



# MEMORANDUM

To: Governor Gretchen Whitmer  
Senate Majority Leader Winnie Brinks  
Speaker Matt Hall



From: Michigan Association of School Boards  
Michigan Association of Superintendents & Administrators  
Michigan Association of Secondary School Principals  
Michigan Alliance for Student Opportunity  
Michigan Association of Intermediate School Administrators  
Michigan Elementary & Middle School Principals Association  
Michigan Association of Administrators of Special Education  
Michigan Association of Pupil Transportation  
K-12 Alliance of Michigan  
School Equity



Date: June 18, 2025



RE: **FINALIZATION OF THE SCHOOL AID FUND BUDGET**



We are now only twelve days away from the end of the fiscal year for school districts across Michigan, yet they still do not have the specific funding numbers for the upcoming year. This week, the House cancelled all scheduled session days and, while the Senate convened, no action was taken on the budget. While we are encouraged by reports of leadership meeting to discuss the budget this week, there was no indication that any agreement or even general framework was close to completion.



Meanwhile, school boards are forced to adopt budgets for the 2025-2026 school year based on predictions of what the state may do regarding the per-pupil foundation allowance and funding for our most vulnerable students. In addition, districts continue to lack clarity around the many other programs that support student success.



The Senate passed a School Aid Fund budget in April, which was balanced and sustainable and funded the necessary items to best support students. As in past years, the Senate's budget will need adjustments resulting from the May Consensus Revenue Estimating Conference – which is part of the typical process.



In contrast, the House did not pass its School Aid Fund budget until last week, and the proposal is deeply flawed. It drains \$1 billion from the state's rainy day fund and the reserve funds set aside to support school meals, student transportation, educator recruitment, and retirement, at a time when the economy is strong. It increases the rate districts pay into MPSERS and moves nearly \$2 billion of School Aid funding to higher education. It also eliminates critical funding for high needs students in favor of an unsupportable block grant that many districts may not qualify for. And to make it worse, in addition to taking away essential funding from K-12 classrooms across the state, the

House Fiscal Agency analysis shows this proposal is unsustainable and could result in a structural deficit of \$1.2 billion to start Fiscal Year 2026-2027.

We are deeply concerned that the House budget proposal diverts more than \$2 billion from the School Aid Fund to offset General Fund spending. Whether this maneuver is intended to facilitate a deal on roads, tax cuts, or some other priority, it is unconscionable to balance that deal on the backs of Michigan's students. Roads and schools are both essential to Michigan's future – but they serve fundamentally different purposes and must be supported by separate, sustainable revenue streams. The School Aid Fund exists to support K-12 students and Michigan's public education system – not to subsidize infrastructure shortfalls or backfill tax cuts.

We call on lawmakers to prioritize the completion of the School Aid budget independent of General Fund budget negotiations. Among the parties, there is agreement on nearly 89% of the School Aid Fund spending, and they should work diligently in the coming days toward 100%. Our students and schools are not a tool or bargaining chip to be leveraged during infrastructure or tax cut negotiations. We urge the finalization of the School Aid Fund budget immediately and to safeguard it from further erosion.

CC: Rep. Tim Kelly, Chair, House  
Sen. Darrin Camilleri, Chair, Senate