

FY 2025-26: DEPARTMENT OF EDUCATION
Summary: As Passed by the Senate
Senate Bill 165 (S-2)



Analyst: Noel Benson

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	Difference: FY 2025-26 vs. FY 2024-25	
				Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	--
Federal	82,550,500	83,575,100	83,575,100	1,024,600	1.2
Local	5,868,500	5,884,200	5,884,200	15,700	0.3
Private	2,542,200	2,547,500	2,547,500	5,300	0.2
Restricted	10,117,800	10,193,800	2,193,800	(7,924,000)	(78.3)
GF/GP	63,896,100	62,722,100	72,222,100	8,326,000	13.0
Gross	\$164,975,100	\$164,922,700	\$166,422,700	\$1,447,600	0.9
FTEs	574.5	587.5	589.5	15.0	2.6

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Senate Change from YTD
1. Teacher Certification Fees Fund Swap	Gross	NA
<u>Executive</u> does not include.	Restricted	NA
<u>Senate</u> swaps \$8.0 million Teacher-Administrator Preparation and Certification Fund for \$8.0 million GF/GP for a net-zero change due to the proposed elimination of teacher certification fees.	GF/GP	NA
		\$0
2. Science of Reading Literacy Supports	FTE	84.7
<u>Executive</u> increases by \$960,900 GF/GP and provides authorization for 6.0 FTE positions to provide supports to districts on new dyslexia requirements under 2024 PA 146 and continue literacy improvements under science of reading. Funding is transferred from ASL Literacy Resources (\$500,000 GF/GP) and Educator Recruitment and Preparation (\$460,900 GF/GP). (See Item #3 and Item #4 for reductions in funding.)	Gross	\$17,696,000
<u>Senate</u> concurs with Executive.	Federal	13,175,600
	Restricted	602,400
	GF/GP	\$3,918,000
		\$960,900
3. ASL Literacy Resources	Gross	\$1,000,000
<u>Executive</u> reduces by \$500,000 GF/GP for a total of \$500,000 GF/GP to reallocate funds for the science of reading literacy supports. (See Item #2 for increase in funding.)	GF/GP	\$1,000,000
<u>Senate</u> concurs with Executive.		(\$500,000)
4. Educator Recruitment and Preparation	Gross	\$1,675,600
<u>Executive</u> reduces by \$460,900 GF/GP for a total of \$1.2 million GF/GP to reallocate funds for the science of reading literacy supports. (See Item #2 for increase in funding.)	GF/GP	\$1,675,600
<u>Senate</u> concurs with Executive.		(\$460,900)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Senate Change from YTD	
5. State Aid to Libraries		Gross	\$16,567,700	\$900,000
<u>Executive</u> does not include.		GF/GP	\$16,567,700	\$900,000
<u>Senate</u> provides \$900,000 GF/GP to increase state aid to libraries by 5.4%.				
6. Office of Systems, Evaluation, and Technology Federal Increase		FTE	18.0	0.0
<u>Executive</u> increases by \$360,000 federal to reflect increased available federal revenue for the Office of Systems, Evaluation, and Technology.		Gross	\$3,132,900	\$360,900
<u>Senate</u> concurs with Executive.		Federal	1,802,300	360,900
		Restricted	11,000	0
		GF/GP	\$1,319,600	\$0
7. CTE Pathways to Success		FTE	25.0	2.0
<u>Executive</u> increases by \$342,400 GF/GP and provides authorization for 2.0 FTE positions to provide administrative support for new career and technical education programs included in the proposed School Aid budget.		Gross	\$5,668,700	\$342,400
<u>Senate</u> concurs with Executive.		Federal	4,099,200	0
		GF/GP	\$1,569,500	\$342,400
8. Office of Nutrition Services		FTE	82.6	(14.0)
<u>Executive</u> renames School Support Services Operations to the Office of Nutrition Services. Transfers out \$1.5 million Gross (\$468,900 GF/GP) and authorization for 19.0 FTE positions to the new Office of Health and Safety (See Item #9 for the equivalent increase in funding.). Provides authorization for an additional 5.0 FTE positions to reflect currently available federal funding.		Gross	\$15,969,300	(\$1,465,300)
<u>Senate</u> concurs with Executive.		Federal	13,127,300	(996,400)
		Restricted	150,000	0
		GF/GP	2,692,000	(\$468,900)
9. Office of Health and Safety		FTE	NA	22.0
<u>Executive</u> transfers in \$1.5 million Gross (\$468,900 GF/GP) and authorization for 19.0 FTE positions from Office of Nutrition Services (formerly School Support Services Operations). Provides authorization for 3.0 additional FTE positions to reflect available federal funding. (See Item #8 for the equivalent reduction in funding.)		Gross	NA	\$1,465,300
<u>Senate</u> concurs with Executive.		Federal	NA	996,400
		GF/GP	NA	\$468,900
10. Media Literacy Training		FTE	84.7	0.0
<u>Executive</u> does not include.		Gross	\$18,446,000	\$300,000
<u>Senate</u> provides \$300,000 GF/GP for developing professional training for teaching artificial intelligence and media literacy.		Federal	13,175,600	0
		Restricted	602,400	0
		GF/GP	\$4,668,000	\$300,000
11. Special Education Services Transfer		FTE	47.0	0.0
<u>Executive</u> transfers in \$200,000 GF/GP from the Michigan Schools for the Deaf and Blind Operations to support staff responsible for statewide special education monitoring activities. (See Item #12 for equivalent reduction in funding.)		Gross	\$9,555,600	\$200,000
<u>Senate</u> concurs with Executive.		Federal	8,955,700	0
		Private	111,800	0
		Restricted	49,200	0
		GF/GP	438,900	\$200,000
12. Michigan Schools for the Deaf and Blind Transfer		FTE	82.0	0.0
<u>Executive</u> transfers out \$200,000 GF/GP from the Michigan Schools for the Deaf and Blind Operations to support staff responsible for statewide special education monitoring activities. (See Item #11 for equivalent increase in funding.)		Gross	\$20,064,400	(\$200,000)
<u>Senate</u> concurs with Executive.		Federal	7,639,400	0
		Local	5,868,500	0
		Private	1,350,400	0
		Restricted	1,206,100	0
		GF/GP	\$4,000,000	(\$200,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Senate Change from YTD
13. Office of Systems, Evaluation, and Technology FTE Transfer		FTE	18.0
<u>Executive</u> transfers in \$153,500 Gross (\$7,600 GF/GP) from the Office of Financial Management to the Office of Systems, Evaluation, and Technology to reallocate resources based on anticipated workload. (Although not included in documents, the Executive expressed intent to transfer authorization for 1.0 FTE position from the Office of Financial Management to the Office of Systems, Evaluation, and Technology. See Item #14 for equivalent reduction in funding.)		Gross	\$3,132,900
<u>Senate</u> concurs with Executive.		Federal	1,802,300
		Restricted	11,000
		GF/GP	\$1,319,600
			\$7,600
14. Office of Financial Management FTE Transfer		FTE	3.0
<u>Executive</u> transfers out \$153,500 Gross (\$7,600 GF/GP) from the Office of Financial Management to the Office of Systems, Evaluation, and Technology to reallocate resources based on anticipated workload. (Although not included in documents, the Executive expressed intent to transfer authorization for 1.0 FTE position from the Office of Financial Management to the Office of Systems, Evaluation, and Technology. See Item #13 for equivalent increase in funding.)		Gross	\$2,029,900
<u>Senate</u> concurs with Executive.		Federal	1,822,400
		Restricted	93,700
		GF/GP	\$113,800
			(\$7,600)
15. Foster Care Oversight		FTE	84.7
<u>Executive</u> does not include.		Gross	\$17,696,000
<u>Senate</u> provides \$150,000 GF/GP and authorization for 1.0 FTE position for regularly reviewing educational programs in child caring institutions, as required by 2024 PA 11.		Federal	13,175,600
		Restricted	602,400
		GF/GP	\$3,918,000
			\$150,000
16. Medicaid Technical Support		FTE	82.6
<u>Executive</u> does not include.		Gross	\$15,969,300
<u>Senate</u> provides \$150,000 GF/GP and authorization for 1.0 FTE position to provide technical support to districts to use Medicaid dollars for mental health.		Federal	13,127,300
		Restricted	150,000
		GF/GP	\$2,692,000
			\$150,000
17. School Board Member Training		Gross	\$150,000
<u>Executive</u> transfers \$150,000 GF/GP for School Board Member Training out of School Support Services Operations and into a separate line item.		GF/GP	\$150,000
<u>Senate</u> concurs with Executive.			\$0
18. Michigan Poet Laureate		Gross	\$100,000
<u>Executive</u> transfers \$100,000 GF/GP for Michigan's Poet Laureate out of Library of Michigan Operations and into a separate line item.		GF/GP	\$100,000
<u>Senate</u> concurs with Executive.			\$0
19. Removal of FY 2024-25 One-Time Appropriations		FTE	3.0
<u>Executive</u> removes \$2.0 million GF/GP of one-time funding and authorization for 3.0 FTE positions that were included in the FY 2024-25 budget to support the following:		Gross	\$2,000,000
<ul style="list-style-type: none"> Michigan Test for Teacher Certification Reimbursement (\$1.1 million GF/GP) Community Health Worker Career Center (\$150,000 million GF/GP) Mental Health Training (\$250,000 GF/GP) Charter School Transparency Database (\$150,000 GF/GP; 1.0 FTE position) School Infrastructure and Consolidation Administration (\$150,000 GF/GP; 2.0 FTE positions) 		GF/GP	\$2,000,000
<u>Senate</u> concurs with Executive.			(\$2,000,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Senate Change from YTD
20. Economic Adjustments	Gross	NA	\$1,245,200
<u>Executive</u> reflects increased costs of \$1.2 million Gross (\$483,600 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	664,600
	Local	NA	15,700
	Private	NA	5,300
	Restricted	NA	4,000
	GF/GP	NA	\$555,600

Senate concurs with Executive, but swaps \$72,000 Teacher-Administrator Preparation and Certification Fund increases for GF/GP for a total of \$555,600 GF/GP.

Major Boilerplate Changes from FY 2024-25

Boilerplate Deletions

In general, the Executive and Senate concur to delete boilerplate sections included in the FY 2024-25 budget. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

- Charter School Transparency Database (Sec. 1100)
- Mental Health Training (Sec. 1101)
- Community Health Worker Career Center (Sec. 1102)
- School Infrastructure and Consolidation Administration (Sec. 1103)
- Michigan Test for Teacher Certification Reimbursement (Sec. 1104)

Sec. 201. Total State Spending and State Spending to Local Governments – REVISED

Provides total state spending and payments to local units of government. Executive revises to reflect new appropriation amounts, removal of one-time funding, and the shift of School Board Member Training to a separate line item. Senate concurs with Executive.

Sec. 205. Purchase of Foreign Goods – REVISED

Prohibits use of state funds to purchase foreign-made goods if comparable American or Michigan goods or services are available. Gives preference to Michigan businesses owned and operated by veterans. Executive does not change. Senate requires preference to be given to good or services manufactured in facilities that employ union members.

Sec. 206. Communication with the Legislature – RETAINED

Prohibits MDE from taking disciplinary action against an employee for communicating with a legislator or staff. Executive deletes this section. Senate retains this section.

Sec. 212. Restricted Funds Report – RETAINED

Requires MDE to work with SBO to provide a report to the legislature on estimated restricted fund revenues, expenditures, and fund balances for the prior two fiscal years. Executive deletes this section. Senate retains this section.

Sec. 219. Report on Policy Changes Made to Implement Public Acts Affecting Department – RETAINED

Requires MDE to report by April 1 on each specific policy change made to implement a public act affecting MDE that took effect during the prior calendar year. Executive deletes this section. Senate retains this section.

Sec. 220. General Fund Appropriations – NEW

Senate requires federal or private funds to be expended before general funds. Requires MDE to provide notice if they are required to make a reduction in expenditures under Sec. 395(1) or (2) of the Management and Budget Act, 1984 PA 431, MCL 18.1395.

Sec. 221. Unenforceable Sections – NEW

Senate requires MDE to provide a report on any sections that they determined to be unenforceable with a detailed legal rationale.

Sec. 222. Expending Available Work Project Authorization – RETAINED

Prohibits appropriations from being expended until all existing work project authorization available for the same purpose is exhausted, to the extent possible. Executive deletes this section. Senate retains this section.

Sec. 223. Expending Available Work Project Authorization – REVISED

Directs the state budget director to reallocate state fiscal recovery funds that are in jeopardy of not meeting the expenditure deadline of December 31, 2026, and must notify the Legislature within 10 days after making the reallocation. Executive deletes this section. Senate revises to require MDE to provide notice if an appropriation described under this section is projected to lapse. Strikes language directing how funds should be reallocated.

Major Boilerplate Changes from FY 2024-25

Sec. 224. Federal Policy Changes Report – NEW

Senate requires MDE to provide a quarterly report detailing federal policy changes that affect the operations of the department; affect an industry, community, population, or other group that engages with the department; affect regulations that affect a group served by the department; or create a regulatory gap that could negatively impact the public.

Sec. 504. District Educator Preparation Programs – REVISED

Requires MDE to award funding to districts for educator preparation programming. Executive requires MDE to award funding to districts for educator preparation programming. Revises allocation to reflect reprioritization of funds toward implementation of 2024 PA 146. Senate concurs with Executive.

Sec. 604. Mental Health Support Services – REVISED

Executive requires MDE to use funding to provide technical assistance to districts receiving funding under Sec. 31n of the School Aid Act to make them more effective at using Medicaid dollars for mental health. Revises to clarify that technical assistance includes but is not limited to Medicaid claims. Senate revises allocation and FTE authorizations to reflect increased funding. Does not concur with Executive revisions.

Sec. 704. Foster Care Oversight – NEW

Senate requires MDE to use funds and an FTE position authorization to regularly review educational programs in child caring institutions, as required by 2024 PA 11

Sec. 705. Media Literacy Training – NEW

Senate requires MDE to use funds to design, implement, and evaluate professional learning and optional curriculum modules for teaching artificial intelligence and media literacy.