

Michigan's 2025 budget duplicity and the assault on public education

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Michigan's new 2025-26 education budget has been celebrated by Democratic Governor Gretchen Whitmer in Lansing by both political parties as a "historic investment" in education. The teachers' unions were not far behind in their praise. Michigan Education Association (MEA) President and CEO Chandra Madafferi said the budget "makes important investments in the success of Michigan's students and the educators who serve them." Whitmer signed off with considerable publicity on a \$10,050 per-pupil foundation allowance—the highest ever in state history—and total K-12 allocations reaching \$24.1 billion. The budget set aside hundreds of millions for free school meals, mental health supports, and 'at-risk' programming.

However, scratch the surface, and the bipartisan budget measure could also be described as a "shell game." It shifts massive costs onto local districts, undermines longstanding early childhood programs, allocates funds to private schools and places new financial burdens on teachers already confronting eroding wages and deteriorating classroom conditions. One significant move in the shell game was the reallocation of \$400 million this year alone from the School Aid Fund—nominally reserved for K-12 funding—to higher education. This allowed Whitmer to free up General Fund dollars, previously spent on higher ed, for highway construction and repair, which had been the basis of her election-campaign promises to "Fix the damn roads."

Perhaps the most insidious fraud of the "historic investment" is a major restructuring of pension funding through the Michigan Public Schools Retirement System (MPSERS). The Whitmer administration slashed \$100 million in state contributions to MPSERS, folding those funds into the \$10,500 per-pupil foundation allowance, thereby forcing districts to absorb a higher share of pension payments from their operating budgets—money that could otherwise fund classroom expenses, salaries, or

special supports.

Districts with older educators who have spent decades in the classroom will be particularly hard hit, as more of their budgets must now be diverted from instructional programs toward retirement payments.

Wealthier suburban districts may be able to absorb some of these new costs. But for poorer districts, already struggling under the weight of decaying infrastructure, staff shortages, and chronic underfunding, the results will be devastating.

The cut to the MPSERS contribution has the biggest long-range impact. Independent assessments warn that pension contribution levels remain below actuarially recommended minimums, increasing the likelihood that unfunded pension liabilities will mushroom in the future. The groundwork is being laid for future demands to cut benefits and raise employee contributions, as more educators are transitioned into market-dependent retirement savings plans.

Since 2018, all new hires have been shunted into the Pension Plus 2 hybrid plan (with both defined-benefit and 401(k)-style defined-contribution components), which lowered the state's guaranteed pension contribution and eliminated cost-of-living increases. In 2012, Michigan eliminated state-subsidized retiree health insurance. Without the health insurance premium subsidy, newer teachers face the full cost of health insurance in retirement—potentially tens of thousands of dollars over a lifetime.

This two-tier system divides the workforce and serves the broader objective of making teaching a short-term, contingent occupation, rather than a stable profession supported by collective social guarantees. It mirrors developments across the United States, where new educators are increasingly funneled into hybrid or 401(k)-style plans that expose them to market volatility and remove any state obligation to ensure retirement

security. An MEA survey in September discovered that 80 percent of respondents reported paying an average of \$200 more per month since January 2025 in out-of-pocket healthcare costs.

An August 8 report from Michigan State University shows that Michigan's average teacher salary rank has fallen from 16th to 19th nationally, and Michigan teachers now earn nearly 23 percent less than similarly educated workers in the state.

The same 2025 budget that slashes support for pension costs also dismantles one of Whitmer's most frequently touted education initiatives: the Great Start Collaboratives. These regional partnerships, established nearly two decades ago, coordinated early childhood services from birth, including health initiatives, literacy programs and provider supports for schools and families across Michigan.

The state eliminated the \$19.4 million line item that funded these collaboratives, redistributing the money to districts under the per-pupil foundation allowance. The change effectively abolishes the dedicated early childhood infrastructure that once provided targeted community support. As a result, collaboratives are being dismantled, staff laid off, and local referral networks and literacy initiatives shut down.

Educators and early childhood leaders warn that this will erode coordination among agencies serving vulnerable families, threatening early literacy progress, professional development for childcare providers and equitable access to resources for children with disabilities, limited English proficiency, or poverty-related barriers.

This cut directly contradicts Whitmer's public commitment to "universal pre-K." While the state has expanded the Great Start Readiness Program (GSRP) to provide free preschool for all 4-year-olds, this expansion comes at the expense of the broader community support systems that underpinned early childhood success for children under four.

At the same time, Michigan faces instability from potential federal Head Start funding cuts and the expiration of pandemic-era childcare subsidies. Limited "out-of-school-time" grants have opened for enrichment programs, but these are no substitute for the comprehensive, community-based work of the Great Start Collaboratives.

Taken together, these measures reflect a broader trend of austerity disguised as reform, in which the state reallocates resources while claiming to strengthen the education system.

While many school districts resisted settling teacher contracts before the start of the school year in anticipation of the state education budget, thousands of Michigan teachers continue to work without contracts into November, including those in Brighton, Farwell, Grand Rapids, Howell, Kalamazoo, Ludington, Milan, Rockford and eight districts in the Detroit metropolitan area: Birmingham, Clintondale, Northville, Ortonville, Pontiac, Utica, Walled Lake and Waterford.

Behind these stalled negotiations lies the financial restructuring imposed by the state budget. By eliminating direct pension reimbursements and passing the costs to local districts, Lansing has manufactured a new fiscal crisis that administrators can use to justify wage cuts. Each contract impasse represents the deliberate shifting of economic strain onto educators and school employees.

Despite widespread anger and frustration among educators, the MEA, its parent organization, the National Education Association (NEA) and the American Federation of Teachers (AFT) play a pivotal role in blocking resistance against the attacks on educators' livelihoods and the destruction of public education, not just in Michigan, but nationally.

Teachers in Michigan and nationally face a coordinated attack on their living standards, retirement security and the very principle of public education. This requires new forms of struggle—Independent rank-and-file committees that link educators with other sections of the working class, including autoworkers, healthcare workers and other public employees confronting similar austerity measures. Only through the collective organization of educators, parents, and students on this basis can society guarantee high-quality education for all and end the decades-long dismantling of the public school system.



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