

**FY 2025-26: SCHOOL AID**  
**Summary: House Substitute**  
**House Bill 4162 (H-2)**



**Analysts: Jacqueline Mullen and Noel Benson**

	<b>FY 2024-25 Year-to-Date as of 2/5/25</b>	<b>FY 2025-26 House</b>	<b>Difference: FY 2025-26 vs. FY 2024-25</b>	
			<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$0	\$0	\$0	--
<b>Federal</b>	2,272,793,500	583,000,000	(1,689,793,500)	(74.3)
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	18,418,651,300	15,039,488,000	(3,379,163,300)	(18.3)
<b>GF/GP</b>	78,830,600	400,000	(78,430,600)	(99.5)
<b>Gross</b>	<b>\$20,770,275,400</b>	<b>\$15,622,888,000</b>	<b>(\$5,147,387,400)</b>	<b>(24.8)</b>

**Overview**

The School Aid budget makes appropriations to the state's 537 local school districts, 285 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

**FY 2025-26 Appropriation Items**

**Appropriation  
Amount**

**1. Foundation Allowances (Secs. 22a & 22b)**

**Gross \$10,457,000,000**

Increases by \$558.0 million SAF (including a reduction of \$386,400 GF/GP) to provide a \$417 (4.3%) per-pupil increase in the foundation allowance, from \$9,608 to \$10,025, and an increase in the cyber school foundation allowance, from \$9,150 to \$10,025.

Restricted 10,457,000,000  
GF/GP \$0

**2. Per-Pupil Mental Health & School Safety Grant (Sec. 31aa)**

**Gross \$350,000,000**

Provides \$350.0 million SAF for per-pupil payments to districts, ISDs, and the Michigan Schools for the Deaf and Blind for activities to improve mental health and school safety. (This section provided \$125.0 million one-time SAF, \$25.0 million ongoing SAF, and \$1.5 million one-time GF/GP in FY 2024-25.) Strikes nonpublic schools as eligible recipients.

Restricted 350,000,000  
GF/GP \$0

**3. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, & 54)**

**Gross \$2,724,388,000**

Provides \$2.7 billion Gross (\$0 GF/GP) for special education expenditures. Funding is increased by \$127.3 million Gross (\$0 GF/GP) from current-year funding levels to increase special education foundation allowances by 4.3%, to eliminate special education millage incentives, and for revised cost estimates.

Federal 583,000,000  
Restricted 2,141,388,000  
GF/GP \$0

**4. Michigan Public School Employees' Retirement System (MPERS) (Secs 147a, 147c, & 147e)**

**Gross \$2,091,500,000**

Provides \$2.1 billion Gross (\$400,000 GF/GP) for K-12 MPERS costs, a reduction of \$232.2 million Gross from current-year funding levels.

Restricted 2,091,100,000  
GF/GP \$400,000

**FY 2023-24: COMMUNITY COLLEGES**  
**Summary: House Substitute**  
**House Bill 4162 (H-2)**



HFA Director: Mary Ann Cleary  
Analyst: Perry Zielak

**FY 2023-24 APPROPRIATIONS SUMMARY**

<b>Budget Area</b>		<b>FY 2023-24 Year-to-Date Appropriations</b>	<b>FY 2023-24 Supplemental Change</b>	<b>% Change</b>
Community Colleges	Gross	\$550,817,500	\$0	0.0
	GF/GP	\$0	\$0	0.0
<b>TOTAL</b>	<b>Gross</b>	<b>\$550,817,500</b>	<b>\$0</b>	<b>0.0</b>
	<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**Overview**

House Bill 4162 (H-2) contains supplemental appropriation adjustments for a technical reappropriation for Community Colleges for FY 2023-24.

**FY 2023-24 Supplemental Appropriation Items**

**Appropriation  
Change**

**COMMUNITY COLLEGES**

***1. Community College Academic Catch-up Program***

Reappropriates \$3.3 million federal Coronavirus State Fiscal Recovery Fund for FY 2023-24. The original \$10.0 million federal one-time appropriation for the program was made in FY 2022-23. Due to an accounting technical issue, the reappropriation is needed in order to track the \$3.3 million in subgrants awarded by the Michigan Community College Association (MCCA) in FY 2023-24 as the appropriation was not given a work project status in FY 2022-23. No additional funds are being allocated and the original appropriation for the Community College Academic Catch-up program remains at \$10.0 million federal.

<b>Gross</b>	<b>\$0</b>
GF/GP	\$0