

REVIEW AND ANALYSIS
OF THE
FY 2025-26
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

February 2025

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February 20, 2025

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2025-26 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2025-26 and FY 2026-27. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by the Agency economist.

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

Specific funding amount in an appropriations bill that establishes spending authorization for a particular program or function.

Boilerplate

Specific language sections in an appropriations bill that direct, limit, or restrict line-item expenditures, express legislative intent, and/or require reports.

Lapse

Appropriated amounts that are unspent or unobligated at the end of a fiscal year; appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project

Account authorized through statutory process that allows appropriated spending authorization from one fiscal year to be utilized for expenditures in a succeeding fiscal year or years for a specific project or purpose.

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

Authority to expend funds for a particular purpose. An appropriation is not a mandate to spend.

Gross: Total of all applicable appropriations in an appropriations bill.

Adjusted Gross: Net amount of gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Interdepartmental Grant (IDG) Revenue

Funds received by one state department from another state department, usually for service(s) provided.

Intradepartmental Transfer (IDT) Revenue

Funds transferred from one appropriations unit to another within the same departmental budget.

Federal Revenue

Federal grant or match revenue; generally dedicated to specific programs or purposes.

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, or gifts and bequests.

State Restricted Revenue

State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue; at year-end, unexpended restricted revenue generally remains in the restricted fund.

General Fund/General Purpose (GF/GP) Revenue

Unrestricted general fund revenue available to fund basic state programs and other purposes determined by the legislature; unexpended GF/GP revenue lapses to the General Fund at the end of a fiscal year.

MAJOR STATE FUNDS

General Fund

The state's primary operating fund; receives state revenue not dedicated to another state fund.

School Aid Fund (SAF)

A restricted fund that serves as the primary state funding source for K-12 schools and Intermediate School Districts. Constitutionally, SAF revenue may also be used for postsecondary education.

Budget Stabilization Fund

The Countercyclical Economic and Budget Stabilization Fund (also known as the "rainy day fund"); the Management and Budget Act provides guidelines for making deposits into and withdrawals from the fund.

FY 2025-26

Executive Recommendation

OVERVIEW

Budget Overview

Consensus Revenue Estimates

Balance Sheets

Appropriation Summary Tables

FY 2025-26 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director

The FY 2025-26 executive budget recommendation incorporates the January 2025 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$15,477.7 million and School Aid Fund (SAF) of \$18,891.5 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2024-25 balances of \$721.6 million GF/GP and \$1,002.7 million SAF.

The executive recommendation also assumes a new tax on vaping and non-tobacco nicotine products starting January 1, 2026, estimated at \$42.75 million and increasing to \$57.0 million annually.

The FY 2025-26 executive budget recommendation includes \$83,521.2 million in adjusted gross appropriations, an increase of \$1,993.0 million, or 2.4%. The table below compares current-year appropriations to the executive proposal.

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
Adjusted Gross	\$81,528.2	\$83,521.2	\$1,993.0	2.4%
Federal	\$33,884.7	\$34,854.1	\$969.4	2.9%
Local/Private	\$532.3	\$560.4	\$28.1	5.3%
Restricted	\$32,235.7	\$32,836.4	\$600.6	1.9%
GF/GP	\$14,875.5	\$15,270.4	\$394.9	2.7%

Of the \$48,106.7 million in state resources recommended for appropriation in FY 2025-26, \$25,392.4 million (52.8% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan’s Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The executive proposal includes adjustments to both the current FY 2024-25 budget via supplemental requests and the FY 2025-26 budget.

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:
 - \$332.7 million Gross (\$375.6 million GF/GP), which includes caseload and special financing adjustments. (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)

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

- \$594.1 million GF/GP for caseload adjustments. (DHHS and MDE)
- \$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)

Total investments of \$292.0 million GF/GP for FY 2025-26. Major department increases include:

- \$172.5 million increase for existing programs and funding new programs within DHHS.
- \$36.3 million increase for existing programs and funding new programs in EGLE.
- \$16.2 million increase for Judiciary.
- \$11.8 million increase for programs in LEO.

One-time allocations total \$648.7 million GF/GP for FY 2025-26. Total amounts for departments include:

- \$112.4 million for DHHS.
- \$112.2 million for MDOT.
- \$106.0 million for EGLE.
- \$83.5 million for LEO.
- \$82.6 million for DTMB.
- \$65.0 million for MiLEAP.
- \$31.0 million for DMVA.
- \$25.8 million for Treasury.

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

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

Major increases proposed for FY 2025-26 for Higher Education and Community College funding include:

- \$66.8 million GF/GP increase of 4.0% ongoing for Higher Education operations.
- \$50.0 million GF/GP deposit in the postsecondary scholarship fund.
- \$14.6 million SAF increase of 4.0% ongoing for community college operations.
- Replaces \$100.0 million GF/GP revenues with a corresponding increase in SAF for a net \$0.0 impact.

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

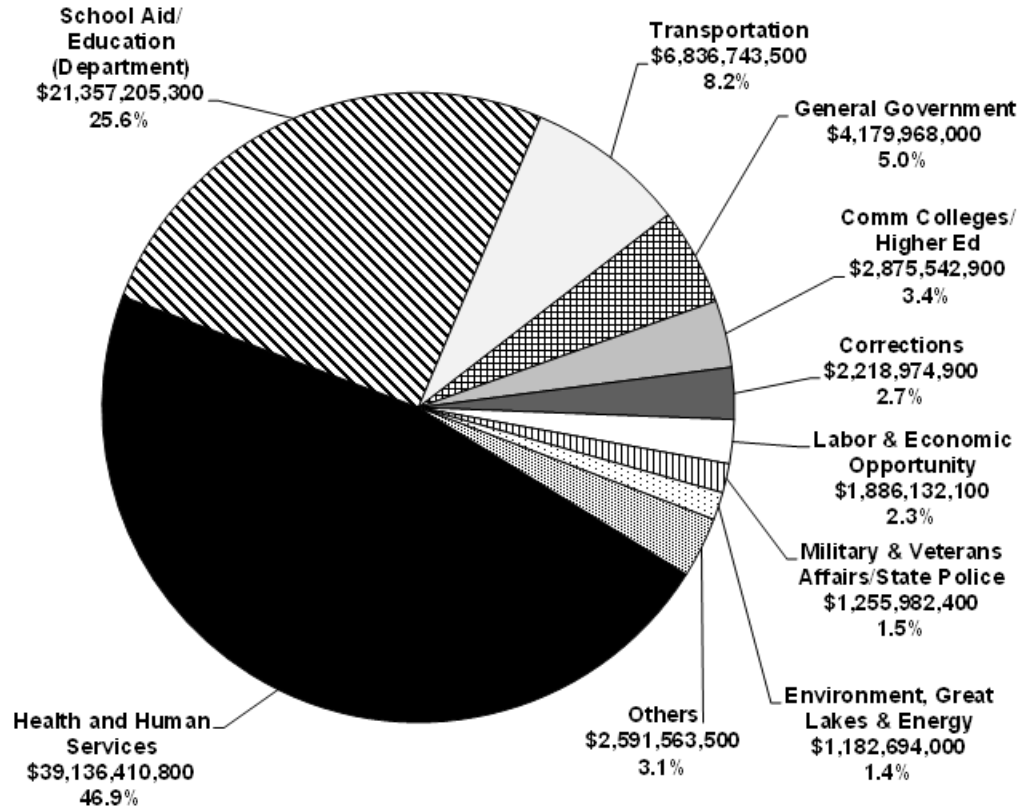
- \$12.0 million increase for city, village, and townships (CVTs).
- \$10.1 million increase for counties.
- Revises the \$75.0 million for public safety and violence prevention language in the current year budget and continues funding in FY 2025-26 (proposed supplemental 2025-1).
- Continues \$75.0 million to CVTs and counties for based on the 3-factor formula.

Includes a one-time deposit of \$50.0 million into the Budget Stabilization Fund (BSF).

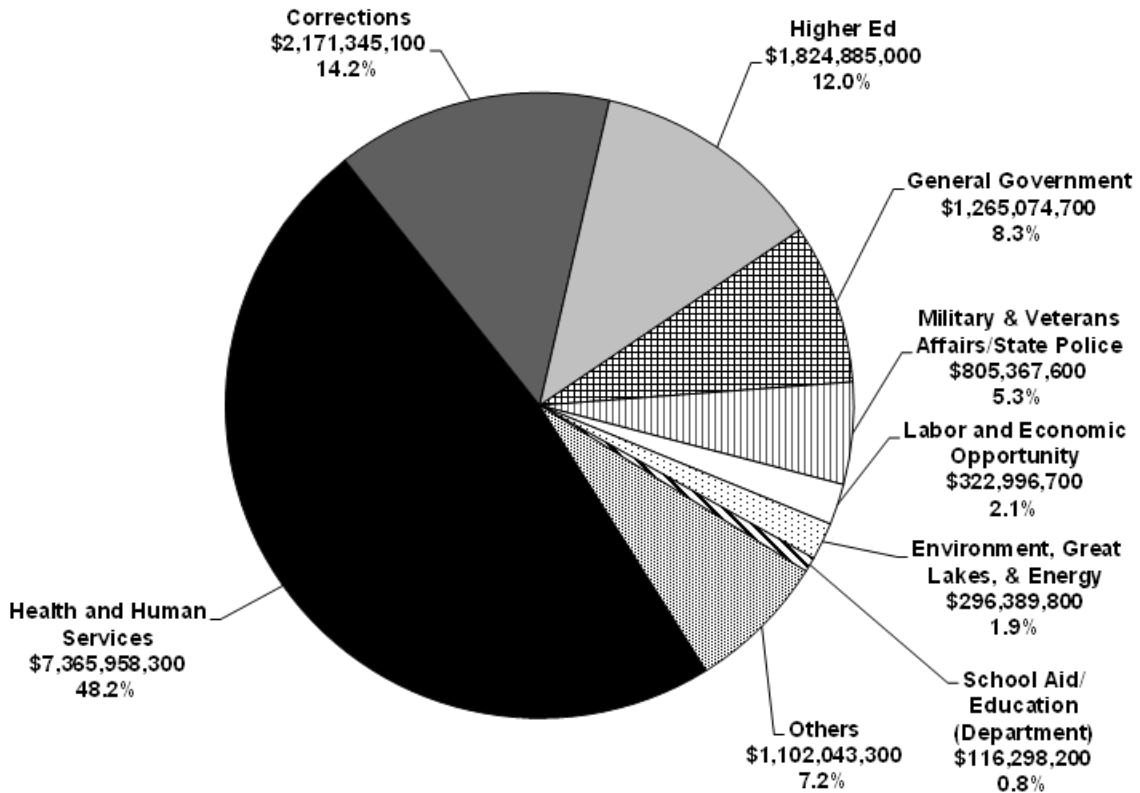
A more detailed summary of major budget changes by individual budget area begins on page 24.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to contact us if you have questions regarding this information.

**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**



CONSENSUS REVENUE ESTIMATES

Ben Gielczyk, Associate Director

This section explains January 2025 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2025-26 through FY 2026-27 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.6% in 2025, 0.5% in 2026, and 0.3% in 2027.

The unemployment rate is expected to be 4.7% in 2025, 4.6% in 2026, and 4.7% in 2027.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2024-25	FY 2025-26	FY 2025-26 Over FY 2024-25		FY 2026-27	FY 2026-27 Over FY 2025-26	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Individual Income Tax	\$8,877.9	\$9,059.5	\$181.6	2.0%	\$9,219.2	\$159.7	1.8%
Sales Tax	1,637.3	1,656.2	18.9	1.2%	1,699.1	42.9	2.6%
Use Tax	1,245.2	1,310.2	65.0	5.2%	1,366.2	56.0	4.3%
Business Taxes	1,686.6	2,298.2	611.6	36.3%	2,354.4	56.2	2.4%
Other Taxes	479.9	485.6	5.7	1.2%	491.1	5.5	1.1%
GF/GP Tax Revenue	\$13,926.9	\$14,809.7	\$882.8	6.3%	\$15,130.0	\$320.3	2.2%
Non-Tax Revenue	788.6	668.0	(120.6)	(15.3%)	613.4	(54.6)	(8.2%)
Net Total GF/GP Revenue	\$14,715.5	\$15,477.7	\$762.2	5.2%	\$15,743.4	\$265.7	1.7%

General Fund/General Purpose Revenue by Source

Individual Income Tax

Michigan individual income tax revenue is forecast to increase 6.6% in FY 2024-25, 2.0% in FY 2025-26 and 1.8% in FY 2026-27.

Sales Tax

GF/GP sales tax revenue is estimated to increase 4.1% in FY 2024-25, 1.2% in FY 2025-26, and 2.6% in FY 2026-27.

Use Tax

Use tax revenue is forecast to increase 4.8% in FY 2024-25, 5.2% in FY 2025-26, and 4.3% in FY 2026-27.

Business Taxes

Net business taxes (the single business tax, Michigan business tax, corporate income tax, and insurance company taxes) are expected to decrease 3.9% in FY 2024-25 before increasing 36.3% in FY 2025-26 as \$550.0 million in earmarks expire and 2.4% in FY 2026-27.

Other Taxes

Other GF/GP taxes include tobacco, beer and wine, liquor excise, and other taxes dedicated to the general fund. They are projected to decline 2.7% in FY 2024-25 before increasing 1.2% in FY 2025-26 and 1.1% in FY 2026-27.

GF/GP Tax Revenue

GF/GP tax revenue is expected to increase 4.4% in FY 2024-25, 6.3% in FY 2025-26, and 2.2% in FY 2026-27.

OVERVIEW

Net Total GF/GP Revenue

Net total GF/GP revenue includes both tax revenue and non-tax revenue, which includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to increase 1.5% to \$14,715.5 million in FY 2024-25, 5.2% to \$15,477.7 million in FY 2025-26, and 1.7% to \$15,743.4 million in FY 2026-27.

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)**

	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2025-26 Over FY 2024-25</u>		<u>FY 2026-27</u>	<u>FY 2026-27 Over FY 2025-26</u>	
			<u>Dollar</u>	<u>Percent</u>		<u>Dollar</u>	<u>Percent</u>
			<u>Change</u>	<u>Change</u>		<u>Change</u>	<u>Change</u>
Sales and Use Taxes	\$8,790.6	\$8,960.2	\$169.6	1.9%	\$9,180.4	\$220.2	2.5%
Income Tax Earmark	4,104.8	4,237.3	132.5	3.2%	4,347.5	110.2	2.6%
Lottery and Casino Revenue	1,357.0	1,359.1	2.1	0.2%	1,360.8	1.7	0.1%
iGaming/Sports Betting/Fantasy	425.0	443.7	18.7	4.4%	463.2	19.5	4.4%
Cigarette Tax	223.3	219.1	(4.2)	(1.9%)	214.8	(4.3)	(2.0%)
State Education Tax	2,870.0	2,956.1	86.1	3.0%	3,053.7	97.6	3.3%
Real Estate Transfer Tax	412.0	431.8	19.8	4.8%	444.8	13.0	3.0%
Recreational Marijuana Earmark	118.0	123.2	5.2	4.4%	127.1	3.9	3.2%
Other Specific Taxes	158.9	161.0	2.1	1.3%	162.2	1.2	0.7%
Total SAF Revenue	\$18,459.6	\$18,891.5	\$431.9	2.3%	\$19,354.5	\$463.0	2.5%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 1.1% in FY 2024-25, 1.9% in FY 2025-26, and 2.5% in FY 2026-27.

Income Tax Earmark

Approximately 25% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase 3.6% in FY 2024-25, 3.2% in FY 2025-26, and 2.6% in FY 2026-27.

Lottery and Casino Revenue

Revenues from the lottery transfer and casino taxes are projected to total \$1,357.0 million in FY 2024-25, \$1,359.1 million in FY 2025-26, and \$1,360.8 million in FY 2026-27.

iGaming/Sports Betting/Fantasy

Revenue from online gaming, sports betting, and fantasy sports is projected to total \$425.0 million in FY 2024-25, \$443.7 million in FY 2025-26, and \$463.2 million in FY 2026-27.

Cigarette Tax

Approximately 41.4% of cigarette tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF cigarette tax revenue to decrease to \$223.3 million in FY 2024-25, \$219.1 million in FY 2025-26, and \$214.8 million in FY 2026-27.

State Education Tax/Real Estate Transfer Tax

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.

Revenue from the SET is expected to increase 3.7% to \$2,870.0 million in FY 2024-25, 3.0% to \$2,956.1 million in FY 2025-26, and 3.3% to \$3,053.7 million in FY 2026-27.

RET revenue is forecast to increase to \$412.0 million in FY 2024-25, \$431.8 million in FY 2025-26 and \$444.8 million in FY 2026-27.

Recreational Marihuana Earmark

Roughly 35% of the 10% excise tax on recreational marihuana is earmarked to the school aid fund. The earmark is expected to generate \$118.0 million in FY 2024-25, \$123.2 million in FY 2025-26, and \$127.1 million in FY 2026-27.

Other SAF Taxes

Other specific taxes include specific taxes on liquor, commercial and industrial facilities taxes, the commercial forest tax, and other taxes dedicated to the SAF. They are estimated to be \$158.9 million in FY 2024-25, \$161.0 million in FY 2025-26, and \$162.2 million in FY 2026-27.

Total SAF Revenue

Total SAF revenue is expected to increase 2.1% to \$18,459.6 million in FY 2024-25, 2.3% to \$18,891.5 million in FY 2025-26, and 2.5% to \$19,354.5 million in FY 2026-27.

OVERVIEW

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, interest earnings, and year-end balances from FY 1990-91 to FY 2023-24. The table also shows the proposed appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2024-25, as well as the executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2025-26.

After deposits totaling \$117.5 million, the final BSF fund balance for FY 2023-24 was \$1,996.6 million. For FY 2024-25, there was an appropriation of \$50.0. There was also a \$50.0 million deposit contained in the executive recommendation for FY 2025-26, which would bring the estimated year-end balance to \$2,287.5 million in FY 2025-26. These projections include the impact of 2014 PA 186, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2035-36. Beginning with FY 2025-26, the executive recommendation would stop the \$17.5 million deposit, thereby redirecting the funds to the Merit Award Trust Fund.

**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

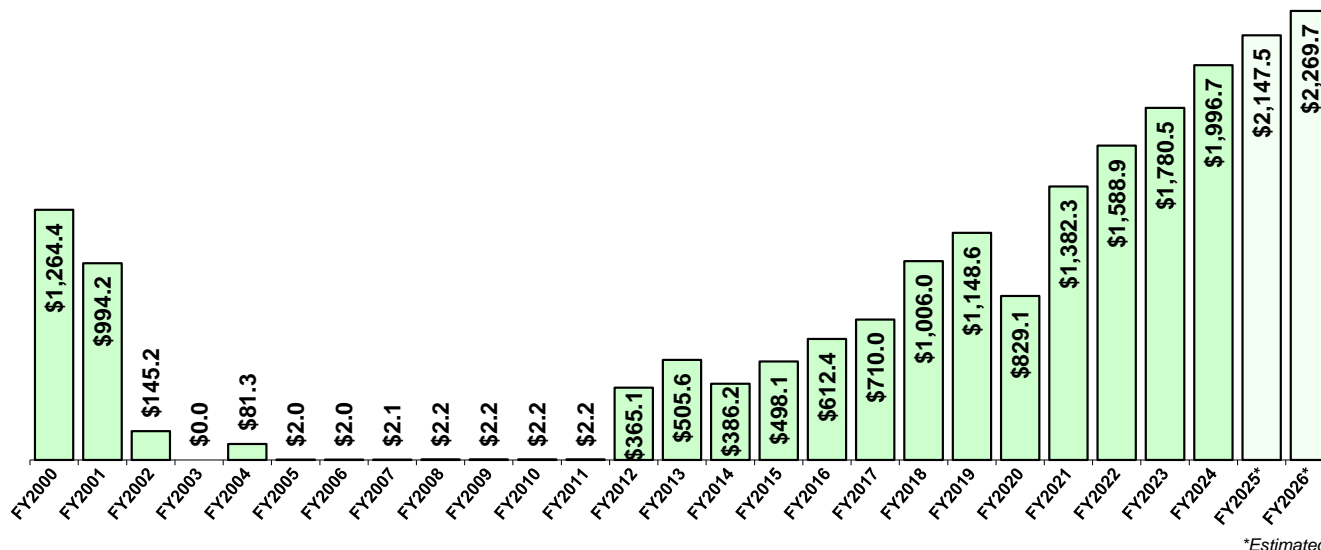
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	282.5	0.0	13.5	1,006.0
2018-19	117.5	0.0	25.1	1,148.6
2019-20	17.5	350.0	13.2	829.1
2020-21	552.5	0.0	1.0	1,382.3
2021-22	197.5	0.0	9.3	1,588.9
2022-23	117.5	0.0	74.1	1,780.5
2023-24	117.5	0.0	98.7	1,996.7
2024-25	67.5	0.0	83.3*	2,147.5
2025-26	50.0**	0.0	72.3*	2,269.7

* HFA Estimate

** Reflects \$50.0 million deposit and redirection of \$17.5 million included in executive recommendation.

Note: Numbers may not add due to rounding.

Budget Stabilization Fund (BSF) Balance (Millions of Dollars)



Compliance with the State Revenue Limit

Consensus estimates of the state revenue limit provided for in Article IX, Section 26, Constitution of the State of Michigan, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the Constitution, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Personal Income	CY 2023	CY 2024	CY 2025
Amount	\$613,719	\$643,791	\$667,612
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$55,233.8	\$61,095.8	\$63,356.4
Total Revenue Subject to Revenue Limit	\$45,216.5	\$46,511.1	\$47,298.4
Amount Under (Over) State Revenue Limit	\$13,025.4	\$14,584.6	\$16,057.9

OVERVIEW

Implications of Exceeding the State Revenue Limit

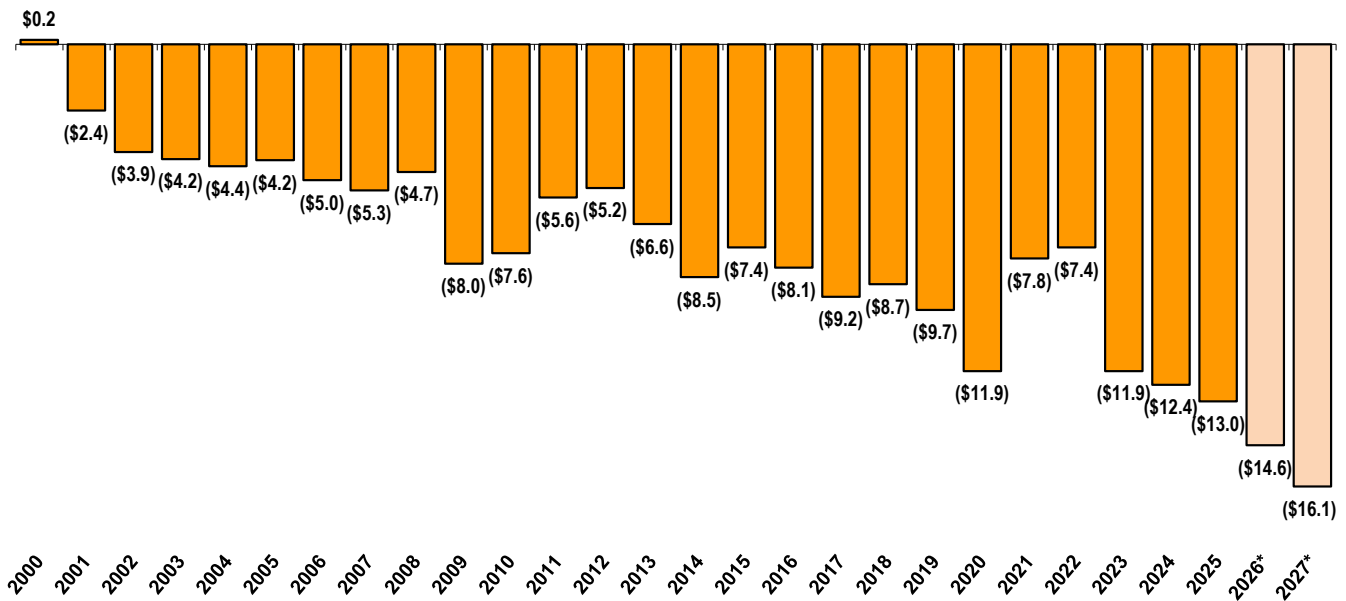
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The FY 2024-25 revenue limit calculation indicates that the state revenue collections would be under the revenue limit by \$13.0 billion. For FY 2025-26 and FY 2026-27, state revenue is estimated to be below the revenue limit by \$14.6 billion and \$16.1 billion, respectively.

**Constitutional Revenue Limit
(Billions of Dollars)**



*Consensus Estimates

BALANCE SHEETS

Resources used to fund General Fund/General Purpose, School Aid Fund, and Tobacco Settlement / Merit Award Trust Fund expenditures in the Executive Budget Recommendation are reported below.

FY 2024-25 Through FY 2025-26 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars		
	FY 2024-25	FY 2025-26
Beginning Balance	\$2,054.1	\$721.6
<u>Resources</u>		
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>
Total Resources	\$14,090.6	\$14,650.4
<u>Expenditures</u>		
Appropriations: Ongoing	\$13,605.7	\$14,621.6
Appropriations: One-Time	1,269.9	648.7
Proposed Supplemental (2025-1)	380.4	--
BSF Deposit	50.0	50.0
Other Adjustments	<u>117.2</u>	<u>40.0</u>
Total Expenditures	\$15,423.2	\$15,360.3
Projected Ending Balance	\$721.5	\$11.7

Numbers may not add due to rounding.

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FY 2024-25 Through FY 2025-26 Executive Recommendation School Aid Fund (SAF) Millions of Dollars		
	FY 2024-25	FY 2025-26
Beginning Balance	\$1,129.2	\$1,002.7
<u>Resources</u>		
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>
Total Resources	\$21,512.6	\$21,255.8
<u>Expenditures</u>		
Appropriations: Ongoing	\$19,379.8	\$20,299.4
Appropriations: One-Time	1,183.9	892.8
Supplemental: Current Law	126.0	--
Proposed Supplemental (2025-1)	25.8	--
Community Colleges	461.8	496.7
Higher Education	<u>461.7</u>	<u>550.8</u>
Total Expenditures	\$21,639.0	\$22,239.7
Projected Ending Balance	\$1,002.7	\$18.8

Numbers may not add due to rounding.

FY 2025-26 and FY 2025-26 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars		
	FY 2024-25	FY 2025-26
Beginning Balance	\$18.7	\$16.0
<u>Resources</u>		
Tobacco Settlement MSA Payment	\$245.4	\$214.1
Debt Service on 2006/2007 Securitization Bonds (13.34%/10.77%)	(59.1)	(51.6)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	--
Community District Trust Fund	(41.0)	--
Interest/Prior Year Adjustment	<u>6.0</u>	<u>2.1</u>
Total Resources	\$58.8	\$89.6
<u>Expenditures</u>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite care	4.1	4.1
DHHS: Medicaid Long Term Care	54.7	82.7
Lifelong, Education, Advancement and Potential	1.3	1.3
State Police: Criminal Investigations/IT	0.9	0.9
Treasury: Student Financial Services Programs	<u>0.2</u>	<u>0.2</u>
Total Expenditures	\$61.5	\$89.5
Projected Ending Balance	\$16.0	\$16.1

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

The executive budget recommendation for FY 2025-26 increases adjusted gross appropriations by \$1,993.0 million (2.4%) from FY 2024-25 year-to-date amounts:

- GF/GP appropriations are increased by \$394.9 million (2.7%)
- State restricted appropriations are increased by \$600.6 million (1.9%)
- Federal appropriations are increased by \$969.4 million (2.9%)
- Local and private appropriations are increased by \$28.1 million (5.3%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2025-26 executive budget recommendation is increased by \$995.5 million (2.1%) from FY 2024-25 year-to-date amounts.

Projected appropriation amounts for FY 2026-27 under the executive budget (which are presented only for planning purposes) reflect a 3.6% decrease in GF/GP appropriations, a 3.3% decrease in total state spending from state sources, and a 1.6% decrease in adjusted gross appropriations.

The following pages include seven tables summarizing the executive budget recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- Some appropriation items in the FY 2024-25 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2025-26 executive budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**FY 2025-26 and FY 2026-27
Executive Budget Appropriation Changes
Millions of Dollars**

	<u>Year-to-Date FY 2024-25</u>	<u>Executive Recommendation FY 2025-26</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2026-27</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$14,875.5	\$15,270.4	\$394.9	2.7%	\$14,721.5	(\$548.8)	(3.6%)
State Restricted	<u>32,235.7</u>	<u>32,836.4</u>	<u>600.6</u>	1.9%	<u>32,052.5</u>	<u>(783.9)</u>	(2.4%)
Total State-Source Appropriations	\$47,111.2	\$48,106.7	\$995.5	2.1%	\$46,774.0	(\$1,332.8)	(2.8%)
Federal	\$33,884.7	\$34,854.1	\$969.4	2.9%	\$34,864.0	\$9.9	0.0%
Local	308.7	329.5	20.7	6.7%	329.5	0.0	0.0%
Private	223.6	230.9	7.3	3.3%	227.9	(3.0)	(1.3%)
Total Adjusted Gross	\$81,528.2	\$83,521.2	\$1,993.0	2.4%	\$82,195.3	(\$1,325.9)	(1.6%)

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available for basic state programs and other purposes determined by the legislature.

State Restricted: State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

State-Source Appropriations: Appropriations from state-level revenue sources: State Restricted plus GF/GP.

Federal Funds: Federal grant or match revenue; generally dedicated to specific programs or purposes.

Local/Private Funds: Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

Adjusted Gross: Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGs) or intradepartmental transfers (IDTs).

Notes:

- (1) Appropriation figures for FY 2025-26 include all proposed appropriation amounts, including amounts designated as "one-time."
- (2) Numbers may not add due to rounding.

OVERVIEW

**TABLE 1
FY 2025-26 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Agriculture & Rural Development	\$158,310,500	\$336,600	\$157,973,900	\$20,079,600	\$0	\$0	\$51,972,400	\$85,921,900
Attorney General	132,355,700	39,381,700	92,974,000	10,567,200	0	950,000	22,678,800	58,778,000
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	30,781,400	0	30,781,400	2,899,300	0	18,700	58,500	27,804,900
Community Colleges	496,689,600	0	496,689,600	0	0	0	496,689,600	0
Corrections	2,218,974,900	0	2,218,974,900	5,203,700	12,122,000	0	30,304,100	2,171,345,100
Education	164,922,700	0	164,922,700	83,575,100	5,884,200	2,547,500	10,193,800	62,722,100
Environment, Great Lakes, & Energy	1,186,823,100	4,129,100	1,182,694,000	464,268,500	0	1,404,200	420,631,500	296,389,800
Executive Office	9,609,200	0	9,609,200	0	0	0	0	9,609,200
Health and Human Services	39,151,858,800	15,448,000	39,136,410,800	27,369,656,600	190,421,900	180,133,600	4,030,240,400	7,365,958,300
Higher Education	2,378,853,300	0	2,378,853,300	3,200,000	0	0	550,768,300	1,824,885,000
Insurance & Financial Services	80,255,600	763,800	79,491,800	250,000	0	0	79,241,800	0
Judiciary	395,013,600	1,902,300	393,111,300	7,270,900	0	1,906,400	96,645,800	287,288,200
Labor & Economic Opportunity	1,886,132,100	0	1,886,132,100	1,227,473,300	10,700,000	12,588,200	312,373,900	322,996,700
Legislative Auditor General	32,174,800	7,555,600	24,619,200	0	0	0	2,549,400	22,069,800
Legislature	203,580,600	0	203,580,600	0	0	481,700	5,585,100	197,513,800
Licensing & Regulatory Affairs	650,640,500	30,192,600	620,447,900	34,478,800	0	0	284,429,800	301,539,300
Lifelong Ed., Adv., & Potential	736,217,000	0	736,217,000	506,428,200	0	1,000,000	1,880,000	226,908,800
Military & Veterans Affairs	293,080,100	101,800	292,978,300	148,840,000	0	100,000	12,953,500	131,084,800
Natural Resources	604,529,700	208,100	604,321,600	100,214,800	0	7,609,200	408,296,400	88,201,200
School Aid	21,192,282,600	0	21,192,282,600	2,407,708,500	0	0	18,730,998,000	53,576,100
State	296,597,400	20,000,000	276,597,400	1,460,000	0	50,100	262,935,500	12,151,800
State Police	992,034,300	29,030,200	963,004,100	101,314,700	5,035,600	35,000	182,336,000	674,282,800
Tech., Mgmt. & Budget: Operations	1,654,713,200	1,152,596,000	502,117,200	4,393,300	2,360,100	229,400	142,450,700	352,683,700
Tech., Mgmt. & Budget: SBA Rent	261,651,700	0	261,651,700	0	0	0	0	261,651,700
Transportation	6,841,109,700	4,366,200	6,836,743,500	2,329,605,500	87,448,500	18,800,000	4,288,705,600	112,183,900
Treasury: Operations	871,376,400	11,815,100	859,561,300	25,254,000	15,491,600	3,040,300	587,844,600	227,930,800
Treasury: Debt Service	94,881,000	0	94,881,000	0	0	0	0	94,881,000
Treasury: Revenue Sharing	1,823,595,000	0	1,823,595,000	0	0	0	1,823,595,000	0
TOTAL APPROPRIATIONS	\$84,839,044,500	\$1,317,827,100	\$83,521,217,400	\$34,854,142,000	\$329,463,900	\$230,894,300	\$32,836,358,500	\$15,270,358,700

Note: Appropriation figures for FY 2025-26 include all proposed appropriation amounts, including amounts designated as "one-time."

**TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2025-26 and FY 2026-27 Executive Recommendation Compared with FY 2024-25 Year-to-Date**

<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>		<u>Exec. Rec. FY 2026-27</u>	<u>Difference FY 2026-27 vs. FY 2025-26</u>	
Agriculture & Rural Development	\$156,606,500	\$157,973,900	\$1,367,400	0.9%	\$157,273,900	(\$700,000)	(0.44%)
Attorney General	90,281,100	92,974,000	2,692,900	3.0%	92,974,000	0	0.0%
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	29,163,500	30,781,400	1,617,900	5.5%	30,781,400	0	0.0%
Community Colleges	462,220,800	496,689,600	34,468,800	7.5%	493,189,600	(3,500,000)	(0.7%)
Corrections	2,147,379,000	2,218,974,900	71,595,900	3.3%	2,213,528,500	(5,446,400)	(0.2%)
Education	164,975,100	164,922,700	(52,400)	(0.0%)	164,922,700	0	0.0%
Environment, Great Lakes, & Energy	1,035,012,700	1,182,694,000	147,681,300	14.3%	1,076,694,000	(106,000,000)	(9.0%)
Executive Office	9,337,100	9,609,200	272,100	2.9%	9,609,200	0	0.0%
Health and Human Services	37,631,523,200	39,136,410,800	1,504,887,600	4.0%	39,059,772,700	(76,638,100)	(0.2%)
Higher Education	2,324,292,600	2,378,853,300	54,560,700	2.3%	2,378,153,300	(700,000)	(0.0%)
Insurance & Financial Services	77,867,900	79,491,800	1,623,900	2.1%	79,491,800	0	0.0%
Judiciary	371,039,100	393,111,300	22,072,200	5.9%	393,111,300	0	0.0%
Labor & Economic Opportunity	2,421,794,500	1,886,132,100	(535,662,400)	(22.1%)	1,802,632,100	(83,500,000)	(4.4%)
Legislative Auditor General	23,902,900	24,619,200	716,300	3.0%	24,619,200	0	0.0%
Legislature	200,643,300	203,580,600	2,937,300	1.5%	203,580,600	0	0.0%
Licensing & Regulatory Affairs	621,056,200	620,447,900	(608,300)	(0.1%)	620,447,900	0	0.0%
Lifelong Ed., Adv., & Potential	643,994,200	736,217,000	92,222,800	14.3%	744,512,400	8,295,400	1.1%
Military & Veterans Affairs	275,802,300	292,978,300	17,176,000	6.2%	261,978,300	(31,000,000)	(10.6%)
Natural Resources	534,372,800	604,321,600	69,948,800	13.1%	582,929,800	(21,391,800)	(3.5%)
School Aid	20,770,275,400	21,192,282,600	422,007,200	2.0%	20,309,782,600	(882,500,000)	(4.2%)
State	271,839,900	276,597,400	4,757,500	1.8%	276,597,400	0	0.0%
State Police	925,918,700	963,004,100	37,085,400	4.0%	963,004,100	0	0.0%
Tech., Mgmt. & Budget: Operations	597,072,200	502,117,200	(94,955,000)	(15.9%)	419,517,200	(82,600,000)	(16.5%)
Tech., Mgmt. & Budget: SBA Rent	246,170,600	261,651,700	15,481,100	6.3%	261,651,700	0	0.0%
Transportation	6,803,583,600	6,836,743,500	33,159,900	0.5%	6,798,049,200	(38,694,300)	(0.6%)
Treasury: Operations	821,484,600	859,561,300	38,076,700	4.6%	834,141,300	(25,420,000)	(3.0%)
Treasury: Debt Service	95,087,000	94,881,000	(206,000)	(0.2%)	94,881,000	0	0.0%
Treasury: Revenue Sharing	1,775,490,100	1,823,595,000	48,104,900	2.7%	1,847,518,900	23,923,900	1.3%
TOTAL	\$81,528,186,900	\$83,521,217,400	\$1,993,030,500	2.4%	\$82,195,346,100	(\$1,325,871,300)	(1.6%)

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**TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2025-26 and FY 2026-27 Executive Recommendation Compared with FY 2024-25 Year-to-Date**

<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>		<u>Exec. Rec. FY 2026-27</u>	<u>Difference FY 2026-27 vs. FY 2025-26</u>	
Agriculture & Rural Development	\$89,056,400	\$85,921,900	(\$3,134,500)	(3.5%)	\$85,221,900	(\$700,000)	(0.8%)
Attorney General	57,409,100	58,778,000	1,368,900	2.4%	58,778,000	0	0.0%
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	26,195,400	27,804,900	1,609,500	6.1%	27,804,900	0	0.0%
Community Colleges	500,000	0	(500,000)	(100.0%)	0	0	--
Corrections	2,097,010,100	2,171,345,100	74,335,000	3.5%	2,165,898,700	(5,446,400)	(0.3%)
Education	63,896,100	62,722,100	(1,174,000)	(1.8%)	62,722,100	0	0.0%
Environment, Great Lakes, & Energy	260,710,300	296,389,800	35,679,500	13.7%	190,389,800	(106,000,000)	(35.8%)
Executive Office	9,337,100	9,609,200	272,100	2.9%	9,609,200	0	0.0%
Health and Human Services	6,717,231,000	7,365,958,300	648,727,300	9.7%	7,280,189,400	(85,768,900)	(1.2%)
Higher Education	1,859,424,300	1,824,885,000	(34,539,300)	(1.9%)	1,824,885,000	0	0.0%
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	266,113,900	287,288,200	21,174,300	8.0%	287,288,200	0	0.0%
Labor & Economic Opportunity	793,569,400	322,996,700	(470,572,700)	(59.3%)	239,496,700	(83,500,000)	(25.9%)
Legislative Auditor General	21,427,000	22,069,800	642,800	3.0%	22,069,800	0	0.0%
Legislature	194,753,100	197,513,800	2,760,700	1.4%	197,513,800	0	0.0%
Licensing & Regulatory Affairs	308,605,700	301,539,300	(7,066,400)	(2.3%)	301,539,300	0	0.0%
Lifelong Ed., Adv., & Potential	136,489,300	226,908,800	90,419,500	66.2%	235,204,200	8,295,400	3.7%
Military & Veterans Affairs	117,694,100	131,084,800	13,390,700	11.4%	100,084,800	(31,000,000)	(23.6%)
Natural Resources	76,757,000	88,201,200	11,444,200	14.9%	66,809,400	(21,391,800)	(24.3%)
School Aid	78,830,600	53,576,100	(25,254,500)	(32.0%)	50,776,100	(2,800,000)	(5.2%)
State	11,969,100	12,151,800	182,700	1.5%	12,151,800	0	0.0%
State Police	646,861,000	674,282,800	27,421,800	4.2%	674,282,800	0	0.0%
Tech., Mgmt. & Budget: Operations	293,793,400	352,683,700	58,890,300	20.0%	270,083,700	(82,600,000)	(23.4%)
Tech., Mgmt. & Budget: SBA Rent	246,170,600	261,651,700	15,481,100	6.3%	261,651,700	0	0.0%
Transportation	193,000,000	112,183,900	(80,816,100)	(41.9%)	0	(112,183,900)	(100.0%)
Treasury: Operations	213,568,700	227,930,800	14,362,100	6.7%	202,180,800	(25,750,000)	(11.3%)
Treasury: Debt Service	95,087,000	94,881,000	(206,000)	(0.2%)	94,881,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$14,875,459,700	\$15,270,358,700	\$394,899,000	2.7%	\$14,721,513,100	(\$548,845,600)	(3.6%)

**TABLE 4
GF/GP APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2025-26</u>
Agriculture & Rural Development	\$700,000
Corrections	5,446,400
Environment, Great Lakes, & Energy	106,000,000
Health and Human Services	112,364,100
Labor & Economic Development	83,500,000
Lifelong, Ed., Adv., & Potential	65,000,000
Military & Veterans Affairs	31,000,000
Natural Resources	21,391,800
School Aid	2,800,000
Tech., Mgmt. & Budget: Operations	82,600,000
Transportation	112,183,900
Treasury: Operations	25,750,000
TOTAL: ONE-TIME APPROPRIATIONS	\$648,736,200

**TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2025-26 Executive Recommendation Compared with FY 2024-25 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-to-Date FY 2024-25</u>	<u>Executive Recommendation FY 2025-26</u>	<u>Difference FY 2025-26 vs. FY 2024-25</u>	
Agriculture & Rural Development	556.0	589.0	33.0	5.9%
Attorney General	627.4	635.4	8.0	1.3%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	175.0	177.0	2.0	1.1%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,227.0	13,226.0	(1.0)	(0.0%)
Education	574.5	587.5	13.0	2.3%
Environment, Great Lakes, & Energy	1,652.0	1,786.0	134.0	8.1%
Executive Office	96.2	96.2	0.0	0.0%
Health and Human Services	15,941.5	16,364.5	423.0	2.7%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	404.5	409.5	5.0	1.2%
Judiciary	643.5	684.5	41.0	6.4%
Labor & Economic Opportunity	2,671.5	2,684.5	13.0	0.5%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,821.0	1,857.0	36.0	2.0%
Lifelong Ed., Adv., & Potential	343.0	354.0	11.0	3.2%
Military & Veterans Affairs	1,060.0	1,065.0	5.0	0.5%
Natural Resources	2,545.3	2,635.1	89.8	3.5%
School Aid	0.0	0.0	0.0	--
State	1,635.0	1,635.0	0.0	0.0%
State Police	3,856.0	3,871.0	15.0	0.4%
Tech., Mgmt. & Budget: Operations	3,249.5	3,269.5	20.0	0.6%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	3,228.3	3,235.3	7.0	0.2%
Treasury: Operations	2,012.5	2,040.5	28.0	1.4%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	56,319.7	57,202.5	882.8	1.6%

**Includes classified, unclassified, and nonlegislative exempt positions.*

**TABLE 6
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**

FY 2025-26 Executive Recommendation			
<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture & Rural Development	\$137,894,300	\$13,400,000	9.7%
Attorney General	81,456,800	0	0.0%
Capital Outlay	0	0	--
Civil Rights	27,863,400	0	0.0%
Community Colleges	496,689,600	496,689,600	100.0%
Corrections	2,201,649,200	122,292,500	5.6%
Education	72,915,900	18,917,700	25.9%
Environment, Great Lakes, & Energy	717,021,300	105,673,300	14.7%
Executive Office	9,609,200	0	0.0%
Health and Human Services	11,396,198,700	1,944,954,500	17.1%
Higher Education	2,375,653,300	0	0.0%
Insurance & Financial Services	79,241,800	0	0.0%
Judiciary	383,934,000	153,722,900	40.0%
Labor & Economic Opportunity	635,370,600	72,943,700	11.5%
Legislative Auditor General	24,619,200	0	0.0%
Legislature	203,098,900	0	0.0%
Licensing & Regulatory Affairs	585,969,100	280,345,300	47.8%
Lifelong Ed., Adv., & Potential	228,788,800	7,500,000	3.3%
Military & Veterans Affairs	144,038,300	4,178,000	2.9%
Natural Resources	496,497,600	16,723,100	3.4%
School Aid	18,784,574,100	17,365,133,000	92.4%
State	275,087,300	11,715,900	4.3%
State Police	856,618,800	40,441,500	4.7%
Tech., Mgmt. & Budget: Operations	495,134,400	1,000,000	0.2%
Tech., Mgmt. & Budget: SBA Rent	261,651,700	0	0.0%
Transportation	4,400,889,500	2,533,577,200	57.6%
Treasury: Operations	815,775,400	381,107,800	46.7%
Treasury: Debt Service	94,881,000	0	0.0%
Treasury: Revenue Sharing	1,823,595,000	1,822,095,000	99.9%
TOTALS APPROPRIATED	\$48,106,717,200	\$25,392,411,000	52.8%

FY 2025-26

Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$332,400	\$336,600	\$4,200	1.3
Federal	20,357,900	20,079,600	(278,300)	(1.4)
Local	0	0	0	-
Private	21,300	0	(21,300)	(100.0)
Restricted	47,170,900	51,972,400	4,801,500	10.2
GF/GP	89,056,400	85,921,900	(3,134,500)	(3.5)
Gross	\$156,938,900	\$158,310,500	\$1,371,600	0.9
FTEs	556.0	589.0	33.0	5.9

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Michigan Department of Agriculture and Rural Development (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Protecting Michigan's Food Supply	FTE	0.0	27.0
Includes \$5.5 million (\$3.5 million GF/GP) and authorization for 27.0 FTE positions for a new appropriation unit and line item to support the implementation of proactive biosecurity measures to prevent and reduce the impact of animal disease outbreaks in the livestock industry. Funding and FTEs would be allocated between bureaus internally by the department.	Gross	\$0	\$5,500,000
	Restricted	0	2,000,000
	GF/GP	\$0	\$3,500,000
2. Soil Health and Regenerative Agriculture/Agricultural Climate Resiliency	FTE	5.0	0.0
Budget consolidates two line items into a single line: Soil Health and Regenerative Agriculture. Retains \$2.0 million GF/GP in ongoing funding, and 5.0 FTE positions, for program intended to promote the principles of regenerative agriculture; does not retain \$5.1 million in one-time appropriations.	Gross	\$7,124,900	(\$5,100,000)
	GF/GP	\$7,124,900	(\$5,100,000)
3. Rural Development Grants	FTE	1.0	2.0
Increases grant program by \$2.0 million to expand the Rural Development Grant Program, a program that supports projects that enhance land-based industries and rural community infrastructure, including job training, childcare, housing, and utilities. The fund source is the state restricted Rural Development Fund, which is credited with revenue from a Nonferrous metallic minerals extraction severance tax. Budget would also authorize 3.0 FTE positions, an increase of 2.0 FTEs from current year.	Gross	\$2,008,000	\$2,000,000
	Restricted	2,008,000	2,000,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
4 Plant, Soil, and Pest Diagnostics	FTE	0.0
Includes \$1.6 million GF/GP and authorization for 4.0 FTE positions for program targeted at detection and response to invasive species and plant diseases, by increasing testing capacity to provide growers with localized data and expertise to best protect Michigan agriculture. Testing functions would include soil health testing. Of the \$1.6 million, \$900,000 is ongoing and would be allocated internally by the department; \$700,000 is one-time for laboratory capital equipment purchases.	Gross	\$0
	GF/GP	\$0
		\$1,600,000
5. Integrated Solutions	FTE	0.0
Includes a new line item within Laboratory and Consumer Protection, funded at \$3.7 million Gross (\$2.0 million GF/GP) with authorization for 25.0 FTE positions. This is a net-to-zero shift of funding and FTEs to support a new Integrated Solutions Division to provide coordination and delivery of licensing, technology advancements, and GIS services for the department.	Gross	\$0
	Restricted	0
	GF/GP	\$0
		\$0
6. Removal of FY 2024-25 One-Time Appropriations	Gross	\$3,900,000
Removes \$3.9 million GF/GP in one-time funding items included in the FY 2024-25 budget:	GF/GP	\$3,900,000
		(\$3,900,000)
<ul style="list-style-type: none"> • Animal disease prevention and response, (\$2.0 million) • Animal welfare grants, (\$500,000) • Fruit and vegetable prescription program, (\$500,000) • Underserved-owned food and agriculture ventures, (\$500,000) • Agriculture stewardship study, (\$250,000) • Flint farmer’s market, (\$150,000) 		
An additional one-time funding item, \$5.1 million for Agricultural climate resiliency, is described in Item # 2 above.		
7. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.3 million Gross (\$765,500 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker’s compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$1,258,100
		4,200
		71,700
		416,700
		\$765,500

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. The Governor had indicated this section was unenforceable.

Sec. 212. Restricted Fund Report – DELETED

Deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances. [This report is currently included in the annual budget presentation.]

Sec. 218. Record Retention Policy – DELETED

Deletes section that prescribes the department’s record retention policy.

Sec. 221. Work Project Expenditures – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. The Governor had indicated this section was unenforceable.

Sec. 223. Fiscal Recovery Funds – DELETED

Deletes section that prescribed use of federal fiscal recovery funds.

Sec. 250. Report on Grant Sponsors and Grant Recipients – DELETED

Deletes section that established detailed reporting requirements for grants made to single recipients or local units of government.

AGRICULTURE AND RURAL DEVELOPMENT

Major Boilerplate Changes from FY 2024-25

Sec. 302. Contracts and Grants Notification Requirements– DELETED

Deletes section that requires the department to provide notice to the appropriations subcommittees, the House and Senate fiscal agencies, and the State Budget Office of contracts or grants awarded.

Sec. 502. Agricultural Climate Resiliency/Soil Health and Regenerative Agriculture – DELETED

Deletes section that defines Agricultural Climate Resiliency, and Soil Health and Regenerative Agriculture.

Sec. 503 Agricultural Nutrient Best Management Voluntary Practices Program – DELETED

Deletes reporting requirement for work project related to water quality improvement project in western Lake Erie basin.

Sec. 710. Working with Department of Labor and Economic Opportunity (LEO) – NEW

Directs the department to work with the LEO's Office of Rural Prosperity on the Rural Development Grant Program.

Supplemental Recommendations for FY 2024-25 Appropriations

FY 2024-25
Recommendation

1. Food Safety and Quality Assurance

Requests a one-time \$1.0 million increase in spending authority, from the state Restricted Dairy and Food Safety Fund, for information technology enhancements to MDARD's food inspection regulatory system.

Gross

\$1,000,000

Restricted
GF/GP

1,000,000
\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	461,720,800	496,689,600	34,968,800	7.6
GF/GP	500,000	0	(500,000)	(100.0)
Gross	\$462,220,800	\$496,689,600	\$34,468,800	7.5

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$366,931,800	\$11,268,800
Includes a net increase of \$11.3 million School Aid Fund (SAF) for community college operations, a 3.1% increase when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:	Restricted	366,931,800	11,268,800
<ul style="list-style-type: none"> \$14.6 million SAF, or 4.0%, increase to operations grants for community colleges when compared to FY 2024-25 ongoing operations, which would be distributed through the performance funding formula. Removal of \$3.6 million SAF one-time operations funding. \$207,100 SAF increase based on FY 2023-24 North American Indian Tuition Waiver (ITW) program costs reported by institutions. 	GF/GP	\$0	\$0
Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$227 (set at 4.5% or \$217 in the current year). Projected funding increases for individual community colleges would range from 2.4% to 4.5%. Total funding for operations would be \$378.2 million SAF.			
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$62,100,000	\$27,400,000
Increases funding by \$27.4 million SAF for the state's share of community colleges' MPERS UAAL, a 44.1% increase. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 15.21% of payroll set by the Public School Employees Retirement Act (MCL 38.1341), which was lowered from 20.96% to 15.21% beginning in FY 2025-26. Total funding for the state share of MPERS would be \$89.5 million SAF.	Restricted	62,100,000	27,400,000
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
3. MPSERS Normal Cost Offset	Gross	\$21,800,000	(\$2,200,000)
Decreases funding by \$2.2 million SAF for the community colleges' MPSERS normal cost offset, a 10.1% decrease, due to a lower contribution needed to cover retirement benefits and maintain the assumed rate of return at 6.0%. Total funding for the MPSERS normal cost offset would be \$19.6 million SAF.	Restricted	21,800,000	(2,200,000)
	GF/GP	\$0	\$0
4. Removal of FY 2024-25 One-Time Appropriations	Gross	\$2,000,000	(\$2,000,000)
Removes \$2.0 million Gross (\$500,000 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	1,500,000	(1,500,000)
<ul style="list-style-type: none"> • Career and Education Navigators for Adult Learners (\$1.2 million SAF) • Public-Service-Focused Careers program (\$500,000 GF/GP) • Kalamazoo Valley Community College Internet Accessibility (\$350,000 SAF) 	GF/GP	\$500,000	(\$500,000)

Major Boilerplate Changes from FY 2024-25

Sec. 201f. FY 2024-25 One-Time Performance Funding Payment Detail – DELETED

Deletes language that details the one-time performance funding payment allocations for each community college for FY 2024-25.

Sec. 201h. MPSERS Normal Cost FY 2023-24 Supplemental Appropriation Detail – DELETED

Deletes language that increases the FY 2023-24 MPSERS Normal Cost by \$1.3 million SAF due to reported payroll of community colleges being slightly higher than original projections.

Sec. 207b. MPSERS State Share of Unfunded Actuarial Accrued Liability (UAAL) Appropriation – REVISED

Specifies the purpose and allocation method for the state's share of community colleges' UAAL payment to MPSERS. Revises employer rate cap from 20.96% to 15.21% to reflect statutory changes made in FY 2024-25.

Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other – REVISED

Encourages community colleges to collaborate with four-year universities, particularly in areas of training, instruction, and program articulation. Also encourages community colleges to collaborate with local employers and each other to identify local employment needs; encourages community colleges to work with universities to develop equivalency standards. Revises language to require community colleges to collaborate with four-year universities, local employers and each other.

Sec. 210d. Reverse Transfer Agreements – REVISED

Encourages community colleges to work with public universities to increase the number of students awarded community college credentials as a result of "reverse transfer" of credits for university coursework to a community college. Adds language requiring community colleges to consult with the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) at least once an academic year on transfer credits and transfer student policies, publicly post transfer policies and resources on a website and admissions materials, and provide information on the Michigan Transfer Network, transfer pathways, and financial aid for transfer students.

Sec. 216e. Institutional Best Practices Detail – DELETED

Deletes language that details requirement that community colleges must certify to following at least 2 of 5 institutional best practices to receive both ongoing and one-time performance funding increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements.

Sec. 217a. Community College Annual Reporting Requirements – REVISED

Requires each community college to submit Michigan Community College Data Inventory (MCCDI) data, tuition and fee information, longitudinal data system data, degree and certificate award data, and annual independent audits as required by the first business day of November or have monthly payments withheld. Revises language to clarify monthly state operations payments would be withheld.

Major Boilerplate Changes from FY 2024-25

Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – REVISED

Requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2024-25; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$217, whichever is greater. Sets FY 2025-26 tuition and fee restraint to the greater of 4.5% or \$227. Revises language that limits FY 2025-26 in-district tuition and fee increases to 4.5% or \$227 whichever is greater, and limits FY 2026-27 in-district tuition and fee increases to the greater of 5.0% or \$248. Adds language that details the state budget director shall implement uniform reporting requirements for tuition restraint, has the sole authority to determine compliance with the requirements, and will report information to the house and senate appropriation subcommittees and fiscal agencies.

Sec. 228. Communication With the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

COMMUNITY COLLEGES

**FY 2025-26 Community Colleges Operations Appropriations
Executive Recommendation**

% of Formula:																		
					30%	10%	10%	10%	30%	5%	5%	100%						
	Total FY 2024-25 Appropriation	FY 24 Indian Tuition Waiver Payment	FY 2024-25 One-Time Distribution	FY 2024-25 Base Appropriation	Sustainability	Performance Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Admin.	Local Strategic Value	Total Formula Distribution	FY 2024 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total FY 26 Indian Tuition Waiver Payment	FY 2025-26 Appropriation	% Change	
Alpena	\$6,493,500	\$21,800	\$68,400	\$6,403,300	\$77,596	\$145,983	\$15,912	\$38,228	\$43,691	\$27,295	\$12,933	\$361,600	\$13,500	(8,300)	\$13,500	\$6,778,400	4.4%	
Bay de Noc	6,473,100	100,000	75,100	6,298,000	76,320	20,352	15,895	38,003	47,491	26,839	12,720	237,600	92,000	(8,000)	92,000	6,627,600	2.4%	
Delta	17,067,300	24,800	160,100	16,882,400	204,584	57,285	57,753	69,449	200,313	34,280	34,097	657,800	51,800	27,000	51,800	17,592,000	3.1%	
Glen Oaks	3,016,000	1,800	30,100	2,984,100	36,162	9,643	11,147	25,644	32,925	0	6,027	121,500	2,900	1,100	2,900	3,108,500	3.1%	
Gogebic	5,493,600	48,400	46,200	5,399,000	65,426	20,092	9,721	35,994	27,083	16,735	10,904	186,000	40,100	(8,300)	40,100	5,625,100	2.4%	
Grand Rapids	21,521,800	111,100	226,500	21,184,200	256,714	68,457	87,942	68,457	356,685	32,975	42,786	914,000	153,100	42,000	153,100	22,251,300	3.4%	
Henry Ford	25,554,400	6,400	247,300	25,300,700	306,599	81,760	119,610	81,760	330,692	29,639	51,100	1,001,200	4,500	(1,900)	4,500	26,306,400	2.9%	
Jackson	14,193,900	42,300	119,000	14,032,600	170,050	45,347	44,484	45,347	132,391	20,409	28,342	486,400	27,100	(15,200)	27,100	14,546,100	2.5%	
Kalamazoo Valley	14,889,900	37,200	148,300	14,704,400	178,191	47,518	48,832	62,634	174,734	36,627	29,698	578,200	46,900	9,700	46,900	15,329,500	3.0%	
Kellogg	11,567,100	35,400	105,000	11,426,700	138,471	36,926	43,145	36,926	118,903	35,074	23,078	432,500	26,700	(8,700)	26,700	11,885,900	2.8%	
Kirtland	3,902,200	25,800	41,300	3,835,100	46,474	38,867	16,782	12,393	43,528	29,582	7,746	195,400	46,300	20,500	46,300	4,076,800	4.5%	
Lake Michigan	6,474,300	6,000	60,100	6,408,200	77,656	26,062	21,129	35,474	69,907	13,149	12,943	256,300	19,400	13,400	19,400	6,683,900	3.2%	
Lansing	36,512,400	81,200	296,800	36,134,400	437,884	163,966	114,236	133,477	283,354	27,047	72,981	1,232,900	82,100	900	82,100	37,449,400	2.6%	
Macomb	38,534,400	23,700	350,100	38,160,600	462,438	123,317	136,426	138,536	488,107	28,270	77,073	1,454,200	90,900	67,200	90,900	39,705,700	3.0%	
Mid Michigan	5,975,200	75,500	62,700	5,837,000	70,734	18,862	21,581	18,862	90,929	25,731	11,789	258,500	82,500	7,000	82,500	6,178,000	3.4%	
Monroe County	5,426,200	1,800	55,900	5,368,500	65,057	58,537	19,947	32,197	63,539	25,291	10,843	275,400	400	(1,400)	400	5,644,300	4.0%	
Montcalm	4,086,000	1,900	50,800	4,033,300	48,876	13,034	15,947	13,034	34,232	29,789	8,146	163,100	1,700	(200)	1,700	4,198,100	2.7%	
Mott	18,174,300	5,800	150,700	18,017,800	218,343	58,225	63,387	58,225	193,051	27,950	36,391	655,600	10,300	4,500	10,300	18,683,700	2.8%	
Muskegon	10,480,500	21,300	99,300	10,359,900	125,543	33,478	33,476	49,199	104,357	31,153	20,924	398,100	43,500	22,200	43,500	10,801,500	3.1%	
North Central	4,162,800	162,500	52,600	3,947,700	47,839	12,757	14,243	29,461	52,656	27,427	7,973	192,400	162,400	(100)	162,400	4,302,500	3.4%	
Northwestern	10,914,300	196,800	97,700	10,619,800	128,693	34,318	32,137	50,856	95,209	23,211	21,449	385,900	254,700	57,900	254,700	11,260,400	3.2%	
Oakland	25,428,100	33,800	264,300	25,130,000	304,530	81,208	122,131	97,846	407,600	24,579	50,755	1,088,600	38,400	4,600	38,400	26,257,000	3.3%	
Schoolcraft	15,166,400	21,000	173,400	14,972,000	181,434	48,382	68,065	63,680	243,201	35,887	30,239	670,900	25,300	4,300	25,300	15,668,200	3.3%	
Southwestern	7,885,300	29,500	69,200	7,786,600	94,360	25,163	15,216	41,951	64,211	23,971	15,727	280,600	19,100	(10,400)	19,100	8,086,300	2.5%	
St. Clair County	8,453,900	24,100	87,800	8,342,000	101,090	26,957	40,258	43,634	91,364	24,095	16,848	344,200	13,300	(10,800)	13,300	8,699,500	2.9%	
Washtenaw	16,503,100	24,600	221,200	16,257,300	197,009	52,536	179,380	69,487	320,346	34,908	32,835	886,500	19,000	(5,600)	19,000	17,162,800	4.0%	
Wayne County	19,642,700	4,400	178,000	19,460,300	235,824	104,608	84,534	62,886	250,502	23,562	39,304	801,200	2,500	(1,900)	2,500	20,264,000	3.2%	
West Shore	2,939,100	12,000	30,400	2,896,700	35,103	9,361	9,686	9,361	27,998	16,024	5,850	113,400	17,600	5,600	17,600	3,027,700	3.0%	
TOTAL	\$366,931,800	\$1,180,900	\$3,568,300	\$362,182,600	\$4,389,000	\$1,463,000	\$1,463,000	\$1,463,000	\$4,389,000	\$731,500	\$731,500	\$14,630,000	\$1,388,000	\$207,100	\$1,388,000	\$378,200,600	3.1%	

Requirement to receive performance funding for FY 2025-26:

1. Restrain FY 2025-26 in-district tuition/fee rate increase to 4.5% or \$227 (whichever is greater)

Data Notes	
Component	Years
Performance improvement	FYs 2021-2023
Performance completion number	FYs 2021-2023
Performance completion rate	FYs 2021-2022
Contact hours	FY 2024
Administrative	FYs 2023-2024

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 CORRECTIONS

Analyst: Robin R. Risko

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	5,180,500	5,203,700	23,200	0.4
Local	11,694,000	12,122,000	428,000	3.7
Private	0	0	0	--
Restricted	33,494,400	30,304,100	(3,190,300)	(9.5)
GF/GP	2,097,010,100	2,171,345,100	74,335,000	3.5
Gross	\$2,147,379,000	\$2,218,974,900	\$71,595,900	3.3
FTEs	13,227.0	13,226.0	(1.0)	0.0

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 26 correctional facilities that house felony offenders sentenced to prison. This includes provision of physical and mental health care, education, food service, transportation, and reintegration programming. The department is also responsible for supervision of all parolees and probationers under the department's jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2025, the department was responsible for 73,397 offenders: 32,574 prisoners; 31,637 probationers; and 9,186 parolees. Compared to last year on February 1, the total number of offenders decreased by a net 575, or by 0.8%. The number of prisoners decreased by 296, or 0.9%. The number of probationers decreased by 526, or 1.6%. The number of parolees increased by 247, or 2.8%.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>	
1. Restructure Wage Scale for Corrections Officers	Gross	NA	\$17,263,400
Includes \$17.3 million Gross (\$17.1 million GF/GP) to support costs associated with restructuring the pay schedule for corrections officers, effective October 1, 2024. Under the collective bargaining agreement, all pay steps received a 5% base-pay increase and the first two steps of the pay schedule were eliminated. This results in officers reaching the highest level of pay in 3 years instead of in 5 years.	Local	NA	121,400
	GF/GP	NA	\$17,142,000
	2. 54-Month Pay Step for Corrections Officers and Supervisors	Gross	NA
Includes \$15.1 million Gross (\$15.0 million GF/GP) to support costs of adding a new top pay step at the end of 54 months of service for corrections officers and increasing hourly pay rates for shift supervisors. The new step provides a \$1.30 per hour increase over the old top step at 42 months for corrections officers, and an hourly increase of \$1.30 was approved for each pay step for shift supervisors. These pay increases were approved by the Civil Service Commission in December 2024 and will become effective October 1, 2025.	Local	NA	159,500
	GF/GP	NA	\$14,984,000

CORRECTIONS

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>	
3. Peer Recovery Coaches	FTE	NA	3.0
Includes \$6.6 million GF/GP for expanding the number of peer recovery coaches in parole and probation offices throughout the state and on-site at correctional facilities. Peer recovery coaches provide skills and interventions to support, encourage, and educate parolees, probationers, and prisoners who have substance use disorders.	Gross	NA	\$6,600,000
	GF/GP	NA	\$6,600,000
4. Automation of Prisoner Counts and Callouts	Gross	\$0	\$3,446,400
Includes \$3.4 million of one-time GF/GP to automate the prisoner count and callout processes in correctional facilities. Currently, these are manual processes in which pencil and paper are used to tally and record numbers of prisoners and to track prisoner movements within facilities.	GF/GP	\$0	\$3,446,400
5. Supplies for Health Care Clinics	Gross	NA	\$2,100,000
Includes \$2.1 million GF/GP to cover an increase in supply costs for health care clinic operations. The department has experienced a 46% increase over the past 7 years in costs for janitorial and rubbish removal, medical, surgical, and lab supplies, maintenance supplies, replacement parts, and other supplies and materials used in health care clinics.	GF/GP	NA	\$2,100,000
6. Transitional Housing Development Project	Gross	\$0	\$2,000,000
Includes \$2.0 million of one-time GF/GP to support development of two multi-unit transitional housing sites to provide temporary housing to parolees upon reentry into the community. The department would collaborate with private developers and non-profit organizations to construct new or renovate existing sites to meet transitional housing needs in underserved areas of the state.	GF/GP	\$0	\$2,000,000
7. Contraband Prevention	Gross	\$1,000,000	\$0
Reallocates \$1.8 million in existing GF/GP from the Public Safety Initiative line item to support costs of contraband prevention efforts and safety in correctional facilities.	GF/GP	\$1,000,000	\$0
8. Thumb Correctional Facility Education Center	Gross	NA	\$1,521,700
Includes \$1.5 million GF/GP to annualize costs of custody staff at the new Thumb Correctional Facility University and Vocational Center. Funding is included in the FY 2024-25 budget to support costs of custody staff for the last quarter of the fiscal year.	GF/GP	NA	\$1,521,700
9. Expand Offender Success Services for Probationers	Gross	NA	\$1,500,000
Includes \$1.5 million GF/GP to expand the number of felony probationers receiving reentry services. Currently, services are provided to parolees and to felony probationers in prosperity regions 1 and 4. Funding would enable services to be provided to felony probationers in prosperity regions 2, 7, and 8. Services include, but are not limited to, behavioral therapies, job placement/readiness assistance, vital documents, physical and behavioral health, and transportation.	GF/GP	NA	\$1,500,000
10. Higher Education in Prison	Gross	\$1,250,000	\$750,000
Includes an additional \$750,000 GF/GP for the department to expand their collaboration with 4-year state universities and colleges to provide prisoners with the opportunity to participate in certificate, associate, and bachelor degree programs. Currently, there are 13 universities/colleges providing education to prisoners in correctional facilities. One additional school is expected to launch in FY 2025, and the department is involved in discussions with two additional schools. Funding is used for eligible expenses including staffing, supplies, and tuition.	GF/GP	\$1,250,000	\$750,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
11. Technical Adjustments	FTE	NA	0.0
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to accurately reflect employee counts and department operations and activities and to align funding authorization with revenue received.	Gross	NA	\$0
	GF/GP	NA	\$0
12. Removal of FY 2024-25 One-Time Appropriations	FTE	4.0	(4.0)
Removes \$6.4 million Gross (\$3.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$6,400,000	(\$6,400,000)
• Breast milk program (\$500,000 and 1.0 FTE)	Restricted	3,400,000	(3,400,000)
• Higher education in prison (\$500,000)	GF/GP	\$3,000,000	(\$3,000,000)
• In-reach services expansion (\$500,000)			
• Nation Outside (\$1.0 million)			
• Peer-led reentry services (\$500,000)			
• Thumb education center (\$3.4 million and 3.0 FTEs).			
13. Economic Adjustments	Gross	NA	\$27,670,900
Reflects a net increase in costs of \$27.7 million Gross (\$27.3 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), overtime costs, longevity, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, food, fuel, and utilities.	Federal	NA	23,200
	Local	NA	147,100
	Restricted	NA	209,700
	GF/GP	NA	\$27,290,900

Major Boilerplate Changes from FY 2024-25

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees and Prisoners – DELETED

Prohibits MDOC from taking disciplinary action against classified civil service employees or prisoners for communicating with legislators or their staff unless the communication is prohibited by law and MDOC is exercising its authority.

Sec. 210. Contingency Authorization – REVISED

Authorizes up to \$2.5 million in federal and up to \$2.0 million in local contingency funds to be appropriated should funds become available; authorizes expenditure of funds after legislative transfer to specific line items. Executive includes up to \$2.5 million in state restricted contingency authorization and increases local contingency authorization from \$2.0 million to \$2.5 million.

Sec. 212. Report on State Restricted Funds – DELETED

Requires MDOC to work with the state budget office to report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures.

Sec. 217. Receipt and Retention of Reports – DELETED

Requires MDOC to follow federal and state guidelines for short- and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 218. Report on Policy Changes Made to Implement Public Acts – DELETED

Requires MDOC to report on each specific policy change made by the department to implement a public act affecting the department.

Sec. 219. Expending Available Work Project Authorization – DELETED

Prohibits appropriations that have unexpended work project authorization associated with them, to the extent possible, from being expended until all existing work project authorization for the same purpose is exhausted.

Major Boilerplate Changes from FY 2024-25

Sec. 220. State Fiscal Recovery Fund (SFRF) – DELETED

Requires the state budget director to ensure that all SFRF revenue is expended by December 31, 2026; authorizes the state budget director to reallocate appropriated funds for the purpose of fully expending the funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires the state budget director to notify the appropriations committees of reallocations made; authorizes the state budget director and state departments to make accounting transactions necessary to implement reallocation.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 302. Allowing Staff to Reach Highest Pay Levels in Shorter Amount of Time – DELETED

Requires MDOC to submit a report that assesses the cost of allowing corrections officers and corrections medical officers to reach their highest level of pay within 3 years of service instead of reaching it within 5 years of service and the effect it would have on staff.

Sec. 303. Staff Retention Strategies – REVISED

Requires MDOC to report on staff retention strategies, including how to improve employee engagement, how to improve employee wellness, how to offer additional training and professional development, mechanisms by which to receive employee feedback, how MDOC considers suggestions made by employees, and steps taken and future plans MDOC has for retention and improving employee wellness. Executive deletes all specific information required in the report; retains requirement to report but on only staff retention strategies.

Sec. 310. Maintenance and Utility Costs at Facilities – DELETED

Requires MDOC to report on maintenance and utility costs, plans for capital improvement and associated costs, the status of capital outlay project accounts, and the expected future useful life for each correctional facility.

Sec. 324. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of not more than 1 supervisor for each 8 employees at the central office in Lansing and at northern and southern region administration offices.

OFFENDER SUCCESS ADMINISTRATION

Sec. 403. Matching Parolees with Potential Employers – DELETED

Requires MDOC to ensure, when possible, that all prisoners have potential employer matches in communities to which they will return, prior to each prisoner's initial parole hearing.

Sec. 417. Criminal Justice Reinvestment – REVISED

Requires funding for criminal justice reinvestment to be used for data collection and evidence-based programs designed to reduce recidivism among probationers, parolees, and prisoners; allocates \$600,000 to Muskegon County jail to provide programming and job training services to county jail inmates to prepare them for employment upon release from jail; requires MDOC to report on programs, including reincarceration recidivism rates of participants, employment rates of participants completing the program, and cost of the program per participant. Executive deletes reporting requirement.

Sec. 419. Reporting on Elimination of Prisoner Programming – DELETED

Requires MDOC to report on plans to eliminate programming for prisoners at least 30 days prior to program elimination; defines "programming for prisoners" to mean a department core program or career and technical education program.

FIELD OPERATIONS ADMINISTRATION

Sec. 501. Annual Program Reports – DELETED

Specifies content to be included in reports by MDOC on residential reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, descriptions of programs, comparison with previous year statistics, impact on prison admissions and jail utilization, cost effectiveness of programs).

Sec. 502. Violators of Parole and Probation – DELETED

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires a report on the number of probationers and parolees returned to or sent to prison for new crimes, the number of probationers and parolees returned to or sent to prison for technical violations, the educational history of offenders, the number of offenders that participated in reentry programs, and the number of offenders that participated in substance use disorder treatment programs, mental health programs, or both.

Major Boilerplate Changes from FY 2024-25**Sec. 503. Residential Alternative to Prison Program – DELETED**

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for the West Michigan probation violator population.

Sec. 504. Prisoners Reviewed for Parole – DELETED

Requires MDOC to report on outcomes of prisoners reviewed for parole, including the number of prisoners reviewed; the number granted or denied parole; the number of decisions deferred; the number of times prisoners were reviewed before being granted or denied parole; the number of paroles granted, denied, or deferred for each of the parole guideline scores of low, average, and high; and the reasons for parole denial or deferment.

HEALTH CARE**Sec. 603. Health Care Utilization Reports – DELETED**

Requires MDOC to report on prisoner health care utilization, including the number of inpatient hospital days, outpatient visits, emergency room visits, prisoners receiving off-site in-patient medical care, and the top 10 most common chronic care conditions.

Sec. 605. Medicaid Utilization by Prisoners – DELETED

Requires MDOC to report on utilization of Medicaid benefits for prisoners.

CORRECTIONAL FACILITIES AND ADMINISTRATION**Sec. 708. Prisoner Labor and Delivery – DELETED**

Requires MDOC to allow prisoners to have one visitor present during labor and delivery, in addition to a doula being present if the prisoner wants to work with a doula; requires visitors to be immediate family members, legal guardians, spouses, or domestic partners; authorizes MDOC to deny access to visitors if there are safety concerns; authorizes MDOC to conduct criminal background checks on visitors.

Sec. 713. Report on Restricted Visiting Privileges – REVISED

Requires MDOC to report on the number of prisoners that lose visiting privileges by race and by violation type, the number of days visitation rights were lost, the number of prisoners that apply to have visiting privileges restored, the number of prisoners that have had visiting privileges restored, and the number of prisoners that have had visiting restrictions extended. Executive deletes requirement to report on the number of days visitation rights were lost.

Sec. 714. Intelligence Unit – DELETED

Requires MDOC to maintain an intelligence unit to conduct investigatory and intelligence operations; requires the intelligence unit to provide telephone intelligence activities previously provided by the contractor; requires savings resulting from in-house telephone intelligence activities to be passed on to prisoners through reduced phone call rates; requires MDOC to continue pursuing all opportunities for further reducing the cost of phone calls.

Sec. 715. Economic Impact and Savings from Prison Closures – DELETED

Requires MDOC to provide notice of plans to close, consolidate, or relocate any correctional facility in the state at least 30 days prior to the effective date of the closure, consolidation, or relocation; requires MDOC to report on the projected savings from closure, consolidation, or relocation and projected impact on staff positions; following closure, consolidation, or relocation, requires a report on actual savings achieved and impact on staff; requires MDOC, when planning to close a correctional facility, to complete an analysis of the potential economic impact of prison closure on the local community.

ONE-TIME APPROPRIATIONS**Sec. 801. Breast Milk Program – DELETED**

Requires funding to be used for a program that provides breast milk to newborns of post-partum prisoners; requires MDOC to collaborate with Mama's Mobile Milk to ensure prisoners who have given birth within the last 18 months have the opportunity to breastfeed, including expressing milk and providing necessary supplies; grants immunity from criminal and civil liability to MDOC; requires Mama's Mobile Milk to report quarterly; designates unexpended funds as a work project appropriation.

Sec. 802. In-Reach Services Expansion – DELETED

Requires MDOC to allocate \$500,000 in one-time funding, in addition to \$900,000 in ongoing funding, to expand provision of in-reach parole planning services to all parolees prior to release from prison.

CORRECTIONS

Major Boilerplate Changes from FY 2024-25

Sec. 803. *Nation Outside* – DELETED

Requires funding to be used to support a contract with the goal of supporting peer-led reentry programming; requires Nation Outside to enlist Wayne State University to perform an independent program evaluation; requires a report on program outcomes.

Sec. 804. *Peer-Led Reentry Services* – DELETED

Requires MDOC to allocate \$500,000 in one-time funding, in addition to \$1.5 million in ongoing funding, to expand provision of peer-led reentry services to parolees.

Sec. 805. *Thumb Correctional Facility Education Center* – DELETED

Designates funding for the Thumb education center as a work project appropriation; states that the purpose of the project is to provide educational programming and vocational training at the facility; designates unexpended funds as a work project appropriation.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 EDUCATION (DEPARTMENT)

Analyst: Noel Benson

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	82,550,500	83,575,100	1,024,600	1.2
Local	5,868,500	5,884,200	15,700	0.3
Private	2,542,200	2,547,500	5,300	0.2
Restricted	10,117,800	10,193,800	76,000	0.8
GF/GP	63,896,100	62,722,100	(1,174,000)	(1.8)
Gross	\$164,975,100	\$164,922,700	(\$52,400)	(0.0)
FTEs	574.5	587.5	13.0	2.3

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Science of Reading Literacy Supports	FTE	84.7	6.0
Increases by \$960,900 GF/GP and provides authorization for 6.0 FTE positions to provide supports to districts on new dyslexia requirements under 2024 PA 146 and continue literacy improvements under science of reading. Funding is transferred from ASL Literacy Resources (\$500,000 GF/GP) and Educator Recruitment and Preparation (\$460,900 GF/GP). (See Item #2 and Item #3 for reductions in funding.)	Gross	\$17,696,000	\$960,900
	Federal	13,175,600	0
	Restricted	602,400	0
	GF/GP	\$3,918,000	\$960,900
2. ASL Literacy Resources	Gross	\$1,000,000	(\$500,000)
Reduces by \$500,000 GF/GP for a total of \$500,000 GF/GP to reallocate funds for the science of reading literacy supports. (See Item #1 for increase in funding.)	GF/GP	\$1,000,000	(\$500,000)
3. Educator Recruitment and Preparation	Gross	\$1,675,600	(\$460,900)
Reduces by \$460,900 GF/GP for a total of \$1.2 million GF/GP to reallocate funds for the science of reading literacy supports. (See Item #1 for increase in funding.)	GF/GP	\$1,675,600	(\$460,900)
4. Office of Systems, Evaluation, and Technology Federal Increase	FTE	18.0	0.0
Increases by \$360,000 federal to reflect increased available federal revenue for the Office of Systems, Evaluation, and Technology.	Gross	\$3,132,900	\$360,900
	Federal	1,802,300	360,900
	Restricted	11,000	0
	GF/GP	\$1,319,600	\$0
5. CTE Pathways to Success	FTE	25.0	2.0
Increases by \$342,400 GF/GP and provides authorization for 2.0 FTE positions to provide administrative support for new career and technical education programs included in the proposed School Aid budget.	Gross	\$5,668,700	\$342,400
	Federal	4,099,200	0
	GF/GP	\$1,569,500	\$342,400

EDUCATION (DEPARTMENT)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
6. Office of Nutrition Services	FTE 82.6	(14.0)
Renames School Support Services Operations to the Office of Nutrition Services. Transfers out \$1.5 million Gross (\$468,900 GF/GP) and authorization for 19.0 FTE positions to the new Office of Health and Safety (See Item #7 for the equivalent increase in funding.). Provides authorization for an additional 5.0 FTE positions to reflect currently available federal funding.	Gross \$15,969,300	(\$1,465,300)
	Federal 13,127,300	(996,400)
	Restricted 150,000	0
	GF/GP \$2,692,000	(\$468,900)
7. Office of Health and Safety	FTE NA	22.0
Transfers in \$1.5 million Gross (\$468,900 GF/GP) and authorization for 19.0 FTE positions from Office of Nutrition Services (formerly School Support Services Operations). Provides authorization for 3.0 additional FTE positions to reflect available federal funding. (See Item #6 for the equivalent reduction in funding.)	Gross NA	\$1,465,300
	Federal NA	996,400
	GF/GP NA	\$468,900
8. Special Education Services Transfer	FTE 47.0	0.0
Transfers in \$200,000 GF/GP from the Michigan Schools for the Deaf and Blind Operations to support staff responsible for statewide special education monitoring activities. (See Item #9 for equivalent reduction in funding.)	Gross \$9,555,600	\$200,000
	Federal 8,955,700	0
	Private 111,800	0
	Restricted 49,200	0
	GF/GP 438,900	\$200,000
9. Michigan Schools for the Deaf and Blind Transfer	FTE 82.0	0.0
Transfers out \$200,000 GF/GP from the Michigan Schools for the Deaf and Blind Operations to support staff responsible for statewide special education monitoring activities. (See Item #8 for equivalent increase in funding.)	Gross \$20,064,400	(\$200,000)
	Federal 7,639,400	0
	Local 5,868,500	0
	Private 1,350,400	0
	Restricted 1,206,100	0
	GF/GP \$4,000,000	(\$200,000)
10. Office of Systems, Evaluation, and Technology FTE Transfer	FTE 18.0	0.0
Transfers in \$153,500 Gross (\$7,600 GF/GP) from the Office of Financial Management to the Office of Systems, Evaluation, and Technology to reallocate resources based on anticipated workload. (Although not included in documents, the Executive expressed intent to transfer authorization for 1.0 FTE position from the Office of Financial Management to the Office of Systems, Evaluation, and Technology. See Item #11 for equivalent reduction in funding.)	Gross \$3,132,900	\$153,500
	Federal 1,802,300	145,900
	Restricted 11,000	0
	GF/GP \$1,319,600	\$7,600
11. Office of Financial Management FTE Transfer	FTE 3.0	0.0
Transfers out \$153,500 Gross (\$7,600 GF/GP) from the Office of Financial Management to the Office of Systems, Evaluation, and Technology to reallocate resources based on anticipated workload. (Although not included in documents, the Executive expressed intent to transfer authorization for 1.0 FTE position from the Office of Financial Management to the Office of Systems, Evaluation, and Technology. See Item #10 for equivalent increase in funding.)	Gross \$2,029,900	(\$153,500)
	Federal 1,822,400	(145,900)
	Restricted 93,700	0
	GF/GP \$113,800	(\$7,600)
12. School Board Member Training	Gross \$150,000	\$0
Transfers \$150,000 GF/GP for School Board Member Training out of School Support Services Operations and into a separate line item.	GF/GP \$150,000	\$0
13. Michigan Poet Laureate	Gross \$100,000	\$0
Transfers \$100,000 GF/GP for Michigan's Poet Laureate out of Library of Michigan Operations and into a separate line item.	GF/GP \$100,000	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
14. Removal of FY 2024-25 One-Time Appropriations	FTE	3.0
Removes \$2.0 million GF/GP of one-time funding and authorization for 3.0 FTE positions that were included in the FY 2024-25 budget to support the following:	Gross	\$2,000,000
<ul style="list-style-type: none"> • Michigan Test for Teacher Certification Reimbursement (\$1.1 million GF/GP) • Community Health Worker Career Center (\$150,000 million GF/GP) • Mental Health Training (\$250,000 GF/GP) • Charter School Transparency Database (\$150,000 GF/GP; 1.0 FTE position) • School Infrastructure and Consolidation Administration (\$150,000 GF/GP; 2.0 FTE positions) 	GF/GP	\$2,000,000
15. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.2 million Gross (\$483,600 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA
	Local	664,600
	Private	15,700
	Restricted	5,300
	GF/GP	76,000
		\$1,245,200
		\$483,600

Major Boilerplate Changes from FY 2024-25

Executive Boilerplate Deletions

In general, the executive budget deletes boilerplate sections included in the FY 2024-25 budget that were initiated by the legislature, including reporting requirements, or sections that express legislative intent. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

- Disciplinary Action (Sec. 206)
- Restricted Funds Report (Sec. 212)
- Records Retention (Sec. 218)
- Report on Policy Changes Made to Implement Public Acts Affecting Department (Sec. 219)
- Expending Available Work Project Authorization (Sec. 222)
- State Fiscal Recovery Funds Reallocation Authorization (Sec. 223)
- Charter School Transparency Database (Sec. 1100)
- Mental Health Training (Sec. 1101)
- Community Health Worker Career Center (Sec. 1102)
- School Infrastructure and Consolidation Administration (Sec. 1103)
- Michigan Test for Teacher Certification Reimbursement (Sec. 1104)

Sec. 201. Total State Spending and State Spending to Local Governments – REVISED

Revises to reflect new appropriation amounts, removal of one-time funding, and the shift of School Board Member Training to a separate line item.

Sec. 504. District Educator Preparation Programs – REVISED

Requires MDE to award funding to districts for educator preparation programming. Revises allocation to reflect prioritization of funds toward implementation of 2024 PA 146.

Sec. 604. Mental Health Support Services – REVISED

Requires MDE to use funding to provide technical assistance to districts receiving funding under Sec. 31n of the School Aid Act to make them more effective at using Medicaid dollars for mental health. Revises to clarify that technical assistance includes but is not limited to Medicaid claims.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$4,085,900	\$4,129,100	\$43,200	1.1
Federal	463,788,900	464,268,500	479,600	0.1
Local	0	0	0	--
Private	1,364,200	1,404,200	40,000	2.9
Restricted	309,149,300	420,631,500	111,482,200	36.1
GF/GP	260,710,300	296,389,800	35,679,500	13.7
Gross	\$1,039,098,600	\$1,186,823,100	\$147,724,500	14.2
FTEs	1,652.0	1,786.0	134.0	8.1

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environment, Great Lakes, and Energy (EGLE) is responsible for managing Michigan's air, land, water, and energy resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Fee Increase – Landfill Tipping Fee	FTE NA	36.0
Provides \$80.0 million in state restricted funding and authorizes 36.0 new FTE positions from a proposed increase in the landfill tipping fee from \$0.36 per ton to \$5.00 per ton. New revenue would be expended for contaminated site remediation and redevelopment (\$40.7 million) and for material management programs (\$39.3 million and 36.0 FTE positions).	Gross NA	\$80,000,000
	Restricted NA	80,000,000
	GF/GP NA	\$0
2. Fee Increase – Water Resources Division	FTE NA	41.0
Appropriates \$7.3 million in state restricted funding and authorizes 41.0 new FTE positions from a proposed 300% increase in land and water permit fees and a proposed 40% increase in certain water fees. New revenue would be expended for permitting stormwater, wastewater, and shoreline permitting.	Gross NA	\$7,312,300
	Restricted NA	7,312,300
	GF/GP NA	\$0
3. Fee Increase – Hazardous Waste	FTE 121.0	17.0
Includes \$5.0 million from the Environmental Pollution Prevention Fund and authorizes 17.0 new FTE positions from a proposed doubling of hazardous waste fees. New revenue would be expended for hazardous waste oversight and regulation.	Gross \$24,721,800	\$5,000,000
	IDG 1,566,600	0
	Federal 3,444,100	0
	Private 510,700	0
	Restricted 18,455,600	5,000,000
	GF/GP \$744,800	\$0
4. Fee Increase – Oil and Gas Wells	FTE 63.0	3.0
Provides \$465,500 from the Oil and Gas Regulatory Fund and authorizes 3.0 new FTE positions from a proposed increase on oil and gas well permits from \$20 per year to \$250 per year. New revenue would be expended for oil and gas well oversight and regulation.	Gross \$22,711,600	\$465,500
	IDG 223,100	0
	Federal 5,308,500	0
	Restricted 7,068,700	465,500
	GF/GP \$10,111,300	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
5. Water Infrastructure Projects and Lead Service Line Replacement Appropriates \$80.0 million GF/GP for water infrastructure projects, \$50.0 million of which is designated as one-time and earmarked in boilerplate section 1002 for lead service line replacement.	Gross NA GF/GP NA	\$80,000,000 \$80,000,000
6. Information Management Initiative (One-time) Includes \$39.0 million GF/GP to digitize and index historical department records.	Gross \$0 GF/GP \$0	\$39,000,000 \$39,000,000
7. Electric Charging Infrastructure (One-time) Provides \$10.0 million GF/GP for grants for electric charging and hydrogen fueling vehicle infrastructure projects.	Gross \$0 GF/GP \$0	\$10,000,000 \$10,000,000
8. Septic System Database (One-time) Appropriates \$7.0 million GF/GP to establish a statewide database to track the permitting of septic systems.	Gross \$0 GF/GP \$0	\$7,000,000 \$7,000,000
9. Drinking Water and Environmental Health Division Staff Includes \$6.0 million GF/GP and authorizes 35.0 new FTE positions to expand clean water enforcement, inspections and permitting.	FTE NA Gross NA GF/GP NA	35.0 \$5,955,700 \$5,955,700
10. Energy Programs Staff Includes \$370,000 GF/GP and authorizes 2.0 new FTE positions to expand energy programs planning and implementation.	FTE 13.0 Gross \$6,278,500 Federal 3,837,000 Private 141,900 Restricted 2,299,600 GF/GP \$0	3.0 \$370,000 0 0 0 \$370,000
11. Technical Adjustments Includes \$16.7 million Gross (\$0 GF/GP) for technical adjustments to align expenditures and increased available state restricted revenues (\$16.6 million) and private revenues (\$40,000).	Gross NA Private NA Restricted NA GF/GP NA	\$16,679,800 40,000 16,639,800 \$0
12. Water Resources Division Rollup Rolls funding for groundwater data collection (\$2.0 million Gross and 3.0 FTE positions) and water quality programs (\$1.6 million Gross and 7.0 FTE positions) into oil, gas, and mineral services, which is renamed geologic resources management, for a net zero change.	FTE 10.0 Gross \$3,631,500 Restricted 871,000 GF/GP \$2,760,500	0.0 \$0 0 \$0
13. Removal of FY 2024-25 One-time Appropriations Removes \$109.0 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following: <ul style="list-style-type: none"> Clean fuel and charging infrastructure (\$30.0 million) Drinking water infrastructure (\$35.3 million) Drinking water intake monitoring program (\$1.5 million) Lead service line replacement one-time (\$8.0 million) Microplastics research (\$2.0 million) Solar array project (\$3.0 million) Water infrastructure initiative (\$10.0 million) Water infrastructure projects (\$17.0 million) Water use advisory council recommendations (\$1.2 million) Wetlands mapping (\$1.0 million) 	Gross \$109,000,000 GF/GP \$109,000,000	(\$109,000,000) (\$109,000,000)
14. Economic Adjustments Reflects increased costs of \$4.9 million Gross (\$2.4 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Gross NA IDG NA Federal NA Restricted NA GF/GP NA	\$4,941,200 43,200 479,600 2,064,600 \$2,353,800

Major Boilerplate Changes from FY 2024-25

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law.

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$100.0 million, state restricted authorization by up to \$3.0 million, and private authorization by up to \$10.0 million private. Revises to increase state restricted authorization to up to \$10.0 million and decrease private authorization to up to \$3.0 million.

Sec. 212. Restricted Fund Revenues, Expenditures, and Fund Balances Report – DELETED

Requires annual report on fund balances, revenues, and expenditures for state restricted funds for previous and current fiscal years.

Sec. 219. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 220. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires the department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 222. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended.

Sec. 236. Flint Supplemental Funding Report – DELETED

Requires annual report on use of funds appropriated for drinking water declaration of emergency.

Sec. 245. Single Grant Recipient Requirements – DELETED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Sec. 246. State Fiscal Recovery Funds – DELETED

Requires the state budget director to ensure that State Fiscal Recovery Funds allocated under the American Rescue Pan Act of 2021 be expended before 2027; requires the state budget director to notify the House and Senate Appropriations Committees of reallocations made under this section.

Sec. 303. Bonding – DELETED

Authorizes department, if approved by state budget director, to expend GF/GP funding for cash flow requirements of projects financed by bonds, if bonds have not yet been authorized; funding to be repaid to GF/GP when bonds are sold.

Sec. 902. Community Surcharge Reimbursement Fund – NEW

Creates new fund to receive a portion of revenue from proposed landfill tipping fee increase; fund revenue may be expended for the support of program operations.

Sec. 903. Host Community Grants Fund – NEW

Creates new fund to receive a portion of revenue from proposed landfill tipping fee increase; fund revenue may be expended for the support of program operations.

Sec. 904. Materials Management Planning Fund – NEW

Creates new fund to receive a portion of revenue from proposed landfill tipping fee increase; fund revenue may be expended for the support of program operations.

Sec. 951. Lead Service Line Replacement – REVISED

Earmarks the Lead Service Line Replacement appropriation to support lead line replacement activities in overburdened and significantly overburdened communities as defined in NREPA. Revised to reflect the replacement of the Lead Service Line Replacement appropriation with the Water Infrastructure appropriation which has a broader scope of water infrastructure projects.

Sec. 1001. Work Project – Electric Charging Infrastructure – NEW

Authorizes unexpended funds for Electric Charging Infrastructure totaling \$10.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support the installation of charging and clean fuel infrastructure.

Major Boilerplate Changes from FY 2024-25**Sec. 1001. Work Project – Clean Fuel and Charging Infrastructure – DELETED**

Authorizes unexpended funds for Clean Fuel and Charging Infrastructure totaling \$30.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to install clean energy charging stations.

Sec. 1002. Work Project – Drinking Water Infrastructure – NEW

Authorizes unexpended funds for Drinking Water Infrastructure totaling \$50.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support lead line replacement and associated activities.

Sec. 1002. Work Project – Drinking Water Infrastructure – DELETED

Authorizes unexpended funds for Drinking Water Infrastructure totaling \$35.3 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to access funding to upgrade or replace drinking water infrastructure.

Sec. 1003. Work Project – Information Management Initiative – NEW

Authorizes unexpended funds for Information Management Initiative totaling \$39.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support the digitization and indexing of department records.

Sec. 1003. Drinking Water Intake Monitoring Program – DELETED

Awards funding totaling \$1.5 million to the Southeast Michigan Council of Governments for software to monitor drinking water threats and contamination.

Sec. 1004. Work Project – Lead Service Line Replacement One-time – DELETED

Earmarks the Lead Service Line Replacement One-time appropriation for lead service line replacement in Wyandotte (\$4.7 million), Douglas (\$1.3 million), and Redford Township (\$2.0 million); authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to replace lead service lines within drinking water infrastructure.

Sec. 1005. Work Project – Microplastics Research – DELETED

Authorizes unexpended funds for Microplastics Research totaling \$2.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support research and provide recommendations for addressing microplastics contamination.

Sec. 1006. Work Project – Solar Array Project – DELETED

Awards funding for Solar Array Project to Grand Rapids for necessary infrastructure upgrades to install a solar array at the former Butterworth Landfill site.

Sec. 1007. Work Project – Water Infrastructure Initiative – DELETED

Authorizes unexpended funds for Water Infrastructure Initiative totaling \$10.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used for grants to support stormwater projects that reduce the impacts of climate change.

Sec. 1008. Earmarks and Work Project – Water Infrastructure Projects – DELETED

Earmarks the Water Infrastructure Projects appropriation for a watermain extension project in Bingham Township (\$1.0 million); an underground storage tank replacement project in Northville (\$1.0 million); a wastewater project in Redford Charter Township (\$3.0 million); a wastewater and sanitary sewer infrastructure project in Grand Ledge (\$5.0 million); replacement of a failing iron removal plant for drinking water in Pottersville (\$4.0 million); watermain replacements and looping, supply well improvements, wellhouse improvements, and lead service line replacements in Vermontville (\$2.0 million); and watermain replacement in Clawson (\$1.0 million); authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used for water infrastructure projects.

Sec. 1009. Work Project – Water Use Advisory Council Recommendations – DELETED

Authorizes unexpended funds for Water Use Advisory Council Recommendations totaling \$1.2 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to fund the 2022 report recommendations of the Water Use Advisory Council.

Sec. 1010. Wetland Mapping – DELETED

Requires funding for Wetland Mapping to improve or expand wetlands identification and mapping and permits the department to contract with outside entities to accomplish these objectives.

<u>Supplemental Recommendations for FY 2024-25 Appropriations</u>		<u>FY 2024-25 Recommendation</u>
<p>1. Contaminated Site Remediation and Redevelopment Programs – Brownfield Redevelopment Appropriates \$15.0 million from the Clean Michigan Initiative Response Activities fund for local grants to redevelop contaminated brownfield sites.</p>	<p>Gross Restricted GF/GP</p>	<p>\$15,000,000 15,000,000 \$0</p>
<p>2. Great Lakes Restoration Initiative Provides \$7.6 million from the Infrastructure Investment and Jobs Act Fund to evaluate Detroit River Area of Concern sediment data.</p>	<p>Gross Federal GF/GP</p>	<p>\$7,561,800 7,561,800 \$0</p>
<p>3. Energy Programs – US Department of Energy Grant Includes \$2.0 million from the Inflation Reduction Act for a US Department of Energy grant for technical engagement and energy planning.</p>	<p>Gross Federal GF/GP</p>	<p>\$1,980,000 1,980,000 \$0</p>
<p>4. Energy Programs – Lake Michigan Circuit Provides \$325,000 million from the Energy Efficiency and Renewable Energy Revolving Loan Fund for tourism infrastructure to complete the shoreline scenic route along the multi-state Lake Michigan Circuit.</p>	<p>Gross Restricted GF/GP</p>	<p>\$325,000 325,000 \$0</p>
<p>5. Executive Direction – Small, Underserved, and Disadvantaged Communities Grant Includes \$1.5 million from the Environmental Protection Agency for grant funding to public water systems in small, underserved, and disadvantaged communities to comply with the federal Safe Drinking Water Act.</p>	<p>Gross Federal GF/GP</p>	<p>\$1,455,000 1,455,000 \$0</p>
<p>6. AmeriCorps and Office of Climate and Energy Appropriates \$796,800 Gross (\$156,800 GF/GP) from federal funds and required GF/GP match to expand AmeriCorps.</p>	<p>Gross Federal GF/GP</p>	<p>\$796,800 640,000 \$156,800</p>

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
TOTAL GENERAL GOVERNMENT**

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26 vs. FY 2024-25	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$1,197,837,100	\$1,231,348,400	\$33,511,300	2.8
Federal	44,147,200	44,573,800	426,600	1.0
Local	17,541,100	17,851,700	310,600	1.8
Private	762,300	4,770,200	4,007,900	525.8
Restricted	2,928,311,200	2,847,697,600	(80,613,600)	(2.8)
GF/GP	1,169,710,500	1,265,074,700	95,364,200	8.2
Gross	\$5,358,309,400	\$5,411,316,400	\$53,007,000	1.0
FTEs	7,751.6	7,853.6	102.0	1.3

Note: Appropriation figures for FY 2025-26 includes all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes from FY 2024-25

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law.

Sec. 212. State Restricted Funds Report – DELETED

Requires department and State Budget Office to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

Sec. 218. Receipt and Retention of Required Reports – DELETED

Requires departments and agencies to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 219. Reporting Requirement on Policy Changes – DELETED

Requires departments and agencies to report on policy changes made in order to implement enacted legislation.

Sec. 222. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures.

Sec. 223. Fund Sourcing Priorities – DELETED

Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure.

Sec. 224. Purchase of Ownership Interest in a Casino – DELETED

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation.

Major Boilerplate Changes from FY 2024-25

Sec. 226. Grant and Project Funding Transparency – DELETED

Requires departments and agencies to follow procurement statutes for any grant program or project, created for a public purpose, unless it can fully validate specific organization or local unit of government that will receive funds and how funds will be administered and expended; lists eligibility requirements to receive a grant; provides list of required verifying and application activities departments must perform to administer public grants or projects; requires identification of sponsoring legislator or department of a grant and certain activities for approval of grant agreement; requires all grant funding to be expended by close of FY 2028-29; requires all information on each grant or project to be posted on public website, including receiving entity and grant sponsor.

Sec. 227. Posting Budget Boilerplate Reports Online – DELETED

Requires departments and agencies to post all reports required by budget boilerplate on their website by the required due date.

Sec. 228. Authorization to Reallocate State Fiscal Recovery Funds – DELETED

Requires the state budget director to ensure that all State Fiscal Recovery Funds (SFRF) are expended by December 31, 2026; authorizes the state budget director to reallocate funds to fully utilize SFRF that are in jeopardy of not meeting the expenditure deadline; requires the state budget director to notify the Senate and House appropriations committees not later than 10 business days after making any reallocations.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 ATTORNEY GENERAL

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26 vs. FY 2024-25	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$39,465,600	\$39,381,700	(\$83,900)	(0.2)
Federal	10,391,600	10,567,200	175,600	1.7
Local	0	0	0	--
Private	0	950,000	950,000	--
Restricted	22,480,400	22,678,800	198,400	0.9
GF/GP	57,409,100	58,778,000	1,368,900	2.4
Gross	\$129,746,700	\$132,355,700	\$2,609,000	2.0
FTEs	627.4	635.4	8.0	1.3

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The attorney general serves as legal counsel for state departments, agencies, boards, and commissions, and their officers; brings actions and intervenes in cases on the state's behalf; and represents legislators and judges who may be sued while acting in their official capacities. The attorney general issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, issues legal opinions that have the force of law until reversed by legislative or judicial action, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Price Gouging Unit	FTE	NA
Includes \$900,000 GF/GP and authorization for 5.0 FTE positions for the corporate oversight division to expand legal services working against price gouging, or the excessive raising of prices of goods and services to exploit disruptions in the market. Funding would provide for two attorneys, two technicians, and a legal secretary.	Gross	NA
	GF/GP	NA
		5.0
		\$900,000
		\$900,000
2. Organized Retail Crime Unit	Gross	\$961,900
Includes \$950,000 in private revenues to support the work of the organized retail crime unit which works to reduce demand for stolen merchandise, limit opportunities to sell stolen merchandise, and reduce theft opportunities. Private revenues would come from unadjudicated forfeitures that result from the seizure of assets that arise from investigations of the organized retail crime unit and other department units.	Private	0
	GF/GP	\$961,900
		950,000
		\$0
		\$0
3. Tribal Legal Services	FTE	NA
Includes \$600,000 GF/GP and authorization for 3.0 FTE positions to expand existing services to accommodate increasing legal services to the state's federally recognized tribes related to treaty rights, tax agreements, gaming, cannabis, and missing persons. Funding would provide for two attorneys and one assistant.	Gross	NA
	GF/GP	NA
		3.0
		\$600,000
		\$600,000
4. DIFS Legal Services	Gross	\$1,270,000
Includes \$330,000 in IDG revenue from the Department of Insurance and Financial Services to cover investigations and litigation costs from increased referrals of civil and criminal cases.	IDG	1,270,000
	GF/GP	\$0
		330,000
		\$0
		\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
5. Violence Against Women Federal Grant	Gross	\$0
Includes \$175,000 in federal grant funding to support contractors, experts, and training to encourage treatment of domestic violence, dating violence, sexual assault, and stalking as serious violations and to develop arrest policies and enforcement of protection orders.	Federal	0
	GF/GP	\$0
		\$175,000
		\$0
6. NCHIP Grant Authorization Removal	Gross	\$121,200
Removes \$121,200 in federal funding authorization for the Prosecuting Attorneys Coordinating Council to reflect the reduction in funds available for the National Criminal History Improvement Program (NCHIP) grant.	Federal	121,200
	GF/GP	\$0
		(121,200)
		\$0
7. Removal of FY 2023-24 One-Time Appropriations	Gross	\$1,850,000
Removes \$1.9 Gross (\$1.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	IDG	850,000
<ul style="list-style-type: none"> • \$1.0 million GF/GP for the Operation Survivor Justice extradition program • \$850,000 of IDG funds for legal services to the Michigan State Housing Development Authority. 	GF/GP	\$1,000,000
		(850,000)
		(\$1,000,000)
8. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.6 million Gross (\$868,900 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		436,100
		121,800
		198,400
		\$868,900

Major Boilerplate Changes from FY 2024-25

Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED

Allows department to use up to \$2.7 million of lawsuit settlement proceeds for associated expenses with Flint Declaration of Emergency due to drinking water contamination; requires quarterly expenditure reports detailing how funds related to Flint Declaration of Emergency were spent by case, purpose, hourly rate of retained attorney, and department involved; caps hourly rate of attorneys retained for investigation at \$250 if reporting requirements are not fulfilled. Executive revises to permit the \$2.7 million to be used for general department costs and other court and legal costs

Sec. 320. Lawsuit Settlement Notification and Appropriation of Certain Proceeds – REVISED

Requires notification of lawsuit settlements with a fiscal impact for the state of \$200,000 or more; prohibits department from entering into a lawsuit that is contrary to state laws; subjects proceeds of state-initiated tobacco litigation and of opioid litigation to appropriations process. Executive revises to delete subjecting proceeds of state-initiated tobacco and opioid litigation to appropriations process.

Sec. 322. Department Initiatives Quarterly Expenditure Report – DELETED

Requires department to submit quarterly expenditure reports by line item and fund source for the following initiatives and activities: Catholic Church Investigation, Elder Abuse Task Force, Conviction Integrity Unit, Opioid Litigation, Hate Crimes Unit, Payroll Fraud Enforcement Unit, PFAS contamination, Human Trafficking, Robocall Enforcement, Job Court, Organized Retail Crime Unit, reducing utility rate increases, Boy Scouts of America investigation, and Address Confidentiality Program.

Sec. 324. Payroll Fraud Enforcement Unit Report – DELETED

Requires department to report on its website activities and findings of Payroll Fraud Enforcement Unit, including a listing of each complaint received, the unit's finding on validity of each complaint, any enforcement action taken, and complaints were subject to action by the department; requires department to request findings of investigations conducted by other departments and agencies to comply with this section.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Oxford High School Shooting Investigation

Includes \$1.0 million GF/GP to support a civil and criminal investigation of the handling of events following the shooting at Oxford High School in 2021.

**Gross
GF/GP**

**\$1,000,000
\$1,000,000**

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 CIVIL RIGHTS

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,890,900	2,899,300	8,400	0.3
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	26,195,400	27,804,900	1,609,500	6.1
Gross	\$29,163,500	\$30,781,400	\$1,617,900	5.5
FTEs	175.0	177.0	2.0	1.1

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
1. Information Technology Increase	Gross	NA
Includes \$767,800 GF/GP to support increased information technology demands due to significant staffing increases. Costs include the following:	GF/GP	\$767,800
<ul style="list-style-type: none"> \$318,800 for DTMB staffing and infrastructure to support the Civil Rights Information System (CRIS) \$300,000 to develop a new Public Complaint Portal \$149,000 for new hardware for new department staff, including laptop workstations, smart phones, and telecommunications equipment. 		
2. Development, Innovation, and Access Training	FTE	NA
Includes \$466,800 GF/GP and authorization for 2.0 FTE positions for the Development, Innovation, and Access (DIA) division which develops training and resources to increase awareness of various customer perspectives in work contexts. Funding would support monitoring language assistance services and oversight and evaluation of DIA efforts.	Gross	NA
	GF/GP	\$466,800
		2.0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
3. Economic Adjustments	Gross	NA
Reflects increased costs of \$383,300 Gross (\$374,900 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	8,400
	GF/GP	\$374,900
		\$383,300

Major Boilerplate Changes from FY 2024-25

Sec. 405. Federal Complaint Report – DELETED

Requires department to notify legislature and State Budget Office prior to submitting report or complaint to U.S. Commission on Civil Rights or other federal department.

Sec. 406. Native American Boarding School Study – DELETED

Requires status update report on Native American boarding school study funded in the Department of Civil Rights in 2022 PA 166 to provide information on activities, costs, and anticipated completion date of study.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 EXECUTIVE OFFICE

Analyst: Michael Crossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	9,337,100	9,609,200	272,100	2.9
Gross	\$9,337,100	\$9,609,200	\$272,100	2.9
FTEs	96.2	96.2	0.0	0.0

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Executive Office budget provides funding for the governor, the lieutenant governor, and their staffs. Major constitutionally specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the executive budget.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
1. Executive Office Economic Adjustments	Gross	NA
Reflects increased costs of \$272,100 GF/GP for negotiated salary and wage increases (3.0% on October 1, 2025) for employees.	GF/GP	NA
		\$272,100
		\$272,100

Major Boilerplate Changes from FY 2024-25

There is no boilerplate for the Executive Office.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 LEGISLATURE

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	467,700	481,700	14,000	3.0
Restricted	5,422,500	5,585,100	162,600	3.0
GF/GP	194,753,100	197,513,800	2,760,700	1.4
Gross	\$200,643,300	\$203,580,600	\$2,937,300	1.5
FTEs	0.0	0.0	0.0	--

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for support of public institutions and administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and the Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
1. Legislature Operations Adjustment	Gross	\$200,643,300	\$5,929,600
Reflects increased costs of \$5.9 million Gross (\$5.8 million GF/GP) for legislative employees, operations, and property management. The following is detail by budget area:	Private	467,700	14,000
	Restricted	5,422,500	162,600
	GF/GP	\$194,753,100	\$5,753,000
<ul style="list-style-type: none"> Legislature \$4.2 million GF/GP Legislative Council \$705,700 GF/GP Legislative Retirement \$188,400 Gross (\$144,600 GF/GP) Property Management \$500,800 GF/GP State Capitol Historic Site \$316,000 Gross (183,200 GF/GP). 			
2. Independent Citizens Redistricting Commission (ICRC)	Gross	\$2,992,300	(\$2,992,300)
Removes \$3.0 million GF/GP to reflect the commission going dormant until the next decennial census.	GF/GP	\$2,992,300	(\$2,992,300)

Major Boilerplate Changes from FY 2024-25

Sec. 613. Independent Citizens Redistricting Commission Compensation – DELETED

Requires the council administrator to administer compensation, benefits, and other personnel support for the members, employees, staff, and consultants of the ICRC.

Sec. 614. Independent Citizens Redistricting Commission Reporting – DELETED

Requires the ICRC to issue a report providing a detailed listing of commission expenditures.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26

LEGISLATIVE AUDITOR GENERAL

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26 vs. FY 2024-25	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$7,334,800	\$7,555,600	\$220,800	3.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,475,900	2,549,400	73,500	3.0
GF/GP	21,427,000	22,069,800	642,800	3.0
Gross	\$31,237,700	\$32,174,800	\$937,100	3.0
FTEs	0.0	0.0	0.0	--

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The legislative auditor general is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the legislative auditor general is to improve accounting and financial reporting practices and to promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Legislative Auditor General Operations	Gross \$31,237,700	\$937,100
Reflects increased costs of \$937,100 Gross (\$642,800 GF/GP) for staff of the Office of Auditor General and for other operations.	IDG 7,334,800	220,800
	Restricted 2,475,900	73,500
	GF/GP \$21,427,000	\$642,800

Major Boilerplate Changes from FY 2024-25

Sec. 625. Access to Confidential Information – DELETED

States the auditor general is not to be denied access to examine confidential information of any branch, department, office, board, commission, agency, authority, or institution of the state.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 STATE (DEPARTMENT)

Analyst: Michael Crossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	0	0	--
Private	50,100	50,100	0	0.0
Restricted	258,360,700	262,935,500	4,574,800	1.8
GF/GP	11,969,100	12,151,800	182,700	1.5
Gross	\$291,839,900	\$296,597,400	\$4,757,500	1.6
FTEs	1,635.0	1,635.0	0.0	0.0

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the secretary of state, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Legal Services Staffing	FTE	179.0	0.0
Includes \$973,800 of state restricted revenue to support 8 new positions to support business compliance efforts to ensure services are consistent with state driver and vehicle laws.	Gross	\$25,191,700	\$973,800
	Restricted	24,991,700	973,800
	GF/GP	\$200,000	\$0
2. Central Operations Staffing	FTE	335.0	0.0
Includes \$640,600 of state restricted revenue to support 4 new positions for information technology system support for more efficient driver and vehicle service options for residents.	Gross	\$53,614,100	\$640,600
	Federal	1,160,000	0
	Restricted	52,106,800	640,600
	GF/GP	\$347,300	\$0
3. State Restricted Revenue Alignment	Gross	NA	(\$440,200)
Reduces state restricted revenue authorizations by \$440,200 to align authorization levels with available estimated revenues. The authorization reductions include \$143,500 of Notary Fee Fund revenue for Election Administration and Services and \$296,700 of Expedient Service Fees Revenue for Information Technology Services and Projects.	Restricted	NA	(440,200)
	GF/GP	NA	\$0
4. Economic Adjustments	Gross	NA	\$3,583,300
Reflects increased costs of \$3.6 million Gross (\$182,700 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Restricted	NA	3,400,600
	GF/GP	NA	\$182,700

Major Boilerplate Changes from FY 2024-25

Sec. 701. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$500,000, state restricted authorization by up to \$500,000, local authorization by up to \$25,000, and private authorization by up to \$50,000. Executive revises to increase maximum amounts of contingency authorizations up to \$1.5 million in federal, \$1.5 million in state restricted, \$50,000 in local, and \$100,000 in private.

Sec. 703. Commercial Look-Up Fees Report – DELETED

Requires department to provide quarterly reports on number of records sold and revenue collected.

Sec. 705. Department Publications – REVISED

Authorizes DOS to accept gifts and grants to underwrite publications pertaining to the vehicle code and authorizes DOS to approve paid advertising in such publications; authorizes unexpended funds to be carried forward into the next fiscal year; requires annual report on details of gifts received under this subsection, expenditures made from those gifts, and other details. Executive revises to delete reporting requirement.

Sec. 713. Organ Donor Program Public Information Campaign – REVISED

Provides for receipt and expenditure of funds for a public information campaign for organ donor program; authorizes revenues from gifts and grants to be carried forward; requires annual report on amount of revenue collected, purpose of each expenditure, and amount of revenue carried forward. Executive revises to delete reporting requirement.

Sec. 714. Branch Office Closings or Consolidations – DELETED

Requires legislature to be notified in writing at least 180 days prior to closing a branch office or 60 days prior to relocating a branch outside of its current local unit of government; notification to include analyses of branch transactions and revenue, citizen impact, and savings and costs.

Sec. 717. Gifts to Support Department Activities – REVISED

Authorizes DOS to accept non-monetary gifts of a de minimus value to support licensing, regulation, and safety functions; prohibits acceptance if conditioned on future state spending; requires report. Executive revises to delete reporting requirement.

Sec. 719. Local Election Funding Report – DELETED

Requires the department to report on distributions of funding for elections allocated to counties, cities, and townships.

Sec. 722. Legacy Mainframes System Modernization – DELETED

Requires expense report by fund source on Customer and Automotive Records System (CARS) including projected expenses in current and next fiscal years.

Sec. 724. Timely Reimbursements to Local Governments – DELETED

Requires the department to reimburse cities, townships, and counties for eligible expenses not later than 60 days after receiving all necessary documentation from the local government.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Help America Vote Act (HAVA) Election Security Grants

Provides \$9.6 million in federal funding to authorize expenditure of federal Election Security grants. The total requested amount is comprised of \$7.6 million of a lapsed work project balance originally provided under the Consolidated Appropriations Act of 2020, \$1.0 million provided under the Consolidated Appropriations Act of 2024, and \$1.0 million from interest accrued from past and current HAVA fund balances.

Gross	\$9,583,500
Federal	9,583,500
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Crossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$1,119,848,200	\$1,152,596,000	\$32,747,800	2.9
Federal	4,393,300	4,393,300	0	0.0
Local	2,334,000	2,360,100	26,100	1.1
Private	189,200	229,400	40,200	21.2
Restricted	296,362,300	142,450,700	(153,911,600)	(51.9)
GF/GP	539,964,000	614,335,400	74,371,400	13.8
Gross	\$1,963,091,000	\$1,916,364,900	(\$46,726,100)	(2.4)
FTEs	3,249.5	3,269.5	20.0	0.6

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Technology, Management, and Budget (DTMB) is the centralized service agency for the executive branch. Its responsibilities include information technology services and project support for state departments and agencies; state facility and lease management; the state motor vehicle fleet; state purchasing and procurement; state retirement systems; internal audit; state budget development and monitoring; and state accounting and financial control systems. Autonomous units within DTMB include the following: State Budget Office, Office of the State the Child Advocate.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Information Technology Investment Fund (ITIF) (One-Time)	Gross	\$35,000,000	\$42,600,000
Includes \$42.6 million in one-time GF/GP for ITIF, the state's strategic portfolio of information technology system modernization projects, to support new legacy system modernization projects. With \$35.0 million GF/GP in the current year base, a total of \$77.6 million Gf/GP would be available for ITIF.	GF/GP	\$35,000,000	\$42,600,000
2. State Facilities Special Maintenance	Gross	\$28,000,000	\$25,000,000
Includes \$25.0 million in one-time GF/GP for maintenance, demolition, and infrastructure projects for state-owned buildings and structures, which includes approximately 800 buildings and 5,000 structures. With \$28.0 million GF/GP in the current year base, a total of \$53.0 million would be available for special maintenance projects.	GF/GP	\$28,000,000	\$25,000,000
3. State Property Self Insurance Fund	Gross	\$0	\$10,000,000
Provides \$10.0 million GF/GP to create what is intended to be a self-sustaining fund to self-insure property and building contents at state-owned facilities against damages. The fund would be designed to provide the state with reserve funding to draw from to help counter rising property insurance premiums. Savings from decreased property insurance rates charged to state agencies would be deposited into the fund.	GF/GP	\$0	\$10,000,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
4. Energy Efficiency Revolving Fund	Gross	\$0	\$5,000,000
Provides an additional deposit of \$5.0 million GF/GP for up-front financing of projects at state facilities that achieve energy efficiency or renewable energy; aims for re-investment of resources in new projects on a continual basis to establish long-term funding aimed at reducing the state's carbon footprint. This \$5.0 million would be in addition to the \$5.0 million deposited in FY 2021-22.	GF/GP	\$0	\$5,000,000
5. State Building Authority Capital Outlay Debt Financing	Gross	\$246,170,600	\$15,481,100
Includes \$15.5 million GF/GP to be added to the annual amount set aside for projected payments on debt for capital construction projects financed through the State Building Authority. Additional funding would support a projected increase in payments due on existing and anticipated state capital outlay projects.	GF/GP	\$246,170,600	\$15,481,100
6. Civil Service Commission IT System Upgrade	Gross	NA	\$7,528,700
Includes \$7.5 million of state restricted funding from rates charged to departments and agencies to upgrade the Human Resource Management Network System (HRMN). The upgrade would enable the transition from the on-premises human resources, payroll and benefits system that supports over 50,000 users to a government cloud platform. Funding would support the first year of the multi-year project and supplement \$23.5 million GF/GP included for the project within the executive's FY 2025-26 ITIF proposal. Total project costs would be \$47.9 million.	Restricted	NA	7,528,700
	GF/GP	NA	\$0
7. State Budget Office Staffing Increase	FTE	NA	11.0
Includes \$771,700 GF/GP and authorization for 11.0 FTE positions to support budget development, financial management, and internal auditing services.	Gross	NA	\$771,700
	GF/GP	NA	\$771,700
8. Civil Service Commission HR Staffing Increase	FTE	293.0	9.0
Includes \$1.3 million Gross (\$628,500 GF/GP) and authorization for 9.0 FTE positions to help maintain timely human resource services to the state through agency hiring and staffing operations statewide.	Gross	\$39,015,900	\$1,282,800
	Restricted	23,170,800	654,300
	GF/GP	\$15,845,100	\$628,500
9. Office of the State Employer Training Program	Gross	\$1,786,800	\$404,000
Includes \$404,000 Gross (\$288,000 GF/GP) for staffing to support labor relations and a new management training for managers and supervisors in the state classified service.	Restricted	815,100	116,000
	GF/GP	\$971,700	\$288,000
10. Annual IT IDG Baseline Adjustment	Gross	\$880,274,300	\$19,166,000
Increases IDG funding from Technology User Fee revenue by \$19.2 million to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Technology Service appropriation lines are prorated by department based on their total IT budget. Adjustments include \$7.5 million from the Civil Service Commission for the project described under item number 6 and \$9.9 million for various program adjustments under DHHS.	IDG	880,274,300	19,166,000
	GF/GP	\$0	\$0
11. Fleet Vehicle Travel Services Rate Increase	Gross	\$95,708,200	\$5,426,600
Includes \$5.4 million in IDG funding from the Motor Transport Fund to align IDG authorization with revenue from rates charged to departments and agencies.	IDG	95,708,200	5,426,600
	GF/GP	\$0	\$0
12. Building Occupancy Charges – Rate Increase	Gross	\$109,241,200	\$3,820,000
Provides \$3.8 million in IDG funding from building occupancy and parking charges to reflect building occupancy rate adjustments primarily attributable to increasing utility costs.	IDG	109,241,200	3,820,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
13. State Records Center Staffing	Gross	NA
Includes \$272,400 in state restricted funding to align staffing resources for the State Records Center (SRC). The SRC is responsible for the storing and control of inactive records on behalf of state agencies and developing retention schedules for state and local government records.	Restricted	NA
	GF/GP	NA
		\$272,400
		\$0
14. DMVA Accounting Services	Gross	NA
Provides \$136,100 in IDG funding to align departmental accounting service center funding support with funding from the Department of Military and Veterans Affairs and the Michigan Veterans' Facility Authority.	IDG	NA
	GF/GP	NA
		\$136,100
		\$0
15. Federal and State Restricted Revenue Alignment	Gross	NA
Includes a reduction of \$38,700 in federal fund authorization for the Michigan Center for Data and Analytics and an increase of \$40,000 in private funding from the National Association of Purchasing Officers to align authorization levels with available revenues and estimated expenditures for a net increase of \$1,300.	Federal	NA
	Private	NA
	GF/GP	NA
		(\$38,700)
		40,000
		\$0
16. SWCAP Adjustment	Gross	NA
Reallocates fund sourcing associated with the annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and decrease of \$2.1 million GF/GP.	IDG	NA
	Restricted	NA
	GF/GP	NA
		(\$132,300)
		2,189,200
		(\$2,056,900)
17. Microsoft Licensing Agreement Alignment	Gross	NA
Removes \$400,000 GF/GP in ongoing funding from the Information Technology Services and Projects line item to align costs for the Enterprise Licensing Agreement contract that is executed with the Microsoft Corporation.	GF/GP	NA
		(\$400,000)
		(\$400,000)
18. Removal of FY 2024-25 One-Time Appropriations	Gross	\$26,400,000
Removes \$26.4 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:	GF/GP	\$26,400,000
<ul style="list-style-type: none"> • \$25.0 million for Michigan Public Safety Communication System lifecycle replacement • \$1.4 million for menstrual products in state buildings. 		(\$26,400,000)
19. Removal of Make It in Michigan Transfer	Gross	NA
Removes \$166.3 million of state restricted authorization to enable the allocation of Make It in Michigan grant awards to leverage federal funding opportunities for key projects for public, private, and non-profit organizations from the Infrastructure Investment and Jobs Act (IIJA), the CHIPS Act of 2022, and the Inflation Reduction Act of 2022, (IRA).	Restricted	NA
	GF/GP	NA
		(\$166,265,800)
		\$0
20. Economic Adjustments	Gross	NA
Reflects increased costs of \$9.4 million Gross (\$3.5 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		4,331,400
		38,700
		26,100
		200
		1,593,600
		\$3,459,000

Major Boilerplate Changes from FY 2024-25

Sec. 801. Contingency Authorization – REVISED

Appropriates up to \$1.0 billion in federal, \$250.0 million in state restricted, \$20.0 million in local, and \$20.0 million in private contingency authorization; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises to increase maximum amounts of contingency authorizations to \$50.0 million in federal, \$200.0 million in state restricted, \$5.0 million in local, and \$5.0 million in private.

Sec. 809. Computer Contracts – DELETED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000, individually or in aggregate.

Sec. 822. Report on Unclassified Salaries – DELETED

Requires report on individual appointee and unclassified employee salaries, rounded to the nearest thousand dollars, by January 1.

Sec. 822d. Fees and Rates Charged to State Agencies – DELETED

Requires report on fees and rates charged to state agencies, along with justification for any increases from prior year.

Sec. 822e. Census-Related Services – REVISED

Appropriates funding collected by DTMB for providing census-related information and technical services and demographic products; authorizes unexpended funding to be carried forward; requires annual report on amount of revenue collected and carried forward. Executive revises to delete reporting requirement.

Sec. 822g. Supplier Risk Assessment Program – DELETED

Requires not more than an additional \$200,000 appropriated to Business Support Services line item to be used to maintain a comprehensive supplier risk and information subscription used for pre-contract risk assessment.

Sec. 825. Access to SIGMA and MAIN Data – DELETED

Requires legislature and all state departments to have access to historical and current data in SIGMA and MAIN.

Sec. 826. Definition of Information Technology Services – DELETED

Defines "information technology services" as services involving all aspects of managing and processing information, including certain IT management and support items and services.

Sec. 828. IT-Related Appropriations and Expenditures – DELETED

Requires annual report on funding and expenditures for IT services and projects for all executive departments and agencies.

Sec. 831. Information Technology Services Billing – DELETED

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 60 days after receiving approval from departments to pay vendor invoices.

Sec. 832. Child Support Enforcement System – DELETED

Requires DTMB to notify legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in event of penalties being imposed.

Sec. 839. Federal and State Restricted Revenue for ITIF – NEW

Appropriates additional federal and state restricted revenue for the Enterprisewide Information Technology Investments line item up to amounts earned based on initiatives undertaken with the General Fund appropriation.

Sec. 853. State Employment Education and Experience Requirements – DELETED

Requires Civil Service Commission to review employee classifications and educational requirements necessary for state employment; requires Civil Service Commission to substitute relevant experience for default educational requirement of a bachelor's degree.

Sec. 862. Report on Capital Outlay Projects – DELETED

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by SBA.

Major Boilerplate Changes from FY 2024-25

Sec. 866. Energy Efficiency Revolving Fund – REVISED

Creates Energy Efficiency Revolving Fund within Treasury; authorizes Treasury to receive money or other assets for deposit into fund and to credit interest and earnings into fund; provides carry-forward authorization for unexpended funds at close of fiscal year; requires DTMB to provide oversight for fund, coordinate call for projects, and prioritize projects to be awarded funds; limits administrative costs to 10% of total project cost; describes department's responsibilities in administering the fund; requires report on details of projects funded from fund. Executive revises to deposit \$5.0 million into the revolving fund; appropriates all money deposited into the fund for projects in accordance with proposed legislation.

Sec. 867. Special Maintenance, Remodeling, and Additions for State Agencies – NEW

Appropriates federal and restricted funds earned based on initiatives undertaken with funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the state budget director to determine the appropriate manner for implementing this section.

Sec. 890. Free Menstrual Products Pilot Program – DELETED

Requires funds appropriated for menstrual products to be used to provide free menstrual discharge absorption devices in the restrooms of state-owned and managed buildings and state-leased buildings where possible.

Sec. 891. MPSCS Lifecycle Replacement – DELETED

Requires the MPSCS to perform lifecycle replacement work, including, but not limited to, equipment upgrades, security, and maintenance; designates unexpended funds as a work project.

Sec. 894. Actuarial Cost of Living Study – DELETED

Requires the Office of Retirement Services to contract with the state's actuary to conduct a study to provide options related to providing cost-of-living adjustments in the State Employees' Retirement System; lists information to be included in the study.

Sec. 895. Risk Management Internal Service Fund – NEW

Creates the Risk Management Internal Service Fund to self-insure property in state-owned and managed buildings; appropriates revenues recovered from rates charged to state agencies for property insurance to pay loss or damage claims to be deposited into the fund; authorizes deposits into the fund to remain in the fund and not lapse to the general fund.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Digital Nondiscrimination Federal Compliance

Includes \$3.0 million GF/GP to support up to 7.0 limited-term FTE positions that will review, assess, and test compliance of state web and mobile-based applications to ensure accessibility for people with disabilities and compliance with federal non-discrimination standards by April, 2026.

Gross	\$3,000,000
GF/GP	\$3,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 TREASURY

Analyst: Michael Crossen

	FY 2024-25	FY 2025-26	Difference: FY 2025-26 vs. FY 2024-25	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$11,188,500	\$11,815,100	\$626,600	5.6
Federal	25,011,400	25,254,000	242,600	1.0
Local	15,207,100	15,491,600	284,500	1.9
Private	36,600	3,040,300	3,003,700	8,206.8
Restricted	2,343,150,900	2,411,439,600	68,288,700	2.9
GF/GP	308,655,700	322,811,800	14,156,100	4.6
Gross	\$2,703,250,200	\$2,789,852,400	\$86,602,200	3.2
FTEs	2,012.5	2040.5	28.0	1.4

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and the State Building Authority (SBA) are autonomous agencies housed within the department.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross	\$1,073,331,400	\$25,697,000
Includes an increase of \$25.7 million of restricted sales tax revenue relative to the FY 2024-25 budget act appropriated amount for constitutionally required payments to cities, villages, and townships, for an estimated projected total of \$1.1 billion in FY 2025-26.	Restricted	1,073,331,400	25,697,000
	GF/GP	\$0	\$0
2. City, Village, and Township (CVT) Revenue Sharing	Gross	\$333,547,300	\$11,965,100
Includes a net increase of \$12.0 million of restricted sales tax revenue for CVT revenue sharing based on a 4% increase to the FY 2024-25 base statutory appropriations for CVTs or a 3.6% increase from the total FY 2024-25 appropriation for CVT revenue sharing including formula payments based on inverse taxable value, unit type population, and millage yield equalization.	Restricted	333,547,300	11,965,100
	GF/GP	\$0	\$0
3. County Revenue Sharing	Gross	\$291,111,400	\$10,442,800
Includes a net increase of \$10.4 million of state restricted Sales Tax revenue for county revenue sharing based on a 4% increase to the FY 2024-25 base statutory appropriations for counties or a 3.6% increase from the total FY 2024-25 appropriation for county revenue sharing including formula payments based on inverse taxable values.	Restricted	291,111,400	10,442,800
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
4. Public Safety and Violence Prevention			
Maintains \$75.0 million for Public Safety and Violence Prevention revenue sharing payments for a \$0 net change from FY 2024-25 to support public safety initiatives in CVTs. Funding would be authorized to be distributed similarly as proposed under House Bill 4606 of 2024 and as shown below:	Gross	\$75,000,000	\$0
	Restricted	75,000,000	0
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> \$4.9 million, or 6.5%, to the Department of Health and Human Services (DHHS) for grants to CVTs, tribal entities, and community organizations for the purpose of advancing solutions to community violence \$1.5 million, or 2.0%, to the crime victim's rights fund created under section 4 of 1989 PA 196 and is appropriated in the DHHS \$68.6 million, or the remaining balance, to CVTs proportionate to violent crime data provided by the Michigan State Police. 			
5. Detroit Hazardous Arc Wiring Removal			
Includes \$25.0 million GF/GP to remove an estimated 1,300 miles of hazardous arc wiring in Detroit from a streetlamp system that is no longer in use. Abandoned arc wiring poses a risk if it contacts live utility lines utilizing the same utility poles. Approximately 50% of utility poles in Detroit have unused arc wiring.	Gross	\$0	\$25,000,000
	GF/GP	\$0	\$25,000,000
6. Michigan's Achieving a Better Life Experience (MiABLE) Program Expansion			
Includes \$5.0 million GF/GP to support 4.0 FTEs for promotion and education of the MiABLE program following a federal expansion that would extend program eligibility to an additional 500,000 residents. The MiABLE program allows disabled individuals to create accounts for disability-related expenses without impacting their eligibility for public benefits,	Gross	NA	\$5,000,000
	GF/GP	NA	\$5,000,000
7. Recreational Marijuana Grants to Locals			
Includes \$9.2 million in state restricted Marijuana Regulation Fund revenue to align grant payments to municipalities and counties with the expected increase in revenue based on the current total estimate from the January revenue estimating conference.	Gross	\$96,380,000	\$9,220,000
	Restricted	96,380,000	9,220,000
	GF/GP	\$0	\$0
8. Vaping, Non-Tobacco Nicotine Products Tax Administration			
Includes \$2.5 million GF/GP and authorization for 17.0 FTE positions to administer collection, enforcement, licensing, and compliance with a proposed 32% wholesale tax on vaping and non-tobacco nicotine products.	FTE	0.0	17.0
	Gross	\$0	\$2,450,000
	GF/GP	\$0	\$2,450,000
9. AI Predictive Analytics and Fraud Prevention			
Includes \$1.1 million GF/GP (\$381,000 ongoing; \$750,000 one-time) and authorization for 2.0 FTE positions to deploy artificial intelligence tools across Treasury's various data sets for implementing fraud detection analysis, ensuring the integrity of tax collections, and finding other efficiencies.	FTE	0.0	2.0
	Gross	\$0	\$1,131,000
	GF/GP	\$0	\$1,131,000
10. Payment Card Data Compliance and Fraud Monitoring			
Includes \$892,700 Gross (\$772,700 GF/GP) and authorization for 6.0 FTE positions for the Bureau of Financial and Accounting Services to implement payment card industry data compliance standards, fraud monitoring activities, and expansion of the optional city income tax program.	FTE	74.0	6.0
	Gross	\$9,555,400	\$892,700
	IDG	2,354,500	0
	Federal	966,800	0
	Local	0	120,000
	Restricted	6,063,600	0
	GF/GP	\$170,500	\$772,700

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
11. MI Financial Empowerment Program	Gross	\$0	\$3,000,000
Includes \$3.0 million in private funds donated by the Ballmer Group to create the MI Financial Empowerment program aimed at providing financial literacy education services to residents.	Private	0	3,000,000
	GF/GP	\$0	\$0
12. Payment in Lieu of Taxes (PILT)	Gross	\$35,156,800	\$3,155,700
Includes \$3.2 million Gross (\$2.4 million GF/GP) for increased PILT payments to local units of government for state lands owned by the Department of Natural Resources. Funding would align payments with current property tax estimates. Increased payments would include \$1.2 million for state purchased lands and \$2.0 million for DNR swamp and tax reverted lands.	Private	36,600	3,700
	Restricted	7,312,800	731,500
	GF/GP	\$27,807,400	\$2,420,500
13. Michigan State Lottery	Gross	\$37,475,000	\$4,873,200
Includes \$4.9 million in state restricted funding from lottery ticket sales revenue to support efforts to sell and promote Lottery products through online and retail outlets.	Restricted	37,475,000	4,873,200
	GF/GP	\$0	\$0
14. Gaming Control – Increased Funding Authorization	Gross	NA	\$703,300
Authorizes an additional \$703,300 in state restricted State Services Fee Fund revenue to be used for gaming-related enforcement services.	Restricted	NA	703,300
	GF/GP	NA	\$0
15. Bureau of Local Government Audit and Assessment Services	Gross	NA	\$695,000
Includes \$695,000 GF/GP for increased costs associated with the Bureau of Local Government for audit and assessment services to local units of government.	GF/GP	NA	\$695,000
16. Senior Citizen Cooperative Housing Tax Exemption Program	Gross	\$11,512,300	\$612,700
Includes \$612,700 GF/GP for estimated payments to locals in lieu of property taxes for qualified senior housing facilities for new facilities or costs entering the program.	GF/GP	\$11,512,300	\$612,700
17. Restricted and IDG Revenue Adjustments	Gross	\$4,091,000	\$1,004,400
Includes the following adjustments to align authorizations with revenue:	IDG	2,449,800	544,400
• \$604,400 in restricted, local, and IDG revenues for local government programs to reflect increased revenues related to administrative changes to the third-party disclosure fee, assessor training fee, and the municipal filing fee	Local	0	60,000
	Restricted	1,641,200	400,000
• \$400,000 in IDG funding from the Michigan Department of Transportation due to increased costs associated with tax collections for the Motor Fuel and International Fuel Tax Agreement taxes.	GF/GP	\$0	\$0
18. Other Technical Adjustments	Gross	NA	\$1,407,400
Includes a net increase of \$1.4 million Gross for the following technical adjustments:	Federal	NA	186,500
• \$26,700 in federal funding for the Low Income Heat and Energy Assistance Program	Restricted	NA	1,220,900
• \$159,800 in federal funding for student financial assistance programs	GF/GP	NA	\$0
• (\$279,100) in state restricted revenue from the Health and Safety Fund for Health and Safety Grants			
• \$1.5 million in state restricted revenue for administration of the qualified heavy equipment rental personal property tax exemption program.			
19. Michigan Infrastructure Council FTE Increase	FTE	3.0	2.0
Includes authorization for 2.0 FTE positions to manage new initiatives associated with the Council's new 30-Year Integrated Infrastructure Strategic Plan.	Gross	\$3,858,800	\$0
	IDG	252,700	0
	GF/GP	\$3,606,100	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
20. Language Access Plan	FTE	0.0	1.0
Includes \$245,000 GF/GP and authorization for 1.0 FTE position to implement and administer a language access plan to ensure Treasury documents are translated for all major languages that interact with Treasury services and tax collections. The program would be included under the newly created Bureau of Operational Excellence described under item number 21.	Gross	\$0	\$245,000
	GF/GP	\$0	\$245,000
21. Bureau of Operational Excellence	FTE	24.0	0.0
Transfers \$3.8 million Gross (\$363,700 GF/GP) from 8 line items and authorization for 24.0 FTE positions, for a net \$0 and FTE change, to a new line item that would support a new Bureau of Operational Excellence within Treasury to centralize lean process improvement and project management services.	Gross	\$3,811,900	\$0
	Restricted	3,448,200	0
	GF/GP	\$363,700	\$0
22. Funding and FTE Authorization Alignment Transfers	FTE	NA	0.0
Transfers \$4.5 million and authorization for 31.0 FTE positions from 9 line items to align authorizations with workloads across several areas within Treasury.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
23. Debt Service Adjustments	Gross	\$95,087,000	(\$206,000)
Reduces general obligation debt service by \$206,000 GF/GP based on existing debt service schedules and projected new debt service issues for Clean Michigan Initiative, Quality of Life Bonds, and Great Lakes Water Quality Bonds.	GF/GP	\$95,087,000	(\$206,000)
24. Removal of Other FY 2024-25 One-Time Appropriations	Gross	\$25,592,000	(\$25,592,000)
Removes \$25.6 million Gross (\$25.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	592,000	(592,000)
	GF/GP	\$25,000,000	(\$25,000,000)
<ul style="list-style-type: none"> • 12th District Court Security Upgrades (\$1.0 million GF/GP) • 38th District Court Construction Project (\$1.0 million GF/GP) • Eaton County Prosecutor Support (\$250,000 GF/GP) • Local Prosecutors Support Grants (\$16.8 million GF/GP) • Lottery IT Services and Projects (\$592,000 state restricted) • MiABLE Outreach (\$3.0 million GF/GP) • Secure Retirement for Small Businesses (\$3.0 million GF/GP). 			
25. Economic Adjustments	Gross	NA	\$4,904,900
Reflects increased costs of \$4.9 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	82,200
	Federal	NA	56,100
	Local	NA	104,500
	Restricted	NA	3,626,900
	GF/GP	NA	\$1,035,200

Major Boilerplate Changes from FY 2024-25

Sec. 902a. Notification of Bond Refunding or Restructuring – DELETED

Requires Treasury to report, not more than 30 days after a refunding or restructuring bond issue is sold, on the annual debt service changes, the change in principal and interest over the duration of the debt, and the projected change in the present value of the debt service due to the refinancing and restructuring.

Sec. 934. Expending of Authority Revenues – REVISED

Authorizes Treasury to expend revenues under various authorities for operation expenses and grants to the Civil Service Commission and the State Employee's Retirement Fund; requires a report on expenditures over \$250,000. Executive revises to delete reporting requirement.

Sec. 935. Student Loan Ombudsman – DELETED

Creates student loan ombudsman to advocate for borrowers.

Major Boilerplate Changes from FY 2024-25

Sec. 937. Michigan Accounts Receivable Collections System Report – REVISED

Requires the Department of Treasury to submit a report on the Michigan Accounts Receivable Collections System; requires report to include information regarding current collection strategies, vendors and contractors used, amount of delinquent accounts and collection referrals to vendors and contractors, liquidation rates, profile of uncollected delinquent accounts, department's strategy to manage delinquent accounts, and a summary of strategies used in other states. Executive revises to delete information on vendors and contractors from the reporting requirement.

Sec. 947. Financial Independence Teams – DELETED

Expresses legislative intent that financial independence teams cooperate with the Financial Responsibility Section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts.

Sec. 949c. Department of Agriculture and Rural Development Coordination – REVISED

Requires Department of Treasury to coordinate with the Department of Agriculture and Rural Development to improve the processing and issuance of tax credits from the Michigan Farmland and Open Space Preservation Program. Executive revises to delete specific services required under the requirement for "timely processing and issuance of tax credits".

REVENUE SHARING

Sec. 951. City, Village, and Township (CVT) Local Tax Equalization Payment Formulas – NEW

Distributes local tax equalization revenue sharing payments to CVTs according to one-third based on inverse taxable value per capita, one-third based on population, and one-third based on yield equalization; provides formulas for determining payments by type.

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution to all CVTs that received a payment under Section 952 of article 5 of 2023 PA 119; eligible payment is equal to 100.0% of its FY 2023-24 eligible payment; and any remaining amount distributed according to one-third based on inverse taxable value per capita, one-third based on population, and one-third based on yield equalization; provides formulas for determining payments by type. Executive revises to delete formulas for local tax equalization payments to transfer to section 951.

Sec. 953. County Local Tax Equalization Payment Formulas – NEW

Distributes local tax equalization revenue sharing payments to counties according to one-third based on inverse taxable value per capita, one-third based on population, and one-third based on yield equalization; provides formulas for determining payments according to a formula based on taxable value per capita.

Sec. 955. County Revenue Sharing Payments – REVISED

Specifies distribution to all CVTs that received a payment under Section 955 of article 5 of 2023 PA 119; eligible payment is equal to 100.0% of its FY 2023-24 eligible payment and any remaining amount distributed according to formula based on taxable value per capita. Executive revises to delete formulas for local tax equalization payments to transfer to section 953.

Sec. 959. Public Safety and Violence Prevention Fund – REVISED

Appropriates revenue collected in the Public Safety and Violence Prevention Fund if House Bills 4605 and 4606 of the 102nd Legislature are enacted. Executive revises to delete reference to House Bills and replaces it with conditions and a distribution formula based off of the those provided in House Bill 4606.

CASINO GAMING

Sec. 971. Compulsive Gaming Prevention Fund and First Responder Presumed Coverage Fund Allocations – REVISED

Appropriates, pursuant to statute, the following to the Compulsive Gaming Prevention Fund: \$2.0 million of the annual assessment revenue collected by Michigan Gaming Control Board from each casino licensee; \$1.0 million from internet sports betting revenue; and \$3.0 million from internet gaming fund; appropriates, pursuant to statute, the following to the First Responder Presumed Coverage Fund: \$2.0 million from internet sports betting fund revenue and \$2.0 million from internet gaming fund revenue. Executive revises to delete distribution amounts to cite new statute containing the distribution.

Major Boilerplate Changes from FY 2024-25**Sec. 973. Local Revenue Sharing Boards – REVISED**

Authorizes funds for local government programs to assist local revenue sharing boards; requires boards to comply with Open Meetings and Freedom of Information acts; authorizes county treasurers to receive and administer revenue on behalf of boards; authorizes directors of State Police and MGCB to help local boards allocate funds to local public safety organizations; requires local revenue sharing boards to comply with all applicable provisions of any agreement authorized by the Indian Gaming Regulatory Act, Public Law 100-497; requires MGCB to report on revenue receipt and distribution. Executive revises to delete reporting requirement.

Sec. 979. Millionaire Party Regulation – REVISED

Authorizes receipt and expenditure of Internet Gaming Fund revenue in an amount not to exceed the amount appropriated to MGCB to support regulation and licensing of millionaire parties; requires a report. Executive revises to delete reporting requirement.

ONE-TIME APPROPRIATIONS**Sec. 990. 12th District Court Project – DELETED**

Requires funding to be used for security upgrades at a district court in Jackson.

Sec. 991. 38th District Court Project – DELETED

Requires funding to be used to build a district court and police station in Eastpointe.

Sec. 992. Additional Local Prosecutor Support – DELETED

Requires funding to be used to reduce the average caseload per attorney in the office of the Eaton County prosecutor.

Sec. 993. Local Prosecutor Support Grants – DELETED

Requires Treasury to award grants to the offices of county prosecutors to reduce the average caseload per attorney; describes program requirements.

Sec. 994. MiABLE Savings Program – DELETED

Requires funding to support efforts of Michigan ABLE savings program established under Michigan Achieving A Better Life Experience (ABLE) Program Act (2015 PA 160); designates unexpended funds as a work project.

Sec. 995. Secure Retirement for Small Businesses – DELETED

Requires appropriation to be used only to implement HB 5461 of 2024 to create a state-managed retirement plan marketplace that small businesses with fewer than 100 employees may voluntarily enroll in as a means to provide retirement plan options to their employees; authorizes Treasury to receive and expend private funds for development and operation of the marketplace; requires a report on the number of participating employers, employees, and financial services firms; requires Treasury to cooperate with DTMB and DIFS and other departments and agencies to establish and implement program oversight guidelines.

Sec. 1200. MI Financial Empowerment – NEW

Requires funding to be used to develop and conduct a marketing campaign to promote financial literacy to Michigan residents; lists examples of eligible expenses as the purchase or creation of educational materials, paid advertising, planning and hosting events, or other activities.

Sec. 1201. Hazardous Arc Wiring Removal Project – NEW

Requires funding to be granted to an electrical utility in Detroit for the removal of abandoned wire that was used to serve arc-type streetlamps; requires an annual report to be filed with the Michigan Public Service Commission detailing progress made on removing arc wiring and the cost-per mile of removal; permits appropriated funds to be combined with other funds related to arc wire removal, to be used for trimming trees and other activities related to arc wire removal.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Public Safety and Violence Prevention

Reappropriates \$75.0 million for Public Safety and Violence Prevention revenue sharing payments for a \$0 net change in FY 2024-25 to authorize the distribution of funding appropriated under 2024 PA 121 in the absence of other statutory or boilerplate authorization. Funding would be authorized to be distributed similarly as proposed under House Bill 4606 of 2024 and as shown below:

- \$4.9 million, or 6.5%, to the Department of Health and Human Services (DHHS) for grants to CVTs, tribal entities, and community organizations for the purpose of advancing solutions to community violence
- \$1.5 million, or 2.0%, to the crime victim's rights fund created under section 4 of 1989 PA 196, MCL 780.904 and is appropriated in the DHHS
- \$68.6 million, or the remaining balance, to CVTs proportionate to violent crime data provided by the Michigan State Police.

Gross **\$0**
GF/GP **\$0**

2. Lottery Operations

Includes \$2.0 million in state restricted funding from lottery ticket sales revenue to support lottery sales operations and security staffing at the Lottery headquarters building located in downtown Lansing.

Gross **\$1,950,000**
Restricted **1,950,000**
GF/GP **\$0**

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 HEALTH AND HUMAN SERVICES

Analysts: Sydney Brown, Kent Dell, Kevin Koorstra, and Cassidy Uchman

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25		Executive	Amount
IDG/IDT	\$14,707,900	\$15,448,000	\$740,100	5.0
Federal	26,644,177,600	27,369,656,600	725,479,000	2.7
Local	170,492,500	190,421,900	19,929,400	11.7
Private	177,599,600	180,133,600	2,534,000	1.4
Restricted	3,922,022,500	4,030,240,400	108,217,900	2.8
GF/GP	6,717,231,000	7,365,958,300	648,727,300	9.7
Gross	\$37,646,231,100	\$39,151,858,800	\$1,505,627,700	4.0
FTEs	15,941.5	16,364.5	423.0	2.7

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs and by enforcing child support laws, and funding for behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
MEDICAID – GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$20,522,491,800	\$753,222,800
Includes an increase of \$753.2 million Gross (\$259.4 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments, and traditional FMAP cost-sharing adjustments from FMAP increasing from 65.13% to 65.30% for medical and behavioral health services in the traditional Medicaid program. Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 3.7%.	Federal 13,312,825,800	527,473,400
	Local 44,686,000	(2,422,900)
	Private 7,165,100	2,673,000
	Restricted 3,110,411,800	(33,950,500)
	GF/GP \$4,047,403,100	\$259,449,800
2. Healthy Michigan Plan Cost Adjustments	Gross \$6,648,194,800	\$110,841,600
Includes an increase of \$110.8 million Gross (\$17.7 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 4.3%.	Federal 5,976,755,900	90,413,000
	Local 1,771,700	0
	Private 1,122,800	0
	Restricted 577,498,600	2,761,100
	GF/GP \$91,045,800	\$17,667,500
3. Actuarial Soundness	Gross NA	\$664,555,100
Includes \$664.6 million Gross (\$185.3 million GF/GP) to support actuarial soundness adjustments for prepaid inpatient health plans (PIHPs), Medicaid Health plans, Program of All-inclusive Care for the Elderly (PACE), home- and community-based services, Integrated Care Organizations (MI Health Link), and Healthy Kids Dental.	Federal NA	479,254,200
	GF/GP NA	\$185,300,900

	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		

DEPARTMENT ADMINISTRATION

4. Coordination of Children's Healthcare

Transfers \$24.7 million Gross (\$10.8 million GF/GP) and 74.0 FTE positions from throughout DHHS, and includes \$7.5 million restricted revenue from the Healthy Michigan Fund for tobacco and smoking prevention and cessation. Consolidates programs and services such as early child mental health, MiKidsNow, Transitions of Care programming, and youth smoking prevention under a single programmatic line item. YTD amounts reflect appropriations associated with programs transferred from other line items.

	FTE	74.0	0.0
	Gross	\$24,688,300	\$7,500,000
	TANF	450,200	0
	Federal	13,271,100	0
	Private	200,000	0
	Restricted	0	7,500,000
	GF/GP	\$10,767,000	\$0

5. Information Technology Systems and Services Cost Increase

Includes \$9.0 million Gross (\$4.2 million GF/GP) for cost adjustments related to increased prices for system hardware, software, program licensing fees, and vendor/service provider contractual costs.

	Gross	\$532,841,400	\$9,016,000
	IDT/IDG	609,700	0
	TANF	24,471,400	0
	Federal	356,556,000	4,775,900
	Local	6,700	0
	Private	5,250,000	0
	Restricted	2,010,400	0
	GF/GP	\$143,937,200	\$4,240,100

COMMUNITY SERVICES AND OUTREACH

6. TANF/GF Swap

Includes \$6.2 million GF/GP to replace TANF within the diaper assistance program, foster care suitcases, and newborn car seats initiatives. The use of GF/GP in these programs would allow for greater flexibility in spending by the department and expanded access to services.

	Gross	NA	\$0
	TANF	NA	(6,202,200)
	GF/GP	NA	\$6,202,200

7. Assistance Programs – TANF Increase

Includes a total of \$6.2 million federal TANF reallocated from the diaper assistance program, foster care suitcases, and newborn car seats initiatives to supplement various programs. Investments include:

- \$5.0 million and a 1.0 new FTEs for child support enforcement programming to support responsible fatherhood.
- \$1.2 million to increase the FIP – Child Supplemental Payment for eligible families.

	FTE		1.0
	Gross	NA	\$6,202,800
	TANF	NA	6,202,800
	GF/GP	NA	\$0

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

8. Child Welfare Caseload Adjustments

Increases funding for child welfare programs by \$56.6 million Gross (\$64.4 million GF/GP) as follows:

- Adoption Subsidies is reduced \$7.4 million Gross (\$1.2 million GF/GP).
- Child care fund is increased \$48.4 million Gross (\$45.1 million GF/GP).
- Foster Care Payments is increased \$15.5 million Gross (20.7 million GF/GP).
- Guardianship Assistance Program is increased by \$56,400.

Amount includes \$347,200 GF/GP reduction from changes in the FY 2025-26 FMAP to 65.30%.

	Gross	\$861,186,300	\$56,551,900
	TANF	72,665,900	(4,523,500)
	Federal	211,630,600	(8,252,900)
	Local	40,687,800	5,041,200
	Private	1,503,300	(276,400)
	Restricted	3,615,800	156,500
	GF/GP	\$531,082,900	\$64,407,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
9. Kinship Support Services	FTE	NA	157.0
Includes \$24.4 million Gross (\$22.6 million GF/GP) and authorizes an additional 157.0 FTEs to fund programming that supports foster children and the relatives that care for them. Funds would be used to support the Kinship Advisory Council, Kinship Support Program in partnership with Michigan State University, kinship activities for family bonding, and family finding specialists. Amount includes \$471,000 Gross (\$428,600 GF/GP) for IT costs.	Gross	NA	\$24,397,000
	Federal	NA	1,757,000
	GF/GP	NA	\$22,640,000
10. Foster Home Array and Permanency Planning	FTE	NA	22.0
Includes \$13.3 million Gross (\$11.2 million GF/GP) and authorizes an additional 22.0 FTEs to support foster parent recruitment efforts, community reintegration for youth exiting foster care, expanding enhanced treatment foster care services, and increase the Family Incentive Grant to address continued safety issues.	Gross	NA	\$13,333,400
	Federal	NA	2,091,400
	GF/GP	NA	\$11,242,000
11. Adoption Support Investment	Gross	NA	\$17,496,000
Includes \$17.5 million Gross (\$12.7 million GF/GP) to support efforts to improve access to behavioral health supports for adopted children. Amount includes \$5.1 million Gross (\$1.2 million GF/GP) to account for increases in medical subsidies expenditures.	Federal	NA	4,832,300
	GF/GP	NA	\$12,663,700
12. Foster Youth Benefits	Gross	NA	\$0
Includes an increase of \$3.5 million GF/GP to offset the loss of federal funds from federal benefits such as Supplemental Security Income (SSI). Currently, federal benefits are used to fund the child's care while they are in foster care. Funds will now be set aside for the youth to use as they transition out of foster care.	Restricted	3,615,800	(3,500,000)
	GF/GP	(\$3,615,800)	\$3,500,000
13. Independent Living Plus Rate Increase	Gross	NA	\$2,032,600
Includes \$2.0 million Gross (\$1.9 million GF/GP) to fund a 20% increase to the Independent Living Plus per diem rates for both Staff-Supported Housing from \$210.25 to \$252.30 and the Host Home rate from \$99.21 to \$119.05.	Federal	NA	133,700
	GF/GP	NA	\$1,898,900
14. Indian Child Welfare Act Foster Care Rate Increase	Gross	NA	\$325,700
Includes \$325,700 Gross (\$261,000 GF/GP) to fund a \$10.02 increase to the add-on rate paid to child placing agencies. Currently, child placing agencies receive an add-on rate of \$2.50 for Indian foster youth in addition to the general administrative per diem of \$60.20. The add-on rate is required for the state to remain in compliance with the Indian Child Welfare Act of 1978.	Federal	NA	64,700
	GF/GP	NA	\$261,000
15. Juvenile Justice Operations	FTE	NA	62.0
Includes \$12.8 million Gross (\$6.2 million GF/GP) and authorizes an additional 62.0 FTEs for the following juvenile justice investments:	Gross	NA	\$12,755,100
• Bay Pines Operations: \$4.1 million Gross (\$2.0 million GF/GP) and an additional 4.0 FTEs.	Federal	NA	90,500
• Juvenile Justice Programmatic Improvements: \$6.5 million GF/GP and an additional 5.0 FTEs.	Local	NA	6,456,300
• New Michigan Youth Treatment Center: \$16.1 million Gross (\$7.6 million GF/GP) and an additional 111.0 FTEs.	GF/GP	NA	\$6,208,300
• Shawono Closure: \$7.6 million Gross (\$3.6 million GF/GP) savings and reduction of 58.0 FTEs.			
• Foster Care savings: \$6.4 million GF/GP savings.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
PUBLIC ASSISTANCE / LOCAL OFFICE OPERATIONS		
16. Michigan Energy Assistance Program	Gross	\$50,000,000
Includes a total of \$75.0 million Gross (\$25.0 million GF/GP) for energy assistance services for low-income residents. Amount includes:	Restricted	50,000,000
<ul style="list-style-type: none"> \$50.0 million from the Low-income energy assistance fund (LIEAF) and its associated new revenue from PA 168 and 169 of 2024. \$25.0 million GF/GP on a one-time basis. 	GF/GP	\$0
		\$75,000,000
		50,000,000
		\$25,000,000
17. Water Affordability	Gross	\$10,000,000
Continues a total of \$7.0 million GF/GP (\$1.0 million ongoing; \$6.0 million one-time) to support water affordability efforts, including paying water arrearages, shut off notices, and subsidizing other water affordability programs. Program received \$10.0 million GF/GP in FY 2024-25 on a one-time basis.	GF/GP	\$10,000,000
		(\$3,000,000)
		(\$3,000,000)
18. Public Assistance Caseload Adjustments	Gross	\$4,182,176,700
Includes a net reduction of \$519.8 million Gross (\$1.7 million GF/GP) for current year and FY 2025-26 caseload adjustments for the Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI). The Gross reduction is primarily from a decrease in federal FAP authorization in the current year. Caseload changes include:	TANF	90,370,200
<ul style="list-style-type: none"> FAP – reduction of \$518.6 million Federal. SDA – reduction of \$1.1 million Gross (\$1.5 million GF/GP). SSI – reduction of \$62,800 GF/GP. 	Federal	4,013,660,000
	Restricted	14,785,700
	GF/GP	\$63,360,800
		(\$519,793,400)
		0
		(518,591,700)
		457,500
		(\$1,659,200)
19. Family Impact Teams	FTE	NA
Includes a net increase of \$390,000 Gross (\$0 GF/GP) for statewide expansion of Family Impact Teams. Funds will be used to embed public assistance local office staff in child welfare services to support families in applying for public assistance and accessing other resources. Amount includes a reduction of \$26.6 million Gross (\$11.3 million GF/GP) and a net reduction of 12.0 FTEs from the elimination of the Pathways to Potential program.	Gross	NA
	IDG/IDT	NA
	TANF	NA
	Federal	NA
	GF/GP	NA
		\$390,000
		0
		0
		390,000
		\$0
BEHAVIORAL HEALTH		
20. Certified Community Behavioral Health Clinics (CCBHCs)	Gross	\$525,913,900
Adds \$39.3 million Gross (\$6.3 million GF/GP) for utilization and cost adjustments for the CCBHC demonstration program. Also includes a net \$0 transfer of \$350.8 million Gross (\$75.7 million GF/GP) of base CCBHC payments currently within the Medicaid Mental Health and Healthy Michigan Plan – Behavioral Health lines into the supplemental payments CCBHC line.	Federal	441,942,600
	GF/GP	\$83,971,300
		\$39,372,800
		33,086,200
		\$6,286,600
21. Michigan Opioid Healing and Recovery Fund	Gross	\$48,202,300
Includes a net increase of \$21.8 million in Michigan Opioid Healing and Recovery Funds to increase opioid use disorder services, including prevention, treatment, harm reduction, and data collection for a total of \$70.0 million. Of that amount, \$55.0 million would be allocated on an ongoing basis and \$15.0 million would be allocated on a one-time basis.	Restricted	48,202,300
	GF/GP	\$0
		\$21,796,500
		21,796,500
		\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
22. Medicaid Pre-Release Services Demonstration Start-Up Costs	Gross	NA
Includes \$40.0 million Gross (\$20.0 million GF/GP) for start-up costs for correctional and other facilities, staffing, outreach, and IT costs of a new Medicaid demonstration program to provide 90 days of Medicaid covered pre-release services, including: case management, medication assisted treatment, pharmaceutical services, practitioner services, and diagnostics. Services that would begin in the following fiscal year.	Federal	NA
	GF/GP	NA
		\$40,000,000
		20,000,000
		\$20,000,000
23. New State Psychiatric Hospital Operations	FTE	786.2
Includes \$15.2 million GF/GP and authorizes 147.0 FTEs for the state to transition patients into the new State Psychiatric Hospital in Northville. The patients are currently residing at the Walter Reuther Psychiatric Hospital in Westland, and the year-to-date amount reflects the authorization for Walter Reuther. The new State Psychiatric Hospital has a 264-bed capacity, of which 72 would be for children and adolescents. The census for Walter Reuther and Hawthorn has averaged 215 individuals, of which 50 have been children and adolescents.	Gross	\$123,069,900
	Federal	29,765,600
	Local	6,263,900
	Restricted	5,282,600
	GF/GP	\$81,757,800
		147.0
		\$15,154,900
		0
		0
		0
		\$15,154,900
24. Other State Psychiatric Hospital Adjustments	Gross	NA
Includes a total of \$4.7 million Gross (\$618,400 GF/GP) for pharmaceutical cost increases, funding to open a new kitchen at the Forensic Center, and updated revenue estimates from first and third party reimbursements.	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		\$4,727,600
		109,200
		0
		4,000,000
		\$618,400
25. First Responder Mental Health Service (One-Time)	Gross	\$2,500,000
Continues \$2.5 million GF/GP on a one-time basis for first responder mental health services to support first responders suffering from post-traumatic stress and other mental health conditions. Program received \$2.5 million GF/GP in FY 2024-25, also on a one-time basis.	GF/GP	\$2,500,000
		\$0
		\$0
PUBLIC HEALTH		
26. Crime Victim's Rights Sustaining Grants Increase	Gross	\$30,000,000
Includes \$20.0 million GF/GP to offset a projected shortfall in the state restricted Crime Victim's Rights fund and federal Victims of Crime Act (VOCA) funding.	GF/GP	\$30,000,000
		\$20,000,000
		\$20,000,000
27. Tobacco Prevention and Smoking Cessation Increase	FTE	33.0
Includes \$22.9 million Gross (\$1.5 million GF/GP) and an additional 7.0 FTEs to support smoking prevention programs such as cancer screenings, free nicotine quit kits, and cessation counseling services as well as anti-smoking campaigns. Programming would be largely funded by revenues from a new tax on vaping and other nicotine products.	Gross	\$23,076,100
	Federal	14,630,600
	Private	700,000
	Restricted	1,661,900
	GF/GP	\$6,083,600
		7.0
		\$15,371,300
		0
		0
		13,875,000
		\$1,496,300
28. Essential Local Public Health Services for Youth	Gross	\$117,662,000
Includes \$11.1 million in local funding authorization to align vision and hearing screening service levels with School Aid Act Appropriations for schools and Child and Adolescent Health Centers.	Local	46,392,700
	GF/GP	\$71,269,300
		\$11,057,300
		11,057,300
		\$0
29. Statewide Paramedic Competency Exam	FTE	NA
Includes \$3.1 million GF/GP and an additional 6.0 FTEs to implement a statewide paramedic competency exam as required by PA 48 of 2024.	Gross	NA
	GF/GP	NA
		6.0
		\$3,100,000
		\$3,100,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
HEALTH SERVICES		
30. Medicaid Protected Income – Spend Down Threshold	Gross NA	\$96,389,000
Includes \$96.4 million Gross (\$33.1 million GF/GP) to detach the Medicaid protected income level from the Family Independence Program standard, pursuant to MCL 400.106, and align it with federal poverty standards issued by the U.S. Department of Health and Human Services. For CY 2025, the spend down threshold would increase from approximately 28% to 100% of FPL (\$363 per month to \$1,304 per month) for an individual. DHHS assumes a spend down population of 78,252. Sec. 1605 includes related boilerplate.	Federal NA	63,289,000
	GF/GP NA	\$33,100,000
31. Nonclinical Long-Term Care Staff Wage Increase	Gross \$2,434,890,200	\$14,000,000
Includes \$14.0 million Gross (\$6.2 million GF/GP) to provide a \$0.85 per hour wage increase for nonclinical staff employed in skilled nursing facilities. Amends boilerplate Sec. 1645 include nursing unit clerks and non-certified aides as eligible classifications.	Federal 1,544,691,300	7,801,400
	Local 6,618,800	0
	Private 6,100,000	0
	Restricted 400,613,500	0
	GF/GP \$476,866,600	\$6,198,600
32. Home Help Caregiver Council	Gross NA	\$7,000,000
Includes \$7.0 million Gross (\$3.5 million GF/GP) to establish the Home Help Caregiver Council, in accordance with 2024 PA 144. Funding to provide for administrative costs, pre-service orientation, communications, advisory group support, and voluntary training over a 5-year period with the intent to work project the appropriations.	Federal NA	3,500,000
	GF/GP NA	\$3,500,000
33. Prior Authorization Processing	FTE 458.0	30.0
Includes \$3.6 million Gross (\$1.8 million GF/GP) to support 30.0 additional FTE positions. Staffing increase is requested in preparation for the January 2026 implementation of CMS regulations requiring the processing of all prior authorization requests within 7 calendar days.	Gross \$128,854,100	\$3,633,400
	Federal 85,538,600	1,816,700
	Local 37,700	0
	Private 1,001,300	0
	Restricted 336,300	0
	GF/GP \$41,940,200	\$1,816,700
34. Medicaid Eligibility Phone Renewal Services	Gross NA	\$2,837,000
Includes \$2.8 million Gross (\$1.4 million GF/GP) to provide Medicaid eligibility phone renewal services. These renewal services were previously funded with one-time Medicaid redetermination funding and remain federally mandated.	Federal NA	1,418,500
	GF/GP NA	\$1,418,500
35. PACE Slot Increase	Gross \$270,385,800	\$2,899,400
Includes \$2.9 million Gross (\$1.0 million GF/GP) to provide 54 additional slots at existing PACE sites in Newaygo (2), Saginaw (32), and Traverse City (20). Revises boilerplate Sec. 1854 to incorporate additional slots.	Federal 176,099,000	1,893,300
	GF/GP \$94,286,800	\$1,006,100
36. Medicaid Orthodontic Benefit Expansion – CSHCS	Gross \$4,301,700	(\$1,040,800)
Retains \$1.5 million GF/GP appropriated in FY 2024-25 for a Medicaid orthodontic benefit pilot program and expands the service statewide through Children's Special Health Care Services. Removes pilot program boilerplate Sec. 1632.	Federal 2,801,700	(1,040,800)
	GF/GP \$1,500,000	\$0
37. Federal State Psychiatric DSH Clawback (One-Time)	Gross NA	\$78,664,100
Includes \$78.7 million GF/GP in the one-time unit for the third of a 4-year repayment plan back to the federal government for state psychiatric disproportionate share hospital payments that the state inappropriately claimed prior to 2007. The total GF/GP cost is \$236.6 million.	GF/GP NA	\$78,664,100

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
38. Continuous Childhood Eligibility Evaluation (One-Time)	Gross	NA	\$400,000
Includes \$400,000 Gross (\$200,000 GF/GP) for a one-time feasibility study to assess the implementation of continuous eligibility for Medicaid recipients aged 0-5.	Federal	NA	200,000
	GF/GP	NA	\$200,000
39. Restricted Fund Adjustments	Gross	NA	\$0
Includes net-zero adjustments that replace \$43.5 million GF/GP with state restricted revenues. Adjustments include \$21.4 million of GF/GP offsets from estimated revenue related to the proposed Vape Tax increase deposited into the Medicaid Benefits Trust Fund. Also assumes \$17.5 million additional Merit Award Trust Fund revenue to be available by eliminating tobacco settlement deposits into the Budget Stabilization Fund.	Restricted	NA	43,510,200
	GF/GP	NA	(\$43,510,200)
<ul style="list-style-type: none"> • Merit Award Trust Fund: increase of \$28.0 million. • Medicaid Benefits Trust Fund: increase of \$12.4 million. • Insurance Provider Assessments: increase of \$4.3 million. • Healthy Michigan Fund: decrease of \$1.2 million. 			
40. Removal of FY 2024-25 One-Time Appropriations	Gross	\$195,654,900	(\$195,654,900)
Removes \$195.7 million Gross (\$155.3 million GF/GP) of one-time funding for 74 items that were included in the FY 2024-25 budget. Any funding retained into FY 2025-26 is noted elsewhere.	Federal	15,354,900	(15,354,900)
	Restricted	25,000,000	(25,000,000)
	GF/GP	\$155,300,000	(\$155,300,000)
41. Economic Adjustments	Gross	NA	\$34,660,000
Reflects increased costs of \$34.7 million Gross (\$23.7 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	12,900
	Federal	NA	10,572,500
	Local	NA	51,100
	Private	NA	138,300
	Restricted	NA	216,600
	GF/GP	NA	\$23,668,600

Major Boilerplate Changes from FY 2024-25

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language, including legislative reporting requirements, included in the FY 2024-25 budget. The list below includes major changes to boilerplate and is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 206. Geographically-Disadvantaged Business Enterprises – DELETED

Requires the Director of DHHS to take steps to ensure geographically-disadvantaged business enterprises compete for and perform contracts to provide services or supplies, and to encourage firms with which DHHS contracts to subcontract with geographically-disadvantaged business enterprises for services, supplies, or both.

Sec. 250. Single Recipient Grants – DELETED

Requires that for any grant program or project funded in part 1 intended for a single recipient organization or local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless it can fully validate, through information detailed in this section and outline departmental process for review and execution of grants. Also includes reporting requirements.

Sec. 296. Employee Legal Costs Related to Flint Water System – DELETED

Requires that DHHS, as permissible under the Governmental Immunity Act, be responsible for legal costs of private attorneys defending current and former DHHS employees in a legal action or investigation related to the City of Flint or other community in which a declaration of emergency was issued because of drinking water contamination.

Major Boilerplate Changes from FY 2024-25

COMMUNITY SERVICES AND OUTREACH

Sec. 458. Homeless Shelter Data – DELETED

Directs DHHS to require any entities receiving direct or indirect state funds for homeless programs to report data to a Homeless Management Information system.

Sec. 464. Diaper Assistance Grants – REVISED

Allocates \$6.4 million to purchase diapering supplies in bulk and allocate those supplies to diaper assistance programs, maternity homes, local county offices, and other nonprofit agencies that distribute diapers free of charge; states requirements of eligibility; states requirements of distribution; requires report; designates unexpended funds as work project appropriation. Revises by requiring the funds to be allocated as grants, striking report, and striking requirement that unexpended funds be designated as work project appropriation.

Sec. 465. 2-1-1 Statewide Calling System – REVISED

Allocates \$2.9 million to Michigan 2-1-1 to coordinate and support a statewide 2-1-1 call system; funding shall not exceed 50% of total operating expenses; requires 2-1-1 to refer to DHHS any calls reporting fraud, waste, or abuse of state-administered public assistance. Revises by striking requirement that funding shall not exceed 50% of total operating expenses.

Sec. 466. Runaway and Homeless Youth Grants – DELETED

Allocates \$5.3 million to support program expansion; establishes methodology for allocating funding based on geographic coverage, population demographics, scope of services provided, and need; requires that provider agencies must provide continued infrastructure improvements and support for expanded staff, supervision, and training, and expansion of direct services for client stabilization; requires annual report.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

Sec. 503. Child Welfare Performance-Based Funding – DELETED

Directs DHHS to review actuarially sound case rates for child welfare services by DHHS and private providers.

Sec. 504. West Michigan Partnership for Children Consortium – DELETED

Allows DHHS to continue a master agreement with the West Michigan Partnership for Children Consortium and requires the Consortium to maintain a revised agreement that supports the transition to a global capitated payment model and maintain a risk reserve of at least \$1.5 million; requires report.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$60.20 for private child placing agencies under contract with DHHS; requires payments for independent living plus services at the statewide per diem; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Revises by allowing for per diem to be less than \$60.20, establishes criteria for agencies not receiving incentive payment, increases independent living plus rate, increases independent living plus age limit from 19 to 26 years old, and strikes reporting requirements for providers.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – REVISED

Requires DHHS to maintain policy for parent-child visitations; requires local offices to meet an 85% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 85% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control; requires report. Revises by requiring private child placing agencies to ensure an 85% success rate for parent-child and parent-caseworker visits.

PUBLIC ASSISTANCE

Sec. 678. Annual FIP Young Child Supplement – REVISED

Provides for annual supplemental payments to FIP cases that include young children; allocates additional funds by 2 age categories, 0 through 5 and 6 through 13; establishes distribution methodology; and requires an annual report. Revises by establishing monthly payments, strikes age categories.

BEHAVIORAL HEALTH SERVICES

Sec. 902. Contracts Between DHHS and CMHSPs/PIHPs – DELETED

Requires final authorizations to CMHSPs or PIHPs be made upon the execution of contracts between DHHS and CMHSPs or PIHPs; requires DHHS to report if there are new contracts or amendments to contracts with CMHSPs or PIHPs that would affect rates or expenditures. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Major Boilerplate Changes from FY 2024-25**Sec. 912. Salvation Army Harbor Light Program – DELETED**

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 917. Michigan Opioid Healing and Recovery Fund and Report – REVISED

Allocates \$19.2 million from the Michigan Opioid Healing and Recovery Fund, MCL 12.253, to supplement other opioid-related programs and services; allocates \$4.0 million for peer recovery services; and requires a semiannual report. Revises by updating allocation to \$55.0 million and removes \$4.0 million allocation for peer recovery services.

Sec. 920. Rate-Setting Process for PIHPs – DELETED

Requires the Medicaid rate-setting process for PIHPs include any state and federal wage and compensation increases.

Sec. 924. Autism Services Fee Schedule – DELETED

Requires DHHS to maintain a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule, also sets behavioral technician fee schedule at not less than \$66.00 per hour. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 1002. CCBHC Organization Criteria – DELETED

Establishes criteria organizations need to meet to be part of the CCBHC expansion including be a CMHSP or other eligible organization as outlined in federal law and be able to achieve CCBHC certification by September 1, 2024, and requires administrative funds be used for outreach to encourage CCBHC expansion into new counties.

Sec. 1003. Policies and Procedures for PIHPs or CMHSPs – DELETED

Requires DHHS to notify the Community Mental Health Association of Michigan when developing policies and procedures that will impact PIHPs or CMHSPs.

Sec. 1051. Third-Party Payments and Revenue Recapture Project – DELETED

Requires DHHS to continue a revenue recapture project to generate additional third party revenue from cases that are closed or inactive.

PUBLIC HEALTH**Sec. 1158. Crime Victims' Rights Sustaining Grants – REVISED**

Allocates \$29.9 million to supplement the loss of federal victims of crime act and state crime victim rights funding; directs DHHS to distribute funds consistent with the regular allocation formula used for crime victim justice assistance grants and crime victim rights service grants. Revises by increasing allocated amount to \$49.9 million.

Sec. 1231. PFAS Contamination and Other Public Health Threats – Local Health Department Response – REVISED

Allocates up to \$4.75 million for grants to local public health departments to support response to PFAS contamination or other public health threats such as infectious and vector-borne disease threats, vapor intrusion, drinking water contamination, and lead exposure. Requires report by March 1 on previous year and current year expenditures. Revises by striking reporting requirement.

Sec. 1301. Pregnancy Planning, Prenatal, and Maternal and Child Health Programs Report – DELETED

Requires DHHS to report by April 1 on funding allocations, breakdown of expenditures by urban and rural, and previous fiscal year service and expenditure data by population groups for the local maternal and child health, prenatal care, family planning, and pregnancy prevention programs. DHHS shall ensure that needs of rural communities are considered in distribution of funds for these programs. Defines "rural" as having a population of 30,000 or less.

HEALTH SERVICES**Sec. 1601. Remedial Services Costs and Medicaid Eligibility – DELETED**

Requires remedial service costs to be used in determining medically needy eligibility for those in adult foster care and homes for the aged.

Sec. 1644. Medicaid Fee-For-Service Direct Care Worker Wage Increase – DELETED

Requires DHHS to increase the established Medicaid fee-for-service wages by \$0.20 per-hour for direct care workers, and defines the term "direct care worker". Revises "maintain wages" to "increase by" \$0.85 for FY 2023-24, then to \$0.20 for FY 2024-25.

Sec. 1786. Vaccine Reimbursements – REVISED

Requires DHHS to maintain the Medicaid reimbursement rate for injectable and oral vaccines at \$23.03. Revises to include nasally administered vaccines as eligible for the reimbursement rate.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

<p>8. Restricted Fund Adjustments Includes net-zero adjustments that add \$3.9 million GF/GP to offset state restricted revenues. Adjustments include:</p> <ul style="list-style-type: none"> • Medicaid Benefits Trust Fund: decrease of \$6.5 million. • Insurance Provider Assessments: increase of \$3.7 million. • Healthy Michigan Fund: decrease of \$1.2 million. 	<p>Gross Restricted GF/GP</p>	<p>\$0 (3,936,700) \$3,936,700</p>
<p>9. Federal State Psychiatric DSH Clawback Includes \$81.6 million GF/GP for the second of a 4-year repayment plan back to the federal government for state psychiatric disproportionate share hospital payments that the state inappropriately claimed prior to 2007. The total GF/GP cost is \$236.6 million.</p>	<p>Gross GF/GP</p>	<p>\$81,619,100 \$81,619,100</p>
<p>10. Federal COVID-related Funding Includes a total of \$73.7 million in federal funding for the following public health programs:</p> <ul style="list-style-type: none"> • Epidemiology and Laboratory Capacity for Infection Diseases (ELC): \$61.0 million. • Strengthening Public Health Infrastructure, Workforce, and Data Systems: \$10.0 million. • Emerging Infections Programs: \$2.7 million. 	<p>Gross Federal GF/GP</p>	<p>\$73,651,400 73,651,400 \$0</p>

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
HIGHER EDUCATION**

Analyst: Perry Zielak

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	3,200,000	3,200,000	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	461,668,300	550,768,300	89,100,000	19.3
GF/GP	1,859,424,300	1,824,885,000	(34,539,300)	(1.9)
Gross	\$2,324,292,600	\$2,378,853,300	\$54,560,700	2.3

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, contained in Article 3 of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. University Operations Increase	Gross \$1,683,793,700	\$51,731,300
Includes a net increase of \$51.7 million Gross (\$48.3 million GF/GP reduction) for university operations, a 3.1% increase when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:	Restricted 443,168,300	100,000,000
	GF/GP \$1,240,625,400	(\$48,268,700)

- \$66.8 million GF/GP ongoing increase to operations grants for universities, with all universities receiving a 4.0% increase when compared to FY 2024-25 ongoing operations.
- \$1.2 million GF/GP increase based on FY 2023-24 North American Indian Tuition Waiver program costs reported by institutions.
- Removal of \$16.3 million GF/GP one-time FY 2024-25 operations funding.
- Replaces \$100.0 million GF/GP with a corresponding amount of School Aid Fund (SAF).

Attainment of the operations increase would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.5% or \$735 (set at 4.5% or \$703 in the current year). Projected funding changes for universities would range from 2.9% to 3.7%. Total funding for operations would be \$1.7 billion Gross (\$1.2 billion GF/GP).

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
2. Michigan State University Extension and AgBioResearch Programs Increase	Gross	\$73,537,500	\$2,224,100
	GF/GP	\$73,537,500	\$2,224,100
<p>Includes a net increase of \$2.2 million GF/GP for MSU's AgBioResearch and Extension program funding, a 3.0% increase when compared to FY 2024-25 ongoing plus one-time appropriations. This includes:</p> <ul style="list-style-type: none"> • \$1.6 million GF/GP operations increase for the MSU AgBioResearch program, a 4.0% increase. • Removal of \$385,200 GF/GP in one-time AgBioResearch operations funding. • \$1.4 million GF/GP ongoing operations increase for the MSU Extension program, a 4.0% increase. • Removal of \$332,200 GF/GP in one-time Extension operations funding. <p>Total funding for AgBioResearch and Extension programs would be \$75.8 million GF/GP.</p>			
3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset	Gross	\$8,500,000	(\$900,000)
	Restricted	8,500,000	(900,000)
	GF/GP	\$0	\$0
<p>Decreases funding by \$900,000 SAF for the MPERS normal cost offset, a 10.6% decrease, due to a lower contribution needed to cover retirement benefits and maintain the assumed rate of return at 6.0% for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Total funding for the MPERS normal cost offset would be \$7.6 million SAF.</p>			
4. Tuition Incentive Program	Gross	\$93,800,000	\$28,500,000
	GF/GP	\$93,800,000	\$28,500,000
<p>Increases funding by \$28.5 million GF/GP for the Tuition Incentive Program (TIP), a 30.4% increase. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase addresses increased student participation and increased tuition and fees. Total funding for TIP would be \$122.3 million GF/GP.</p>			
5. Tuition Grant Program	Gross	\$41,522,700	(\$25,000,000)
	GF/GP	\$41,522,700	(\$25,000,000)
<p>Decreases funding by \$25.0 million GF/GP for the Tuition Grant Program, a 60.2% decrease. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. The reduction is due to the continued phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Tuition Grants would be \$16.5 million GF/GP.</p>			
6. Michigan Achievement Scholarship/Postsecondary Scholarship Fund Deposit	Gross	\$330,000,000	\$20,000,000
	GF/GP	\$330,000,000	\$20,000,000
<p>Includes a net increase of \$20.0 million GF/GP for deposit into the Postsecondary Scholarship Fund, a 6.1% increase, which is the funding source for Michigan Achievement Scholarships. This includes the removal of \$30.0 million GF/GP one-time funding and the increase of \$50.0 million GF/GP ongoing funding. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. After a total \$350.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2025-26 would be \$350.0 million restricted.</p>			

HIGHER EDUCATION

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
7. Michigan Competitive Scholarships	Gross	\$19,930,900	(\$9,000,000)
Decreases funding by \$9.0 million GF/GP for Michigan Competitive Scholarships, a 45.2% decrease. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the continued phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$10.9 million GF/GP.	GF/GP	\$19,930,900	(\$9,000,000)
8. Midwestern Higher Education Compact	Gross	\$116,800	\$5,300
Increases funding by \$5,300 GF/GP for the Midwestern Higher Education Compact membership dues. The interstate compact works to institute opportunities to realize economies of scale and increase postsecondary opportunities. Total funding for Midwestern Higher Education Compact would be \$122,100 GF/GP.	GF/GP	\$116,800	\$5,300
9. Removal of FY 2024-25 One-Time Appropriations	Gross	\$13,000,000	(\$13,000,000)
Removes \$13.0 million Gross (\$3.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	10,000,000	(10,000,000)
<ul style="list-style-type: none"> • MPSERS UAAL Payment (\$10.0 million SAF) • Michigan Transfer Pathways (\$1.0 million GF/GP) • FAFSA Completion Incentive Program (\$980,000 GF/GP) • Western Michigan University's Project Clean MI Program (\$750,000 GF/GP) • Education Performance Study (\$200,000 GF/GP) • Kalamazoo Campus Safety Grant (\$70,000 GF/GP) 	GF/GP	\$3,000,000	(\$3,000,000)

Major Boilerplate Changes from FY 2024-25

Sec. 236d. One-Time Operations Payment Detail – DELETED

Deletes language detailing the one-time operations payment allocations for each university, along with one-time appropriations for MSU AgBioResearch and Extension programs.

Sec. 236f. Michigan Geological Survey FY 2023-24 Appropriation Detail Revision – DELETED

Deletes language allowing the \$3.0 million GF/GP appropriation for the Michigan Geological Survey to address renovation costs for a new or existing facility.

Sec. 236j. Postsecondary Scholarship Fund Detail – REVISED

Creates the Postsecondary Scholarship Fund in the Department of Treasury. States money in the fund would require an appropriation to be expended; provides that money in the fund at the end of a fiscal year does not lapse. Revises language to include \$350.0 million deposit into the fund for FY 2025-26 and includes technical changes on use of funds for marketing purposes and the other state scholarship programs that could use funds from the Postsecondary Scholarship Fund with written notification to the Legislature.

Sec. 236n. Tuition Incentive Program FY 2023-24 Supplemental Appropriation Detail – DELETED

Deletes language that details the \$8.0 million federal TANF supplemental appropriation to the Tuition Incentive Program for FY 2023-24 to address increased program spending levels due to increased student participation and higher tuition and fee rates.

Sec. 236r. Education Performance Study of Charter School Authorizing Bodies – DELETED

Deletes language that specifies funding for the education performance study must be used by the Michigan Department of Education and at least one Michigan-based educational research institution to analyze and provide recommendations based on the charter school authorizing body report findings required in section 275k and section 217c of the FY 2024-25 Community Colleges budget.

Major Boilerplate Changes from FY 2024-25**Sec. 241c. University Tuition and Fee Restraint and Annual Rate Reporting Requirements – REVISED**

Requires tuition and fee data to be submitted to the HEIDI database and a report of any revisions to tuition and fees within 15 days of adoption, and specifies tuition and fee restraint requirements in order to receive the ongoing and one-time operations increase for FY 2024-25, set at 4.5% or \$703, whichever is greater and limits FY 2025-26 resident tuition and fee increases to the greater of 4.5% and \$735. Revises language that limits FY 2025-26 in-district tuition and fee increases to 4.5% or \$735, whichever is greater, and limits FY 2026-27 in-district tuition and fee increases to the greater of 5.0% or \$814. Adds language that universities publicly post transfer policies and resources on a website and admissions materials, and provide information on the Michigan Transfer Network, transfer pathways, and financial aid for transfer students.

Sec. 241e. Institutional Best Practices Detail – DELETED

Deletes language that requires public universities to certify following at least 2 of 5 institutional best practices to receive both ongoing and one-time operations increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements.

Sec. 248. Michigan Achievement Scholarship Program Detail – REVISED

Provides for distribution of funds appropriated for Michigan Achievement Scholarships. Specifies criteria for scholarship eligibility. Details award amounts to cover last-dollar in-district tuition and fees minus gift aid and a \$1,000 additional payment to Pell-eligible community college or tribal institution students, and up to \$5,500 for students at public universities, baccalaureate programs at community colleges, or independent nonprofit colleges or universities. Revises language and definitions to refer to proposed Michigan Achievement Scholarship Act and Michigan Achievement Skills Scholarship Act, which would codify scholarship program in statute and remove most program guidelines from the Higher Education budget boilerplate.

Sec. 248a. Michigan Achievement Scholarship Private Training Program Detail – REVISED

Details process for awarding Michigan Achievement Scholarship funds for students participating in an eligible qualified occupational training program; details award amounts of up to \$2,000 per year for a maximum of two years. Revises language and definitions to refer to proposed Michigan Achievement Scholarship Act and Michigan Achievement Skills Scholarship Act, which would codify scholarship program in statute and remove most program guidelines from the Higher Education budget boilerplate.

Sec. 263b. Michigan State University's Agricultural Climate Resiliency Program – DELETED

Deletes language that allows funds from MSU's AgBioResearch and Extension appropriations to be used for the Agricultural Climate Resiliency Program, which addresses environmental sustainability issues in Michigan agriculture and promotes the protection and efficient use of water resources.

Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$76,300 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to MiLEAP. Revises payment from \$76,300 to \$80,800.

Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$155,200 pass-through payment from Northern Michigan's North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to MiLEAP. Revises payment from \$155,200 to \$105,700.

Sec. 275d. Communication with the Legislature – DELETED

Deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature.

Sec. 275m. University On-Campus Housing Reporting Requirement – DELETED

Deletes language that requires each public university that has an on-campus housing residency requirement for any length of time to report if the university requires students to reside on-campus as a condition of enrollment, a summary of policies relating to on-campus residency requirements, the average charge for room and board for the most commonly selected room accommodation and meal plan, and the average charge for room and board for the prior five academic years.

Sec. 285. Facilitating Community College Transfer-Friendly Policies – REVISED

Requires universities to work with community colleges to encourage the transfer of students and credits. Adds requirement that public universities must consult with MiLEAP at least once an academic year on policies and services for transfer credits and transfer students.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2024-25

Sec. 286. Reverse Transfer Agreement Policies – REVISED

Requires universities to work with community colleges to implement state reverse transfer agreements for students transferring from a community college to a university to be able to transfer credits back to the community college and be awarded a credential. Adds requirement that public universities must consult with MiLEAP at least once an academic year on policies and services on reverse transfer agreements.

Sec. 287. Average Cost of Attendance Report – DELETED

Deletes language that requires CEPI to work with MiLEAP to collect and publish the average cost of attendance for full-time, first-time students from the federal Integrated Postsecondary Education Data System for each Michigan community college, tribal institution, public university, and independent nonprofit college or university.

FY 2025-26 University Operations Appropriations
Executive Recommendation

University	Total FY 2024-25 Appropriation	FY 2024-25 Indian Tuition Waiver Payment	FY 2024-25 One-Time Appropriation	FY 2024-25 Base Appropriation	Total Ongoing Operations Increase	FY 24 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass-Through Payments	Indian Tuition Waiver Adjustment	Total FY 26 Indian Tuition Waiver Payment	Total FY 2025-26 Appropriation	Percent Change	Change From FY 2024-25 Total
Central	\$97,771,900	\$1,606,800	\$938,200	\$95,226,900	\$3,846,600	\$1,599,600	\$80,800	\$73,600	\$1,680,400	\$100,753,900	3.0%	\$2,982,000
Eastern	85,208,400	401,200	827,400	83,979,800	3,392,300	412,900	0	11,700	412,900	87,785,000	3.0%	2,576,600
Ferris	61,137,700	732,100	589,300	59,816,300	2,416,200	798,300	0	66,200	798,300	63,030,800	3.1%	1,893,100
Grand Valley	99,837,200	1,323,200	961,100	97,552,900	3,940,600	1,219,100	0	(104,100)	1,219,100	102,712,600	2.9%	2,875,400
Lake Superior	15,981,300	1,373,200	142,500	14,465,600	584,300	948,300	498,800	73,900	1,447,100	16,497,000	3.2%	515,700
Michigan State	326,827,700	2,143,100	3,167,700	321,516,900	12,987,400	2,508,800	0	365,700	2,508,800	337,013,100	3.1%	10,185,400
Michigan Tech	55,781,900	781,600	536,600	54,463,700	2,200,000	731,900	0	(49,700)	731,900	57,395,600	2.9%	1,613,700
Northern	54,783,700	1,412,700	520,700	52,850,300	2,134,800	1,312,100	105,700	5,100	1,417,800	56,402,900	3.0%	1,619,200
Oakland	74,047,200	291,200	719,600	73,036,400	2,950,200	325,200	0	34,000	325,200	76,311,800	3.1%	2,264,600
Saginaw Valley	34,731,400	198,500	336,900	34,196,000	1,381,300	183,000	0	(15,500)	183,000	35,760,300	3.0%	1,028,900
UM-Ann Arbor	365,681,400	1,521,300	3,552,800	360,607,300	14,566,400	1,900,600	0	379,300	1,900,600	377,074,300	3.1%	11,392,900
UM-Dearborn	32,033,000	208,800	310,500	31,513,700	1,273,000	194,300	0	(14,500)	194,300	32,981,000	3.0%	948,000
UM-Flint	26,955,700	291,900	260,100	26,403,700	1,066,600	480,900	0	189,000	480,900	27,951,200	3.7%	995,500
Wayne State	229,975,400	425,700	2,239,500	227,310,200	9,182,000	477,100	0	51,400	477,100	236,969,300	3.0%	6,993,900
Western	123,039,800	613,600	1,194,400	121,231,800	4,897,000	757,400	0	143,800	757,400	126,886,200	3.1%	3,846,400
TOTAL:	\$1,683,793,700	\$13,324,900	\$16,297,300	\$1,654,171,500	\$66,818,700	\$13,849,500	\$685,300	\$1,209,900	\$14,534,800	\$1,735,525,000	3.1%	\$51,731,300

Requirements to receive operations increase for FY 2025-26:

1. Restrain FY 2025-26 resident undergraduate tuition/fee rate increase to 4.5% or \$735 (whichever is greater).
2. Participate in at least three reverse transfer agreements with community colleges.
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation, the course location, the course delivery method, or the student enrollment composition within the course.
4. Actively participate in and submit timely updates to the Michigan Transfer Network.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 INSURANCE AND FINANCIAL SERVICES

Analyst: Una Jakupovic

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$753,500	\$763,800	\$10,300	1.4
Federal	700,000	250,000	(450,000)	(64.3)
Local	0	0	0	--
Private	0	0	0	--
Restricted	77,167,900	79,241,800	2,073,900	2.7
GF/GP	0	0	0	--
Gross	\$78,621,400	\$80,255,600	\$1,634,200	2.1
FTEs	404.5	409.5	5.0	1.2

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Attorney General Services	Gross	NA
Includes \$330,000 in state restricted authorization to support legal services provided by the Attorney General to align with growth in the number of civil and criminal case referrals by the department.	Restricted	NA
	GF/GP	NA
		\$330,000
		330,000
		\$0
2. Staffing Increases	FTE	NA
Includes \$849,200 in state restricted funding and authorization for 5.0 FTEs within three line items (Consumer Services and Protection, Insurance Evaluation, and Department Services) to support increased work volumes associated with the department's regulatory, enforcement, and consumer protection services. The positions would consist of the following:	Gross	NA
	Restricted	NA
	GF/GP	NA
		\$849,200
		849,200
		\$0
<ul style="list-style-type: none"> One PRIRA analyst responsible for reviewing appeals related to health care benefits One legal research specialist to support DIFS' implementation of state and federal legislative requirements One company market regulation analyst to support DIFS' efforts related to consumer protection and cybersecurity event mitigation One insurance investigation manager to support increased investigative work associated with growth in the number of licensed entities One technology services specialist to support DIFS' technology systems. 		5.0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
3. Removal of FY 2024-25 One-Time Appropriations	Gross	\$500,000	(\$500,000)
Removes \$500,000 Gross (\$0 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	500,000	(500,000)
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> Automobile Insurance Study (\$250,000 Gross) Insurance Complaints and Health Care Appeals Outreach Campaign (\$250,000 Gross). 			
4. Economic Adjustments	Gross	NA	\$955,000
Reflects increased costs of \$955,000 Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	9,700
	Restricted	NA	945,300
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law.

Sec. 207. Out-of-State Travel Report – REVISED

Requires DIFS to report on out-of-state travel expenses in the prior fiscal year that were paid for, in whole or in part, with state appropriations. Executive revises to require DIFS to submit the report to standard report recipients and to the House and Senate Appropriations Committees.

Sec. 209. General Fund Lapse Report – REVISED

Requires SBO to report on estimated general fund lapses by major program or program areas at close of prior fiscal year. Executive revises to require DIFS to submit report to standard report recipients.

Sec. 210. Contingency Authorization – REVISED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency authorization; authorizes expenditure after legislative transfer to specific line items. Executive revises to increase maximum amounts of federal contingency authorization by up to \$300,000 and state restricted authorization by up to \$5.0 million.

Sec. 212. Restricted Funds Report – DELETED

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

Sec. 215. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 216. Retention of Reports – DELETED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 217. Report on Policy Changes for Public Act Implementation – DELETED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 221. Insurance Bureau Fund Use – DELETED

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with Insurance Code of 1956.

Sec. 222. State Fiscal Recovery Fund (SFRF) – DELETED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation.

Major Boilerplate Changes from FY 2024-25

Sec. 301. Health Insurance Rate Change Report – REVISED

Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b), including the total number of objections issued for insurance filings. Executive revises to remove requirement that the report be distributed to standard report recipients.

Sec. 304. Annual Reports Transmission – DELETED

Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999.

Sec. 305. Financial Institutions Marihuana Evaluation Guidance – DELETED

Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marihuana industry.

Sec. 306. Automobile Insurance Rate Filings Report – DELETED

Requires DIFS to report on filings received from auto insurers in the previous calendar year, including the number of auto insurance rate filings received, the average number of days to process filings, and the number of objections issued.

Sec. 307. Customer Service Outreach and Education – DELETED

Requires DIFS to expend \$600,000 to add up to 3.0 FTEs to provide customer service outreach or education relating to financial services and insurance, with at least 1.0 FTE trained and experienced to assist catastrophic accident survivors.

Sec. 308. Outreach and Education Plan – DELETED

Requires DIFS to create a plan to increase outreach, education, and support services, with consideration of demographics and areas with greatest need; allows DIFS to partner with other state agencies to meet requirements.

Sec. 401. Automobile Insurance Reform Study – DELETED

Requires DIFS to study and report on the effects of the 2019 automobile insurance reform; allows DIFS to consult or contract with policy research entities; recommends that the study consider impacts on costs, participants, demographics, and access to care and providers, as well as the total impact on insured accident victims and access to long-term care providers.

Sec. 402. Outreach Campaign and Report – DELETED

Requires DIFS to provide an outreach campaign informing residents of DIFS services and information, including filing complaints and appealing health insurance denials; allows campaign to include paid advertising, media outreach, and targeted outreach to stakeholders; requires DIFS to report on outreach campaign expenditures.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 JUDICIARY

Analyst: Robin R. Risko

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$2,402,300	\$1,902,300	(\$500,000)	(20.8)
Federal	7,132,600	7,270,900	138,300	1.9
Local	0	0	0	--
Private	1,905,300	1,906,400	1,100	0.1
Restricted	95,887,300	96,645,800	758,500	0.8
GF/GP	266,113,900	287,288,200	21,174,300	8.0
Gross	\$373,441,400	\$395,013,600	\$21,572,200	5.8
FTEs	643.5	684.5	41.0	6.4

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, the State Appellate Defender Office, and other judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the number of judgeships.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Statewide Case Management System	FTE 67.0	12.0
Includes an additional \$7.2 million GF/GP and an additional 12.0 FTE positions for continued support of the statewide judicial case management system as trial courts continue to transition to the system from locally managed systems. Of the total, \$2.7 million would be allocated to support ongoing personnel costs and \$4.6 million would be allocated for operating costs. (Funding proposed by the executive would be in addition to \$13.5 million of ongoing funding and \$150.0 million of one-time funding appropriated in FY 2023.)	Gross \$13,499,100	\$7,200,000
	GF/GP \$13,499,100	\$7,200,000
2. Additional Staff for Supreme Court and SCAO	FTE 0.0	12.0
Includes a total of \$4.7 million Gross (\$4.6 million GF/GP) to support the following:	Gross \$0	\$4,749,200
<ul style="list-style-type: none"> \$2.6 million to expand capacity for conducting financial audits of local trial courts \$1.2 million for 5.0 human resources staff and 2.0 finance staff to implement the administrative structure of SCAO recommended by the National Center for State Courts \$355,000 for 2.0 field service staff for SCAO to support court programs and trial court operations \$210,000 for 1.0 grants officer position to research, apply for, and administer federal and private grant funding \$177,500 for 1.0 field service staff position for the Office of Dispute Resolution within SCAO 	Restricted 0	177,500
	GF/GP \$0	\$4,571,700

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Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
2. Additional Staff for Supreme Court and SCAO (continued)		
<ul style="list-style-type: none"> \$167,400 for 1.0 legal editor position in the Office of Reporter of Decisions to support ongoing caseloads and reduce the backlog of decisions awaiting editing and publication. 		
3. Problem-Solving Courts		
Includes a total of \$1.6 million GF/GP and 2.0 FTE positions to support problem-solving courts. Of the total:	FTE	NA
	Gross	NA
	GF/GP	NA
<ul style="list-style-type: none"> \$642,000 would support establishing new problem-solving court programs \$389,000 would support economic increases for local trial courts \$355,000 would support 2.0 new staff within SCAO to support oversight and management of the problem-solving courts program \$198,000 would support increased wages for behavioral health workers. 		2.0 \$1,584,000 \$1,584,000
4. FTE and Funding Adjustment		
Reflects a net 0 transfer of funding and FTE positions from drug treatment courts (2.0 FTEs and \$349,200) and mental health courts (1.0 FTE and \$150,800) to SCAO (3.0 FTEs and \$500,000). With this transfer, problem-solving court line items would include funding only for grant awards for local courts and would not include funding for SCAO staff that administer the grant programs. Funding for staff would be included in the SCAO line item.	FTE	NA
	Gross	NA
	GF/GP	NA
		0.0 \$0 \$0
5. Federal Funds Adjustment for Drug Treatment Courts		
Includes authorization to receive an additional \$100,000 in federal grant funding from the Office of Highway Safety Planning. Funding would be used to support drug treatment courts.	Gross	\$2,258,700
	Federal	2,258,700
	GF/GP	\$0
		\$100,000 100,000 \$0
6. Drug Court Case Management System		
Includes \$265,000 GF/GP to support increased contractual costs of maintaining the drug court case management information system.	Gross	NA
	GF/GP	NA
		\$265,000 \$265,000
7. Training for Judges and Court Staff		
Includes \$533,700 GF/GP and authorization for 3.0 additional FTE positions for the Michigan Judicial Institute to expand training provided to judges and court staff.	FTE	NA
	Gross	NA
	GF/GP	NA
		3.0 \$533,700 \$533,700
8. Michigan Legal Help		
Includes \$400,000 GF/GP to support increased salary costs for program personnel and increased information technology costs for hosting the Michigan Legal Help website.	Gross	\$600,000
	GF/GP	\$600,000
		\$400,000 \$400,000
9. Judgeship Changes		
Includes a total of \$539,200 Gross (\$123,500 GF/GP) to support costs of judgeship changes. Funding would support annualizing costs of one probate court judgeship in Macomb County and one district court judgeship in Kent County, authorized under Public Acts 310 and 311 of 2023, respectively. Funding for three quarters of the fiscal year was included in the FY 2024-25 budget. Funding would also support the addition of two circuit court judgeships, one in Kalamazoo County and one in Allegan County, authorized under 2022 PA 277. The effective date of the judgeship changes was January 1, 2025.	Gross	\$305,500
	Restricted	133,800
	GF/GP	\$171,700
		\$539,200 415,700 \$123,500

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
10. SOCC Recommendations for Supreme Court Justices	Gross	\$166,600	(\$166,600)
Removes \$166,600 GF/GP that was included in the FY 2024-25 budget to support recommendations made by SOCC in May 2023 to provide a 7% salary increase for Supreme Court justices in 2025 and 2026, and a \$10,000 expense allowance for each justice. Recommendations needed legislative approval via a concurrent resolution prior to the November 2024 general election in order to take effect. The resolution did not make it all the way through the legislative process.	GF/GP	\$166,600	(\$166,600)
11. Appellate Indigent Defense Workload Standards	FTE	23.0	12.0
Includes \$2.3 million GF/GP to support costs of 12.0 new attorney and support staff positions for SADO for year two of the phased implementation of workload standards, based on a workload assessment conducted by the National Center for State Courts. Standards are developed by the Michigan Indigent Defense Commission in parallel with separate workload standards for trial-level public defenders.	Gross	\$3,259,000	\$2,325,000
	GF/GP	\$3,259,000	\$2,325,000
12. SADO Salary Adjustments	Gross	NA	\$591,000
Includes a total of \$591,000 GF/GP to cover costs of pay increases for SADO employees. Of the total, \$488,500 is included to cover costs of negotiated pay increases for UAW-represented employees and \$102,500 is included to cover costs of pay increases for non-represented employees to keep pace with adjustments provided to union-represented employees.	GF/GP	NA	\$591,000
13. Removal of FY 2024-25 One-Time Appropriations	Gross	\$2,500,000	(\$2,500,000)
Removes \$2.5 million Gross (\$2.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	IDG	500,000	(500,000)
	GF/GP	\$2,000,000	(\$2,000,000)
<ul style="list-style-type: none"> • Eviction Diversion Pilot program (\$500,000) • Operation Drive (\$1.0 million) • Prescription Compliance Through Oral Fluid Testing program (\$500,000) • Status Offender Pilot program (\$500,000). 			
14. Economic Adjustments	Gross	NA	\$5,951,700
Reflects a net increase in costs of \$6.0 million Gross (\$5.7 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and rent.	Federal	NA	38,300
	Private	NA	1,100
	Restricted	NA	165,300
	GF/GP	NA	\$5,747,000

Major Boilerplate Changes from FY 2024-25

Sec. 209. Report on State Restricted Funds – DELETED

Requires the judicial branch to work with the state budget office to report annually on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures.

Sec. 210. Appropriation of Additional Revenue – NEW

Appropriates an additional \$2.5 million in federal revenue, \$2.5 million in state restricted revenue, and \$500,000 in private revenue should the revenue become available; requires a report on amounts appropriated, sources of funding appropriated, and purposes of appropriations.

Sec. 211. Disciplinary Action Against State Employees – DELETED

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law and the judicial branch is exercising its authority.

Major Boilerplate Changes from FY 2024-25

Sec. 212. Receipt and Retention of Required Reports – DELETED

Requires the judicial branch to receive and retain copies of all required reports; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes the judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 314. Medication-Assisted Treatment Program – DELETED

Requires judiciary to maintain a medication-assisted treatment program to provide treatment for opioid- and alcohol-addicted individuals who are referred to and who voluntarily participate in the program; requires judiciary to report on the program, including itemized spending by court, number of participants, and statistics that indicate average program participation duration and success rates.

Sec. 401. Eviction Diversion Pilot Program – DELETED

Requires one-time appropriation to be used to support an eviction diversion pilot program in 14A District Court in Washtenaw County; requires funds to be used to assist tenants experiencing financial hardship through a collaborative program designed to settle landlord-tenant disputes and prevent eviction and homelessness; requires SCAO to report on the number of program participants, the number of disputes settled, the number of evictions avoided, and other program outcomes, including the benefit of the program to participants and the benefit of the program to the state; designates unexpended funding as a work project appropriation.

Sec. 402. Status Offender Pilot Program – DELETED

Requires SCAO to establish a grant program to award 5 eligible courts with grants of up to \$100,000 for innovative, community-based diversion programs and services that work solely with youth for who the court receives a complaint, referral, or petition for what is alleged to be a status offense; authorizes SCAO to partner with DHHS; designates unexpended funding as a work project account.

Sec. 403. Operation Drive – DELETED

Requires \$500,000 to be allocated to the 52nd District Court in Oakland County and \$500,000 to be allocated to district courts statewide that want to establish a program; requires courts receiving funding to work with the 44th District Court in Royal Oak on establishing a program; requires the program to provide individuals with guidance on how to address underlying issues that led to driver license suspension, guidance on how to maintain the individual's responsibility, and guidance on how to address traffic tickets, warrants, court appearances, and payment of fees and fines; designates unexpended funding as a work project appropriation.

Sec. 404. Prescription Compliance through Oral Fluid Testing Program – DELETED

Requires \$500,000 to be used to continue the program in veterans, mental health, and drug treatment courts that want to participate; requires SCAO to report on the number of programs, the number of program participants in each jurisdiction, the number of tests completed, program testing and results, program treatment, and program outcomes, including rearrest rate of participants, and the benefit of the program to the state; designates unexpended funding as a work project appropriation.

<u>Supplemental Recommendations for FY 2024-25 Appropriations</u>	<u>FY 2024-25 Recommendation</u>	
1. Judgeship Changes	Gross	\$316,200
Includes \$316,200 Gross (\$45,100 GF/GP) to support the addition of two circuit court judgeships, one in Kalamazoo County and one in Allegan County, authorized under 2022 PA 277. The effective date of the judgeship changes was January 1, 2025, so funding is needed to cover costs for three-quarters of the fiscal year.	Restricted	271,100
	GF/GP	\$45,100
2. Federal Funds Adjustment for Drug Treatment Courts	Gross	\$100,000
Includes authorization to receive an additional \$100,000 in federal grant funding from the Office of Highway Safety Planning. Funding would be used to support drug treatment courts.	Federal	100,000
	GF/GP	\$0
3. Funding Adjustment for Status Offender Pilot Program	Gross	\$12,100
Includes authorization to receive an additional \$12,100 in federal grant funding through an IDG from the Department of Health and Human Services for the Status Offender Pilot program. Funding was awarded by the Office of Juvenile Justice Delinquency and Prevention and is being used by eligible courts to provide services for diverted youth.	IDG	12,100
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 LABOR AND ECONOMIC OPPORTUNITY

Analyst: Marcus Coffin

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,191,165,800	1,227,473,300	36,307,500	3.0
Local	10,700,000	10,700,000	0	0.0
Private	12,584,600	12,588,200	3,600	0.0
Restricted	413,774,700	312,373,900	(101,400,800)	(24.5)
GF/GP	793,569,400	322,996,700	(470,572,700)	(59.3)
Gross	\$2,421,794,500	\$1,886,132,100	(\$535,662,400)	(22.1)
FTEs	2,671.5	2,684.5	13.0	0.5

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Labor and Economic Opportunity (LEO) engages in economic development, community growth and development, affordable housing, tourism, job creation, and retention, and workforce development and preparedness. LEO includes the Michigan Strategic Fund (MSF)/Michigan Economic Development Corporation (MEDC), Bureau of Employment Relations, Bureau of Services for Blind Persons, Michigan Occupational Safety & Health Administration (MIOSHA), Workforce Development, Michigan Rehabilitation Services, Office of Global Michigan, Unemployment Insurance Agency (UIA), Workers' Disability Compensation Agency, State Land Bank Authority, and Michigan State Housing Development Authority (MSHDA).

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Revitalization and Placemaking Removal	Gross \$50,000,000	(\$50,000,000)
Removes \$50.0 million of state restricted funding that was appropriated for the Revitalization and Placemaking Program to reflect the sunset of the program's funding source, which is a \$50.0 million earmark from Corporate Income Tax revenue that was authorized under 2023 PA 4 for Fiscal Years 2022-23, 2023-24, and 2024-25. The Revitalization and Placemaking Program provides access to gap financing for place-based infrastructure development, real estate rehabilitation and development, and public space improvements.	Restricted 50,000,000	(50,000,000)
	GF/GP \$0	\$0
2. Pre-Employment Transition Services Expansion	Gross NA	\$40,375,600
Includes \$40.4 million Gross (\$8.4 million GF/GP) to expand pre-employment transition services provided to students with disabilities through the Bureau of Services for Blind Persons and Michigan Rehabilitation Services. Specifically, the funding would be used to increase efforts to serve students with disabilities by offering services that would include concentrated academic remediation, specialized tutoring, and enrollment into career and technical training or college.	Federal NA	31,984,700
	GF/GP NA	\$8,390,900

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
3. Employer Assisted Housing Financing Program	Gross	\$0
Includes \$25.0 million GF/GP (one-time) to support an Employer Assisted Housing Financing Program, which would allow MSHDA to provide up to a 1:1 match on employer investments for the creation of local workforce housing opportunities. Eligible households would have to be below 120% of the area median income and housing opportunities would include housing acquisition, rental housing, down payment assistance, and housing rehabilitation.	GF/GP	\$25,000,000
4. Statewide Apprenticeship Expansion	Gross	\$0
Includes \$19.0 million GF/GP (one-time) to expand available apprenticeship opportunities, to assist citizens with obtaining industry credentials recognized by the U.S. Department of Labor, and to support registered apprenticeship expansion across Michigan. Funding would be distributed to registered apprenticeship sponsors, employers, and apprentices in both traditional and non-traditional industries.	GF/GP	\$19,000,000
5. Growth Programming and Initiatives	Gross	\$0
Includes \$10.0 million GF/GP (one-time) for programs to support community growth, engagement efforts to advance Michigan's growth, and strategies to support talent attraction and retention. Funding would support programming offered by the Michigan Growth Office and other programs to implement the Growing Michigan Together Council's blueprint for growth.	GF/GP	\$10,000,000
6. Small Business Support Hubs	Gross	\$0
Includes \$10.0 million GF/GP (one-time) to continue the Small Business Support Hubs program, supporting a statewide network of small business entrepreneurial support hubs. The funding would be used to offer grants to small business support organizations for incubators, accelerators, networking and mentorship programming, and other entrepreneurial support initiatives.	GF/GP	\$10,000,000
7. Talent Action Teams	Gross	\$0
Includes \$10.0 million GF/GP (one-time) to continue the activities of the Talent Action Teams (TATs) program. The TATs provide customized talent solutions to employers in strategic industries, including electric vehicles, semiconductors, and aerospace/defense. Talent solutions include personnel recruitment, curriculum development, internships, incumbent worker training, career exploration, and veteran recruitment.	GF/GP	\$10,000,000
8. Barrier Removal and Employment Success	Gross	\$0
Includes \$7.5 million GF/GP (one-time) to support a program that would seek to remove employment barriers for low-income and asset limited, income constrained, employed (ALICE) individuals by providing supportive services in areas including transportation, childcare, clothing, tools for work, legal services, and other needs.	GF/GP	\$7,500,000
9. Michigan Rehabilitation Services Federal Award and State Match	Gross	NA
Includes \$9.2 million Gross (\$2.0 million GF/GP) to provide the requisite state match and to align federal funding authorization to enable Michigan Rehabilitation Services to receive an anticipated federal grant award from the U.S. Department of Education, which would be used to expand vocational rehabilitation services.	Federal	NA
	GF/GP	7,254,400
		\$1,963,400

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
10. Michigan Rehabilitation Services Federal Authorization	Gross	NA	\$5,391,000
Includes \$5.4 million of federal funding authorization to allow Michigan Rehabilitation Services to receive \$5.4 million from the U.S. Department of Education. This federal funding would be used to support an IT project to acquire a modern content management system that would have the capability to create accurate federal reports.	Federal	NA	5,391,000
	GF/GP	NA	\$0
11. State Brownfield Redevelopment Fund	Gross	\$3,002,100	\$4,000,000
Includes an additional \$4.0 million of state restricted funding authorization from the State Brownfield Redevelopment Fund for the Job Creation Services line item, which supports activities of the MSF. Under the Brownfield Redevelopment Financing Act, 1996 PA 381, up to 15% of amounts annually deposited to the State Brownfield Redevelopment Fund may be used by the MSF and the Department of Environment, Great Lakes, and Energy for implementing the Brownfield Redevelopment Financing Act and Part 196 of the Natural Resources and Environmental Protection Act.	Restricted	3,002,100	4,000,000
	GF/GP	\$0	\$0
12. First Responder Presumed Coverage Claims	Gross	\$4,000,000	\$2,500,000
Includes an additional \$2.5 million of state restricted funding authorization from the Christopher R. Slezak First Responder Presumed Coverage Fund (FRPCF) to adequately cover claims costs for wage loss and medical care expenses paid to eligible first responders. Legislation enacted in 2021, specifically 2021 PA 117 and 2021 PA 129, expanded both the population of first responders who are eligible to make claims through the program and the types of cancer that qualify for reimbursement. The executive recommendation also proposes statutory changes to increase allocations made to the FRPCF from the Internet Gaming Fund and the Internet Sports Betting Fund.	Restricted	4,000,000	2,500,000
	GF/GP	\$0	\$0
13. Wage and Hour Program	FTE	33.0	10.0
Includes an additional \$1.5 million GF/GP and authorization for 10.0 FTE positions to onboard additional staff for the Wage and Hour Program. The additional staff would engage with employees and employers on workplace operations related to pay, benefits, and youth employment and would include 7 regulation agents, 2 analysts, and 1 regulation supervisor.	Gross	\$4,555,000	\$1,500,000
	Restricted	4,555,000	0
	GF/GP	\$0	\$1,500,000
14. Arts and Cultural Program	Gross	\$1,250,000	(\$1,250,000)
Removes \$1.3 million GF/GP of specific Arts and Cultural Program award allocations. Of the removed amount, \$250,000 is for the Michigan Traditional Arts Program and \$1.0 million is for the Concert of Colors.	GF/GP	\$1,250,000	(\$1,250,000)
15. Volunteer Income Tax Assistance Grants	Gross	\$1,000,000	(\$1,000,000)
Removes \$1.0 million GF/GP that supports a volunteer income tax assistance grants program for tax preparation services.	GF/GP	\$1,000,000	(\$1,000,000)
16. Personal Assistance Services Reimbursement for Employment Program (PASREP)	Gross	\$400,000	(\$400,000)
Removes \$400,000 GF/GP for administration of PASREP, which reimburses eligible persons with disabilities for personal assistance costs incurred to gain or maintain employment.	GF/GP	\$400,000	(\$400,000)
17. Office of Rural Prosperity FTE Authorization Increase	FTE	1.0	3.0
Increases authorization in the Michigan Office of Rural Prosperity line item by 3.0 FTE positions. The additional authorization would be used to onboard a program and partnership manager, a grant administration specialist, and a community resource specialist. Funding for the positions would come from existing resources and funding authorization discussed under item 18.	Gross	\$697,400	\$0
	GF/GP	\$697,400	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
18. Technical Adjustments	Gross	NA
Includes numerous internal transfers to reflect funding allocations and technical adjustments to align fund sources with anticipated revenues. These technical adjustments include the following:	Federal	NA
	Restricted	NA
	GF/GP	NA
<ul style="list-style-type: none"> • Transfers \$100,000 of private funding authorization from the Workforce Development line item to the Michigan Office of Rural Prosperity line item and provides an additional \$1.5 million of federal funding authorization for the Michigan Office of Rural Prosperity line item to reflect current fund sources supporting the program. • Includes an additional \$294,000 of state restricted funding authorization from Corporation Fees in the MIOSHA line item to align with increased expenditures for services provided by the Michigan Office of Administrative Hearings and Rules in LARA. • Transfers \$300,000 of private funding authorization from the Workforce Development line item to the Prosperity line item. • Transfers \$592,800 of federal funding and \$160,500 GF/GP from the Michigan Community Service Commission and the Michigan Rehabilitation Services line items to the Information Technology Services and Projects line item. • Aligns federal funding authorization from 11 sources and state restricted funding authorization from 7 sources across 11 line items. 		(\$565,200) (459,700) (105,500) \$0
19. Removal of FY 2024-25 One-Time Appropriations	Gross	\$638,812,000
Removes \$636.8 million Gross (\$562.8 million GF/GP) of one-time funding that was included in the FY 2024-25 budget. Funding for 58 of the 60 FY 2024-25 one-time programs and grants would be eliminated, and the Office of Rural Prosperity Grants line item would be reduced by \$1.5 million GF/GP. Funding for the Focus: HOPE program would be retained at \$1.0 million GF/GP.	Federal	14,000,000
	Restricted	60,000,000
	GF/GP	\$564,812,000
		(\$636,812,000) (14,000,000) (60,000,000) (\$562,812,000)
20. Economic Adjustments	Gross	NA
Reflects a net increase in costs of \$9.9 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, overtime costs, insurances, workers' compensation, building occupancy charges, food, fuel, and utilities, and other economic adjustments.	Federal	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$9,880,400 6,137,100 3,600 2,204,700 \$1,535,000

Major Boilerplate Changes from FY 2024-25

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits LEO from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law.

Sec. 210. Contingency Authorization – REVISED

Appropriates up to \$30.0 million in federal, \$560.0 million in state restricted, \$2.0 million in local, and \$11.0 million in private contingency authorization; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises state restricted contingency authorization to \$715.0 million.

Sec. 212. Restricted Funds Report – DELETED

Requires LEO to work with SBO to report on estimated restricted fund revenues, expenditures, and fund balances for the previous two fiscal years.

Sec. 216. Retention of Reports – DELETED

Requires LEO to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Major Boilerplate Changes from FY 2024-25

Sec. 217. Report on Policy Changes for Public Act Implementation – DELETED

Requires LEO to report on policy changes made to implement public acts that took effect during the previous calendar year.

Sec. 218. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 221. State Fiscal Recovery Fund (SFRF) – DELETED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation.

Sec. 222. Single Recipient Grants – DELETED

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; authorizes SBO to compile and submit reports; lists eligibility requirements to receive grant funding; provides timeframes for receiving and expending grant funding; requires information on grants/projects to be posted on a public website, including receiving entity and grant sponsor; requires reports.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY

Sec. 301. General Fund Prioritization – DELETED

Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure.

Sec. 303. SIGMA System Reporting – DELETED

Requires LEO to use SIGMA to report encumbrances and expenditures.

Sec. 304. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$1.5 million; requires LEO to report on fund source, purpose, and amount of the grant within 10 days of receipt. Executive revises to remove the \$1.5 million appropriation cap.

Sec. 305. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Authorizes LEO to charge registration fees for events sponsored by LEO; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$500,000. Executive revises to remove the \$500,000 appropriation cap.

STRATEGIC OUTREACH AND ATTRACTION RESERVE

Sec. 351. Strategic Outreach and Attraction Reserve Appropriation – DELETED

Appropriates up to \$500.0 million of restricted funding from the SOAR fund; requires funds to support activities under the Michigan Strategic Fund Act, after transfer; requires funding not restricted, obligated, or committed at fiscal year close to lapse to the general fund.

Sec. 352. Critical Industry Program and Michigan Strategic Site Readiness Program – DELETED

States that the legislature finds and declares that Critical Industry Program (CIP) and Michigan Strategic Site Readiness Program (MSSRP) appropriations are for a public purpose to serve the health, safety, and general welfare of state residents.

Sec. 353. SOAR Program: CIP and MSSRP Expenditures – DELETED

States legislative intent that CIP and MSSRP funding be expended to maximize job creation, grow wages, support existing businesses, attract new business development, and include community support and equity; states legislative intent that the MSF prioritize specific conditions when expending funds, including claw-back provisions if jobs are not retained for 5 years, locating projects in qualified census tracts or communities that have unemployment rates higher than state average, first-source hiring provisions, community benefits agreements, and agreements that qualified business offer specific employee services.

Major Boilerplate Changes from FY 2024-25

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 401. Michigan State Housing Development Authority Annual Report – DELETED

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs; prohibits MSHDA from restricting eligibility for housing units without a permanent foundation unless it is a federal restriction for program; requires report on production goals, including efforts to raise affordable housing goals, program summaries, status of goal progress, and program utilization explanations.

Sec. 403. Transition and Supportive Housing – DELETED

Requires that at least 2.0 FTEs work with MDHHS on transition and supportive housing to support the transition to permanent housing.

MICHIGAN STRATEGIC FUND

Sec. 503. Pure Michigan Appropriation – REVISED

(1) Requires Pure Michigan appropriations to be used for specified purposes and allows up to 4.25% of the appropriation to be used for administration; (2) authorizes MSF to contract any authorized activities; (3) authorizes MSF to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns; (4) requires a report on utilization of funds for eligible activities; (5) requires Pure Michigan appropriations to be used to market Michigan as a travel and tourist destination with the sole purpose of attracting new visitors and retaining former visitors; (6) requires funds appropriated for Pure Michigan to be used exclusively for marketing Michigan as a travel and tourist destination and prohibits MEDC from using funds to sponsor or support non-tourism incentives and campaigns. Executive revises to remove the 4.25% cap under item (1), to extend a reporting deadline, and to delete items (5) and (6).

Sec. 506. Business Incentive and Community Revitalization Project Amendments Report – DELETED

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives.

Sec. 507. MEDC Reporting – DELETED

Requires MEDC/MSF to report information on MEDC's budget, including expenditures and revenues, FTE numbers, activities, programs, grants, and subprograms funded with the Business Attraction and Community Revitalization line item.

Sec. 508. MSF Interlocal Agreements – DELETED

Requires interlocal agreements entered by MSF and local units of government to contain language stating that if the local unit has a contract or memorandum of understanding with a private economic development agency, the MEDC will work cooperatively with the private corporation.

Sec. 509. Land Options and Purchases – DELETED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area, the purchase is at invitation of local unit of government and economic development agency, or the land is obtained from the State Land Bank Authority or a local land bank authority; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers; requires a report that lists all properties purchased, all options on land purchased, the location of the land purchased, and the purchase price if the fund purchases land or options for land.

Sec. 513. MEDC Staff Fundraising Activities – DELETED

Prohibits MEDC staff involved in private fundraising from being party to grant award, incentives, or tax abatement decisions.

Sec. 514. Business Attraction and Community Revitalization Allocation – DELETED

Requires not less than 20% of funds appropriated for the program to be granted for brownfield redevelopment and historic preservation projects under the Community Revitalization Program.

Sec. 515. Film Incentives Reporting – DELETED

Requires MSF to report on the status of film incentives and specifies information to be included in the report, with requirements for both tax credits and loans; requires MSF to report on activities of the Michigan Film and Digital Media Office; specifies that the report must include a listing of all projects that received assistance from the office, a listing of services provided for each project, and an estimate of the investment leveraged.

Major Boilerplate Changes from FY 2024-25***Sec. 517. Arts and Cultural Grant Program – REVISED***

(1) Requires Michigan Arts and Culture Council to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires council to publish application criteria; authorizes council to charge a non-refundable application fee, appropriated for expenses necessary to administer the programs; requires a report to the legislature on awards; (2) allows up to 3% of the arts and cultural appropriation to be expended for program administration; (3) requires \$250,000 from the arts and cultural program appropriation to be awarded to the Michigan Traditional Arts Program at Michigan State University; (4) requires \$1.0 million from the arts and cultural program appropriation to be awarded to Concert of Colors. Executive revises to delete items (2), (3), and (4).

Sec. 519. Business Attraction and Community Revitalization Quarterly Reporting – DELETED

Requires quarterly reporting on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended; requires report to include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason.

Sec. 521. Tax Credit Transfer Notification – DELETED

Requires notification 30 days prior to authorizing the transfer of any previously authorized tax credit that would increase the liability to the state.

Sec. 525. Job Creation Services Report – DELETED

Requires LEO to provide a report that includes expenditures by division and program unit within the job creation services line item; requires report to contain detailed information on expenditures and programs within the State Historic Preservation Office.

Sec. 527. Revitalization and Placemaking Program Expenditures – REVISED

Requires Revitalization and Placemaking Program appropriation to be expended for projects as described in section 696 of the Income Tax Act of 1967. Executive revises to include language appropriating any interest and earnings from the Revitalization and Placemaking Fund to the Revitalization and Placemaking Program to support activities described in section 696 of the Income Tax Act of 1967.

Sec. 528. Revitalization and Placemaking Program – DELETED

(1) Requires Revitalization and Placemaking Program appropriation to be deposited in accordance with section 695 of the Income Tax Act of 1967 and allocates \$25.0 million of the appropriation for administering the Revitalization and Placemaking Program, with the remainder allocated for the Michigan Talent Partnership Program; (2) requires Michigan Talent Partnership Program to be used to implement transformational public space development projects and to leverage coordination through local talent plans, also establishes criteria that qualified plan proposals must include; (3) declares that the Revitalization and Placemaking Program appropriation is for a public purpose; (4) outlines permitted actions LEO may take to implement the program; (5) requires LEO to allocate program funding through local talent plans from eligible applicants; (6) requires eligible applicants to be a consortium of entities, requires consortium applicants to appoint a lead applicant to serve as a fiduciary and project manager, establishes other consortium requirements, and requires applicants to provide at least 50% local or private match funds to be considered for a grant; (7) requires approved talent plans to include certain specified activities; (8) establishes additional criteria that approved local plans must satisfy; (9) allows LEO to establish a state agency workgroup to support implementation; (10) allows LEO to retain up to 3% of funds for implementation costs and allows LEO to contract with nonprofit research organizations or public education institutions; (11) specifies LEO communication responsibilities during development and implementation; (12) establishes criteria that LEO must use when evaluating applications and selecting grant recipients; (13) requires LEO to award \$18.0 million to 1 project in Detroit, Grand Rapids, Lansing, and Ann Arbor, and \$7.0 million, less implementation costs, to projects in regional prosperity zones that meet requirements; (14) requires LEO to publish approved plans and funding allocations and allows LEO to approve subsequent funding rounds if funds are available; (15) outlines oversight mechanisms and requires claw-back provisions; (16) requires biannual updates on the program; (17) designates unexpended funds as a work project appropriation.

EMPLOYMENT SERVICES***Sec. 601. Wage and Hour Program Investigations – REVISED***

Requires LEO to conduct investigations of child labor violations and wage theft from workers. Executive revises to require LEO to engage with employers and employees to enhance education and outreach in accordance with the Youth Employment Standards Act, Payment of Wages and Fringe Benefits Act, Improved Workforce Opportunity Wage Act, Earned Sick Time Act, Human Trafficking Notification Act, and Prevailing Wage on State Projects Act.

Major Boilerplate Changes from FY 2024-25

Sec. 602. First Responder Presumed Coverage Fund – NEW

Appropriates all funds necessary from the Slezak First Responder Presumed Coverage Fund to pay approved first responder presumed coverage claims and administrative costs; requires LEO to provide a report to the Michigan Gaming Control Board, the Department of Treasury, and the State Budget Office that includes the total of all approved claims and administrative costs.

WORKFORCE DEVELOPMENT

Sec. 705. Going Pro Program Reporting – REVISED

(1) Requires LEO to publish biannual data and reports concerning the status of Going Pro, including number of awardees participating, funding information, training models established, and utilization metrics; (2) requires LEO to expand workforce training and reemployment services to better connect workers to in-demand jobs and identify specific outcomes and performance metrics for the initiative; (3) requires LEO to report on recommendations for enhanced reporting on training outcomes associated with the Going Pro Talent Fund. Executive revises to adjust reporting dates and information and to delete item (3).

Sec. 713. Interagency Job Readiness TANF Funding – DELETED

Requires LEO to provide reporting on the interagency agreement with MDHHS for the use of TANF funds to provide job readiness and welfare-to-work programming; requires report containing various metrics regarding referrals to Michigan Works! job readiness programs.

Sec. 716. Volunteer Income Tax Assistance Grants – DELETED

Requires LEO to allocate funds to a nonprofit trade association to provide free tax preparation services for tax filers, expanded statewide access to free tax preparation services, expanded local capacity to provide free tax preparation services; allows for up to 5% of the appropriation to be used for administration costs.

Sec. 717. Office of Rural Prosperity – NEW

Requires the Office of Rural Prosperity to collaborate with MDARD on the Rural Development Fund grant program.

REHABILITATION SERVICES

Sec. 902. Michigan Rehabilitation Services Report – DELETED

Requires annual report on efforts taken to improve MRS; specifies information that must be included in the report.

Sec. 905. Independent Living – REVISED

(1) Requires that funds appropriated for Independent Living be used to support Centers for Independent Living in various capacities that include serving underserved areas and building capacity, and establishes requirements for applications, use of funds, and service provision; (2) requires LEO to provide a report on direct customer and system outcomes and performance measures; (3) designates unexpended GF/GP as a work project appropriation. Executive revises to delete item (3).

Sec. 906. Personal Assistance Services Reimbursement for Employment Program – DELETED

Requires LEO to allocate PASREP appropriations to support administration of the program; allows MRS to work collaboratively with service organizations to administer the program; requires annual reporting on PASREP.

COMMISSIONS

Sec. 951. Commissions Reporting and Expenditures – DELETED

Requires the Office of Global Michigan to coordinate with any affiliated commissions to produce a report detailing commission activities, including interaction volumes, activity descriptions, and programmatic costs; requires an expenditure of appropriated funds by a commission to directly relate to the mission statement of that commission.

ONE-TIME APPROPRIATIONS

Sec. 1001-1011, 1013-1031, and 1033-1054. One-Time Boilerplate Sections – DELETED

Stipulates how 58 different FY 2024-25 one-time appropriations are to be used and allocated.

Sec. 1003. Employer Assisted Housing Financing Program – NEW

Allocates funds to MSHDA for the purpose of incentivizing employers to create local workforce housing opportunities (housing acquisition, rental housing, down payment assistance, and rehabilitation) by providing up to a 1:1 match on employer investments; stipulates that eligible households must be below 120% of the area median income; requires MSHDA to develop and post program guidelines and eligibility criteria; requires efforts be made to ensure a broad geographic distribution of funds to urban and rural communities.

Major Boilerplate Changes from FY 2024-25

Sec. 1004. Talent Action Teams – NEW

Requires funds to be used for operation of the talent action teams fast track system; requires MSF to collaborate with higher education institutions, community colleges, Michigan Works! Agencies, private training providers, nonprofits, state agencies, and units of local government on providing services that include talent recruitment, workforce training, and scholarships and other resources; allows LEO to retain up to 3% of the appropriation for administration.

Sec. 1005. Growth Programming and Initiatives – NEW

Allows funds to be used for growth programs and activities that include programs and pilots to support growth in communities across Michigan, engagement efforts to advance Michigan’s growth, and strategies to support talent attraction and retention; allows LEO to retain up to 3% of the appropriation for administration.

Sec. 1006. Barrier Removal and Employment Success – NEW

Requires funds to be used to provide supportive services to low-income, poor, and working poor citizens in Michigan to address and remove barriers preventing them from taking or staying in a job; allows LEO to retain up to 3% of the appropriation for administration.

Sec. 1007. Statewide Apprenticeship Expansion – NEW

Requires funds to be used for expanding available apprenticeship opportunities, assisting individuals with obtaining industry credentials recognized by the U.S. Department of Labor, and supporting registered apprenticeship program expansion efforts; allows LEO to retain up to 3% of the appropriation for administration; requires LEO to provide a report on the number of active, new, and completing registered apprentices served under the program.

Sec. 1008. Small Business Support Hubs – NEW

Requires funds to be used by the MSF for continued support of small businesses statewide; allows funds to be used for grants to small business support organizations for incubators, accelerators, networking and mentorship programming, and other entrepreneurial support initiatives; allows MSF to retain up to 3% of the appropriation for administration.

Supplemental Recommendations for FY 2024-25 Appropriations **FY 2024-25 Recommendation**

<i>1. Community Development Block Grant – Disaster Recovery</i>	Gross	\$43,570,000
Includes \$43.6 million of federal funding authorization to allow for the expenditure of a special allocation of Community Development Block Grant Disaster Recovery funds that were received to address severe storms that affected Southeast and Central Michigan in August 2023.	Federal	43,570,000
	GF/GP	\$0
<i>2. Transmission Siting and Economic Development Program</i>	Gross	\$35,800,000
Includes \$35.8 million of federal funding authorization to allow for the expenditure of a grant received from the U.S. Department of Energy, that would support apprenticeship programs, home weatherization, and workforce training programs in communities in Branch and Calhoun Counties.	Federal	35,800,000
	GF/GP	\$0
<i>3. Community and Worker Economic Transition Office</i>	Gross	\$22,653,100
Includes \$22.7 million of federal funding authorization to allow the Community and Worker Economic Transition Office to utilize grant funding from the U.S. Department of Energy to issue grants to small- and medium-sized auto suppliers that are experiencing an industry transition.	Federal	22,653,100
	GF/GP	\$0
<i>4. Michigan Rehabilitation Services</i>	Gross	\$9,467,300
Includes \$9.5 million of federal funding authorization to allow for the expenditure of Michigan Rehabilitation Services’ receipt of a one-time multi-year grant award from the U.S. Department of Education that is focused on career development and job placement of individuals with disabilities.	Federal	9,467,300
	GF/GP	\$0
<i>5. First Responder Presumed Coverage Fund</i>	Gross	\$2,500,000
Includes \$2.5 million of state restricted funding authorization from the Slezak First Responder Presumed Coverage Fund to align funding authorization with projected FY 2024-25 benefit payments, which cover wage loss and medical care expenses for eligible first responders who are diagnosed with specific types of cancer.	Restricted	2,500,000
	GF/GP	\$0

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

6. Office of Rural Prosperity

Includes \$350,000 of federal funding authorization to allow the Michigan Office of Rural Prosperity to expend two grants received from the U.S. Department of Agriculture, both of which will support the development of community facilities projects.

Gross	\$350,000
Federal	350,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 LICENSING AND REGULATORY AFFAIRS

Analyst: Una Jakupovic

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$27,682,800	\$30,192,600	\$2,509,800	9.1
Federal	30,471,300	34,478,800	4,007,500	13.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	281,979,200	284,429,800	2,450,600	0.9
GF/GP	308,605,700	301,539,300	(7,066,400)	(2.3)
Gross	\$648,739,000	\$650,640,500	\$1,901,500	0.3
FTEs	1,821.0	1,857.0	36.0	2.0

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and cannabis. Units within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
1. Federal Energy and Benchmarking Grants	Gross	NA
Includes \$4.1 million in federal grant funding from the U.S. Department of Energy to support the development of a statewide energy code and energy benchmarking within the Bureau of Construction Codes (BCC). The funding would include support for:	Federal	4,109,100
<ul style="list-style-type: none"> BCC training for local governments relating to energy efficiency standard adoption BCC partnership with labor organizations to train and employ workers in energy auditing and building system optimization A building stock analysis that would categorize buildings by type and identify common energy efficiency upgrades required. Supplemental Request 2025-1 reflects awarded federal funding that would be used for the same purpose in FY 2024-25.	GF/GP	\$0
2. Interdepartmental Grant Adjustments	Gross	\$2,234,600
Includes \$2.2 million in IDG funding for the Michigan Office of Administrative Hearings and Rules (MOAHR) to support increased cases and workloads relating to UIA and MIOSHA within the Department of Labor and Economic Opportunity.	IDG	2,234,600
	GF/GP	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
3. Nursing Home Surveys and Investigations	FTE	NA	9.0
Includes \$2.7 million GF/GP and authorization for 9.0 FTEs to support nursing home complaint intake and investigations. Of the total, \$2.4 million and 7.0 FTEs would be allocated to hire health care surveyors to support immediate jeopardy complaint investigations associated with nursing and continuing care facilities. The requested funding would also support the hiring of eleven already authorized health care surveyor positions. The remaining \$316,900 and 2.0 FTEs would support intake of public questions and complaints related to nursing homes. The positions would consist of one departmental analyst and one customer service escalation specialist.	Gross	NA	\$2,716,900
	GF/GP	NA	\$2,716,900
4. Michigan Indigent Defense Commission (MIDC)	FTE	21.0	4.0
Includes \$769,100 GF/GP and authorization for 4.0 FTEs to support increased financial monitoring and planning efforts across local indigent defense systems. One position would be used to hire a senior regional manager responsible specifically for overseeing programming and compliance related to Standard 1 (Attorney Training) and Standard 7 (Attorney Qualifications and Review). The remaining three positions would consist of departmental or financial analysts focused on oversight of the financial and programmatic aspects of compliance.	Gross	\$3,140,200	\$769,100
	GF/GP	\$3,140,200	\$769,100
5. Homes for the Aged Staffing Increase	FTE	NA	3.0
Includes \$700,000 GF/GP and authorization for 3.0 FTEs to support oversight of state-licensed homes for the aged. The positions would consist of three health care surveyors responsible for licensing, inspections, and complaint investigations.	Gross	NA	\$700,000
	GF/GP	NA	\$700,000
6. Compliance and Risk Management Section	FTE	NA	3.0
Includes \$490,000 in state restricted funding and authorization for 3.0 FTEs to support the establishment of a Compliance and Risk Management section within Administrative Services to support regulatory compliance, risk management, and audit activities. The section would be responsible for creating and maintaining a centralized form review process to support consistency across licensure forms. The positions would consist of a state administrative manager, a departmental analyst, and an accountant.	Gross	NA	\$490,000
	Restricted	NA	490,000
	GF/GP	NA	\$0
7. Mortuary Science Staffing Increase	FTE	NA	2.0
Includes \$305,700 in state restricted funding and authorization for 2.0 FTEs within the Corporations, Securities, and Commercial Licensing Bureau to support two new license types in the mortuary science profession created by PA 107 of 2024. The positions would include one regulation agent and one departmental analyst.	Gross	NA	\$305,700
	Restricted	NA	305,700
	GF/GP	NA	\$0
8. Michigan Liquor Control Commission (MLCC)	FTE	31.0	2.0
Includes \$297,300 in state restricted funding and authorization for 2.0 FTEs within the Management Support Services line item to support oversight and management of the MLCC's inventory. The positions would include one accountant and one department technician.	Gross	\$4,921,600	\$297,300
	Restricted	4,921,600	297,300
	GF/GP	\$0	\$0
9. Cannabis Regulatory Agency (CRA) Staffing Increase	FTE	182.0	1.0
Includes \$151,200 in state restricted funding and 1.0 FTE to provide additional human resources support. The position would consist of a departmental analyst whose duties would include interviewing and onboarding employees, monitoring employee time and leave, and compiling information for required reports, among other duties.	Gross	\$33,649,200	\$151,200
	Restricted	33,649,200	151,200
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
10. Elevator Inspectors	FTE	NA	8.0
Includes authorization for 8.0 FTEs (no additional funding authorization) to hire additional elevator inspectors within the Bureau of Construction Codes.	Gross	NA	\$0
	GF/GP	NA	\$0
11. Residential Builders	FTE	NA	5.0
Includes authorization for 5.0 FTEs (no additional funding authorization) to hire staff in the Bureau of Construction Codes focused on consumer complaints related to residential builders.	Gross	NA	\$0
	GF/GP	NA	\$0
12. Technical Adjustments	FTE	NA	0.0
Includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. Includes a shift of funding and FTE authorization out of the MOAHR line item into a new Michigan Tax Tribunal line item. Also includes a shift of funding and FTE authorization out of the Executive Director Programs line item to a new Regulatory Effectiveness Office line item.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
13. Removal of FY 2024-25 One-Time Appropriations	FTE	1.0	(1.0)
Removes \$14.3 million Gross (\$12.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$14,250,000	(\$14,250,000)
<ul style="list-style-type: none"> 5-Year Energy Waste Reduction and Demand Response Statewide Study (\$1.0 million Gross) BFS – Smoke Detectors (\$1.0 million Gross) CRA Social Equity Program (\$1.0 million Gross) Health Professions Implicit Bias Study (\$250,000 Gross) Juvenile Indigent Defense Grants (\$1.0 million Gross) Michigan Saves (\$5.0 million Gross) Renewable Energy and Electrification Infrastructure Enhancement and Development (\$5.0 million Gross). 	Restricted	2,250,000	(2,250,000)
	GF/GP	\$12,000,000	(\$12,000,000)
14. Economic Adjustments	Gross	NA	\$4,377,600
Reflects increased costs of \$4.4 million Gross (\$748,000 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	275,200
	Federal	NA	275,400
	Restricted	NA	3,079,400
	GF/GP	NA	\$747,600

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law.

Sec. 212. Restricted Funds Report – DELETED

Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and fund balances for the prior two fiscal years.

Sec. 216. Retention of Reports – DELETED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 217. Report on Policy Changes for Public Act Implementation – DELETED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year.

Major Boilerplate Changes from FY 2024-25

Sec. 218. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 221. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$4.0 million; requires report within 10 days of receiving grants from private entities. Executive revises to remove the \$4.0 million appropriation limit.

Sec. 222. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$1.0 million. Executive revises to remove the \$1.0 million appropriation limit.

Sec. 226. Single Recipient Grants – DELETED

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; authorizes SBO to compile and submit reports; lists eligibility requirements to receive grant funding; provides timeframes for receiving and expending grant funding; requires information on grants/projects to be posted on a public website, including receiving entity and grant sponsor; requires reports.

Sec. 227. State Fiscal Recovery Fund (SFRF) – DELETED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation.

Sec. 302. Public Service Commission Hearings – DELETED

Requires the MPSC to conduct at least 4 public hearings in the state; requires a hearing to be held in Detroit and Grand Rapids; requires PSC to submit report that summarizes outcomes and public comments.

Sec. 401. MLCC Investigation of Direct Shipments of Wine and Report – REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Executive revises to delete an item in the required report and delete language requiring notice to unlicensed out-of-state entities that illegally shipped wine into Michigan.

Sec. 501. Fire Safety Fees – REVISED

Establishes fee schedule for inspections of hospitals and plan reviews of hospitals and schools by Bureau of Fire Services, in accordance with Section 2c of 1941 PA 207. Executive revises to include fees for nursing homes, homes for the aged, and adult foster care facilities. Implementation legislation is requested to effectuate these fee changes.

Sec. 507. Carnival-Amusement and Ski Area Inspections – REVISED

Stipulates that at least \$900,000 of the BCC appropriation must be allocated for additional inspections and enforcement activities for the Carnival-Amusement Safety Act of 1966 and the Ski Area Safety Act of 1962; requires LARA to submit a report to the standard report recipients detailing fund allocation. Executive revises to remove the \$900,000 allocation requirement.

Sec. 511. Report on Premanufactured Unit Plans – DELETED

Requires BCC to report on changes made to decrease processing time of premanufactured unit plan submissions, the processing times in the current and previous fiscal year, and the number of plans submitted in the current and previous fiscal year.

Sec. 802. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires MIDC to submit report on incremental costs associated with standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense.

Sec. 1001. Bureau of Fire Services – DELETED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology; requires report on number of smoke detectors purchased, per-unit price, listing of all local units that received smoke detectors, and number distributed.

Major Boilerplate Changes from FY 2024-25

Sec. 1002. Cannabis Regulatory Agency Social Equity Program – DELETED

Lists the following goals that are to be pursued using social equity program one-time funds: encourage and increase participation in the social equity program, with particular focus on individuals from communities that have been disproportionately impacted by marijuana prohibition and enforcement; establish a minimum number of licensees that are participating in the program; consider the median income in designating disproportionately impacted communities.

Sec. 1003. UM Law School Juvenile Indigent Defense Grants – DELETED

Requires LARA to provide grants to the University of Michigan Law School to provide financial assistance to unrepresented juvenile defendants or their guardians; designates unexpended funds as a work project appropriation.

Sec. 1004. Michigan Saves Appropriation Use – DELETED

Allows PSC to award a \$5.0 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument.

Sec. 1005. Renewable Energy and Electrification Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be expended, aside from administration, only for grants to businesses, nonprofit organizations, and local or state government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects; (2) establishes goal of distributing 50% of the total amount of funding for grants awarded for electric vehicle fast-charging infrastructure for charging ports that provide a power level of at least 200 kW and 50% of the total for charging ports that provide a power level of at least 350 kW; (3) requires MPSC to develop guidelines and implement a grant application process within 6 months and requires prioritization for grants that meet the goals of the MI Healthy Climate Plan; (4) requires grant applicants to perform an impact study that provides sufficient detail to allow the proposed project to be evaluated; (5) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (6) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (7) requires MPSC to award grants to applicants who have met the grant criteria, with priority given to applicants in distressed areas; (8) requires grant recipients to report to MPSC on how the money was used within 30 days after a project's completion; (9) prohibits grant funding from being used to expand the use of conventional natural gas; (10) allows the MPSC to expend up to \$125,000 for administration expenses; (11) defines "renewable energy and electrification infrastructure projects" and "renewable natural gas."

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Federal Energy and Benchmarking Grants

Includes \$3.1 million in awarded federal grant funding from the U.S. Department of Energy to support the development of a statewide energy code and energy benchmarking within the Bureau of Construction Codes (BCC). The FY 2025-26 executive recommendation includes anticipated federal funding that would be used for the same purpose.

Gross	\$3,053,600
Federal	3,053,600
GF/GP	\$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26**

LIFELONG EDUCATION, ADVANCEMENT, AND POTENTIAL

Analysts: Noel Benson and Perry Zielak

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	505,391,000	506,428,200	1,037,200	0.2
Local	0	0	0	--
Private	250,000	1,000,000	750,000	300.0
Restricted	1,863,900	1,880,000	16,100	0.9
GF/GP	136,489,300	226,908,800	90,419,500	66.2
Gross	\$643,994,200	\$736,217,000	\$92,222,800	14.3
FTEs	343.0	354.0	11.0	3.2

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Lifelong Education, Advancement, and Potential (MiLEAP) is responsible for administering and coordinating statewide education efforts outside of the K-12 school system, which includes child care, child care worker and facility licensing, early childhood education, out of school time, and postsecondary scholarships and transfer opportunities. The department is grouped into three offices overseeing those efforts: the Office of Early Childhood Education, which is focused on child care and child care facilities; the Office of Education Partnerships, which is focused on building relationships in child care and postsecondary arenas; and the Office of Higher Education, which is focused on postsecondary scholarships, transfers and increasing degree and credential attainment.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Child Development and Care Caseload Costs	Gross \$499,035,800	\$63,000,000
Increases funding by \$63.0 million Gross (\$62.8 million GF/GP) to reflect increased caseload costs for the Child Development and Care (CDC) program. Includes \$184,500 GF/GP to federal Child Development and Care Fund (CCDF) fund swap due to FMAP rate adjustment. Total funding for the CDC program would be \$562.0 million Gross (\$132.3 million GF/GP).	Federal 429,525,100	184,500
	GF/GP \$69,510,700	\$62,815,500
2. Child Development and Care Federal Requirements	Gross \$0	\$50,000,000
Provides \$50.0 million GF/GP of one-time funding to partially fulfill new federal requirements for the CDC program. An estimated \$33.0 million will be used to shift to a prospective payment system to reimburse child care providers before services are rendered. Remaining funds will be used to contract services for certain populations of children, which include infants and toddlers, children with disabilities, and those in underserved geographic areas.	GF/GP \$0	\$50,000,000
3. College Success Fund and Student Wraparound Supports	Gross \$0	\$15,000,000
Provides \$15.0 million GF/GP of one-time funding for the continuation of a program originally located in the Department of Labor and Economic Opportunity that provides competitive grants to community colleges, public universities, and private colleges and universities for student support services and efforts to improve degree and certificate completion rates.	GF/GP \$0	\$15,000,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
4. Nonpublic Dual Enrollment		
Eliminates \$3.5 million GF/GP for the nonpublic dual enrollment program, which pays the tuition of eligible nonpublic school students enrolled in postsecondary institutions. The Executive Recommendation includes proposed legislation to allow nonpublic students to enroll in dual enrollment programs through a shared time program with a local school district that would be funded through Sec. 22b in the School Aid budget.	Gross \$3,500,000 GF/GP \$3,500,000	(\$3,500,000) (\$3,500,000)
5. Office of Education Partnerships Family and Community Engagement Program Transfer		
Transfers \$1.3 million GF/GP from the Office of Great Start for the Family and Community Engagement program (identified in Item #8 below). The program assists parents and guardians become more involved in their child's education through partnerships with family engagement centers or intermediate school districts. Although not included in documents, the Executive expressed intent to transfer authorization for 7.0 FTE positions. Total funding for the Family and Community Engagement program would be \$2.4 million GF/GP.	Gross \$1,062,500 GF/GP \$1,062,500	\$1,320,700 \$1,320,700
6. Department of the Attorney General Services		
Provides \$569,500 GF/GP across multiple lines to cover higher than anticipated costs for services rendered by the Department of the Attorney General that were not originally included in the FY 2024-25 budget.	Gross NA GF/GP NA	\$569,500 \$569,500
7. Student Financial Assistance Programs MI Student Scholarship and Grants Portal and FTE Authorizations		
Increases funding by \$300,000 GF/GP to cover additional information technology costs for maintaining the MI Student Scholarships and Grants Portal, which is the primary administration system for state-sponsored financial aid programs. Additionally, authorizes 5.0 FTE positions to convert some employee classifications from temporary to ongoing in the Office of Sixty by 30, which works to ensure that 60% of Michigan residents obtain a postsecondary degree or skills credential by 2030. Total funding for Student Financial Assistance Programs would be \$9.5 million Gross (\$8.2 million GF/GP)	FTE 45.0	5.0
	Gross \$9,184,100	\$300,000
	Restricted 1,254,700 GF/GP \$7,929,400	0 \$300,000
8. Office of Great Start Private Funding Authorization, Federal Preschool Development Funds Transfer, and Family and Community Engagement Program Transfer		
Includes a net decrease of \$270,700 Gross (\$1.3 million GF/GP reduction) for the Office of Great Start. This includes the following: <ul style="list-style-type: none"> Transfer of \$1.3 million GF/GP to the Office of Education Partnerships for the Family and Community Engagement program. Although not included in documents, the Executive expressed intent to transfer authorization for 7.0 FTE positions (See Item #5). Increase of \$750,000 in private revenues, for a total of \$1.0 million, for the Office of Great Start. Increased private funding was received in FY 2024-25, but the department lacked sufficient authorization to expend received funds. Transfer of \$300,000 federal from the School Aid budget for the administration of the Preschool Development Funds in Sec. 39a(2)(d) of the School Aid budget, which are used to promote and expand high-quality preschool services. The Executive expressed intent to provide authorization for an additional 4.0 FTE positions 	Gross \$17,824,500	(\$270,700)
	Federal 14,857,000	300,000
	Private 250,000	750,000
	Restricted 64,600	0
	GF/GP \$2652,900	(\$1,320,700)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
9. Child Development and Care External Support	Gross	\$11,028,100	\$700
Provides additional \$700 federal for defined calculations from an Interdepartmental Grant with the Michigan Department of Health and Human Services (DHHS) to support child development and care related activities, including program eligibility determinations and responding to administrative hearings. Total funding for Child Development and Care External Support would be \$11.0 million Gross.	Federal	11,028,100	700
	GF/GP	\$0	\$0
10. Executive Direction and Operations Internal Accounting Administration	FTE	30.0	8.0
	Gross	\$7,531,200	\$0
Increases authorization by 8.0 FTE positions for Executive Direction and Operations to provide internal department accountants instead of using an external service. Current funding levels would remain the same.	Federal	750,000	0
	GF/GP	\$6,781,200	\$0
11. Removal of FY 2024-25 One-Time Appropriations	FTE	2.0	(2.0)
Removes \$35.0 million GF/GP of one-time funding and authorization for 2.0 FTE positions that were included in the FY 2024-25 budget to support the following:	Gross	\$35,000,000	(\$35,000,000)
	GF/GP	\$35,000,000	(\$35,000,000)
<ul style="list-style-type: none"> • Child Care Program Stabilization Grants (\$24.0 million GF/GP) • Wonderschool (\$5.0 million GF/GP) • Michigan Center for Adult College Success (\$1.8 million GF/GP) • One-Time Administration Supports (\$1.2 million GF/GP and 2.0 FTEs) • Adult Education Outreach Project (\$1.0 million GF/GP) • Foster Care Supports (\$500,000 GF/GP) • Hunger-Free Campus Grant Pilot Program (\$500,000 GF/GP) • Youth Mentorship (\$500,000 GF/GP) • After School Programming Extension (\$300,000 GF/GP) • Postsecondary Enrollment (\$166,000 GF/GP) 			
12. Economic Adjustments	Gross	NA	\$802,600
Reflects increased costs of \$802,600 Gross (\$234,500 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	552,000
	Restricted	NA	16,100
	GF/GP	NA	\$234,500

Major Boilerplate Changes from FY 2024-25***Executive Boilerplate Deletions***

In general, the executive budget deletes a number of boilerplate sections included in FY 2024-25 budget. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

- Communication with the Legislature (Sec. 206)
- Restricted Funds Report (Sec. 212)
- Submission of Reports (Sec. 213)
- Department Reports and Records Retention (Sec. 219)
- Department Policy Changes Made to Implement Public Acts Report (Sec. 220)
- Requirement to Expend Available Work Project Authorization (Sec. 222)
- State Fiscal Recovery Funds Reallocation Authorization (Sec. 224)
- Individual Grant Recipient Transparency (Sec. 250)
- Adult Learners Pilot Program (Sec. 1101)
- After School Programming Extension (Sec. 1102)
- Michigan Center for Adult College Success (Sec. 1103)
- Child Care Program Stabilization Grants (Sec. 1104)
- One-Time Administration Supports (Sec. 1105)
- Hunger-Free Campus Grant Pilot Program (Sec. 1106)
- Wonderschool (Sec. 1107)
- Foster Care Supports (Sec. 1108)
- Postsecondary Enrollment (Sec. 1109)
- Youth Mentorship (Sec. 1110)

Sec. 206. Communication with the Legislature – DELETED

Deletes language that prohibits MiLEAP from taking disciplinary action against an employee for communicating with a legislator or staff.

Sec. 212. Restricted Funds Report – DELETED

Deletes language that requires MiLEAP to work with the State Budget Office to provide a report to the legislature on estimated restricted fund revenues, expenditures, and fund balances for the prior two fiscal years.

Sec. 213. Submission of Reports – DELETED

Deletes language that requires the department to submit reports to the senate and house appropriation subcommittees, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office, that list the statutory or bill section requiring the report and compile, post, and maintain the reports on a public website.

Sec. 219. Department Reports and Records Retention – DELETED

Deletes language that requires MiLEAP to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 220. Department Policy Changes Made to Implement Public Acts Report – DELETED

Deletes language that requires MiLEAP to report by April 1 on each specific policy change made to implement a public act affecting MiLEAP that took effect during the prior calendar year.

Sec. 222. Requirement to Expend Available Work Project Authorization – DELETED

Deletes language that prohibits appropriations from being expended until all existing work project authorization available for the same purpose is exhausted, to the extent possible.

Sec. 224. State Fiscal Recovery Funds Reallocation Authorization – DELETED

Deletes language that directs the state budget director to reallocate state fiscal recovery funds that are in jeopardy of not meeting the expenditure deadline of December 31, 2026, and requires a notification to the Legislature within 10 days after making the reallocation.

Sec. 250. Individual Grant Recipient Transparency – DELETED

Deletes language that requires MiLEAP to follow a standard grant distribution process; establish a process to review, complete, and execute a grant agreement with a grant recipient; verify that a grant recipient will utilize funds for a public purpose; review and verify all necessary information to ensure the grant recipient is able to execute the grant agreement; and establish a timeline to review all grant elements.

Major Boilerplate Changes from FY 2024-25

Sec. 705. Dual Enrollment Payments – DELETED

Deletes language that requires dual enrollment payments to be distributed as provided under the Postsecondary Enrollment Options Act, 1996 PA 160, and the Career and Technical Preparation Act, 2000 PA 258, as determined by the department.

Sec. 1002. CDC Provider Reimbursement Rates – REVISED

Requires MiLEAP to publish reimbursement rates on its website and the Great Start to Quality webpage. Allows MiLEAP, with the approval of the state budget director, to receive and expend federal child care development block grant funds at risk of being lapsed back to the federal government. Deletes language that increases reimbursement rates for child care providers by 15% from the rates established in FY 2023-24.

Sec. 1003. Early Childhood Comprehensive Systems Annual Report – NEW

Adds language that requires MiLEAP to submit an annual report on all funding appropriated to contracts for the early childhood comprehensive systems planning.

Sec. 1007. CDC Annual Report – REVISED

Requires MiLEAP to create an annual report to track the affordability, availability, health and safety, and quality of child care; actions taken to improve the quality, health, and safety of child care; the child care workforce; and total funding appropriated to contracts for the early childhood comprehensive systems planning during the previous fiscal year. Removes reporting language on the early childhood comprehensive systems planning and relocates to Section 1003.

Sec. 1012. CDC Provider Rate Increase – REVISED

Requires MiLEAP to work in collaboration with DHHS to continue the network of infant and early childhood mental health consultation, which provides mental health consultation to child care providers; requires \$3.0 million to be used for this purpose. Revises amount from \$3.0 million to \$1.5 million and specifies funds are appropriated from child development and care contracted services.

Sec. 1025. Receipt of Private Donations – NEW

Adds language that states private donations will be appropriated upon receipt as permitted under state and federal law; requires MiLEAP to notify the subcommittee chairs, fiscal agencies, and state budget director of the receipt and details of private donations; and prohibits private appropriations from exceeding \$3.0 million.

Sec. 1030. Administration of Tri-Share Program – REVISED

Requires funding to be used to continue the Tri-Share Child Care program; allows funding of new child care facilitator hubs provided that existing hubs receive sufficient support; requires new hubs to increase the number of participating counties or serve statewide employers; caps administration costs at \$200,000. Revises language to direct MiLEAP to establish and support Tri-Share regional facilitator hubs and statewide services, and to create benchmarks for regional hubs that receive funding.

Sec. 1101. Child Development and Care Public Assistance One-Time Funds – NEW

Adds language that states funds would be used to begin implementing prospective payments to child care providers and begin contracting for child care services for infants, toddlers, children from underserved areas, or children who have a disability; and designates unexpended funds as a work project.

Sec. 1102. College Success Fund and Student Wraparound Supports – NEW

Adds language that states funds would be used for competitive grants to community colleges, public universities, and private institutions to support student success, retention, and completion efforts; and designates unexpended funds as a work project.

<u>Supplemental Recommendations for FY 2024-25 Appropriations</u>	<u>FY 2024-25 Recommendation</u>	
1. Office of Great Start Private Funding Authorization	Gross	\$750,000
Provides an additional \$750,000 in private revenues, for a total of \$1.0 million, for the Office of Great Start. Increased private funding was received in FY 2024-25, but the department lacks sufficient authorization to expend received funds.	Private	750,000
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 MILITARY AND VETERANS AFFAIRS

Analyst: Aaron A. Meek

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	144,786,800	148,840,000	4,053,200	2.8
Local	0	0	0	-
Private	100,000	100,000	0	0.0
Restricted	13,221,400	12,953,500	(267,900)	(2.0)
GF/GP	117,694,100	131,084,800	13,390,700	11.4
Gross	\$275,904,100	\$293,080,100	\$17,176,000	6.2
FTEs	1,060.0	1,065.0	5.0	0.5

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs (DMVA) provides for the operations of the Michigan National Guard in support of military and security needs of the state and federal government. The department, through the Michigan Veterans Affairs Agency, oversees state programs for veterans, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the independent Michigan Veterans Facility Authority, which manages and operates the state's three veterans homes.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
1. Selfridge Air National Guard Base	Gross	\$15,000,000
Provides \$26.0 million one-time GF/GP to continue infrastructure improvements related to the runway placement project at Selfridge Air National Guard Base to attract new aircraft flying missions. This is \$11.0 million more than the \$15.0 million one-time GF/GP provided in FY 2024-25 for the same purpose.	GF/GP	\$15,000,000
		\$11,000,000
2. National Guard Member Benefits Program	FTE	NA
Restructures \$11.3 million GF/GP and 3.5 FTE positions from the Michigan National Guard State Tuition Assistance Program (MINGSTAP) line item, and 4.0 FTE positions from the Military Training Sites and Support Facilities line item, into the new Michigan National Guard Member Benefit Program line item. This line item would cover both MINGSTAP and a new program (pending statutory changes) that would provide a child care subsidy for Michigan National Guard members during annual and weekend drilling. Also authorizes an additional 4.0 FTE positions to administer the child care program.	Gross	NA
	GF/GP	NA
		\$0
3. State Veterans Cemetery	Gross	\$0
Provides \$5.0 million one-time GF/GP to support land acquisition, design, and engineering costs for a state veterans cemetery in Crawford County.	GF/GP	\$0
		\$5,000,000

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
4. Military Retirement	Gross \$2,770,600	(\$185,000)
Reduces authorization by \$185,000 GF/GP for the Military Retirement System to align funding with anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.	GF/GP \$2,770,600	(\$185,000)
5. Departmentwide Audit Support	FTE 0.0	1.0
Authorizes \$175,000 GF/GP and 1.0 FTE position to provide audit support for the department, including supporting internal controls, audit response, and reviews of program processes and procedures.	Gross \$0	\$175,000
	GF/GP \$0	\$175,000
6. Removal of FY 2024-25 One-Time Appropriations	Gross \$4,000,000	(\$4,000,000)
Removes \$4.0 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:	GF/GP \$4,000,000	(\$4,000,000)
<ul style="list-style-type: none"> • Veteran Homelessness Elimination Grants (\$2.5 million GF/GP) • Veterans of Foreign Wars National Home (\$1.5 million GF/GP). 		
7. Technical Adjustments	Gross NA	\$2,775,000
Includes \$2.8 million Gross for adjustments to federal and state restricted fund sources to align Michigan Veterans' Facility Authority authorization with changing cost factors for the state's veteran homes, including shifting membership and changes in per diem rates paid by the U.S. Department of Veterans Affairs.	Federal NA	3,054,400
	Restricted NA	(279,400)
	GF/GP NA	\$0
Also includes the following internal net-to-zero transfers to align funding and FTE authorization with department activity:		
<ul style="list-style-type: none"> • Transfers \$40,000 GF/GP from the Grand Rapids Home for Veterans main operating line item to the Veterans Cemetery line item to align authorization with projected expenditures • Transfers \$107,000 GF/GP from the Michigan Veterans Affairs Agency to the Headquarters and Armories line item to cover additional billed costs for services provided by the Department of Technology, Management, and Budget Accounting Service Center. 		
8. Economic Adjustments	Gross NA	\$2,411,000
Reflects increased costs of \$2.4 million Gross (\$1.4 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal NA	998,800
	Restricted NA	11,500
	GF/GP NA	\$1,400,700

Major Boilerplate Changes from FY 2024-25

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits department from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law.

Sec. 210. Contingency Authorization – REVISED

Authorizes appropriation of up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds only after legislative transfer to specific line items. Executive revises to increase federal authorization up to \$10.0 million and state restricted authorization up to \$2.0 million.

Sec. 212. State Restricted Funds Report – DELETED

Requires department and State Budget Office to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

Major Boilerplate Changes from FY 2024-25

Sec. 219. Receipt and Retention of Required Reports – DELETED

Requires department to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 220. Reporting Requirement on Policy Changes – DELETED

Requires department to report on policy changes made in order to implement enacted legislation that affects the department.

Sec. 222. Access to State and Local Services – DELETED

Prohibits appropriations from being used to restrict or impede marginalized community's access to government programs; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 224. Intention to Sell Department Property – DELETED

Requires department to provide a 60-day notice of intent to sell property.

Sec. 225. Biannual Reporting on Achieving Requirements – REVISED

Requires department to provide biannual reports on status of work projects, financial status, and employment levels. Executive deletes reporting on employment levels.

Sec. 230. Authorization to Reallocate State Fiscal Recovery Funds – DELETED

Requires state budget director to ensure that all State Fiscal Recovery Funds (SFRF) are expended by December 31, 2026; authorizes state budget director to reallocate funds to fully utilize SFRF that are in jeopardy of not meeting expenditure deadline; requires state budget director to notify appropriations committees not later than 10 business days after making any reallocations.

MILITARY

Sec. 301. Unclassified Positions – REVISED

Appropriates funding to support unclassified positions; requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions; requires annual report listing current unclassified positions with official titles and responsibilities. Executive deletes notification requirement and modifies report date.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires department to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible members as defined in 2014 PA 259; states program's objectives, performance metrics, and reporting requirements. Executive deletes the National Guard Tuition Assistance Fund balance reporting requirement and language appropriating those funds for expenditure in light of proposed Sections 314 and 315.

Sec. 314. National Guard Child Care Assistance Program – NEW

Requires department to maintain a child care assistance program for Michigan National Guard (MNG) members (pending statutory change); requires annual report on number of eligible members receiving a child care stipend and the total number of MNG members by service branch, the number of children for whom a stipend is paid and the associated number of hours paid by service branch, the hourly rate paid, program expenditures paid for child care stipends, program expenditures paid for administrative costs, and any other pertinent information on the program's operations.

Sec. 315. National Guard Member Benefit Fund – NEW

Requires funds appropriated for the Michigan National Guard Member Benefits Program to be deposited into the restricted Michigan National Guard Member Benefit Fund (pending statutory change) and that those funds be appropriated and available for expenditure for the Michigan National Guard Tuition Assistance Program and the Michigan National Guard Child Care Assistance Program (pending statutory change); requires annual report on revenues, expenditures by program, and starting and year-end balances of the fund.

MICHIGAN VETERANS AFFAIRS AGENCY

Sec. 404. MVAA Private Donations – REVISED

Authorizes receipt of private donations to MVAA in excess of funds appropriated and permits expenditure of those funds for purpose designated by donor, if specified; authorizes unexpended donations to not lapse to general fund and carry forward to subsequent fiscal year; requires annual report of donations under \$10,000 and notification to legislature within 14 days of donations of \$10,000 or more; requires all private donations to be used for the benefit and life enrichment of veterans. Executive deletes the reporting requirement for private donations of \$10,000 or greater.

Major Boilerplate Changes from FY 2024-25

Sec. 406. MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, and assist in processing claims for VA benefits; requires annual report providing estimate of state's homeless veterans population. Executive deletes reporting requirements for homeless veterans and modifies reporting requirements for outreach services and outcomes.

Sec. 410. MVAA and County Counseling Services – REVISED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes a capacity metric of 500 claims per year; requires biannual data on number and type of claims activities; requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires annual reports on number and percentage of CVCs requesting training by MVAA; authorizes up to \$100,000 to be expended to provide legal services to represent veterans benefit cases before federal courts in order to maintain accreditation by VA. Executive deletes staffing and resource requirements and modifies reporting requirements for county veterans counselor training.

Sec. 411. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide competitive grants to veterans service organizations (VSOs) using a regional service delivery model and lists requirements for the competitive grant process; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, specifies basic parameters of grant agreement; requires MVAA to report on grant activities; appropriates funding to cover administrative costs; authorizes unexpended funding as work project. Executive revises to create the Veterans Service Fund in Treasury to establish, award, and administer grants to congressionally-chartered VSOs, as well as to provide for necessary administrative and implementation costs incurred by the MVAA.

Sec. 415. MVAA Veteran Homelessness Study – REVISED

Requires MVAA to complete study that includes analysis of scope of veteran homelessness in Michigan, identification of challenges to securing housing for homeless veterans, and recommendations for future partnerships and actions that will assist in eliminating veteran homelessness while minimizing additional costs to local units of government. Executive revises to require MVAA to include the estimated number of homeless veterans by county and the agency's activities in the previous fiscal year to support homeless veterans or eliminate veteran homelessness.

Sec. 416. Suicide Prevention Research Contracts and Grants – DELETED

Authorizes department to contract with or provide grants to local health care providers to accelerate research and deployment of treatments for suicide prevention that have been granted breakthrough therapy designation by United States Food and Drug Administration; authorizes department to partner with Department of Health and Human Services to facilitate and administer program.

MICHIGAN VETERANS' FACILITY AUTHORITY

Sec. 501. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to this state's veterans homes and permits its use for the purpose designated by private donor if used for the benefit and life-enrichment of veterans; requires annual report on the amount of private donations received by department; requires department to notify the legislature within 14 days of receiving donations of \$10,000 or more; authorizes unexpended private donations to not lapse to the general fund and to carry forward to the subsequent fiscal year; requires annual report providing the amount of private donations and the purpose for which the funds will be expended; requires additional report within 14 days after receiving a private donation greater than or equal to \$10,000. Executive deletes reporting requirement for private donations of \$10,000 or more.

Sec. 505. Member Care Standards – DELETED

Requires Michigan Veteran Homes to provide all veterans homes members board-certified psychiatric care, safe and secure environment, and to ensure veterans homes develop, execute, and monitor all comprehensive care plans in accordance with federal regulations and internal policies.

Sec. 507. Posting to Public Website – REVISED

Requires Michigan Veteran Homes to post on website all adopted policies related to administrative operations of a veterans home, agenda and minutes of MVFA board meetings, copy of each veterans home's USDVA State Veteran Home quarterly report; requires bimonthly reports on details of care hours and finances; requires MVH to report and post online results of any annual or for-cause survey conducted by an overseeing entity of veterans homes with any corresponding corrective action plan; requires MVFA to provide a report detailing strategies and actions taken to maximize revenues from non-GF/GP sources and cost saving strategies. Executive replaces posting requirement for each veterans home's USDVA State Veteran Home quarterly report with statistics and information that demonstrate the performance of the state's homes compared to available state and national veterans home or nursing homes.

Major Boilerplate Changes from FY 2024-25

Sec. 511. MVFA Internal Allocation of Federal Revenues – NEW

Authorizes the department, upon approval from the State Budget Director, to align appropriations of federal fund sources with revenue; prohibits changes that would produce a gross increase or decrease in the total authorization for individual MVFA line-item appropriations; requires quarterly report on actions taken under this section.

ONE-TIME APPROPRIATIONS

Sec. 701. Eliminating Veteran Homelessness Grants – DELETED

Requires MVAA to create and operate grant program to provide grants not to exceed \$250,000 to non-profit organizations to provide, or assist in providing, housing for homeless veterans and their families; requires report summarizing grant program activities and expenditures; defines "veteran" and "homeless"; designates unexpended funds as work project appropriation.

Sec. 703. State Veterans Cemetery – NEW

Requires one-time funds to be used to acquire or to designate state land as state veterans cemetery and for supporting costs of engineering, designing, conducting environmental impact studies, preparing land, expenses for applying for and receiving federal funds, and other ongoing expenses of operating the state veterans cemetery.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Marquette Veterans Home Land Acquisition

Authorizes spending of \$4.5 million in federal funds by the Michigan Veterans' Facility Authority to purchase land for the new veterans home located near Marquette.

Gross	\$4,526,200
Federal	4,526,200
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 NATURAL RESOURCES

Analyst: Austin Scott

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$207,000	\$208,100	\$1,100	0.5
Federal	96,140,700	100,214,800	4,074,100	4.2
Local	0	0	0	--
Private	7,609,200	7,609,200	0	0.0
Restricted	353,865,900	408,296,400	54,430,500	15.4
GF/GP	76,757,000	88,201,200	11,444,200	14.9
Gross	\$534,579,800	\$604,529,700	\$69,949,900	13.1
FTEs	2,545.3	2,635.1	89.8	3.5

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Fee increase – Hunting Licenses, Fishing Licenses, and Watercraft Registrations Includes \$28.9 million in state restricted funding and authorizes 79.3 new FTE positions from proposed 30% to 50% price increases for hunting licenses and fishing licenses and a proposed 60% price increase for watercraft registrations. Most of this new funding would go toward expanding the Wildlife Division, Fisheries Division, and Law Enforcement Division.	FTE	NA	79.3
	Gross	NA	\$28,935,300
	Restricted	NA	28,935,300
	GF/GP	NA	\$0
2. Recreation Passport Default Opt-in Revenue Includes \$17.2 million in new restricted authorization in anticipation of Recreation Passport sales changing from an opt-in model to an opt-out model. Motorists would purchase a passport by default unless they choose to opt-out when renewing motor vehicle registration. Passports would be provided free of charge to resident military veterans.	Gross	NA	\$17,190,300
	Restricted	NA	17,190,300
	GF/GP	NA	\$0
3. Dam Safety and Management (One-time) Appropriates \$15.0 million GF/GP for removal, maintenance, and study of dams in accordance with dam management and land strategy policies.	Gross	\$0	\$15,000,000
	GF/GP	\$0	\$15,000,000
4. Asset Management Solution (One-time) Provides \$6.4 million GF/GP to continue implementation of the departmental digital asset management system.	Gross	\$0	\$6,391,800
	GF/GP	\$0	\$6,391,800
5. Nature Awaits Reduces GF/GP authorization by \$1.8 million for grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system; this funding is included in the FY 2025-26 executive budget proposal for School Aid.	FTE	13.8	0.0
	Gross	\$4,045,300	(\$1,800,000)
	GF/GP	\$4,045,300	(\$1,800,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
6. Off-road Vehicle Trail Improvement Fund Revenue	Gross	NA	\$3,965,900
Appropriates \$4.0 million in additional revenue from the Off-road Vehicle Trail Improvement Fund according to revenue distribution defined in the Natural Resources and Environmental Protection Act.	Restricted	NA	3,965,900
	GF/GP	NA	\$0
7. Federal High-speed Internet Infrastructure Funding	Gross	NA	\$1,417,500
Appropriates \$1.4 million in available federal funding for the installation of high-speed internet infrastructure on DNR lands.	Federal	NA	1,417,500
	GF/GP	NA	\$0
8. Capital Outlay Adjustments	Gross	NA	\$1,317,400
Provides a net increase of \$1.3 million Gross (\$0 GF/GP) for funding increases to State Game and Wildlife Area Infrastructure and State Parks Repair and Maintenance. Funding decreases are included to Wetlands Restoration, Enhancement, and Acquisition; Local Boating Infrastructure and Maintenance; and State Boating Infrastructure and Maintenance.	Federal	NA	1,292,400
	Restricted	NA	25,000
	GF/GP	NA	\$0
9. Marketing and Outreach – Shooting Range Operations and Maintenance	FTE	88.8	7.5
	Gross	\$17,433,700	\$481,300
Includes \$481,300 in available federal funding and authorizes 7.5 new FTE positions for the operation and maintenance of state shooting range facilities.	Federal	1,960,900	481,300
	Restricted	14,371,900	0
	GF/GP	\$1,100,900	\$0
10. Parks and Recreation Division – Park Supervisors	FTE	NA	3.0
Appropriates \$355,000 in state restricted funding and authorizes 3.0 new FTE positions for park supervisors.	Gross	NA	\$355,000
	Restricted	NA	355,000
	GF/GP	NA	\$0
11. Technical Adjustments	Gross	NA	\$763,600
Provides \$763,600 Gross (\$0 GF/GP) for technical adjustments to align expenditures and increased available state restricted and federal revenues.	Federal	NA	352,200
	Restricted	NA	411,400
	GF/GP	NA	\$0
12. Forest Resources Division Rollup	FTE	19.5	0.0
Rolls funding for Adopt-A-Forest Program (\$25,000 Gross), cooperative resource programs (\$1.7 million Gross and 11.0 FTE positions), forest fire equipment (\$931,500 Gross), and forest management initiative (\$944,200 Gross and 8.5 FTE positions) into forest management and timber market development (\$2.6 million Gross and 19.5 FTE positions) and wildfire protection (\$931,500 Gross) for a net zero change.	Gross	\$3,551,300	\$0
	Federal	736,700	0
	Private	124,500	0
	Restricted	2,351,700	0
	GF/GP	\$338,400	\$0
13. Finance and Operations Rollup	FTE	2.0	0.0
Rolls funding for minerals management (\$159,600 state restricted funding and 1.0 FTE position) and marketing and outreach (\$199,000 in state restricted funding and 1.0 FTE position) into departmental finance and operations for a net zero change.	Gross	\$358,600	\$0
	Restricted	358,600	0
	GF/GP	\$0	\$0
14. Removal of FY 2024-25 One-time Appropriations	Gross	\$9,000,000	(\$9,000,000)
Removes \$9.0 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:	GF/GP	\$9,000,000	(\$9,000,000)
<ul style="list-style-type: none"> • America 250 Commission grants (\$5.0 million) • American chestnut restoration initiative (\$500,000) • Huron Waterloo Pathways Initiative's Border-To-Border Trail (\$1,749,900) • Mass timber market development (\$1.0 million) • Phragmites management equipment (\$250,000) • Sportsmen Against Hunger refrigeration units (\$500,000) • Upper Peninsula ski project (\$100) 			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
15. Economic Adjustments	Gross	NA
Reflects increased costs of \$4.9 million Gross (\$852,400 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	\$4,913,800
	Federal	1,100
	Restricted	530,700
	GF/GP	3,529,600
		\$852,400

Major Boilerplate Changes from FY 2024-25

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law.

Sec. 211. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase state restricted authorization by up to \$5.0 million. Revises to add federal authorization to up to \$3.0 million.

Sec. 213. Restricted Fund Revenues, Expenditures, and Fund Balances Report – DELETED

Requires annual report on fund balances, revenues, and expenditures for state restricted funds for previous and current fiscal years.

Sec. 221. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 222. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires the department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 224. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended.

Sec. 230. Single Grant Recipient Requirements – DELETED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Sec. 232. State Fiscal Recovery Funds – DELETED

Requires the state budget director to ensure that State Fiscal Recovery Funds allocated under the American Rescue Pan Act of 2021 be expended before 2027; requires the state budget director to notify the House and Senate Appropriations Committees of reallocations made under this section.

Sec. 408. Land Transactions Report – DELETED

Requires detailed report to legislature on land purchases, sales, and exchanges.

Sec. 1201. Work Project – Asset Management Solution – NEW

Authorizes unexpended funds for Asset Management Solution totaling \$6.4 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to implement a department asset management system.

Sec. 1201. Work Project – Huron Waterloo Pathways Initiative's Border to Border Trail – DELETED

Authorizes unexpended funds for Huron Waterloo Pathways Initiative's Border to Border Trail totaling \$1.7 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to develop a nonmotorized Border to Border Trail.

Sec. 1202. Work Project – American Chestnut Restoration Initiative – DELETED

Authorizes unexpended funds for American Chestnut Restoration Initiative totaling \$500,000 to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to study and implement American chestnut restoration and assisted migration of American chestnut or other species for the purpose of helping adapt the state's forests to climate change.

Major Boilerplate Changes from FY 2024-25

Sec. 1203. Work Project – Mass Timber Market Development – DELETED

Authorizes unexpended funds for Mass Timber Market Development totaling \$1.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to aid in the development of a mass timber market in this state.

Sec. 1204. Phragmites Management Equipment – DELETED

Requires funds for Phragmites Management Equipment to be used to purchase heavy equipment for managing phragmites.

Sec. 1205. Work Project – Sportsmen Against Hunger Refrigeration Units – DELETED

Authorizes unexpended funds for Sportsmen Against Hunger Disease Testing totaling \$500,000 to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire refrigerated trailers that processors can use to store deer and processed venison.

Sec. 1206. Work Project – America 250 Commission Grants – DELETED

Requires funds for America 250 Commission grants to be allocated to support the America 250 committee; specifies committee composition and selection; outlines committee functions; allows committee to seek additional funding; requires committee to use funding for initiatives to commemorate the semiquincentennial and promote the history and culture of Michigan; requires the committee to establish guidelines and criteria for grants for local initiatives; requires the committee to expend at least \$3,000,000.00 to implement a grant program for local initiatives, at least \$1,000,000.00 of which shall be allocated to the Lake County Merry Makers nonprofit (\$500,000) and Wayne County Community College (\$500,000); defines conditions of grants awards; earmarks \$2.0 million for initiatives that acknowledge Michigan's unique role in the history of the United States and outlines corresponding requirements; earmarks \$500,000 for the Michigan History Center and State Archives; allows the department to retain up to 3% of fund appropriated for administrative costs; authorizes unexpended funds for America 250 Commission Grants totaling \$5.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to provide grants to state and local entities to commemorate America's semiquincentennial.

Supplemental Recommendations for FY 2024-25 Appropriations

FY 2024-25 Recommendation

1. Wildlife and Fisheries – Capital Outlay	Gross	\$4,900,000
Appropriates \$4.9 million from the Game and Fish Protection Fund for wildlife and fisheries capital outlay infrastructure maintenance and improvements.	Restricted GF/GP	4,900,000 \$0
2. Wildlife and Fisheries – Cormorant Management	Gross	\$1,600,000
Provides \$1.6 million from the Game and Fish Protection Fund to protect state fisheries and wildlife habitats from cormorants.	Restricted GF/GP	1,600,000 \$0
3. Arctic Grayling Fish Passage	Gross	\$2,500,000
Includes \$2.5 million from the US Fish and Wildlife Service to the Conservation Resource Alliance and Trout Unlimited to remove fish passage barriers by replacing ineffective road-stream crossings on state forest lands.	Federal GF/GP	2,500,000 \$0
4. Federal High-speed Internet Infrastructure Funding	Gross	\$1,417,500
Appropriates \$1.4 million in available federal funding for the installation of high-speed internet infrastructure on DNR lands.	Federal GF/GP	1,417,500 \$0
5. Decree Negotiations	Gross	\$613,200
Includes \$613,200 GF/GP to complete the buyout of a state commercial fishing license that is no longer eligible for use under the 2023 Great Lakes Consent Decree that prohibits state licenses commercial fishing in the Big Bay de Noc management unit of Lake Michigan.	GF/GP	\$613,200

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 SCHOOL AID

Analysts: Jacqueline Mullen and Noel Benson

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,272,793,500	2,407,708,500	134,915,000	5.9
Local	0	0	0	--
Private	0	0	0	--
Restricted	18,418,651,300	18,730,998,000	312,346,700	1.7
GF/GP	78,830,600	53,576,100	(25,254,500)	(32.0)
Gross	\$20,770,275,400	\$21,192,282,600	\$422,007,200	2.0

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Foundation Allowances (Secs. 22a & 22b)	Gross \$10,247,000,000	\$516,000,000
Increases by \$516.0 million SAF (including a reduction of \$150,000 GF/GP) to provide a \$392 (4.1%) per-pupil increase in the foundation allowance, from \$9,608 to \$10,000. Adds that a district must comply with Secs. 16, 16b, 16c, and 16d or certain funding under Sec. 22b may be recaptured.	Restricted 10,246,613,600	516,150,000
	GF/GP \$386,400	(\$150,000)
2. Foundations: Cyber Schools Reduction (Secs. 22a & 22b)	Gross NA	(\$36,000,000)
Reduces cyber school foundation allowances from \$9,150 to 80% of the proposed foundation allowance, or \$8,000 per pupil, for an estimated savings of \$36.0 million SAF.	Restricted NA	(36,000,000)
	GF/GP NA	\$0
3. Foundations: Cost Adjustments (Secs. 22a & 22b)	Gross NA	(\$348,000,000)
Reduces by \$348.0 million SAF to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted NA	(348,000,000)
	GF/GP NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
4. Targeted Interventions (Sec. 16b) – NEW	Gross	\$0
Provides \$232.0 million SAF (\$107.0 million ongoing; \$125.0 million one-time) for districts to implement best practices as follows:	Restricted	0
	GF/GP	\$0
		\$232,000,000
<ul style="list-style-type: none"> Allocates at least 75% (\$174.0 million) for equal per-pupil payments to school buildings identified as needing additional support for the implementation of targeted student interventions described in Sec. 16a. Allocates up to 20% (\$46.4 million) for matching awards to other districts for buildings in the bottom half of the Michigan School Index System for interventions described in Sec. 16a. Requires a higher local match the closer the building is to the 50th percentile. Allocates up to 5% (\$11.6 million) to pilot cell phone free school policies in high school buildings. Buildings must agree to retain policy for at least 4 years. 		
5. Targeted Interventions – ISD Administration (Sec. 16c) – NEW	Gross	\$0
Provides \$18.0 million SAF for ISDs and consortia of ISDs to monitor and provide technical support to constituent districts to improve academic outcomes and support the targeted interventions described in Secs. 16, 16a, 16b, and 16d. Allocates \$15.0 million SAF to provide a payment to each ISD of \$100,000 or the number of constituent district buildings multiplied by \$4,500, whichever is greater. Allocates \$3.0 million to CCRESA to work with other ISDs and MAISA to serve as the Michigan Turnaround Hub and maintain the MiStrategyBank.	Restricted	0
	GF/GP	\$0
		\$18,000,000
6. Michigan Public School Employees’ Retirement System (MPERS) (Secs. 147a, 147c, 147e, & 147g)	Gross	\$2,650,758,700
Reduces state support for K-12 MPERS costs by \$469.3 million SAF. Revises as follows:	Restricted	2,650,358,700
	GF/GP	\$400,000
		(\$469,258,700)
<ul style="list-style-type: none"> Moves \$598.0 million SAF to effectively lower the 20.96% UAAL contribution cap for districts, ISDs, libraries, and community colleges to 15.22% from Sec. 147a(4) to Sec. 147c (MPERS State Share of Unfunded Liability Payments) to reflect the statutory cap of 15.21% beginning in FY 2025-26 under 2024 PA 127. Eliminates \$250.0 million one-time MPERS Reserve Fund for a payment into the system (Sec. 147c(2)). Retains \$90.0 million one-time SAF of \$181.5 million one-time SAF to reimburse certain employees’ normal cost contributions associated with the healthcare premium subsidy benefit upon retirement. Revises from a full reimbursement to reimbursing half of the costs and provides intent that the amount will be \$0 in FY 2026-27. Also revises to reimburse districts rather than employees to reflect a statutory shift in responsibility for those costs under 2024 PA 127. Finally, expands to include universities as eligible entities (Sec. 147g). Eliminates \$11.9 million one-time SAF for including ISDs and district libraries in the cost offset (Sec. 147a(3)). Eliminates \$84.1 million one-time MPERS Reserve Fund to accelerate the reduction in the payroll growth assumption to 0.25% and shifts associated costs to SAF. The payroll growth assumption will be 0% in FY 2025-26 and beyond. Reduces by \$31.7 million SAF for cost adjustments. 		

SCHOOL AID

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
7. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)	Gross	\$2,597,096,100	\$216,500,000
Increases special education expenditures by \$216.5 million Gross (\$0 GF/GP) for a total of \$2.8 billion Gross (\$0 GF/GP) as follows:	Federal	533,000,000	50,000,000
<ul style="list-style-type: none"> • Increases by \$20.5 million SAF to increase special education foundation allowances by 4.1%. • Increases by \$15.0 million SAF for a total of \$89.2 million SAF funding to ISDs related to special education millage. Revises the funding formulas (currently, a millage equalization program and a millage incentive program) to a formula based 50% on taxable value per special education head count and 50% on taxable value per unreimbursed special education costs. • Increases by \$50.0 million in federal funding. • Increases by \$131.0 million SAF for revised cost estimates. 	Restricted GF/GP	2,064,096,100 \$0	166,500,000 \$0
8. Consolidation Grants (Sec. 12f) – NEW	Gross	\$0	\$150,000,000
Provides \$150.0 million one-time SAF to districts and ISDs as follows: \$45.0 million to support the closure or demolition of buildings; \$100.0 million to develop shared administrative systems to enhance operational efficiencies; and \$5.0 million to provide incentive payments for district consolidation.	Restricted GF/GP	0 \$0	150,000,000 \$0
9. Pathways to Success (Sec. 61v) – NEW	Gross	\$0	\$125,000,000
Provides \$125.0 million SAF for competitive grants to districts in CTE deserts to create and sustain high-skill and high-demand CTE programs. Awards each grant over a three-year period, with increased local match required in the second and third years. Allocates \$2.5 million for a statewide CTE program enrollment campaign.	Restricted GF/GP	0 \$0	125,000,000 \$0
10. Three-Year-Old GSRP Pilot Program (Sec. 32t) – NEW	Gross	\$0	\$61,000,000
Provides \$61.0 million one-time SAF to Clinton County RESA to initiate phase two of a three-year-old preschool pilot program to provide services to children who meet eligibility criteria. Funding is to be distributed over four years. Revises the department administering the section from MDE to MILEAP. Requires Clinton County RESA to partner with Michigan State University to research outcomes. (This section provided \$18.0 million one-time SAF in FY 2023-24 for distribution over 3 years.)	Restricted GF/GP	0 \$0	61,000,000 \$0
11. Grow Your Own Program (Sec. 27b) – NEW	Gross	\$0	\$50,000,000
Provides \$50.0 million SAF for grants to districts and ISDs to provide a no-cost pathway for support staff members to become certified teachers. Requires a recipient to work as a teacher in the district or ISD for the same number of years funding was received.	Restricted GF/GP	0 \$0	50,000,000 \$0
12. At-Risk (Sec. 31a)	Gross	\$1,034,924,000	\$42,300,000
Increases by \$42.3 million SAF (4.1% increase, which is in line with the proposed foundation increase) for a total of \$1.1 billion SAF for instructional programs and direct noninstructional services for at-risk pupils. Adds requirement that districts must make efforts to equitably allocate dollars such that per student spending is greater in support category buildings. Also adds that a district must comply with Secs. 16, 16b, 16c, and 16d to receive funding under this section.	Restricted GF/GP	1,034,924,000 \$0	42,300,000 \$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
13. Fund Deposits	Gross	\$0
Deposits the following into subaccounts of the School Aid Fund (<i>Note: The columns on the right reflect appropriations and do not include deposits</i>):	Restricted	0
	GF/GP	\$0
<ul style="list-style-type: none"> • \$155.0 million SAF into the School Consolidation and Infrastructure Fund. • \$136.0 million SAF into the School Transportation Fund. • \$50.0 million SAF into the School Aid Countercyclical Budget and Foundation Stabilization Fund. 		
14. Partnership Districts (Sec. 21h)	Gross	\$6,137,400
Maintains \$6.1 million SAF for districts that are in a partnership to improve student achievement and district financial stability. Strikes a non-partnership district that meets certain criteria (Benton Harbor) as an eligible recipient (Benton Harbor is already eligible as a partnership district). Adds that MDE may require training for district leadership and board members on content.	Restricted	6,137,400
	GF/GP	\$0
		\$0
15. Isolated Districts (Sec. 22d)	Gross	\$12,306,900
Increases by \$510,000 SAF (4.1% increase, which is in line with the proposed foundation increase) for a total of \$12.8 million SAF to increase the allocations for small, isolated districts; districts with fewer than 10.0 pupils per square mile; districts with greater than 250 square miles; and a district on an island accessible by bridge (Grosse Ile) by 4.1%.	Restricted	12,306,900
	GF/GP	\$0
		\$510,000
16. Transportation Costs (Sec. 22l)	Gross	\$125,000,000
Retains \$125.0 million one-time School Transportation Fund to districts and ISDs based on riders per square mile and the cost per rider.	Restricted	125,000,000
	GF/GP	\$0
		\$0
17. Dropout Recovery Programs (Sec. 25g)	Gross	\$3,050,000
Eliminates \$2.3 million one-time SAF and maintains \$750,000 ongoing SAF for the cost of dropout recovery programs.	Restricted	3,050,000
	GF/GP	\$0
		(\$2,300,000)
18. MI Future Educator Fellowship Program (Sec. 27a)	Gross	\$25,000,000
Retains \$10.0 million one-time Educator Fellowship Public Provider Fund for a total of \$25.0 million Gross (\$5.0 million GF/GP) to offset tuition costs for college students earning their initial certification. The intent is to designate the reserve fund appropriation as ongoing into future fiscal years.	Restricted	20,000,000
	GF/GP	\$5,000,000
		\$0
19. MI Future Educator Student Teacher Stipend Program (Sec. 27c)	Gross	\$50,000,000
Retains \$20.0 million one-time Educator Fellowship Public Provider Fund for a total of \$50.0 million Gross (\$0 GF/GP) for payments to student teachers. The intent is to designate the reserve fund appropriation as ongoing into future fiscal years. Caps the number of semesters an individual may receive payment at two.	Restricted	50,000,000
	GF/GP	\$0
		\$0
20. Enrollment Stabilization (Sec. 29)	Gross	\$71,000,000
Retains \$71.0 million one-time Enrollment Stabilization Fund to offset a portion of the cost of declining enrollment.	Restricted	71,000,000
	GF/GP	\$0
		\$0
21. Universal School Breakfast and Lunch (Sec. 30d)	Gross	\$200,000,000
Retains and revises \$30.0 million one-time School Meals Reserve Fund to \$30.0 million ongoing SAF for a total of \$200.0 million ongoing SAF for providing free school breakfast and lunch for all PreK-12 students.	Restricted	200,000,000
	GF/GP	\$0
		\$0

SCHOOL AID

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
22. Per-Pupil Mental Health & School Safety Grant (Sec. 31aa)	Gross	\$151,500,000	(\$1,500,000)
Retains and revises \$125.0 million one-time SAF to be ongoing and eliminates \$1.5 million one-time GF/GP for a total of \$150.0 million ongoing SAF for per-pupil payments to districts, ISDs, and the Michigan Schools for the Deaf and Blind for activities to improve mental health and improve school safety. Removes nonpublic schools as eligible recipients. Adds implementing cell phone free school policies as an eligible use of funds. Adds requirement that recipients agree to be subject to a comprehensive investigation in the event of a mass casualty event.	Restricted	150,000,000	0
	GF/GP	\$1,500,000	(\$1,500,000)
23. Great Start Readiness Program (Secs. 32d & 39)	Gross	\$628,320,000	\$20,800,000
Increases by \$21.1 million SAF and eliminates \$250,000 one-time GF/GP for a total of \$649.1 million Gross (\$350,000 GF/GP) for school readiness preschool programs for 4-year-old children. Revises as follows:	Restricted	627,720,000	21,050,000
	GF/GP	\$600,000	(\$250,000)
<ul style="list-style-type: none"> Increases by \$21.1 million SAF to increase the allocations per child by 3.8%, from \$10,185 to \$10,577 for a full-day program; from \$5,093 to \$5,289 for a part-day program; from \$12,222 to \$12,692 for an extended program; and from \$6,111 to \$6,346 for an extended blended program. (See Major Boilerplate Changes for additional formula revisions.) In addition to an ongoing allocation of \$10.0 million SAF for transportation costs, retains an appropriation of \$18.0 million one-time GSRP Reserve Fund. Expands allowable uses from parent-accompanied transportation to also include parent-provided transportation. Eliminates \$250,000 one-time GF/GP for a total of \$350,000 ongoing GF/GP for a longitudinal evaluation of GSRP. (See Major Boilerplate Changes for Secs. 32d & 39 below.)			
24. GSRP Classroom Start-Up Grants (Sec. 32d(28))	Gross	\$25,000,000	\$0
Retains \$25.0 million one-time SAF to provide grants to ISDs of up to \$50,000 for each new or expanding GSRP classroom. Adds modular classroom units and costs to become a licensed facility as eligible uses.	Restricted	25,000,000	0
	GF/GP	\$0	\$0
25. GSRP Awareness Campaign (Sec. 32d(29))	Gross	\$1,950,000	\$0
Retains and revises \$2.0 million one-time GF/GP to be ongoing to continue implementing statewide outreach and enrollment campaign activities. Adds that the recipient must also develop a common enrollment and subrecipient agreement form.	Restricted	0	0
	GF/GP	\$1,950,000	\$0
26. Out of School Time (Sec. 32n)	Gross	\$75,000,000	(\$25,000,000)
Eliminates \$25.0 million one-time SAF (including \$18.0 million allocation for specific entities) for a total of \$50.0 million ongoing SAF for Clinton County RESA to collaborate with MiLEAP to award competitive grants to CBOs, IHEs, public libraries, local governments, or ISDs for before and after school programs and summer school programs. Allocates \$250,000 to Clinton County RESA for administration.	Restricted	75,000,000	(25,000,000)
	GF/GP	\$0	\$0
27. Early Childhood Block Grants (Sec. 32p)	Gross	\$19,400,000	\$0
Maintains \$19.4 million SAF for early childhood funding block grants to ISDs and for early childhood programs for children from birth through age 8, but revises as follows: requires local Great Start Collaborative and Family Coalitions to partner with multiple CBOs rather than at least one; caps the amount of funding a recipient may carry over into the next fiscal year at 25% in FY 2025-26, 20% in FY 2026-27, and 15% beginning in FY 2027-28; and adds requirement that recipients send three interim reports annually to MiLEAP detailing the use of funds.	Restricted	19,400,000	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
28. Dolly Parton Imagination Library (Sec. 32p(6))	Gross	\$4,000,000	\$0
Retains and revises \$4.0 million SAF as ongoing for ISDs to enroll children in literacy programs, including the Dolly Parton Imagination Library and Reach Out and Read Michigan	Restricted	4,000,000	0
	GF/GP	\$0	\$0
29. Early Literacy Teacher Coaches (Sec. 35a(4))	Gross	\$42,000,000	\$3,250,000
Increases by \$3.3 million SAF for a total of \$45.3 million SAF to increase the number of literacy coaches from 336 to 362 and ensure that each ISD receives at least 3 literacy coaches.	Restricted	42,000,000	3,250,000
	GF/GP	\$0	\$0
30. Early Literacy Added Instructional Time (Sec. 35a(5))	Gross	\$19,900,000	\$19,900,000
Increases by \$19.9 million SAF for a total of \$39.8 million SAF for districts to provide additional instructional time to pupils in grades Pre-K to 5. Revises funding formula from an equal amount per first grade pupil to an equal amount per third grade pupil who is not proficient in English language arts.	Restricted	19,900,000	19,900,000
	GF/GP	\$0	\$0
31. Michigan Education Corps (Sec. 35a(8))	Gross	\$5,000,000	\$0
Retains and revises \$5.0 million one-time SAF to be ongoing for an ISD or consortium of ISDs to partner with the Michigan Education Corps for the PreK Reading Corps, the K3 Reading Corps, and the Math Corps.	Restricted	5,000,000	0
	GF/GP	\$0	\$0
32. LETRS Professional Learning (Sec. 35a(10))	Gross	\$10,000,000	\$0
Retains and revises \$10.0 million one-time SAF to be ongoing for LETRS professional learning for PreK to grade 3 teachers, administrators, and literacy coaches. Awards funding directly to an ISD identified by the department.	Restricted	10,000,000	0
	GF/GP	\$0	\$0
33. Federal Grants (Sec. 39a)	Gross	\$815,200,000	\$75,915,000
Increases federal grants under the Every Student Succeeds Act (ESSA) by \$70.0 million, increases other federal grants by \$6.2 million, and transfers \$300,000 from the Preschool Development Funds grants to MiLEAP for program administration, a net increase of \$75.9 million for a total of \$891.1 million.	Restricted	0	0
	Federal	815,200,000	75,915,000
	GF/GP	\$0	\$0
34. English Language Learner Grants (Sec. 41)	Gross	\$50,186,100	\$2,100,000
Increases by \$2.1 million SAF (4.2% increase, similar to the 4.1% proposed increase in the foundation allowance) for a total of \$50.2 million SAF for services for English language learners (ELLs).	Restricted	50,186,100	2,100,000
	GF/GP	\$0	\$0
35. Early On (Sec. 54d)	Gross	\$23,670,700	\$4,734,000
Increases by \$4.7 million SAF (20% increase) for a total of \$28.4 million SAF for grants to ISDs to provide Early On services for children birth to age 3.	Restricted	23,670,700	4,734,000
	GF/GP	\$0	\$0
36. Career and Technical Education (CTE) (Sec. 61a)	Gross	\$39,899,800	\$1,700,000
Increases by \$1.7 million SAF (4.3% increase, similar to the 4.1% proposed increase in the foundation allowance) for a total of \$41.6 million SAF for reimbursements to districts and ISDs for vocational education programs.	Restricted	39,899,800	1,700,000
	GF/GP	\$0	\$0
37. CTE Early/Middle College & Dual Enrollment (Sec. 61b)	Gross	\$8,000,000	\$400,000
Increases by \$400,000 SAF (5.0% increase) for a total of \$8.4 million SAF for CTE early middle college and CTE dual enrollment programs and for planning grants for the development or expansion of CTE early middle college programs. Adds that if proration is required, it must only apply to dual enrollment programs.	Restricted	8,000,000	400,000
	GF/GP	\$0	\$0

SCHOOL AID

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
38. CTE Equipment Grants (Sec. 61c) – NEW	Gross	\$0	\$20,000,000
Provides \$20.0 million one-time SAF for career education planning districts (CEPDs) for which at least 50% of the area served is in an ISD that does not levy a vocational education millage. If funding remains, a second round of grants may be awarded to CEPDs that were not eligible in the first round.	Restricted	0	20,000,000
	GF/GP	\$0	\$0
39. CTE Incentive Payment (Sec. 61d)	Gross	\$5,304,300	\$250,000
Increases by \$250,000 SAF (4.7% increase) for a total of \$5.6 million SAF for per-pupil payments for pupils in CTE programs.	Restricted	5,304,300	250,000
	GF/GP	\$0	\$0
40. College & Career Preparation (Sec. 67)	Gross	\$4,000,000	\$0
Retains \$1.0 million one-time GF/GP and maintains \$3.0 million ongoing GF/GP for a total of \$4.0 million GF/GP for the College Access Program administered in collaboration with the Michigan College Access Network (MCAN).	Restricted	0	0
	GF/GP	\$4,000,000	\$0
41. FAFSA Completion Challenge (Sec. 67f)	Gross	\$10,000,000	\$0
Retains and revises \$10.0 million one-time SAF to be ongoing for equal payments per 12 th grade student to districts that require all students to take the FAFSA.	Restricted	10,000,000	0
	GF/GP	\$0	\$0
42. Nature Awaits Transportation (Sec. 74d) – NEW	Gross	\$0	\$1,800,000
Provides \$1.8 million SAF for payments to districts and ISDs for student transportation costs associated with the Department of Natural Resources' (DNR's) Nature Awaits program, which provides experiential field trips to state parks. Requires the DNR to determine eligibility and payment amounts.	Restricted	0	1,800,000
	GF/GP	\$0	\$0
43. ISD General Operations (Sec. 81)	Gross	\$79,424,700	\$3,240,000
Increases by \$3.2 million SAF for a total of \$82.7 million SAF for payments to ISDs for general operations. Provides each ISD with 104.1% of its FY 2024-25 funding.	Restricted	79,424,700	3,240,000
	GF/GP	\$0	\$0
44. AP/IB/CLEP Incentive Program (Sec. 94)	Gross	\$1,200,000	\$1,000,000
Increases by \$1.0 million GF/GP for a total of \$2.2 million GF/GP to pay all or part of Advanced Placement (AP), International Baccalaureate (IB), and College-Level Examination Program (CLEP) fees for students, prioritizing those with low family income status.	Restricted	0	0
	GF/GP	\$1,200,000	\$1,000,000
45. Center for Educational Performance and Information (Sec. 94a)	Gross	\$19,412,700	\$3,250,000
Increases by \$3.3 million Gross (\$1.3 million GF/GP) for a total of \$22.7 million Gross (\$20.5 million GF/GP) for the Center for Educational Performance and Information (CEPI) to collect education data required by law, maintain the P-20 longitudinal data system, and maintain the MI School Data web portal. Allocates \$1.3 million GF/GP for strategic planning to streamline and modernize required data collections across all platforms. (See item #53 for Economic Adjustments below, which reflects an additional increase of \$145,500 GF/GP for CEPI, for a total of \$22.8 million Gross (\$20.6 million GF/GP).)	Federal	193,500	2,000,000
	Restricted	0	0
	GF/GP	\$19,219,200	\$1,250,000
46. Michigan Education Research Institute (Sec. 94e)	Gross	\$1,000,000	\$0
Retains and revises \$1.0 million one-time SAF to be ongoing for the Michigan Education Research Institute (MERI) to collaborate with MDE, MiLEAP, and CEPI to maintain a research ready dataset and conduct education-related research.	Restricted	1,000,000	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
47. Michigan Virtual University (Sec. 98)	Gross	\$9,800,000	\$0
Retains \$1.8 million one-time GF/GP and maintains \$8.0 million ongoing GF/GP for a total of \$9.8 million GF/GP for Michigan Virtual University.	Restricted	0	0
Removes \$500,000 caps on allocations for expanding new professional development programs and operating a statewide research laboratory.	GF/GP	\$9,800,000	\$0
Revises the goal of reaching 60% of residents with high-quality degrees from 2025 to 2030.			
48. FIRST Robotics (Sec. 99h)	Gross	\$5,323,200	(\$600,000)
Eliminates \$600,000 GF/GP allocation for nonpublic schools and maintains \$4.7 million SAF for competitive grants to districts and ISDs for robotics competition programs.	Restricted	4,723,200	0
	GF/GP	\$600,000	(\$600,000)
49. MiSTEM Grants (Sec. 99s)	Gross	\$7,634,300	\$320,000
Increases by \$320,000 SAF (4.2% increase, similar to the 4.1% proposed increase in the foundation allowance) for a total of \$8.0 million SAF for STEM programs. Applies the increase to the base operations funding for MiSTEM network regions, from \$200,000 to \$220,000 for each region.	Restricted	7,634,300	320,000
	GF/GP	\$0	\$0
50. Nonpublic School Reimbursement (Sec. 152b)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP for reimbursements to nonpublic schools for the cost of complying with health, safety, or welfare requirements.	Restricted	0	0
	GF/GP	\$1,000,000	(\$1,000,000)
51. Removal of FY 2024-25 One-Time Appropriations	Gross	\$284,550,000	(\$284,550,000)
Eliminates \$284.6 million Gross (including the removal of \$22.2 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	262,350,000	(262,350,000)
	GF/GP	\$22,200,000	(\$22,200,000)
<ul style="list-style-type: none"> • Sec. 22e – Charter School Per-Pupil Payment (\$57.0 million SAF) • Sec. 25l – Early Warning Intervention System (\$5.0 million SAF) • Sec. 27f – Michigan Education Justice Coalition (\$4.0 million SAF) • Sec. 27g – Michigan Educator Workforce Initiative (\$12.5 million SAF) • Sec. 27k – Student Loan Repayment Program (\$24.4 million SAF; \$600,000 GF/GP) • Sec. 27o – Learner Wallet (\$2.0 million GF/GP) • Sec. 27p – Talent Together – Grow Your Own (\$12.5 million SAF) • Sec. 27r – West Michigan Teacher Collaborative (\$7.0 million SAF) • Sec. 27s – Black Male Educators Alliance (\$2.5 million SAF) • Sec. 31g – Student Wellness Software Pilot (\$1.3 million SAF) • Sec. 35d – Orton-Gillingham (\$1.0 million SAF) • Sec. 35m – Literacy Supports (\$87.0 million SAF) • Sec. 35n – READ Innovation Competition (\$10.0 million SAF) • Sec. 41b – Immigrant Support Services (\$1.0 million SAF) • Sec. 51h – Special Education Study (\$500,000 GF/GP) • Sec. 55 – Conductive Learning (\$500,000 SAF) • Sec. 67a – MITES (\$50,000 GF/GP) • Sec. 67b – PRIME (\$1.0 million GF/GP) • Sec. 67d – Pro-Start/HTM Hospitality and Tourism CTE Grants (\$1.0 million GF/GP) • Sec. 94d – Special Education Task Force (\$1.0 million GF/GP) • Sec. 97a – Navigate 360 (\$500,000 GF/GP) • Sec. 97h – School Safety Tip Line (\$1.0 million SAF) • Sec. 97j – Raptor Technologies (\$250,000 GF/GP) • Sec. 97k – Student Advocacy Hotline (\$100,000 SAF) • Sec. 97m – 42 Strong (\$1.0 million GF/GP) 			

[continued]

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
51. Removal of FY 2024-25 One-Time Appropriations (continued)		
<ul style="list-style-type: none"> • Sec. 98d – Michigan Learning Channel (\$3.0 million SAF) • Sec. 99 – One-Time Grants (\$20.2 million SAF and \$12.1 million GF/GP) • Sec. 99b – Computer Science Professional Learning (\$500,000 SAF) • Sec. 99c – Playworks (\$1.0 million GF/GP) • Sec. 99g – Helping Women Period Pilot (\$1.0 million SAF) • Sec. 99i – Women in Technology (\$250,000 GF/GP) • Sec. 99t – Math Nation (\$1.0 million GF/GP) • Sec. 99x – Teach for America (\$3.0 million SAF) • Sec. 99aa – Project SEARCH (\$1.0 million SAF) • Sec. 99ee – Hispanic Collaborative (\$2.0 million SAF) • Sec. 99ff – Junior Achievement (\$1.9 million SAF) • Sec. 99hh – City Year (\$3.0 million SAF) 		
52. Other Cost Adjustments		
Revises the following to reflect updated cost estimates:	Gross	\$986,737,400
	Federal	916,400,000
	Restricted	70,337,400
	GF/GP	\$0
		\$20,065,000
<ul style="list-style-type: none"> • Sec. 11m – Increases cash flow borrowing by \$4.0 million SAF for a total of \$5.0 million SAF. • Sec. 26b – Increases payment in lieu of taxes (PILT) by \$265,000 SAF for a total of \$5.5 million SAF. • Sec. 26c – Increases required funds for districts and ISDs with an approved Promise Zone development plan by \$8.8 million SAF for a total of \$43.3 million SAF. • Sec. 31d – Increases federal funding for school lunch programs by \$7.0 million for a total of \$953.0 million Gross (\$0 GF/GP). 		
53. Economic Adjustments		
Reflects increased costs of \$181,900 Gross (\$145,500 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker’s compensation, building occupancy charges, rent, and other economic adjustments.	Gross	NA
	Restricted	NA
	GF/GP	NA
		\$181,900
		36,400
		\$145,500

Major Boilerplate Changes from FY 2024-25

Sec. 6. Pupil Membership Definitions – REVISED

Note: the bill removes the sunset for a provision that previously (through the 2023-24 school year) allowed instruction by a noncertificated, nonendorsed teacher engaged to teach under Sec. 1233b of the Revised School Code. Exec has stated that the intent was to instead remove the provision altogether.

Sec. 16. Targeted Interventions Requirement – NEW

Requires 10% of the Sec. 22b (Discretionary Portion of the Foundation Allowance) and Sec. 31a (At-Risk) dollars tied to pupils in “support category buildings” to be spent on targeted student interventions and supports as described in Sec. 16a. Requires funding to supplement, not supplant, per-student funding in support category buildings in the prior year. Requires reporting to the Michigan School Turnaround Hub and to parents and legal guardians.

Sec. 16a. Targeted Interventions Tutoring Programs – NEW

Defines targeted student interventions and supports as high-impact, data-driven tutoring programs included in the Michigan School Turnaround Hub’s MiStrategyBank. Tutoring programs must be provided by trained tutors to groups of 4 or fewer students, be provided at least 3 times per week throughout the school year, and unless otherwise approved, be during the school day.

Major Boilerplate Changes from FY 2024-25

Sec. 16d. Targeted Interventions Parental Engagement – NEW

Requires districts with support category buildings to notify all parents or legal guardians of the standing of the building in the state accountability system, a summary of what the building is doing to improve its standing, and a method to receive parental feedback.

Requires districts receiving funding under Sec. 31a (At-Risk) to notify parents or legal guardians of the amount of At-Risk funding received, how the district distributed that funding, what evidence-based interventions were implemented with those dollars, and a method to receive parental feedback.

Requires districts to conduct a comprehensive review of literacy curriculum in grades K-5 every 5 years beginning in FY 2025-26. Requires parental notification if a curriculum is found to be not evidence-based or not aligned to state standards.

Requires districts to allow time during school board meetings for presentations and discussions on strategies to enhance parental engagement, transparency and accountability dashboards, and, at least 3 times a year, reporting on student progress on benchmark and state assessments.

Requires districts to email and publish online a link on how to use the Parent Dashboard for School Transparency on the MI School Data portal.

Sec. 16e. Intent to Provide Student Performance Incentive Payments – NEW

States intent to provide, beginning in FY 2026-27, incentive payments of up to \$250 per pupil to districts that meet student academic performance goals in English language arts and mathematics. Proposes a funding formula that awards points for pupils based on their proficiency level at the beginning of the school year and whether they decline, maintain, or improve in proficiency.

Sec. 28. Weighted Allocations – REVISED

Removes Sec. 147a (MPSERS Cost Offset) from the list of sections that provide a weighted foundation allocation or an additional payment of some type to recognize differentiated instructional costs and costs to provide essential services.

Secs. 32d & 39. Great Start Readiness Program – REVISED

Removes specific program provisions, including the definitions for each type of program offered and requirements related to teacher eligibility, program budgets, assessments, and counting children for the requirement that at least 30% of slots be filled by community-based providers; revises to allow MiLEAP flexibility to determine program options and requirements.

Revises funding formula from being based on the number of children served in the prior school year or the number of children the applicant has capacity to serve to being based on the number of children served in the current school year. If funds are insufficient, uses the former formula plus an additional proportional amount based on the new formula.

Removes household income requirements, but requires children with lower income or other risk factors to be enrolled before children with lesser needs.

Adds requirement that an ISD recipient must publish an online data dashboard that includes the number of allocations requested from the state, a list of programs offering GSRP in its boundaries, and current enrollment data for each subrecipient, including open and filled slots and waitlist information.

Sec. 101. Eligibility to Receive State Aid – REVISED

Allows a reduced schedule for a pupil in grades 6 to 8 if it is determined to be in the pupil's best educational interest due to the pupil's participation in advanced curriculum.

Removes current cap of three hours (unless given approval by MDE to count more than three hours) per school week that may be considered pupil instruction due to travel time between instructional sites for pupils enrolled in a cooperative education program or special education program.

Sec. 104b. Michigan Merit Examination – REVISED

Removes the requirement that MDE include building-level statewide assessment scores and graduation rates for consortium pupils (pupils enrolled in a program operated under a cooperative arrangement between districts or ISDs) with the scores for the school building in which the consortium pupil is enrolled or would otherwise attend.

Major Boilerplate Changes from FY 2024-25

Sec. 111. Tuition Rates – REVISED

Clarifies that tuition for a nonresident pupil may only be charged to the pupil’s district of residence, not the pupil’s parent or custodian.

		FY 2024-25 Recommendation
<u>Supplemental Recommendations for FY 2024-25 Appropriations</u>		
1. Infrastructure Emergencies (Sec. 12e) – NEW	Gross	\$25,000,000
Provides \$25.0 million one-time SAF for payments to districts and ISDs experiencing infrastructure emergencies that threaten the immediate health and safety of students and staff. Requires written concurrence from the state treasurer and state budget director.	Restricted	25,000,000
	GF/GP	\$0
2. Foundation Allowances (Secs. 22a & 22b)	Gross	(\$56,000,000)
Reduces by \$56.0 million SAF for a total of \$10.2 billion Gross (\$386,400 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted	(56,000,000)
	GF/GP	\$0
3. Promise Zones (Sec. 26c)	Gross	\$3,200,000
Increases by \$3.2 million SAF for a total of \$37.7 million SAF in required funds for districts and ISDs with an approved Promise Zone development plan.	Restricted	3,200,000
	GF/GP	\$0
4. Student Loan Repayment Program (Sec. 27k)	Gross	\$0
Provides technical boilerplate adjustment to ensure \$203.2 million SAF lapsed from an FY 2023-24 work project may be spent according to FY 2024-25 boilerplate changes.	Restricted	0
	GF/GP	\$0
5. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)	Gross	(\$35,900,000)
Reduces by \$35.9 million SAF for a total of \$2.6 billion Gross (\$0 GF/GP) to reflect revised consensus cost estimates for special education appropriations.	Restricted	(35,900,000)
	GF/GP	\$0
6. Conductive Learning Center (Sec. 55)	Gross	\$0
Revises fund source from SAF to GF/GP for a total of \$500,000 GF/GP to maximize the independence and mobility of people with neuromotor disabilities. Awards funding directly to the Conductive Learning Center rather than Grand Valley State University.	Restricted	(500,000)
	GF/GP	\$500,000
7. AP/IB/CLEP Incentive Program (Sec. 94)	Gross	\$800,000
Increases by \$800,000 GF/GP for a total of \$2.0 million GF/GP for AP, IB, and CLEP fees for low-income students.	Restricted	800,000
	GF/GP	\$0
8. One Time Grants – Rudyard Area Schools (Sec. 99(13))	Gross	\$0
Reduces by \$1.3 million GF/GP and increases by \$1.3 million SAF for a total of \$6.0 million Gross (\$2.6 million GF/GP) to Rudyard Area Schools for infrastructure.	Restricted	1,300,000
	GF/GP	(\$1,300,000)
9. MPSERS (Secs. 147a, 147c, 147e, & 147g)	Gross	\$8,100,000
Increases by \$8.1 million SAF to reflect revised cost estimates for the Michigan Public School Employees’ Retirement System. Revises to include universities in the \$181.5 million one-time SAF reimbursements to eligible employees for their 3% normal cost contribution associated with the healthcare premium subsidy benefit upon retirement (Sec. 147g). Appropriates additional funding from the MPSERS Reserve Fund if the \$181.5 million one-time SAF is insufficient.	Restricted	8,100,000
	GF/GP	\$0

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2024-2025			FY 2025-2026		FY 2026-2027	
		FY 25 2024 PA 148 Enacted	Change from FY 25 Enacted	FY 25 Exec Rec Proposed Supplemental	Change from FY 25 Enacted	FY 26 Exec Rec	Change from FY 26 Exec Rec	FY 27 Exec Rec
11j	School Bond Redemption Fund	\$23,000,000		\$23,000,000		\$23,000,000		\$23,000,000
11m	Cash Flow Borrowing Costs	\$1,000,000		\$1,000,000	\$4,000,000	\$5,000,000		\$5,000,000
11s	Flint Declaration of Emergency	\$8,075,000		\$8,075,000		\$8,075,000		\$8,075,000
12e	Infrastructure Emergencies - NEW	\$0	\$25,000,000	\$25,000,000		\$0		\$0
12f	Consolidation Grants - NEW	\$0		\$0	\$150,000,000	\$150,000,000	(\$150,000,000)	\$0
16b	Targeted Interventions - NEW	\$0		\$0	\$232,000,000	\$232,000,000	(\$125,000,000)	\$107,000,000
16c	Targeted Interventions - ISD Administration - NEW	\$0		\$0	\$18,000,000	\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,137,400		\$6,137,400		\$6,137,400		\$6,137,400
22a	Foundations: Proposal A Obligation Payment	\$3,993,000,000	(\$56,000,000)	\$3,937,000,000	(\$190,000,000)	\$3,803,000,000	(\$119,000,000)	\$3,684,000,000
22b	Foundations: Discretionary Payment	\$6,254,000,000		\$6,254,000,000	\$322,000,000	\$6,576,000,000	(\$51,000,000)	\$6,525,000,000
22c	Foundations: Equity Payment	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000
22d	Isolated District Funding	\$12,306,900		\$12,306,900	\$510,000	\$12,816,900		\$12,816,900
22e	Charter School Per-Pupil Payment	\$57,000,000		\$57,000,000	(\$57,000,000)	\$0		\$0
22l	Transportation Costs	\$125,000,000		\$125,000,000		\$125,000,000	(\$125,000,000)	\$0
22m	Technology Regional Data Hubs	\$3,500,000		\$3,500,000		\$3,500,000		\$3,500,000
24	Court-Placed Pupils	\$7,650,000		\$7,650,000		\$7,650,000		\$7,650,000
24a	Juvenile Detention Facility Programs	\$1,355,700		\$1,355,700		\$1,355,700		\$1,355,700
25f	Strict Discipline Academies	\$1,600,000		\$1,600,000		\$1,600,000		\$1,600,000
25g	Dropout Recovery Programs	\$3,050,000		\$3,050,000	(\$2,300,000)	\$750,000		\$750,000
25l	Early Warning Intervention System	\$5,000,000		\$5,000,000	(\$5,000,000)	\$0		\$0
26a	Renaissance Zone Reimbursement	\$14,000,000		\$14,000,000		\$14,000,000		\$14,000,000
26b	PILT Reimbursement	\$5,284,000		\$5,284,000	\$265,000	\$5,549,000		\$5,549,000
26c	Promise Zone Funding	\$34,500,000	\$3,200,000	\$37,700,000	\$8,800,000	\$43,300,000	\$5,000,000	\$48,300,000
26d	Brownfield Redevelopment Reimbursement	\$14,400,000		\$14,400,000		\$14,400,000		\$14,400,000
27a	Mi Future Educator Fellowship Program	\$25,000,000		\$25,000,000		\$25,000,000		\$25,000,000
27b	Grow Your Own Programs - NEW	\$0		\$0	\$50,000,000	\$50,000,000	(\$50,000,000)	\$0
27c	Mi Future Educator Student Teacher Stipend Program	\$50,000,000		\$50,000,000		\$50,000,000		\$50,000,000
27f	Michigan Education Justice Coalition	\$4,000,000		\$4,000,000	(\$4,000,000)	\$0		\$0
27g	Michigan Educator Workforce Initiative	\$12,500,000		\$12,500,000	(\$12,500,000)	\$0		\$0
27k	Student Loan Repayment Program	\$25,000,000		\$25,000,000	(\$25,000,000)	\$0		\$0
27o	Learner Wallet Pilot	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
27p	Talent Together - Grow Your Own	\$12,500,000		\$12,500,000	(\$12,500,000)	\$0		\$0
27r	West Michigan Teacher Collaborative	\$7,000,000		\$7,000,000	(\$7,000,000)	\$0		\$0
27s	Black Male Educators Alliance	\$2,500,000		\$2,500,000	(\$2,500,000)	\$0		\$0
29	Enrollment Stabilization	\$71,000,000		\$71,000,000		\$71,000,000	(\$71,000,000)	\$0
30d	Universal School Breakfast and Lunch	\$200,000,000		\$200,000,000		\$200,000,000		\$200,000,000

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2024-2025			FY 2025-2026		FY 2026-2027	
		FY 25 2024 PA 148 Enacted	Change from FY 25 Enacted	FY 25 Exec Rec Proposed Supplemental	Change from FY 25 Enacted	FY 26 Exec Rec	Change from FY 26 Exec Rec	FY 27 Exec Rec
31a	At-Risk Pupil Support	\$1,034,924,000		\$1,034,924,000	\$42,300,000	\$1,077,224,000		\$1,077,224,000
31a(7)(19)	School-Based Health Centers	\$33,000,000		\$33,000,000		\$33,000,000		\$33,000,000
31a(8)	Hearing, Vision, and Dental Screening	\$11,650,000		\$11,650,000		\$11,650,000		\$11,650,000
31d	State School Lunch Programs	\$29,553,400		\$29,553,400		\$29,553,400		\$29,553,400
31d	School Lunch Programs - Federal	\$916,400,000		\$916,400,000	\$7,000,000	\$923,400,000		\$923,400,000
31f	School Breakfast Program	\$16,900,000		\$16,900,000		\$16,900,000		\$16,900,000
31g	Student Wellness Software Pilot	\$1,250,000		\$1,250,000	(\$1,250,000)	\$0		\$0
31j	Local Produce in School Meals	\$4,500,000		\$4,500,000		\$4,500,000		\$4,500,000
31n	School Mental Health and Support Services	\$107,845,000		\$107,845,000		\$107,845,000		\$107,845,000
31aa	Per-Pupil Mental Health & School Safety Grant	\$151,500,000		\$151,500,000	(\$1,500,000)	\$150,000,000		\$150,000,000
32d	Great Start Readiness Program	\$609,720,000		\$609,720,000	\$21,050,000	\$630,770,000		\$630,770,000
32d(3)	GSRP Longitudinal Evaluation	\$600,000		\$600,000	(\$250,000)	\$350,000		\$350,000
32d(22)	GSRP Transportation - GSRP Reserve Fund	\$18,000,000		\$18,000,000		\$18,000,000	(\$18,000,000)	\$0
32d(29)	GSRP Start Up Grants	\$25,000,000		\$25,000,000		\$25,000,000	(\$25,000,000)	\$0
32d(30)	GSRP Awareness Campaign	\$1,950,000		\$1,950,000		\$1,950,000		\$1,950,000
32n	Out-of-School Time	\$75,000,000		\$75,000,000	(\$25,000,000)	\$50,000,000		\$50,000,000
32p	Early Childhood Block Grants	\$19,400,000		\$19,400,000		\$19,400,000		\$19,400,000
32p(6)	Dolly Parton Imagination Library	\$4,000,000		\$4,000,000		\$4,000,000		\$4,000,000
32t	Three-Year-Old GSRP Pilot Program - NEW	\$0		\$0	\$61,000,000	\$61,000,000	(\$61,000,000)	\$0
35a(4)	Early Literacy Teacher Coaches	\$42,000,000		\$42,000,000	\$3,250,000	\$45,250,000		\$45,250,000
35a(5)	Early Literacy Added Instructional Time	\$19,900,000		\$19,900,000	\$19,900,000	\$39,800,000		\$39,800,000
35a(7)	Literacy and Math Essentials	\$6,000,000		\$6,000,000		\$6,000,000		\$6,000,000
35a(8)	Michigan Education Corps	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000
35a(10)	PD - Literacy Coaches and Classroom Teachers	\$10,000,000		\$10,000,000		\$10,000,000		\$10,000,000
35d	Orton Gilligham Dyslexia Program	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
35m	Literacy Supports	\$87,000,000		\$87,000,000	(\$87,000,000)	\$0		\$0
35n	READ Innovation Competition	\$10,000,000		\$10,000,000	(\$10,000,000)	\$0		\$0
39a(1)	Federal ESSA Grant Funds	\$754,700,000		\$754,700,000	\$70,000,000	\$824,700,000		\$824,700,000
39a(2)	Other Federal Funding	\$60,500,000		\$60,500,000	\$5,915,000	\$66,415,000		\$66,415,000
41	English Language Learner Grants	\$50,186,100		\$50,186,100	\$2,100,000	\$52,286,100		\$52,286,100
41b	Immigrant Support Services	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
51a(1)	Special Education - Federal Reimbursement	\$450,000,000		\$450,000,000	\$50,000,000	\$500,000,000		\$500,000,000
51a(2)	Special Ed ISD Durant Costs	\$456,800,000	(\$16,000,000)	\$440,800,000	\$34,900,000	\$491,700,000	\$57,100,000	\$548,800,000
51a(5)	Special Ed Admin Rules Changes	\$3,200,000		\$3,200,000		\$3,200,000		\$3,200,000
51a(10)	Special Ed Foundations for Non Sec. 52 to ISDs	\$1,700,000	(\$200,000)	\$1,500,000	(\$200,000)	\$1,500,000		\$1,500,000
51c	Special Ed Headlee Obligation (Durant)	\$1,016,400,000	(\$22,200,000)	\$994,200,000	\$92,500,000	\$1,108,900,000	\$130,600,000	\$1,239,500,000

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2024-2025			FY 2025-2026		FY 2026-2027	
		FY 25 2024 PA 148 Enacted	Change from FY 25 Enacted	FY 25 Exec Rec Proposed Supplemental	Change from FY 25 Enacted	FY 26 Exec Rec	Change from FY 26 Exec Rec	FY 27 Exec Rec
51d	Special Education - Other Federal Grants	\$83,000,000		\$83,000,000		\$83,000,000		\$83,000,000
51e	Special Education Foundation Payment	\$499,600,000	\$2,500,000	\$502,100,000	\$24,300,000	\$523,900,000	(\$1,300,000)	\$522,600,000
51g	Remote Learning Library	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000
51h	Special Education Study	\$500,000		\$500,000	(\$500,000)	\$0		\$0
53a	Special Ed for Court Placed Pupils	\$10,500,000		\$10,500,000		\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000		\$1,688,000
54b	MiMTSS Technical Assistance Center	\$1,600,000		\$1,600,000		\$1,600,000		\$1,600,000
54d	Early On	\$23,670,700		\$23,670,700	\$4,734,000	\$28,404,700		\$28,404,700
55	Conductive Learning	\$500,000		\$500,000	(\$500,000)	\$0		\$0
56	Special Ed ISD Millage Equalization	\$40,008,100		\$40,008,100	\$49,200,000	\$89,208,100		\$89,208,100
56(7)	Special Ed Millage Incentive	\$34,200,000		\$34,200,000	(\$34,200,000)	\$0		\$0
61a	Career and Tech Ed Programs	\$39,899,800		\$39,899,800	\$1,700,000	\$41,599,800		\$41,599,800
61b	CTE Early/Middle College & Dual Enrollment	\$8,000,000		\$8,000,000	\$400,000	\$8,400,000		\$8,400,000
61c	CTE Equipment Grants - NEW	\$0		\$0	\$20,000,000	\$20,000,000	(\$20,000,000)	\$0
61d	CTE Incentive Payment	\$5,304,300		\$5,304,300	\$250,000	\$5,554,300		\$5,554,300
61v	CTE Pathways to Success - NEW	\$0		\$0	\$125,000,000	\$125,000,000	(\$125,000,000)	\$0
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000		\$9,190,000		\$9,190,000		\$9,190,000
65	Detroit PreCollege Engineering	\$900,000		\$900,000		\$900,000		\$900,000
67	Career and College Readiness Tools	\$4,000,000		\$4,000,000		\$4,000,000	(\$1,000,000)	\$3,000,000
67a	MITES	\$50,000		\$50,000	(\$50,000)	\$0		\$0
67b	PRIME	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
67d	ProStart/HTM Hospitality and Tourism CTE Grants	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
67f	FAFSA Completion Challenge	\$10,000,000		\$10,000,000		\$10,000,000		\$10,000,000
74	School Bus Driver Safety Instruction	\$2,025,000		\$2,025,000		\$2,025,000		\$2,025,000
74	School Bus Inspections	\$1,888,500		\$1,888,500	\$36,400	\$1,924,900		\$1,924,900
74d	Nature Awaits Transportation - NEW	\$0		\$0	\$1,800,000	\$1,800,000		\$1,800,000
81	ISD General Operations Support	\$79,424,700		\$79,424,700	\$3,240,000	\$82,664,700		\$82,664,700
94	AP/IB/CLEP Incentive Program	\$1,200,000	\$800,000	\$2,000,000	\$1,000,000	\$2,200,000		\$2,200,000
94a	Center for Educational Performance and Information	\$19,219,200		\$19,219,200	\$1,395,500	\$20,614,700		\$20,614,700
94a	Center for Educational Performance and Info - Federal	\$193,500		\$193,500	\$2,000,000	\$2,193,500		\$2,193,500
94d	Special Education Task Force	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
94e	Michigan Education Research Institute	\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000
97a	Navigate 360	\$500,000		\$500,000	(\$500,000)	\$0		\$0
97h	School Safety Tip Line	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
97j	Raptor Technologies	\$250,000		\$250,000	(\$250,000)	\$0		\$0
97k	Student Advocacy Hotline	\$100,000		\$100,000	(\$100,000)	\$0		\$0

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2024-2025			FY 2025-2026		FY 2026-2027	
		FY 25 2024 PA 148 Enacted	Change from FY 25 Enacted	FY 25 Exec Rec Proposed Supplemental	Change from FY 25 Enacted	FY 26 Exec Rec	Change from FY 26 Exec Rec	FY 27 Exec Rec
97m	Peer Mentoring	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
98	Michigan Virtual University	\$9,800,000		\$9,800,000		\$9,800,000	(\$1,800,000)	\$8,000,000
98d	Michigan Learning Channel	\$3,000,000		\$3,000,000	(\$3,000,000)	\$0		\$0
99	One-Time Grants	\$32,250,000		\$32,250,000	(\$32,250,000)	\$0		\$0
99b	Computer Science Professional Learning	\$500,000		\$500,000	(\$500,000)	\$0		\$0
99c	Playworks	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
99g	Helping Women Period Pilot	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
99h	FIRST Robotics	\$5,323,200		\$5,323,200	(\$600,000)	\$4,723,200		\$4,723,200
99i	MI Council of Women in Technology Foundation	\$250,000		\$250,000	(\$250,000)	\$0		\$0
99s(4)	MiSTEM Council and Grants	\$3,050,000		\$3,050,000		\$3,050,000		\$3,050,000
99s(5)(7)	MiSTEM Centers Transition	\$4,584,300		\$4,584,300	\$320,000	\$4,904,300		\$4,904,300
99t	Math Nation	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
99x	Teach for America	\$3,000,000		\$3,000,000	(\$3,000,000)	\$0		\$0
99aa	Project SEARCH	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
99ee	Hispanic Collaborative	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
99ff	Junior Achievement	\$1,900,000		\$1,900,000	(\$1,900,000)	\$0		\$0
99hh	City Year Detroit	\$3,000,000		\$3,000,000	(\$3,000,000)	\$0		\$0
104	Education Assessments - State	\$37,509,400		\$37,509,400		\$37,509,400		\$37,509,400
104	Education Assessments - Federal	\$8,000,000		\$8,000,000		\$8,000,000		\$8,000,000
104h	Benchmark Assessments	\$11,500,000		\$11,500,000		\$11,500,000		\$11,500,000
107	Adult Education	\$40,500,000		\$40,500,000		\$40,500,000		\$40,500,000
147a(1)	MPSERS Cost Offset	\$100,000,000		\$100,000,000		\$100,000,000		\$100,000,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains	\$365,200,000	\$12,900,000	\$378,100,000	(\$28,900,000)	\$336,300,000	(\$20,700,000)	\$315,600,000
147a(3)	MPSERS Cost Offset - ISDs and District Libraries	\$11,939,000		\$11,939,000	(\$11,939,000)	\$0		\$0
147a(4)	MPSERS Cost Offset - Reduced UAAL Rate Cap	\$598,000,000		\$598,000,000	(\$598,000,000)	\$0		\$0
147c	MPSERS State Share of Unfunded Liability Payments	\$1,289,400,000		\$1,289,400,000	\$247,400,000	\$1,536,800,000	(\$40,800,000)	\$1,496,000,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017	\$104,700,000	(\$4,800,000)	\$99,900,000	\$13,700,000	\$118,400,000	\$20,400,000	\$138,800,000
147g	MPSERS Employee Healthcare Reimbursement	\$181,519,700		\$181,519,700	(\$91,519,700)	\$90,000,000	(\$90,000,000)	\$0
152a	Adair - Database Payment	\$41,000,500		\$41,000,500		\$41,000,500		\$41,000,500
152b	Nonpublic School Reimbursement	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
		\$20,770,275,400	(\$54,800,000)	\$20,715,475,400	\$422,007,200	\$21,192,282,600	(\$882,500,000)	\$20,309,782,600

SCHOOL AID LINE ITEM SUMMARY

	FY 2024-2025			FY 2025-2026		FY 2026-2027	
	FY 25 2024 PA 148 Enacted	Change from FY 25 Enacted	FY 25 Exec Rec Proposed Supplemental	Change from FY 25 Enacted	FY 26 Exec Rec	Change from FY 26 Exec Rec	FY 27 Exec Rec
REVENUE BY SOURCE							
Federal Aid	\$2,272,793,500	\$0	\$2,272,793,500	\$134,915,000	\$2,407,708,500	\$0	\$2,407,708,500
School Aid Fund	\$17,769,551,300	(\$54,800,000)	\$17,714,751,300	\$717,446,700	\$18,486,998,000	(\$665,700,000)	\$17,821,298,000
MPSERS Obligation Reform Reserve Fund	\$334,100,000	\$0	\$334,100,000	(\$334,100,000)	\$0	\$0	\$0
Educator Fellowship Public Provider Fund	\$30,000,000	\$0	\$30,000,000	\$0	\$30,000,000	\$0	\$30,000,000
School Transportation Fund	\$125,000,000	\$0	\$125,000,000	\$0	\$125,000,000	(\$125,000,000)	\$0
School Meals Reserve Fund	\$30,000,000	\$0	\$30,000,000	(\$30,000,000)	\$0	\$0	\$0
GSRP Reserve Fund	\$18,000,000	\$0	\$18,000,000	\$0	\$18,000,000	(\$18,000,000)	\$0
Enrollment Stabilization Fund	\$71,000,000	\$0	\$71,000,000	\$0	\$71,000,000	(\$71,000,000)	\$0
Community District Trust Fund	\$41,000,000	\$0	\$41,000,000	(\$41,000,000)	\$0	\$0	\$0
General Fund/General Purpose	\$78,830,600	\$0	\$78,830,600	(\$25,254,500)	\$53,576,100	(\$2,800,000)	\$50,776,100
TOTAL REVENUE	\$20,770,275,400	(\$54,800,000)	\$20,715,475,400	\$422,007,200	\$21,192,282,600	(\$882,500,000)	\$20,309,782,600

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 STATE POLICE

Analyst: Aaron A. Meek

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$27,189,800	\$29,030,200	\$1,840,400	6.8
Federal	99,062,700	101,314,700	2,252,000	2.3
Local	4,975,700	5,035,600	59,900	1.2
Private	35,000	35,000	0	0.0
Restricted	174,984,300	182,336,000	7,351,700	4.2
GF/GP	646,861,000	674,282,800	27,421,800	4.2
Gross	\$953,108,500	\$992,034,300	\$38,925,800	4.1
FTEs	3,856.0	3,871.0	15.0	0.4

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, local, and tribal law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Crime Victim Support Program	FTE	0.0	8.0
Includes \$1.3 million GF/GP and authorization for 8.0 FTE positions to hire additional full-time victim advocates in each of MSP's 7 districts, increase statewide capacity to support victims' needs, and partner with community organizations in support of victim advocacy.	Gross	\$0	\$1,304,200
	GF/GP	\$0	\$1,304,200
2. Michigan Intelligence Operations Center	FTE	233.0	7.0
Includes \$1.0 million GF/GP and authorization for 7.0 FTE positions to expand the capacity of the Michigan Intelligence Operations Center to provide analytics and investigative support to local, state, federal, and tribal law enforcement.	Gross	\$35,424,200	\$1,043,500
	IDG/IDT	100,000	0
	Restricted	3,227,500	0
	GF/GP	\$32,096,700	\$1,043,500
3. Intelligence Operation Software Licensing	Gross	\$143,600	\$143,600
Includes \$143,600 GF/GP to support increased licensing costs for software used to acquire and analyze digital forensic data during criminal investigations.	GF/GP	\$143,600	\$143,600
4. Removal of FY 2024-25 One-Time Appropriations	Gross	\$24,900,000	(\$24,900,000)
Removes \$24.9 million of one-time GF/GP that was included in the FY 2024-25 budget to support the following:	GF/GP	\$24,900,000	(\$24,900,000)
<ul style="list-style-type: none"> Cold Case Investigations (\$1.0 million GF/GP) Disaster and Emergency Contingency Fund (\$10.0 million GF/GP) Disaster Recovery Grants (\$3.2 million GF/GP) Law Enforcement Communication Training (\$500,000 GF/GP) Michigan International Speedway Security (\$200,000 GF/GP) Public Safety Academy Assistance Programs (\$10.0 million GF/GP). 			

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
5. Technical Adjustments	Gross	NA
Includes \$1.9 million Gross for adjustments to the following federal and state restricted fund sources to align with available revenues:	Federal	NA
<ul style="list-style-type: none"> • Increases federal funding authorization by \$783,400 to reflect the receipt of additional indirect federal funds • Increases state restricted authorization by \$757,200 in the Grants and Community Services line item to reflect higher than anticipated Auto Theft Prevention Fund revenues • Increases state restricted authorization by \$200,000 in the Biometrics and Identification line item to reflect higher than anticipated Criminal Justice Information Center fee revenues • Increases state restricted authorization by \$140,000 in the Intelligence Operations line item to reflect higher than anticipated reimbursement and Criminal Justice Information Center fee revenues. 	Restricted	NA
	GF/GP	NA
		\$1,880,600
		783,400
		1,097,200
		\$0
Also includes the following internal net-to-zero transfers to align funding and FTE authorization with department activity:		
<ul style="list-style-type: none"> • Transfers \$2.1 million GF/GP and 14.0 FTE positions from the Grants and Community Services line item to the Department Services line item • Transfers \$2.1 million Gross (\$2.0 million GF/GP) and 9.0 FTE positions from the Professional Development Bureau line item to the Training Operations line item • Transfers \$1.1 million Gross from the Department Services line item to the Mobile Office and System Support line item • Transfers \$607,500 GF/GP and 4.0 FTE positions from the Intelligence Operations line item to the Forensic Science line item. 		
6. Economic Adjustments	Gross	NA
Reflects increased costs of \$59.5 million Gross (\$49.8 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		\$59,453,900
		1,840,400
		1,468,600
		59,900
		6,254,500
		\$49,830,500

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law.

Sec. 219. Retention of Reports – DELETED

Requires MSP to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 222. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures.

Sec. 226. Post Closure or Consolidation – DELETED

Requires MSP to notify listed recipients when it recommends closure or consolidation of any MSP post and to include a local and state impact study.

Sec. 227. Privatization Project Plans – DELETED

Requires submission of a project plan if MSP presents the state employer with a plan to privatize; requires evaluation to be submitted to appropriations subcommittees and fiscal agencies within 30 months.

Major Boilerplate Changes from FY 2024-25

Sec. 233. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires department to notify data subjects if an unauthorized person accesses their information.

Sec. 234. Officer Evaluation Criteria – DELETED

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting of a specified number of citations for an officer.

Sec. 237. Placement of Local Headquarters – DELETED

Authorizes director of the department to establish and maintain local headquarters in various places as provided under section 7 of 1935 PA 59, MCL 28.7.

Sec. 239. Authorization to Reallocate State Fiscal Recovery Funds – DELETED

Requires state budget director to ensure that all State Fiscal Recovery Funds (SFRF) are expended by December 31, 2026; authorizes state budget director to reallocate funds to fully utilize SFRF that are in jeopardy of not meeting expenditure deadline; requires state budget director to notify appropriations committees not later than 10 business days after making any reallocations.

Sec. 250. Grants Transparency – DELETED

Provides eligibility and process requirements for grants or projects awarded to single recipient organizations or local governments; provides timeframes for receiving grant money; requires interest earned from grant money in excess of \$1,000 to be returned to Treasury; requires MSP to report on grant recipient, project purpose, project location, status of funds allocated and disbursed under grant agreement, and legislative sponsor if applicable.

LAW ENFORCEMENT SERVICES

Sec. 402. Criminal Justice Information Center – REVISED

Requires MSP to (1) maintain criminal justice information systems in support of public safety and law enforcement communities; (2) conduct at least 30 outreach activities targeted to criminal justice agencies and to report on these activities; (3) compile crime statistics; (4) compile and evaluate traffic crash reports; (5) provide traffic crash reports for \$15 per incident or an extract of electronic traffic crash data for \$0.25 per incident; (6) report traffic crash report revenues, expenditures, and adequacy; (7) maintain, disseminate, and exchange criminal history and juvenile records; (8) maintain records, including firearms licensure records; (9) provide background check volume processed by the Internet Criminal History Access Tool; requires that Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund; requires unexpended revenue generated by local State Records Management System Fees to carry forward and not lapse to the general fund. Executive deletes ICHAT background check reporting requirement in item (9).

Sec. 404. Biometrics and Identification – REVISED

Requires MSP to manage specified identification databases and provide data on submissions to the Automated Fingerprint Identification System database; requires MSP to maintain staffing and resources to achieve an average 28-day wait time for polygraph examinations, with a goal of an average 15-day wait time; requires MSP to post changes to protocols for retention and purging of DNA records. Executive deletes staffing and resources requirements.

FIELD SERVICES

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

(1) Stipulates MSP troopers shall not be prohibited from responding to criminal or emergency situations and shall make every effort to protect residents; (2) requires MSP to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol, with a minimum of 40,000 in distressed cities; (3) requires MSP to report number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Executive deletes staffing and resources requirements in item (2).

Sec. 602. Criminal Investigations – DELETED

(1) Requires MSP to identify and apprehend criminals through investigations; (2) requires maintenance of investigation hours; (3) requires MSP to meet or exceed case clearance rate of 62%; (4) requires MSP to provide training opportunities to local law enforcement partners related to gambling, opioid investigations, and other emerging issues; (5) requires MSP to maintain staffing to investigate an average level of opioid cases and to link investigations among partners.

Sec. 604. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness for a specified number of requests for fire investigation services and be available for call out statewide. Executive deletes readiness requirements in item (2).

Major Boilerplate Changes from FY 2024-25**SPECIALIZED SERVICES*****Sec. 701. Intelligence and Special Operations – REVISED***

(1) Requires MSP to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MSP to provide timely and accurate information to partners regarding critical information key resource threats and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to maintain staffing; (4) requires MSP to provide digital forensic analysis and states case turnaround goal. Executive deletes items (3) and (4).

Sec. 702. Specialized Support Teams – REVISED

(1) Requires MSP to provide specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to an average number of specialty service requests; (3) requires canine unit to be available for call out 100% of the time; (4) requires bomb squad unit to be available for call out 100% of the time; (5) requires emergency support teams to be available for call out 100% of the time; (6) requires marine services team to be available for call out 100% of the time; (7) requires aviation services to be available for call out 100% of the time, unless prohibited by weather or mechanical breakdown; (8) requires maintenance of adequate levels of staffing and resources to provide security services at state Capitol Building and other state buildings and requires a minimum of 35,000 patrols at state-owned and leased facilities. Executive deletes items (2) through (8).

Sec. 704. Emergency Management and Homeland Security – REVISED

(1) Requires MSP to coordinate emergency and disaster response activities of governmental units; (2) authorizes expenditure of appropriated funds to call upon state agencies or departments to protect life or property or to protect health or safety of any area under a state of emergency or disaster; requires report to state budget director and submission of recommendations to legislature for supplemental appropriations; (3) authorizes MSP to expend additional funds from various sources to provide emergency management training or emergency response activities with notification of legislature; limits federal receive and expend under Sec. 704(3) and Sec. 232 to \$105.0 million; (4) requires MSP to maintain partnerships to protect the state from all hazards; (5) requires MSP to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training; (6) requires MSP to conduct a minimum of three training sessions to enhance emergency response; (7) appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies; (8) requires reporting if expenditures are made from the Disaster and Emergency Contingency Fund; (9) requires MSP to report biannually on assessment of critical infrastructure vulnerabilities; (10) requires carryforward of unexpended revenue collected for the emergency management and homeland security training center. Executive deletes items (8) and (9).

ONE-TIME APPROPRIATIONS***Sec. 801. Disaster and Emergency Contingency Fund – DELETED***

Requires funds appropriated to be deposited in restricted Disaster and Emergency Contingency Fund as created under section 18 of 1976 PA 390, MCL 30.418.

Sec. 802. Law Enforcement Communication Training – DELETED

Requires MCOLES to provide training to law enforcement officers to assist with communication for those with language barriers or who are deaf or hard of hearing; requires training to be developed by an entity that is MCOLES-approved and holds an oral transliteration certificate; designates unexpended funds as work project appropriation.

Sec. 803. Cold Case Investigations – DELETED

Allocates \$1.0 million to cold case investigations and course programs; allocates \$400,000 of total to department's Special Investigation Division; requires at least \$250,000 to be used to support cold case murder investigations in Lansing; allocates \$200,000 to department's Forensic Science Division and \$200,000 each to cold case course programs at Western Michigan University and Northern Michigan University for programmatic and operational expenses.

Sec. 804. Disaster Recovery Grants – DELETED

Authorizes disbursement of grants to local governments for weather-related disaster expenses not covered by federal relief funding as follows: \$1.0 million to Marquette County, \$1.0 million to Kalamazoo County, \$1.0 million to Baraga County, and \$200,000 to the City of Perry.

Sec. 805. Public Safety Academy Assistance Programs – DELETED

Requires funding to be used for providing scholarships for police academy recruits and assistance with salaries for police cadets; caps scholarship amounts at \$20,000 per recruit and caps assistance with salaries at \$4,000 per police cadet; lists eligibility requirements for receiving scholarships; authorizes MCOLES to use up to \$140,000 for administration; designates unexpended funds as a work project appropriation.

Summary: Executive Budget Recommendation for Fiscal Year 2025-26 TRANSPORTATION

Analyst: William E. Hamilton

	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$4,316,700	\$4,366,200	\$49,500	1.1
Federal	2,273,675,100	2,329,605,500	55,930,400	2.5
Local	87,448,500	87,448,500	0	--
Private	18,800,000	18,800,000	0	--
Restricted	4,230,660,000	4,288,705,600	58,045,600	1.4
GF/GP	193,000,000	112,183,900	(80,816,100)	(41.9)
Gross	\$6,807,900,300	\$6,841,109,700	\$33,209,400	0.5
FTEs	3,228.3	3,235.3	7.0	0.2

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, as well as from a \$600.0 million earmark of Income Tax Act revenue, and an earmark of revenue from the state excise tax on recreational marijuana. For FY 2025-26, approximately \$4.0 billion in state restricted revenue will be credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 ("Act 51") to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Debt Service	Gross	\$340,703,700	\$100,500
Debt service would total \$340.8 million, \$100,500 more than current year. The debt service appropriation is primarily based on debt service schedules for previously issued and outstanding bonds, including STF Rebuilding Michigan bonds issued in 2020, 2021, and 2023. Debt service also includes estimated debt service on remaining Rebuilding Michigan bonds the department anticipates issuing in late 2025.	Restricted	340,703,700	100,500
	GF/GP	\$0	\$0
2. Design and Engineering Services	FTE	1,682.3	0.0
Increases by \$1.0 million MTF for "Signal Maintenance and Energy Programs."	Gross	\$258,071,200	\$1,000,000
	Federal	13,529,800	0
	Restricted	244,541,400	1,000,000
	GF/GP	\$0	\$0
3. State Trunkline Maintenance	FTE	909.7	0.0
Increases by \$15.4 million STF to reflect increased costs of service contracts, concrete, aggregate, and other maintenance materials.	Gross	\$486,654,800	\$15,446,900
	Restricted	486,654,800	15,446,900
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
4. State Trunkline Road and Bridge Capital Program		
Includes net increase of \$53.6 million for the capital State Trunkline Road and Bridge Construction line item. The increase is almost entirely from a \$53.5 million increase in estimated federal funds available under IIJA. State restricted STF revenue for the capital program would decrease by \$13.6 million while support from the restricted Blue Water Bridge Fund (BWBF) would decline by \$13.7 million.	Gross \$1,617,892,700	\$53,602,300
	Federal 1,261,773,700	53,492,700
	Local 30,003,500	0
	Private 10,000,000	0
	Restricted 316,115,500	109,600
	GF/GP \$0	\$0
5. Local Federal Aid and Road and Bridge		
Includes \$429.0 million, an increase of \$17.8 million, for the line item representing federal-aid highway funds available for local road agency federal-aid projects. The increase reflects estimated federal funds made available to Michigan under IIJA as allocated to local road agencies in accordance with Act 51.	Gross \$411,168,800	\$17,831,000
	Federal 411,168,800	17,831,000
	GF/GP \$0	\$0
6. MTF Distribution to Local Road Agencies		
The MTF distribution to local road agencies would total \$2,077.9 million, an increase of \$27.3 million. This reflects a marginal increase in estimated MTF revenue, as allocated in accordance with Act 51 formula. The estimated distribution to county road commissions would total \$1,334.1 million, with an estimated \$743.8 million to cities and villages.	Gross \$2,050,679,300	\$27,268,300
	Restricted 2,050,679,300	27,268,300
	GF/GP \$0	\$0
7. Local Bridge Fund/Program		
The Local Bridge Fund/Program receives two statutory earmarks of MTF revenue: a fixed amount of \$5.0 million, and revenue equal to one-half cent of motor fuel tax revenue. Decrease of \$497,600 MTF reflects lower per-penny yield of the motor fuel tax on gasoline.	Gross \$26,914,700	(\$497,600)
	Restricted 26,914,700	(497,600)
	GF/GP \$0	\$0
8. Transportation Economic Development Fund (TEDF)		
Includes \$53.2 million restricted TEDF support, an increase of \$464,200, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231.	Gross \$52,726,300	\$464,200
	Restricted 52,726,300	464,200
	GF/GP \$0	\$0
9a. Local Bus Operating – Baseline CTF Funding		
CTF support for local bus operating assistance would remain unchanged at \$226.7 million. As described in Item 9b below, the budget would delete \$20.0 million in one-time federal ARP funding for bus operating assistance.	Gross \$226,750,000	\$0
	Restricted 226,750,000	0
	GF/GP \$0	\$0
9b. Local Bus Operating – Federal ARP Funds (One-Time)		
Deletes \$20.0 million in one-time federal ARP funding appropriated in FY 2024-25 for local bus operating assistance.	Gross \$20,000,000	(\$20,000,000)
	Federal 20,000,000	(20,000,000)
	GF/GP \$0	\$0
10. Transit Programs – Non-Urban Operating/Capital		
Recognizes \$41.1 million for non-urbanized area formula grant program established under 49 USC 5311 (\$39.1 million federal funds and \$2.0 million local funds). The \$496,500 increase in federal funds reflects estimated federal grants available to Michigan under IIJA.	Gross \$40,626,500	\$496,500
	Federal 38,626,500	496,500
	Local 2,000,000	0
	GF/GP \$0	\$0
11. Transit Capital		
Includes \$3.9 million net decrease: increase of \$2.9 million in estimated federal aid under IIJA would be offset by baseline decrease of \$6.8 million in state restricted support reflecting estimated available CTF revenue.	Gross \$254,601,300	(\$3,877,100)
	Federal 144,067,200	2,874,400
	Local 31,000,000	0
	Private 2,000,000	0
	Restricted 77,534,100	(6,751,500)
	GF/GP \$0	\$0

TRANSPORTATION

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
12. Rail Operations and Infrastructure	Gross	\$152,189,200	(\$4,500,700)
Includes \$4.5 million decrease in baseline CTF support reflecting estimated available CTF revenue.	Federal	30,000,000	0
	Local	100,000	0
	Private	2,000,000	0
	Restricted	120,089,200	(4,500,700)
	GF/GP	\$0	\$0
13a. Capital Outlay - Airport Improvement Program (AIP)	Gross	\$182,242,300	\$4,991,600
Recognizes \$5.0 million increase in state restricted State Aeronautics Fund revenue for program of capital assistance to eligible local public airports in the state. This increase represents increase in estimated baseline restricted revenue, as well as funds from a proposed increase in the state aircraft registration fee. (Part of this increase was built into the FY 2024-25 budget figure.) This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement (ASAP).	Federal	155,000,000	0
	Local	17,500,000	0
	Private	2,000,000	0
	Restricted	7,742,300	4,991,600
	GF/GP	\$0	\$0
13b. IIJA Airport Infrastructure Grants	Gross	\$115,000,000	\$0
Retains \$115.0 million federal spending authority for a program of federal aid to public airports established under Division J of IIJA.	Federal	115,000,000	0
	GF/GP	\$0	\$0
14. Detroit Metropolitan Wayne County Airport	Gross	\$6,760,000	\$260,000
Recognizes \$260,000 increase in estimated Qualified Airport Fund revenue. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted	6,760,000	260,000
	GF/GP	\$0	\$0
15. Removal of FY 2024-25 One-Time Appropriations	Gross	\$117,990,000	(\$117,990,000)
Removes \$118.0 million (\$117.0 million GF/GP) in one-time items:	Restricted	990,000	(990,000)
<ul style="list-style-type: none"> • Critical infrastructure projects, (\$74.5 million GF/GP) • New technology and mobility, (\$24.0 million GF/GP) • Air service/airport revitalization, (\$6.0 million GF/GP) • MI Contracting Opportunity, (\$5.0 million GF/GP) • School zone automated speed enforcement, (\$2.5 million GF/GP) • Local rail grade crossing improvements, (\$2.0 million GF/GP) • Lake Michigan car ferry, (\$2.0 million GF/GP) • Local road and material research program, (\$1.0 million GF/GP) • Supplier risk and information subscription, (\$50,000 GF/GP) • Blue Water Bridge equipment and facilities (\$990,000 BWBF) 	GF/GP	\$117,000,000	(\$117,000,000)
An additional one-time GF/GP item, \$76.0 million for Federal aid match, is described in Item # 16a below.			
An additional one-time item, \$20.0 million from federal ARP funds for local bus operating assistance, is described in Item # 9b above.			
16. Federal Aid Match (One Time)	Gross	\$76,000,000	\$36,183,900
Includes \$112.2 million GF/GP (one-time appropriation) to ensure sufficient state funds are provided for MDOT to match all federal-aid highway funds available to Michigan through IIJA. This is \$36.2 million more than the current year \$76.0 million GF/GP appropriated for this purpose.	GF/GP	\$76,000,000	\$36,183,900
17. Road Usage Charge Study and Pilot (One-Time and Ongoing)	FTE	0.0	1.0
Includes \$7.8 million MTF (\$7.7 million one-time and \$171,900 ongoing) and 1.0 FTE authorization to support a study and pilot of potential road usage charge revenue options. It is anticipated that this will be a 3-year project. The ongoing funding and FTE are included in Finance, contracts, and support services.	Gross	\$0	\$7,821,900
	Restricted	0	7,821,900
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
18. Economic Adjustments	Gross	NA
Reflects increased costs of \$10.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Restricted	N/A
	GF/GP	NA
		\$10,907,200
		49,500
		1,100
		10,856,600
		\$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. The Governor had indicated this section was unenforceable.

Sec. 212. Restricted Fund Report – DELETED

Deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances. [This report is currently included in the annual budget presentation.]

Sec. 218. Record Retention Policy – DELETED

Deletes section that prescribes the department's record retention policy.

Sec. 221. Work Project Expenditures – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. The governor had indicated this section was unenforceable.

Sec. 223. Fiscal Recovery Funds – DELETED

Deletes section that prescribes use of federal fiscal recovery funds.

Sec. 250. Report on Grant Sponsors and Grant Recipients – DELETED

Deletes section that establishes detailed reporting requirements for grants made to single recipients or local units of government.

Sec. 305. Practice and Policies Regarding Homelessness – DELETED

Deletes section on practices and policies regarding homelessness.

Sec. 311. Bridge Bundling Report – DELETED

Deletes reporting requirement related to bridge bundling initiatives.

Sec. 314. MI Contracting Opportunity Loan Fund – NEW

New section establishes an MI Contracting Opportunity Loan Fund as a revolving loan fund; initially funded from appropriations made in FY 2024-25 transportation budget.

Sec. 383. Report on State Airfleet – DELETED

Deletes reporting requirement regarding use of state airfleet.

Sec. 389. Long-Term Obligations – DELETED

Deletes reporting requirement related to long-term agreements that obligate the department to make future payments of over \$5.0 million for five or more years.

Sec. 393. Public Transportation Best Practices – DELETED

Deletes section that directs the department to promote best practices for public transportation and included reporting requirement.

Sec. 399. Capital Preventive Maintenance – DELETED

Deletes section that directs the department to prioritize capital preventive maintenance and set \$100.0 million minimum.

Sec. 612. Incentive/Disincentive Contracts – DELETED

Deletes section that provides a reporting requirement related to incentive/disincentive contracts and payments.

Sec. 613. Magnetic Roadway Sweepers – DELETED

Deletes section that earmarked \$350,000 (STF) for purchase of magnetic roadway sweepers.

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Major Boilerplate Changes from FY 2024-25

Sec. 660. Alternative Materials – DELETED

Deletes section that encouraged the department to examine the use of alternative road surface materials. Subsection 2, which directed the department to establish a transportation innovation council, was deemed unenforceable in the governor's signing statement.

Sec. 707. Rail Strategic Plan – DELETED

Deletes section that required the department to report on a five-year rail strategic plan and that also earmarked \$20.0 million for rail-related economic and rail freight system preservation projects.

Various Sections One-Time Appropriations – DELETED

Deletes all 12 sections that directed use of, and established reporting requirement for, one-time appropriations made in the FY 2024-25 enacted budget.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. FTE Authorization for Aeronautics Grants

Requests authorization for 2.0 FTE positions to support the administration of one-time aeronautics programs included in the FY 2023-24 and FY 2024-25 enacted budgets.

There is no associated funding increase included in this request.

FTE	2.0
Gross	\$0
GF/GP	\$0



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Capital Outlay	Perry Zielak
Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Noel Benson
Environmental Quality	Austin Scott
General Government:	
Attorney General/Civil Rights/Executive Office/Legislature/Legislative Auditor General/	
Lottery/State (Department)/Technology, Management, and Budget/Treasury	Michael Crossen
Health and Human Services:	
Child Welfare, Public Health	Sydney Brown
Child Support, Community Services, Local Office Operations, Public Assistance	Cassidy Uchman
Behavioral Health, Medicaid	Kevin Koorstra
Aging, Medicaid	Kent Dell
Higher Education	Perry Zielak
Insurance and Financial Services	Una Jakupovic
Judiciary	Robin R. Risko
Labor and Economic Opportunity	Marcus Coffin
Licensing and Regulatory Affairs	Una Jakupovic
Lifelong Education, Advancement, and Potential	Noel Benson; Perry Zielak
Military and Veterans Affairs	Aaron A. Meek
Natural Resources	Austin Scott
Natural Resources Trust Fund	Austin Scott
School Aid	Noel Benson; Jacqueline Mullen
State Police	Aaron A. Meek
Transportation	William E. Hamilton
Unemployment Insurance	Marcus Coffin
Economic/Revenue Forecasting	Benjamin Gielczyk
Local Finance/Revenue Sharing/Tax Analysis	Benjamin Gielczyk
Legislative Analysis	Rick Yuille
	Edith Best; Holly Kuhn; Emily Smith; Alex Stegbauer
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