



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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CAUCUS INFORMATION ALERT

February 8, 2023

Re: Governor Whitmer's FY 2024 Budget Proposal & FY 2023 Budget Supplemental

Dear Colleagues:

This morning Governor Gretchen Whitmer released her K-12 education budget proposal as part of her overall budget proposal for FY 2024. Overall, the budget package totaled \$18.2 billion for the School Aid Fund (SAF) – an increase of 8.9%. Additionally, as noted below, the budget package also contained recommended adjustments to spending in the current year through the governor's supplemental budget proposal.

Analysis of various aspects and details of the proposal are now underway, but here is an initial brief overview of some of the highlights of the budget recommendation relative to schools as presented by Governor Whitmer:

- An increase to the minimum foundation allowance by 5% (\$458) to \$9,608 per student (added cost of \$614 million above current year funding).
- Cyber schools that are 100% online would be funded at 80% of basic foundation grant (\$7,687 per student). This would result in a savings of \$42 million.
- GSRP programs would also see an increase to \$9,608 per full-time equivalent student. Access would be expanded to provide access for families up to 400% of the federal poverty level, up from the current level of 300%. Also included is an increase to reimburse for student transportation costs. The goal would be universal access in four years. Total additional cost for FY 2024 of \$90.8 million.
- \$18 million to pilot GSRP programs for 3-year-olds.
- 5% increases to at-risk, rural/isolated districts, ELL, Early On, and ISD operations (additional cost of \$86.5 million).
- An additional \$64.7 million would be allocated to fund at-risk student payments at 11.5% of the recommended foundation allowance.
- Continued \$214 per pupil payments for school safety (\$318 million) and mental health (\$300 million) for the next two years, as well as a \$28.9 million ongoing increase in 31n
- Universal free breakfast and lunch (at a cost of \$160 million). Michigan would be the 4th state in the nation to do so.
- An increase above current mental health supports, and would do so in large part by shifting funding currently allocated for School Resource Officer grants.

- \$26.2 million additional beyond current expenditures would be allocated to support additional literacy coaches, to fund regional literacy hubs, and increase per pupil payments for literacy instruction.
- \$300 million over two years for literacy professional development, with a goal of training 100% of PreK-5 teachers, literacy coaches, and administrators
- \$15 million in additional funding for adult education (nearly a 50% increase), plus another \$15 million in one-time funding to pilot support programs aimed at better connecting adult learners with employment or higher education opportunities.
- An increase of \$79.9 million to last year's new special education funding reimbursement – this amount would bring funding up to 87.5% of the per pupil grant plus 28% cost reimbursement.
- A \$500 million MPERS buydown deposit and \$202 million for MPERS payroll growth (one-time). Also, ISD's and libraries would receive MPERS cost offset equalization at the same level as K-12 districts (an additional allocation of \$11.9 million).
- \$25 million for additional support for CTE, including new equipment purchases.
- Continued funding at the same level for before and after school programs
- \$94.4 million for literacy programs in Detroit as part of the settlement in *Gary B. vs. Whitmer*.
- \$150 million to provide matching funds for district to purchase electric school buses.
- \$900 million deposit into school rainy day fund.
- \$245 million to incentivize back-end district supports (financial services, human resources, etc.)
- Funding for multiple recruitment & training initiatives, including Talent Together, rural educator credentialing, mentoring, and special education training for administrators
- A refundable tax credit for child care and preschool teachers.
- \$15 million to fund incentives for local districts to increase FAFSA completion.
- \$25 million to improve infrastructure in school-based health centers.

Beyond the budget recommendations described above for next year (FY 2024), Governor Whitmer also proposed supplemental expenditures in the current FY 2023 budget to the tune of a net additional expense of \$1.2 billion (after various adjustments to account for actual costs, revised, student counts, and revenue changes), including:

- An additional \$500 million for school infrastructure into the school consolidation and infrastructure reserve fund.
- A deposit of \$500 million into MPERS reserve fund.
- \$300 million for the MI Climate Plan.
- \$394 million for student academic supports including “MI Kids Back on Track” tutoring.
- \$185 million for expansion of early childhood education
- \$25 million for educator workforce supports and \$25 into educator fellowship fund.

Summary Comments

As was expected given the strong current revenue picture in Michigan, Governor Whitmer's budget proposal contains a number of new one-time expenditures, along with significant increases to ongoing line-items. The governor also continues to incorporate elements of the weighted formula approach to funding recommended by the School Finance Research Collaborative (SFRC), and the inclusion of additional infrastructure support further acknowledges the inherent disparities that exist in Michigan's school funding system—especially in funding based on local property values.

While not the subject of this overview, Governor Whitmer's proposals also contain a number of new initiatives within the state's General Fund (GF/GP), including major initiatives impacting health and safety, infrastructure, post-secondary education and job training, and more.

Unfortunately, it is also important to note that, even with the state's unprecedentedly large fund balances, the governor's proposal continues to fund community colleges and universities with nearly \$845 million of SAF money (more than \$600 per pupil). Community college expenditures are proposed to increase to \$492.6 million (9.8% overall – a \$44 million increase), including a base operations increase of 4%. University funding from the SAF would increase by more than \$4.3 million to a total of \$352.3 million. Now would be the time to reverse this raiding of the SAF and return it to its intended purpose – serving Michigan's K-12 students. Doing so would set Michigan's schools up with greater financial stability and stronger resources moving forward.

As always, the governor's proposal is the first major step toward a budget agreement for next year, with both the House and Senate versions still to come. There would appear to be plenty of flexibility in these proposals that will allow for each house in the legislature to put their own stamp on the budget while holding on to many of the initiatives proposed by the governor. We expect the legislative proposals to be put forward sometime around the beginning of April, and at that point we will begin to see how close today's proposal may be to the final product. There will then be further discussions, leading to the final budget that will not be wrapped up until sometime after the May Consensus Revenue Estimating Conference (CREC) when updated state revenue numbers will be known.

If you're looking for more information, here are some links:

- The slides from Governor Whitmer's presentation to the joint committee session are available by [clicking here](#).
- More information about the governor's proposals for education (both K-12 and higher education) are available by [clicking here](#).
- More information about the governor's proposals in other areas of the budget beyond K-12 are available by [clicking here](#).
- You can also watch Governor Whitmer's full budget presentation (just over one hour in length, presentation begins at the 13:00 mark) by [clicking here](#).

We will be continuing to dive more deeply into today's recommendation, and as the ball now moves into the legislative court, we will be working with legislators in the House and Senate to continue advancing the School Equity Caucus agenda. We will keep you informed on these budget discussions as they move forward.

Please be sure to contact us if you have additional questions or need more information.



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