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Partners in building full potential

COLLABORATION INTEGRITY INNOVATION SERVICE ACCOUNTABILITY DATA-DRIVEN

Board Report — July 9, 2026

- **State Budget:** The legislative conference committee reached agreement on a state budget for the new fiscal year. The following is a breakdown of summarized highlights, courtesy of our partners at Karoub Associates, of what was sent to the Governor last Friday, July 3, 2026.

Foundation Allowance

- The per-pupil foundation allowance increases by **\$250 (2.5%)**.
- Base foundation rises from **\$10,050 to \$10,300** per student.

Enrollment Stabilization

The budget creates a **three-year average enrollment calculation** to help districts experiencing declining enrollment, with \$186.1 million in one-time support.

New Weighted Student Funding

One of the largest policy changes in the budget creates a new weighted funding formula, transferring approximately **\$1.7 billion** categorical funding in some existing line-items such as at-risk and ELL and transferring those into a new section with specific weights. Within this dollar amount is a 20% increase to the former at-risk and ELL categoricals (**\$258.7 million** and **\$12.5 million** respectively), but we will need to dive into the new weighted funding formula to get a better understanding of the actual district-by-district impacts of the changes.

School Aid changes by general budget area, impacted at a high-level:

Literacy/Grow Your Own/Educator Compensation

- **\$150 million** one-time for educator compensation.
- **\$75 million** for **LETRS** science-of-reading professional development.
- Continued funding for:
 - o Michigan Future Educator Fellowships
 - o Student teacher stipends
 - o Grow Your Own teacher pipelines
 - o Literacy coaching
 - o Literacy Essentials statewide support.

Early Childhood

- **GSRP** funding will grow to approximately **\$730 million**, with a 10.2% increase to the per pupil allocation from **\$10,650 to \$11,736** and **\$10 million** for additional slots.
- **\$30 million** restoring statewide Early Learning Partnerships.
- **\$30 million** for early childhood workforce development.

Student Academic Supports

- **\$50 million** for High-Impact Tutoring
- **\$50 million** in general literacy supports
- **\$10.5 million** increase for literacy coaches
- **\$5 million** in numeracy supports for evaluation of mathematics curricula
- **\$5 million** for STEM supports
- **\$3 million** Learner/Educator Credentialing
- **\$1 million** for dyslexia tools

Student Mental Health & School Safety

Provides approximately **\$310 million** to continue funding in Section 31aa, with the public school portion split as follows:

- \$73.53 per-pupil for mental health supports (approximately $\frac{1}{3}$ of the categorical)
- \$147.06 per-pupil for student safety (approximately $\frac{2}{3}$), with revised boilerplate requiring districts to waive certain privileges due to mass casualty events.

School Meals

- Universal free breakfast and lunch continue.
- Funding increases slightly to approximately **\$202 million**, including continued reimbursement for participating nonpublic schools under certain conditions

Career & Technical Education (CTE)

The budget includes a number of CTE changes, but most noteworthy are **10.2%** increases in Sections 61a and 61b

Special Education

Increases the special education allowance by **2.5%** and provides an increase in Early On funding, but otherwise largely preserves current funding structures, including the existing Section 56 millage equalization formula.

Other Notable Items

- Continues **\$125 million** in transportation funding.
- Provides **\$50 million** in infrastructure grants for school facilities.
- Funds **\$40 million** for dual enrollment reimbursement
- Continues FAFSA completion incentives.
- Supports out-of-school programming.
- Provides funding for AP/IB/CLEP exam fee assistance.
- Increases support for isolated rural districts by 10.2%