

# **FY 2025-26 Executive Budget Overview Supplementals and Omnibus**

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House Fiscal Agency**

**House Appropriations Committee  
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# GF/GP and SAF Beginning Balances

(Dollars in Millions)

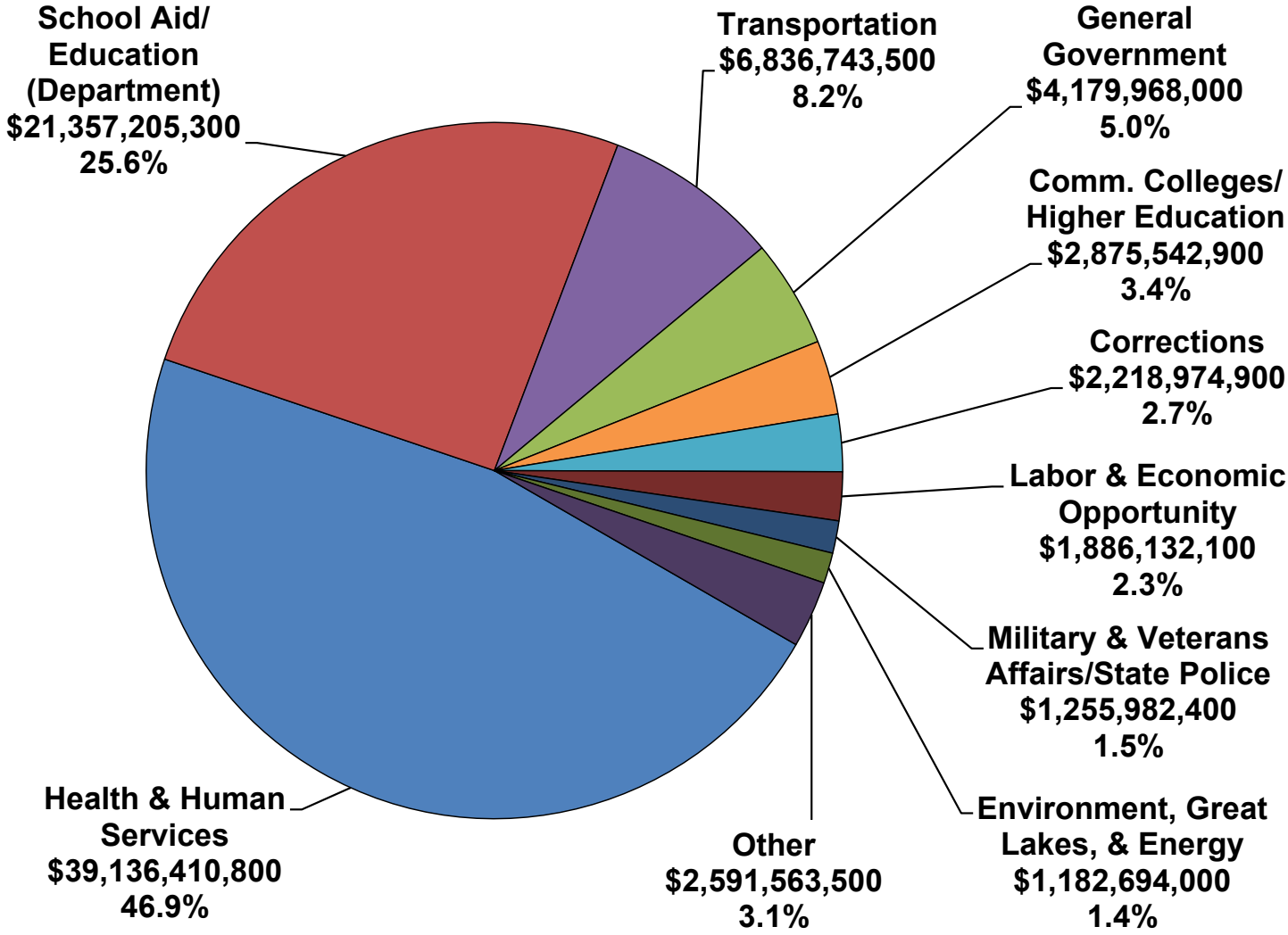
	FY 2024-25	FY 2025-26
GF/GP	\$2,054.1	\$721.6
SAF	\$1,129.2	\$1,002.7

## Revisions impacting balances

- Revised CREC revenue adjustments:
  - FY 2023-24 GF/GP = \$558.8 million and SAF = \$301.8 million
  - FY 2024-25 GF/GP = \$457.7 million and SAF = \$312.7 million
- FY 2024-25 GF/GP adjustments related to Medicaid caseload, utilization, and inflationary cost changes (\$283.7 million)
- School Aid FY 2023-24 budget lapses (\$316.0 million)

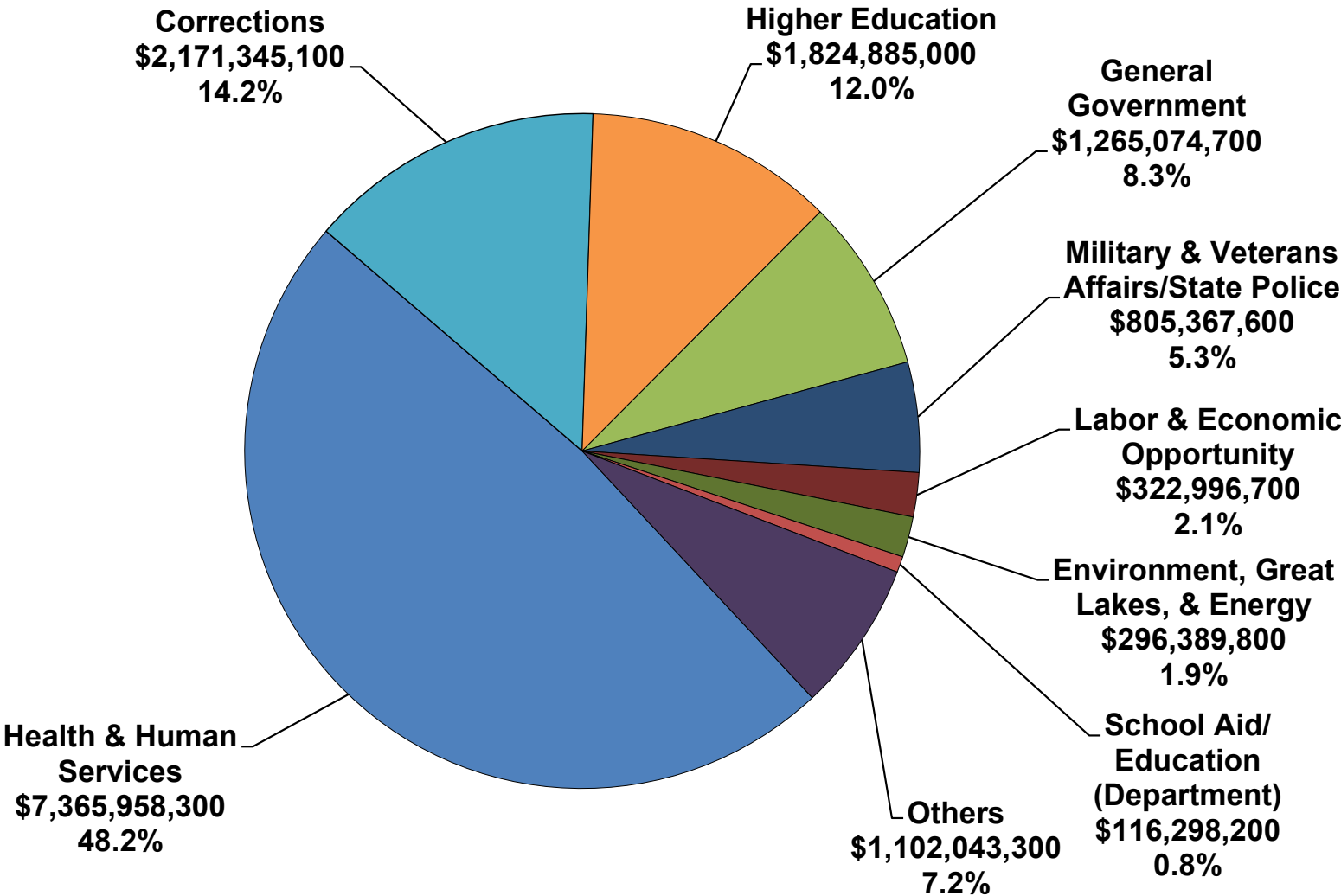
# FY 2025-26 Executive Recommendation

**Adjusted Gross = \$83,521,217,400**



# FY 2025-26 Executive Recommendation

**General Fund/General Purpose (GF/GP) = \$15,270,358,700**



# FY 2025-26 Executive Budget Appropriation Changes

(Dollars in Millions)

	YTD	Executive Rec.	Change	
	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>Dollar</u>	<u>Percent</u>
General Fund/General Purpose	\$14,875.5	\$15,270.4	\$394.9	2.7%
State Restricted	<u>32,235.7</u>	<u>32,836.4</u>	<u>600.6</u>	1.9%
<b>Total State-Source Appropriations</b>	<b>\$47,111.2</b>	<b>\$48,106.7</b>	<b>\$995.5</b>	<b>2.1%</b>
Federal	\$33,884.7	\$34,854.1	\$969.4	2.9%
Local	308.7	329.5	20.7	6.7%
Private	223.6	230.9	7.3	3.3%
<b>Total Adjusted Gross</b>	<b>\$81,528.2</b>	<b>\$83,521.2</b>	<b>\$1,993.0</b>	<b>2.4%</b>

*Numbers may not add due to rounding*

# Adjusted Gross Appropriations

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2024-25</u>	<u>Exec Rec FY 2025-26</u>	<u>Difference FY 2025-26 vs. FY 2024-25</u>	
Agriculture & Rural Development	\$156,606,500	\$157,973,900	\$1,367,400	0.9%
Attorney General	90,281,100	92,974,000	2,692,900	3.0%
Capital Outlay	0	0	0	--
Civil Rights	29,163,500	30,781,400	1,617,900	5.5%
Community Colleges	462,220,800	496,689,600	34,468,800	7.5%
Corrections	2,147,379,000	2,218,974,900	71,595,900	3.3%
Education	164,975,100	164,922,700	(52,400)	(0.0%)
Environment, Great Lakes, & Energy	1,035,012,700	1,182,694,000	147,681,300	14.3%
Executive Office	9,337,100	9,609,200	272,100	2.9%
Health and Human Services	37,631,523,200	39,136,410,800	1,504,887,600	4.0%
Higher Education	2,324,292,600	2,378,853,300	54,560,700	2.3%
Insurance & Financial Services	77,867,900	79,491,800	1,623,900	2.1%
Judiciary	371,039,100	393,111,300	22,072,200	5.9%
Labor & Economic Opportunity	2,421,794,500	1,886,132,100	(535,662,400)	(22.1%)
Legislative Auditor General	23,902,900	24,619,200	716,300	3.0%
Legislature	200,643,300	203,580,600	2,937,300	1.5%
Licensing & Regulatory Affairs	621,056,200	620,447,900	(608,300)	(0.1%)
Lifelong, Education, Advancement, & Potential	643,994,200	736,217,000	92,222,800	14.3%
Military & Veterans Affairs	275,802,300	292,978,300	17,176,000	6.2%
Natural Resources	534,372,800	604,321,600	69,948,800	13.1%
School Aid	20,770,275,400	21,192,282,600	422,007,200	2.0%
State	271,839,900	276,597,400	4,757,500	1.8%
State Police	925,918,700	963,004,100	37,085,400	4.0%
Tech., Mgmt. & Budget: Operations	597,072,200	502,117,200	(94,955,000)	(15.9%)
Tech., Mgmt. & Budget: SBA Rent	246,170,600	261,651,700	15,481,100	6.3%
Transportation	6,803,583,600	6,836,743,500	33,159,900	0.5%
Treasury: Operations	821,484,600	859,561,300	38,076,700	4.6%
Treasury: Debt Service	95,087,000	94,881,000	(206,000)	(0.2%)
Treasury: Revenue Sharing	1,775,490,100	1,823,595,000	48,104,900	2.7%
<b>TOTAL ADJUSTED GROSS APPROPRIATIONS</b>	<b>\$81,528,186,900</b>	<b>\$83,521,217,400</b>	<b>\$1,993,030,500</b>	<b>2.4%</b>

# GF/GP Appropriations

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2024-25</u>	<u>Exec Rec FY 2025-26</u>	<u>Difference FY 2025-26 vs. FY 2024-25</u>	
Agriculture & Rural Development	\$89,056,400	\$85,921,900	(\$3,134,500)	(3.5%)
Attorney General	57,409,100	58,778,000	1,368,900	2.4%
Capital Outlay	0	0	0	--
Civil Rights	26,195,400	27,804,900	1,609,500	6.1%
Community Colleges	500,000	0	(500,000)	(100.0%)
Corrections	2,097,010,100	2,171,345,100	74,335,000	3.5%
Education	63,896,100	62,722,100	(1,174,000)	(1.8%)
Environment, Great Lakes, & Energy	260,710,300	296,389,800	35,679,500	13.7%
Executive Office	9,337,100	9,609,200	272,100	2.9%
Health and Human Services	6,717,231,000	7,365,958,300	648,727,300	9.7%
Higher Education	1,859,424,300	1,824,885,000	(34,539,300)	(1.9%)
Insurance & Financial Services	0	0	0	--
Judiciary	266,113,900	287,288,200	21,174,300	8.0%
Labor & Economic Opportunity	793,569,400	322,996,700	(470,572,700)	(59.3%)
Legislative Auditor General	21,427,000	22,069,800	642,800	3.0%
Legislature	194,753,100	197,513,800	2,760,700	1.4%
Licensing & Regulatory Affairs	308,605,700	301,539,300	(7,066,400)	(2.3%)
Lifelong, Education, Advancement, & Potential	136,489,300	226,908,800	90,419,500	66.2%
Military & Veterans Affairs	117,694,100	131,084,800	13,390,700	11.4%
Natural Resources	76,757,000	88,201,200	11,444,200	14.9%
School Aid	78,830,600	53,576,100	(25,254,500)	(32.0%)
State	11,969,100	12,151,800	182,700	1.5%
State Police	646,861,000	674,282,800	27,421,800	4.2%
Tech., Mgmt. & Budget: Operations	293,793,400	352,683,700	58,890,300	20.0%
Tech., Mgmt. & Budget: SBA Rent	246,170,600	261,651,700	15,481,100	6.3%
Transportation	193,000,000	112,183,900	(80,816,100)	(41.9%)
Treasury: Operations	213,568,700	227,930,800	14,362,100	6.7%
Treasury: Debt Service	95,087,000	94,881,000	(206,000)	(0.2%)
Treasury: Revenue Sharing	0	0	0	--
<b>TOTAL GF/GP APPROPRIATIONS</b>	<b>\$14,875,459,700</b>	<b>\$15,270,358,700</b>	<b>\$394,899,000</b>	<b>2.7%</b>

# FY 2024-25 Proposed Supplementals

(Dollars in Millions)

	<u>FY 2024-25</u>	<u>Departments</u> <u>2025-1</u>	<u>Education</u> <u>2025-2</u>	<u>MNRTF</u> <u>2025-3</u>	<u>Total</u> <u>Supp</u>	<u>Percent</u> <u>Change</u>
GF/GP	\$14,875.5	\$380.4	\$0.0	\$0.0	\$380.4	2.6%
State Restricted	32,235.7	2.8	(54.8)	41.8	(10.2)	(0.0%)
Federal	33,884.7	113.9	0.0	0.0	113.9	0.3%
Local/Private	532.3	12.6	0.0	0.0	12.6	2.4%
<b>Total Adjusted Gross</b>	<b>\$81,528.2</b>	<b>\$509.8</b>	<b>(\$54.8)</b>	<b>\$41.8</b>	<b>\$496.7</b>	<b>0.6%</b>

*Numbers do not include IDG transfers of \$739,300.  
Numbers may not add due to rounding*



# Supplementals

**The executive proposal includes three FY 2024-25 supplementals totaling \$497.5 million Gross (\$380.4 million GF/GP and negative \$54.8 million SAF):**

- Departmental appropriation adjustments of \$510.4 million Gross (\$380.4 million GF/GP) include the following:
  - \$134.7 million Gross (\$283.7 million GF/GP), which includes caseload and special financing adjustments; \$81.6 million GF/GP for State Psychiatric DSH disallowance. (DHHS) (2025-1)
  - Includes boilerplate authorization to spend \$254.6 million ARP- home- and community-based services projects fund. (DHHS) (2025-1)
  - \$177.8 million Gross (\$4.8 million GF/GP) for additional appropriations spread over 12 departments and the judicial branch. (2025-1)
- School Aid supplemental decrease of \$54.8 million SAF for CREC caseload costs and additional funding for district emergency needs. (2025-2)
- Natural Resources Trust Fund projects totaling \$41.8 million Gross. (2025-3)

# Current Services Baseline Assumptions

**Major GF/GP current services baseline increases in the FY 2025-26 executive recommendation include:**

- \$594.1 million GF/GP for caseload adjustments. (DHHS and MiLEAP)
- \$121.1 million GF/GP for state employee compensation-related costs. (Most budgets)
- \$8.7 million GF/GP for all other current services baseline costs. (Most budgets)
- FTE increases of 882.8 – (1.6%)
  - DHHS: 423.0 FTEs - (2.7%)
  - EGLE: 134.0 FTEs - (8.1%)
  - Natural Resources: 89.8 FTEs - (3.5%)

# GF/GP Ongoing Allocations

**Total investments of \$298.0 million GF/GP for FY 2025-26. Major program increases include:**

- **\$172.5 million for existing program increases and new programs within DHHS.**
  - Including: \$33.1 million Medicaid spend down threshold; \$22.6 million kinship support services; \$20.0 million corrections Medicaid demonstration program; \$20.0 million increase for crime victim's rights grants; \$15.2 million new state psychiatric hospital operations.
- **\$36.3 million for EGLE.**
  - \$30.0 million lead service line replacement and water infrastructure projects.
- **\$16.2 million for Judiciary.**
  - \$7.2 million continued support of the statewide judicial case management system.
- **\$11.8 million increase for programs in LEO.**
  - \$8.4 million expansion pre-employment transition services for students with disabilities.

# GF/GP One-Time Allocations

**One-time allocations total \$648.7 million GF/GP for FY 2025-26. Major increases include:**

- **\$112.4 million (DHHS)**
  - \$78.7 million disallowed psychiatric hospital repayment costs; \$25.0 million energy assistance and Michigan Energy Assistance Program (MEAP).
- **\$112.2 million (MDOT)**
  - \$112.2 million federal aid match.
- **\$106.0 million (EGLE)**
  - \$50.0 million lead service line replacement; \$39.0 million digitize and index historical department records; \$10.0 million electric charging infrastructure.
- **\$83.5 million (LEO)**
  - \$25.0 million MSHDA employer assisted housing financing program; \$19.0 million expansion of registered apprenticeships; \$10.0 million talent action teams; \$10.0 million talent and retention initiatives; \$10.0 million small business support hubs.
- **\$82.6 million (DTMB)**
  - \$42.6 million Information Technology Investment Fund (ITIF); \$25.0 million infrastructure improvements of state-owned facilities.

# GF/GP One-Time Allocations (Cont.)

**One-time allocations total \$648.7 million GF/GP for FY 2025-26. Major increases include:**

- **\$65.0 million (MiLEAP)**
  - \$50.0 million partially fulfill new federal requirements for child care; \$15.0 million college success fund.
- **\$31.0 million (DMVA)**
  - \$26.0 million Selfridge Air National Guard Base.
- **\$25.8 million (Treasury)**
  - \$25.0 million removal of hazardous streetlamp arc wiring in Detroit.
- **\$50.0 million deposit into the budget stabilization fund (BSF)**

# Education Funding

## Major increases proposed for FY 2025-26 School Aid funding include:

- \$516.0 million per pupil foundation allowance increase of \$392 to \$10,000 (4.1% increase).
  - \$36.0 million savings by reducing cyber school foundation allowances to 80% of the foundation.
- \$341.0 million total fund deposits into the transportation, infrastructure, and BSF reserve funds.
- \$232.0 million (\$125.0 million one-time) targeted interventions to districts.
- \$150.0 million (one-time) consolidation grants.
- \$125.0 million (one-time) career and technical education programs in CTE deserts.
- \$90.0 million (one-time) reimbursement to districts for half of the costs associated with the MPSERS health care premium.
- Continues \$150.0 million mental health and school safety per pupil payments as ongoing.

# Education Funding (cont.)

## Major increases proposed for FY 2025-26 Higher Education and Community Colleges include:

- \$66.8 million GF/GP increase of 3.1% ongoing for University operations.
- \$50.0 million GF/GP deposit postsecondary scholarship fund.
- \$14.6 million SAF increase of 3.1% ongoing for community college operations.
- Replaces \$100.0 million GF/GP revenues with a corresponding \$100.0 million increase in SAF for a net \$0.0 impact. (Higher Ed)
- Tuition restraint boilerplate – 4.5% (or \$735 universities or \$227 community colleges).

# Revenue Sharing Allocations

**Revenue Sharing changes in the executive recommendation for FY 2025-26 include:**

- \$12.0 million increase for city, village, and townships (CVTs).
- \$10.4 million increase for counties.
- Revises the \$75.0 million for public safety and violence prevention language in the current year budget and continues funding in FY 2025-26 (also proposed supplemental 2025-1).
- Continues \$75.0 million to CVTs and counties based on the 3-factor formula.



# Revenue Adjustments

## Executive proposal for revenue adjustments includes:

- Environment, Great Lakes, and Energy – Tipping Fee
  - Revenue increase \$80.0 million
  - Increase landfill tipping fee from \$0.36 per ton to \$5.00 per ton
- Department of Treasury – Vaping and Non-Tobacco Products Tax
  - Revenue increase of \$57.0 million
  - 32% tax on wholesale price (same tax rate as other non-cigarette tobacco products)
- Department of Natural Resources – Recreation Passport
  - Revenue increase \$17.2 million
  - Recreation passport opt out and resident veteran exemption
- Other Department Fee Adjustments
  - Includes various sunset extensions, increases, and new fees in seven departments

# Balance Sheets

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# Executive Recommendation – General Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2024-25</u>	<u>FY 2025-26</u>
<b>Beginning Balance</b>	<b>\$2,054.1</b>	<b>\$721.6</b>
 <b><u>Resources</u></b>		
Consensus Revenue Estimate: January 2025	\$14,715.5	\$15,477.7
Research and Development Tax Credit	--	(100.0)
Miscellaneous Adjustments	77.3	(2.7)
Revenue Sharing	(552.2)	(574.6)
Revenue Sharing 3-Factor Formula	(75.0)	(75.0)
Revenue Sharing Public Safety Trust Fund	<u>(75.0)</u>	<u>(75.0)</u>
<b>Total Resources</b>	<b>\$14,090.6</b>	<b>\$14,650.4</b>
 <b><u>Expenditures</u></b>		
Appropriations: Ongoing	\$13,605.7	\$14,621.6
Appropriations: One-Time	1,269.8	648.7
Proposed Supplemental (2025-1)	380.4	--
BSF Deposit	50.0	50.0
Other Adjustments	<u>117.2</u>	<u>40.0</u>
<b>Total Expenditures</b>	<b>\$15,423.1</b>	<b>\$15,360.3</b>
 <b>Projected Ending Balance / (Shortfall)</b>	 <b>\$721.6</b>	 <b>\$11.7</b>
 <b>Ongoing Balance</b>	 <b>\$721.6</b>	 <b>\$11.7</b>
<b>One-time Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>

# Executive Recommendation – School Aid Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2024-25</u>	<u>FY 2025-26</u>
<b>Beginning Balance</b>	<b>\$1,129.2</b>	<b>\$1,002.7</b>
 <b><u>Resources</u></b>		
Consensus Revenue Estimates: January 2025	\$18,459.6	\$18,891.5
GF/GP Grant	78.9	53.6
Detroit Public Trust Fund	118.2	--
Restricted Reserve Funds Deposit	(25.0)	(341.0)
Restricted Reserve Funds	608.1	244.0
Federal Aid	<u>2,272.8</u>	<u>2,407.7</u>
<b>Total Resources</b>	<b>\$21,512.6</b>	<b>\$21,255.8</b>
 <b><u>Expenditures</u></b>		
Appropriations: Ongoing	\$19,379.8	\$20,299.4
Appropriations: One-Time	1,183.9	892.8
Supplemental: Current Law	126.0	--
Proposed Supplemental: One-Time	25.8	--
 Community Colleges	 461.8	 496.7
Higher Education	<u>461.7</u>	<u>550.8</u>
<b>Total Expenditures</b>	<b>\$21,639.0</b>	<b>\$22,239.7</b>
 <b>Projected Ending Balance / (Shortfall)</b>	 <b>\$1,002.7</b>	 <b>\$18.8</b>
 <b>Ongoing Balance</b>	 <b>\$535.2</b>	 <b>\$18.8</b>
<b>One-time Balance</b>	<b>\$467.5</b>	<b>\$0.0</b>



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