 2014.

Background: This section was added in FY 2014-15. The name was changed for FY 2015-16 to the Michigan Student Test of Educational Progress (M-STEP), and the test was broadened to include the grade 11 MME as well as field testing a new kindergarten entry assessment and math and language arts assessments for students in grades 1 and 2, designed to improve early literacy. Language added in FY 2016-17 requires MDE to continue field testing the K-2 tests, in preparation for full implementation not later than FY 2018-19; language added for FY 2019-20 pushed this date out to FY 2019-20, and requires the assessments to meet the requirements under Section 104d(4). Language was added for FY 2017-18 for the Department to issue an RFP for a Statewide summative assessment, and approve one Statewide summative assessment that was included in a response to the RFP; and, to issue an RFP for at least three benchmark assessments, and approve at least two benchmark assessments.

Changes for FY 2018-19 include changing the science test from grades 4 and 7 to grades 5 and 8, requiring the summative assessments for English Language Arts and math for pupils in grades 8 to 10 to be aligned to the college entrance test portion of the Michigan Merit Exam, and requiring the Department to offer benchmark assessments in the fall and spring to measure ELA and math in grades K-2.

105 **Schools of Choice Within an ISD.** Allows students to attend another school district within the same ISD if the school district elects to take students from another school district. Sets specific requirements and procedures for schools that open up to choice within an ISD.

Background: This section was first added in FY 1996-97.

105c **Schools of Choice Among Contiguous ISDs.** Allows students to attend another school district located in an ISD that is contiguous to their ISD if the receiving school district elects to take students from another school district. Sets the same reporting requirements and procedures as Section 105. For special education students, the two school districts must work out payment agreements prior to accepting the student.

Background: This section was first added in FY 1999-2000.

106 **Pupils Not Counted in Membership.** Prohibits pupils enrolled in a public school from being counted in membership where teaching costs are fully subsidized by Federal or State funds.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.

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109 **Pupil Requiring Hospitalization or Confinement at Home.** Requires districts to provide instruction to pupils who require hospitalization or confinement at home for more than five school days.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95, within minor changes in FY 2011-12 to incorporate electronic information sharing.

111 **Tuition Rates.** Describes the requirements for determining tuition rates for nonresident pupils. The rate must be uniform within each category of tuition pupils; but, for non K-12 districts, for a pupil enrolled in a grade not offered by the resident district, the tuition rate charged to the resident district cannot exceed the greater of the foundation allowance of the resident district or the educating district.

Background: Until FY 2025-26, this section was last amended in FY 1997-98. In FY 2025-26, the section was amended to prohibit a district receiving funds under the Act from charging tuition to a parent or custodian of a pupil enrolled in the district as a nonresident pupil.

112 **Prohibits Charging Tuition for Full-Day Kindergarten.** Prohibits a district from charging tuition or a fee for full-day kindergarten for a pupil enrolled in the district.

Background: This section was added in FY 1997-98 and remains unchanged today.

118 **Payment of State Aid Conditions (re: Tuition Pupils).** Prohibits payment of State aid unless a district has paid the agreed-upon tuition payments for pupils educated outside of the district's boundaries.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.

121 **Valuation of District and Adjustments.** States the valuation of a whole or fractional district shall be the total taxable value of the property on the ad valorem tax roll. Adjustments to taxable value are made for State Tax Tribunal decisions, court decisions, local board of review adjustments, lands deeded to the State, and requirements of the School Aid Act.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and was amended in FY 2006-07 to include the value of property used to calculate the State payment in lieu of taxes on State-purchased property.

122 **Deducting Valuation of Property from Valuation of District.** Provides that the valuation of property assessed under Public Act 189 of 1953 be deducted from the total valuation of the property if school taxes levied are not collected.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.

124 **Adjustments for a District's Property Value.** Allows that if at least 5% of taxes collected are under protest, the district can deduct the amount for purposes of calculating local revenue. If at least 5% of the valuations of the district are not paid by a single bankrupt debtor, the total valuation for the district shall be reduced by that amount.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.

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147 **Allocations to the Public School Employees' Retirement System.** Provides the estimated payroll contribution rate assigned to districts and intermediate districts. By February 28, the MPSERS Board must notify districts and ISDs of the estimated contribution rate for the upcoming fiscal year. Districts and intermediate districts must pay to the retirement system an amount equal to the rate multiplied by the district's or ISD's payroll.

Background: This section was amended in FY 2010-11 with an estimated payroll contribution rate for that fiscal year of 19.41%, and including a section with language allowing for the rate to be reduced if reforms to the MPSERS are enacted. PA 300 of 2012 capped the rate employers pay on the unfunded accrued liabilities in the system at 20.96% of payroll. On top of that 20.96%, employers pay the normal cost. However, any portion of the total rate that is in excess of that combined employer share is paid by the School Aid Fund.

Beginning in FY 2011-12 this section was amended to accommodate the changes to MPSERS for those employed before and after July 1, 2010. The section now itemizes the contribution rates (both the total rate and the capped rate) for eight different combinations of pension and retiree health care plans that are found in MPSERS.

For FY 2025-26, the rates are as follows: for employees hired before 7/1/10, the total rate is 44.93%, with 29.91% paid by the employer. For employees hired on or after 7/1/10, the total rate is 40.19%, with 25.17% paid by the employer. For employees hired on or after 7/1/10 but who chose the personal healthcare fund, the total rate is 36.36%, with 21.34% paid by the employer. For employees first hired on or after 9/4/12, who chose defined contribution and participate in the personal healthcare fund, the total rate is 30.23%, with 15.21% paid by the employer. For employees first hired on or after 7/1/10 who chose defined contribution but retained health care coverage, the total rate is 34.06%, with 19.04% paid by the employer. For employees first hired on or after 7/1/0 who chose defined contribution and the personal healthcare fund, the total rate is 30.23%, with 15.21% paid by the employer. For employees first hired before 7/1/10 who chose the personal healthcare fund, the total rate is 41.10%, with 26.08% paid by the employer. For employees first hired after 1/31/18 who chose the hybrid plan, the total rate is 36.43%, with 21.41% paid by the employer. The School Aid Fund pays the differences between the rates under Section 147c, and the amortization period is 13 years for FY 2025-26.

147b **MPSERS Retirement Obligation Reform Reserve Fund.** Creates this fund as a separate account within the State School Aid Fund. Money in the Fund may not be expended without a specific appropriation, and lapses to the School Aid Fund at the end of a fiscal year.

Background: This section was first added in FY 2011-12 with an appropriation of \$133.0 million, and a second appropriation in FY 2012-13 of \$41.0 million, for total State appropriations in the fund of \$174.0 million. For FY 2013-14, a total of \$156.0 million is withdrawn from the Fund and used to help pay the cost of the MPSERS rate cap (the difference between the total uncapped rate and the capped amount each employer pays to the retirement system), and for FY 2014-15, the remaining \$18.0 million of State funding is used to support the rate cap costs. For FY 2017-18, \$55.0 million SAF was deposited into this Reserve Fund, and \$23.1 million was withdrawn from it to fund Section 147e. For FY 2019-20, the remaining \$31.9 million was withdrawn from the Fund to support Sec. 147e. (FY 2017-18 actually appropriated the remaining \$31.9 million but it went unused, and was available again for FY 2019-20.). In FY 2022-23, \$825.0 million was deposited into the fund.

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151	<p><u>Statement of Taxable Value and Duty of Tax Tribunal.</u> Requires the treasurer of each county to furnish a statement of the taxable value of each district by August 1 of each year, and by May 1, report revisions to the prior year taxable values. The Tax Tribunal, by the 10th day of each month, must report to the Department of Education changes in taxable values other than those reported by county treasurers, caused by Tax Tribunal decisions.</p> <p>Background: This section was last amended in FY 2008-09 to reflect changes in tax increment financing acts.</p>
152	<p><u>Reporting Requirements.</u> Requires districts to submit certain reports to the Department of Education or to the Center for Educational Performance and Information by the first Monday in November to receive funding.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
153	<p><u>Furnishing Information to Fiscal Agencies.</u> Requires each district and ISD to furnish to the legislative fiscal agencies information the agencies require relative to the expenditure of funds appropriated and allocated under the School Aid Act.</p> <p>Background: This section was repealed for FY 2019-20.</p>
160	<p><u>School before Labor Day.</u> For a district or ISD that requests a waiver to start school before Labor Day, requires the district or ISD to conduct a hearing before the waiver is granted, at a location within the district or ISD. (Prior to FY 2019-20, this also required MDE to participate in the hearing; but that participation is now optional.)</p>
161	<p><u>School Official or Board Member Responsibility.</u> States that a school official or board member who knowingly violates the provisions of the School Aid Act is guilty of a misdemeanor, punishable by imprisonment for up to 90 days, a fine of up to \$1,500, or both.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, except for clarifying in FY 2014-15 that the penalty is in addition to all other financial penalties otherwise specified.</p>
161a	<p><u>False Report of a Crime under Section 6(6)(f).</u> Allows a court to order a district intentionally falsely claiming that a nonresident pupil is enrolled under Section 6(6)(e) to repay the resident district an amount equal to the resident district's foundation allowance.</p> <p>Background: This was added in FY 1999-2000 and amended for a technicality in FY 2006-07 and FY 2025-26.</p>
162	<p><u>Failure to File Reports.</u> States that a district that fails through the negligence of school officials to file reports required by the School Aid Act will forfeit a day's worth of State aid for each day the reports are late.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>

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- 163 **Teacher Certification Requirements.** Except as otherwise allowed in the Revised School Code, this section requires districts to hire certified teachers and counselors. Districts will lose funding for each noncertificated teacher hired. States that if a school official knowingly continues to employ a noncertificated teacher, the official is guilty of a misdemeanor, punishable by imprisonment for up to 90 days, a fine of up to \$1,500, or both.
- Background:** This section has been in place since the implementation of Proposal A in FY 1994-95, but was amended in FY 1996-97 to remove administrators and business officials from the list (since certification for these individuals is no longer required by law) and amended in FY 2007-08 to remove adult education officials from the list (now, they, too, need certification). Clarifying language was added in FY 2014-15 to state that the penalty is in addition to all other financial penalties otherwise specified. FY 2015-16 added language prohibiting a district from hiring a noncertificated educator to administer instructional programs in an elementary or secondary school, or in an adult basic education or high school completion program, unless that educator is fulfilling applicable continuing education requirements.
- Changes made in FY 2018-19 include replacing "noncertified educator" with "an individual who does not hold a valid certificate or who is not working under a valid substitute permit, authorization, or approval" with regard to teaching, and with "an individual who does not satisfy the requirements of Section 1233 of the Revised School Code" with regard to counseling.
- Changes made in FY 2020-21 include replacing "an individual engaged to teach" with "appropriately replaced".
- Changes made in FY 2024-25 ensured that districts would not be penalized under both this section and section 15 for the same violation.
- 163a **Enrollment of Homeless Children.** Requires districts to enroll homeless children residing in the district.
- Background:** This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.
- 164 **Expenditures for Cars and Chauffeurs.** Prohibits districts from expending State aid for cars for board members, and chauffeurs for board members and administrators.
- Background:** This section has been in place since the implementation of Proposal A in FY 1994-95 and was amended in FY 1996-97 to also prohibit districts from purchasing, leasing, and renting cars for board members.
- 164a **Unused Vacation or Personal Leave.** Prohibits a district or ISD from providing a school administrator a payment in lieu of unused vacation or personal leave for the purpose of increasing the school administrator's retirement benefits.
- Background:** This section was added in FY 1994-95 and has not been changed since.
- 164b **Payment or Reimbursement of Board Member Expenses.** Provides that payments of expenses by board members must be in compliance with Section 1254 of the Revised School Code. Additionally, records of payments must be open to the public.
- Background:** This section was added in FY 1996-97 and remains unchanged today.

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164c	<p><u>Purchase of Foreign Goods and Services.</u> Prohibits a district or ISD from purchasing foreign goods and services if American goods or services are available, competitively priced, and comparable in quality. Preference should be given to Michigan-made products.</p> <p>Background: This section was first added in FY 1995-96 and amended for the reference to Michigan-made products in FY 2005-06. It was again amended to give preference to goods and services provided by Michigan businesses owned and operated by veterans.</p>
164d	<p><u>Discriminatory Rules.</u> Prohibits districts from implementing policy or practices that discriminate against personnel solely because they have graduated from or are enrolled in a particular State university and prohibits counselors from advising a pupil against certain State universities for reasons other than the suitability of the educational offerings for that pupil.</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>
164e	<p><u>Discrimination Against Student Teachers.</u> Prohibits discrimination against a student teacher because the State university in which the person is enrolled serves as the authorizing body for one or more public school academies.</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>
164f	<p><u>Procurement of Diesel Fuel.</u> Allows a district, PSA, or ISD to procure up to 25% of its fuel budget by entering into a swap, hedge, derivative, or similar agreement.</p> <p>Background: This section was first added in FY 2014-15.</p>
164i	<p><u>Marginalized community's access to government resources.</u> Requires districts, intermediate districts, public community colleges, and public universities to report to the department any action or policy that attempts to restrict or interfere with the duties of local health officers.</p> <p>Background: This section was added in FY 2023-24.</p>
164j	<p><u>Provisions regarding state fiscal recovery funds.</u> Gives the state budget director the ability to reallocate funding if necessary to ensure that all state fiscal recovery funds are expended by December 31, 2026, as required by law.</p> <p>Background: This section was first added in FY 2023-24.</p>
164k	<p><u>Requirements to Receive State Aid.</u> Details several requirements that districts and ISDs must meet. If a district is found in violation, MDE shall withhold 5% of the district's Sec. 22b payment until it is in compliance. If an ISD is found to be in violation, MDE shall withhold 5% of the ISDs Sec. 81 payment until it is in compliance.</p> <p>Background: This section was first added in FY 2025-26.</p>

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164/ **Grant Transparency.** Requires the legislature to provide a list of legislatively directed spending items (grants) to the responsible entity and state budget director, including all publicly disclosed documentation. The responsible entity must establish a thorough process to review, verify, and administer these grants, ensuring recipients are eligible, funds are used appropriately, and agreements include detailed project and reporting requirements. Grants have a uniform completion date, with unspent or misused funds returned or subject to claw back, and regular public reporting and oversight are mandated throughout the process.

Background: This section was first added in FY 2025-26.

165 **Shared Time Agreement.** Requires an individual or entity receiving payment from participating in a contractual shared time agreement to reimburse the district or ISD the full payment if memberships attributable to that agreement are subsequently disallowed by the Department of Education.

Background: This section was added in FY 1998-99 and remains unchanged today.

166b **Enrollment in Nonpublic School or Home School.** Allows a nonpublic student to enroll in any courses offered by the district or ISD. State aid is provided for noncore curriculum courses.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and was amended in FY 1998-99 to add language for specific guidelines as to what can be counted as a part-time student for reimbursement for State aid. Other amendments have been added throughout the years to continue defining the parameters of this program, including allowing charter schools to educate nonpublic or home-schooled students. This section was amended in FY 2016-17 to require the Department to establish a workgroup to examine the issue of providing a uniform definition of nonessential elective courses, and to provide a uniform definition of a part-time pupil. For FY 2017-18, changes include striking the requirement that the curricular offerings are available during regularly scheduled school hours, defining nonessential courses for grades K-8 and for high school, and referencing the Section 3 cap of 0.75 of an FTE that may be claimed for State aid.

For FY 2018-19, changes include specifying that a curricular offering includes optional experiences associated with that offering. Further, the following additional requirements must be met in order for the district to receive State aid for a nonpublic or home-school pupil: individuals with contact with the pupil have not been convicted of sexual misconduct; an individual who provides direct or indirect curricular offerings is subject to Sections 1230, 1230a, 1230b, 1230c, 1230d, 1230e, and 1230g of the Revised School Code; each optional experience provided to shared time pupils is offered on a schedule that ensures the experience is available to the majority of full-time pupils in membership at the district in the same grade level or age group as the shared-time pupils participating; and, the district provides a complete listing of courses provided to pupils, course enrollments, and identification of each course teacher or mentor.

166d **Cyber Schools.** Prohibits a school of excellence that is a cyber school, or an educational management organization with which the cyber school has a contract, shall not require an employee to sign an agreement that he or she will not disclose salary or other compensation information. If a violation of this prohibition occurs, the school must forfeit 2% of its State aid.

Background: This section was first added in FY 2010-11.

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Section Number	Description and History
166e	<p><u>Competitive Bid Process.</u> Requires Detroit public schools to use competitive bidding for materials, supplies, equipment, building construction, and repair contracts in excess of \$15,000.</p> <p>Background: This section was first added in FY 1997-98 and remains unchanged.</p>
167	<p><u>Immunization Process.</u> Requires districts to report the immunization status of pupils in grades K through 12 to their local health department. If a district does not have records or waivers on file for at least 90% of its pupils, the Department of Education shall withhold 5% of State aid.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
167a	<p><u>Pupil Expulsions and Suspensions Exceeding 10 Days.</u> New for FY 2016-17, this section encourages districts to implement a plan to reduce pupil expulsions and suspensions that exceed 10 days. States the intent of the Legislature that a district that has not implemented such a plan will be subject to forfeiture of a portion of its total State school aid.</p> <p>Background: This section is new for FY 2016-17.</p>
167b	<p><u>School Violence Tip Line.</u> New for FY 2018-19, this section requires a district or ISD operating a school violence tip line to report to the Attorney General on the operation of the tip line, with at least the following information: whether the tip line operates 24 hours a day; whether the tip line is connected to local law enforcement; and the type and duration of training for personnel operating the tip line. A district or ISD is required to annually designate one or two employees as the school officials receiving information under MCL 752.913 and provide the Attorney General with the contact information for the designated school officials that allows them to receive information 24 hours a day, 365 days a year.</p>
168	<p><u>Access to Records and Audits.</u> Requires districts to give the Michigan Department of Education access to certain records and to audit certain records.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, with the exception of language added in FY 2014-15 allowing audits for any of the three immediately preceding fiscal years.</p>
168a	<p><u>Removing Asbestos.</u> Prohibits removal of asbestos unless its removal is required under P.A. 51 of 1993.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
169	<p><u>Advertisement by Public School Academies.</u> Requires public school academies to advertise that the academy is enrolling students and the procedures for applying for enrollment, in order to receive State aid.</p> <p>Background: This section was first added in FY 1996-97 and remains unchanged.</p>

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Section Number	Description and History
169a	<p><u>Information About the Schools for the Deaf and Blind.</u> Upon determination of the pupil's status, requires information to be provided to parents of deaf and blind children. A board member or employee of the district shall not interfere with the right or ability of the Michigan Schools for the Deaf and Blind to provide information about their residential program.</p> <p>Background: This section was first added in FY 1996-97 and remained unchanged until FY 2018-19. Changes in FY 2018-19 include requiring a board member, official, or employee of a district or ISD to provide any information received from MSDB about its residential program to parents and guardians of pupils who are deaf, deaf-blind, or hard of hearing and to any residents who request the information. A district or ISD violating the section will forfeit 5% of its State aid funding.</p>
169b	<p><u>Board Member Conflicts of Interest.</u> Prohibits school board members from voting on any contract in which the board member has a conflict of interest.</p> <p>Background: This section was first added in FY 1996-97 and remains unchanged.</p>
296	<p><u>Proration.</u> Prescribes the formula to calculate proration in the event the amount appropriated under all articles of the Act exceeds the amount available for expenditure. Requires the Department to calculate the proration in district and ISD payments under Article I, and Treasury to calculate proration in community college and university payments under Articles II and III.</p> <p>Background: This section was first added in FY 2011-12, when the community colleges and university budgets were added to the State School Aid Act of 1979 and fully or partially funded with School Aid Fund revenue.</p>