

# 2022 BUDGET PRIORITY: REDUCE OR ELIMINATE THE SHIFT OF SCHOOL AID FUND DOLLARS TO POSTSECONDARY EDUCATION COMMUNITIES

## LEAGUE RECOMMENDATION:

Use the money in the School Aid Fund (SAF) solely for K-12 education, as had been done prior to 2009, and pay for public university and community college operations and retirement from the General Fund.

## BACKGROUND:

Shifting SAF dollars that are primarily intended for K-12 education into funding for community colleges and public universities began as a one-time fix to help balance the state budget, but has now become regular practice in the annual appropriations process. To date, Michigan has shifted nearly \$5.9 billion in SAF to universities and community colleges since 2009. This cut to K-12 education has not been done for the benefit of postsecondary education, but to balance the state budget and to compensate for General Fund dollars that are increasingly stretched thin due in large part to tax cuts for businesses.

Use of School Aid Fund for Universities and Community Colleges					
Budget Year	School Aid Fund Dollars**		SAF as Percentage of Total Appropriation***		Total SAF Dollars to Postsecondary Education
	Universities	Community Colleges	Universities	Community Colleges	
2009	\$0	\$0	0%	0%	\$0
2010*	\$0	\$208,400,000	0%	70%	\$208,400,000
2011	\$0	\$0	0%	0%	\$0
2012*	\$200,019,500	\$259,629,400	15%	91%	\$459,648,900
2013	\$200,465,700	\$197,614,100	16%	67%	\$398,079,800
2014	\$200,465,700	\$197,614,100	16%	66%	\$398,079,800
2015*	\$206,467,900	\$364,724,900	15%	100%	\$571,192,800
2016	\$205,179,500	\$256,714,800	15%	76%	\$461,894,300
2017	\$237,109,500	\$260,414,800	17%	59%	\$497,524,300
2018	\$238,343,500	\$398,301,500	16%	100%	\$636,645,000
2019	\$500,088,300	\$408,215,500	34%	100%	\$908,303,800
2020	\$185,692,700	\$378,445,600	12%	100%	\$564,138,300
2021	\$356,063,300	\$425,667,600	23%	100%	\$781,730,900
taken from K-12:	\$2,529,895,600	\$3,355,742,300			\$5,885,637,900

Includes funding provided through a supplemental budget and excludes appropriations for financial aid.

In addition to operations funding, figures include contributions to the employee retirement system and reimbursements to community colleges for Renaissance Zone tax credits.

Source: Michigan House and Senate Fiscal Agencies

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While using School Aid Fund dollars for postsecondary education is allowable in the Michigan Constitution, it had not been diverted for that purpose until Budget Year 2010, when it was appropriated as a loan to be paid back to K-12 within five years—which it never was. In Budget Year 2012, shifting a portion of the dollars into the higher education and community colleges budgets began as an ongoing regular practice among Michigan’s governors and Legislature.

Along with breaking the decades-long practice of using the School Aid Fund exclusively for public K-12 schools, it has been argued shifting some SAF dollars to postsecondary education goes against the general expectations (though not the letter) of Proposal A, which had been promoted to the public as a way to reduce property taxes, equalize funding to the

the letter) of Proposal A, which had been promoted to the public as a way to reduce property taxes, equalize funding to the state's K-12 schools, and protect overall school funding.

## WHY DOES IT MATTER?

While Michigan has recently seen an increase in its K-12 per-pupil funding, it has actually decreased by 9% between 2008 and 2019 when adjusted for inflation and falls short of what is needed. The nonpartisan Michigan School Finance Research Collaborative recommended in 2018 that schools receive a base state payment of \$9,590 per pupil, with additional funding weighted by the number of students in poverty, the number of English language learners, district size and geographic isolation—up to a maximum of \$11,482 per pupil. The current per-pupil funding level falls significantly short of this, at a minimum of \$8,111 and a maximum of \$8,529, and studies show that the state is failing to provide the resources needed to guarantee a high-quality education for all students, particularly for students in low-income schools, English language learners and children with disabilities or special needs. (For more information, see 2022 [BUDGET PRIORITY: Provide More State Funding to Public Schools in High-Poverty Communities.](#))

With this in mind, it is imperative that Michigan use all available resources for K-12 education and not divert money intended for that use to other purposes. Michigan should return to the pre-2010 practice of funding.