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FY '26 Minus 20: In education world, budget pressure mounts on all sides: 'We really don't know that the money is coming'

With just under three weeks to go before the clock runs out on the 2024-25 fiscal year, a sense of panic is taking root in the education community at the lack of progress on a state budget – and with it, an unwanted tightening of fiscal belts, school leaders say.

This week, comments from dozens of local superintendents and warnings from [Superintendent of Public Instruction Michael Rice](#) have sought to impress upon lawmakers that their actions – or lack thereof – are already having consequences. Rice, speaking before the [State Board of Education](#) for the final time on Tuesday ahead of his retirement next month, excoriated lawmakers for the "unacceptable" decision not to hammer out a budget deal by July 1.

"Failure to pass a budget on time has led to districts being more cautious in spending decisions, including staffing decisions," Rice said. "This summer into the beginning of the school year, some districts have begun to share with parents (that) some programs will not run or may not be funded, including universal meals, after school programs and additional teachers to reduce class sizes in a particular grade. This, too, is unacceptable."

The Michigan Association of Superintendents and Administrators and Michigan Alliance for Student Opportunity hosted over 25 local superintendents at a Lansing press conference Wednesday to outline the specific measures districts have had to take in response to a past-due state budget and to brace for the possibility of a government shutdown.

A recent survey from the more than 4,400-member Michigan School Business Officials found that 52% of respondents have already made budget cuts in their districts for the upcoming fiscal year, MASO Executive Director Peter Spadafore said. Eleven percent have laid off classroom teachers, 15% have laid off non-instructional staff and 42% have cut positions through attrition.

"These cuts aren't just line items on a spreadsheet," Spadafore said. "They're broken promises to families and educators."

Despite claims from officials on both sides of the aisle that a quality K-12 School Aid budget is a top priority, school leaders still feel they're being strung along by a Legislature more focused on political spats than students and educators. Especially grating to the superintendents were comments made by House [Speaker Matt Hall](#), R-Richland Township, at a recent press conference, in which he implied that school districts were overreacting to the delayed budget and that there's no need to make cuts since state funds will come eventually.

"The truth of the matter is we have just about 1.4 million kids in public education across the state ... there are many missed opportunities. What we would have planned for, but we couldn't, because there's not a budget to plan with," Wyoming Public Schools Superintendent Craig Hoekstra said. "This is time that we cannot get back. Our role across the state, with all educators, is to show up for kids in great ways, make their day and leave everything on the table. A response like that from Mr. Hall is extremely disappointing, and they just need to spend their time working on a budget rather than playing things out in the media."

The extra wrench thrown into the plan, school leaders said, is students becoming a bargaining chip for road funding in a budget cycle where lawmakers are already miles apart from each other in their partisan camps on how to fund schools.

"The need for a roads plan dates back many years, and three governors in a row have acknowledged the importance of increasing revenue to meet the state's structural budget needs, including fully funding roads and schools," Rice said Tuesday. "These recommendations noted that children's pre-K-12 education is billions of dollars underfunded. Notwithstanding three strong budgets in a row, Michigan schools continue to be underfunded on an inflation adjusted basis by billions of dollars. If it were to fully fund schools

and roads, the state would clearly need additional revenue, and while efforts to increase roads funding are not explicitly intended to adversely affect school funding, the practical implication of adding \$3 billion more in roads funding to the budget without increasing revenue would be to create significant harm to children and families."

Scott Koenigsknecht, superintendent of Clinton County RESA, worked through both the 2007 and 2009 government shutdowns. The difference between then and now, he said, is that lawmakers are much farther away from any agreement and show almost no signs of yielding, even on their most extreme priorities. In prior tough budget cycles, schools could count on budget programs staying mostly consistent, even if dollar amounts changed year to year – but this year, the differences between the Senate Democratic budget and its House Republican counterpart consist of millions of dollars and dozens of programs that could be cut.

"Both the governor's executive budget recommendation and the Senate's budget make recommendations with which educators could work," Rice said. "The House's budget is an outlier budget, one that fails to fund LETRS training, fails to fund a pilot in low class sizes in high poverty grades K-3, fails to fund research-based early literacy material, fails to fund general education transportation reimbursement, fails to fund partnership district support."

Other superintendents said they're concerned about the possibility of budget items like funding for career and technical education or early childhood programs being traded away during the negotiation process, either to support a roads plan or other priorities.

A coalition of superintendents from Ingham County sent a letter to families on Wednesday, urging them to contact their elected officials and encourage them to pass an on-time budget that doesn't pull from the K-12 School Aid Fund. They warned that a government shutdown could affect school services like transportation, preschool and early childhood care, extracurricular activities and student travel.

"At the heart of the deadlock is a proposal to redirect dollars from the School Aid Fund – the fund voters were promised would be dedicated to K-12 education – to other priorities, including road repairs," the superintendents wrote in the letter. "Many believe this violates the original intent of the system voters approved in 1994 to

provide fair, statewide funding for public schools. If the Legislature does not pass a budget, districts will miss their first scheduled state aid payment on October 20, 2025."

An additional concern for K-12 advocates is the House proposal to allocate a larger chunk of School Aid Fund dollars to public universities for operational costs – one of the solutions Republicans have put forth to fund a nearly \$3 billion roads plan without having to source new streams of revenue and to relieve pressure on the General Fund.

Michigan Association of State Universities CEO Dan Hurley said, though, that increasing the School Aid Fund makeup of the higher education budget is actually the most effective way to "achieve state educational, workforce and economic goals."

"Allocating a larger share of SAF dollars to support university operations, as the House has proposed, does not take away existing funding from K-12. House Fiscal Agency data illustrates that universities currently receive only 2% of SAF dollars, which in turn represents 20% of the higher education budget," Hurley said in a statement. "Utilizing a portion of new growth in the SAF will support college affordability in a more consistent and reliable manner, while strengthening the state's entire pre-K through postsecondary educational system. Doing so will still allow record funding for K-12 education while freeing up more General Fund dollars to fund other state priorities."

Education Advocates of West Michigan Director Dan Behm said the crux of the budget holdup "hinges on raiding the School Aid Fund" – that lawmakers could have chosen to pass education budgets separately from the rest to meet the July 1 deadline, but there was an impasse between those who wanted to move School Aid Fund dollars to support road funding and balancing the General Fund and those who would not support such a measure.

However, the Legislature is divided, superintendents are starting to brace for the possibility that it may not be able to overcome those rifts by the deadline.

Coby Fletcher, superintendent of Escanaba Area Public Schools, said he's most worried that if lawmakers are unable to come to an agreement by September 30 and his district has to dip into its savings or take out a loan to continue operating, there won't be an

option to backfill the funding he was planning to have throughout the summer and into the fall.

"What I worry about for my district is if I have to use savings to keep the door open, are we going to be able to recoup all that funding? Are they going to apply that funding retroactively to the start of the school year? Or are they going to say 'hey, this is a great way to create savings. Maybe we don't retroactively provide all of that funding,'" he said. "So (lawmakers) may be saying we know the funding will come, we'll get it. But realistically, do we really know that it's going to come, and do we really know that we're really going to get it?"

MASA Executive Director Tina Kerr said her organization and others will continue putting the screws to those in the Capitol each day until the deadline. After their press event, the superintendents made their way downtown, hoping to come face-to-face with the policymakers they feel have been walling them off for the past three months.

"We're coming for you," Kerr said.

– By Lily Guiney

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