
February 9, 2022

Summary: FY 2023 Executive Budget Recommendation

This morning, State Budget Director Chris Harkins unveiled Governor Whitmer's Fiscal Year 2023 Executive Budget Recommendation to a joint meeting of the House and Senate Appropriation Committees in person at the Capitol. The stated focus of the presentation was "Putting Michigan First," with five priorities: education: putting students first; roads, bridges and infrastructure improvement; workforce and economic development; healthy families; and safe communities.

The total state budget appropriates \$74.1 billion, of which \$14.3 billion are general fund dollars and \$16.6 billion from the School Aid fund.

Director Harkins started off the presentation with the governor's K-12 budget proposals. Overall, the governor's proposal calls for **a K-12 budget of \$18.4 billion** (inclusive of \$2.1 billion in federal funds) which, if implemented, **represents the highest investment into public education in more than 20 years.**

The governor's recommendation utilizes a weighted funding formula for the base per-pupil foundation payment that builds off the existing foundation allowance, plus additional funding for students with more costly educational needs. In total, this proposal includes \$988.1 million:

- **\$580 million toward the foundation allowance**, providing a 5% overall increase. This represents **a \$435 per student increase and brings the target foundation allowance to \$9,135** – the highest ever
- **\$222 million increase in At-Risk funding**. Notably, all districts will receive 11.5% of the target foundation allowance, \$1,050 for each economically disadvantaged student
- **\$150 million increase in the Special Education reimbursement rate** for providing services, bringing the reimbursement rate up to 36 percent
- **\$30.8 million increase in funding for career and technical education** and vocational education programs

Finally, the governor called for **5% increases for English Language Learners, ISD operations, and rural/isolated district funding**. Additionally, funding for 100% online cyber schools is maintained at the current year foundation allowance amount of \$8,700 per pupil.

Building off last year's finalized budget, **the proposed budget from Governor Whitmer would again completely close the gap between the lowest and highest funded districts** – a welcome development as we begin this budget cycle.

One disappointment in the recommendation is the continued use of School Aid fund dollars to fund non-K-12 priorities. In this year's budget \$845 million from the School Aid Fund is proposed to fund Higher Education and Community Colleges. The Governor also has proposed an expansion of the EITC credit and a repeal of the 2011 pension tax. These proposals, if enacted, would negatively impact the School Aid Fund.

This presentation starts the 2022 budget season in earnest, as the various House and Senate Appropriations Subcommittees will begin presentations and Committee hearings in both chambers leading into their own budget proposals, which typically are released and voted on around Spring Break.

See below for specific areas of proposed funding and more details. Additionally, you can read the Education Briefing Papers from the State Budget Office [here](#).

Teacher Recruitment and Retention

A major focus of the governor's recommendation is on teacher recruitment and retention, an issue gaining increasing visibility and attention given the ongoing teacher and school staff shortages. Crucially, the recommendation calls for a **\$450 million investment in new educator recruitment programs.**

Specifically, the proposal calls for:

- **\$250 million for a newly created MI Future Educator Fellowship** for initial PK-12 certification for teachers (\$10,000 per year while enrolled in teacher preparation programs and requires two years of service for every year they receive a scholarship)
- **\$150 million for student teachers** (\$15 an hour)
- **\$50 million for graduate programs for teachers** (\$10,000 per year and requires two years of service for every year they receive a scholarship)

The recommendation also includes **\$1.5 billion for retention bonuses**, based on the following schedule:

Year	2022-2023	2023-2024	2024-2025	2025-2026
Eligibility	All Staff	All staff continuing in their district.	All teachers and certified staff continuing in their district.	All teachers and certified staff continuing in their district.
Amount	\$2,000 fall bonus	\$2,000 fall bonus	\$3,000 fall bonus	\$4,000 fall bonus

Finally, the recommendation calls for **\$150 million for Grow Your Own programs, \$100 million for one-on-one mentoring and new teacher induction, and \$75 million for Innovation Grants** for districts to deal with staffing needs.

School and Student Wellness

Another point of emphasis from the governor's recommendation is on school and student wellness and mental health. The recommendation calls for **\$120 million to hire school-based mental health professionals** and **\$150 million for the tools for teachers to support wellness** ("TRAILS") program. The proposal also calls for the following funding:

- \$50 million increase to strengthen school based mental and physical health (Sec. 31N)
- \$15 million to expand services for students threatening violence
- \$5 million to expand school based mental health professional on-demand support
- \$11 million to expand school-based health clinics (Sec. 31a(7))
- \$50 million for after school programs – a combination of one-time and ongoing funding.

School Safety

The governor also called for **\$50 million for school safety grants**, which would allow districts to receive up to **\$1 million to purchase technology equipment, hire school resource officers, or conduct school building safety assessments.**

The governor also recommended **\$15 million to pilot a cross-system intervention approach to identifying and supporting** students who are determined to be at risk of committing acts of violence. The pilot program will be a partnership between schools, law enforcement, and mental health professionals, and implemented in at least five communities and will be evaluated for the prospects of statewide implementation.

Additionally, the governor included **\$1 billion for a new “School Facility Fund”** to allow districts to apply for financial support on their infrastructure and capital projects including for new buildings, renovations of existing structures, and to improve health and safety, such as access to clean air and water. Up to \$170 million would be appropriated annually through fiscal year 2028.

Early Childhood

The governor continued the push for **increased early childhood funding** in her recommendation. Specifically, the recommendation calls for the following GSRP increases:

- \$21 million per full-time slot increase (\$435 per child; \$9,135 total)
- \$30 million for start-up grants
- \$5 million for home-based preschool pilot

Also announced were early Intervention increases, with \$9.5 million for home visiting and Great Start Collaboratives, \$7.1 million for Early On, and continuing the \$2.5 million for the MI Child Care TriShare program.

MPSERS

The executive budget proposes **\$1.8 billion for MPSERS**, with \$1.5 billion for state contributions above the statutory cap on unfunded liability costs for local districts of 20.96% of payroll. Total state funding for MPSERS is increased by \$145.3 million. The governor also has once again **proposed MPSERS parity in under Section 147a**.

The budget increases the MPSERS cost offset payment by \$12 million, to provide relief for ISDs and district libraries at the same level received by school districts.



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