FISCAL BRIEF

AT-RISK FUNDING—FY 2025-26 UPDATE

Jacqueline Mullen, Senior Fiscal Analyst
Noel Benson, Fiscal Analyst
February 26, 2026

FAST FACTS

- The At-Risk program provides funding to districts for academic and additional supports to students at risk of not succeeding in school.
- The FY 2025-26 budget includes $1.3 billion for At-Risk students.
- A district's At-Risk payment is equal to a percentage weight (determined by the district's percentage of economically disadvantaged students) times the Target foundation allowance times the number of the district's economically disadvantaged students.
- For FY 2025-26, payments are prorated to between 16.1% and 21.5% of the Target per economically disadvantaged student.

INTRODUCTION

Under Sec. 31a of the School Aid Act, eligible districts—including public school academies (PSAs), or charter schools—may receive funding to support their "At-Risk" students. The funding is intended to address early literacy and numeracy and ensure students are:

- Proficient in English language arts (ELA) by the end of grade 3;
- Proficient in mathematics by the end of grade 8;
- Attending school regularly;
- Career and college ready by high school graduation.

At-Risk funding may be used for a variety of programs and services (see Eligible Expenses below), which may be held outside of regular school hours.

To be eligible, a district must:

- Comply with K-3 reading requirements under Sec. 1280f of the Revised School Code (MCL 380.1280f);
- Use resources to address early literacy and numeracy;
- Implement a Multi-Tiered System of Supports (MTSS) for all grades operated from K-12.

In addition to the At-Risk program, Sec. 31a also provides for primary health care services and hearing, vision, and dental screenings. For Fiscal Year (FY) 2025-26, the total appropriation under Sec. 31a is $1.3 billion, of which 97% (also rounding to $1.3 billion) is allocated for At-Risk program funding. This memo will focus only on the At-Risk program.

HISTORY

Under Proposal A of 1994 and related legislation, significant portions of state and local funding for general school operations were consolidated into the foundation allowance, [1] a general per-pupil allocation. However, the legislature maintained separate funding for certain "categorical" programs for students who need additional supports; the At-Risk program was one and was initially funded at $230.0 million.

After surpassing the $300.0 million mark in FY 2000-01, At-Risk appropriations were fairly flat for 15 years before increasing by 67% between FYs 2014-15 and 2018-19,

[1] See House Fiscal Agency Fiscal Brief: Basics of the Foundation Allowance – FY 2025-26 Update

from $309.0 million to $517.0 million. The funding increases coincided with the following programmatic changes:

- The program was revised to emphasize improving ELA and math proficiency, reducing chronic absenteeism, and improving career and college readiness.
- In FY 2017-18, the number of funding-eligible students was expanded from just those who qualify for free school meals to those who are **economically disadvantaged**, described in more detail below.

In FY 2018-19, the number of funding-eligible students was increased again when Medicaid-eligible students became automatically eligible for free/reduced school meals (known as Direct Certification). From FY 2002-03 to FY 2021-22, the At-Risk appropriation was insufficient to fully fund districts' allocations; therefore, payments were prorated by an equal percentage per district. In FY 2021-22, districts received 77% of their calculated payments.

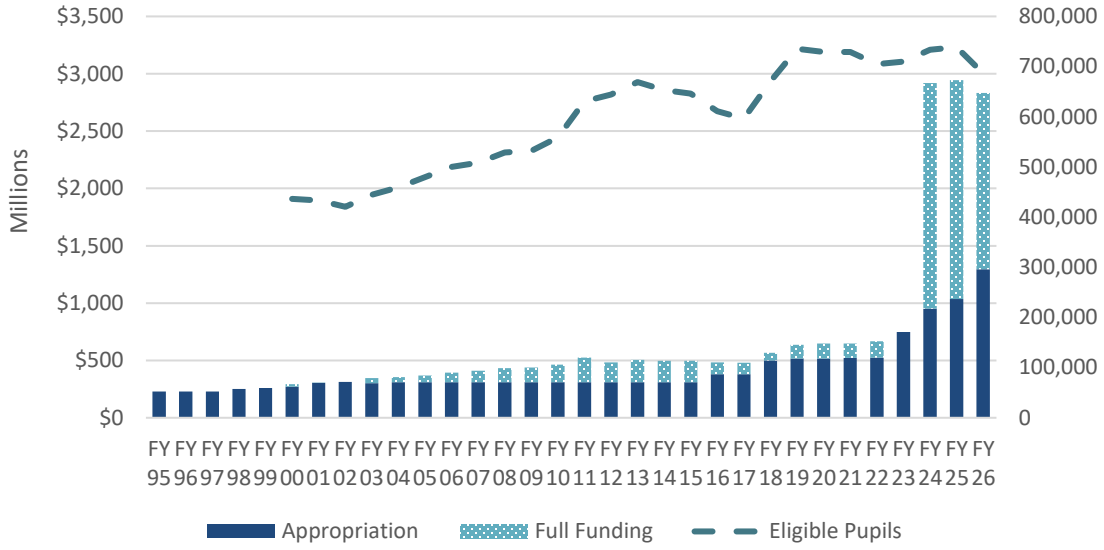
In FY 2022-23, with a 43% increase in the appropriation for a total of $747.5 million, payments were fully funded. The increase in FY 2022-23 also enabled the removal of a 35% payment cap on certain high-revenue districts and the removal of a $12.0 million appropriation that ensured districts did not receive less funding than the prior year (after accounting for declining enrollment).

The funding calculation for At-Risk was revised in FY 2023-24, increasing the threshold for full funding from 11.5% of the Target foundation to a tiered formula ranging from 35% to 47% of the Target foundation and resulting in prorated payments (see Funding Mechanism below). Total At-Risk funding increased by $204.5 to a total of $952.0 million to ensure that the prorated payments did not go below 11.5% of the Target foundation, the prior full funding amount. The FY 2023-24 appropriation equaled approximately 33% of the newly established full funding amount.

In FY 2025-26, At-Risk payments are expected to be about 46% of the full funding amount, due to both continued increases in the At-Risk appropriation (now $1.3 billion) and the removal of pandemic-era protections in Medicaid,[2] which contributed to a reduction in funding-eligible students of about 7% in FY 2025-26.

Figure 1 below shows the history of At-Risk funding and the number of eligible students on which funding is based.[3]

Figure 1: At-Risk Appropriations and Funding-Eligible Students



[2] During the COVID-19 public health emergency, the federal government paused termination of an individual's Medicaid certification, even if they were no longer eligible. Annual redeterminations began in Michigan in May 2023.

[3] The full funding amount accounts for the statutory cap for certain high-revenue districts when applicable. FY 2022-23 is the first year in Figure 1 where there is no cap on certain districts.

FUNDING MECHANISM

Eligible districts receive At-Risk funding based on the number of students determined in the prior school year to be **economically disadvantaged**—defined as meeting at least one of the following criteria:[4]

- Eligible for free or reduced-price school meals;
- Lives in a household receiving Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) assistance;
- Homeless;
- Migrant;
- In foster care.

Prior to FY 2017-18, Sec. 31a allocated to districts an amount equal to 11.5% of the district's foundation allowance multiplied by the number of eligible students. Beginning in FY 2017-18, this formula was revised to 11.5% of the statewide weighted average foundation allowance multiplied by the number of eligible students.[5] When the foundation gap between districts was closed in FY 2021-22, the statewide weighted average effectively became equal to the Target foundation, and the language in statute was revised to reflect this in FY 2022-23.

Beginning in FY 2023-24, the percentage of the Target was revised from 11.5% to a sliding scale between 35% and 47% (payments are then prorated). The new formula assigns an "opportunity index score" to each district annually based on the percentage of economically disadvantaged students in the district. Each district's funding weight is then based on which "band" the district's opportunity index score is in, with districts that have a higher percentage of economically disadvantaged students receiving a higher funding weight.

Funding is allocated under the opportunity index formula as follows:

- Band 1: 35.0% to 36.0% of the Target foundation allowance for districts with an opportunity index score greater than or equal to 0 but less than 20 (i.e., 0-20% of the district's students are economically disadvantaged);
- Band 2: 36.0% to 37.5% of the Target for districts with a score ≥ 20 but < 44;
- Band 3: 37.5% to 39.0% of the Target for districts with a score ≥ 44 but < 59;
- Band 4: 39.0% to 42.0% of the Target for districts with a score ≥ 59 but < 73;
- Band 5: 42.0% to 47.0% of the Target for districts with a score ≥ 73 but < 85;
- Band 6: 47.0% of the Target for districts with a score ≥ 85 and above.

For FY 2025-26, payments are estimated to be prorated to a range between 16.1% and 21.5% of the Target foundation allowance.

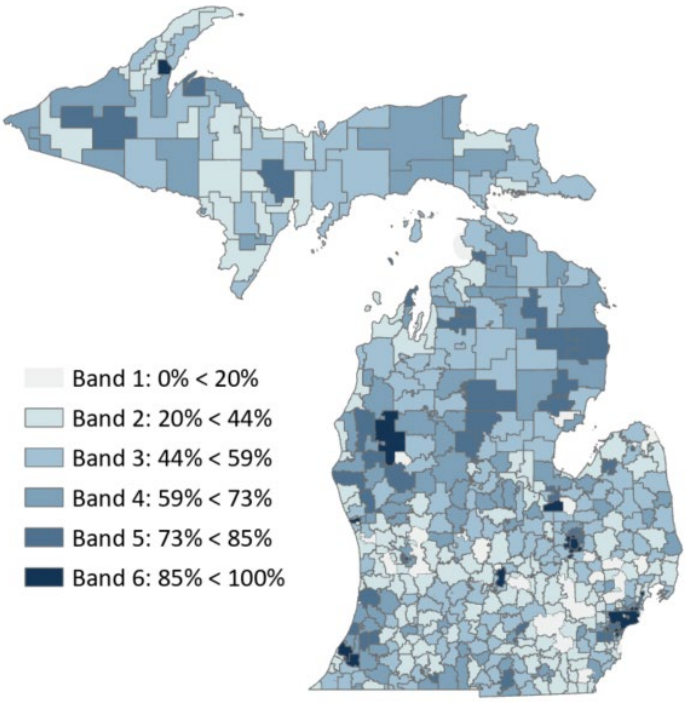
[4] For a district in the second year of the federal Community Eligibility Program (CEP), the number of eligible students may be determined using the district's identified student percentage multiplied by the district's total number of pupils. The CEP allows high-poverty districts to serve free school meals to all students and reimburses districts based on the percentage of economically disadvantaged students in the year before the district participates in the CEP.

[5] The statewide weighted average foundation allowance was calculated by adding each district's foundation allowance (capped at the Basic foundation allowance, now known as the Target) multiplied by the number of membership pupils and then dividing that total by the statewide number of membership pupils.

ECONOMICALLY DISADVANTAGED STUDENT CONCENTRATION

Figure 2 shows the ratio of economically disadvantaged students in each traditional, locally governed school district in Michigan, along with the corresponding opportunity index bands. The map does not include PSAs because they do not have a geographic boundary. Statewide, 49.6% of students are economically disadvantaged, with the median district at 57.1%. The concentration among individual districts ranges from 5.6% to 100%. Locally governed school districts have 46.2% economically disadvantaged students overall with a median of 50.6%. PSAs have 76.1% overall and a median of 82.9%.

Figure 2: FY 2025-26 Opportunity Index Score



AT-RISK PUPILS

While the amount of funding is determined by the number of economically disadvantaged students, districts are given a wider definition of **"At-Risk pupils"** who are eligible for support. At-Risk pupils include any PreK-12 student who meets any of the following criteria:

- Economically disadvantaged (see full definition above);
- English language learner;
- Chronically absent;
- Victim of child abuse or neglect;
- Pregnant teenager or teenage parent;
- In a family with history of school failure, incarceration, or substance abuse;
- Immigrant who has immigrated within the past three years;
- Continuing in school after not completing high school within four years;
- Not proficient in the English language arts, mathematics, science, or social studies content areas of the state summative assessment;
- At risk of not meeting core academic curricular objectives in English language arts or mathematics as demonstrated on local assessments.

ELIGIBLE EXPENSES

With the pupils above in mind, districts may spend At-Risk funding on the following allowable expenses:

- Instructional programs;
- Direct noninstructional services, including medical, mental health, or counseling services;
- School health clinics;
- Anti-bullying or crisis intervention programs;
- Support staff providing services to At-Risk pupils;
- Implementation of a coaching model supporting MTSS or provision of professional development related to implementation of MTSS and/or Sec. 1280f of the Revised School Code;
- Up to 30% to reduce the teacher to pupil ratio in grades K-3;
- Up to 10% of funds for Pre-K instructional and noninstructional services.

In some cases, certain districts are permitted to use At-Risk funds for additional purposes not listed above. For districts where at least 50% of students are economically disadvantaged, funds received may go toward school security or school parent liaison personnel. For schools in which more than 40% of students are At-Risk, a district may use At-Risk funds to implement schoolwide reforms guided by a comprehensive needs assessment and district improvement plan. Reforms must include parent and community supports. For districts in Opportunity Index Band 4, 5, or 6, up to 30% of At-Risk funds may be used for retention and recruitment efforts of instructional and support staff.

Districts that operate a school breakfast program under Sec. 1272a of the Revised School Code (MCL 380.1272a) must spend an amount up to $10 per economically disadvantaged student to support that program.

At-Risk funds may not be used for administrative costs.