REVIEW AND ANALYSIS

OF THE

FY 2026-27 EXECUTIVE BUDGET RECOMMENDATION

prepared by the

HOUSE FISCAL AGENCY

Mary Ann Cleary, Director

February 2026

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February 25, 2026

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2026-27 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2026-27 and FY 2027-28. 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.

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 2026-27
Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Appropriation Summary Tables

FY 2026-27 Executive Recommendation
BUDGET OVERVIEW

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

The FY 2026-27 executive budget recommendation incorporates the January 2026 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of $14,074.6 million and School Aid Fund (SAF) of $19,568.3 million. In addition to the CREC estimates and executive estimated GF/GP cost adjustments, the recommendation assumes a beginning FY 2025-26 deficit of $319.4 million GF/GP and balance of $752.7 million SAF.

The executive recommendation also assumes certain new tax revenues. Increased revenues include an increase in tobacco taxes ($232.0 million), a new tax on vaping products ($95.0 million), an increase in online and sports gaming taxes ($195.4 million), a new digital advertising tax ($282.0 million), and removal of the income tax earmark for the Renew Michigan Fund ($69.0 million).

The executive recommendation also includes two tax reductions: an expanded senior homestead property tax credit ($90.0 million) and a proposed sales tax holiday for school supplies ($14.7 million).

The FY 2026-27 executive budget recommendation includes $86,746.2 million in adjusted gross appropriations, an increase of $12,115.9 million, or 16.2%, of which $9,331,4 million is from moving special Medicaid payment boilerplate receive and expend back into part 1. The table below compares current-year appropriations to the executive proposal.

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
Adjusted Gross	$74,630.3	$86,746.2	*$12,115.9*	*16.2%*
Federal	$28,168.6	$35,993.8	*$7,825.2*	*27.8%*
Local/Private	$532.6	$547.0	*$14.5*	*2.7%*
Restricted	$31,814.5	$36,596.5	*$4,782.0*	*15.0%*
GF/GP	$14,114.6	$13,608.9	*($505.8)*	*(3.6%)*

Of the $50,205.4 million in state resources recommended for appropriation in FY 2026-27, $27,222.9 million (54.2% 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 recommendation includes adjustments to both the current FY 2024-25 and FY 2025-26 budgets via supplemental requests and the FY 2026-27 budget.

The executive recommendation includes four supplementals totaling $1,274.9 million Gross ($316.4 million GF/GP and negative $176.9 million SAF):

- FY 2024-25 Departmental appropriation adjustments of $272.2 million Gross ($270.0 million GF/GP) include the following:
  - $268.9 million Gross ($270.0 million GF/GP) for Medicaid costs and special financing accrual adjustments, most of which are net out from an offsetting adjustment in FY 2025-26 (DHHS). (2025-6)
  - $3.3 million Gross for Civil Service Commission IT upgrades (DTMB). (2025-6)
- FY 2025-26 Departmental appropriation adjustments of $1,134.7 million Gross ($46.4 million GF/GP) include the following:
  - $636.1 million Gross ($279.9 million GF/GP), which includes caseload and special financing adjustments. (DHHS) (2026-1)
  - $270.0 million GF/GP savings from offsetting special financing accruals in FY 2024-25. (DHHS) (2026-1)
  - $60.6 million Gross ($32.6 million GF/GP) for other DHHS requests. (2026-1)
  - $150.0 million state restricted SOAR funds for strategic site readiness. (LEO). (2026-1)
  - $3.0 million GF/GP for gubernatorial transition (DTMB). (2026-1)
  - $285.0 million Gross for additional appropriations spread across 9 other departments. (2026-1)

- School Aid supplemental decrease of $176.9 million SAF for CREC caseload and other cost adjustments. (2026-2)
- Natural Resources Trust Fund projects totaling $45.0 million Gross. (2026-3)
- Additionally, the executive is recommending a withdrawal of $400.0 million from the budget stabilization fund. (2026-1)

GF/GP current services baseline increases in the FY 2026-27 executive recommendation include:

- $452.2 million GF/GP for caseload adjustments. (DHHS and MDE)
- $78.9 million GF/GP for state employee compensation-related costs. (Most budgets)
- $214.2 million GF/GP for all other current services baseline costs including the following:
    - $94.3 million GF/GP for SNAP admin matching changes in H.R. 1 (DHHS).
    - $43.5 million GF/GP for Tuition Incentive Program costs (Higher Education).
    - $21.7 million GF/GP for debt service (DTMB and Treasury).

Total investments of $299.7 million GF/GP for FY 2026-27. Major department increases include:

- $247.0 million GF/GP increase for programs within DHHS, including:
    - Continuation of federally funded direct care wages with GF/GP.
    - Operational costs for the new state psychiatric hospital.
    - H.R. 1 implementation costs.
- $30.0 million increase for H.R. 1 implementation costs in LEO.

One-time allocations total $138.2 million GF/GP for FY 2026-27. Major department totals include:

- $65.9 million for DHHS.
- $43.2 million for DTMB.
- $22.5 million for LEO.

Other GF/GP reductions, in addition to the $780.4 million GF/GP savings from new or increased taxes and $400.0 million BSF withdrawal total $632.1 million GF/GP. Major changes include:

- $250.0 million GF/GP from reprioritizing one-time FY 2025-26 funding. (TBD).
- $198.4 million GF/GP offsets from shifting additional School Aid Funds (SAF) into Higher Education.
- $150.0 million GF/GP from Medicaid savings to be determined by DHHS and other third parties through a work group.
- $17.0 million from Tuition Incentive Program changes (Higher Education).

Major increases proposed for FY 2026-27 for School Aid funding include:

- $325.0 million increase to district foundation allowances of $250 per pupil to $10,300.
    - $53.0 million savings by reducing cyber school foundation allowances to 80% of the foundation.
- $300.0 million ($250.0 million one-time) for mental health and safety.
- $138.0 million for Great Start Readiness.
- $100.0 million one-time for literacy curriculum supports.
- $100.0 million one-time for High-Impact Tutoring.
- $50.0 million one-time for LETRS Professional Learning.

Major increases proposed for FY 2026-27 for Higher Education and Community College funding include:

- $232.0 million Gross for Michigan Achievement Scholarships.
- $63.3 million SAF for one-time operations increases.
- $60.0 million SAF increase for one-time ITEMS grants.

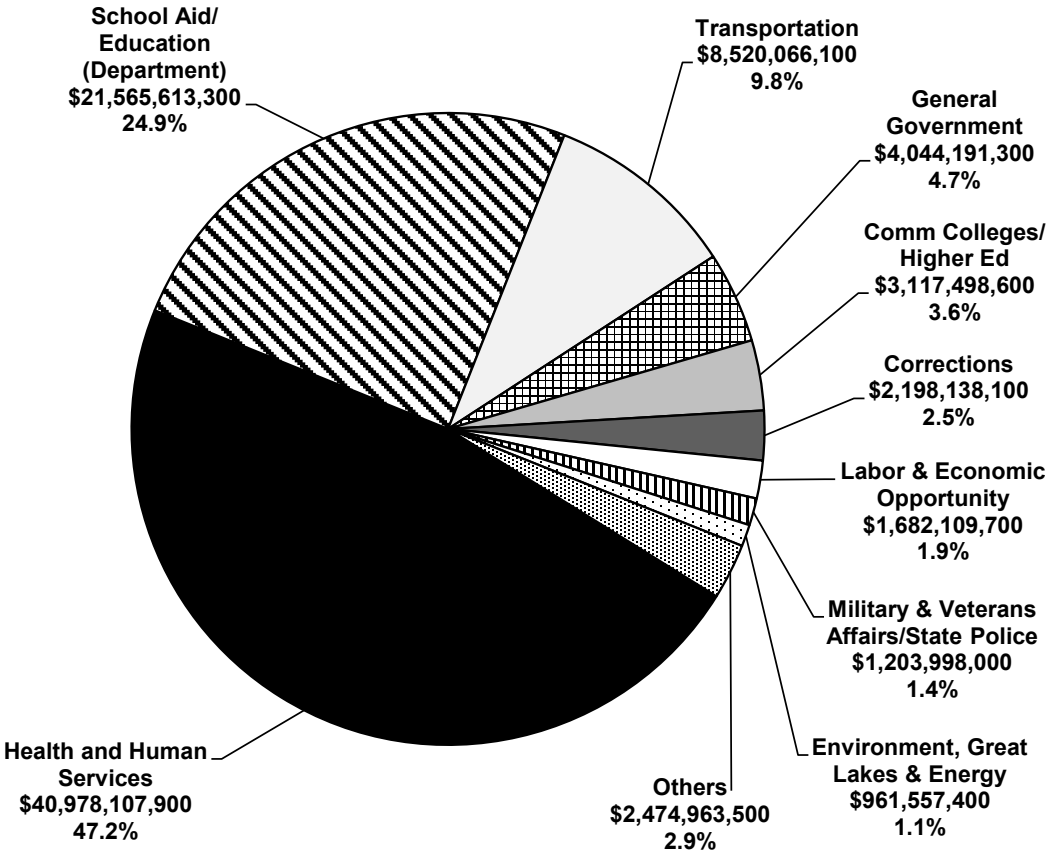
The executive recommendation does not include any major Revenue Sharing changes.

A more detailed summary of major budget changes by individual budget area begins on page 22.

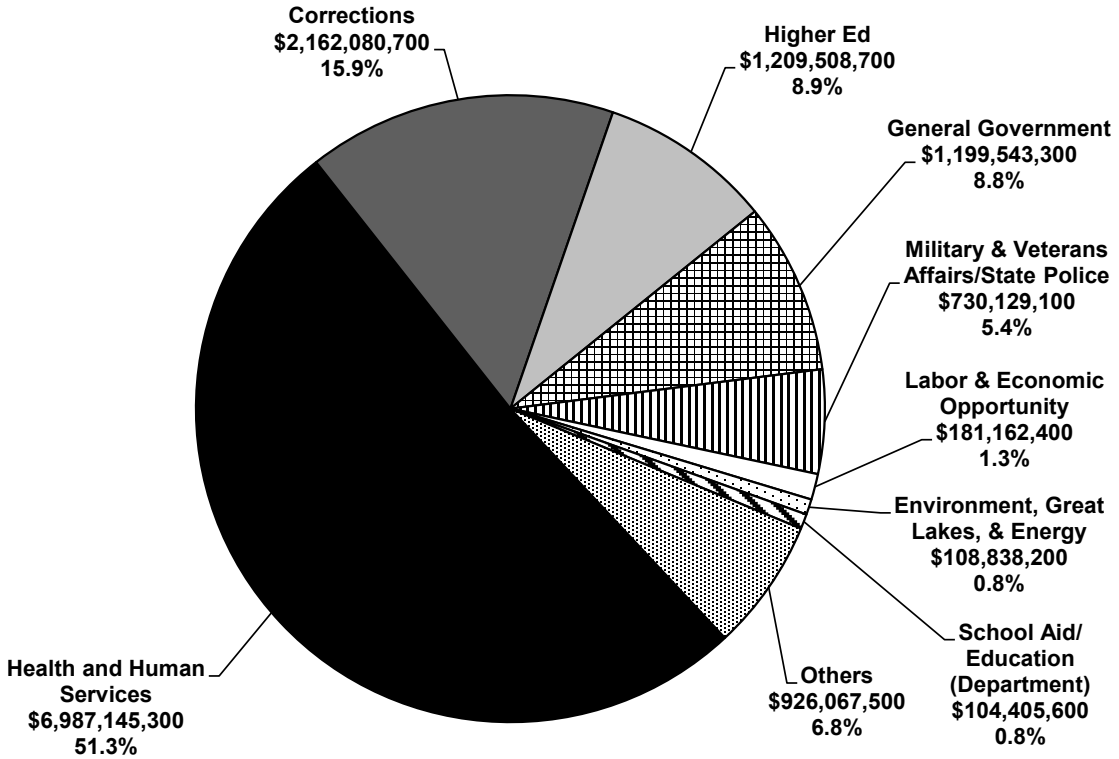
This preliminary review provides a brief summary of the FY 2026-27 Executive Budget Recommendation. The House Fiscal Agency's full Review and Analysis of the FY 2026-27 Executive Budget Recommendation will be available within two weeks and will contain a more detailed review of major budget and boilerplate changes by budget area.

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 2026-27 Executive Recommendation
Adjusted Gross = $86,746,243,900



FY 2026-27 Executive Recommendation
General Fund/General Purpose (GF/GP) = $13,608,880,800



CONSENSUS REVENUE ESTIMATES

Ben Gielczyk, Associate Director

This section explains January 2026 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2026-27 through FY 2027-28 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.0% in 2026, 0.3% in 2027, and 0.3% in 2028.

The unemployment rate is expected to be 5.5% in 2026, 5.5% in 2027, and 5.6% in 2028.

GF/GP REVENUE ESTIMATES
(Millions of Dollars)

			FY 2026-27 Over FY 2025-26			FY 2027-28 Over FY 2026-27	
	FY 2025-26	FY 2026-27	Dollar Change	Percent Change	FY 2027-28	Dollar Change	Percent Change
Individual Income Tax	$9,209.2	$9,328.0	$118.8	1.3%	$9,551.5	$223.5	2.4%
Sales Tax	1,113.8	999.3	(114.5)	(10.3%)	1,009.2	9.9	1.0%
Use Tax	1,210.2	1,262.5	52.3	4.3%	1,319.6	57.1	4.5%
Business Taxes	1,376.9	1,315.6	(61.3)	(4.5%)	1,487.6	172.0	13.1%
Other Taxes	482.6	487.1	4.5	0.9%	493.3	6.2	1.3%
GF/GP Tax Revenue	**$13,392.7**	**$13,392.5**	**($0.2)**	**(0.0%)**	**$13,861.2**	**$468.7**	**3.5%**
Non-Tax Revenue	741.4	682.1	(59.3)	(8.0%)	623.1	(59.0)	(8.6%)
Net Total GF/GP Revenue	**$14,134.1**	**$14,074.6**	**($59.5)**	**(0.4%)**	**$14,484.3**	**$409.7**	**2.9%**

General Fund/General Purpose Revenue by Source

Individual Income Tax

Michigan individual income tax revenue is forecast to increase 9.1% in FY 2025-26, 1.3% in FY 2026-27 and 2.4% in FY 2027-28.

Sales Tax

GF/GP sales tax revenue is estimated to decrease 32.3% in FY 2025-26 and 10.3% in FY 2026-27 due to the newly enacted sales tax exemption on motor fuel, before increasing 1.0% in FY 2027-28.

Use Tax

Use tax revenue is forecast to increase 5.3% in FY 2025-26, 4.3% in FY 2026-27, and 4.5% in FY 2027-28.

Business Taxes

Net business taxes (the single business tax, Michigan business tax, corporate income tax, and insurance company taxes) are expected to increase 2.1% in FY 2025-26, decrease 4.5% in FY 2026-27, and increase 13.1% in FY 2027-28.

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 5.0% in FY 2025-26 before increasing 0.9% in FY 2026-27 and 1.3% in FY 2027-28.

GF/GP Tax Revenue

GF/GP tax revenue is expected to increase 2.3% in FY 2025-26, decrease 0.0% in FY 2026-27, and increase 3.5% in FY 2027-28.

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 decrease 0.1% to $14,134.1 million in FY 2025-26 and 0.4% to $14,074.6 million in FY 2026-27 before increasing 2.9% to $14,484.3 million in FY 2027-28.

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)

			FY 2026-27 Over FY 2025-26			FY 2027-28 Over FY 2026-27	
	FY 2025-26	FY 2026-27	Dollar Change	Percent Change	FY 2027-28	Dollar Change	Percent Change
Sales and Use Taxes	$9,002.9	$9,194.7	$191.8	2.1%	$9,387.0	$192.3	2.1%
Income Tax Earmark	4,360.6	4,480.9	120.3	2.8%	4,557.4	76.5	1.7%
Lottery and Casino Revenue	1,241.0	1,217.3	(23.7)	(1.9%)	1,214.0	(3.3)	(0.3%)
iGaming/Sports Betting/Fantasy	590.0	630.0	40.0	6.8%	655.0	25.0	4.0%
Cigarette Tax	209.9	202.4	(7.5)	(3.6%)	197.9	(4.5)	(2.2%)
State Education Tax	3,005.0	3,100.0	95.0	3.2%	3,196.1	96.1	3.1%
Real Estate Transfer Tax	460.0	475.0	15.0	3.3%	488.3	13.3	2.8%
Recreational Marihuana Earmark	109.0	110.0	1.0	0.9%	110.0	0.0	0.0%
Other Specific Taxes	157.0	158.0	1.0	0.6%	160.0	2.0	1.3%
Total SAF Revenue	**$19,135.4**	**$19,568.3**	**$432.9**	**2.3%**	**$19,965.7**	**$397.4**	**2.0%**

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 1.7% in FY 2025-26, 2.1% in FY 2026-27, and 2.1% in FY 2027-28.

Income Tax Earmark

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

Dedicated income tax revenue is forecast to increase 3.0% in FY 2025-26, 2.8% in FY 2026-27, and 1.7% in FY 2027-28.

Lottery and Casino Revenue

Revenues from the lottery transfer and casino taxes are projected to total $1,241.0 million in FY 2025-26, $1,217.3 million in FY 2026-27, and $1,214.0 million in FY 2027-28.

iGaming/Sports Betting/Fantasy

Revenue from online gaming, sports betting, and fantasy sports is projected to total $590.0 million in FY 2025-26, $630.0 million in FY 2026-27, and $655.0 million in FY 2027-28.

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 $209.9 million in FY 2025-26, $202.4 million in FY 2026-27, and $197.9 million in FY 2027-28.

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 3.4% to $3,005.0 million in FY 2025-26, 3.2% to $3,100.0 million in FY 2026-27, and 3.1% to $3,196.1 million in FY 2027-28.

RET revenue is forecast to increase to $460.0 million in FY 2025-26, $475.0 million in FY 2026-27 and $488.3 million in FY 2027-28.

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 $109.0 million in FY 2025-26, $110.0 million in FY 2026-27, and $110.0 million in FY 2027-28.

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 $157.0 million in FY 2025-26, $158.0 million in FY 2026-27, and $160.0 million in FY 2027-28.

Total SAF Revenue

Total SAF revenue is expected to increase 2.3% to $19,135.4 million in FY 2025-26, 2.3% to $19,568.3 million in FY 2026-27, and 2.0% to $19,965.7 million in FY 2027-28.

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 2024-25. The table also shows the proposed appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2025-26, as well as the executive recommendation for withdrawal, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2026-27.

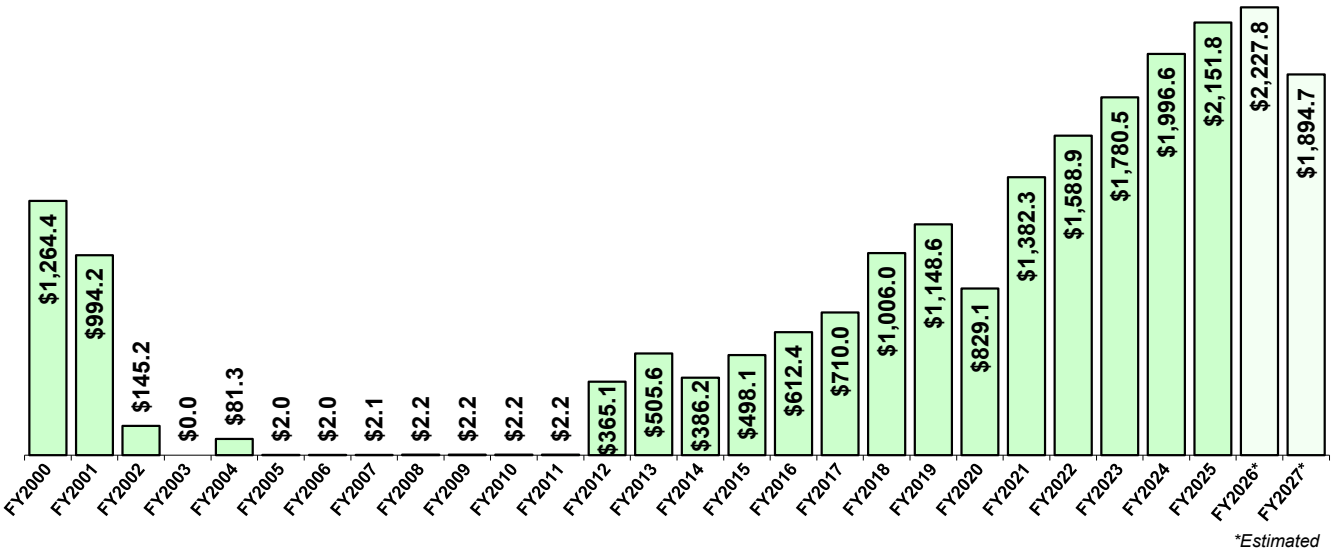
After deposits totaling $117.5 million, the final BSF fund balance for FY 2023-24 was $1,996.6 million. An additional $50.0 million of the FY 2023-24 unassigned fund balance was appropriated to the BSF in FY 2024-25. No deposits or withdrawals were made in FY 2025-26 leaving an projected ending balance of $2,227.8 million. The executive recommendation included a withdrawal of $400.0 million in FY 2026-27, which would result in an estimated ending balance for FY 2026-27 of $1,894.7 million. These projections include the impact of 2014 PA 186, which required annual deposits of $17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2024-25. Beginning with FY 2025-26, the $17.5 million tobacco settlement revenue deposit was discontinued under 2025 PA 28, thereby redirecting the funds to the Merit Award Trust Fund.

BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
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	1,996.6
2024-25	67.5	0.0	87.7	2,151.8
2025-26	0.0	0.0	76.0*	2,227.8
2026-27	0.0**	400.0	66.9*	1,894.7

** 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)

Revenue Limit Calculations	FY 2025-26	FY 2026-27	FY 2027-28
Personal Income	CY 2024	CY 2025	CY 2026
Amount	$645,847	$672,972	$695,180
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	**$61,290.9**	**$63,865.0**	**$65,972.6**
Total Revenue Subject to Revenue Limit	**$48,504.8**	**$49,657.8**	**$50,955.3**
Amount Under (Over) State Revenue Limit	**$12,786.0**	**$14,207.2**	**$15,017.2**

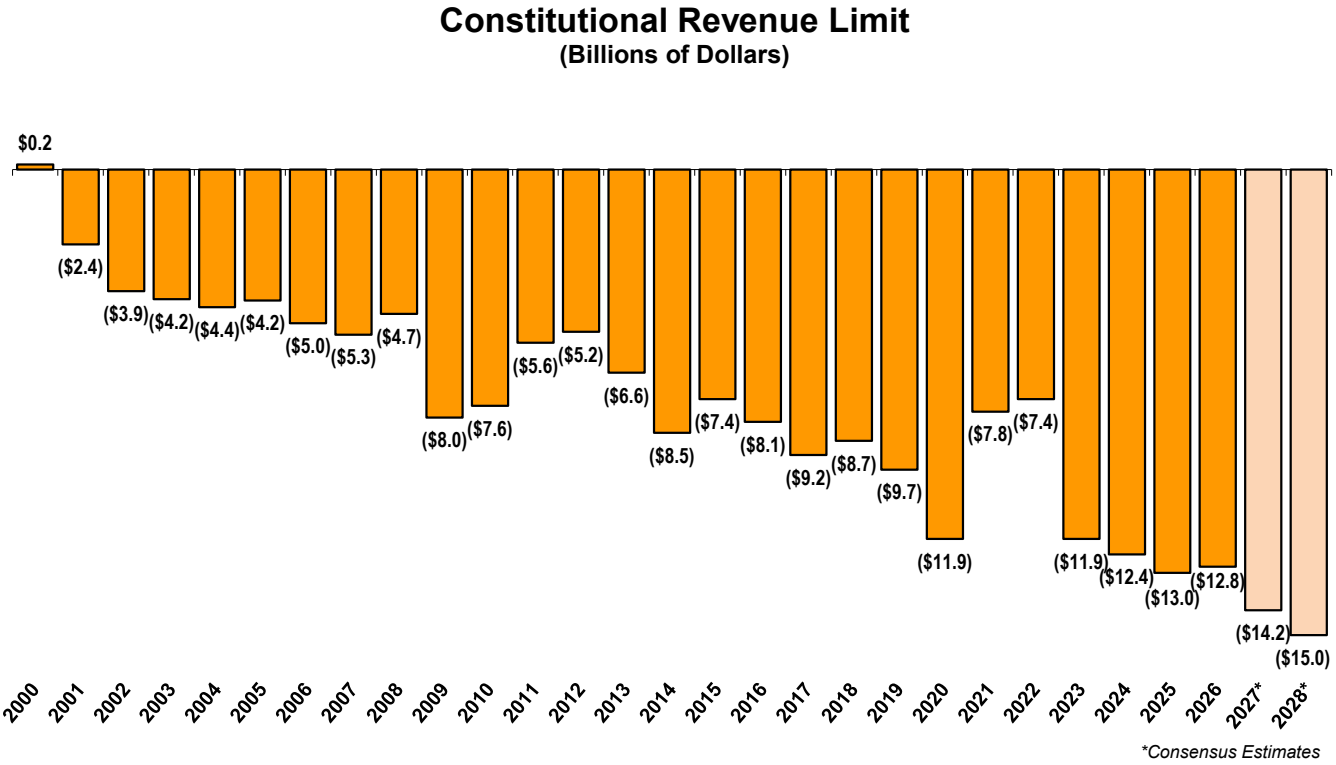
Implications of Exceeding the State Revenue Limit

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 2025-26 revenue limit calculation indicates that the state revenue collections would be under the revenue limit by $12.8 billion. For FY 2026-27 and FY 2027-28, state revenue is estimated to be below the revenue limit by $14.2 billion and $15.0 billion, respectively.



BALANCE SHEETS

Resources used to fund General Fund/General Purpose and School Aid Fund expenditures in the Executive Budget Recommendation are reported below.

FY 2025-26 Through FY 2026-27 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars		
	FY 2025-26	**FY 2026-27**
Beginning Balance	**$314.9**	**$318.7**
Resources		
Consensus Revenue Estimate: January 2026	$14,134.1	$14,074.6
Research and Development Tax Credit	(100.0)	(100.0)
Miscellaneous Adjustments	163.3	47.3
Replace Renew Michigan with Tipping Fees	--	69.0
Senior Property Tax Credit	--	(90.0)
Sales Tax Holiday	(13.6)	(13.6)
BSF Withdrawal	400.0	--
Revenue Sharing	(627.2)	(627.2)
Public Safety Revenue Sharing Grants	(50.0)	(50.0)
Total Resources	**$14,221.5**	**$13,628.8**
Expenditures		
Appropriations: Ongoing	$13,588.1	$13,470.8
Appropriations: One-Time	526.5	138.2
Proposed Supplemental (2026-1)	46.4	--
Reprioritize One-time Funding	(250.0)	--
Other Adjustments	(8.2)	0.0
Total Expenditures	**$13,902.8**	**$13,609.0**
Projected Ending Balance	**$318.7**	**$19.8**

Numbers may not add due to rounding.

FY 2025-26 Through FY 2026-27 Executive Recommendation School Aid Fund (SAF) Millions of Dollars		
	FY 2025-26	**FY 2026-27**
Beginning Balance	**$1,320.1**	**$752.7**
Resources		
Consensus Revenue Estimates: January 2026	$19,135.4	$19,568.3
GF/GP Grant	73.2	45.3
Restricted Reserve Funds Deposit	(456.1)	--
Restricted Reserve Funds	525.0	405.6
Federal Aid	2,407.7	2,405.7
Total Resources	**$21,685.2**	**$22,425.0**
Expenditures		
Appropriations: Ongoing	$19,664.4	$20,372.8
Appropriations: One-Time	1,244.3	1,030.6
Proposed Supplemental	--	--
Community Colleges	482.1	476.1
Community Colleges: One-Time	11.0	49.2
Higher Education	850.8	1,168.4
Higher Education: One-Time	--	79.1
Total Expenditures	**$22,252.5**	**$23,176.2**
Projected Ending Balance	**$752.7**	**$1.5**

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

The executive budget recommendation for FY 2026-27 increases adjusted gross appropriations by $12,115.9 million (16.2%) from FY 2025-26 year-to-date amounts:

- GF/GP appropriations are decreased by $505.8 million (-3.6%)
- State restricted appropriations are increased by $4,782.0 million (15.0%)
- Federal appropriations are increased by $7,825.2 million (27.8%)
- Local and private appropriations are increased by $14.5 million (2.7%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2026-27 executive budget recommendation is increased by $4,276.2 million (9.3%) from FY 2025-26 year-to-date amounts.

Projected appropriation amounts for FY 2027-28 under the executive budget (which are presented only for planning purposes) reflect a 1.0% decrease in GF/GP appropriations, a 2.6% decrease in total state spending from state sources, and a 1.5% decrease in adjusted gross appropriations.

Of note, Adjusted Gross, federal, and state restricted increases include a total of $9,331.4 million from moving Medicaid special payments from boilerplate receive and expend authorization back into part 1 appropriations. The adjustment does not change GF/GP 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 2025-26 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 2026-27 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 2026-27 and FY 2027-28
Executive Budget Appropriation Changes
Millions of Dollars

	Year-to-Date FY 2025-26	Executive Recommendation FY 2026-27	Change Amounts		Executive Recommendation FY 2027-28	Change Amounts	
General Fund/General Purpose	$14,114.6	$13,608.9	($505.8)	(3.6%)	$13,470.6	($138.2)	(1.0%)
State Restricted	31,814.5	36,596.5	4,782.0	15.0%	35,439.9	(1,156.6)	(3.2%)
Total State-Source Appropriations	**$45,929.2**	**$50,205.4**	**$4,276.2**	**9.3%**	**$48,910.6**	**($1,294.8)**	**(2.6%)**
Federal	$28,168.6	$35,993.8	$7,825.2	27.8%	$35,992.3	($1.5)	(0.0%)
Local	305.7	311.4	5.7	1.9%	311.4	0.0	0.0%
Private	226.8	235.6	8.8	3.9%	225.6	(10.0)	(4.2%)
Total Adjusted Gross	**$74,630.3**	**$86,746.2**	**$12,115.9**	**16.2%**	**$85,439.9**	**($1,306.3)**	**(1.5%)**

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 2026-27 include all proposed appropriation amounts, including amounts designated as "one-time."
(2) Numbers may not add due to rounding.

TABLE 1
FY 2026-27 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS

Department/Budget Area	Gross	IDG/IDT	Adjusted Gross	Federal	Local	Private	State Restricted	GF/GP
Agriculture & Rural Development	$148,047,700	$338,600	$147,709,100	$20,245,000	$0	$0	$54,563,700	$72,900,400
Attorney General	130,692,400	39,899,600	90,792,800	10,710,500	0	961,400	31,073,200	48,047,700
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	29,444,300	0	29,444,300	3,435,200	0	18,700	58,500	25,931,900
Community Colleges	525,371,600	0	525,371,600	0	0	0	525,371,600	0
Corrections	2,198,138,100	0	2,198,138,100	5,222,600	275,000	0	30,559,800	2,162,080,700
Education	162,193,200	0	162,193,200	84,339,300	5,937,300	2,552,900	10,293,000	59,070,700
Environment, Great Lakes, & Energy	965,795,000	4,237,600	961,557,400	464,743,400	0	1,892,500	386,083,300	108,838,200
Executive Office	9,890,200	0	9,890,200	0	0	0	0	9,890,200
Health and Human Services	40,993,612,400	15,504,500	40,978,107,900	28,586,210,100	187,655,900	189,283,800	5,027,812,800	6,987,145,300
Higher Education	2,592,127,000	0	2,592,127,000	3,200,000	0	0	1,379,418,300	1,209,508,700
Insurance & Financial Services	82,333,800	791,600	81,542,200	250,000	0	0	81,292,200	0
Judiciary	391,258,400	1,902,300	389,356,100	7,323,000	0	1,912,900	96,879,600	283,240,600
Labor & Economic Opportunity	1,682,109,700	0	1,682,109,700	1,190,870,600	6,200,000	8,097,200	295,779,500	181,162,400
Legislative Auditor General	32,358,800	7,445,000	24,913,800	0	0	0	2,512,900	22,400,900
Legislature	206,660,600	0	206,660,600	0	0	474,700	5,503,800	200,682,100
Licensing & Regulatory Affairs	627,477,600	30,303,000	597,174,600	30,661,000	0	0	291,161,800	275,351,800
Lifelong Ed., Adv., & Potential	652,672,900	0	652,672,900	418,323,900	0	1,000,000	1,897,300	231,451,700
Military & Veterans Affairs	263,938,000	101,800	263,836,200	154,412,200	0	100,000	12,973,100	96,350,900
Natural Resources	606,716,900	208,300	606,508,600	102,198,400	0	8,330,900	432,856,300	63,123,000
School Aid	21,403,420,100	0	21,403,420,100	2,405,708,500	0	0	18,952,376,700	45,334,900
State	299,487,300	20,000,000	279,487,300	1,460,000	0	50,100	266,798,000	11,179,200
State Police	969,683,600	29,521,800	940,161,800	100,351,800	5,088,800	35,000	200,908,000	633,778,200
Tech., Mgmt. & Budget: Operations	1,636,704,300	1,171,532,000	465,172,300	4,493,300	3,094,600	354,400	147,277,200	309,952,800
Tech., Mgmt. & Budget: SBA Rent	275,751,700	0	275,751,700	0	0	0	0	275,751,700
Transportation	8,524,621,400	4,555,300	8,520,066,100	2,374,354,200	86,948,500	20,500,000	6,038,263,400	0
Treasury: Operations	854,388,600	12,285,700	842,102,900	25,322,400	16,204,300	44,300	602,304,100	198,227,800
Treasury: Debt Service	97,479,000	0	97,479,000	0	0	0	0	97,479,000
Treasury: Revenue Sharing	1,722,496,400	0	1,722,496,400	0	0	0	1,722,496,400	0
TOTAL APPROPRIATIONS	**$88,084,871,000**	**$1,338,627,100**	**$86,746,243,900**	**$35,993,835,400**	**$311,404,400**	**$235,608,800**	**$36,596,514,500**	**$13,608,880,800**

Note: Appropriation figures for FY 2026-27 include all proposed appropriation amounts, including amounts designated as "one-time."

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2026-27 and FY 2027-28 Executive Recommendation Compared with FY 2025-26 Year-to-Date

Department/Budget Area	Year-to-Date FY 2025-26	Exec. Rec. FY 2026-27	Difference FY 2026-27 vs. FY 2025-26		Exec. Rec. FY 2027-28	Difference FY 2027-28 vs. FY 2026-27	
Agriculture & Rural Development	$145,548,400	$147,709,100	$2,160,700	1.5%	$146,709,100	($1,000,000)	(0.68%)
Attorney General	87,018,900	90,792,800	3,773,900	4.3%	88,137,700	(2,655,100)	(2.9%)
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	28,439,700	29,444,300	1,004,600	3.5%	29,444,300	0	0.0%
Community Colleges	493,032,100	525,371,600	32,339,500	6.6%	472,433,500	(52,938,100)	(10.1%)
Corrections	2,163,994,500	2,198,138,100	34,143,600	1.6%	2,198,138,100	0	0.0%
Education	164,746,700	162,193,200	(2,553,500)	(1.5%)	162,193,200	0	0.0%
Environment, Great Lakes, & Energy	963,590,500	961,557,400	(2,033,100)	(0.2%)	959,557,400	(2,000,000)	(0.2%)
Executive Office	9,609,200	9,890,200	281,000	2.9%	9,890,200	0	0.0%
Health and Human Services	30,010,120,200	40,978,107,900	10,967,987,700	36.5%	40,837,920,200	(140,187,700)	(0.3%)
Higher Education	2,336,912,000	2,592,127,000	255,215,000	10.9%	2,513,072,500	(79,054,500)	(3.0%)
Insurance & Financial Services	78,642,600	81,542,200	2,899,600	3.7%	81,542,200	0	0.0%
Judiciary	381,719,400	389,356,100	7,636,700	2.0%	389,356,100	0	0.0%
Labor & Economic Opportunity	1,731,079,700	1,682,109,700	(48,970,000)	(2.8%)	1,657,609,700	(24,500,000)	(1.5%)
Legislative Auditor General	24,261,300	24,913,800	652,500	2.7%	24,913,800	0	0.0%
Legislature	200,815,800	206,660,600	5,844,800	2.9%	206,660,600	0	0.0%
Licensing & Regulatory Affairs	595,814,300	597,174,600	1,360,300	0.2%	597,174,600	0	0.0%
Lifelong Ed., Adv., & Potential	662,243,200	652,672,900	(9,570,300)	(1.4%)	652,672,900	0	0.0%
Military & Veterans Affairs	290,064,500	263,836,200	(26,228,300)	(9.0%)	263,836,200	0	0.0%
Natural Resources	542,986,200	606,508,600	63,522,400	11.7%	605,072,400	(1,436,200)	(0.2%)
School Aid	21,288,831,700	21,403,420,100	114,588,400	0.5%	20,244,882,700	(1,158,537,400)	(5.4%)
State	274,983,000	279,487,300	4,504,300	1.6%	279,487,300	0	0.0%
State Police	935,156,400	940,161,800	5,005,400	0.5%	940,161,800	0	0.0%
Tech., Mgmt. & Budget: Operations	429,228,700	465,172,300	35,943,600	8.4%	422,008,300	(43,164,000)	(9.3%)
Tech., Mgmt. & Budget: SBA Rent	261,651,700	275,751,700	14,100,000	5.4%	275,751,700	0	0.0%
Transportation	7,885,129,600	8,520,066,100	634,936,500	8.1%	8,698,736,400	178,670,300	2.1%
Treasury: Operations	867,551,800	842,102,900	(25,448,900)	(2.9%)	839,602,900	(2,500,000)	(0.3%)
Treasury: Debt Service	89,881,000	97,479,000	7,598,000	8.5%	97,479,000	0	0.0%
Treasury: Revenue Sharing	1,687,241,600	1,722,496,400	35,254,800	2.1%	1,745,464,600	22,968,200	1.3%
TOTAL	**$74,630,294,700**	**$86,746,243,900**	**$12,115,949,200**	**16.2%**	**$85,439,909,400**	**($1,306,334,500)**	**(1.5%)**

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2026-27 and FY 2027-28 Executive Recommendation Compared with FY 2025-26 Year-to-Date

Department/Budget Area	Year-to-Date FY 2025-26	Exec. Rec. FY 2026-27	Difference FY 2026-27 vs. FY 2025-26		Exec. Rec. FY 2027-28	Difference FY 2027-28 vs. FY 2026-27	
Agriculture & Rural Development	$77,496,400	$72,900,400	($4,596,000)	(5.9%)	$71,900,400	($1,000,000)	(1.4%)
Attorney General	45,278,000	48,047,700	2,769,700	6.1%	45,847,700	(2,200,000)	(4.6%)
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	25,463,200	25,931,900	468,700	1.8%	25,931,900	0	0.0%
Community Colleges	0	0	0	--	0	0	--
Corrections	2,128,211,700	2,162,080,700	33,869,000	1.6%	2,162,080,700	0	0.0%
Education	62,546,100	59,070,700	(3,475,400)	(5.6%)	59,070,700	0	0.0%
Environment, Great Lakes, & Energy	170,064,100	108,838,200	(61,225,900)	(36.0%)	106,838,200	(2,000,000)	(1.8%)
Executive Office	9,609,200	9,890,200	281,000	2.9%	9,890,200	0	0.0%
Health and Human Services	7,132,247,500	6,987,145,300	(145,102,200)	(2.0%)	6,921,207,600	(65,937,700)	(0.9%)
Higher Education	1,482,943,700	1,209,508,700	(273,435,000)	(18.4%)	1,209,508,700	0	0.0%
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	276,073,800	283,240,600	7,166,800	2.6%	283,240,600	0	0.0%
Labor & Economic Opportunity	216,183,600	181,162,400	(35,021,200)	(16.2%)	158,662,400	(22,500,000)	(12.4%)
Legislative Auditor General	21,748,400	22,400,900	652,500	3.0%	22,400,900	0	0.0%
Legislature	194,837,300	200,682,100	5,844,800	3.0%	200,682,100	0	0.0%
Licensing & Regulatory Affairs	279,485,700	275,351,800	(4,133,900)	(1.5%)	275,351,800	0	0.0%
Lifelong Ed., Adv., & Potential	201,593,300	231,451,700	29,858,400	14.8%	231,451,700	0	0.0%
Military & Veterans Affairs	128,171,000	96,350,900	(31,820,100)	(24.8%)	96,350,900	0	0.0%
Natural Resources	73,009,400	63,123,000	(9,886,400)	(13.5%)	61,686,800	(1,436,200)	(2.3%)
School Aid	73,151,100	45,334,900	(27,816,200)	(38.0%)	45,334,900	0	0.0%
State	11,969,100	11,179,200	(789,900)	(6.6%)	11,179,200	0	0.0%
State Police	638,435,100	633,778,200	(4,656,900)	(0.7%)	633,778,200	0	0.0%
Tech., Mgmt. & Budget: Operations	276,667,200	309,952,800	33,285,600	12.0%	266,788,800	(43,164,000)	(13.9%)
Tech., Mgmt. & Budget: SBA Rent	261,651,700	275,751,700	14,100,000	5.4%	275,751,700	0	0.0%
Transportation	0	0	0	--	0	0	--
Treasury: Operations	237,919,400	198,227,800	(39,691,600)	(16.7%)	198,227,800	0	0.0%
Treasury: Debt Service	89,881,000	97,479,000	7,598,000	8.5%	97,479,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	$77,496,400	$72,900,400	($4,596,000)	(5.9%)	$71,900,400	($1,000,000)	(1.4%)

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

Department/Budget Area	Exec. Rec. FY 2026-27
Agriculture & Rural Development	$1,000,000
Attorney General	2,200,000
Environment, Great Lakes, & Energy	2,000,000
Health and Human Services	65,937,700
Labor & Economic Opportunity	22,500,000
Natural Resources	1,436,200
Tech., Mgmt. & Budget: Operations	43,164,000
TOTAL: ONE-TIME APPROPRIATIONS	**$138,237,900**

TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2026-27 Executive Recommendation Compared with FY 2025-26 Year-to-Date

Department/Budget Area	Year-to-Date FY 2025-26	Executive Recommendation FY 2026-27	Difference FY 2026-27 vs. FY 2025-26	
Agriculture & Rural Development	552.0	558.0	6.0	1.1%
Attorney General	685.0	685.0	0.0	0.0%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	174.0	174.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	12,774.0	12,774.0	0.0	0.0%
Education	568.5	571.5	3.0	0.5%
Environment, Great Lakes, & Energy	1,637.0	1,637.0	0.0	0.0%
Executive Office	96.2	96.2	0.0	0.0%
Health and Human Services	15,114.5	16,042.5	928.0	6.1%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	396.5	399.5	3.0	0.8%
Judiciary	643.5	683.5	40.0	6.2%
Labor & Economic Opportunity	2,633.5	2,641.5	8.0	0.3%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,813.0	1,821.0	8.0	0.4%
Lifelong Ed., Adv., & Potential	348.0	348.0	0.0	0.0%
Military & Veterans Affairs	976.0	976.0	0.0	0.0%
Natural Resources	2,515.2	2,519.9	4.7	0.2%
School Aid	0.0	0.0	0.0	--
State	1,607.0	1,607.0	0.0	0.0%
State Police	3,576.0	3,575.0	(1.0)	(0.0%)
Tech., Mgmt. & Budget: Operations	3,238.5	3,269.5	31.0	1.0%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	3,208.3	3,219.3	11.0	0.3%
Treasury: Operations	1,965.5	1,980.5	15.0	0.8%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	**54,522.2**	**55,578.9**	**1,056.7**	**1.9%**

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

TABLE 6
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS

Department/Budget Area	FY 2026-27 Executive Recommendation Spending from State Sources	State Spending to Local Government Units	% of State Spending from State Sources as Payment to Locals
Agriculture & Rural Development	$127,464,100	$10,400,000	8.2%
Attorney General	79,120,900	0	0.0%
Capital Outlay	0	0	--
Civil Rights	25,990,400	0	0.0%
Community Colleges	525,371,600	525,371,600	100.0%
Corrections	2,192,640,500	122,497,200	5.6%
Education	69,363,700	18,547,700	26.7%
Environment, Great Lakes, & Energy	494,921,500	20,433,300	4.1%
Executive Office	9,890,200	0	0.0%
Health and Human Services	12,014,958,100	2,408,987,000	20.0%
Higher Education	2,588,927,000	0	0.0%
Insurance & Financial Services	81,292,200	0	0.0%
Judiciary	380,120,200	169,486,400	44.6%
Labor & Economic Opportunity	476,941,900	39,799,500	8.3%
Legislative Auditor General	24,913,800	0	0.0%
Legislature	206,185,900	0	0.0%
Licensing & Regulatory Affairs	566,513,600	258,016,800	45.5%
Lifelong Ed., Adv., & Potential	233,349,000	0	0.0%
Military & Veterans Affairs	109,324,000	4,088,000	3.7%
Natural Resources	495,979,300	17,962,100	3.6%
School Aid	18,997,711,600	17,501,029,700	92.1%
State	277,977,200	11,416,400	4.1%
State Police	834,686,200	40,441,500	4.8%
Tech., Mgmt. & Budget: Operations	457,230,000	44,164,000	9.7%
Tech., Mgmt. & Budget: SBA Rent	275,751,700	0	0.0%
Transportation	6,038,263,400	3,907,129,900	64.7%
Treasury: Operations	800,531,900	400,678,700	50.1%
Treasury: Debt Service	97,479,000	0	0.0%
Treasury: Revenue Sharing	1,722,496,400	1,722,496,400	100.0%
TOTALS APPROPRIATED	**$50,205,395,300**	**$27,222,946,200**	**54.2%**

FY 2026-27

Budget Detail

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
AGRICULTURE AND RURAL DEVELOPMENT

Analyst: William E. Hamilton

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$336,600	$338,600	*$2,000*	*0.6*
Federal	20,079,600	20,245,000	*165,400*	*0.8*
Local	0	0	*0*	-
Private	0	0	*0*	-
Restricted	47,972,400	54,563,700	*6,591,300*	*13.7*
GF/GP	77,496,400	72,900,400	*(4,596,000)*	*(5.9)*
Gross	**$145,885,000**	**$148,047,700**	***$2,162,700***	***1.5***
FTEs	552.0	558.0	*6.0*	*1.1*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Information Technology	**Gross**	**$2,386,400**	**$422,800**
Provides $422,800 of increased state restricted support to reflect increased IT operational costs.	Restricted	249,000	422,800
	GF/GP	$2,137,400	$0
2. Food Safety/Quality Assurance	FTE	103.0	5.0
Provides $1.0 million Gross increase from state restricted Dairy and Food Safety Fund, and authorization for 5.0 FTE positions, to strengthen consumer protection program, specifically, related to dangerous food additives and supplements. Also, replaces $2.5 million GF/GP with a corresponding amount of state restricted Dairy and Food Safety Fund.	**Gross**	**$18,407,500**	**$1,000,000**
	Federal	2,449,400	0
	Restricted	6,743,600	3,526,000
	GF/GP	$9,214,500	($2,526,000)
3. Farm Start	FTE	0.0	2.0
Includes $2.0 million in state restricted Dairy and Food Safety Fund support, and authorization for 2.0 FTE positions, for a new program to serve beginning farmers and farm-related support professions and trades in Michigan – including coordination of existing federal, state, and local resources.	**Gross**	**$0**	**$2,000,000**
	Restricted	0	2,000,000
	GF/GP	$0	$0
4. Rural Development Fund Grant Program	FTE	0.0	(1.0)
Eliminates $2.0 million grant program and related FTE position from the MDARD budget. The Office of Rural Development had been transferred to the Department of Labor and Economic Opportunity (LEO) by Executive Order 2023-6. The Rural Development Fund Board, including authority over the state restricted Rural Development Fund, was transferred to LEO under Executive Order 2025-9, effective December 18, 2025.	**Gross**	**$2,009,500**	**($2,009,500)**
	Restricted	2,009,500	(2,009,500)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. Horse Racing Programs	**Gross**	**$4,514,200**	**$2,000,000**
Provides $2.0 million increase in state restricted Agriculture Equine Industry Development Fund support for purses, purse supplements, and breeders awards for standardbred horse racing.	Restricted	4,514,200	2,000,000
	GF/GP	$0	$0
6. Removal/Retention of FY 2025-26 One-Time Appropriations	**Gross**	**$4,000,000**	**($3,000,000)**
Removes $3.0 million GF/GP associated with FY 2025-26 one-time appropriations, including: • County fairs, shows, and expositions, ($250,000 GF/GP) • Emerging contaminants in food and agriculture, ($250,000 GF/GP) • Food and agriculture supply chain, ($500,000 GF/GP) • Food safety and quality assurance, ($500,000 GF/GP) • Michigan animal agriculture alliance ($1.5 million GF/GP) Retains $1.0 million GF/GP for Fair Food Network – Double Up Food Bucks.	GF/GP	$4,000,000	($3,000,000)
7. Economic Adjustments	**Gross**	**NA**	**$1,454,800**
Reflects increased costs of $1.5 million Gross ($930,000 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	2,000
	Federal	NA	80,500
	Restricted	NA	442,300
	GF/GP	NA	$930,000

Major Boilerplate Changes from FY 2025-26

***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 previously 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. 217. State Fiscal Recovery Funds Expended* – NEW**

Adds language that directs the state budget director to ensure state fiscal recovery funds are expended by December 31, 2026, and any state fiscal recovery funds that would lapse after September 30, 2026 are automatically reappropriated for the same purpose as originally authorized.

***Sec. 218. State Fiscal Recovery Funds Reallocation Authorization* – NEW**

Adds 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 must notify the Legislature within 10 days after making the reallocation.

***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 work project balances to be exhausted before expenditures from part 1 appropriations for the same purpose. *(The Governor had previously indicated that this section was unenforceable.)*

***Sec. 223. State Administrative Board Transfers* – DELETED**
Deletes section that authorizes the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. *(The Governor had previously indicated this section was unenforceable.)*

***Sec. 224. Report on Policy Changes for Public Act Implementation* – DELETED**
Deletes section that requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year.

Major Boilerplate Changes from FY 2025-26

***Sec. 228. E-Verify Requirement* – DELETED**
Deletes section that directs the department to require that all contractors and subcontractors agree to use the E-Verify system to verify that all people hired during the contract term are legally present and authorized to work in the United States. *(The Governor had previously indicated this section was unenforceable.)*

***Sec. 234. Annual Legacy Costs* – DELETED**
Deletes section that Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026.

***Sec. 235. Report on Annual Strategic Plan* – DELETED**
Deletes section that requires the department to provide to standard report recipients a copy of its annual strategic plan.

Sec. 236. *State Obligations* – DELETED
Deletes section that requires the department to report on court settlements that may require legislative revue of statutory programs or regulations.

***Sec. 237. Private and Third-Party Funds* – DELETED**
Deletes section that requires the department to report on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and source of funding, the purpose, and the amount of any remaining funds.

***Sec. 238. Accessibility of Required Reports* – DELETED**
Deletes section that prescribes standards for report accessibility.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	0	0	*0*	--
Local	0	0	*0*	--
Private	0	0	*0*	--
Restricted	493,032,100	525,371,600	*32,339,500*	*6.6*
GF/GP	0	0	*0*	--
Gross	**$493,032,100**	**$525,371,600**	***$32,339,500***	***6.6***

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 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Community College Operations Increase	**Gross**	**$373,543,100**	**$23,900**
Includes a net increase of $23,900 School Aid Fund (SAF) for community college operations, a 0.0% increase when compared to FY 2025-26 operations appropriations. This includes: • $11.0 million SAF continuation of FY 2025-26 one-time operations grants for community colleges. The one-time operations funding would be the same as FY 2025-26 one-time operations payments for a net $0 change compared to the current year. • $23,900 SAF increase based on FY 2024-25 North American Indian Tuition Waiver (ITW) program costs reported by institutions. Attainment of the one-time operations funding would be conditioned on restraining in-district tuition and fee increases to the greater of 4.0% or $199 (set at 4.5% or $227 in the current year). Projected funding changes for individual community colleges would range from a decrease of 0.4% to an increase of 0.3%. Total funding for operations would be $374.6 million SAF.	Restricted	374,543,100	23,900
	GF/GP	$0	$0
2. Infrastructure. Technology, Equipment, Maintenance, and Safety (ITEMS) Grants	**Gross**	**$0**	**$33,265,600**
Includes $33.3 million SAF of one-time funding for Infrastructure, Technology, Equipment, Maintenance, and Safety which would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment, technological and physical infrastructure, student housing, and school safety measures. Grant funding would be distributed based on each community college receiving a minimum of $1.0 million, with the remaining amount distributed proportionally using FY 2024-25 Fiscal Year Equated Students (FYES).	Restricted	0	33,265,600
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. Michigan Maritime Manufacturing Initiative	**Gross**	**$0**	**$5,000,000**
Includes $5.0 million SAF of one-time funding to Macomb Community College for the continuation of the Michigan Maritime Manufacturing Initiative, a partnership between the state and federal government to teach critical skills for maritime construction, welding, and machining.	Restricted	0	5,000,000
	GF/GP	$0	$0
4. Michigan Public School Employee Retirement System (MPSERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	**Gross**	**$89,500,000**	**($4,700,000)**
Decreases funding by $4.7 million SAF for the state's share of community colleges' MPSERS UAAL, a 5.3% decrease. 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). Total funding for the state share of MPSERS would be $84.8 million SAF.	Restricted	89,500,000	(4,700,000)
	GF/GP	$0	$0
5. MPSERS Normal Cost Offset	**Gross**	**$19,600,000**	**($1,250,000)**
Decreases funding by $1.3 million SAF for the community colleges' MPSERS normal cost offset, a 6.4% decrease, due to a lower contribution needed to cover retirement benefits. Total funding for the MPSERS normal cost offset would be $18.4 million SAF.	Restricted	19,600,000	(1,250,000)
	GF/GP	$0	$0

Major Boilerplate Changes from FY 2025-26

***Sec. 201f. One-Time Performance Funding Payment Detail* – REVISED**
Details the one-time performance funding payment allocations for each community college for FY 2025-26. Revises language to apply one-time payments to FY 2026-2027 and states that one-time payments are for the same purposes as operations appropriations made in Sec. 201(2).

***Sec. 201i. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide the responsible entity and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the responsible entity to post information about grant recipients on its website; defines responsible entity. Revises to require the fiscal agencies to work with the state budget office on the list of legislatively directed spending items, deletes various grant and administration requirements.

***Sec. 216c. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Appropriation Detail* – NEW**
Adds language that details infrastructure, technology, equipment, maintenance, safety and housing categories that ITEMS funding could be used for by community colleges. Specifies that all community colleges would receive an appropriation of at least $1.0 million, with the remaining amount distributed proportionally using FY 2024-25 fiscal year equated students (FYES).

***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 in order to receive ongoing 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 last business day of November or have monthly operations payments withheld. Revises submission dates of various reporting requirements from the last business day of November to the first business day of November.

Major Boilerplate Changes from FY 2025-26

***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 first business day of November; details tuition restraint requirements in order to receive performance funding for FY 2025-26; and requires community colleges to limit in-district tuition and fee increases to 4.5% or $227, whichever is greater. Sets FY 2026-27 tuition and fee restraint to the greater of 4.0% or $199. Revises language that limits FY 2026-27 in-district tuition and fee increases to 4.0% or $199, whichever is greater, and limits FY 2027-2028 in-district tuition and fee increases to the greater of 5.0% or $255.

***Sec. 217c. Charter School Authorizing Body Report* – DELETED**
Deletes language that requires each community college or tribal college that serves as an authorizing body for public school academies to post a report on various details on public school academies authorized by the institution.

***Sec. 217f. Institutional Salaries Spending Restriction* – DELETED**
Deletes language that restricts community colleges from spending more than 10% of operations appropriations on administration and includes which costs are not considered administrative spending, with the sum of money spent over the cap reduced from operations allocations.

***Sec. 223. North American Indian Tuition Waiver Reporting Requirements* – REVISED**
Requires community colleges and tribal colleges receiving North American Indian tuition waiver funding to report to MiLEAP on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of North American Indian students who receive a waiver, the number of students with waivers who withdrew from school, and the number of students with waivers who transferred to a 4-year institution or completed a degree or certificate program. Deletes language requiring reporting on students who withdraw and additional reports on graduation completions within 150% of the normal time to complete.

***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.

FY 2026-27 Community Colleges Operations Appropriations
Executive Recommendation

% of Formula:					30%	10%	10%	10%	30%	5%	5%	100%						
	Total FY 2025-26 Appropriation	FY 25 Indian Tuition Waiver Payment	FY 2025-26 One-Time Distribution	FY 2025-26 Base Appropriation	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Admin.	Local Strategic Value	Total Formula Distribution	FY 2026-27 One-Time Distribution	FY 2025 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total FY 27 Indian Tuition Waiver Payment	FY 2026-27 Appropriation	% Change
Alpena	$6,687,900	$13,500	$271,100	$6,403,300	$0	$0	$0	$0	$0	$0	$0	$0	$271,100	$28,100	$14,600	$28,100	$6,702,500	0.2%
Bay de Noc	6,568,200	92,000	178,200	6,298,000	0	0	0	0	0	0	0	0	178,200	112,300	20,300	112,300	6,588,500	0.3%
Delta	17,427,500	51,800	493,300	16,882,400	0	0	0	0	0	0	0	0	493,300	46,000	(5,800)	46,000	17,421,700	0.0%
Glen Oaks	3,078,200	2,900	91,200	2,984,100	0	0	0	0	0	0	0	0	91,200	400	(2,500)	400	3,075,700	(0.1%)
Gogebic	5,578,600	40,100	139,500	5,399,000	0	0	0	0	0	0	0	0	139,500	18,900	(21,200)	18,900	5,557,400	(0.4%)
Grand Rapids	22,022,800	153,100	685,500	21,184,200	0	0	0	0	0	0	0	0	685,500	203,000	49,900	203,000	22,072,700	0.2%
Henry Ford	26,056,100	4,500	750,900	25,300,700	0	0	0	0	0	0	0	0	750,900	7,400	2,900	7,400	26,059,000	0.0%
Jackson	14,424,500	27,100	364,800	14,032,600	0	0	0	0	0	0	0	0	364,800	22,200	(4,900)	22,200	14,419,600	0.0%
Kalamazoo Valley	15,185,000	46,900	433,700	14,704,400	0	0	0	0	0	0	0	0	433,700	40,200	(6,700)	40,200	15,178,300	0.0%
Kellogg	11,777,800	26,700	324,400	11,426,700	0	0	0	0	0	0	0	0	324,400	43,300	16,600	43,300	11,794,400	0.1%
Kirtland	4,027,900	46,300	146,500	3,835,100	0	0	0	0	0	0	0	0	146,500	46,300	0	46,300	4,027,900	0.0%
Lake Michigan	6,619,800	19,400	192,200	6,408,200	0	0	0	0	0	0	0	0	192,200	9,100	(10,300)	9,100	6,609,500	(0.2%)
Lansing	37,141,200	82,100	924,700	36,134,400	0	0	0	0	0	0	0	0	924,700	71,800	(10,300)	71,800	37,130,900	0.0%
Macomb	39,342,100	90,900	1,090,600	38,160,600	0	0	0	0	0	0	0	0	1,090,600	27,000	(63,900)	27,000	39,278,200	(0.2%)
Mid Michigan	6,113,400	82,500	193,900	5,837,000	0	0	0	0	0	0	0	0	193,900	84,400	1,900	84,400	6,115,300	0.0%
Monroe County	5,575,500	400	206,600	5,368,500	0	0	0	0	0	0	0	0	206,600	2,700	2,300	2,700	5,577,800	0.0%
Montcalm	4,157,300	1,700	122,300	4,033,300	0	0	0	0	0	0	0	0	122,300	9,500	7,800	9,500	4,165,100	0.2%
Mott	18,519,800	10,300	491,700	18,017,800	0	0	0	0	0	0	0	0	491,700	14,300	4,000	14,300	18,523,800	0.0%
Muskegon	10,702,000	43,500	298,600	10,359,900	0	0	0	0	0	0	0	0	298,600	52,200	8,700	52,200	10,710,700	0.1%
North Central	4,254,400	162,400	144,300	3,947,700	0	0	0	0	0	0	0	0	144,300	162,900	500	162,900	4,254,900	0.0%
Northwestern	11,163,900	254,700	289,400	10,619,800	0	0	0	0	0	0	0	0	289,400	266,000	11,300	266,000	11,175,200	0.1%
Oakland	25,984,900	38,400	816,500	25,130,000	0	0	0	0	0	0	0	0	816,500	36,900	(1,500)	36,900	25,983,400	0.0%
Schoolcraft	15,500,500	25,300	503,200	14,972,000	0	0	0	0	0	0	0	0	503,200	17,100	(8,200)	17,100	15,492,300	(0.1%)
Southwestern	8,016,100	19,100	210,400	7,786,600	0	0	0	0	0	0	0	0	210,400	16,500	(2,600)	16,500	8,013,500	0.0%
St. Clair County	8,613,500	13,300	258,200	8,342,000	0	0	0	0	0	0	0	0	258,200	9,300	(4,000)	9,300	8,609,500	0.0%
Washtenaw	16,941,200	19,000	664,900	16,257,300	0	0	0	0	0	0	0	0	664,900	32,400	13,400	32,400	16,954,600	0.1%
Wayne County	20,063,700	2,500	600,900	19,460,300	0	0	0	0	0	0	0	0	600,900	3,700	1,200	3,700	20,064,900	0.0%
West Shore	2,999,300	17,600	85,000	2,896,700	0	0	0	0	0	0	0	0	85,000	28,000	10,400	28,000	3,009,700	0.3%
	$374,543,100	**$1,388,000**	**$10,972,500**	**$362,182,600**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$10,972,500**	**$1,411,900**	**$23,900**	**$1,411,900**	**$374,567,000**	**0.0%**

Requirement to receive performance funding for FY 2026-27:
1. Restrain FY 2026-27 in-district tuition/fee rate increase to 4.0% or $199 (whichever is greater))

Data Notes	
Component	Years
Performance improvement	FYs 2022-2024
Performance completion number	FYs 2022-2024
Performance completion rate	FYs 2022-2024
Contact hours	FY 2025
Administrative	FYs 2024-2025

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
CORRECTIONS

Analyst: Robin R. Risko

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	*--*
Federal	5,203,700	5,222,600	*18,900*	*0.4*
Local	275,000	275,000	*0*	*0.0*
Private	0	0	*0*	*--*
Restricted	30,304,100	30,559,800	*255,700*	*0.8*
GF/GP	2,128,211,700	2,162,080,700	*33,869,000*	*1.6*
Gross	**$2,163,994,500**	**$2,198,138,100**	***$34,143,600***	***1.6***
FTEs	12,774.0	12,774.0	*0.0*	*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, 2026, the department was responsible for 73,027 offenders: 32,348 prisoners; 31,694 probationers; and 8,985 parolees. Compared to last year on February 1, there has been a net decrease in the total number of offenders. The total decreased by 370, or 0.5%. The number of prisoners decreased by 226, or 0.7%. The number of probationers increased by 57, or 0.2%. The number of parolees decreased by 201, or 2.2%.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Prisoner Health Care Costs	**Gross**	**NA**	**$4,200,000**
Includes $4.2 million GF/GP to support costs of a 3% inflationary increase for health care and pharmaceutical rates under the integrated prisoner healthcare contract with VitalCore.	GF/GP	NA	$4,200,000
2. Community Corrections Plans and Services	**Gross**	**$14,198,100**	**$1,000,000**
Includes $1.0 million GF/GP to support an increase in the number of counties participating in providing community-based corrections programming and services. Funding would also allow counties currently participating to enhance or expand programs and services they offer.	GF/GP	$14,198,100	$1,000,000
3. 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, department operations, and department activities and to align funding authorization with revenue received.	**Gross**	**NA**	**$0**
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$6,750,000**	**($6,750,000)**
Removes $6.8 million of one-time GF/GP funding that was included in the FY 2025-26 budget to support the following: • Correctional facility count and callout process automation ($1.5 million GF/GP) • Higher education in prison ($850,000 GF/GP) • Peer recovery coaches ($650,000 GF/GP) • Partial offset of GF/GP funding reductions at various correctional facilities ($3.8 million GF/GP).	GF/GP	$6,750,000	($6,750,000)
5. Economic Adjustments	**Gross**	**NA**	**$35,693,600**
Reflects increased costs of $35.7 million Gross ($35.4 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), overtime costs, longevity, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, food, fuel and utilities, and other economic adjustments.	Federal	NA	18,900
	Restricted	NA	255,700
	GF/GP	NA	$35,419,000

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

***Sec. 206. Disciplinary Action Against State Employees and Prisoners* – DELETED**
Prohibits MDOC from taking disciplinary action against department employees or prisoners for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and MDOC is exercising its authority. *(Governor deemed this section unenforceable.)*

***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 retains federal authorization, deletes local contingency authorization due to conveyance of the Detroit Detention Center, and adds up to $2.5 million in state restricted contingency authorization.

***Sec. 212. State Restricted Fund Balances, Revenues, and Expenditures* – DELETED**
Requires MDOC to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

***Sec. 215. Legislatively Directed Spending Items* – NEW**
Requires HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; requires the department that is administering the grants to post a report on March 15 and to update the report on June 15 and September 15.

***Sec. 216. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***Sec. 217. Retention of Reports* – DELETED**
Requires MDOC to follow federal and state law and 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. 217. State Fiscal Recovery Funds* – NEW**
Requires SBO director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

***Sec. 218. Report on Policy Changes Made to Implement Public Acts* – DELETED**
Requires MDOC to report on each specific policy change made by MDOC to implement a public act affecting MDOC, including reference to the public act that necessitates the policy change.

Major Boilerplate Changes from FY 2025-26

***Sec. 218. Reallocation of State Fiscal Recovery Funds* – NEW**
Authorizes SBO director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires SBO director to notify HAC/SAC not later than 10 days after reallocating funds.

***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. *(Governor deemed this section unenforceable.)*

***Sec. 221. E-Verify Requirement* – DELETED**
Requires MDOC to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes MDOC to verify the information directly or to receive certification from the contractor; requires MDOC to submit a report describing the processes it develops and implements; defines E-Verify. *(Governor deemed this section unenforceable.)*

***Sec. 223. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $165.6 million ($149.3 million on pension-related legacy costs; $16.2 million on health care-related legacy costs).

***Sec. 224. Annual Strategic Plan* – DELETED**
Requires MDOC to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

***Sec. 226. State Obligations* – DELETED**
Requires MDOC to report on any court settlement that may require further legislative review of state statutory programs or regulations.

***Sec. 227. Private and Third-Party Funds* – DELETED**
Requires MDOC to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

***Sec. 228. Legislatively Directed Spending Items* – DELETED**
Requires the legislature to provide MDOC and the SBO director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires MDOC to post information about grant recipients on its website.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

***Sec. 307. Prisoner Phone System and Contract* – REVISED**
Requires MDOC to ensure that a prisoner telephone system is maintained; requires that the system meet ongoing operational needs while maintaining the lowest per-minute rate possible; requires MDOC to notify the legislature at least 45 days in advance of changes to call rates, extensions of the contract, and rebidding the contract. Executive deletes the requirement that MDOC notify the legislature of extending the contract and deletes the requirement that MDOC notify the legislature of rebidding the contract.

***Sec. 322. Compilation of Data for Swift and Sure Sanctions Program* – DELETED**
Requires MDOC to provide the State Court Administrative Office with data sufficient to administer the Swift and Sure Sanctions program.

***Sec. 323. Support for Prisoner Health Care Costs* – DELETED**
Requires $30.0 million in GF/GP funds lapsed by MDOC in FY 2024-25 to be used to support prisoner health care costs.

OFFENDER SUCCESS ADMINISTRATION

***Sec. 410. Mental Health Services for Prisoners Upon Release* – DELETED**
Requires MDOC to ensure prisoners diagnosed with mental illness are referred to local mental health care providers for treatment upon release from prison; requires MDOC to ensure local providers are able and willing to treat prisoners and to inform providers of prisoners' treatment plans, including medications.

Major Boilerplate Changes from FY 2025-26

***Sec. 412. Faith-Based Reentry Programs* – DELETED**
Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives.

FIELD OPERATIONS ADMINISTRATION

***Sec. 501. 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 report on number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders that participated in reentry programs, and number of offenders that participated in substance use disorder treatment programs, mental health programs, or both.

HEALTH CARE

***Sec. 601. Health Care and Pharmaceutical Expenditures* – REVISED**
Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment; requires report on pharmaceutical prescribing practices, including a detailed accounting of expenditures on antipsychotic medications and any changes made to prescription drug formularies; requires report to include status of MDOC's efforts to develop measurable data and outcomes for physical and mental health care within the prisoner population. Executive deletes the requirement that MDOC report on any changes that have been made to the prescription drug formularies and deletes the requirement that the report include the status of MDOC's efforts to develop measurable data and outcomes.

***Sec. 602. Standard Medical Release Form* – REVISED**
Requires MDOC to provides prisoners with a brochure that explains the purpose and importance of signing a medical release of information form; requires MDOC to give all prisoners the opportunity to sign a medical release of information form designating a family member or other individual to whom MDOC is authorized to release information; requires MDOC to assure medical release of information forms follow prisoners if and when they are transferred to other facilities or released from prison; requires MDOC to place the medical release of information form online. Executive deletes the requirement that MDOC assure medical release of information forms follow prisoners if and when they are transferred to other facilities or released and deletes the requirement that medical release of information forms be placed online.

***Sec. 603. Health Care Utilization Reports* – REVISED**
Requires MDOC to report on prisoner health care utilization, including number of inpatient hospital days, outpatient visits, emergency room visits, prisoners receiving off-site in-patient medical care, and top 10 most common chronic care conditions. Executive deletes reporting on outpatient visits, off-site inpatient medical care, and top 10 most common chronic conditions.

***Sec. 605. Medicaid Utilization by Prisoners* – DELETED**
Requires MDOC to report on utilization of Medicaid benefits for prisoners.

CORRECTIONAL FACILITIES AND ADMINISTRATION

***Sec. 703. Public Works Program* – DELETED**
Requires local governments and non-profit private organizations contracting with MDOC for public works services to be responsible for financing the entire cost of services.

***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. 720. Legislator Access To Facilities* – DELETED**
Exempts members of the legislature, who are in good standing, from MDOC's policy that requires a 72-hour notice before visiting a correctional facility.

***Sec. 721. Strip Search Protocol* – DELETED**
Expresses legislative intent that MDOC reform its strip search protocol so it results in fewer and less intrusive strip searches; requires a report on efforts undertaken if efforts are undertaken.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
EDUCATION (DEPARTMENT)

Analyst: Una Jakupovic

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	*--*
Federal	83,575,100	84,339,300	*764,200*	*0.9*
Local	5,884,200	5,937,300	*53,100*	*0.9*
Private	2,547,500	2,552,900	*5,400*	*0.2*
Restricted	10,193,800	10,293,000	*99,200*	*1.0*
GF/GP	62,546,100	59,070,700	*(3,475,400)*	*(5.6)*
Gross	**$164,746,700**	**$162,193,200**	***($2,553,500)***	***(1.5)***
FTEs	568.5	571.5	*3.0*	*0.5*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Michigan Schools for the Deaf and Blind Fund Transfer	**Gross**	**$16,562,900**	**($2,841,400)**
Transfers $2.8 million GF/GP for Michigan Schools for Deaf and Blind Operations to the School Aid budget. Transfer includes economic adjustments.	Federal	7,672,200	0
	Local	5,884,200	0
	Restricted	206,100	0
	GF/GP	$2,800,400	($2,841,400)
2. Michigan School Meals Program	FTE	NA	3.0
Includes $380,000 GF/GP and authorization for 3.0 FTEs to support the state school meals program within the Office of Nutrition Services.	**Gross**	**NA**	**$380,000**
	GF/GP	NA	$380,000
3. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$1,500,000**	**($1,500,000)**
Removes $1.5 million of one-time Gross ($1.5 million GF/GP) funding that was included in the FY 2025-26 budget to support the following: • Foster Care Oversight ($150,000 GF/GP) • Media Literacy ($300,000 GF/GP) • Mental Health Training ($150,000 GF/GP) • Michigan eLibrary ($900,000 GF/GP).	GF/GP	$1,500,000	($1,500,000)
4. 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 align funding to the current organizational structure and department activities. Includes net-to-zero transfers of 7.0 FTEs and $1.6 million Gross.	**Gross**	**NA**	**$0**
	Federal	NA	0
	Local	NA	0
	Private	NA	0
	Restricted	NA	0
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. Economic Adjustments	**Gross**	**NA**	**$1,407,900**
Reflects increased costs of $1.4 million Gross ($486,000 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	764,200
	Local	NA	53,100
	Private	NA	5,400
	Restricted	NA	99,200
	GF/GP	NA	$486,000

Major Boilerplate Changes from FY 2025-26

GENERAL

***Sec. 204. Internet Reporting Requirements* – REVISED**
Requires MDE to use the internet to fulfill reporting requirements; requires e-mail transmission and internet posting of reports. Executive revises to add website reporting requirements from deleted Sec. 225.

***Sec. 206. Communication with the Legislature* – DELETED**
Prohibits MDE from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

***Sec. 212. Restricted Funds Report* – DELETED**
Requires MDE to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

***Sec. 217. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***Sec. 217. State Fiscal Recovery Fund (SFRF) Expenditure* – NEW**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

***Sec. 218. Retention of Reports* – DELETED**
Requires MDE to follow federal and state law and guidelines for short- and long-term retention of records; authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

***Sec. 218. State Fiscal Recovery Fund Reallocation* – NEW**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify HAC/SAC not later than 10 days after reallocating funds.

***Sec. 219. Report on Policy Changes for Public Act Implementation* – DELETED**
Requires the department to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

***Sec. 220. Annual Strategic Plan* – DELETED**
Requires MDE to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

***Sec. 221. State Obligations* – DELETED**
Requires MDE to report on any court settlement that may require further legislative review of state statutory programs or regulations.

***Sec. 222. Work Project Usage* – 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. *(Governor deemed this section unenforceable.)*

Major Boilerplate Changes from FY 2025-26

***Sec. 224. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $7.7 million ($7.0 million on pension related legacy costs and $759,100 on health care legacy costs).

***Sec. 225. Website Reporting* – DELETED**
Requires MDE to make required reports readily accessible to the public and conspicuously posted in a single archivable location on the department's website; requires MDE to maintain reports from previous fiscal years in the same archivable location.

***Sec. 228. E-Verify Requirement* – DELETED**
Requires MDE to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes the department to verify the information directly or receive certification from the contractor; requires MDE to submit a report describing the processes it develops and implements; defines E-Verify. *(Governor deemed this section unenforceable.)*

***Sec. 229. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide MDE and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires DIFS to post information about grant recipients on its website. Executive revises to require HFA/SFA to provide SBO a of jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; require LARA to post a report on March 15 and to update the report on June 15 and September 15.

***Sec. 230. Private and Third-Party Grants* – DELETED**
Requires MDE to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

EDUCATIONAL SUPPORTS

***Sec. 701. MTSS, At-Risk, Reading Intervention Report* – DELETED**
Requires MDE to produce a report detailing the progress made by districts with grades K-12 receiving at-risk funding under section 31a of the State School Aid Act in implementing Multi-Tiered Systems of Supports (MTSS), in implementing MTSS for grades K-12 in the prior school fiscal year, and in providing reading intervention services described in section 1280f of the Revised School Code; provides report requirements.

ONE-TIME APPROPRIATIONS

***Sec. 1000. Foster Care Oversight* – DELETED**
Requires MDE to use funds and FTE position authorization to regularly review educational programs in child caring institutions, as required by 2024 PA 11.

***Sec. 1001. Media Literacy Training* – DELETED**
Requires MDE to use funds to design, implement, and evaluate professional learning and optional curriculum modules for teaching artificial intelligence and media literacy.

***Sec. 1002. Mental Health Training* – DELETED**
Requires MDE to provide technical assistance to all eligible districts to ensure effectiveness at using Medicaid dollars for mental health.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$4,129,100	$4,237,600	*$108,500*	*2.6*
Federal	464,268,500	464,743,400	*474,900*	*0.1*
Local	0	0	*0*	--
Private	1,404,200	1,892,500	*488,300*	*34.8*
Restricted	327,853,700	386,083,300	*58,229,600*	*17.8*
GF/GP	170,064,100	108,838,200	*(61,225,900)*	*(36.0)*
Gross	**$967,719,600**	**$965,795,000**	***($1,924,600)***	***(0.2)***
FTEs	1,637.0	1,637.0	*0.0*	*0.0*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Local Infrastructure Preparedness and Protection Program (One-Time)	**Gross**	**$0**	**$2,000,000**
	GF/GP	$0	$2,000,000
Appropriates $2.0 million in one-time GF/GP funding for grants to local governments to conduct climate vulnerability assessments.			
2. Fee Increase – Landfill Tipping Fee	FTE	146.0	0.0
	Gross	**$70,737,200**	**$11,000,000**
Proposes to eliminate a $69.0 million income tax earmark and replace it with an increase in the landfill tipping fee from $0.36 per ton to $5.00 per ton, which is projected to generate $80.0 million annually for a net increase of $11.0 million in state restricted funding for the Renew Michigan Program.	Restricted	70,737,200	11,000,000
	GF/GP	$0	$0
3. Fee Increase – Water Resources Division	FTE	403.0	0.0
	Gross	**$83,292,600**	**$7,312,300**
Appropriates $7.3 million in state restricted funding 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.	IDG	2,056,400	0
	Federal	35,144,300	0
	Restricted	15,353,400	7,312,300
	GF/GP	$30,738,500	$0
4. Fee Increase – Hazardous Waste	FTE	120.0	0.0
	Gross	**$25,184,200**	**$5,000,000**
Includes $5.0 million from the Environmental Pollution Prevention Fund from a proposed doubling of hazardous waste fees. New revenue would be expended for hazardous waste oversight and regulation.	IDG	1,590,500	0
	Federal	3,487,600	0
	Private	510,700	0
	Restricted	18,763,400	5,000,000
	GF/GP	$832,000	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. Fee Increase – Oil and Gas Wells	FTE	73.0	0.0
Provides $465,500 from the Oil and Gas Regulatory Fund 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**	**$21,531,100**	**$465,500**
	IDG	223,100	0
	Federal	5,308,500	0
	Private	40,000	0
	Restricted	7,996,800	465,500
	GF/GP	$7,962,700	$0
6. Technical Adjustments	FTE	NA	0.0
Includes $28.7 million Gross ($0 GF/GP) for technical adjustments to align expenditures and increased available state restricted revenues ($28.1 million) and private revenues ($488,400).	**Gross**	**NA**	**$28,688,400**
	IDG	NA	54,200
	Private	NA	488,400
	Restricted	NA	28,145,800
	GF/GP	NA	$0
7. Water Resource Programs – Fund Swap	FTE	165.0	0.0
Swaps out $1.9 million GF/GP funding in favor of $1.9 million from Land and Water Permit Fees for a net zero change. Water Resource Programs supports administers Flood Hazard, National Flood Insurance, and Dam Safety programs; administers permit process for construction; enforces compliance enforcement for lakes, streams, wetlands, Great Lakes, flood plains, and sand dunes areas; oversees Great Lakes Shorelands Program; provides guidance and administrative support for land and water regulatory programs; administers wetland, coastal zone, and bottom land use; conducts protection activities for lakes, streams, wetlands, Great Lakes, flood plains, sand dunes, and high-risk erosion areas; provides additional funding for state wetlands regulatory program; monitors and assesses wetland resources; promotes wetland restoration.	**Gross**	**$28,239,600**	**$0**
	IDG	2,056,400	0
	Federal	5,099,100	0
	Restricted	2,487,300	1,905,000
	GF/GP	$18,596,800	($1,905,000)
8. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$64,000,000**	**($64,000,000)**
Removes $64.0 million GF/GP of one-time funding that was included in the FY 2025-26 budget to support the following: • Document digitization, transparency, and modernization ($5.0 million GF/GP) • Geologic resources management – one-time ($5.0 million GF/GP) • Lead service line replacement - one-time ($17.4 million GF/GP) • Michigan geological survey – one-time ($2.3 million GF/GP) • Permitting guidebooks ($300,000 GF/GP) • Water state revolving funds – one-time ($34.0 million GF/GP)	GF/GP	$64,000,000	($64,000,000)
9. Economic Adjustments	**Gross**	**NA**	**$7,609,200**
Reflects increased costs of $7.6 million Gross ($2.7 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	54,300
	Federal	NA	474,900
	Local	NA	(100)
	Restricted	NA	4,401,000
	GF/GP	NA	$2,679,100

Major Boilerplate Changes from FY 2025-26

***Sec. 210. Contingency 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.

Major Boilerplate Changes from FY 2025-26

***Sec. 250. Permit Issuance Report* – DELETED**
Requires the department to provide a report that details the number and percentage of each permit during the prior fiscal year that were issued outside the relevant statutory deadline.

***Sec. 251. Federal Funds Receive and Expend* – NEW**
Authorizes expenditure of federal funds upon receipt of up to $200.0 million beyond appropriations in part 1 for purposes authorized under state law; requires report before expending said revenues.

***Sec. 252. Asbestos Inspection Fund Carryforward* – NEW**
Authorizes carryforward of revenues remaining in the Asbestos Inspection Fund into succeeding fiscal year.

***Sec. 305. Refined Petroleum Fund* – DELETED**
Expresses legislative intent to restore $70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

***Sec. 402. Permit Application Reporting* – DELETED**
Requires the department to report the number of permit application decision appeals filed in the previous fiscal year as well as the number of permit applications approved within 30 days, 60 days, 90 days, 6 months, and 1 year after an application is determined to be administratively complete.

***Sec. 925. Geologic Resource Management Funding Plan* – DELETED**
Requires the department to work with stakeholders to align program costs with future program revenues. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
1. IIJA – Water State Revolving Funds	**Gross**	**$123,273,000**
Appropriates $123.3 million from the Infrastructure Investment and Jobs Act for grants and loans for local governments for water infrastructure projects.	Federal	123,273,000
	GF/GP	$0
2. IIJA – PFAS and Emerging Contaminants	**Gross**	**$39,585,000**
Includes $39.6 million from the Infrastructure Investment and Jobs Act for water infrastructure projects including lead service line replacement.	Federal	39,585,000
	GF/GP	$0
3. State Sites Cleanup Program	**Gross**	**$25,256,000**
Provides $25.3 million from the State Site Cleanup Fund for remediation at contaminated sites where the state is a liable party.	Restricted	25,256,000
	GF/GP	$0
4. Environmental Cleanup and Redevelopment Program	**Gross**	**$25,000,000**
Appropriates $25.0 million from the Cleanup and Redevelopment Fund for remediation at contaminated sites where there is no liable party.	Restricted	25,000,000
	GF/GP	$0
5. Great Lakes Restoration Initiative	**Gross**	**$6,500,000**
Includes $6.5 million in federal funding to support environmental work in the Detroit River and Rouge River Areas of Concern.	Federal	6,500,000
	GF/GP	$0
6. IRA – Energy Programs	**Gross**	**$4,125,000**
Provides $4.1 million from the Inflation Reduction Act to authorize available Department of Energy funding for training residential contractors.	Federal	4,125,000
	GF/GP	$0
7. IRA – Material Management Programs – Clean Heavy Duty Vehicle Grants	**Gross**	**$4,406,000**
Appropriates $4.4 million from the Inflation Reduction Act for the Clean Heavy-Duty Vehicle grant program to replace diesel recycling trucks with electric recycling trucks and charging equipment.	Federal	4,406,000
	GF/GP	$0
8. IIJA – Material Management Programs – SMART Manufacturing Grant	**Gross**	**$2,000,000**
Includes $2.0 million from the Infrastructure Investment and Jobs Act for smart manufacturing technologies including automation and artificial intelligence to make traditional manufacturing processes more efficient.	Federal	2,000,000
	GF/GP	$0

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
9. Material Management Programs – Food Waste Reduction	**Gross**	**$700,000**
Provides $700,000 in federal funding for grants to provide the food and beverage industry assistance with food waste reduction.	Federal	700,000
	GF/GP	$0
10. Material Management Programs – Replacement of High Emission Vehicles	**Gross**	**$685,000**
Appropriates $685,000 Gross from private funds ($485,000) and federal funding ($200,000) to replace high-emission vehicles with lower emission vehicles.	Federal	200,000
	Private	485,000
	GF/GP	$0
11. Material Management Programs – Coal Combustion Residuals Permitting	**Gross**	**$263,000**
Includes $263,000 in federal funding to support ongoing permitting and compliance activities for the Coal Combustion Residuals Program.	Federal	263,000
	GF/GP	$0
12. IRA – Executive Direction – Port Upgrades	**Gross**	**$3,000,000**
Provides $3.0 million from the Inflation Reduction Act for grants to communities for port upgrades.	Federal	3,000,000
	GF/GP	$0
13. Executive Direction – Ox Creek Watershed	**Gross**	**$1,300,000**
Appropriates $1.3 million in federal funding for stormwater management in the Ox Creek Watershed.	Federal	1,300,000
	GF/GP	$0
14. IIJA – Water Quality Programs	**Gross**	**$1,331,000**
Includes $1.3 million from the Infrastructure Investment and Jobs Act for local government costs related to sewer overflows and stormwater management.	Federal	1,331,000
	GF/GP	$0
15. IIJA – Federal – Great Lakes Remedial Action Plan Grants	**Gross**	**$1,162,000**
Provides $1.2 million from the Infrastructure Investment and Jobs Act to remediate emerging contaminants at the local level.	Federal	1,162,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
TOTAL GENERAL GOVERNMENT

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$1,231,093,400	$1,251,162,300	*$20,068,900*	*1.6*
Federal	44,573,800	45,421,400	*847,600*	*1.9*
Local	17,671,700	19,298,900	*1,627,200*	*9.2*
Private	4,763,200	1,903,600	*(2,859,600)*	*(60.0)*
Restricted	2,718,649,500	2,778,024,100	*59,374,600*	*2.2*
GF/GP	1,175,024,500	1,199,543,300	*24,518,800*	*2.1*
Gross	**$5,191,776,100**	**$5,295,353,600**	***$103,577,500***	***2.0***
FTEs	7,766.2	7,812.2	*46.0*	*0.6*

Note: Appropriation figures for FY 2026-27 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 2025-26

***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. *(Governor deemed this section unenforceable.)*

***Sec. 208. State Administrative Board Transfers* – DELETED**

Authorizes legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***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. 215. Legislatively Directed Spending Items* – NEW**

Requires HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; requires the department that is administering the grants to post a report on March 15 and to update the report on June 15 and September 15.

***Sec. 217. Work Project Appropriations Status Report* – REVISED**

Requires departments and agencies to report information on all work project accounts, including the status of each account and the amount of any funds that lapsed from previous accounts. Executive revises to add the legislature as a required reporting entity.

***Sec. 217. State Fiscal Recovery Funds* – NEW**

Requires SBO director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

Major Boilerplate Changes from FY 2025-26

Sec. 218. Retention of 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. 218. Reallocation of State Fiscal Recovery Funds **– NEW**
Authorizes SBO director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires SBO director to notify HAC/SAC not later than 10 days after reallocating funds.

Sec. 219. Report on Policy Changes Made to Implement Public Acts **– DELETED**
Requires departments and agencies to report on policy changes made in order to implement enacted legislation.

Sec. 220. E-Verify Requirement **– DELETED**
Requires departments and agencies to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes departments and agencies to verify the information directly or to receive certification from the contractor; requires departments and agencies to submit a report describing the processes it develops and implements; defines E-Verify. *(Governor deemed this section unenforceable.)*

Sec. 222. Expending Available Work Project Authorization **– DELETED**
Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable.)*

Sec. 223. Impact of Federal Policy Changes **– REVISED**
Requires departments and agencies to report on federal policy changes that are expected to affect department operations, affect groups departments and agencies engage with, or create a regulatory gap. Executive revises to replace requirement to report on whether policy changes affect an industry, community, population, or other group which the department or agency serves with whether it leads to a reduction in the department's ability to safeguard the health or welfare of the public.

Sec. 224. Annual Strategic Plan **– DELETED**
Requires departments and agencies to provide a copy of their annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of departments and agencies.

Sec. 226. State Obligations **– DELETED**
Requires departments and agencies to report on any court settlement that may require further legislative review of state statutory programs or regulations.

Sec. 227. Private and Third-Party Funds **– DELETED**
Requires departments and agencies to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

Sec. 228. Legislatively Directed Spending Items **– DELETED**
Requires legislature to provide departments and agencies and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires departments and agencies to post information about grant recipients on their websites.

Sec. 229. Federal and Private Fund Sourcing Priorities **– DELETED**
Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
ATTORNEY GENERAL

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$39,381,700	$39,899,600	*$517,900*	*1.3*
Federal	10,567,200	10,710,500	*143,300*	*1.4*
Local	0	0	*0*	--
Private	950,000	961,400	*11,400*	*1.2*
Restricted	30,223,700	31,073,200	*849,500*	*2.8*
GF/GP	45,278,000	48,047,700	*2,769,700*	*6.1*
Gross	**$126,400,600**	**$130,692,400**	***$4,291,800***	***3.4***
FTEs	685.0	685.0	*0.0*	*0.0*

Note: Appropriation figures for FY 2025-26 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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Prosecuting Attorneys Coordinating Council Transfer	**Gross**	**NA**	**$2,655,100**
Includes $2.7 million Gross ($2.2 million GF/GP) for the transfer of the Prosecuting Attorneys Coordinating Council (PACC) from the Department of Treasury's budget to the Attorney General's budget. This transfer would reverse a transfer of PACC to the Treasury's budget in FY 2025-26. PACC is an autonomous agency, created by 1972 PA 203, responsible for ensuring a uniform system of conduct, duty, and procedure among prosecutors.	Restricted	NA	455,100
	GF/GP	NA	$2,200,000
2. Economic Adjustments	**Gross**	**NA**	**$1,636,700**
Reflects increased costs of $1.6 million Gross ($569,700 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	517,900
	Federal	NA	143,300
	Private	NA	11,400
	Restricted	NA	394,400
	GF/GP	NA	$569,700

Major Boilerplate Changes from FY 2025-26

***Sec. 315. Legacy Costs* – DELETED**

States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $13.2 million ($11.9 million on pension-related legacy costs; $1.3 million on health care-related legacy costs).

Major Boilerplate Changes from FY 2025-26

***Sec. 317. Declaration of Emergency Due to Drinking Water Contamination Report* – DELETED**
Requires department to report all legal costs and expenses related to Declaration of Emergency in Flint and include line item sources on public tracking website; requires all materials related to any investigations to be preserved according to applicable document retention policies.

***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 subject to action by the department; requires department to request findings of investigations conducted by other departments and agencies to comply with this section.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
CIVIL RIGHTS

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	2,899,300	3,435,200	*535,900*	*18.5*
Local	0	0	*0*	--
Private	18,700	18,700	*0*	*0.0*
Restricted	58,500	58,500	*0*	*0.0*
GF/GP	25,463,200	25,931,900	*468,700*	*1.8*
Gross	**$28,439,700**	**$29,444,300**	***$1,004,600***	***3.5***
FTEs	174.0	174.0	*0.0*	*0.0*

Note: Appropriation figures for FY 2025-26 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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Federal Equal Employment Opportunity Commission Reimbursement	**Gross**	**$1,257,700**	**$500,000**
	Federal	1,257,000	500,000
Includes $500,000 in federal funds from the federal Equal Employment Opportunity Commission to reflect a reimbursement rate increase for the closure of employment discrimination cases from $830 to $850 per case and to accommodate increasing employment cases, including cases received from the federal government.	GF/GP	$0	$0
2. Disability Rights and Compliance	FTE	NA	0.0
Transfers $1.2 million GF/GP and authorization for 11.0 FTE positions from the Complaint Investigation and Enforcement line to reflect the unrolling of the Disability Rights and Compliance Division (DRACD) into a new line for a $0 change. DRACD oversees compliance with the Americans with Disabilities Act, the Freedom of Information Act, the Division on Deaf, DeafBlind and Hard of Hearing, and contract compliance.	**Gross**	**NA**	**$0**
	GF/GP	NA	$0
3. Economic Adjustments	**Gross**	**NA**	**$504,600**
	Federal	NA	35,900
Reflects increased costs of $504,600 Gross ($468,700 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	GF/GP	NA	$468,700

Major Boilerplate Changes from FY 2025-26

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.

Sec. 410. Legacy Costs **– DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $2.7 million ($2.4 million on pension-related legacy costs; $260,500 on health care-related legacy costs).

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Federal Equal Employment Opportunity Reimbursement	**Gross**	**$250,000**
Includes $250,000 in federal funds from the federal Equal Employment Opportunity Commission to reflect a reimbursement rate increase for the closure of employment discrimination cases from $830 to $850 per case and to accommodate increasing employment cases, including cases received from the federal government.	Federal	250,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
EXECUTIVE OFFICE

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	0	0	*0*	--
Local	0	0	*0*	--
Private	0	0	*0*	--
Restricted	0	0	*0*	--
GF/GP	9,609,200	9,890,200	*281,000*	*2.9*
Gross	**$9,609,200**	**$9,890,200**	***$281,000***	***2.9***
FTEs	96.2	96.2	*0.0*	*0.0*

Note: Appropriation figures for FY 2025-26 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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		**FY 2024-25 YTD (as of 2/5/25)**	**Executive Change from YTD**
1. Executive Office Economic Adjustments	**Gross**	**NA**	**$281,000**
Reflects increased costs of $281,000 GF/GP for negotiated salary and wage increases (3.0% on October 1, 2026) for employees.	GF/GP	NA	$281,000

Major Boilerplate Changes from FY 2025-26

There is no boilerplate for the Executive Office.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
LEGISLATURE

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	0	0	*0*	--
Local	0	0	*0*	--
Private	474,700	474,700	*0*	*0.0*
Restricted	5,503,800	5,503,800	*0*	*0.0*
GF/GP	194,837,300	200,682,100	*5,844,800*	*3.0*
Gross	**$200,815,800**	**$206,660,600**	***$5,844,800***	*2.9*
FTEs	0.0	0.0	*0.0*	--

Note: Appropriation figures for FY 2025-26 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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Legislature Operations Adjustment	**Gross**	**$200,815,800**	**$5,844,800**
Reflects increased costs of $5.8 million GF/GP for legislative employees, operations, and property management. The following are increases by budget area:	Private	474,700	0
	Restricted	5,503,800	0
	GF/GP	$194,837,300	$5,844,800

- Legislature $4.3 million GF/GP
- Legislative Council $716,100 GF/GP
- Legislative Retirement $146,700 GF/GP
- Property Management $508,200 GF/GP
- State Capitol Historic Site $185,900 GF/GP.

Major Boilerplate Changes from FY 2025-26

***Sec. 615. Legacy Costs* – DELETED**

States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $18.2 million ($16.4 million on pension-related legacy costs; $1.8 million on health care-related legacy costs).

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
LEGISLATIVE AUDITOR GENERAL

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$7,445,000	$7,445,000	*$0*	*0.0*
Federal	0	0	*0*	--
Local	0	0	*0*	--
Private	0	0	*0*	--
Restricted	2,512,900	2,512,900	*0*	*0.0*
GF/GP	21,748,400	22,400,900	*652,500*	*3.0*
Gross	**$31,706,300**	**$32,358,800**	***$652,500***	***2.1***
FTEs	0.0	0.0	*0.0*	--

Note: Appropriation figures for FY 2025-26 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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Legislative Auditor General Operations	**Gross**	**$31,706,300**	**$652,500**
Reflects increased costs of $652,500 GF/GP for operations and staff of the Office of Auditor General.	IDG	7,445,000	0
	Restricted	2,512,900	0
	GF/GP	$21,748,400	$652,500

Major Boilerplate Changes from FY 2025-26

***Sec. 625. Access to Confidential Information* – DELETED**

States 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.

***Sec. 631. Audit of Secretary of State's Review of Voter Rolls* – DELETED**

Requires Office of the Auditor General to conduct an audit of the secretary of state's systematic review of voter rolls based on generally accepted government auditing standards.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
STATE (DEPARTMENT)

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26 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	261,503,800	266,798,000	*5,294,200*	*2.0*
GF/GP	11,969,100	11,179,200	*(789,900)*	*(6.6)*
Gross	**$294,983,000**	**$299,487,300**	***$4,504,300***	***1.5***
FTEs	1,607.0	1,607.0	*0.0*	*0.0*

Note: Appropriation figures for FY 2025-26 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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Enhanced Driver License Fund Shift with GF/GP	**Gross**	**$32,224,600**	**$0**
Includes $1.2 million in state restricted Enhanced Driver License and Enhanced Official State Personal Identification Funds and reduces GF/GP revenue by a corresponding amount for a $0 net change. Increased restricted revenue from the fund is available due to increasing customer transactions for obtaining federal REAL ID identification requirements.	Restricted	20,255,500	1,196,000
	GF/GP	$11,969,100	($1,196,000)
2. Economic Adjustments	**Gross**	**NA**	**$4,504,300**
Reflects increased costs of $4.5 million Gross ($406,100 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Restricted	NA	4,098,200
	GF/GP	NA	$406,100

Major Boilerplate Changes from FY 2025-26

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

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

***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.

Major Boilerplate Changes from FY 2025-26

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. 716. In-Person Branch Office Service **– DELETED**
Requires department to maintain "adequate in-person services" which is defined in Michigan Vehicle Code, MCL 257.1a., as providing in-person service options, without requirement of advance appointment, on each day and at each location a secretary of state branch office is open for services in this state.

Sec. 720. Voter Registration Report **– DELETED**
Requires department to report on figures on voter registrations from information returned on change of address notifications sent by secretary of state; requires report to include number of electors who corrected their voter registration records, and number of possible improper votes cast at preceding primary and general elections referred to law enforcement by secretary of state.

Sec. 724. Timely Reimbursements to Local Governments **– DELETED**
Requires department to reimburse cities, townships, and counties for eligible expenses not later than 60 days after receiving all necessary documentation from the local government.

Sec. 725. Legacy Costs **– DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $18.6 million ($16.8 million on pension-related legacy costs; $1.8 million on health care-related legacy costs).

Sec. 728. Systematic Review of Qualified Voter File **– DELETED**
Requires department to conduct systematic reviews of the Qualified Voter File (QVF) by comparing information with the department's driver and identification data; requires notification to be sent to individuals whose voter registration status is in question to verify information before it is cancelled; requires report on various activities of the systematic reviews.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$1,152,596,000	$1,171,532,000	*$18,936,000*	*1.6*
Federal	4,393,300	4,493,300	*100,000*	*2.3*
Local	2,360,100	3,094,600	*734,500*	*31.1*
Private	229,400	354,400	*125,000*	*54.5*
Restricted	145,578,700	147,277,200	*1,698,500*	*1.2*
GF/GP	538,318,900	585,704,500	*47,385,600*	*8.8*
Gross	**$1,843,476,400**	**$1,912,456,000**	***$68,979,600***	***3.7***
FTEs	3,238.5	3,275.5	*37.0*	*1.1*

Note: Appropriation figures for FY 2025-26 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; 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 State Budget Office and the Office of the Child Advocate.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Statewide Voting System Replacement	**Gross**	**NA**	**$43,164,000**
Includes $43.2 million GF/GP in one-time funding to purchase new voting system equipment and replace existing equipment for which contracts expire in February 2027. Most of the equipment has reached the end of its lifecycle. The appropriation would supplement $47.6 million in available funding from Help America Vote Act (HAVA) grants, election administration work projects, interest on HAVA grants and state funds, a FY 2025-26 appropriation in the Election Equipment Reserve Fund, and proposed FY 2026-27 funding for election administration, for a total estimated replacement cost of $90.7 million.	GF/GP	NA	$43,164,000
2. Michigan Public Safety Communications System (MPSCS) Lifecycle Replacement Maintenance	FTE	137.0	15.0
	Gross	**$49,511,500**	**$6,686,900**
Provides $6.7 million GF/GP and authorization for 15.0 FTE positions to provide for lifecycle equipment upgrades and replacements and maintenance of the growing emergency radio communication system that serves over 2,600 local public safety agencies statewide. From the recommended funding amount, $2.2 million would cover FTE costs for radio communications technicians, maintenance mechanics, IT specialists and a steeplejack. Additional FTEs would be used to help reduce a backlog of vehicle radio equipment installations and services. The remaining $4.5 million would go towards the replacement of aging equipment at tower locations.	Local	2,300,400	0
	GF/GP	$47,211,100	$6,686,900

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. MPSCS Contract Cost	FTE	137.0	0.0
Includes $2.0 million Gross ($1.3 million GF/GP) to cover ongoing contract costs that support operations, maintenance, and equipment of the radio network.	**Gross**	**$49,511,500**	**$2,000,000**
	Local	2,300,400	700,000
	GF/GP	$47,211,100	$1,300,000
4. State Building Authority Capital Outlay Debt Financing	**Gross**	**$261,651,700**	**$14,100,000**
Appropriates an additional $14.1 million GF/GP to the annual amount set aside for payments on debt for capital construction projects financed through the State Building Authority. A projected increase in payments due on bonds is expected following recent increases in state capital outlay projects from 10 projects recommended for construction in 2023 PA 321.	GF/GP	$261,651,700	$14,100,000
5. MI Center for Data and Analytics Data Sharing Platform	FTE	42.0	0.0
Includes $2.0 million GF/GP to create a data sharing platform to help the state meet requirements of H.R. 1 for Medicaid and Supplemental Nutrition Assistance Program (SNAP) and other federal funding opportunities and requirements.	**Gross**	**$7,013,700**	**$1,950,000**
	Federal	4,185,200	0
	Local	35,000	0
	Private	100	0
	GF/GP	$2,793,400	$1,950,000
6. Office of the Child Advocate Case Management System	FTE	22.0	0.0
Includes $140,000 GF/GP to cover ongoing contracting costs of cloud hosting and maintenance and support costs of Michigan's Child Advocate Information System. The system is used to enable the office to verify circumstances of child deaths to comply with a 2018 Office of Auditor General performance audit (071-0176-17) finding.	**Gross**	**$3,878,000**	**$140,000**
	GF/GP	$3,878,000	$140,000
7. Building Operations Division	FTE	266.0	9.0
Includes $5.4 million in IDG authorization for building occupancy and parking charges and authorization for 9.0 FTE positions to cover increased costs to the Building Operations Division (BOD). Funding would support the following: • $3.8 million and 4.0 FTEs for expanded operations at the state's Secondary Complex in Dimondale. Expansions include renovations and additions at the state police drive track facility and the Public Health and Environmental Science Laboratory. • $1.1 million for building occupancy rate increases to cover a projected 4% increase in utility costs. • $505,600 and 5.0 FTEs for the transfer of spending authority from information technology and telecommunications to BOD for Customer Program Support.	**Gross**	**$110,985,500**	**$5,410,100**
	IDG	110,985,500	5,410,100
	GF/GP	$0	$0
8. SIGMA Contract Cost Alignment	**Gross**	**NA**	**$360,700**
Includes $360,700 in state restricted SIGMA User Fees to align resources with contractual maintenance and operations cost increases for the Statewide Integrated Governmental Management Applications (SIGMA), the state's enterprise resource planning tool.	Restricted	NA	360,700
	GF/GP	NA	$0
9. Fleet Vehicle Travel Services Rate Increase	**Gross**	**$101,194,600**	**$6,300,000**
Includes $6.3 million in IDG funding from the Motor Transport Fund to align IDG authorization with revenue from rates charged to departments and agencies.	IDG	101,194,600	6,300,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
10. Annual IT IDG Baseline Adjustment	FTE	1,433.5	13.0
Increases IDG funding from Technology User Fee revenue by $2.8 million and authorization for 13.0 FTE positions 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.	**Gross**	**$902,505,300**	**$2,766,200**
	IDG	902,505,300	2,766,200
	GF/GP	$0	$0
11. State Archives of Michigan - Federal and Private Grant Awards	**Gross**	**NA**	**$225,000**
Includes $225,000 in private and federal funding authorization to receive federal and private grant awards to support the preservation of archival records. Potential federal grants would be from the National Endowment for the Humanities, Institute of Museum and Library Services, and The National Historical Publications and Records Commission. Private funds would come from programs funded by the Mellon Foundation.	Federal	NA	100,000
	Private	NA	125,000
	GF/GP	NA	$0
12. SWCAP Adjustment	**Gross**	**NA**	**$0**
Reallocates fund sourcing associated with the annual Statewide Cost Allocation Plan (SWCAP) for a net change of $0 Gross and an increase of $521,700 GF/GP.	IDG	NA	(125,100)
	Restricted	NA	(396,600)
	GF/GP	NA	$521,700
13. Office of Performance Management and Communications Transfer	**Gross**	**NA**	**$0**
Transfers $3.3 million Gross ($1.1 million GF/GP) and authorization for 22.5 FTE positions to reflect the transfer of the Office of Performance Management and Communications from the Administrative Services line to the Executive Operations line and renames as Performance, Audit and Communication Services. The transfer would align funding with the current reporting structure.	IDG	NA	0
	Restricted	NA	0
	GF/GP	NA	$0
14. Accounting Service Center	**Gross**	**NA**	**($25,800)**
Includes a reduction of $25,800 in IDG funding from Accounting Service Center User Charges to align departmental accounting service center funding support with funding and services to the Department of Civil Rights.	IDG	NA	(25,800)
	GF/GP	NA	$0
15. Federal and State Restricted Revenue Alignment	**Gross**	**NA**	**($80,500)**
Includes a reduction of $80,500 in federal fund authorization for the Michigan Center for Data and Analytics to align authorization with available federal revenue from the Department of Labor for Labor Force Statistics and Employment Training Administration programs.	Federal	NA	(80,500)
	GF/GP	NA	$0
16. Information Technology Investment Fund (ITIF)	**Gross**	**$50,000,000**	**($15,000,000)**
Removes $15.0 million of one-time GF/GP funding for ITIF, the state's strategic portfolio of information technology system modernization projects, to support new legacy system modernization projects and maintains $35.0 million GF/GP in the current year base.	GF/GP	$50,000,000	($15,000,000)
17. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$5,000,000**	**($5,000,000)**
Removes $5.0 million of one-time GF/GP that was included in the FY 2025-26 budget to support replacing election equipment through the Election Equipment Reserve Fund. A reduction of $15.0 to reflect the removal of one-time funding for the Information Technology Investment Fund is accounted for in item number 16 above.	GF/GP	$5,000,000	($5,000,000)

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
18. Economic Adjustments	**Gross**	**NA**	**$5,983,000**
Reflects increased costs of $6.0 million Gross and decreased costs of $477,000 GF/GP for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	4,610,600
	Federal	NA	80,500
	Local	NA	34,500
	Restricted	NA	1,734,400
	GF/GP	NA	($477,000)

Major Boilerplate Changes from FY 2025-26

***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. 812. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $51.3 million ($46.3 million on pension-related legacy costs; $5.0 million on health care-related legacy costs).

***Sec. 815. Legal Services Fund* – DELETED**
Requires itemized report on all expenditures from funds carried forward under work project account number 17458, titled "legal services", to provide support for major litigation involving the governor and attorney general in their official capacity, and for securing outside legal advice, as identified by the attorney general, on major statewide issues not unique to a single agency.

***Sec. 821. State Retirement Systems Report* – DELETED**
Requires Office of Retirement Services (ORS) to produce a report on Judges Retirement System, Military Retirement System, Michigan Public School Employees' Retirement System, State Employees' Retirement System, and State Police Retirement System showing tables and charts of annual required contribution flow per fiscal year and justification if payroll growth assumption is maintained at or above 0% for any pension or OPEB plan; requires additional items to be reported for Michigan Public School Employees' Retirement System; requires ORS to post most recent year's CAFR for each plan.

***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. 829. IT Lifecycle Report* – DELETED**
Requires report that analyzes and makes recommendations on life-cycle of IT hardware and software.

Major Boilerplate Changes from FY 2025-26

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. 834. Commercial-Off-the-Shelf Product Contract Conditions **– DELETED**
Prohibits contracting for a commercial-off-the-shelf (COTS) product if the vendor would need to make significant customized changes to meet the contracted work requirements; defines "commercial-off-the-shelf product".

Sec. 835. Information Technology Contract Limits **– DELETED**
Requires DTMB to provide a report on all new contracts that have a value greater than $10.0 million or are in effect for longer than 3 years.

Sec. 836. Independent Verification and Validation Contracting **– DELETED**
Requires Independent Verification and Validation contracted vendors to provide regular reporting to the legislature and the contracted software development vendor on the project.

Sec. 838. Reporting on Information Technology Investment Projects **– REVISED**
Requires department to develop a funding plan for use of funds for projects, including description, cost, timeframe for completion, number of employees, and contracts entered into for each project; requires report that includes the plan and spending reductions or overages for each project. Executive revises to designate unexpended funds as a work project.

Sec. 840. IT Contract Requirements **– DELETED**
Requires each request for proposal for a contract to include a clear statement of objectives not longer than 5 pages which communicates all essential operational requirements of the contracted service.

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.

Sec. 863. Office Building Space Usage Report **– DELETED**
Requires DTMB to submit report which evaluates office building and space usage by all state departments and develop a projection for future building occupancy; lists additional report requirements.

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 appropriate all money deposited into the fund for projects in accordance with this section.

Sec. 890. Election Equipment Reserve Fund **– DELETED**
Authorizes unexpended funds to be designated as a work project for the purchase of election equipment and authorizes funds to carry forward to subsequent fiscal year.

Sec. 890. Election Equipment Reserve Fund **– NEW**
Requires DTMB to provide assistance in replacing a uniform voting system through centralized procurement and information technology support; appropriates any principal, interest and earnings deposited into the election administration support fund and federal Help America Vote Act funds, including any interest and earnings for the purposes of this section; requires DTMB to collaborate with other state departments, as appropriate, including making budgetary and accounting transactions, to implement this section; authorizes unexpended funds to be designated as a work project for the purchase of election equipment and authorizes funds to carry forward to subsequent fiscal year.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Budget Stabilization Fund Withdrawal Includes a withdrawal of $400.0 million from the Countercyclical Budget and Economic Stabilization Fund.	**Gross** GF/GP	**NA** NA
2. Gubernatorial Transition Costs Includes $3.0 million GF/GP to support costs of the upcoming gubernatorial transition. Costs include office space leasing, office equipment, supplies, contractual services, security, and outgoing FTE accrued benefits, among other things.	**Gross** GF/GP	**$3,000,000** $3,000,000
3. State Archives of Michigan Federal Grant Includes $100,000 in federal National Historical Publications & Records Commission (NHPRC) grant funding to support onsite assessments of 24 local history organizations. Supported costs include financial and professional support for projects and resources on emergency and disaster planning.	**Gross** Federal GF/GP	**$100,000** 100,000 $0
4. Civil Service Commission IT System Upgrade Includes $3.3 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 funding appropriated for the project in FY 2025-26. Total project costs would be $47.9 million. This funding was originally requested as part of Legislative Transfer Request 2025-8 and was not included in the final approved transfers.	**Gross** GF/GP	**$3,342,600** $3,342,600

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
TREASURY

Analyst: Michael Cnossen

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$11,670,700	$12,285,700	*$615,000*	*5.3*
Federal	25,254,000	25,322,400	*68,400*	*0.3*
Local	15,311,600	16,204,300	*892,700*	*5.8*
Private	3,040,300	44,300	*(2,996,000)*	*(98.5)*
Restricted	2,273,268,100	2,324,800,500	*51,532,400*	*2.3*
GF/GP	327,800,400	295,706,800	*(32,093,600)*	*(9.8)*
Gross	**$2,656,345,100**	**$2,674,364,000**	***$18,018,900***	***0.7***
FTEs	1,965.5	1,980.5	*15.0*	*0.8*

Note: Appropriation figures for FY 2025-26 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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Tax Administration – Proposed Tobacco, Vaping, Non-Tobacco Nicotine Products Tax	FTE	NA	17.0
	Gross	**NA**	**$2,350,000**
Includes $2.4 million GF/GP and authorization for 17.0 FTE positions to administer collection, enforcement, licensing, and compliance with a proposed tax of $3.00 per pack of cigarettes and a 57% wholesale tax on vaping and non-tobacco nicotine products. Of this amount, $895,700 and 7.0 FTE positions would go to tax administration services and $1.5 million and 10.0 FTEs would go to tobacco tax enforcement.	GF/GP	NA	$2,350,000
2. Tax Administration – Proposed Digital Advertising Tax	FTE	NA	5.0
	Gross	**NA**	**$2,000,000**
Includes $2.0 million GF/GP and authorization for 5.0 FTE positions for administrative support of collecting a proposed excise tax of 4.7% on digital advertising revenue. Of this amount, $571,700 and 5.0 FTE positions would go to tax administration services and $1.3 million would go to information technology.	GF/GP	NA	$2,000,000
3. Tax Administration – Proposed Internet Gaming and Sports Betting Tax	FTE	NA	4.0
	Gross	**NA**	**$600,000**
Includes $600,000 of state restricted revenue from the Internet Gaming Fund and authorization for 4.0 FTE positions for administrative support of collecting a proposed 25 cents per bet tax on each sports betting wager.	Restricted	NA	600,000
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. MGCB Information Technology	**Gross**	**$5,370,000**	**$3,120,000**
Includes $3.1 million of state restricted revenue from the Fantasy Contest Fund, Internet Gaming Fund, Internet Sports Betting Fund, and State Services Fee Fund for modernization of legacy information technology systems and new technology solutions for internet gaming oversight, enforcement, and responsible gaming processes. From the total funding, $2.5 million would be appropriated as a one-time appropriation.	Restricted	5,370,000	3,120,000
	GF/GP	$0	$0
5. MGCB Responsible Gaming Youth Expansion	**Gross**	**NA**	**$300,000**
Includes $300,000 of state restricted revenue from the Fantasy Contest Fund, Internet Gaming Fund, and Internet Sports Betting Fund to expand existing responsible gaming programs to specifically target youth.	Restricted	NA	300,000
	GF/GP	NA	$0
6. Constitutional Revenue Sharing	**Gross**	**$1,010,082,900**	**$35,254,800**
Includes an increase of $35.3 million of restricted sales tax revenue relative to the FY 2025-26 budget act appropriated amount for constitutionally required payments to cities, villages, and townships, for an estimated projected total of $1.0 billion in FY 2026-27. When compared to updated January 2026 CREC estimates for FY 2025-26, the FY 2026-27 appropriation reflects a $25.0 million decrease.	Restricted	1,010,082,900	35,254,800
	GF/GP	$0	$0
7. City, Village, and Township (CVT) and County Revenue Sharing	**Gross**	**$624,658,700**	**$0**
Maintains FY 2025-26 statutory revenue sharing payment funding and distribution formulas for CVTs and counties.	Restricted	624,658,700	0
	GF/GP	$0	$0
8. Public Safety Revenue Sharing Grants	**Gross**	**$50,000,000**	**$0**
Maintains $50.0 million of ongoing funding for formula grants to counties and CVTs for uses related to public safety. Funding would be distributed as follows: • $35.1 million to CVTs based on annual violent crime rates. At least 75% of grant payments must go towards law enforcement. • $11.7 million to counties based on inverse taxable values. At least 75% of grant payments must go towards law enforcement. • $3.3 million to Department of Health and Human Services (DHHS) for Community Violence Intervention programs. FY 2025-26 one-time appropriation of $20.0 for Public Safety Revenue Sharing Grants is removed as noted below in item number 19.	Restricted	50,000,000	0
	GF/GP	$0	$0
9. Debt Service Adjustments	**Gross**	**$89,881,000**	**$7,598,000**
Includes a net increase of $7.6 million GF/GP based on existing debt service schedules and projected new debt service issues, distributed as follows: • Clean Michigan Initiative – decrease of $17,105,000 • Great Lakes Water Quality Bonds – increase of $27,201,000 • Quality of Life Bonds – decrease of $2,498,000.	GF/GP	$89,881,000	$7,598,000
10. Payment in Lieu of Taxes (PILT)	**Gross**	**$38,312,500**	**$3,470,900**
Includes $3.5 million Gross ($2.7 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 $1.3 million for state purchased lands and $2.2 million for DNR swamp and tax reverted lands.	Private	40,300	4,000
	Restricted	8,044,300	804,500
	GF/GP	$30,227,900	$2,662,400
11. Senior Citizen Cooperative Housing Tax Exemption Program	**Gross**	**$12,125,100**	**$400,000**
Includes $400,000 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	$12,125,100	$400,000

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
12. Bureau of Local Government Audit and Assessment Services	**Gross**	**NA**	**$198,300**
Includes $198,300 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	$198,300
13. City Income Tax Program Flint Inclusion	FTE	77.0	0.0
	Gross	**$11,222,000**	**$1,000,000**
Includes $1.0 million of local city income tax fund revenue to expand services of the City Income Tax Program to the City of Flint.	Local	11,222,000	1,000,000
	GF/GP	$0	$0
14. Collections Services Bureau Increase	FTE	190.0	0.0
	Gross	**$29,067,700**	**$500,000**
Includes $500,000 in IDG authorization from state agency collection fees to support operational costs and activities of the Collections Services Bureau.	IDG	6,097,200	500,000
	Restricted	22,414,300	0
	GF/GP	$556,200	$0
15. Restricted and IDG Revenue Adjustments	**Gross**	**NA**	**$22,278,700**
	Local		(250,000)
Includes the following adjustments to align restricted authorizations with revenue:	Restricted	NA	22,528,700
• $22.5 million in restricted revenue for the Qualified Heavy Equipment Rental Personal Property Exemption Reimbursement Distribution	GF/GP	NA	$0
• $28,700 in restricted revenues for Emergency 911 Payments			
• ($250,000) in local Assessor Training Fees for Property Tax Assessor Training.			
16. Tax Administration – Marihuana Wholesale Tax FTEs	FTE	325.0	3.0
	Gross	**$43,736,200**	**$0**
Includes authorization for 3.0 FTE positions for the Tax Processing line to help administer the marihuana wholesale tax.	IDG	2,966,300	0
	Restricted	28,938,300	0
	GF/GP	$11,831,600	$0
17. Funding and FTE Authorization Alignment Transfers	FTE	NA	0.0
	Gross	**NA**	**$0**
Transfers $6.5 million and authorization for 47.0 FTE positions between 13 line items to align authorizations with workloads across several areas within Treasury for a net $0 and 0.0 FTE change.	Restricted	NA	0
	GF/GP	NA	$0
18. Recreational Marihuana Grants to Locals	**Gross**	**$105,600,000**	**($11,300,000)**
	Restricted	105,600,000	(11,300,000)
Reduces state restricted Marihuana Regulation Fund revenue by $11.3 million 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.	GF/GP	$0	$0
19. Removal of Other FY 2025-26 One-Time Appropriations	FTE	14.0	(14.0)
	Gross	**$53,155,100**	**($53,155,100)**
Removes $53.2 million of one-time Gross ($47.2 million GF/GP) funding and authorization for 14.0 FTE positions that was included in the FY 2025-26 budget to support the following:	Private	3,000,000	(3,000,000)
	Restricted	2,955,100	(2,955,100)
• Public Safety Constituency Grants ($25.0 million GF/GP)	GF/GP	$47,200,000	($47,200,000)
• Public Safety Revenue Sharing Grants ($20.0 million GF/GP)			
• Financial Literacy ($3.0 million private)			
• Comprehensive Road Funding Administration ($2.5 million state restricted)			
• Prosecuting Attorneys Coordinating Council ($2.7 million Gross, $2.2 million GF/GP and 14.0 FTE positions). The office was recommended for transfer back to the Department of Attorney General.			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
20. Economic Adjustments	**Gross**	**NA**	**$3,403,300**
Reflects increased costs of $3.4 million Gross and decreased costs of $102,300 GF/GP for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	115,000
	Federal	NA	68,400
	Local	NA	142,700
	Restricted	NA	3,179,500
	GF/GP	NA	($102,300)

Major Boilerplate Changes from FY 2025-26

***Sec. 901. Contingency Authorization* – REVISED**
Appropriates up to $500,000 in federal, $10.0 million in state restricted, $100,000 in local, and $20,000 in private contingency authorization; authorizes expenditure after legislative transfer to specific line items. Executive revises to appropriate $1.0 million in federal, $200,000 in local, and $40,000 in contingency authorization.

***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. 917. Write-Offs and Advances* – REVISED**
Appropriates funds for write-offs and advances for Treasury programs of not more than current-year authorizations that would otherwise lapse to General Fund; requires report on amounts appropriated and an explanation for each write-off or advance that occurred. Executive revises report due date from November 30 to 30 days after publication of the Annual Comprehensive Financial Report.

***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. 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. 948. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $26.5 million ($23.9 million on pension-related legacy costs; $2.6 million on health care-related legacy costs).

***Sec. 949c. Department of Agriculture and Rural Development Coordination* – REVISED**
Requires Treasury to coordinate with Department of Agriculture and Rural Development to improve 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".

***Sec. 949o. Private Grants Receipt and Expend Authorization* – NEW**
Appropriates private revenue upon receipt for expenditure on grants for the purposes specified in the grant agreement; requires Treasury to notify the legislature of receipt of a private grant, its purpose, source, and grant amount not later than 10 days after receiving the grant; limits appropriation of private grant funding under this section to $5.0 million; requires a report on the amount of private revenue received in the previous fiscal year and the amount carried forward into the current fiscal year.

***Sec. 949p. Spending Authorization of MiABLE Program Fees* – NEW**
Authorizes revenue from Michigan Achieving a Better Life Experience (MiABLE) program maintenance or user fees to spent for the MiABLE program; requires MiABLE program fees to be used to develop and conduct a marketing campaign to promote awareness of the program to Michigan residents; lists eligible expenses.

Major Boilerplate Changes from FY 2025-26

REVENUE SHARING

***Sec. 959. Public Safety Revenue Sharing Grants* – REVISED**
Allocates funding amounts for Public Safety Revenue Sharing grants to CVTs, counties, and DHHS; provides formula for payments to CVTs based on violent crime counts; requires use of the inverse taxable value formula used for statutory county revenue sharing payments to be used for grant payments to counties; requires not less than 75% of payments to go to law enforcement; provides direction on eligible and ineligible purposes of grant expenditures; requires Department of State Police to provide crime data; states legislative intent that funds appropriated will be maintained through FY 2027-28. Executive revises to delete legislative intent language.

CASINO GAMING

***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. 991. Public Safety Constituency Grants* – DELETED**
Allocates $17.0 million to county prosecutors and $8.0 million to local units of government for competitive grants for fire equipment and gear for firefighters; provides direction on eligible and ineligible purposes of grant expenditures; provides formulas and caps for individual grant amounts; requires at least $4.0 million of funds for firefighters to go to on call, volunteer, or part time forces.

***Sec. 992. Public Safety Revenue Sharing Grants* – DELETED**
Allocates $10.0 million for competitive grants for public safety academy scholarships; limits scholarships to not more than $20,000 per recruit; requires grants to be awarded on a first-come, first-serve basis to eligible recruits; provides recruit eligibility criteria; provides direction on eligible and ineligible purposes of grant expenditures; permits grants to be used as subgrants to other local units of government if stipulations provided in the section are met; allocates $7.5 million for CVTs and $2.5 million to counties as conditioned by section 959.

STATE BUILDING AUTHORITY

***Sec. 1104. Expenditure Authorization* – NEW**
Authorizes the State Building Authority to expend revenues received under the State Building Authority Act and Executive Reorganization Order 2013-3 for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, grants to the civil service commission retirement fund and the state employees' retirement fund, and other expenses; requires a report on the amount and purposes of expenditures authorized under this section of $250,000 or more that are in addition to funds appropriated in part 1 and a list of reimbursement revenue, if any.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Tax Administration – Proposed Senior Property Tax Credit	**Gross**	**$750,000**
Includes $750,000 in state restricted delinquent tax collection revenue to make changes to tax collection information technology systems related to implement changes from the executive's proposed senior property tax credit.	Restricted	750,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
HEALTH AND HUMAN SERVICES

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

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$15,448,000	$15,504,500	*$56,500*	*0.4*
Federal	20,776,106,700	28,586,210,100	*7,810,103,400*	*37.6*
Local	183,204,100	187,655,900	*4,451,800*	*2.4*
Private	178,884,400	189,283,800	*10,399,400*	*5.8*
Restricted	1,739,677,500	5,027,812,800	*3,288,135,300*	*189.0*
GF/GP	7,132,247,500	6,987,145,300	*(145,102,200)*	*(2.0)*
Gross	**$30,025,568,200**	**$40,993,612,400**	***$10,968,044,200***	***36.5***
FTEs	15,114.5	16,036.5	*922.0*	*6.1*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
MEDICAID – GENERAL			
1. Traditional Medicaid Cost Adjustments	**Gross**	**$17,109,563,700**	**$677,295,700**
Includes an increase of $677.3 million Gross ($159.1 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments, and traditional FMAP cost-sharing adjustments from FMAP increasing from 65.30% to 65.70% for medical and behavioral health services in the traditional Medicaid program. Also incorporates estimates of caseload and provider tax-related savings resulting from the implementation of federal requirements under H.R.-1, totaling $142.1 million Gross ($55.9 million GF/GP).	Federal	11,416,017,600	511,375,400
	Local	43,035,800	(505,100)
	Private	9,011,700	(51,700)
	Restricted	1,203,228,900	7,367,100
	GF/GP	$4,438,269,700	$159,110,000
2. Healthy Michigan Plan Cost Adjustments	**Gross**	**$2,800,801,300**	**($149,852,200)**
Includes a net reduction of $149.9 million Gross ($12.1 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Also incorporates estimates of caseload and provider tax-related savings resulting from the implementation of federal requirements under H.R.-1, totaling $204.4 million Gross ($14.0 million GF/GP).	Federal	2,515,803,400	(134,462,900)
	Local	1,911,600	31,700
	Private	700,000	0
	Restricted	164,256,300	(3,310,500)
	GF/GP	$118,130,000	($12,110,500)

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. Actuarial Soundness	**Gross**	**NA**	**$658,058,000**
Includes $658.1 million Gross ($182.1 million GF/GP) for estimated managed care actuarial soundness adjustments for prepaid inpatient health plans (PIHPs) (3.0%), Medicaid health plans (5.0%), Program of All-inclusive Care for the Elderly (PACE) (3.5%), home- and community-based services (MI Choice) (6.8%), Integrated Care Organizations (MI Health Link) (4.3%), and Healthy Kids Dental (1.3%).	Federal	NA	475,911,200
	GF/GP	NA	$182,146,800
4. Provider Tax Revenue Reincorporation	**Gross**	**NA**	**$9,331,426,200**
Includes $9,331.4 million Gross ($2,497.2 million state restricted) to recognize the elimination of Sec. 1833 and Sec. 1834 received-and-expend authority and reincorporate Hospital Quality Assurance Assessment Program (QAAP) and Insurance Provider Assessment (IPA) provider tax revenue (and federal match) authorization into Part 1 appropriations. This adjustment reflects a technical reversion to how these revenues were accounted for prior to FY 2025-26.	Federal	NA	6,834,258,100
	Restricted	NA	2,497,168,100
	GF/GP	NA	$0
5. Tax Proposals – Medicaid GF/GP Offset	**Gross**	**NA**	**$0**

Includes a net-zero Gross fund shift to realize $780.4 million GF/GP savings resulting from estimated Medicaid Benefits Trust Fund revenue increases from:
• Tobacco tax increases ($232.0 million).
  o $1.00 per pack increase on cigarettes.
  o Non-cigarette wholesale increase from 32% to 57%.
• Online and sports gaming tax increases ($192.8 million).
• New 57% wholesale tax on vaping products ($73.6 million).
• New 4.7% digital advertising tax ($282.0 million).
	Restricted	NA	780,425,000

	GF/GP	NA	($780,425,000)
6. Direct Care Worker Wages	**Gross**	**NA**	**$351,849,500**
Includes $351.8 million Gross ($118.9 million GF/GP) to backfill federal COVID-19 Public Health Emergency (ARPA) revenue and retain $3.40 per hour wage add-on, incorporate state minimum wage increases for CY 2025 and 2026, include an additional $1.27 per hour increase to recognize minimum wage rate effective January 1, 2027, and provide for statutorily-required sick-leave payment costs for Medicaid reimbursed Direct Care Worker wages.	Federal	NA	232,945,200
	GF/GP	NA	$118,904,300
DEPARTMENT ADMINISTRATION			
	FTE	74.0	0.0
7. Tax Proposals – Coordinated Children's Healthcare	**Gross**	**$22,663,300**	**$7,500,000**
Includes $7.5 million state restricted from the Healthy Michigan Fund to support behavioral health services. Reflects a portion of the additional revenues estimated to be available from the proposed wholesale tax on vaping products.	TANF	450,200	0
	Federal	13,271,100	0
	Private	200,000	0
	Restricted	0	7,500,000
	GF/GP	$8,742,000	$0
8. Autism Navigator – Coordinated Children's Healthcare	**Gross**	**$0**	**$1,000,000**
Includes $1.0 million GF/GP to reinstate funding for Autism Navigator contracts, which were eliminated in FY 2025-26.	GF/GP	$0	$1,000,000
COMMUNITY SERVICES AND OUTREACH			
9. School Success Partnership Program	**Gross**	**$1,525,000**	**($1,525,000)**
Removes $1.5 million TANF for the School Success Partnership Program operated by the Northeast Michigan Community Services Agency. This reduction is in part to avoid duplication of services as Family Impact Teams are expanded statewide, and is part of a broader effort to reduce TANF expenditures described below in item 15.	TANF	1,525,000	(1,525,000)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
10. Federal Grant Increase – Continuum of Care and Weatherization	**Gross**	**NA**	**$1,118,700**
	Federal	NA	1,049,600
Includes $1.1 million Gross ($69,100 GF/GP) to recognize an increase in federal grant awards for the Continuum of Care (CoC) and the Weatherization Program. The GF/GP increase is a state match to unlock the full amount of available federal CoC funds.	GF/GP	NA	$69,100
CHILDREN'S SERVICES AGENCY – CHILD WELFARE			
11. Child Welfare Caseload Adjustments	**Gross**	**$912,365,100**	**$40,263,600**
Increases funding for child welfare programs by $40.3 million Gross ($69.5 million GF/GP) as follows:	Federal	215,063,500	(21,124,000)
	TANF	71,894,800	(11,542,700)
• Adoption Subsidies is reduced $5.5 million Gross ($9.0 million GF/GP increase).	Local	45,457,000	3,046,000
	Private	1,226,900	273,100
• Child care fund is increased $32.0 million Gross ($30.0 million GF/GP).	Restricted	3,500,000	100,000
	GF/GP	$575,222,900	$69,511,200
• Foster Care Payments is increased $14.0 million Gross (30.9 million GF/GP).			
• Guardianship Assistance Program is reduced by $283,500.			
Amount includes $802,800 GF/GP reduction from changes in the FY 2026-27 FMAP to 65.70%.			
12. Title IV-E Match Rate Change	**Gross**	**NA**	**$0**
Includes a $3.3 GF/GP reduction to offset an increase in federal Title IV-E funds as result of the match rate being changed to align with the FMAP.	Federal	NA	3,256,800
	GF/GP	NA	($3,256,800)
PUBLIC ASSISTANCE			
13. Public Assistance Caseload Adjustments	**Gross**	**$3,627,570,000**	**$35,443,000**
Includes a net increase of $35.4 million Gross ($15.8 million GF/GP) for current year and FY 2026-27 caseload adjustments for the Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI). Caseload changes include:	Federal	3,495,068,300	18,120,900
	TANF	53,779,100	0
	Restricted	14,957,200	1,559,700
	GF/GP	$63,765,400	$15,762,400
• FIP – increase of $15.2 million Gross ($13.4 million GF/GP).			
• FAP – increase of $18.1 million Federal.			
• SDA – reduction of $516,700 Gross ($312,200 GF/GP).			
• SSI – increase of $2.7 million GF/GP.			
14. Food Assistance Work Requirement Savings – H.R. 1	**Gross**	**$3,499,778,300**	**($71,712,000)**
Assumes a savings of $71.7 million in federal Supplemental Nutrition Assistance Program (SNAP) funds for estimated caseload reductions due to the implementation of work requirements mandated by H.R. 1.	Federal	3,495,068,300	(71,712,000)
	Restricted	4,710,000	0
	GF/GP	$0	$0
15. TANF Reductions	**Gross**	**NA**	**($24,873,100)**
Includes a reduction of $24.9 million TANF across multiple line items to better align expenditures with annual TANF block grant revenue. Larger reductions include:	TANF	NA	(24,873,100)
	GF/GP	NA	$0
• Property management - $9.2 million.			
• Emergency services local office allocations - $6.8 million.			
• Donated funds - $2.2 million.			
• Bridges information system - $1.7 million.			
• EBT - $1.0 million.			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
LOCAL OFFICE OPERATIONS			
16. SNAP and Medicaid Work Requirement Implementation – H.R. 1	FTE	NA	589.0
	Gross	**NA**	**$104,090,100**
Includes $104.1 million Gross ($65.5 million GF/GP) and authorizes an additional 589.0 FTEs to implement SNAP and Medicaid work requirements mandated by H.R. 1. Investments are intended to support administration of increased casework and to provide for beneficiary outreach and education on changes to eligibility.	Federal	NA	38,601,000
	GF/GP	NA	$65,489,100
17. SNAP Administrative Cost Share Increase – H.R. 1	**Gross**	**NA**	**$0**
Includes net-zero adjustments that replace $94.3 million of federal funding for SNAP administrative costs with GF/GP due to an increase in the state SNAP administrative cost share from 50% to 75% as a requirement of H.R. 1. Larger impacts by section include: • Local Office Operations - $64.9 million. • Department Administration - $13.9 million. • Information Technology - $13.0 million. • Child Welfare - $1.9 million.	Federal	NA	(94,250,600)
	GF/GP	NA	$94,250,600
BEHAVIORAL HEALTH			
18. Southeast Michigan State Psychiatric Hospital	FTE	584.2	323.0
	Gross	**$119,200,400**	**$70,758,500**
Adds $70.8 million Gross ($64.7 million GF/GP) and authorizes an additional 323.0 FTEs for expanded operational costs at the new Southeast Michigan State Psychiatric Hospital, which will have a 264-bed capacity. The census for Walter Reuther and Hawthorn, the two facilities this new hospital will replace, had averaged 215 individuals, of which 50 were children and adolescents.	Federal	27,090,300	4,445,000
	Local	6,063,900	1,655,200
	Restricted	4,282,600	0
	GF/GP	$81,763,600	$64,658,300
19. Other State Psychiatric Hospital Cost Adjustments	**Gross**	**NA**	$9,227,000
Includes a net increase of $9.2 million Gross ($19.7 million GF/GP) for state psychiatric hospital cost adjustments including, $10.8 million GF/GP to offset less Medicaid reimbursable activities and $7.2 million GF/GP for one-time costs for medical and business record systems and to purchase personal protection devices at Caro, Center for Forensic Psychiatry, and Kalamazoo.	Federal	NA	(10,507,500)
	Local	NA	0
	Restricted	NA	0
	GF/GP	NA	$19,734,500
20. Family Support Subsidy	**Gross**	**$16,290,400**	**$882,700**
Increases family support subsidy costs $882,700 federal TANF based on updated, estimated number of income-eligible families with a child under age 18 living at home who is cognitively impaired, severely multiply impaired, or autistic.	TANF	16,290,400	882,700
	GF/GP	$0	$0
21. Certified Community Behavioral Health Clinics (CCBHCs)	**Gross**	**$916,062,700**	**$0**
Includes $7.9 million GF/GP to offset a like amount of federal funds based on updated, anticipated federal cost reimbursements.	Federal	750,583,900	(7,868,200)
	GF/GP	$165,478,800	$7,868,200
22. Health Homes	**Gross**	**$50,239,800**	**$0**
Adds $4.9 million GF/GP to account for a temporary enhanced Medicaid match ending for most of the behavioral health and substance use disorder health homes. Health homes receive a 90% enhanced federal match for its first 8 quarters.	Federal	39,527,000	(4,900,000)
	Restricted	560,000	0
	GF/GP	$10,152,800	$4,900,000
23. Nursing Home PAS/ARR-OBRA	**Gross**	**$15,213,600**	**$3,600,000**
Includes $3.6 million Gross ($900,000 GF/GP) based on anticipated cost and utilization increased of pre-admission screenings for persons with serious mental illness who are seeking admission into a nursing home.	Federal	11,424,200	2,700,000
	GF/GP	$3,789,400	$900,000

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
24. Federal Authorization Adjustments	**Gross**	**NA**	**$11,300,000**
Adds $11.3 million federal for the following behavioral health programs:	Federal	NA	11,300,000
• $8.3 million federal Medicaid reimbursements based on the expected opening of new psychiatric residential treatment facilities in Grand Rapids, Lansing, and Livonia which have an estimated combined number of 50 beds.	GF/GP	NA	$0
• $3.0 million from the federal Mental Health Block Grant.			
25. Opioid Healing and Recovery Fund – One-Time	**Gross**	**$76,750,000**	**($14,000,000)**
Includes a net reduction of $14.0 million state restricted Opioid Health and Recovery one-time funding, for a total FY 2026-27 one-time amount of $62.8 million. Sec. 1914 is related boilerplate that also changes the allocation of these funds.	Restricted	76,750,000	(14,000,000)
	GF/GP	$0	$0
PUBLIC HEALTH			
26. Tax Proposals – Wholesale Tax on Vaping Products	**Gross**	**NA**	**$13,875,000**
Assumes $13.9 million in restricted Healthy Michigan Fund revenue from the proposed tax on vaping projects. Funding would be used for smoking cessation and prevention activities as well as educational materials.	Restricted	NA	13,875,000
	GF/GP	NA	$0
27. Community Violence Intervention Interagency Agreement	**Gross**	**$0**	**$3,250,000**
Includes $3.3 million in restricted Public Safety and Violence Prevention Trust Fund authorization to be allocated to community partners as revenue sharing grants. Allocation is required by PA 22 of 2025.	Restricted	0	3,250,000
	GF/GP	$0	$0
28. Gun Violence Prevention- Gun Safety and Training – One-Time	**Gross**	**NA**	**$2,500,000**
Includes $2.5 million GF/GP allocated on a one-time basis to implement the recommendations of the Gun Violence Prevention Task Force. Recommendations include, but are not limited to, interagency work groups, improved access to firearm storage, development of a public resource directory, and increased community partnerships.	GF/GP	NA	$2,500,000
HEALTH SERVICES			
29. Medicaid Review – Cost Savings Assumption	**Gross**	**NA**	**($150,000,000)**
Assumes $150.0 million GF/GP savings from – yet to be determined – policy recommendations made in consultation between the department and third-parties. SBO estimates recommendations will be determined by May.	GF/GP	NA	($150,000,000)
30. Medicare/Medicaid Dual Eligible – Programmatic Structure	**Gross**	**NA**	**$20,887,100**
Includes a net increase of $20.9 million Gross (reduction of $2.8 million GF/GP) from transitioning the current integrated care organizations to the new MI Coordinated Health Program.	Federal	NA	23,656,500
	GF/GP	NA	($2,769,400)
31. Private Duty Nursing	**Gross**	**$5,891400**	**$9,931,700**
Includes $9.9 million Gross ($3.4 million GF/GP) for CMS service requirements for home health private duty nursing services to Medicaid recipients under the age of 21.	Federal	3,784,300	6,525,100
	Private	100,000	0
	GF/GP	$2,007,100	$3,406,600
32. Ground Emergency Medical Transportation – Federal Match	FTE	NA	6.0
Includes $31.5 million Gross ($0 GF/GP) and 6.0 administrative FTE positions to incorporate assumed additional revenues related to federal cost sharing for existing medical transportation costs incurred by government-owned providers.	**Gross**	**NA**	**$31,500,000**
	Federal	NA	31,350,000
	Local	NA	150,000
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
33. Community Health Workers	**Gross**	**NA**	**$4,100,000**
Includes $4.1 million Gross ($1.6 million GF/GP), of which $1.0 million Gross ($500,000 GF/GP) is one-time, to develop and implement a health plan billing system for community based organizations for reimbursable community health worker (CHW) services, and to incorporate regional CHW ratio requirements, with the intent to work project the one-time appropriations. Sec. 1913 is related boilerplate.	Federal	NA	2,536,700
	GF/GP	NA	$1,563,300
34. MI Choice – Structured Family Caregiving	**Gross**	**$0**	**$2,881,800**
Includes $2.9 million Gross ($1.0 million GF/GP) to reinstate training supports and stipends for live-in family members that provide caregiving supports to Home and Community-Based Services waiver beneficiaries, funding was reduced by the same amount in FY 2025-26.	Federal	0	1,881,800
	GF/GP	$0	$1,000,000
35. Kidney Foundation of Michigan	**Gross**	**NA**	**$1,000,000**
Includes $1.0 million GF/GP for ongoing grant for outreach regarding chronic kidney disease prevention and management. Sec. 1851 is related boilerplate.	GF/GP	NA	$1,000,000
36. GLP-1 Savings	**Gross**	**NA**	**($1,666,700)**
Includes a reduction of $1.7 million GF/GP for a full year's worth of GLP-1 policy savings that were effective January 1, 2026.	GF/GP	NA	($1,666,700)
37. Federal State Psychiatric DSH Clawback – One-Time	**Gross**	**NA**	**$54,722,900**
Includes $54.7 million GF/GP for the final year 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	$54,722,900
38. Nursing Facility Staffing – Penalty Revenues – One-Time	**Gross**	**NA**	**$10,000,000**
Includes $10.0 million private revenues to support nursing facility workforce training programs, career development, and other hiring and retention efforts for CNAs and RNs. Revenues are available from civil monetary penalty payments by nursing facilities for infractions involving non-compliance with federal requirements, and allowable under CMS guidance for staffing level-related efforts. Program supported over a 5-year period with the intent to work project the appropriations. Sec. 1911 is related boilerplate.	Private	NA	10,000,000
	GF/GP	NA	$0
39. Home Help Caregiver Council – One-Time	FTE	0.0	3.0
Includes $2.0 million Gross ($1.0 million GF/GP) and 3.0 FTE positions 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. Sec. 1913 is related boilerplate.	**Gross**	**$0**	**$2,000,000**
	Federal	0	1,000,000
	GF/GP	$0	$1,000,000
40. Restricted Fund Adjustments	**Gross**	**NA**	**$0**
Includes net-zero adjustments that replace $6.4 million state restricted revenues with $6.4 million GF/GP adjustments include: • Merit Award Trust Fund: increase of $13.0 million. • Medicaid Benefits Trust Fund: reduction of $18.2 million • Healthy Michigan Fund: reduction of $1.2 million	Restricted	NA	(6,400,000)
	GF/GP	NA	$6,400,000
41. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$202,056,900**	**($202,056,900)**
Removes $202.1 million Gross ($100.0 million GF/GP) of one-time funding that was included in the FY 2025-26 budget to support 37 one-time line items in FY 2025-26. Any funding retained into FY 2026-27 is noted elsewhere.	Federal	25,306,900	(25,306,900)
	Restricted	76,750,000	(76,750,000)
	GF/GP	$100,000,000	($100,000,000)

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
42. Economic Adjustments	**Gross**	**NA**	**$44,870,900**
Reflects increased costs of $44.9 million Gross ($29.4 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	56,500
	TANF	NA	(3,400)
	Federal	NA	14,822,200
	Local	NA	74,000
	Private	NA	166,000
	Restricted	NA	322,400
	GF/GP	NA	$29,433,200

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

Sec. 222. State Fiscal Recovery Fund Reappropriation **– NEW**

Allows for the automatic reappropriation of state fiscal recovery funds for the same, original appropriated purpose so funds are expended by December 31, 2026, and any subsequent financial close out period.

Sec. 233. ARPA Revenue Pre-Expiration Reallocation **– NEW**

Permits the state budget director to reallocate federal state fiscal recovery funds so they are expended by December 31, 2026 for payroll and benefits for public health and safety employees at the department of corrections and department of state police; and requires legislative notification within 10 business days of the reallocation.

Sec. 239. Medicaid Reimbursement for Telemedicine **– DELETED**

Requires DHHS to reimburse Medicaid telemedicine services the same as if the services involved face-to-face contact between the provider and patient; this applies to the non-facility component of the reimbursement rate.

Sec. 250. Legislatively Directed Spending Items **– REVISED**

Requires the legislature to provide the department and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the department to post information about grant recipients on its website. Revises to require SFA and HFA to submit a jointly agreed upon list of legislatively directed spending items to SBO and requires DHHS to post a report by March 15 and updated June 15 and September 15.

Sec. 254. Federal Receive and Expend Authority **– NEW**

Allows DHHS, upon approval from the state budget director, to receive and expend federal funds in addition to the federal funds appropriated in part 1; requires notification to the subcommittees and HFA and SFA 10 days after state budget director approval; and caps federal receive and expend at 1% of part 1 appropriations.

COMMUNITY SERVICES AND OUTREACH

Sec. 450. School Success Partnership Program **– DELETED**

Allocates $1.5 million to the Northeast Michigan Community Services Agency for the School Success Partnership Program; requires report.

Sec. 464. Diaper Assistance Grants **– REVISED**

Allocates $6.4 million as grants 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. Modifies by increasing the cap on administrative spending from 10% to 15% and striking the work project designation.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE/JUVENILE JUSTICE

Sec. 506. Wayne County Juvenile Justice Data Report **– DELETED**

Requires a report containing juvenile justice data from Wayne County, including the number of youths referred for care or supervision, type of setting for referred youth, and staff-to-youth ratios.

Sec. 532. DHHS/Provider **Meetings – DELETED**

Requires DHHS to hold semiannual meetings with private residential providers to receive feedback and discuss improvements to the residential system. *(Document from the State Budget Office dated November 7 noted this section is unenforceable.)*

Major Boilerplate Changes from FY 2025-26

***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. Modifies by providing stipulations for agencies to receive per diem; updates Independent Living (IL) and Host-home housing rates.

***Sec. 702. Shawono Center Report* – REVISED**
Requires DHHS to report on the location and placement type of youth that were placed in the Shawono Center as of January 24,2025, the location of staff previously employed at the Shawono Center as of January 24,2025, and the number of former staff that are still employed by DHHS. Modifies by requiring DHHS to provide information on youth placement and staffing for the two state run facilities

PUBLIC ASSISTANCE/LOCAL OFFICE OPERATIONS

***Sec. 603. Public Assistance Benefits Notification* – DELETED**
Requires the department to provide timely notification to public assistance program beneficiaries if there will be a decrease in their benefits. *(Document from the State Budget Office dated November 7 noted this section is unenforceable.)*

***Sec. 620. Medicaid Eligibility Determination Standards of Promptness* – REVISED**
Requires DHHS to determine Medicaid eligibility within 90 days when disability is an eligibility factor and 45 days for other Medicaid applicants, including patients in nursing homes; and requires quarterly reports on Medicaid standards of promptness. Modifies by requiring semiannual reports.

***Sec. 625. SSI Advocacy Grant* – REVISED**
Allocates $975,000 to the Legal Services Association of Michigan (LSAM) to assist current or potential SDA recipients in applying for SSI or other federal disability benefits and requires LSAM to report to DHHS on services provided with grant funds. Modifies by directing the allocation to the State Bar of Michigan.

***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. Modifies to allow DHHS to use less than the allocated amounts and to delay the deadline for distribution of payments from November 30 to January 31.

***Sec. 851. Adult Services Field Staff Ratios* – DELETED**
Requires the department to reduce the number of older adults who are victims of crime or fraud; establishes criteria for the service standard of promptness. *(Document from the State Budget Office dated November 7 noted this section is unenforceable.)*

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.

***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.

***Sec. 917. Michigan Opioid Healing and Recovery Fund and Report* – REVISED**
Allocates $55.0 million from the Michigan Opioid Healing and Recovery Fund, MCL 12.253, to supplement other opioid-related programs and services; permits DHHS to expend remaining funds for additional activities; and requires a semiannual report. Revises category amounts for the Michigan Opioid Healing and Recovery Fund, removes DHHS ability to expend remaining funds on additional activities, and removes semiannual report.

***Sec. 924. Autism Services Fee Schedule* – REVISED**
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. Revises to only require a minimum fee of not less than $66.00 per hour for behavioral technicians.

***Sec. 965. Methadone Medication Assisted Treatment* – DELETED**
Requires DHHS to reimburse methadone administration, bundled rate H0020, to at least $19.00.

Major Boilerplate Changes from FY 2025-26

***Sec. 994. National Accreditation Review Criteria for Behavioral Health Services* – DELETED**
Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

PUBLIC HEALTH

***Sec. 1146. Michigan Coalition to End Domestic Violence/Uniting Three Fires* – REVISED**
Allocates $1.0 million to the Michigan Coalition to End Domestic Violence and Uniting Three Fires to support services for victims of domestic violence, sexual violence, human trafficking; includes funding for the statewide tribal domestic and sexual violence coalition. Modifies to remove current year recipients of allocated funds and allow for DHHS discretion of allocations.

***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. 1507. Office of Inspector General Medicaid Managed Care Audits* – DELETED**
Requires the Office of Inspector General to audit and recoup inappropriate or fraudulent payments from Medicaid managed care organizations to providers. Prohibits department from fining, suspending, or disenrolling a Medicaid provider due to the discovery of inappropriate payments, unless authorized by federal or state law.

***Sec. 1633. Federal Provider Tax Transition Period* – DELETED**
Requires DHHS to request a transition period for implementing new federal provider tax rules and to coordinate with the Department of Treasury and insurance providers to establish a reasonable payment timeline.

***Sec. 1634. Insurance Provider Assessment Alternative* – DELETED**
Eliminates the Insurance Provider Assessment upon the establishment of an alternative provider assessment or other revenue source, and lowers assessment rates if alternative revenue sources do not equate to previous IPA revenue.

***Sec. 1647. Home- and Community-Based Services Fund Report* – DELETED**
Requires the department to report on any changes to the approved HCBS fund spending plan, and requires an annual report on total expenditures with grantee and program progress details.

***Sec. 1862. Obstetrical Rates* – REVISED**
Requires the department to maintain obstetrical service payment rates at 95% of Medicare levels effective October 1, 2014. Revises to remove October 1, 2014 payment rate reference date.

***Sec. 1888. Contract Performance Standards* – DELETED**
Requires the department to establish contract performance standards associated with the capitation withhold provisions for Medicaid health plans at least 3 months in advance of the implementation of those standards and clarifies that the determination of whether performance standards have been met shall be based primarily on recognized concepts, such as one-year continuous enrollment and healthcare effectiveness data and information set (HEDIS) data.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Traditional Medicaid and Healthy Michigan Plan Cost Adjustments	**Gross**	**$732,007,800**
Includes $732.0 million Gross ($226.7 million GF/G) for caseload, utilization, inflation, and special financing adjustments for the Traditional Medicaid and Healthy Michigan Plan programs.	Federal	469,345,100
	Local	(401,600)
	Private	(24,100)
	Restricted	36,351,700
	GF/GP	$226,736,700

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
2. Quality Assurance Assessment Program (QAAP) Revenue Accrual Across FY 2024-25 and FY 2025-26	**Gross**	**$0**
	Restricted	270,040,000
Offsets $270.0 million GF/GP with a like amount of QAAP revenue that would have been commonly booked as FY 202425 revenues through the accrual process. Supplemental request 2025-6 includes an inverse recommendation to account for $270.0 million in less QAAP revenue that needs to be offset with GF/GP in FY 2024-25. Taken together these two adjustments net out to $0 for both QAAP and GF/GP.	GF/GP	($270,040,000)
3. Autism Navigator	**Gross**	**$1,000,000**
Includes $1.0 million GF/GP to reinstate funding for Autism Navigator contracts, which were eliminated in Enacted FY 2025-26 budget.	GF/GP	$1,000,000
4. Child Welfare Caseload Adjustments	**Gross**	**$14,458,200**
	Federal	(30,170,100)
Increases funding for child welfare programs by $14.5 million Gross ($43.4 million GF/GP) for FY 2025-26 based on current caseload projections for Adoption Subsidies, Child Care Fund, Foster Care Payments, and Guardianship Assistance Program.	Local	823,400
	Private	273,100
	Restricted	100,000
	GF/GP	$43,431,800
5. Public Assistance Caseload Adjustments	**Gross**	**($110,778,700)**
	Federal	(121,721,100)
Includes a net reduction of $110.8 million Gross (net increase of $9.8 million GF/GP) for caseload and cost adjustments for the Family Independence Program, Food Assistance Program, State Disability Assistance, and State Supplementation. Caseload changes include:	Restricted	1,178,800
	GF/GP	$9,763,600
• FIP – increase of $11.8 million Gross ($10.4 million GF/GP)		
• FAP – reduction of $121.7 million Federal.		
• SDA – reduction of $688,300 Gross ($415,900 GF/GP).		
• SSI – reduction of $215,600 GF/GP.		
6. Psychiatric Residential Treatment Facilities	**Gross**	**$8,300,000**
	Federal	8,300,000
Includes $8.3 million federal Medicaid reimbursements based on the expected opening of new psychiatric residential treatment facilities in Grand Rapids, Lansing, and Livonia which have an estimated combined number of 50 beds.	GF/GP	$0
7. Certified Community Behavioral Health Clinics (CCBHCs)	**Gross**	**$0**
	Federal	(7,868,200)
Includes $7.9 million GF/GP to offset a like amount of federal funds based on updated, anticipated federal cost reimbursements.	GF/GP	$7,868,200
8. Nursing Home PAS/ARR-OBRA	**Gross**	**$3,600,000**
	Federal	2,700,000
Includes $3.6 million Gross ($900,000 GF/GP) based on anticipated cost and utilization increased of pre-admission screenings for persons with serious mental illness who are seeking admission into a nursing home.	GF/GP	$900,000
9 Southeast Michigan State Psychiatric Hospital Transition Costs	FTE	53.8
	Gross	**$7,894,400**
Includes $7.9 million GF/GP and authorizes 53.8 FTEs in anticipation of the new state hospital opening October 2026.	GF/GP	$7,894,400
10. Other State Psychiatric Hospital Cost Adjustments	**Gross**	$519,600
	Federal	(10,765,800)
Includes $519,600 Gross ($11.3 million GF/GP) for other state psychiatric hospital cost adjustments including a reduction in anticipated federal reimbursements and additional food costs.	Local	0
	Restricted	0
	GF/GP	$11,285,400
11. Community Violence Intervention Interagency Agreement	**Gross**	**$3,250,000**
Includes $3.3 million in restricted Public Safety and Violence Prevention Trust Fund authorization to be allocated to community partners as revenue sharing grants. Allocation is required by PA 22 of 2025.	Restricted	3,250,000
	GF/GP	$0
12. Private Duty Nursing	**Gross**	**$9,931,700**
	Federal	6,485,400
Includes $9.9 million Gross ($3.4 million GF/GP) for CMS service requirements for home health private duty nursing services to Medicaid recipients under the age of 21.	GF/GP	$3,446,300

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
13. Medicaid Work Requirement Grant	**Gross**	**$5,000,000**
Includes $5.0 million in federal grant funds to implementation costs and other changes needed to implement required federal changes to the Medicaid program.	Federal	5,000,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
HIGHER EDUCATION

Analyst: Perry Zielak

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			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	850,768,300	1,379,418,300	*528,650,000*	*62.1*
GF/GP	1,482,943,700	1,209,508,700	*(273,435,000)*	*(18.4)*
Gross	**$2,336,912,000**	**$2,592,127,000**	***$255,215,000***	***10.9***

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. University Operations Increase	**Gross**	**$1,731,772,700**	**$830,700**
Includes a net increase of $830,700 Gross ($64.6 million GF/GP reduction) for university operations, a 0.0% change when compared to FY 2025-26 operations appropriations. This includes:	Restricted	643,168,300	65,479,600
• $50.1 million SAF continuation of FY 2025-26 one-time operations grants for universities. The one-time operations funding would be the same as FY 2025-26 one-time operations payments for a net $0 change compared to the current year. Replaces $50.1 million GF/GP with a corresponding amount of SAF.	GF/GP	$1,088,604,400	($64,648,900)
• $830,700 SAF increase based on FY 2024-25 North American Indian Tuition Waiver (ITW) program costs reported by institutions. Replaces $14.5 million GF/GP with a corresponding amount of SAF.			
Attainment of the one-time operations funding would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.0% or $651 (set at 4.5% or $735 in the current year). Projected funding changes for universities would range from 0.0% to 0.7%. Total funding for operations would be $1.7 billion Gross ($1.0 billion GF/GP).			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
2. Michigan State University Extension and AgBioResearch Programs	**Gross**	**$75,025,700**	**$0**
	Restricted	0	2,206,100
	GF/GP	$75,025,700	($2,206,100)
Includes a net change of $0 Gross ($2.2 million GF/GP reduction) for MSU's AgBioResearch and Extension program funding when compared to FY 2025-26 appropriations. This includes: • $1.2 million SAF continuation of one-time operations increase for the MSU AgBioResearch program for a net $0 change compared to the current year. Replaces $1.2 million GF/GP with a corresponding amount of SAF. • $1.0 million SAF continuation of one-time operations increase for the MSU Extension program for a net $0 change compared to the current year. Replaces $1.0 million GF/GP with a corresponding amount of SAF. Total funding for AgBioResearch and Extension programs would be $75.0 million Gross ($72.8 million GF/GP).			
3. Infrastructure. Technology, Equipment, Maintenance, and Safety (ITEMS) Grants	**Gross**	**$0**	**$26,734,300**
	Restricted	0	26,734,300
	GF/GP	$0	$0
Includes $26.7 million SAF of one-time funding for Infrastructure, Technology, Equipment, Maintenance, and Safety which would allow universities to repair, improve, or maintain existing buildings, facilities, equipment, technological and physical infrastructure, and school safety measures. Grant funding would be distributed based on each university receiving a minimum of $1.0 million, with the remaining amount distributed proportionally using FY 2024-25 Fiscal Year Equated Students (FYES).			
4. Michigan Achievement Scholarship	**Gross**	**$300,000,000**	**$232,000,000**
	Restricted	200,000,000	232,000,000
	GF/GP	$100,000,000	$0
Increases funding by $232.0 million Gross for the Michigan Achievement Scholarship, a 77.3% increase. 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. The increase reflects rising costs as more students become eligible and participate in the scholarship program. Total funding for the Michigan Achievement Scholarship would be $532.0 million Gross ($100.0 million GF/GP).			
5. Tuition Incentive Program	**Gross**	**$122,300,000**	**$26,500,000**
	Restricted	0	139,300,000
	GF/GP	$122,300,000	($112,800,000)
Increases funding by $26.5 million SAF for the Tuition Incentive Program (TIP), a 21.7% 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. Proposes to cap Phase I costs at 2.5 times the average in-district community college tuition rate and eliminate Phase II awards for new participants. Replaces $112.8 million GF/GP with a corresponding amount of SAF. Total funding for TIP would be $148.8 million Gross ($9.5 million GF/GP).			
6. Michigan Reconnect	**Gross**	**$42,000,000**	**$25,000,000**
	Restricted	0	67,000,000
	GF/GP	$42,000,000	($42,000,000)
Increases funding by $25.0 million SAF for the Michigan Reconnect program, a 59.5% increase. The program provides last-dollar scholarships primarily to individuals 25 or older with a high school diploma or equivalency certificate to complete a Pell-eligible associate degree or skills-based certificate. The increase would fund the expansion of the program to include 21-to-24-year-olds. Replaces $42.0 million GF/GP with a corresponding amount of SAF. Total funding for Michigan Reconnect would be $67.0 million SAF.			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
7. Children of Veterans and Officer's Survivor Tuition Grant Programs	**Gross**	**$2,000,000**	**$0**
	Restricted	0	1,780,000
Includes a net change of $0 Gross ($1.8 million GF/GP reduction) for the Children of Veterans and Officer's Survivor Tuition Grant programs. The grants are awarded to children of deceased or permanently disabled military veterans or to surviving spouses and children of Michigan police officers and firefighters killed in the line of duty. Replaces $1.8 million GF/GP with a corresponding amount of SAF. Total funding for the Children of Veterans and Officer's Survivor Tuition Grant programs would be $2.0 million Gross ($220,000 GF/GP).	GF/GP	$2,000,000	($1,780,000)
8. Michigan Public School Employee Retirement System (MPSERS) Normal Cost Offset	**Gross**	**$7,600,000**	**($5,850,000)**
	Restricted	7,600,000	(5,850,000)
Decreases funding by $5.9 million SAF for the MPSERS normal cost offset, a 77.0% 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 MPSERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Total funding for the MPSERS normal cost offset would be $1.8 million SAF.	GF/GP	$0	$0
9. Removal of Michigan Competitive Scholarship and Tuition Grant Program Sunset One-Time Funding	**Gross**	**$50,000,000**	**($50,000,000)**
	GF/GP	$50,000,000	($50,000,000)
Removes $50.0 million GF/GP of one-time funding for the phase-out of the Michigan Competitive Scholarship and Tuition Grant programs, which provides funding for current students remaining in the scholarship programs until the end of their program eligibility. Funding would continue for the remaining students in both scholarship programs through an authorized work project until FY 2028-29.			

Major Boilerplate Changes from FY 2025-26

***Sec. 236d. One-Time Operations Payment Detail* – REVISED**
Details the one-time operations payment allocations for each university, along with one-time appropriations for MSU AgBioResearch and Extension programs. Revises language to apply one-time payments to FY 2026-2027 and conditions payments to the requirements found in sections 241a, 241b, 241c, and 244.

***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 that states the fund would support all state financial aid programs and deletes language specifying the FY 2025-26 deposits into the fund.

***Sec. 236m. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Appropriation Detail* – NEW**
Adds language that details infrastructure, technology, equipment, maintenance, and safety categories that ITEMS funding could be used for by public universities. Specifies that all public universities would receive an appropriation of at least $1.0 million, with the remaining amount distributed proportionally using FY 2024-25 fiscal year equated students (FYES).

***Sec. 236s. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide the responsible entity and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the responsible entity to post information about grant recipients on its website; defines responsible entity. Revises to require the fiscal agencies to work with the state budget office on the list of legislatively directed spending items, deletes various grant and administration requirements.

Major Boilerplate Changes from FY 2025-26

***Sec. 241a. Annual University HEIDI and Public Reporting Requirements* – REVISED**
Directs universities to submit annual HEIDI data by October 15 (November 15 for Wayne State). Details various annual reporting requirements around university finances, budget, revenue, expenditures, and employee compensation. Revises reporting dates from November 1 to the first business day of November. Deletes requirement to report on information related to the current university president and adds transfer and credits certification requirements originally located in Sec. 241c.

***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 2025-26, set at 4.5% or $735, whichever is greater and limits FY 2026-27 resident tuition and fee increases to the greater of 4.0% and $651. Revises reporting date from the first business day of November to the last business day of August. Revises language that limits FY 2026-27 in-district tuition and fee increases to 4.0% or $651, whichever is greater, and limits FY 2027-2028 in-district tuition and fee increases to the greater of 5.0% or $855.

***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 ongoing 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. 241h. Institutional Salaries Spending Restriction* – DELETED**
Deletes language that restricts public universities from spending more than 10% of operations appropriations on administration and includes which costs are not considered administrative spending, with the sum of money spent over the cap reduced from operations allocations.

***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. 256. Tuition Incentive Program Detail* – REVISED**
Specifies criteria for Tuition Incentive Program (TIP) eligibility. Provides for award conditions and limits under Phase I dealing with associate degree and certificate programs and Phase II, third and fourth years toward bachelor's degree; prohibits term and semester credit hour caps. Revises language to add special education graduates to program eligibility, closes eligibility for Phase II to new students starting academic year 2026-27, and caps Phase I awards at public universities to 2.5 times the average in-district community college tuition rate starting academic year 2027-28.

***Sec. 268. North American Indian Tuition Waiver Reporting Requirements* – REVISED**
States legislative intent that funds be allocated for unfunded Indian Tuition Waiver costs at public universities from the General Fund. Requires MiLEAP to report certain information related to the waivers by January 15, and requires universities and tribal colleges receiving waiver pass-through funding to provide data under guidelines and procedures developed by MiLEAP by January 1. Deletes language requiring reporting on students who withdraw and additional reports on graduation completions within 150% of the normal time to complete.

***Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding* – REVISED**
Specifies a $80,800 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 $80,800 to $96,700.

Major Boilerplate Changes from FY 2025-26

***Sec. 270. Bay Mills Community College North American Indian Tuition Waiver Funding* – REVISED**
Specifies a $498,800 pass-through payment from Lake Superior State's North American Indian Tuition Waiver appropriation to Bay Mills 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 $498,800 to $465,000.

***Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding* – REVISED**
Specifies a $105,700 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 $105,700 to $112,200.

***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. 275k. University Charter School Authorization Reporting Requirement* – DELETED**
Deletes language that requires universities that serve or have served as an authorizer of charter schools to submit a report to the legislature and the Michigan Department of Education with various details on public school academies authorized by the institution.

***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.

FY 2026-27 University Operations Appropriations
Executive Recommendation

University	Total FY 2025-26 Appropriation	FY 2025-26 Indian Tuition Waiver Payment	FY 2025-26 One-Time Appropriation	FY 2025-26 Base Appropriation	Total One-Time Operations Increase	FY 25 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass-Through Payments	Indian Tuition Waiver Adjustment	Total FY 27 Indian Tuition Waiver Payment	Total FY 2026-27 Appropriation	Percent Change	Change From FY 2025-26 Total
Central	$102,351,100	$1,680,400	$2,885,000	$97,785,700	$2,885,000	$1,877,400	$96,700	$293,700	$1,974,100	$102,644,800	0.3%	$293,700
Eastern	89,193,400	412,900	2,544,200	86,236,300	2,544,200	423,900	0	11,000	423,900	89,204,400	0.0%	11,000
Ferris	64,034,100	798,300	1,812,200	61,423,600	1,812,200	771,500	0	(26,800)	771,500	64,007,300	(0.0%)	(26,800)
Grand Valley	101,727,400	1,219,100	2,955,400	97,552,900	2,955,400	1,235,500	0	16,400	1,235,500	101,743,800	0.0%	16,400
Lake Superior	16,739,700	1,447,100	438,300	14,854,300	438,300	1,099,900	465,000	117,800	1,564,900	16,857,500	0.7%	117,800
Michigan State	333,766,200	2,508,800	9,740,500	321,516,900	9,740,500	2,413,500	0	(95,300)	2,413,500	333,670,900	(0.0%)	(95,300)
Michigan Tech	58,309,000	731,900	1,650,000	55,927,100	1,650,000	800,700	0	68,800	800,700	58,377,800	0.1%	68,800
Northern	57,289,300	1,417,800	1,601,100	54,270,400	1,601,100	1,542,400	112,200	236,800	1,654,600	57,526,100	0.4%	236,800
Oakland	75,574,300	325,200	2,212,700	73,036,400	2,212,700	378,300	0	53,100	378,300	75,627,400	0.1%	53,100
Saginaw Valley	35,415,000	183,000	1,036,000	34,196,000	1,036,000	240,800	0	57,800	240,800	35,472,800	0.2%	57,800
UM-Ann Arbor	373,432,700	1,900,600	10,924,800	360,607,300	10,924,800	1,746,100	0	(154,500)	1,746,100	373,278,200	(0.0%)	(154,500)
UM-Dearborn	32,662,700	194,300	954,700	31,513,700	954,700	248,800	0	54,500	248,800	32,717,200	0.2%	54,500
UM-Flint	27,684,500	480,900	799,900	26,403,700	799,900	537,600	0	56,700	537,600	27,741,200	0.2%	56,700
Wayne State	234,673,800	477,100	6,886,500	227,310,200	6,886,500	598,700	0	121,600	598,700	234,795,400	0.1%	121,600
Western	128,919,500	757,400	3,672,800	124,489,300	3,672,800	776,500	0	19,100	776,500	128,938,600	0.0%	19,100
TOTAL:	**$1,731,772,700**	**$14,534,800**	**$50,114,100**	**$1,667,123,800**	**$50,114,100**	**$14,691,600**	**$673,900**	**$830,700**	**$15,365,500**	**$1,732,603,400**	**0.0%**	**$830,700**

Requirements to receive operations increase for FY 2026-27:

1. Restrain FY 2026-27 resident undergraduate tuition/fee rate increase to 4.0% or $651(whichever is greater).

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
INSURANCE AND FINANCIAL SERVICES

Analyst: Una Jakupovic

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$763,800	$791,600	*$27,800*	*3.6*
Federal	250,000	250,000	*0*	*0.0*
Local	0	0	*0*	*--*
Private	0	0	*0*	*--*
Restricted	78,392,600	81,292,200	*2,899,600*	*3.7*
GF/GP	0	0	*0*	*--*
Gross	**$79,406,400**	**$82,333,800**	***$2,927,400***	***3.7***
FTEs	396.5	399.5	*3.0*	*0.8*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Deferred Presentment Contract Increase	**Gross**	**NA**	**$1,400,000**
Includes $1.4 million in state restricted Deferred Presentment Service Transaction Fees for contractual increases to support the operation and maintenance of a deferred presentment database. Supplemental Request 2026-1 includes state restricted authorization for the same purpose.	Restricted	NA	1,400,000
	GF/GP	NA	$0
2. Staffing Increase	FTE	NA	3.0
Includes $466,000 Gross ($13,000 IDG; $453,000 multiple state restricted sources) and authorization for 3.0 FTEs in the Consumer Services and Protection and Insurance Evaluation line items. The positions would consist of the following:	**Gross**	**NA**	**$466,000**
	IDG	NA	13,000
	Restricted	NA	453,000
	GF/GP	NA	$0
• One consumer finance complaint analyst responsible for reviewing and evaluating consumer complaints relating to consumer finance licensees and depository institutions.			
• One PRIRA analyst responsible for reviewing appeals related to health care benefits.			
• One insurance data analyst responsible for gathering, reviewing, and analyzing data submitted by insurers and others.			
3. Technical Adjustments	**Gross**	**NA**	**$0**
Includes internal FTE adjustments, funding adjustments, and fund name changes, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments include a transfer of 2.0 FTEs and $348,600 between four line items and renaming of three funds.	IDG	NA	6,600
	Federal	NA	0
	Restricted	NA	(6,600)
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Economic Adjustments	**Gross**	**NA**	**$1,061,400**
Reflects increased costs of $1.1 million Gross ($0 GF/GP) for negotiated	IDG	NA	8,200
salary and wage increases (3.0% on October 1, 2026), actuarially	Federal	NA	0
required retirement contributions, worker's compensation, building	Restricted	NA	1,053,200
occupancy charges, rent, and other economic adjustments.	GF/GP	NA	$0

Major Boilerplate Changes from FY 2025-26

GENERAL

***Sec. 204. Internet Reporting Requirements* – REVISED**
Requires DIFS to use the internet to fulfill reporting requirements; requires e-mail transmission and internet posting of reports. Executive revises to add website reporting requirements from deleted Sec. 227.

***Sec. 206. Communication with the Legislature* – DELETED**
Prohibits DIFS from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

***Sec. 209. Contingency Authorization* – REVISED**
Authorizes appropriation and expenditure of up to $200,000 in federal and $1.0 million in state restricted contingency funds after transfer of funds to specific line items is approved. 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. 211. Restricted Funds Report* – DELETED**
Requires DIFS to work with SBO to report on estimated restricted fund balances, revenues, and expenditures.

***Sec. 213. Work Project Usage* – 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. *(Governor deemed this section unenforceable.)*

***Sec. 216. Retention of Reports* – DELETED**
Requires DIFS to follow federal and state law and guidelines for short- and long-term retention of records; authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

***Sec. 217. Report on Policy Changes for Public Act Implementation* – DELETED**
Requires DIFS to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

***Sec. 217. State Fiscal Recovery Fund (SFRF) Expenditure* – NEW**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

***Sec. 218. State Fiscal Recovery Fund Reallocation* – NEW**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify HAC/SAC not later than 10 days after reallocating funds.

***Sec. 219. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***Sec. 221. E-Verify Requirement* – DELETED**
Requires DIFS to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes the department to verify the information directly or receive certification from the contractor; requires DIFS to submit a report describing the processes it develops and implements; defines E-Verify. *(Governor deemed this section unenforceable.)*

Major Boilerplate Changes from FY 2025-26

***Sec. 223. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $6.5 million ($5.9 million on pension related legacy costs and $638,800 on health care legacy costs).

***Sec. 224. Annual Strategic Plan* – DELETED**
Requires DIFS to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

***Sec. 225. State Obligations* – DELETED**
Requires DIFS to report on any court settlement that may require further legislative review of state statutory programs or regulations.

***Sec. 226. Private and Third-Party Funds* – DELETED**
Requires DIFS to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

***Sec. 227. Website Reporting* – DELETED**
Requires DIFS to make required reports readily accessible to the public and conspicuously posted in a single archivable location on the department's website; requires DIFS to maintain reports from previous fiscal years in the same archivable location.

***Sec. 228. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide DIFS and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires DIFS to post information about grant recipients on its website. Executive revises to require HFA/SFA to provide SBO a of jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; require LARA to post a report on March 15 and to update the report on June 15 and September 15.

GENERAL – DIFS

***Sec. 251. 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. 252. Television and Radio Expenditure Report* – DELETED**
Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; specifies information to be included.

INSURANCE AND FINANCIAL SERVICES REGULATION

***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 filings that are approved, denied, and objected to by DIFS, the percentage of filings processed within the statutory time frame, and the average processing time. Executive revises to require the report to only contain the total number of filings objected to.

***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 have at least 1.0 FTE to provide outreach and education and be trained to assist catastrophic accident survivors; require DIFS to report on the number of consumers assisted, number of complaints received, number of utilization orders issued, and the number that upheld and reversed the insurer's decision.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Deferred Presentment Contract Increase	**Gross**	**$1,400,000**
Includes $1.4 million in state restricted Deferred Presentment Service Transaction Fees for contractual increases to support the operation and maintenance of a deferred presentment database. The FY 2026-27 executive recommendation includes state restricted authorization for the same purpose.	Restricted	1,400,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
JUDICIARY

Analyst: Robin R. Risko

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$1,902,300	$1,902,300	*$0*	*0.0*
Federal	7,270,900	7,323,000	*52,100*	*0.7*
Local	0	0	*0*	--
Private	1,906,400	1,912,900	*6,500*	*0.3*
Restricted	96,468,300	96,879,600	*411,300*	*0.4*
GF/GP	276,073,800	283,240,600	*7,166,800*	*2.6*
Gross	**$383,621,700**	**$391,258,400**	***$7,636,700***	***2.0***
FTEs	643.5	683.5	*40.0*	*6.2*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Statewide Case Management System	FTE	67.0	22.0
Includes $2.0 million GF/GP and 22.0 FTE positions for support and maintenance of the statewide judicial case management system. Of the total additional FTE positions, 13.0 would be funded with the $2.0 million proposed to be included in the FY 2026-27 budget, and 9.0 would be funded with the $1.8 million that was included in the FY 2025-26 budget.	**Gross**	**$15,311,500**	**$2,007,600**
	GF/GP	$15,311,500	$2,007,600
2. Problem-Solving Courts	**Gross**	**$20,107,300**	**$250,000**
Includes a total of $250,000 GF/GP to support higher than anticipated costs for newly established programs. Of the total, $149,300 would be allocated for drug treatment courts, $72,600 would be allocated for mental health courts, and $28,100 would be allocated for veterans courts.	IDG	1,500,000	0
	Federal	2,550,000	0
	Restricted	1,920,500	0
	GF/GP	$14,136,800	$250,000
3. Community Dispute Resolution Program	FTE	3.0	1.0
Includes $184,500 in state restricted Community Dispute Resolution funds for 1.0 additional FTE position that would assist with increased caseload activities resulting from increased program utilization. The program aims to resolve civil matters outside of adjudication in court.	**Gross**	**$3,388,800**	**$184,500**
	Private	85,000	0
	Restricted	2,424,700	184,500
	GF/GP	$879,100	$0
4. Juvenile Lifer Resentencing Hearings	FTE	18.5	14.0
Includes $2.4 million GF/GP and 14.0 FTE positions for SADO to support resentencing hearings for individuals who were sentenced to life without parole for crimes they committed at ages 19 and 20. Additional FTE positions would include 4 attorneys, 7 mitigation specialists, 1 case coordinator, 1 reentry specialist, and 1 records specialist.	**Gross**	**$3,055,800**	**$2,371,800**
	GF/GP	$3,055,800	$2,371,800

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. MAACS Roster Attorney Compensation Grants	**Gross**	**$3,208,100**	**$1,200,000**
Includes $1.2 million GF/GP to support an increase in base pay rates for Michigan Appellate Assigned Counsel roster attorneys and to support adjustments in attorney caseloads, travel, and other expenses. Under this program, the state provides support to counties for one-half of the cost they pay to provide appellate defense for indigent individuals.	GF/GP	$3,208,100	$1,200,000
6. SADO Salary Adjustments	**Gross**	**NA**	**$434,500**
Includes a total of $434,500 GF/GP to cover costs of pay increases for SADO employees. Of the total, $382,300 is included to cover costs of negotiated pay increases for UAW-represented employees and $52,200 is included to cover costs of pay increases for non-represented employees.	GF/GP	NA	$434,500
7. Appellate Indigent Defense Workload Standards	FTE	NA	3.0
Includes $720,000 GF/GP and 3.0 FTE positions for SADO to support ongoing caseload demands and to help meet workload standards assessed by the National Center for State Courts.	**Gross**	**NA**	**$720,000**
	GF/GP	NA	$720,000
8. Hall of Justice Security	**Gross**	**NA**	**$100,000**
Includes $100,000 GF/GP to support contractual hourly rate increases for armed security officers at the Hall of Justice.	GF/GP	NA	$100,000
9. Court of Appeals Rent Adjustment	**Gross**	**NA**	**($359,000)**
Reflects a savings of $359,000 GF/GP in rent costs due to Court of Appeals judges and staff moving from leased space in Troy to state space in the Cadillac Place office building in Detroit.	GF/GP	NA	($359,000)
10. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$5,000,000**	**($5,000,000)**
Removes $5.0 million of one-time GF/GP that was included in the FY 2025-26 budget to support the following: • Judicial Tenure Commission ($500,000 GF/GP) • Juvenile life resentencing ($2.3 million GF/GP) • Statewide case management system ($2.0 million GF/GP) • Editor for Office of Reporter of Decisions ($167,400 GF/GP).	GF/GP	$5,000,000	($5,000,000)
11. Economic Adjustments	**Gross**	**NA**	**$5,727,300**
Reflects increased costs of $5.7 million Gross ($5.4 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), longevity, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	52,100
	Private	NA	6,500
	Restricted	NA	226,800
	GF/GP	NA	$5,441,900

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

***Sec. 209. State Restricted Fund Balances, Revenues, and Expenditures* – DELETED**
Requires the judicial branch to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

***Sec. 210. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $12.0 million ($10.9 million for pension-related legacy costs; $1.2 million for health care-related legacy costs).

***Sec. 211. Disciplinary Action Against State Employees* – DELETED**
Prohibits the judicial branch from taking disciplinary action against judicial branch employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the judicial branch is exercising its authority. (*Governor deemed this section unenforceable.*)

Major Boilerplate Changes from FY 2025-26

Sec. 212. Retention of Reports **– DELETED**
Requires the judicial branch to follow federal and state law and guidelines 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. 213. 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. (*Governor deemed this section unenforceable.)*

Sec. 217. Private and Third-Party Funds **– DELETED**
Requires the judicial branch to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

Sec. 217. State Fiscal Recovery Funds **– NEW**
Requires the chief justice to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

JUDICIAL BRANCH

Sec. 307. Swift and Sure Sanctions Program **– REVISED**
Requires SCAO to administer the Swift and Sure Sanctions program and distribute grants to qualifying courts; authorizes SCAO to expend not more than $150,000 to pay for employee costs associated with administration of the program; reserves $500,000 to be allocated for programs in counties that had more than 325 individuals sentenced to prison in the previous calendar year; requires SCAO to work with the Department of Corrections to report, for each individual court, by program, courts participating in the program, number of offenders participating in the program, criminal history of offenders, recidivism rates, parameters of the program, and an accounting of previous year expenditures, including grant amounts requested, grant amounts awarded, and grant amounts expended, by court. Executive deletes authorization for SCAO to expend up to $150,000 for employee costs associated with administration of the program and deletes the requirement that $500,000 be allocated for programs in counties that had more than 325 individuals sentenced to prison in the previous calendar year.

Sec. 312. Medication-Assisted Treatment Program **– DELETED**
Requires the judicial branch 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 the judicial branch to report on the program, including itemized spending by court, number of participants, and statistics that indicate average program participation duration and success rates.

ONE-TIME APPROPRIATIONS

Sec. 401. Limited-Term Employees for Judicial Tenure Commission **– DELETED**
Authorizes the Judicial Tenure Commission to hire up to 3.0 limited term employees to assist the commission with addressing the judicial complaint backlog.

Sec. 402. Limited-Term Employees for SADO **– DELETED**
Authorizes SADO to hire up to 14.0 limited term employees to assist with the increase in resentencing hearings resulting from recent Supreme Court decisions that require resentencing hearings for individuals who were sentenced to life without parole for crimes they committed at ages 19 and 20.

Sec. 403. Limited-Term Employees for Supreme Court **– DELETED**
Authorizes the Supreme Court to hire 1.0 limited term employee to serve as an editor for the Office of Reporter of Decisions; requires the editor to work to reduce the Court of Appeals backlog of opinions awaiting review and editing.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
LABOR AND ECONOMIC OPPORTUNITY

Analyst: Marcus Coffin

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	*--*
Federal	1,188,234,200	1,190,870,600	*2,636,400*	*0.2*
Local	6,200,000	6,200,000	*0*	*0.0*
Private	8,088,200	8,097,200	*9,000*	*0.1*
Restricted	312,373,700	295,779,500	*(16,594,200)*	*(5.3)*
GF/GP	216,183,600	181,162,400	*(35,021,200)*	*(16.2)*
Gross	**$1,731,079,700**	**$1,682,109,700**	***($48,970,000)***	***(2.8)***
FTEs	2,633.5	2,641.5	*8.0*	*0.3*

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 activities. 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 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Medicaid and SNAP Work Requirements	FTE	NA	2.0
Includes $25.0 million GF/GP and authorization for 2.0 FTE positions to comply with new federal work requirements prescribed under H.R. 1 (One Big Beautiful Bill Act) for Medicaid and SNAP eligibility. Funds would be distributed to Michigan Works! agencies to support activities related to job search and job readiness, job placement assistance, skills training, vocational services, and pre-apprenticeship activities.	**Gross**	**NA**	**$25,000,000**
	GF/GP	NA	$25,000,000
2. Contingent Fund, Penalty and Interest Reductions	**Gross**	**$43,397,900**	**($22,982,900)**
Removes $23.0 million of state restricted Contingent Fund, Penalty and Interest (Contingent Fund P&I) funds. The Contingent Fund P&I fund receives revenue from penalties, damages, and interest on contributions collected under the Michigan Employment Security Act. Fund revenue is strongly associated with unemployment conditions and the business cycle, and revenue has been declining. Line items that would be subject to the reductions include the following: Going Pro ($9.5 million), Unemployment Insurance Agency ($2.8 million), and Workforce Development ($10.6 million). It should be noted that the $9.5 million reduction for Going Pro would result in the elimination of all funding for that program, which provides awards to employers to assist with training, developing, and retaining current and newly hired employees.	Restricted	43,397,900	(22,982,900)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. Special Events and National Convention Attraction	**Gross**	**$0**	**$6,000,000**
Includes $6.0 million of GF/GP (one-time) to promote Michigan as a destination for special events, which would include national conventions, national conferences, major sporting events, and other significant events with a national audience. Funds would be used to attract eligible special events (events with a regular attendance of more than 500 people) and to support costs associated with hosting eligible events.	GF/GP	$0	$6,000,000
4. Registered Apprenticeships	**Gross**	**NA**	**$5,000,000**
Includes $5.0 million GF/GP to support and expand registered apprenticeship and apprenticeship readiness programs, which would provide additional opportunities for individuals to meet new federal work requirements under H.R. 1. Funds would be used to reimburse apprenticeship employer-sponsors for Registered Apprenticeship Program training costs, specific supportive services for registered apprentices, grant program coordination costs, and grantee administrative costs.	GF/GP	NA	$5,000,000
5. Office of Future Mobility and Electrification – Aviation and Advanced Air Mobility	**Gross**	**$0**	**$4,000,000**
Includes $4.0 million GF/GP (one-time) to support programs in Michigan's aviation and advanced air mobility sector, in alignment with Executive Directive 2025-4. Funds would be used to deploy infrastructure to enable Beyond Visual Line of Sight (BVLOS) operations, attract and retain advanced air mobility companies, and develop the advanced air mobility workforce.	GF/GP	$0	$4,000,000
6. Rural Development Fund Grant Program	FTE	0.0	1.0
Reflects the transfer of $2.0 million of state restricted Rural Development Funds and authorization for 1.0 FTE position from the Department of Agriculture and Rural Development to the Department of Labor and Economic Opportunity, to effectuate Executive Order 2025-9. The program provides grants to projects that address expansion and sustainability of land-based industries; worker training related to land-based industries; and energy, livestock processing, transportation, housing, communications, broadband, water, and wastewater infrastructure in rural communities.	**Gross**	**$0**	**$2,014,900**
	Restricted	0	2,014,900
	GF/GP	$0	$0
7. Rural Development Fund	**Gross**	**$0**	**$2,000,000**
Includes $2.0 million of one-time state restricted Rural Development Funds to augment ongoing funding for Rural Development Fund Grants. The amount available for Rural Development Fund Grants (combining the ongoing and one-time components) for FY 2026-27 would total $3.8 million.	Restricted	0	2,000,000
	GF/GP	$0	$0
8. MIOSHA Safety Education and Training Fund	**Gross**	**$11,739,000**	**$1,700,000**
Includes an additional $1.7 million of state restricted Safety Education and Training Funds to expand consultation, education, and training services that the Michigan Occupational Safety and Health Administration offers to employers to address workplace safety and risk.	Restricted	11,739,000	1,700,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
9. Community College Skilled Trades Equipment Program	**Gross**	**$4,600,000**	**($1,582,500)**
Reduces state restricted Contingent Fund P&I funds for the Community College Skilled Trades Equipment Program by $1.6 million. The Community College Skilled Trades Equipment Program line supports debt service payments for an FY 2014-15 bond issuance that provided competitive grants for skilled trades equipment upgrades at community colleges. The final debt service payment will be made in FY 2026-27, and this reduction would align funding authorization with the outstanding amount of the final payment.	Restricted	4,600,000	(1,582,500)
	GF/GP	$0	$0
10. Arts and Cultural Program	**Gross**	**$8,685,200**	**$1,314,800**
Includes an additional $1.3 million GF/GP (one-time) for the Arts and Cultural Program, bringing total one-time funding for the program to $10.0 million GF/GP. This one-time funding would augment ongoing funding for the Arts and Cultural Program – $3.7 million Gross ($2.5 million GF/GP) – which provides grants to support arts and cultural programs throughout Michigan.	GP/GP	$8,685,200	$1,314,800
11. Food Assistance Employment and Training Program	**Gross**	**NA**	**$560,000**
Includes an additional $560,000 of federal U.S. Department of Agriculture grant funding to recognize an increased annual federal grant award that supports the Food Assistance Employment and Training Program. The program is provided through Michigan Works! agencies and offers individualized services to assist SNAP recipients with achieving their employment goals.	Federal	NA	560,000
	GF/GP	NA	$0
12. Post-Secondary Schools IT System	**Gross**	**NA**	**$100,000**
Includes $100,000 of state restricted Distance Education Funds to support ongoing operation and maintenance costs for the Michigan Post-Secondary Schools (MiPSS) System, which is an IT system that maintains approval-related activities related to establishing private post-secondary education and training institutions as well as institutions' use of GI Bill benefits. The system has recently required changes and enhancements to improve efficiency and effectiveness for internal and external users, which has resulted in IT project cost increases.	Restricted	NA	100,000
	GF/GP	NA	$0
13. Office of Future Mobility and Electrification	FTE	0.0	5.0
Includes authorization for 5.0 FTE positions in the Office of Future Mobility and Electrification. No additional funding is included, but the adjustment would align FTE authorization with the office's operations.	**Gross**	**$1,500,000**	**$0**
	GF/GP	$1,500,000	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
14. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$77,356,000**	**($77,356,000)**
Removes $77.4 million of one-time GF/GP funding that was included in the FY 2025-26 budget to support the following: • Arts and Cultural Grants ($1.0 million) • Community and Worker Economic Transition Office ($250,000 GF/GP) • Community Development Financial Institutions Fund Grants ($5.0 million) • Detroit Right to Counsel ($1.5 million) • Emerging Community Grants ($2.0 million) • Empowerment ($500,000) • Focus: HOPE ($1.0 million) • Food Pantry Support ($800,000) • Going Pro ($22.3 million) • Habitat for Humanity ($500,000) • Helmets to Hardhats ($250,000) • Home Repair Grants ($1.2 million) • Legislatively Directed Spending Items ($28.0 million) • Michigan Black Business Alliance ($1.0 million) • Michigan Women Forward ($750,000) • North Rosedale Park ($500,000) • Office of Global Michigan ($500,000) • Redford Water Infrastructure ($750,000) • Reignite ($250,000) • SER Metro ($500,000) • Sheet Metal Training Center ($1.0 million) • Starfish Family Services ($1.0 million) • Wage and Hour Program ($1.0 million) • Wayne Metro ($800,000) • Workforce and Employer Expansion ($5.0 million).	GF/GP	$77,356,000	($77,356,000)
15. Internal FTE Authorization Alignment	FTE	NA	0.0
Includes an internal net-zero realignment of FTE authorization across five line items to align staffing authorization with current department needs. Line items that would be impacted include the following: • Executive Direction and Operations – increase of 9.0 FTEs • Unemployment Insurance Agency – decrease of 8.0 FTEs • Unemployment Insurance Appeals Commission – increase of 2.0 FTEs • Workforce Development – decrease of 1.0 FTE • Workers' Disability Compensation Appeals Commission – decrease of 2.0 FTEs.	**Gross** GF/GP	**NA** NA	**$0** $0
16. Technical Adjustments	**Gross**	**NA**	**($2,610,300)**
Includes numerous technical adjustments across 14 lines to align authorization from federal and state restricted sources with anticipated revenues. Also eliminates $38,300 of state restricted Second Injury Funds for Michigan Rehabilitation Services (MRS), as MRS does not use the fund source.	Federal Restricted GF/GP	NA NA NA	(2,368,600) (241,700) $0
17. Economic Adjustments	**Gross**	**NA**	**$7,872,000**
Reflects increased costs of $7.9 million Gross ($1.0 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, workers' compensation, building occupancy charges, rent, and other economic adjustments.	Federal Private Restricted GF/GP	NA NA NA NA	4,445,000 9,000 2,398,000 $1,020,000

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees **– DELETED**
Prohibits LEO from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

Sec. 212. State Restricted Funds Report **– DELETED**
Requires LEO to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

Sec. 215. Legislatively Directed Spending Items **– NEW**
Requires HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; requires the department that is administering the grants to post a report on March 15 and to update the report on June 15 and September 15.

Sec. 216. Retention of Reports **– DELETED**
Requires LEO to follow federal and state law and guidelines for short- and long-term retention of records; authorizes LEO to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 217. Report on Policy Changes Made to Implement Public Acts **– DELETED**
Requires LEO to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

Sec. 217. State Fiscal Recovery Funds **– NEW**
Requires SBO director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026, and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

Sec. 218. 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. *(Governor deemed this section unenforceable.)*

Sec. 218. Reallocation of State Fiscal Recovery Funds **– NEW**
Authorizes SBO director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires SBO director to notify HAC/SAC not later than 10 days after reallocating funds.

Sec. 221. State Administrative Board Transfers **– DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

Sec. 222. Legislatively Directed Spending Items **– DELETED**
Requires the legislature to provide LEO and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the department to post information about grant recipients on its website.

Sec. 225. E-Verify Requirement **– DELETED**
Requires LEO to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes LEO to verify the information directly or to receive certification from the contractor; requires LEO to submit a report describing the processes it develops and implements; defines E-Verify. *(Governor deemed this section unenforceable.)*

Sec. 228. Legacy Costs **– DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $39.6 million ($35.8 million on pension-related legacy costs; $3.9 million on health care-related legacy costs).

Sec. 229. Annual Strategic Plan **– DELETED**
Requires LEO to provide a copy of its annual strategic plan, which must include the mission, vision, goals, strategies, and performance measures of the department.

Major Boilerplate Changes from FY 2025-26

Sec. 230. State Obligations **– DELETED**
Requires LEO to report on any court settlement that may require further legislative review of state statutory programs or regulations.

Sec. 231. Private and Third-Party Funds **– DELETED**
Requires LEO to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

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. 304. Private Grant Funds **– 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 and to report on the amount of private revenue generated in and carried forward from the previous fiscal year. Executive revises to remove the $1.5 million appropriation cap.

Sec. 305. Informational, Training, and Special Events Revenue and Expenditures **– REVISED**
Authorizes LEO to charge registration fees for events it sponsors; requires fees to reflect costs of sponsoring events; appropriates up to $500,000 of revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; requires LEO to report on the amount of registration fees generated in and carried forward from the previous fiscal year. Executive revises to remove the $500,000 appropriation cap.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 401. MSHDA Report and Prohibition **– DELETED**
Requires MSHDA to report on the status of the authority's housing production goals under all financing programs, including efforts to raise affordable housing production goals, program summaries, status of goal progress, and explanations of program utilization; prohibits MSHDA from restricting eligibility for housing units without a permanent foundation unless it is a federal requirement.

Sec. 403. MSHDA Collaborative Work **– DELETED**
Requires that at least two MSHDA staff work with MDHHS on transition and supportive housing to support the transition to permanent housing; requires reporting on work MSHDA has undertaken with LEO, MSF, MDHHS, or any other department.

Sec. 405. Blight Elimination Program Work Project Lapse **– DELETED**
Expresses legislative intent that the state budget director lapse a total of $14.0 million from a work project for the Blight Elimination Program; requires any lapsed funds to be appropriated for grants to local land banks for blight removal and redevelopment projects and requires reporting in the event such an appropriation occurs.

MICHIGAN STRATEGIC FUND

Sec. 503. Pure Michigan **– REVISED**
(1) Requires Pure Michigan appropriation to be used for specified purposes, including up to 4% for program administration; (2) authorizes MSF to contract any authorized activities; (3) authorizes MSF to work with local units of government and nonprofit 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 only to market Michigan as a travel and tourist destination with the sole purpose of attracting new visitors and retaining former visitors; (6) limits local visitor bureaus to one Pure Michigan distribution per fiscal year. Executive revises to remove the 4% cap on administrative spending in item (1) and to delete item (2).

Sec. 506. Business Development and Community Revitalization Project Amendments Report **– DELETED**
Requires MSF to provide a report on 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; expenditures and revenues; FTE numbers; activities, programs, and grants; and subprograms funded from the Business Attraction and Community Revitalization line item.

Major Boilerplate Changes from FY 2025-26

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 organization.

Sec. 509. Land Options and Purchases Reporting **– DELETED**
Requires the department to provide notification and detailed information within 45 days after the purchase of land or options on land; 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 **– REVISED**
Requires the Business Attraction and Community Revitalization appropriation to be distributed as follows: (1) not less than 25% must be used to provide grant or loan funding for business support services to small and medium-sized businesses, including small business federal grant match and programming costs, technical assistance, manufacturing and automation support services, the Match on Main program, and the Public Spaces Community Places program; (2) not less than 19% must be used to award grants to small business support hubs and community incubators with the goal of increasing local economic and community development, with the grants used for establishment, expansion, or operation of small business support hubs or community incubators that promote mentorship, training, integrated supports, technical assistance, or networking opportunities, with preference given to hubs located in geographically diverse areas that promote innovation and entrepreneurship; (3) not less than 30% must be used by the Business Development Program to provide cash or loan assistance to small businesses; (4) not less than 2% must be used to provide supplemental support to community development financial institutions; (5) not more than 4% may be used for administering programs and activities authorized under the Michigan Strategic Fund Act; (6) all remaining funds may be used to support the Community Revitalization Program and up to 7% of the total Business Attraction and Community Revitalization appropriation may be used to provide additional support to the Business Development Program. Executive revises to require 60% of the appropriation to be used to provide support to small businesses and to allow all remaining funds to be used for programs and administration as outlined in the Michigan Strategic Fund Act.

Sec. 515. Film Tax 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, including 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.

Sec. 517. Arts and Cultural Grant Program **– REVISED**
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; stipulates requirements the council must fulfill, including publishing of materials and assessing non-refundable application fees, which are appropriated for expenses necessary to administer the program; requires a report to the legislature on awards; allows up to 3% of the arts and cultural program appropriation to be expended for administration. Executive revises to delete 3% cap on expenditures for administration.

Sec. 518. Business Attraction and Community Revitalization General Fund Transfers **– DELETED**
Requires GF/GP funds appropriated for Business Attraction and Community Revitalization to be transferred to the 21st Century Jobs Trust Fund, pursuant to the Michigan Strategic Fund Act; appropriates transferred funds and makes them available for allocation.

Sec. 519. Business Attraction and Community Revitalization Funds Reporting **– DELETED**
Requires MSF to report quarterly 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.

Major Boilerplate Changes from FY 2025-26

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.

EMPLOYMENT SERVICES

Sec. 601. Wage and Hour Program **– REVISED**
Requires LEO to engage with employers and employees to enhance education and outreach in accordance with the Youth Employment Standards Act, Improved Workforce Opportunity Wage Act, Earned Sick Time Act, Human Trafficking Notification Act, and other public acts. Executive revises to include language appropriating all funds received in the Prevailing Wage Fund for purposes allowed under MCL 408.1125a (i.e. implementation of 2023 PA 10, which pertains to prevailing wages on state projects).

WORKFORCE DEVELOPMENT

Sec. 702. Workforce Innovation and Opportunity Act (WIOA) Youth Grant Program **– REVISED**
Allows LEO to provide grants to nonprofit organizations that offer programs to WIOA-eligible youth that focus on entrepreneurship, work-readiness skills, job shadowing, apprenticeship activities, and financial literacy; stipulates eligibility criteria for organizations and requires LEO to develop other appropriate eligibility requirements; requires reporting on grants expended, number of students served, and organizations receiving funding. Executive revises to include language requiring eligible organizations to have capacity to provide similar programs in urban areas.

Sec. 705. Going Pro Reports and Requirements **– DELETED**
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; 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.

Sec. 706. Going Pro Administration **– DELETED**
Requires Going Pro to be administered according to specific outlined guidelines; allows up to 2% of the Going Pro appropriation to be used for administration; requires at least 5% of the available funding to be reserved for businesses in talent fund priority industry sectors.

Sec. 707. MiSTEM Advisory Council **– REVISED**
Requires MiSTEM Advisory Council funding to be used to support MiSTEM Network staff and for administrative, training, and travel costs related to the MiSTEM Council; delineates functions that MiSTEM Network staff must fulfill and requires report on activities and performance of the MiSTEM network regions. Executive revises to allow MiSTEM Network to receive funds from private sources and appropriates any private funds for expenditure in alignment with the statewide STEM strategy.

Sec. 713. Interagency Agreement for TANF Funds **– DELETED**
Requires LEO to provide reporting on the interagency agreement with MDHHS for the use of TANF funding to provide job readiness and welfare-to-work programming; requires report containing various metrics regarding referrals to Michigan Works! job readiness programs.

Sec. 718. Michigan High-Speed Internet Office FTEs **– NEW**
Appropriates 8.0 FTEs for the Michigan High-Speed Internet Office.

COMMISSIONS

Sec. 951. Commissions Reporting **– 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) and grant information.

ONE-TIME APPROPRIATIONS

Sec. 1001-1021. One-Time Boilerplate Sections **– DELETED**
Stipulates how 21 different FY 2025-26 one-time appropriations are to be used and allocated.

Sec. 1001. Museums Support **– NEW**
Requires the following awards to be made from the Museums Support appropriation: $500,000 to the Arab American National Museum; $500,000 to the Charles H. Wright Museum of African American History; and $500,000 to the Zekelman Holocaust Center.

Major Boilerplate Changes from FY 2025-26

***Sec. 1002. Special Events and National Convention Attraction* – NEW**
Requires funds to be used to promote Michigan as a destination for special events, including national conventions, national conferences, major sporting events, and other significant events with a national audience; requires MSF to develop program guidelines, allows funds to be used for attracting events and supporting costs for hosting eligible events, and requires eligible events to have a regular attendance of more than 500 people; designates unexpended funds as a work project appropriation.

***Sec. 1003. Office of Future Mobility and Electrification – Aviation and Advanced Air Mobility* – NEW**
(1) Requires funds to be used to further Michigan's aviation and advanced air mobility sector, including for advanced air mobility infrastructure deployment and for workforce development strategies; (2) requires the Office of Future Mobility and Electrification to collaborate with other state departments on program implementation, allows for memoranda of understanding, and appropriates any grant money awarded to a state department for the purpose of the intended grant; (3) appropriates federal funds received for the purposes of advancing the aviation and advanced air mobility sector for the purposes outlined in the federal grant award and allows the carry forward of unexpended federal funds; (4) designates unexpended funds as a work project appropriation.

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
1. Michigan Strategic Site Readiness Program Includes $150.0 million of state restricted Strategic Outreach and Attraction Reserve Funds to support public infrastructure investments and expansion of state-wide inventory of development-ready sites to attract investment. Of the total, $100.0 million would be allocated for projects where an end-user has not yet been identified and $50.0 million would be allocated for projects where an end-user has been identified.	**Gross** Restricted GF/GP	**$150,000,000** 150,000,000 $0
2. Office of Future Mobility and Electrification – Aviation and Advanced Air Mobility Includes $1.0 million GF/GP (one-time) to support programs in Michigan's aviation and advanced air mobility sector, in alignment with Executive Directive 2025-4. Funds would be used to deploy infrastructure to enable Beyond Visual Line of Sight (BVLOS) operations, attract and retain advanced air mobility companies, and develop the advanced air mobility workforce.	**Gross** GF/GP	**$1,000,000** $1,000,000
3. State Historic Preservation Office Grant Program Includes $750,000 of federal grant funding from the National Parks Service that was awarded to the Michigan State Historic Preservation Office (SHPO) for the Michigan Rural Heritage Partnership Program. Through the program, SHPO would support stabilization and rehabilitation of historic properties in rural communities throughout Michigan; SHPO's goal would be supporting 7-12 projects through a competitive process.	**Gross** Federal GF/GP	**$750,000** 750,000 $0
4. Arts and Cultural Program Includes an additional $450,000 of federal funding to recognize an increased federal award that the state has received from the National Foundation on the Arts and the Humanities in support of arts programs throughout Michigan. The amount of the federal award that the state has been receiving has gradually increased and this adjustment would allow for the expenditure of the received award amount.	**Gross** Federal GF/GP	**$450,000** 450,000 $0
5. Post-Secondary Schools IT System Includes $100,000 of state restricted Distance Education Funds to support ongoing operation and maintenance costs for the Michigan Post-Secondary Schools (MiPSS) System, which is an IT system that maintains approval-related activities related to establishing private post-secondary education and training institutions as well as institutions' use of GI Bill benefits. The system has recently required changes and enhancements to improve efficiency and effectiveness for internal and external users, which has resulted in IT project cost increases.	**Gross** Restricted GF/GP	**$100,000** 100,000 $0

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
6. Wage and Hour Program Includes a net-zero reappropriation in order to include boilerplate language appropriating application fees remitted by contractors when applying for state project registration under 2024 PA 110, which pertains to prevailing wages on state projects. The law went into effect in April of 2025, allowing LEO to collect registration fees, but an appropriation is needed to allow LEO to spend the fees for the purpose allowed under MCL 408.1125a (implementation of the act).	**Gross** GF/GP	**$0** $0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
LICENSING AND REGULATORY AFFAIRS

Analyst: Una Jakupovic

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$30,192,600	$30,303,000	*$110,400*	*0.4*
Federal	30,369,700	30,661,000	*291,300*	*1.0*
Local	0	0	*0*	--
Private	0	0	*0*	--
Restricted	285,958,900	291,161,800	*5,202,900*	*1.8*
GF/GP	279,485,700	275,351,800	*(4,133,900)*	*(1.5)*
Gross	**$626,006,900**	**$627,477,600**	***$1,470,700***	***0.2***
FTEs	1,813.0	1,821.0	*8.0*	*0.4*

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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Utility Consumer Representation Increase	**Gross**	**$2,100,000**	**$1,000,000**
Includes $1.0 million in state restricted Utility Consumer Representation Funds for grants to support the representation of residential utility customers in proceedings before the Michigan Public Service Commission.	Restricted	2,100,000	1,000,000
	GF/GP	$0	$0
2. Firefighter Training and Storage Tanks Program Support	FTE	NA	3.0
Includes $509,000 Gross ($163,000 GF/GP; $346,000 Corporation Fees) and authorization for 3.0 FTEs for the Bureau of Fire Services to support the firefighter training program (2.0 FTEs) and resources for hazardous materials safety inspection of aboveground and underground storage tank facilities (1.0 FTE).	**Gross**	**NA**	**$509,000**
	Restricted	NA	346,000
	GF/GP	NA	$163,000
3. Compliance and Risk Management Section	FTE	NA	3.0
Includes $491,100 in state restricted Construction Code Funds, Corporation Fees, Health Professions Regulatory Funds, Liquor Purchase Revolving Funds, Marihuana Regulation Funds, and Public Utility Assessments and authorization for 3.0 FTEs to support the establishment of a Compliance and Risk Management section within Financial Operations (currently Administrative Services).	**Gross**	**NA**	**$491,100**
	Restricted	NA	491,100
	GF/GP	NA	$0
4. Licensing and Regulation Fund Shortfall	**Gross**	**$16,975,900**	**$550,000**
Includes $550,000 in state restricted Corporation Fees for the Corporations, Securities, and Commercial Licensing Bureau to offset an expected reduction of revenue in the Licensing and Regulation Fund.	Restricted	16,975,900	550,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. Underground Facilities Safety Education and Training	**Gross**	**NA**	**$500,000**
Includes $500,000 in state restricted Civil Fines, Excavating, and Blasting Funds for the Michigan Public Service Commission to support underground facilities safety education and training.	Restricted	NA	500,000
	GF/GP	NA	$0
6. Michigan Tax Tribunal – Small Claims Backlog	FTE	NA	2.0
Includes $359,300 in state restricted Corporation Fees and authorization for 2.0 FTEs for the Michigan Tax Tribunal to support a small claims case backlog.	**Gross**	**NA**	**$359,300**
	Restricted	NA	359,300
	GF/GP	NA	$0
7. Federal Digital Accessibility Compliance	**Gross**	**NA**	**$167,400**
Includes $167,400 in state restricted Corporation Fees, Health Professions Regulatory Funds, and Marihuana Regulation Funds for Information Technology to support digital accessibility compliance.	Restricted	NA	167,400
	GF/GP	NA	$0
8. Bureau of Professional Licensing – Federal Grant	**Gross**	**NA**	**$109,000**
Includes $109,000 in federal grant funds for the Bureau of Professional Licensing to support the second and third years of a 3-year grant awarded by the Federal Financial Institutions Examination Council for the State Appraiser Regulatory Agency Support Grant Program to support an appraiser IT project, expert review, and grant management. Supplemental Request 2026-1 includes federal funding that would be used for the first year of the grant.	Federal	NA	109,000
	GF/GP	NA	$0
9. Michigan Public Service Commission – Software Contract	**Gross**	**NA**	**$107,400**
Includes $107,400 in state restricted Public Utility Assessments for Information Technology to support contractual increases for the Michigan Public Service Commission's customer relations management system.	Restricted	NA	107,400
	GF/GP	NA	$0
10. Michigan Indigent Defense Commission – Software Contract	**Gross**	**NA**	**$17,400**
Includes $17,400 GF/GP for Information Technology to support contractual increases for the Michigan Indigent Defense Commission's grant management software.	GF/GP	NA	$17,400
11. Interdepartmental Grants Adjustment	**Gross**	**NA**	**($208,400)**
Includes a reduction of $208,400 in IDG funding for the Michigan Office of Administrative Hearings and Rules from the Department of Health and Human Services to reflect adjustments related to H.R. 1 implementation.	IDG/IDT	NA	(208,400)
	GF/GP	NA	$0
12. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$6,600,000**	**($6,600,000)**
Removes $6.6 million of one-time Gross ($5.0 million GF/GP) funding that was included in the FY 2025-26 budget to support the following: • Accounting Continuing Education ($200,000 state restricted) • BFS – Smoke Detectors ($1.0 million GF/GP) • CRA Social Equity Program ($1.0 million state restricted) • Michigan Saves ($3.0 million GF/GP) • Real Estate Continuing Education ($400,000 state restricted) • Urban Search and Rescue ($1.0 million GF/GP).	Restricted	1,600,000	(1,600,000)
	GF/GP	$5,000,000	($5,000,000)
13. Technical Adjustments	**Gross**	**NA**	**$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 align funding authorization with department operations and activities. Includes a rollup of the two Liquor Control Commission line items into one line item. Also includes a shift of $4.9 million Gross from four line items to Information Technology to reflect actual IT spending.	IDG/IDT	NA	0
	Federal	NA	(99,900)
	Restricted	NA	99,900
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
14. Economic Adjustments	**Gross**	**NA**	**$4,468,500**
Reflects increased costs of $4.5 million Gross ($685,700 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	318,800
	Federal	NA	282,200
	Restricted	NA	3,181,800
	GF/GP	NA	$685,700

Major Boilerplate Changes from FY 2025-26

GENERAL

***Sec. 204. Internet Reporting Requirements* – REVISED**
Requires LARA to use the internet to fulfill reporting requirements; requires e-mail transmission and internet posting of reports. Executive revises to add website reporting requirements from deleted Sec. 226.

***Sec. 206. Communication with the Legislature* – DELETED**
Prohibits LARA from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

***Sec. 211. 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. 214. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***Sec. 216. Retention of Reports* – DELETED**
Requires LARA to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

***Sec. 217. Report on Policy Changes for Public Act Implementation* – DELETED**
Requires LARA to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

***Sec. 217. State Fiscal Recovery Fund (SFRF) Expenditure* – NEW**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

***Sec. 218. E-Verify* – DELETED**
Stipulates that LARA must require all contractors and subcontractors to agree to use the E-Verify system to verify that all people hired during the contract term are legally present and authorized to work in the United States; allows the department to verify the information directly or receive certification from the contractor; requires LARA to submit a report describing the processes it has developed and implemented; prohibits LARA from contracting with foreign entities that are enemies or adversaries of the United States. *(Governor deemed this section unenforceable.)*

***Sec. 218. State Fiscal Recovery Fund Reallocation* – NEW**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify HAC/SAC not later than 10 days after reallocating funds.

***Sec. 220. Work Project Usage* – 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. *(Governor deemed this section unenforceable.)*

***Sec. 222. Legacy Costs* – DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $27.6 million ($24.9 million on pension-related legacy costs and $2.7 million on health care-related legacy costs).

Major Boilerplate Changes from FY 2025-26

***Sec. 223. Annual Strategic Plan* – DELETED**
Requires LARA to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

***Sec. 224. State Obligations* – DELETED**
Requires LARA to report on any court settlement that may require further legislative review of state statutory programs or regulations.

***Sec. 225. Private and Third-Party Funds* – DELETED**
Requires LARA to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

***Sec. 226. Website Reporting* – DELETED**
Requires LARA to make required reports readily accessible to the public and conspicuously posted in a single archivable location on the department's website; requires LARA to maintain reports from previous fiscal years in the same archivable location.

***Sec. 227. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide LARA and the state budget director with a list of legislatively directed spending items; provide requirements for the administration of grants; provide requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires LARA to post information about grant recipients on its website. Executive revises to require HFA/SFA to provide SBO a of jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; require LARA to post a report on March 15 and to update the report on June 15 and September 15.

GENERAL – LARA

***Sec. 250. Television and Radio Production Expenditure Report* – DELETED**
Requires LARA to report any expenditure of funds to a third-party vendor for television or radio productions; specifies information to be included.

***Sec. 251. Training Materials Reporting* – DELETED**
Requires LARA to report on materials that employees and contractors are required to review or complete for mandatory training.

***Sec. 252. Registration Fees* – 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 $1.0 million limit.

***Sec. 255. 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 $4.0 million limit.

MICHIGAN PUBLIC SERVICE COMMISSION

***Sec. 301. Low-Income Energy Assistance Grant Program* – REVISED**
Stipulates that MPSC administers the low-income energy assistance grant program on behalf of MDHHS, and funds supporting the program are appropriated upon awarding of grants and may be used for grant payments or administrative program expenses; requires the MPSC to report on the median annual household income of grant recipients and the number of grants administered in each county. Executive revises to remove reporting requirements.

***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 MPSC to submit report that summarizes outcomes and public comments.

***Sec. 303. Energy Utility Rates Report* – DELETED**
Requires the MPSC to designate 1.0 FTE to assist consumers with utility issues, disruption, or outages; requires the MPSC to report on electric rates, comparison of electric bills, power supply cost recovery factors, natural gas rates, gas cost recovery factors, reliability data, number of consumers assisted, and number of complaints.

Major Boilerplate Changes from FY 2025-26

OCCUPATIONAL REGULATION

***Sec. 507. Carnival-Amusement and Ski Area Safety Inspections* – REVISED**
Stipulates that at least $900,000 of the Bureau of Construction Codes 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 report on the allocation of funds, including an itemized listing of how funds were used. Executive revises to remove the $900,000 floor.

CANNABIS REGULATORY AGENCY

***Sec. 604. Prohibition of Cannabis Regulatory Agency Partiality* – DELETED**
Prohibits the CRA from exhibiting partiality toward or bias against any licensee.

MICHIGAN INDIGENT DEFENSE COMMISSION

***Sec. 802. Michigan Indigent Defense Commission Report on Incremental Costs* – REVISED**
Requires the MIDC to report the incremental costs associated with the standard development process, the total cost calculation for each indigent defense standard, how much each recipient is receiving for each standard, and the causal factors associated with any changes in grant funding. Executive revises reporting requirements to instead include a list of the total amount approved for each funding unit, a list of expenditures by category for each funding unit, and a comparison of the total system cost for the previous two fiscal years organized by MIDC region.

***Sec. 803. Minimum Standards for Youth Defense Services* – REVISED**
Indicates legislative intent that the MIDC begin the statutory process of developing and implementing minimum standards for youth defense services. Executive revises to require MIDC to utilize available funding to begin developing and implementing minimum standards for youth defense services upon enactment of SB 81 or HB 4070.

***Sec. 805. MIDC Construction Expenses Prohibition* – DELETED**
Prohibits MIDC grants from being used to support any construction expenses for a new structure.

ONE-TIME APPROPRIATIONS

***Sec. 1001. Bureau of Fire Services – Smoke Detectors* – 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.

***Sec. 1002. Michigan Saves* – DELETED**
Allows the MPSC to award $1.5 million to Michigan Saves to conduct a grant program and $1.5 million to a nonprofit green bank to support a loan loss reserve fund or similar financial instrument.

***Sec. 1003. Michigan Realtors Association* – DELETED**
Requires the Bureau of Professional Licensing to provide grants to the Michigan Realtors Association to approve and track real estate continuing education.

***Sec. 1004. Michigan Association of CPAs* – DELETED**
Requires the Bureau of Professional Licensing to provide grants to the Michigan Association of CPAs to support the maintenance and operation of the continuing professional education tracker and web portal.

***Sec. 1005. Urban Search and Rescue* – DELETED**
Requires the Bureau of Fire Services to provide funds to Michigan Task Force 1 to support activities related to emergency response.

***Sec. 1006. 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 marihuana prohibition and enforcement; establish a minimum number of licensees that are participating in the program; consider the median income in designating disproportionately impacted communities.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Bureau of Professional Licensing – Federal Grant Increase	**Gross**	**$39,700**
Includes $39,700 in federal grant funding to support the first year of a 3-year grant awarded to LARA by the Federal Financial Institutions Examination Council for the State Appraiser Regulatory Agency Support Grant Program to support an appraiser IT project, expert review, and grant management. The FY 2026-27 executive recommendation includes federal funding that would be used for the second and third years of the grant.	Federal	39,700
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
LIFELONG EDUCATION, ADVANCEMENT, AND POTENTIAL

Analysts: Noel Benson and Perry Zielak

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	457,769,900	418,323,900	*(39,446,000)*	*(8.6)*
Local	0	0	*0*	--
Private	1,000,000	1,000,000	*0*	*0.0*
Restricted	1,880,000	1,897,300	*17,300*	*0.9*
GF/GP	201,593,300	231,451,700	*29,858,400*	*14.8*
Gross	**$662,243,200**	**$652,672,900**	***($9,570,300)***	***(1.4)***
FTEs	348.0	348.0	*0.0*	*0.0*

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Child Development and Care Public Assistance	**Gross**	**$543,312,000**	**$0**
Provides a net $0 Gross change by including $40.0 million GF/GP and decreasing the federal fund appropriation by $40.0 million to more accurately align federal appropriations with available federal funding to maintain current program services. Fund swap is necessary due to spend down of federal discretionary carryforward grant and lack of sufficient available federal revenues. Total funding for the CDC Public Assistance program would be $543.3 million Gross ($202.5 million GF/GP).	Federal	380,801,300	(40,000,000)
	GF/GP	$162,510,700	$40,000,000
2. Child Development and Care External Support	**Gross**	**$11,028,800**	**$45,300**
Provides additional $45,300 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 CDC External Support would be $11.1 million Federal.	Federal	11,028,800	45,300
	GF/GP	$0	$0
3. Student Financial Assistance Programs	FTE	50.0	1.0
Transfers $159,700 GF/GP and authorization of 1.0 FTE position from Michigan Indian Tuition Waiver to Student Financial Assistance Programs to consolidate student financial assistance programs under one line item (See Item #4). Total funding for Student Financial Assistance Programs would be $9.8 million Gross ($8.5 million GF/GP).	**Gross**	**$9,597,700**	**$159,700**
	Restricted	1,270,800	0
	GF/GP	$8,326,900	$159,700

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Michigan Indian Tuition Waiver	FTE	1.0	(1.0)
Transfers $159,700 GF/GP and authorization of 1.0 FTE position from Michigan Indian Tuition Waiver to Student Financial Assistance Programs to consolidate student financial assistance programs under one line item (See Item #3).	**Gross**	**$159,700**	**($159,700)**
	GF/GP	$159,700	($159,700)
5. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$10,500,000**	**($10,500,000)**
Removes $10.5 million GF/GP of one-time funding that was included in the FY 2025-26 budget to support the following: • Child Development and Care Public Assistance ($3.5 million GF/GP) • Dual Enrollment ($3.5 million GF/GP) • College Success Fund and Student Wraparound Supports ($1.0 million GF/GP) • Michigan Center for Adult College Success ($1.0 million GF/GP) • Michigan Center for Civic Education ($1.0 million GF/GP) • Ensuring Access to Postsecondary Opportunities ($260,000 GF/GP) • Community College Workforce Initiative ($240,000 GF/GP)	GF/GP	$10,500,000	($10,500,000)
6. Economic Adjustments	**Gross**	**NA**	**$884,400**
Reflects increased costs of $884,400 Gross ($358,400 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	508,700
	Restricted	NA	17,300
	GF/GP	NA	$358,400

Major Boilerplate Changes from FY 2025-26

Executive Boilerplate Deletions

In general, the executive budget deletes a number of boilerplate sections included in FY 2025-26 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)
- State Restricted Fund Balances, Revenues, and Expenditures Report (Sec. 212)
- State Administrative Board Transfers (Sec. 217)
- Department Retention of Reports and Records (Sec. 219)
- Department Policy Changes Made to Implement Public Acts Report (Sec. 220)
- Requirement to Expend Available Work Project Authorization (Sec. 222)
- Departmental Legacy Costs (Sec. 224)
- Posting Required Departmental Reports (Sec. 225)
- E-Verify Requirment (Sec. 228)
- Annual Departmental Strategic Plan (Sec. 230)
- Court Settlement Impact on Program or Regulations (Sec. 231)
- Private and Third-Party Funds Report (Sec. 232)
- Dual Enrollment Payments (Sec. 705)
- Dual Enrollment Taskforce (Sec. 706)
- Child Development and Care Public Assistance One-Time Funds (Sec. 1101)
- College Success Fund and Student Wraparound Supports (Sec. 1102)
- Michigan Center for Adult College Success (Sec. 1103)
- Ensuring Access to Postsecondary Opportunities (Sec. 1104)
- Community College Workforce Initiative (Sec. 1105)
- Michigan Center for Civic Education (Sec. 1106)

Major Boilerplate Changes from FY 2025-26

***Sec. 204. Internet Availability of Required Report* – REVISED**
Requires MiLEAP to use internet to fulfill reporting requirements; requires transmission of reports via email and internet posting of reports. Adds language originally included in Sec. 225 that requires MiLEAP to post each required report in a single archivable location on the department's website and maintain previous reports grouped by fiscal year.

***Sec. 217. State Fiscal Recovery Funds Expended* – NEW**
Adds language that directs the state budget director to ensure state fiscal recovery funds are expended by December 31, 2026, and any state fiscal recovery funds that would lapse after September 30, 2026 are automatically reappropriated for the same purpose as originally authorized.

***Sec. 218. Work Project Appropriations Status Report* – REVISED**
Requires MiLEAP to report information on all work project accounts, including the status of each account and the amount of any funds that lapsed from previous accounts. Renumbers as Sec. 208.

***Sec. 218. State Fiscal Recovery Funds Reallocation Authorization* – NEW**
Adds 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 must notify the Legislature within 10 days after making the reallocation.

***Sec. 227. Impact of Federal Policy Changes Report* – REVISED**
Requires MiLEAP to report quarterly on federal policy changes that are expected to affect department operations, affect groups the department engages with, or create a regulatory gap. Revises language to have MiLEAP report on significant policy changes or significant impact to department operations, along with changes that would reduce the department's ability to safeguard the health or welfare of the public. Deletes language requiring reports on groups and populations the department engages with and policies that create a regulatory gap. Renumbers as Sec. 214.

***Sec. 233. Legislatively Directed Spending Items* – REVISED**
Requires the legislature to provide the department and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires MiLEAP to post information about grant recipients on its website. Revises to require the fiscal agencies to work with the state budget office on the list of legislatively directed spending items, deletes various grant and administration requirements. Renumbers as Sec. 215.

***Sec. 1030. Administration of Tri-Share Program* – REVISED**
Requires funding appropriated in part 1 to be used to continue the Tri-Share Child Care program; requires the department to establish and support regional facilitator hubs and statewide services; requires the creation of benchmarks for the regional facilitator hubs; allows facilitator hubs licensed in the state to enroll children living in Wisconsin with a parent who is employed in Michigan. Adds language that allows for quarterly advances of provider payments, allows MiLEAP to use unspent funds for the state's share of child care payments or used at the department's discretion, and requires MiLEAP to innovate program and administration options to attract employer participation.

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
MILITARY AND VETERANS AFFAIRS

Analyst: Aaron A. Meek

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$101,800	$101,800	*$0*	*0.0*
Federal	148,840,000	154,412,200	*5,572,200*	*3.7*
Local	0	0	*0*	*–*
Private	100,000	100,000	*0*	*0.0*
Restricted	12,953,500	12,973,100	*19,600*	*0.2*
GF/GP	128,171,000	96,350,900	*(31,820,100)*	*(24.8)*
Gross	**$290,166,300**	**$263,938,000**	***($26,228,300)***	***(9.0)***
FTEs	976.0	976.0	*0.0*	*0.0*

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.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Veterans Home Direct Care – Fund Swap	**Gross**	**$107,598,900**	**$0**
Includes $2.9 million in federal Veterans Health Administration revenue to offset a $2.9 million GF/GP reduction. Funding supports operations at the state's three veterans homes.	Federal	53,437,100	2,931,900
	Restricted	6,303,000	0
	GF/GP	$47,858,800	($2,931,900)
2. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$30,000,000**	**($30,000,000)**
Removes $30.0 million of one-time GF/GP funding that was included in the FY 2025-26 budget to support the following: • Selfridge Air National Guard Base ($26.0 million GF/GP) • Veterans Nonprofit Improvement Grants ($4.0 million GF/GP).	GF/GP	$30,000,000	($30,000,000)
3. Technical Adjustments	**Gross**	**NA**	**$1,400,000**
Includes $1.4 million in federal National Guard Bureau revenue to support the following line items: • Headquarters and Armories ($1.0 million) • Michigan Youth ChalleNGe Academy ($400,000).	Federal	NA	1,400,000
	GF/GP	NA	$0
4. Economic Adjustments	**Gross**	**NA**	**$2,371,700**
Reflects increased costs of $2.4 million Gross ($1.1 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	1,240,300
	Restricted	NA	19,600
	GF/GP	NA	$1,111,800

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

***Sec. 206. Disciplinary Action Against State Employees* – DELETED**
Prohibits the department from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

***Sec. 212. State Restricted Fund Balances, Revenues, and Expenditures* – DELETED**
Requires the department to work with SBO to report on estimated state restricted fund balances, revenues, and expenditures.

***Sec. 214. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***Sec. 215. Legislatively Directed Spending Items* – NEW**
Requires HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; requires the department that is administering the grants to post a report on March 15 and to update the report on June 15 and September 15.

***Sec. 217. State Fiscal Recovery Funds* – NEW**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026, and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

***Sec. 218. Reallocation of State Fiscal Recovery Funds* – NEW**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify appropriations committees not later than 10 days after reallocating funds.

***Sec. 219. Retention of Reports* – DELETED**
Requires the department to follow federal and state law and guidelines for short- and long-term retention of records; authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

***Sec. 220. Report on Policy Changes Made to Implement Public Acts* – DELETED**
Requires the department to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

***Sec. 222. 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. *(Governor deemed this section unenforceable.)*

***Sec. 224. Intention to Sell Department Property* – DELETED**
Requires the department to provide a 60-day notice of intent to sell property. *(Governor deemed this section unenforceable.)*

***Sec. 225. Biannual Reporting on Achieving Requirements* – DELETED**
Requires the department to provide biannual reports on status of work projects, financial status, and employment levels.

***Sec. 226. Legislatively Directed Spending Items* – DELETED**
Requires the legislature to provide the department and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the department to post information about grant recipients on its website.

***Sec. 229. Annual Strategic Plan* – DELETED**
Requires the department to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

Major Boilerplate Changes from FY 2025-26

***Sec. 234. E-Verify Requirement* – DELETED**
Requires the department to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes the department to verify the information directly or to receive certification from the contractor; requires the department to submit a report describing the processes it develops and implements; defines "E-Verify." *(Governor deemed this section unenforceable.)*

***Sec. 237. Private and Third-Party Funds* – DELETED**
Requires the department to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

***Sec. 240. State Obligations* – DELETED**
Requires the department to report on any court settlement that may require further legislative review of state statutory programs or regulations.

MILITARY

***Sec. 301. Unclassified Positions* – REVISED**
Appropriates funding to support unclassified positions; requires the 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 revises to eliminate notification requirements for new unclassified positions and substantive changes to duties of existing unclassified positions.

***Sec. 303. Michigan Youth ChalleNGe Academy* – REVISED**
Requires the department to maintain proper levels of staffing and resources to operate Michigan Youth ChalleNGe Academy as provided under federal law; provides operating requirements and performance standards; authorizes unexpended and unencumbered private donations to carry forward and not lapse at close of fiscal year. Executive revises to eliminate carry-forward authorization for private donations.

***Sec. 307. National Guard Tuition Assistance Program* – REVISED**
Requires the department to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible recipients as defined in 2014 PA 259; states program objectives, performance metrics, and reporting requirements; requires funds appropriated for Michigan National Guard Member Benefit Program be used to support tuition assistance program. Executive revises to delete FTE information from reporting requirements.

MICHIGAN VETERANS AFFAIRS AGENCY

***Sec. 410. MVAA and County Counseling Services* – REVISED**
Requires the 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 the MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for USDVA 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 revises to delete staffing, resources, and minimum claims processing requirements.

***Sec. 411. Grants to Veterans Service Organizations* – REVISED**
Requires the 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 and specifies basic parameters of grant agreement; requires the MVAA to report on grant activities; appropriates funding to cover administrative costs; authorizes unexpended funding as work project. Executive revises to eliminate work project authorization; to require deposit of appropriated funds in the Veterans Service Fund created by proposed Section 412; and to eliminate monthly performance benchmark-setting requirement for MVAA.

***Sec. 412. Veterans Service Fund* – NEW**
Creates Veterans Service Fund to support grants to veterans service organizations under Section 411; requires the department to be the administrator of the fund for auditing purposes; authorizes unexpended funds to carry forward and not lapse at close of fiscal year.

Major Boilerplate Changes from FY 2025-26

***Sec. 413. County Veteran Service Fund* – REVISED**
Requires funds appropriated for county veteran service grants to be deposited into the restricted County Veteran Service Fund created in 2018 PA 210; appropriates funds in County Veteran Service Fund for expenditure to support county veteran service grants; authorizes the department to use funds to cover costs associated with administration and providing technical assistance to counties participating in grant program; requires annual report to include information about grant allocation process and timeline, grant funds expended by and recovered from counties, and counties that did not request grant funding; requires the MVAA to notify legislature of changes to county grant awards; requires quarterly and annual reports from grantees on expenditures, service delivery, and county veteran services funding; prohibits counties from expending grant funds for non-allowable expenditures; defines "allowable expenditures." Executive revises to eliminate notification requirement for changes to county grant awards, quarterly and annual reports from grantees, and allowable expenditures requirements. *(Governor deemed this section partially unenforceable.)*

***Sec. 416. Suicide Prevention Research Contracts and Grants* – DELETED**
Authorizes the 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 DHHS to facilitate and administer program.

MICHIGAN VETERANS' FACILITY AUTHORITY

***Sec. 505. Member Care Standards* – DELETED**
Requires Michigan Veterans 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 Veterans Homes to post on its 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 report on results of any annual or for-cause survey conducted by an overseeing entity of veterans homes with any corresponding corrective action plan; requires the MVFA to provide a report detailing strategies and actions taken to maximize revenues from non-GF/GP sources and cost saving strategies. Executive revises to remove USDVA State Veteran Home quarterly report from reporting requirements.

ONE-TIME APPROPRIATIONS

***Sec. 701. Selfridge Air National Guard Base* – DELETED**
Requires funds to be used to comply with Air Installation Compatible Use Zone Program requirements and projects including shifting runway location and roadway repairs; lists eligible uses of funds.

***Sec. 702. Veterans Nonprofit Improvement Grants* – DELETED**
Requires the MVAA to create and operate grant program to provide grants of up to $300,000 to nonprofit organizations that provide, or assist in providing, services to veterans for purposes of improving or upgrading facilities; requires applicants to submit itemized list of facilities and proposed improvements as part of grant application; requires report on grant expenditures and locations of recipient facilities; authorizes up to $300,000 to be expended by MVAA for administrative costs; defines "facility" and "nonprofit organization."

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
NATURAL RESOURCES

Analyst: Austin Scott

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$208,100	$208,300	*$200*	*0.1*
Federal	100,214,800	102,198,400	*1,983,600*	*2.0*
Local	0	0	*0*	--
Private	7,609,200	8,330,900	*721,700*	*9.5*
Restricted	362,152,800	432,856,300	*70,703,500*	*19.5*
GF/GP	73,009,400	63,123,000	*(9,886,400)*	*(13.5)*
Gross	**$543,194,300**	**$606,716,900**	***$63,522,600***	***11.7***
FTEs	2,515.2	2,519.9	*4.7*	*0.2*

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 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Nature Awaits (One-Time)	FTE	13.8	0.2
Continues one-time funding for the Nature Awaits program which provides grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system. Program funding in FY 2025-26 is $2.0 million GF/GP and 13.8 FTE positions, funding in FY 2026-27 would be $1.4 million GF/GP and 14.0 FTE positions.	**Gross**	**$2,011,800**	**($575,600)**
	GF/GP	$2,011,800	($575,600)
2. Fee increase – Hunting Licenses and Fishing Licenses	**Gross**	**NA**	**$29,423,300**
Includes $29.4 million in state restricted funding from proposed price increases for hunting licenses and fishing licenses. New revenue would primarily support Fisheries Division, departmental marketing and outreach, Wildlife Division, and the Michigan Wildlife Council.	Restricted	NA	29,423,300
	GF/GP	NA	$0
3. Fee increase – Watercraft Registrations	**Gross**	**NA**	**$6,862,700**
Includes $6.9 million in state restricted funding from a proposed price increase for watercraft registrations. New revenue would primarily support local and state boating infrastructure and Law Enforcement Division.	Restricted	NA	6,862,700
	GF/GP	NA	$0
4. Gas Tax Revenue Distribution	**Gross**	**NA**	**$17,700,000**
Includes an increase of $17.7 million in gas tax revenue in accordance with statutory formula across multiple appropriations including programs in boating, snowmobiling, and recreational trails.	Restricted	NA	17,700,000
	GF/GP	NA	$0
5. Capital Outlay Adjustments	**Gross**	**NA**	**$12,050,000**
Provides an increase of $12.1 million in state restricted funding increases to State Parks Repair and Maintenance, Snowmobile Trail Development and Maintenance, and Wetlands Restoration, Enhancement, and Acquisition.	Restricted	NA	12,050,000
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
6. Off-Road Vehicle Trail Improvement Funding Decrease	**Gross**	**NA**	**($3,965,900)**
Includes a decrease of $4.0 million from the ORV Trail Improvement Fund in accordance with statutory formula across multiple appropriations including programs in ORV trail development, maintenance and law enforcement.	Restricted	NA	(3,965,900)
	GF/GP	NA	$0
7. Off-Road Vehicle Trail Improvement Funding for Silver Lake State Park	**Gross**	**NA**	**$1,404,100**
Includes an increase of $1.4 million from the ORV Trail Improvement Fund in accordance with statutory formula across multiple appropriations including support for the ORV area at Silver Lake State Park.	Restricted	NA	1,404,100
	GF/GP	NA	$0
8. Michigan Historical Center	FTE	42.0	1.5
Adds $436,200 from the Michigan Historical Center Operations Fund and authorizes 1.5 new FTE positions to expand support for ongoing operations in the Michigan Historical Center.	**Gross**	**$6,838,300**	**$436,200**
	Federal	1,225,300	0
	Restricted	2,285,400	436,200
	GF/GP	$3,327,600	$0
9. Parks and Recreation Division Employee Recruitment and Retention	FTE	NA	3.0
	Gross	**NA**	**$393,700**
Appropriates $393,700 in state restricted funding and authorizes 3.0 new FTE positions for supervisory roles in state parks.	Restricted	NA	393,700
	GF/GP	NA	$0
10. Recreational Boating – St. Jean Boat Launch Management	FTE	182.0	0.0
Provides $271,300 from the Waterways Account manage the St. Jean Boat Launch at Gray Haven State Harbor in Wayne County.	**Gross**	**$24,547,600**	**$271,300**
	Federal	2,129,600	0
	Restricted	22,418,000	271,300
	GF/GP	$0	$0
11. Natural Resources Heritage – Kirtland's Warbler Management	FTE	9.0	0.0
Appropriates $150,000 in private funding from the Nongame Wildlife Fund to manage Kirtland's Warbler habitat.	**Gross**	**$661,800**	**$150,000**
	Federal	209,300	0
	Private	0	150,000
	Restricted	452,500	0
	GF/GP	$0	$0
12. General Law Enforcement – Fund Swap	FTE	293.0	0.0
Swaps out $1.6 million from the Marine Safety Fund in favor of $1.6 million from the Game and Fish Protection Account for a net zero change.	**Gross**	**$55,577,700**	**$0**
	Federal	7,065,800	0
	Restricted	29,468,200	0
	GF/GP	$19,043,700	$0
13. Internal Authorization Shifts	**Gross**	**NA**	**$0**
Shifts $2.8 million cumulative from the Game and Fish Protection Account and ORV trail Improvement Fund between seven appropriations for a net zero change to move funding from grant programs to ongoing operations.	Restricted	NA	0
	GF/GP	NA	$0
14. Technical Adjustments	**Gross**	**NA**	**$4,021,700**
Includes $4.0 million Gross ($0 GF/GP) for technical adjustments to align expenditures and increased available state restricted revenues ($2.7 million) and federal revenues ($1.3 million).	Federal	NA	1,300,000
	Restricted	NA	2,721,700
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
15. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$10,200,000**	**($10,200,000)**
Removes $10.0 million GF/GP of one-time funding that was included in the FY 2025-26 budget to support the following: • Elberta waterfront community conservation project ($1.8 million GF/GP) • Fish production one-time ($2.8 million GF/GP) • Ice storm wildfire protection ($2.0 million GF/GP) • Reforestation ($2.2 million GF/GP) • Removal and repair of high-hazard dams ($1.5 million GF/GP)	GF/GP	$10,200,000	($10,200,000)
16. Economic Adjustments	**Gross**	**NA**	**$5,551,100**
Reflects increased costs of $5.6 million Gross ($889,200 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	200
	Federal	NA	683,600
	Restricted	NA	3,978,100
	GF/GP	NA	$889,200

Major Boilerplate Changes from FY 2025-26

***Sec. 211. Contingency 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. 234. Solar and Wind Project Prohibition* – DELETED**
Prohibits the department from using funds in part 1 for utility scale solar or wind development projects. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

***Sec. 253. Prohibition on Expending Funds for Legal Actions Against Swine Hunting* – DELETED**
Prohibits the department from using funds in part 1 for legal services against hunting operation concerning swine. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

***Sec. 254. Feeding Birds or Wildlife Near a Residence* – DELETED**
Prevents the department from prohibiting an individual from feeding birds or wildlife within 300 feet of a residence if feed quantity totals less than 2 gallons. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

***Sec. 255. References to State-managed Lands* – DELETED**
States that state lands managed by the department shall be identified as department-managed public lands or publicly owned lands. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

***Sec. 256. Contingency Authorization for New Hunting and Fishing License Revenue* – DELETED**
Allows for the legislative transfer process to increase state restricted authorization by up to $30.0 million if legislation is enacted to raise hunting and fishing license prices.

***Sec. 501. Little Manistee River Designation Prohibition* – DELETED**
Prohibits Fisheries Resource Management funding from being expended to designate the Little Manistee River as a natural river as defined in Part 305 of the Natural Resources and Environmental Protection Act. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

***Sec. 701. Recreation Passport Selection* – DELETED**
Requires the department to provide the choice to opt in to purchasing a Recreation Passport. *(Document from the State Budget Office dated November 7 noted this section is unenforceable in FY 2025-26.)*

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Gas Tax Revenue Distribution	**Gross**	**$13,628,000**
Includes an increase of $13.6 million in gas tax revenue in accordance with statutory formula across multiple appropriations including programs in boating, snowmobiling, and recreational trails.	Restricted	13,628,000
	GF/GP	$0
2. Capital Outlay – State Game and Wildlife Area Infrastructure	**Gross**	**$10,000,000**
Appropriates $10.0 million from the Game and Fish Protection Account for state game and wildlife area infrastructure improvements.	Restricted	10,000,000
	GF/GP	$0
3. Capital Outlay – Fisheries Infrastructure	**Gross**	**$7,000,000**
Appropriates $7.0 million from the Game and Fish Protection Account for fish hatchery improvements statewide including $2.0 million for the new cool water facility at Wolf Lake State Fish Hatchery in Van Buren County.	Restricted	7,000,000
	GF/GP	$0
4. Wildlife Management (One-Time)	**Gross**	**$3,221,400**
Provides $3.2 million from the Game and Fish Protection Account for Machigan's participation in the Chronic Wasting Disease Research Consortium Study.	Restricted	3,221,400
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
SCHOOL AID

Analysts: Jacqueline Mullen and Noel Benson

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$0	$0	*$0*	--
Federal	2,407,708,500	2,405,708,500	*(2,000,000)*	*(0.1)*
Local	0	0	*0*	--
Private	0	0	*0*	--
Restricted	18,807,972,100	18,952,376,700	*144,404,600*	*0.8*
GF/GP	73,151,100	45,334,900	*(27,816,200)*	*(38.0)*
Gross	**$21,288,831,700**	**$21,403,420,100**	***$114,588,400***	***0.5***

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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Foundation Allowances (Secs. 22a & 22b)	**Gross**	**$10,481,500,000**	**$325,000,000**
Increases by $325.0 million Gross ($350,000 GF/GP) to provide a $250 (2.5%) per-pupil increase in the foundation allowance, from $10,050 to $10,300. (See Major Boilerplate Changes for Sec. 22b below.)	Restricted	10,481,263,600	324,650,000
	GF/GP	$236,400	$350,000
2. Foundations: Cyber Schools Reduction (Secs. 22a & 22b)	**Gross**	**NA**	**($53,000,000)**
Reduces the foundation allowance for cyber schools to 80% of the proposed Target foundation allowance, or from $10,300 to $8,240 per pupil, an estimated savings of $53.0 million.	Restricted	NA	(53,000,000)
	GF/GP	NA	$0
3. Foundations: Weighted Pupil Membership (Sec. 22b(3)) **– NEW**	**Gross**	**$0**	**$1,438,937,600**
In addition to the foundation allowance, creates a "weighted pupil membership" that increases funding to districts for students who are English language learners (ELLs) or are economically disadvantaged. The funding amount is based on a percentage of the foundation allowance. Transfers $1.4 billion (including 6.1% increases for each line) from Sec. 31a (At-Risk) and Sec. 41 (Bilingual Education) to Sec. 22b(3) to support the weighted formula. At-Risk pupils are counted as between 0.1692 and 0.2273 weighted pupil FTEs, and ELL pupils are counted as between 0.0190 and 0.1687 weighted pupil FTEs. (See Major Boilerplate Changes for Secs. 6, 22b, and 164m below.)	Restricted	0	1,438,937,600
	GF/GP	$0	$0
4. Foundations: DPSCD (Secs. 22a & 22b)	**Gross**	**$124,000,000**	**($124,000,000)**
Eliminates $124.0 million one-time SAF for Detroit Public Schools Community District (DPSCD) costs and provides intent that DPSCD's taxable value per pupil begin to be counted toward the local portion of the district's foundation allowance.	Restricted	124,000,000	(124,000,000)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
5. Foundations: Dropout Recovery Transfer (Secs. 22b & 25g) Eliminates $500,000 one-time SAF and transfers remaining $750,000 ongoing SAF from Sec. 25g (Dropout Recovery Programs) to be distributed under Sec. 22b as part of the foundation allowance rather than a separate appropriation. The program is estimated to cost over $750,000 in FY 2026-27; funding would be prorated under Sec. 25g but would require full payment under Sec. 22b. (See Major Boilerplate Changes for Sec. 6 below.)	**Gross** Restricted GF/GP	**$1,250,000** 1,250,000 $0	**($500,000)** (500,000) $0
6. Foundations: Cost Adjustments (Secs. 22a & 22b) Reduces by $320.5 million SAF to reflect January consensus pupil and cost estimates.	**Gross** Restricted GF/GP	**NA** NA NA	**($320,500,000)** (320,500,000) $0
7. At-Risk (Sec. 31a) Increases by $78.8 million SAF (6.1%) for a total of $1.4 billion SAF, but transfers funding to Sec. 22b(3) for purposes of a new weighted pupil membership. Eliminates all At-Risk-related boilerplate in this section (some requirements are moved to Sec. 164m). (See Major Boilerplate Changes for Secs. 6, 22b, and 164m below.)	**Gross** Restricted GF/GP	**$1,293,655,000** 1,293,655,000 $0	**($1,293,655,000)** (1,293,655,000) $0
8. English Language Learner Grants (Sec. 41) Increases by $3.8 million SAF (6.1%) for a total of $66.5 million SAF, but transfers funding to Sec. 22b(3) for purposes of a new weighted pupil membership. Maintains boilerplate requirements to administer the WIDA assessment and provide a minimum amount of English language development instruction per week to receive the funding now in Sec. 22b(3). (See Major Boilerplate Changes for Secs. 6, 22b, and 164m below.)	**Gross** Restricted GF/GP	**$62,732,600** 62,732,600 $0	**($62,732,600)** (62,732,600) $0
9. Great Start Readiness Program (GSRP) (Secs. 32d & 39) Increases by $138.1 million Gross (including a reduction of $350,000 GF/GP) for a total of $794.7 million Gross ($0 GF/GP) for school readiness preschool programs for four-year-old children. Revises as follows: • Increases by $100.0 million SAF for additional slot allocations for classrooms. • Increases by $38.1 million (6.1%) to increase the Great Start Readiness Foundation by $640 from $10,650 to $11,290. • 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. • Revises allocation of $350,000 GF/GP for a longitudinal evaluation of GSRP to be an indeterminate amount of SAF that is allocated from programmatic funding. Increases programmatic funding by $350,000 SAF but does not specify the amount that may be allocated for the evaluation.	**Gross** Restricted GF/GP	**$656,567,600** 656,217,600 $350,000	**$138,100,000** 138,450,000 ($350,000)
10. High-Impact Tutoring (Sec. 35p) **– NEW** Provides $100.0 million one-time SAF for competitive grants to approved, evidence-based tutoring programs to provide in-person tutoring during the school day at least twice a week. Requires student-tutor ratios no higher than 1:4. Provides intent that grant recipients receive up to 50% of the awarded amount in FY 2026-27 and the remaining amount in FY 2027-28. Allocates $600,000 to the Clinton County Regional Educational Service Agency (CCRESA) to work with the Michigan Association of Intermediate School Administrators (MAISA) to report on programs funded and their impact, provide technical assistance to districts, and use up to $300,000 for the MAISA Michigan Collaborative Hub.	**Gross** Restricted GF/GP	**$0** 0 $0	**$100,000,000** 100,000,000 $0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
11. Out of School Time (Sec. 32n)	**Gross**	**$75,000,000**	**$60,000,000**
Retains and increases by $10.0 million one-time School Aid Pupil Support Fund and provides $50.0 million ongoing SAF for a total of $135.0 million Gross ($85.0 million one-time School Aid Pupil Support Fund; $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. Requires MiLEAP to develop a tiered grant structure based on the number of program sites that would be served and caps largest tier at 40% of total funding. Requires MiLEAP to make half of a grant payment (instead of the full amount) upon award unless the recipient demonstrates resource needs. Maintains intent to increase the School Aid Pupil Support Reserve Fund appropriation to $100.0 million in FY 2027-28 (FY 2027-28 will be the third of three years of intended reserve fund spending).	Restricted	75,000,000	60,000,000
	GF/GP	$0	$0
12. Enrollment Stabilization (Sec. 29)	**Gross**	**$71,000,000**	**$54,000,000**
Retains and increases by $54.0 million one-time Enrollment Stabilization Fund for a total of $125.0 million one-time Enrollment Stabilization Fund to offset up to half of a district's or IDS's foundation allowance loss due to declining enrollment. Currently, this section is prorated to about 63%; this increase would fully fund the calculation. There would be approximately $6.4 million left in the Enrollment Stabilization Fund at the end of FY 2026-27.	Restricted	71,000,000	54,000,000
	GF/GP	$0	$0
13. LETRS Professional Learning (Sec. 35a(10))	**Gross**	**$10,000,000**	**$40,000,000**
Retains and increases by $40.0 million one-time SAF for a total of $50.0 million one-time SAF for LETRS professional learning and revises to spend over five years. Revises eligible recipients to PreK to grade five educators, special education educators, and administrators overseeing these professionals (previously required PreK-1 teachers to receive the training before other recipients). Adds requirement for LETRS to report to MDE quarterly.	Restricted	10,000,000	40,000,000
	GF/GP	$0	$0
14. Mental Health & School Safety (Sec. 31aa)	**Gross**	**$321,000,000**	**($21,000,000)**
Retains and revises $300.0 million one-time SAF to be $50.0 million ongoing and $250.0 one-time and eliminates $21.0 million one-time GF/GP for a total of $300.0 million SAF. Removes nonpublic schools as eligible recipients. Eliminates allocations of $53.5 million Gross ($3.5 million GF/GP) for grants for school resource officers and $53.5 million Gross ($3.5 million GF/GP) for grants for mental health staff. Increases the allocation for per-pupil grants to improve student mental health and student safety from $214.0 million Gross ($14.0 million GF/GP) to $300.0 million SAF (the full amount of funding under this section).	Restricted	300,000,000	0
	GF/GP	$21,000,000	($21,000,000)
15. Transportation Costs (Sec. 22l)	**Gross**	**$125,000,000**	**$0**
Retains $125.0 million one-time School Transportation Fund to districts and ISDs based on riders per square mile and the cost per rider. There would be approximately $8.9 million left in the School Transportation Fund at the end of FY 2026-27.	Restricted	125,000,000	0
	GF/GP	$0	$0
16. Dual Enrollment (Sec. 21b) **– NEW**	**Gross**	**$0**	**$20,000,000**
Provides $20.0 million one-time SAF to reimburse high-poverty districts in opportunity index bands 4, 5, or 6 for dual enrollment costs. (Currently, districts pay students' dual enrollment costs using general operations funding, i.e., the foundation allowance, or through an ISD's participation under Sec. 61b for CTE-related dual enrollment programs.) If funds are insufficient, provides a cap for any individual district of 25% of the appropriation, followed by equal percentage proration.	Restricted	0	20,000,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
17. Partnership Model Districts (Sec. 21h)	**Gross**	**$6,137,400**	**$0**
Retains $6.1 million one-time School Aid Pupil Support Reserve Fund for districts that are in a partnership to improve student achievement and district financial stability. Maintains intent to fund the section with the reserve fund through FY 2027-28.	Restricted	6,137,400	0
	GF/GP	$0	$0
18. Isolated Districts (Sec. 22d)	**Gross**	**$12,873,100**	**$783,000**
Increases by $783,000 SAF (6.1%) for a total of $13.7 million SAF 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).	Restricted	12,873,100	783,000
	GF/GP	$0	$0
19. Technology Regional Data Hubs (Sec. 22m)	**Gross**	**$5,000,000**	**($1,500,000)**
Eliminates $1.5 million one-time SAF for a total of $3.5 million ongoing SAF to support integration of local school data systems into the Michigan Data Hub Network.	Restricted	5,000,000	(1,500,000)
	GF/GP	$0	$0
20. Mathematics Pathways (Sec. 23h) **– NEW**	**Gross**	**$0**	**$12,000,000**
Provides $12.0 million one-time SAF for Gogebic-Ontonagon ISD, in partnership with MAISA, to provide mathematics professional learning opportunities for educators ($3.0 million) and fund early mathematics specialists within ISDs ($9.0 million). Allows funds to be expended through FY 2028-29.	Restricted	0	12,000,000
	GF/GP	$0	$0
21. MI Future Educator Fellowship Program (Sec. 27a)	**Gross**	**$25,000,000**	**$0**
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. Removes requirement that recipients must have a high school diploma or equivalent (recipients must be enrolled in an eligible educator preparation program). Requires educator preparation programs to include coursework on the science of reading or provide MiLEAP a plan to do so by September 30, 2027 in order to comply with 2024 PA 147.	Restricted	20,000,000	0
	GF/GP	$5,000,000	$0
22. Grow Your Own Programs (Sec. 27b)	**Gross**	**$70,000,000**	**($10,000,000)**
Retains $60.0 million one-time SAF (a $10.0 million reduction) to be spent over three years for tiered competitive grants to districts, ISDs, and consortia of ISDs for grow your own programs (strikes educator development programs as an eligible use). Removes caps on grant funding for each tier. Allocates $3.0 million for school librarian specialist certification grants.	Restricted	70,000,000	(10,000,000)
	GF/GP	$0	$0
23. MI Future Educator Student Teacher Stipend (Sec. 27c)	**Gross**	**$50,000,000**	**$0**
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. Requires educator preparation programs to include coursework on the science of reading or provide MiLEAP a plan to do so by September 30, 2027 in order to comply with 2024 PA 147.	Restricted	50,000,000	0
	GF/GP	$0	$0
24. Universal School Breakfast and Lunch (Sec. 30d)	**Gross**	**$201,600,000**	**($1,600,000)**
Eliminates $1.6 million one-time GF/GP for a total of $200.0 million ongoing SAF for providing free school breakfast and lunch for all PreK-12 students. Removes nonpublic school students from eligibility. Adds requirement that a participating entity must participate in the National School Breakfast Program (in addition to the National School Lunch Program).	Restricted	200,000,000	0
	GF/GP	$1,600,000	($1,600,000)

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
25. GSRP Classroom Start-Up Grants (Sec. 32d(29)) Retains and increases by $15.0 million one-time SAF for a total of $25.0 million one-time SAF for grants to ISDs of up to $50,000 for each new or expanding GSRP classroom.	**Gross** Restricted GF/GP	**$10,000,000** 10,000,000 $0	**$15,000,000** 15,000,000 $0
26. Early Learning Partnerships (Sec. 32p) **– NEW** Provides $30.0 million SAF to create and implement statewide early learning partnerships to provide centralized access points for families into the early childhood system. Allocates funding as follows: • $16.9 million to ISDs to support early learning partnerships. Requires ISDs to receive at least as much as in FY 2024-25 for local Great Start Collaboratives (former Sec. 32p, which was repealed for FY 2025-26). Allocates at least $1.0 million from this allocation to support MiFamily Engagement Regional Centers. • $3.9 million for evidence-based support services for families, including home visiting programs, as determined by MiLEAP and DHHS. • $4.0 million to improve access to books and other early literacy materials for children from birth to age five. • $4.0 million to raise awareness about the availability of services through early learning partnerships. • $1.2 million for Oakland Schools and Clinton County RESA to collaborate with MiLEAP on administrative support.	**Gross** Restricted GF/GP	**$0** 0 $0	**$30,000,000** 30,000,000 $0
27. Early Literacy Teacher Coaches (Sec. 35a(4)) Increases by $10.5 million SAF for a total of $52.5 million SAF to increase the number of literacy coaches from 336 to 420 and ensure that each ISD can support at least one more literacy coach than in FY 2025-26 (with a minimum of four per ISD). Requires literacy coaches to comply with new Sec. 35o (Literacy Essentials). Requires MDE to develop a coaching evaluation framework aligned with MCL 380.1280f (3rd grade reading legislation).	**Gross** Restricted GF/GP	**$42,000,000** 42,000,000 $0	**$10,500,000** 10,500,000 $0
28. Literacy Supports (Sec. 35m) Retains and increases by $35.6 million one-time SAF for a total of $100.0 million one-time SAF and revises to spend over two years payments for districts and ISDs to improve literacy outcomes by implementing early literacy series and materials.	**Gross** Restricted GF/GP	**$64,400,000** 64,400,000 $0	**$35,600,000** 35,600,000 $0
29. Literacy Essentials Transfer (Secs. 35m(9) & 35o) **– NEW** Transfers $4.0 million one-time SAF from Sec. 35m(9) to Sec. 35o, revises to be ongoing, and increases by $2.0 million SAF for a total of $6.0 million SAF for Gogebic-Ontonagon ISD, in partnership with an association representing ISD administrators, to maintain the state's literacy essentials resources, lead professional learning, facilitate a statewide network of literacy coaches, place regional lead literacy coaches, and meet monthly with MDE and MiLEAP to align efforts.	**Gross** Restricted GF/GP	**$4,000,000** 4,000,000 $0	**$2,000,000** 2,000,000 $0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
30. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)	**Gross**	**$2,802,596,100**	**$60,541,400**
Increases special education expenditures by $60.5 million Gross ($0 GF/GP) for a total of $2.9 billion Gross ($0 GF/GP) as follows:	Federal	583,000,000	0
	Restricted	2,219,596,100	60,541,400
	GF/GP	$0	$0
• Increases by $15.0 million SAF for a total of $89.2 million SAF funding to certain ISDs related to their special education millage. Revises 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 $13.0 million SAF for a total of $535.0 million to increase special education foundation allowances by 2.5%.			
• Transfers $2.8 million GF/GP in operational funding for the Michigan School for the Deaf in the MDE budget and revises to SAF for a total of $4.5 million SAF for instructional costs for pupils attending the Michigan Schools for the Deaf and Blind.			
• Increases by $29.7 million SAF to reflect January consensus cost estimates.			
(See Major Boilerplate Changes for Sec. 51i below.)			
***31. MiMTSS Technical Assistance Center Transfer (Secs. 35m(10) & 54b)* – NEW**	**Gross**	**$1,600,000**	**$0**
Transfers $1.6 million one-time SAF from Sec. 35m(10) to Sec. 54b and revises to ongoing for the Michigan Multi-Tiered System of Supports (MiMTSS) Technical Assistance Center to expand statewide implementation of MTSS.	Restricted	1,600,000	0
	GF/GP	$0	$0
32. Early On (Sec. 54d)	**Gross**	**$23,670,700**	**$1,450,000**
Increases by $1.5 million SAF (6.1%) for a total of $25.1 million SAF for ISDs to provide Early On services for children birth to age three with a developmental delay or disability.	Restricted	23,670,700	1,450,000
	GF/GP	$0	$0
33. Career and Technical Education (CTE) (Sec. 61a)	**Gross**	**$41,733,800**	**$2,500,000**
Increases by $2.5 million SAF (6.1%) for a total of $44.2 million SAF for reimbursements to districts and ISDs for vocational education programs.	Restricted	41,733,800	2,500,000
	GF/GP	$0	$0
34. CTE Early/Middle College & Dual Enrollment (Sec. 61b)	**Gross**	**$8,368,000**	**$500,000**
Increases by $500,000 SAF (6.1%) for a total of $8.9 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.	Restricted	8,868,000	500,000
	GF/GP	$0	$0
35. Detroit Area PreCollege Engineering Program (Sec. 65)	**Gross**	**$900,000**	**$0**
Retains $900,000 one-time School Aid Pupil Support Reserve Fund for the Detroit Area PreCollege Engineering Program (DAPCEP). Maintains intent to fund the section with the reserve fund through FY 2027-28.	Restricted	900,000	0
	GF/GP	$0	$0
36. FAFSA Completion Challenge (Sec. 67f)	**Gross**	**$10,000,000**	**$0**
Retains $10.0 million one-time School Aid Pupil Support Reserve Fund for equal payments per 12th grade student to districts that require all students to take the FAFSA. Strikes funding application deadlines, but adds deadline for MiLEAP to make initial payments by January 31. Adds that MiLEAP may use past participation under this section in determining district eligibility. Maintains intent to fund the section with the reserve fund through FY 2027-28.	Restricted	10,000,000	0
	GF/GP	$0	$0
37. ISD General Operations (Sec. 81)	**Gross**	**$83,157,700**	**$2,100,000**
Increases by $2.1 million SAF (2.5%, in line with the proposed foundation increase) for a total of $85.3 million SAF for state aid to ISDs.	Restricted	83,157,700	2,100,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
38. AP/IB/CLEP Incentive Program (Sec. 94)	**Gross**	**$2,600,000**	**($1,400,000)**
Eliminates $1.4 million one-time GF/GP for a total of $1.2 million ongoing 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	$2,600,000	($1,400,000)
39. Center for Educational Performance and Information (Sec. 94a)	**Gross**	**$21,558,200**	**($2,000,000)**
Reduces by $2.0 million Federal for a total of $19.6 million Gross ($19.4 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. (See Economic Adjustments below, which reflects an additional increase of $183,800 GF/GP for CEPI, for a total of $19.7 million Gross ($19.5 million GF/GP).)	Federal	2,193,500	(2,000,000)
	Restricted	0	0
	GF/GP	$19,364,700	$0
40. 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
41. Michigan Learning Channel (Sec. 98d) **– NEW**	**Gross**	**$0**	**$3,000,000**
Provides $3.0 million one-time SAF for Northern Michigan University to support the Michigan Learning Channel.	Restricted	0	3,000,000
	GF/GP	$0	$0
42. FIRST Robotics (Sec. 99h)	**Gross**	**$5,600,000**	**$0**
Retains $5.0 million one-time School Aid Pupil Support Reserve Fund and $600,000 one-time General Pupil Support Reserve Fund for competitive grants to districts, ISDs, and nonpublic schools for robotics competition programs. Maintains intent to fund the section with the reserve funds through FY 2027-28.	Restricted	5,600,000	0
	GF/GP	$0	$0
43. MiSTEM Network Regions (Sec. 99s) **– NEW**	**Gross**	**$0**	**$8,000,000**
Provides $8.0 million SAF as follows: $3.8 million for programs or demonstration grants recommended by the MiSTEM council; and $4.2 million for MiSTEM network regions ($220,000 base awards plus an equal amount per pupil).	Restricted	0	8,000,000
	GF/GP	$0	$0
44. Education Assessments (Sec. 104)	**Gross**	**$45,509,400**	**$6,990,600**
Increases by $7.0 million SAF for a total of $52.5 million Gross ($0 GF/GP) for costs of complying with state and federal assessment laws.	Federal	8,000,000	0
	Restricted	37,509,400	6,990,600
	GF/GP	$0	$0
45. Adult Education (Sec. 107)	**Gross**	**$32,913,600**	**$7,586,400**
Increases by $7.6 million SAF for a total of $40.5 million SAF for adult education programs provided by a district, ISD, or consortium of districts or ISDs.	Restricted	32,913,600	7,586,400
	GF/GP	$0	$0
46. Michigan Public School Employees' Retirement System (MPSERS) (Secs. 147a, 147c, & 147e)	**Gross**	**$1,991,500,000**	**($93,100,000)**
Reduces state support for K-12 MPSERS costs by $93.1 million SAF for a total of $1.9 billion Gross ($400,000 GF/GP) due to the following consensus cost adjustments:	Restricted	1,991,100,000	(93,100,000)
	GF/GP	$400,000	$0
• Reduces by $28.8 million SAF for a total of $307.5 million Gross ($100,000 GF/GP) for the Normal Cost Offset (Sec. 147a).			
• Reduces by $82.1 million SAF for a total of $1.5 billion Gross ($300,000 GF/GP) for the State Share of Unfunded Liability Payments (Sec. 147c).			
• Increases by $17.8 million SAF for a total of $136.2 million SAF for the Added Costs for 2017 PA 92 (Sec. 147e).			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
47. 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)
48. Tribal Consultation (Sec. 152c) **– NEW**	**Gross**	**$0**	**$5,000,000**
Provides $5.0 million one-time SAF to Marquette-Alger Regional Educational Agency to develop statewide supports for the federal tribal consultation requirements under the federal Every Student Succeeds Act. Requires the ISD to support a collaboration to disseminate initial professional learning by September 30, 2027 and to report annually beginning January 1, 2028, with additional updates annually throughout the course of the work project (the estimated completion date of the work project is September 30, 2031).	Restricted	0	5,000,000
	GF/GP	$0	$0
49. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$291,650,000**	**($291,650,000)**
Removes $291.7 million Gross ($3.0 million GF/GP) of one-time funding that was included in the FY 2025-26 budget to support the following:	Restricted	288,650,000	(288,650,000)
	GF/GP	$3,000,000	($3,000,000)
• Sec. 11s – Flint Declaration of Emergency ($5.0 million SAF, $3.0 million GF/GP)			
• Sec. 12e – Infrastructure Grants ($100.0 million School Consolidation and Infrastructure Fund)			
• Sec. 31c – Small Cass Sizes Program ($65.0 million SAF)			
• Sec. 32t – Strong Beginnings Preschool Pilot ($25.0 million SAF)			
• Sec. 35e – School Library Study ($250,000 SAF)			
• Sec. 61d – CTE Incentive Payment ($13.4 million SAF)			
• Sec. 61v – CTE Pathways to Success ($70.0 million SAF)			
• Sec. 97n – Community Violence Intervention Grants ($10.0 million SAF)			
50. Other Cost Adjustments	**Gross**	**$57,700,000**	**$12,400,000**
Revises the following to reflect updated cost estimates:	Restricted	57,700,000	12,400,000
	GF/GP	$0	$0
• Sec. 26c – Increases by $5.0 million SAF for a total of $48.3 million SAF required funds for districts and ISDs with an approved Promise Zone development plan.			
• Sec. 26d – Increases by $7.4 million SAF for a total of $21.8 million SAF reimbursements to ISDs as required under the Brownfield Redevelopment Financing Act.			
51. Economic Adjustments	**Gross**	**NA**	**$237,000**
Reflects increased costs of $237,000 Gross ($183,800 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Restricted	NA	53,200
	GF/GP	NA	$183,800

Major Boilerplate Changes from FY 2025-26

***Sec. 6. Pupil Membership Definitions* – REVISED**
Clarifies that a pupil in an early middle college program and at least one college course may be transcribed for high school credit each count day in their fifth year.

Revises the FTE requirements for a pupil enrolled in a dropout recovery program by requiring payments to be made fully through the foundation allowance, rather than 1.0 FTE under the foundation and any additional FTE under Sec. 25g.

Adds a definition for "weighted pupil membership" that calculates the additional FTE increase for eligible pupils as follows:
- For English language learners, a weight from 0.0190 to 0.1687 based on their WIDA ACCESS assessment score. Provides intent to increase these weights annually until they reach 0.35 to 0.75.
- For economically disadvantaged pupils, a weight from 0.1692 to 0.2273 based on the district's opportunity index score. Provides intent to increase these weights annually until they reach 0.35 to 0.47.

Requires each Consensus Revenue Estimating Conference (CREC) to include estimated pupil counts necessary to determine the cost for weighted pupil membership for the current and subsequent two fiscal years.

Removes a provision that allowed instruction by a noncertificated, nonendorsed teacher engaged to teach under Sec. 1233b of the Revised School Code through the 2025-26 school year. (Note: There is a drafting error in the bill; Executive has stated intent was as described above.)

***Sec. 18. Spending, Financial Reporting, and Audit Requirements* – REVISED**
Strikes requirement that MDE must publish changes to the Pupil Accounting Manual (PAM) for the following school year by March 31 and that if adjustments to the PAM are necessary after March 31 due to enacted legislation, that MDE must notify districts of any violations and allow a 30-day correction period before imposing financial penalties.

***Sec. 18a. Grant Fund Expenditure Timeline* – REVISED**
Exempts work project appropriations from the current requirement that grant recipients expend funds by the end of the fiscal year following the fiscal year funds were received. Adds new requirement for recipients of work projected grants to expend funds by the end of the fiscal year following the fiscal year in which the work project is closed.

***Sec. 19. State and Federal Reporting Requirements* – REVISED**
Adds requirement that a district must provide CEPI with information related to personnel vacancies within 30 days of changes in employment or assignment status, including vacancy start and end dates and reasons for vacancy and vacancy termination.

***Sec. 22b. Foundations: Discretionary Payment* – REVISED**
To receive funding under this section, requires districts to comply with Sec. 164m (Requirements for Weighted Pupil Membership).

Also requires districts to notify parents if the district is not using evidence-based curriculum in grades K-5; this requirement is currently one of several in Sec. 164k (District Non-Compliance Penalty), which Executive repeals.

***Sec. 27j. Student Loan Repayment Assistance Reserve Fund* – REVISED**
Revises to lapse remaining money in the Student Loan Repayment Assistance Reserve Fund to the School Aid Fund.

***Sec. 31n. School Mental Health & Support Services* – REVISED**
Expands eligible pupils to include children served under Great Start Readiness Programs. Also adds requirement that ISDs submit a plan approved by MDE and DHHS for both distributions of programmatic funds under this section (currently, ISDs must submit a plan only for the first distribution). (Note: There is a drafting error in the bill; Executive has stated intent was as described above.)

***Sec. 35q. Literacy Achievement and Opportunity Transparency Dashboard* – NEW**
Requires MDE, in collaboration with MiLEAP and CEPI, to publish a literacy achievement and opportunity transparency dashboard by March 1, 2027 and update periodically as new data becomes available. Requires the dashboard to include all of the following: the percentage of children with access to free, full-day PreK; the percentage of PreK-5 educators trained in the science of reading; the percentage of PreK-5 classrooms using curriculum aligned with the science of reading; the percentage of parents receiving communication from their school about their child's reading action plans and the ability to get extra support if needed; literacy-related state assessment results; additional metrics that help track statewide literacy progress; and a summary of activities the state is taking to improve literacy outcomes.

Major Boilerplate Changes from FY 2025-26

***Sec. 51i. Intent for Weighted Special Education Funding* – NEW**
Provides intent that, beginning in FY 2027-28, a weighted special education funding model be implemented to recognize the higher costs associated with certain student needs. Provides target weights based on specific impairment, ranging from 1.1 to 3.8 (for example, a pupil with a visual impairment would receive the foundation allowance multiplied by 3.8).

***Sec. 101. Eligibility to Receive State Aid* – REVISED**
Provides an exemption from the 75% pupil attendance requirement for a district-operated special education program approved by MDE that exceeds 180 days of pupil instruction.

Provides an exemption from the 75% pupil attendance requirement for a district with fewer than 100 pupils (as reported in the fall count) that demonstrates that the absence of a single household may materially reduce the district's daily attendance below 75%. Requires the State Superintendent to grant a waiver that instead requires 60% daily attendance.

***Sec. 104h. Benchmark Assessments* – REVISED**
Strikes requirement that districts send benchmark assessment data to MDE and that MDE report annually on the data received.

Adds requirement for the assessment made available by MDE at no cost to include a digital library of teaching resources that are tied directly to the benchmark assessment and aligned to Michigan standards.

***Sec. 147b. MPSERS Retirement Obligation Reform Reserve Fund* – REVISED**
Revises to lapse remaining money in the MPSERS Retirement Obligation Reform Reserve Fund to the School Aid Fund.

***Sec. 164j. State Fiscal Recovery Fund* – DELETED**
Moves language requiring federal State Fiscal Recovery Fund (SFRF) revenue to be expended by December 13, 2026 to Sec. 297 in Article IV (would apply to the Community Colleges and Higher Education budgets as well as the School Aid budget).

***Sec. 164k. District Non-Compliance Penalty* – DELETED**
Eliminates this section, which required MDE to withhold 5% of a recipient's state aid payment for non-compliance of any of the following requirements: federal requirements regarding school meals; a requirement that all students complete the federal application for free and reduced-price meals; a prohibition against student financial incentives for attending on count day; a requirement that student survey questions be public; and a requirement that districts not using MDE-designated evidence-based curriculum must notify parents (the last requirement is moved to Sec. 22b).

***Sec. 164m. Requirements for Weighted Pupil Membership* – NEW**
Requires districts to use funding under Sec. 22b(3) (Weighted Pupil Membership) to do all of the following: comply with MCL 380.1280f (3rd grade reading legislation); implement MTSS in grades K-12; utilize all funding under Sec. 22b(3) to support student needs for pupils counted toward the weighted pupil membership (At-Risk and ELL pupils); use up to 2% of the amount under Sec. 22b(3) for administrative costs related to complying with this section; report to MDE information necessary to determine compliance; allow access for MDE to audit funded program records; and communicate to parents and legal guardians literacy-related state assessment results, the amount of funding received under Sec. 22b(3), what evidence-based interventions were implemented, and a method to provide feedback and seek more information about available services.

Requires MDE to monitor districts for compliance and may withhold a district's monthly Sec. 22b(3) payment until the district complies with this section.

***Sec. 164l. Legislatively Directed Spending Items (LDSIs)* – REVISED**
Strikes existing transparency requirements for the grant distribution, review, and verification process, and replaces with the following requirements: that the House Fiscal Agency and the Senate Fiscal Agency jointly submit a list of LDSIs to the State Budget Office within 30 days of budget enactment; that the department or agency administering the grant post comprehensive information on the grants awarded beginning March 15 and again by June 15 and September 15 annually.

***Sec. 297. State Fiscal Recovery Fund* – NEW**
Moves language requiring federal SFRF revenue to be expended by December 31, 2026 from Sec. 164j to Sec. 297 in Article IV (would apply to the Community Colleges and Higher Education budgets as well as the School Aid budget).

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Foundation Allowances (Secs. 22a & 22b)	**Gross**	**($113,500,000)**
Reduces by $113.5 million SAF for a total of $10.5 billion Gross ($236,400 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted	(113,500,000)
	GF/GP	$0
2. Brownfield Redevelopment Reimbursements (Sec. 26d)	**Gross**	**$4,900,000**
Increases by $4.9 million SAF for a total of $19.0 million SAF to reflect updated consensus cost estimates for reimbursing ISDs as required under Sec. 15b of the Brownfield Redevelopment Financing Act.	Restricted	4,900,000
	GF/GP	$0
3. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)	**Gross**	**($93,500,000)**
Reduces by $93.5 million SAF for a total of $2.7 billion Gross ($0 GF/GP) to reflect revised consensus cost estimates for special education appropriations.	Federal	0
	Restricted	(93,500,000)
	GF/GP	$0
4. Education Assessments (Sec. 104)	**Gross**	**$2,490,600**
Increases by $2.5 million SAF for a total of $40.0 million SAF to reflect revised consensus cost estimates for education assessments.	Restricted	2,490,600
	GF/GP	$0
5. MPSERS (Secs. 147a, 147c, & 147e)	**Gross**	**$23,000,000**
Increases by $23.0 million SAF to reflect revised cost estimates for the Michigan Public School Employees' Retirement System.	Restricted	23,000,000
	GF/GP	$0

School Aid Fund: FY 2026-27 Executive Recommendation	FY 25	FY 26	FY 27	FY 28
Beginning SAF Balance	**$1,257.6**	**$1,320.1**	**$752.7**	**$1.5**
Resources				
Consensus Revenue Estimate: May 2025	$18,545.2	$18,934.3	$19,398.6	
Jan 2026 CREC	168.1	201.1	169.7	19,965.7
GF/GP Grant	50.0	46.2	45.3	45.3
GF/GP Grant One-Time	28.9	27.0		
DPS Trust Fund	41.0			
Additional CDTF	77.7			
School Aid Stabilization Fund Deposit	(25.0)			
MPSERS Reserve Fund	481.4			
Educator Fellowship Public Provider Fund	30.0	30.0	30.0	
School Consolidation and Infrastructure Fund		100.0		
School Consolidation and Infrastructure Fund - Transfer to SAF		83.4		
School Transportation Fund	125.0	125.0	125.0	
School Transportation Fund Deposit		(130.0)		
School Meals Reserve Fund	30.0			
GSRP Reserve Fund	18.0	18.0	18.0	
Enrollment Stabilization Fund	71.0	71.0	125.0	
School Aid Pupil Support Fund		97.0	107.0	
School Aid Pupil Support Fund Deposit		(326.1)		
General Pupil Support Fund		0.6	0.6	
Federal Aid	2,272.8	2,407.7	2,405.7	2,405.7
Total Resources	**21,914.0**	**21,685.2**	**22,425.0**	**22,416.7**
Expenditures				
School Aid: Ongoing	$19,382.1	$20,044.5	$20,015.1	$20,707.9
School Aid: One-Time	1,702.5	1,244.3	1,030.6	
Jan 26 CREC Adjustments		(176.9)	(335.1)	(463.0)
Other Cost Adjustments			(1.8)	
Investments/Reductions			694.5	
Sec. 27k Student Loan Work Project Statutory Lapse		(203.2)		
FY 2024-25 Projected Lapses (as of 12/22/25)	(156.9)			
Community Colleges: Ongoing	456.9	482.1	476.1	472.4
Community Colleges: One-Time	5.1	11.0	49.2	
Higher Education: Ongoing SAF	452.0	850.8	1,168.4	1,168.4
Higher Education: One-Time	10.0	0.0	79.1	0.0
Total Expenditures	**$21,851.6**	**$22,252.5**	**$23,176.2**	**$21,885.7**
Ending SAF Balance	**$1,320.1**	**$752.7**	**$1.5**	**$532.6**
Ongoing Balance	*$786.2*	*$388.8*	*$2.1*	*$531.1*
One-time Balance (SAF)	*$533.9*	*$363.9*	*($0.5)*	*$1.5*

SCHOOL AID LINE ITEM SUMMARY

		FY 2025-2026			FY 2026-2027		FY 2027-2028	
		FY 26 2025 PA 15 YTD	Change from FY 26 YTD	FY 26 Exec Rec Proposed Supplemental	Change from FY 26 YTD	FY 27 Exec Rec	Change from FY 27 Exec Rec	FY 28 Exec Rec
Sec.								
11j	School Bond Redemption Fund	$23,000,000		$23,000,000		$23,000,000		$23,000,000
11m	Cash Flow Borrowing Costs	$5,000,000		$5,000,000		$5,000,000		$5,000,000
11s	Flint Declaration of Emergency	$8,000,000		$8,000,000	($8,000,000)	$0		$0
12e	Infrastructure Grants	$100,000,000		$100,000,000	($100,000,000)	$0		$0
21b	Dual Enrollment - **NEW**	$0		$0	$20,000,000	$20,000,000	($20,000,000)	$0
21h	Partnership Model Districts	$6,137,400		$6,137,400		$6,137,400	($6,137,400)	$0
22a	Foundations: Proposal A Obligation Payment	$3,785,000,000	($74,000,000)	$3,711,000,000	($221,000,000)	$3,564,000,000	($141,000,000)	$3,423,000,000
22b	Foundations: Discretionary Payment	$6,820,500,000	($39,500,000)	$6,781,000,000	$49,250,000	$6,869,750,000	($58,000,000)	$6,811,750,000
22b(3)	Foundations: Weighted Pupil Membership - **NEW**	$0		$0	$1,438,937,600	$1,438,937,600		$1,438,937,600
22d	Isolated District Funding	$12,873,100		$12,873,100	$783,000	$13,656,100		$13,656,100
22l	Transportation Costs	$125,000,000		$125,000,000		$125,000,000	($125,000,000)	$0
22m	Technology Regional Data Hubs	$5,000,000		$5,000,000	($1,500,000)	$3,500,000		$3,500,000
23h	Mathematics Pathways - **NEW**	$0		$0	$12,000,000	$12,000,000	($12,000,000)	$0
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	$1,250,000		$1,250,000	($1,250,000)	$0		$0
26a	Renaissance Zone Reimbursement	$14,000,000		$14,000,000		$14,000,000		$14,000,000
26b	PILT Reimbursement	$5,549,000		$5,549,000		$5,549,000		$5,549,000
26c	Promise Zone Funding	$43,300,000		$43,300,000	$5,000,000	$48,300,000		$48,300,000
26d	Brownfield Redevelopment Reimbursement	$14,400,000	$4,600,000	$19,000,000	$7,400,000	$21,800,000		$21,800,000
27a	Mi Future Educator Fellowship Program	$25,000,000		$25,000,000		$25,000,000	($10,000,000)	$15,000,000
27b	Grow Your Own Programs	$70,000,000		$70,000,000	($10,000,000)	$60,000,000	($60,000,000)	$0
27c	Mi Future Educator Student Teacher Stipend Program	$50,000,000		$50,000,000		$50,000,000	($20,000,000)	$30,000,000
29	Enrollment Stabilization	$71,000,000		$71,000,000	$54,000,000	$125,000,000	($125,000,000)	$0
30d	Universal School Breakfast and Lunch	$201,600,000		$201,600,000	($1,600,000)	$200,000,000		$200,000,000
31a	At-Risk Pupil Support	$1,293,655,000		$1,293,655,000	($1,293,655,000)	$0		$0
31a(7)	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
31c	Small Class Size Pilots	$65,000,000		$65,000,000	($65,000,000)	$0		$0
31d	State School Lunch Programs	$29,553,400		$29,553,400		$29,553,400		$29,553,400
31d	School Lunch Programs - Federal	$923,400,000		$923,400,000		$923,400,000		$923,400,000
31f	School Breakfast Program	$16,900,000		$16,900,000		$16,900,000		$16,900,000
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	$321,000,000		$321,000,000	($21,000,000)	$300,000,000	($250,000,000)	$50,000,000
32d	Great Start Readiness Program	$626,217,600		$626,217,600	$138,450,000	$764,667,600		$764,667,600

SCHOOL AID LINE ITEM SUMMARY

		FY 2025-2026			FY 2026-2027		FY 2027-2028	
		FY 26 2025 PA 15 YTD	Change from FY 26 YTD	FY 26 Exec Rec Proposed Supplemental	Change from FY 26 YTD	FY 27 Exec Rec	Change from FY 27 Exec Rec	FY 28 Exec Rec
Sec.								
32d(3)	GSRP Longitudinal Evaluation	$350,000		$350,000	($350,000)	$0		$0
32d(22)	GSRP Transportation - SAF	$10,000,000		$10,000,000		$10,000,000		$10,000,000
32d(22)	GSRP Transportation - GSRP Reserve Fund	$18,000,000		$18,000,000		$18,000,000	($18,000,000)	$0
32d(26)	GSRP Professional Development	$2,000,000		$2,000,000		$2,000,000		$2,000,000
32d(29)	GSRP Start Up Grants	$10,000,000		$10,000,000	$15,000,000	$25,000,000	($25,000,000)	$0
32n	Out-of-School Time	$75,000,000		$75,000,000	$60,000,000	$135,000,000	($85,000,000)	$50,000,000
32p	Early Learning Partnerships - **NEW**	$0		$0	$30,000,000	$30,000,000		$30,000,000
32t	Three-Year-Old GSRP Pilot Program	$25,000,000		$25,000,000	($25,000,000)	$0		$0
35a(4)	Early Literacy Teacher Coaches	$42,000,000		$42,000,000	$10,500,000	$52,500,000		$52,500,000
35a(10)	LETRS Professional Learning	$10,000,000		$10,000,000	$40,000,000	$50,000,000	($50,000,000)	$0
35e	School Library Study	$250,000		$250,000	($250,000)	$0		$0
35m	Literacy Supports	$70,000,000		$70,000,000	$30,000,000	$100,000,000	($100,000,000)	$0
35o	Literacy Essentials - **NEW**	$0		$0	$6,000,000	$6,000,000		$6,000,000
35p	High-Impact Tutoring - **NEW**	$0		$0	$100,000,000	$100,000,000	($100,000,000)	$0
39a(1)	Federal ESSA Grant Funds	$824,700,000		$824,700,000		$824,700,000		$824,700,000
39a(2)	Other Federal Funding	$66,415,000		$66,415,000		$66,415,000		$66,415,000
41	English Language Learner Grants	$62,732,600		$62,732,600	($62,732,600)	$0		$0
51a(1)	Special Education - Federal Reimbursement	$500,000,000		$500,000,000		$500,000,000		$500,000,000
51a(2)	Special Ed ISD Durant Costs	$492,400,000	($34,600,000)	$457,800,000	$2,700,000	$495,100,000	$34,800,000	$529,900,000
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	$1,600,000	$300,000	$1,900,000	$300,000	$1,900,000		$1,900,000
51c	Special Ed Headlee Obligation (Durant)	$1,107,900,000	($52,900,000)	$1,055,000,000	$32,800,000	$1,140,700,000	$78,500,000	$1,219,200,000
51d	Special Education - Other Federal Grants	$83,000,000		$83,000,000		$83,000,000		$83,000,000
51e	Special Education Foundation Payment	$528,100,000	($6,300,000)	$521,800,000	$6,900,000	$535,000,000	$700,000	$535,700,000
51g	MITTIN Special Education Curricular Resources	$3,000,000		$3,000,000		$3,000,000		$3,000,000
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	$2,841,400	$4,529,400		$4,529,400
54b	MiMTSS Center - **NEW**	$0		$0	$1,600,000	$1,600,000		$1,600,000
54d	Early On	$23,670,700		$23,670,700	$1,450,000	$25,120,700		$25,120,700
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	$41,733,800		$41,733,800	$2,500,000	$44,233,800		$44,233,800
61b	CTE Early/Middle College & Dual Enrollment	$8,368,000		$8,368,000	$500,000	$8,868,000		$8,868,000
61d	CTE Incentive Payment	$13,400,000		$13,400,000	($13,400,000)	$0		$0
61v	CTE Pathways to Success	$70,000,000		$70,000,000	($70,000,000)	$0		$0
62	ISD Career & Tech Ed Millage Equalization	$9,190,000		$9,190,000		$9,190,000		$9,190,000

SCHOOL AID LINE ITEM SUMMARY

		FY 2025-2026			FY 2026-2027		FY 2027-2028	
		FY 26 2025 PA 15 YTD	Change from FY 26 YTD	FY 26 Exec Rec Proposed Supplemental	Change from FY 26 YTD	FY 27 Exec Rec	Change from FY 27 Exec Rec	FY 28 Exec Rec
Sec.								
65	Detroit PreCollege Engineering	$900,000		$900,000		$900,000	($900,000)	$0
67	Career and College Readiness Tools	$3,000,000		$3,000,000		$3,000,000		$3,000,000
67f	FAFSA Completion Challenge	$10,000,000		$10,000,000		$10,000,000	($10,000,000)	$0
74	School Bus Driver Safety Instruction	$2,025,000		$2,025,000		$2,025,000		$2,025,000
74	School Bus Inspections	$1,924,900		$1,924,900	$53,200	$1,978,100		$1,978,100
81	ISD General Operations Support	$83,157,700		$83,157,700	$2,100,000	$85,257,700		$85,257,700
94	AP/IB/CLEP Incentive Program	$2,600,000		$2,600,000	($1,400,000)	$1,200,000		$1,200,000
94a	Center for Educational Performance and Information	$19,364,700		$19,364,700	$183,800	$19,548,500		$19,548,500
94a	Center for Educational Performance and Info - Federal	$2,193,500		$2,193,500	($2,000,000)	$193,500		$193,500
94e	Michigan Education Research Institute	$1,000,000		$1,000,000		$1,000,000		$1,000,000
97n	Community Violence Intervention Plans	$10,000,000		$10,000,000	($10,000,000)	$0		$0
98	Michigan Virtual University	$9,800,000		$9,800,000		$9,800,000		$9,800,000
98d	Michigan Learning Channel - **NEW**	$0		$0	$3,000,000	$3,000,000	($3,000,000)	$0
99h	FIRST Robotics	$5,600,000		$5,600,000		$5,600,000	($5,600,000)	$0
99s	MiSTEM Network Regions - **NEW**	$0		$0	$8,000,000	$8,000,000		$8,000,000
104	Education Assessments - State	$37,509,400	$2,490,600	$40,000,000	$6,990,600	$44,500,000		$44,500,000
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	$32,913,600		$32,913,600	$7,586,400	$40,500,000		$40,500,000
147a	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains	$336,300,000	$24,900,000	$361,200,000	($28,800,000)	$307,500,000	($17,900,000)	$289,600,000
147c	MPSERS State Share of Unfunded Liability Payments	$1,536,800,000		$1,536,800,000	($82,100,000)	$1,454,700,000	($45,200,000)	$1,409,500,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017	$118,400,000	($1,900,000)	$116,500,000	$17,800,000	$136,200,000	$20,200,000	$156,400,000
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
152c	Tribal Consultation - **NEW**	$0		$0	$5,000,000	$5,000,000	($5,000,000)	$0
		$21,288,831,700	**($176,909,400)**	**$21,111,922,300**	**$114,588,400**	**$21,403,420,100**	**($1,158,537,400)**	**$20,244,882,700**

SCHOOL AID LINE ITEM SUMMARY

	FY 2025-2026			FY 2026-2027		FY 2027-2028	
	FY 26 2025 PA 15 YTD	Change from FY 26 YTD	FY 26 Exec Rec Proposed Supplemental	Change from FY 26 YTD	FY 27 Exec Rec	Change from FY 27 Exec Rec	FY 28 Exec Rec
REVENUE BY SOURCE							
Federal Aid	$2,407,708,500	$0	$2,407,708,500	($2,000,000)	$2,405,708,500	$0	$2,405,708,500
School Aid Fund	$18,366,334,700	($176,909,400)	$18,189,425,300	$180,404,600	$18,546,739,300	($752,900,000)	$17,793,839,300
School Aid Pupil Support Reserve Fund	$97,037,400	$0	$97,037,400	$10,000,000	$107,037,400	($107,037,400)	$0
General Pupil Support Reserve Fund	$600,000	$0	$600,000	$0	$600,000	($600,000)	$0
MPSERS Obligation Reform Reserve Fund	$0	$0	$0	$0	$0	$0	$0
Educator Fellowship Public Provider Fund	$30,000,000	$0	$30,000,000	$0	$30,000,000	($30,000,000)	$0
School Transportation Fund	$125,000,000	$0	$125,000,000	$0	$125,000,000	($125,000,000)	$0
School Meals Reserve Fund	$0	$0	$0	$0	$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	$54,000,000	$125,000,000	($125,000,000)	$0
School Consolidation and Infrastructure Fund	$100,000,000	$0	$100,000,000	($100,000,000)	$0	$0	$0
General Fund/General Purpose	$73,151,100	$0	$73,151,100	($27,816,200)	$45,334,900	$0	$45,334,900
TOTAL REVENUE	**$21,288,831,700**	**($176,909,400)**	**$21,111,922,300**	**$114,588,400**	**$21,403,420,100**	**($1,158,537,400)**	**$20,244,882,700**

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
STATE POLICE

Analyst: Aaron A. Meek

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$29,030,200	$29,521,800	*$491,600*	*1.7*
Federal	101,314,700	100,351,800	*(962,900)*	*(1.0)*
Local	5,035,600	5,088,800	*53,200*	*1.1*
Private	35,000	35,000	*0*	*0.0*
Restricted	190,336,000	200,908,000	*10,572,000*	*5.6*
GF/GP	638,435,100	633,778,200	*(4,656,900)*	*(0.7)*
Gross	**$964,186,600**	**$969,683,600**	***$5,497,000***	***0.6***
FTEs	3,576.0	3,575.0	*(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 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 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Forensic Laboratory Closures	FTE	281.0	(1.0)
Removes $1.5 million GF/GP and 1.0 FTE position from the Forensic Science line item to reflect closure of the Northville Forensic Laboratory ($864,400) and the Grayling Forensic Laboratory ($637,000). Cases and FTEs will be transferred to MSP's remaining forensic laboratories. (Note: Due to an internal transfer of 1.0 FTE position from the Intelligence Operations line item to the Forensic Science line item, FTE change in the latter is technically net-zero.)	**Gross**	**$51,715,800**	**($1,487,700)**
	Federal	4,879,700	0
	Restricted	9,628,900	0
	GF/GP	$37,207,200	($1,487,700)
2. Forensic Laboratory Closures – Departmentwide Adjustment	**Gross**	**$48,324,700**	**($13,700)**
Removes $13,700 GF/GP from the Departmentwide line item to reflect closure of the Northville Forensic Laboratory and the Grayling Forensic Laboratory.	IDG/IDT	515,800	0
	Federal	112,300	0
	Restricted	1,547,800	0
	GF/GP	$46,148,800	($13,700)
3. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$2,500,000**	**($2,500,000)**
Removes $2.5 million of one-time GF/GP funding that was included in the FY 2025-26 budget to support the following: • Trooper Recruit Schools ($1.0 million GF/GP) • Cold Case Investigations ($600,000 GF/GP) • Law Enforcement Communication Training ($500,000 GF/GP) • Michigan Public Safety Critical Incident Mapping Grant ($400,000 GF/GP).	GF/GP	$2,500,000	($2,500,000)

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Technical Adjustments	FTE	NA	0.0
Includes $9.0 million Gross to align authorization with available revenues for the following fund sources:	**Gross**	**NA**	**$9,016,600**
	IDG/IDT	NA	301,700
• Criminal Justice Information Center Service Fees ($5.5 million increase)	Federal	NA	(1,510,400)
	Restricted	NA	10,225,300
• Secondary Road Patrol and Training Fund ($3.0 million increase)	GF/GP	NA	$0
• Truck Driver Safety Fund ($1.0 million increase)			
• Michigan Set Aside Fund ($600,000 increase)			
• IDT, Michigan Justice Training Fund ($350,000 increase)			
• Sex Offenders Registration Fund ($300,000 increase)			
• Federal Indirect Funds ($250,000 increase)			
• IDG, Training Academy Charges ($235,000 increase)			
• Traffic Law Enforcement and Safety Fund ($136,100 increase)			
• State Services Fee Fund ($44,200 increase)			
• Highway Safety Fund ($33,100 increase)			
• Hazardous Materials Training Center Fees ($3,700 reduction)			
• Auto Theft Prevention Fund ($4,900 reduction)			
• State Police Administrator and Coordinator 911 Fund ($7,200 reduction)			
• IDG from Treasury, Casino Gaming Fees ($42,800 reduction)			
• State Forensic Laboratory Fund ($63,000 reduction)			
• State Police Dispatch Operator 911 Fund ($68,900 reduction)			
• Department of Homeland Security ($69,400 reduction)			
• Department of Transportation ($210,600 reduction)			
• IDG from MDOT, State Trunk Line Fund ($240,500 reduction)			
• Motor Carrier Fees ($250,000 reduction)			
• Department of Justice ($1.5 million reduction).			
Also includes the following internal net-to-zero transfers to align funding and FTE authorization with department activity:			
• Transfers $2.0 million GF/GP and 15.0 FTE positions from the Grants and Community Services line item to the Executive Direction line item			
• Transfers $178,900 Gross ($5,700 GF/GP) from the Commercial Vehicle Enforcement and Highway Safety Planning line items to the Department Services line item			
• Transfers $151,600 in state restricted authorization and 1.0 FTE position from the Intelligence Operations line item to the Forensic Science line item			
• Transfers 3.0 FTE positions from the Standards and Training line item to the Justice Training Grants line item.			
5. Economic Adjustments	**Gross**	**NA**	**$492,400**
Reflects increased costs of $492,400 Gross ($655,500 GF/GP reduction) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	189,900
	Federal	NA	547,500
	Local	NA	53,200
	Restricted	NA	357,300
	GF/GP	NA	($655,500)

Major Boilerplate Changes from FY 2025-26

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees **– DELETED**
Prohibits the department from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. *(Governor deemed this section unenforceable.)*

Sec. 208. State Administrative Board Transfers **– DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

Sec. 210. Contingency Authorization **– REVISED**
Authorizes appropriation and expenditure of up to $2.0 million in federal and $4.0 million in state restricted contingency funds after transfer of funds to specific line items is approved. Executive revises to eliminate federal contingency authorization and to increase state restricted contingency authorization to $15.0 million.

Sec. 215. Legislatively Directed Spending Items **– NEW**
Requires HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; requires the department that is administering the grants to post a report on March 15 and to update the report on June 15 and September 15.

Sec. 217. E-Verify Requirement **– DELETED**
Requires the department to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes the department to verify the information directly or to receive certification from the contractor; requires the department to submit a report describing the processes it develops and implements; defines "E-Verify." *(Governor deemed this section unenforceable.)*

Sec. 217. State Fiscal Recovery Funds **– NEW**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026, and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026.

Sec. 218. Impact of Federal Policy Changes **– DELETED**
Requires the department to report on federal policy changes that are expected to affect department operations, affect groups the department engages with, or create a regulatory gap.

Sec. 218. Reallocation of State Fiscal Recovery Funds **– NEW**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify appropriations committees not later than 10 days after reallocating funds.

Sec. 219. Retention of Reports **– DELETED**
Requires the department to follow federal and state law and guidelines for short- and long-term retention of records; authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 220. Report on Policy Changes Made to Implement Public Acts **– DELETED**
Requires the department to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change.

Sec. 221. Posting of Reports **– DELETED**
Requires the department to make required reports readily accessible to the public and conspicuously posted in a single archivable location on the department's website; requires the department to maintain reports from previous fiscal years in the same archivable location.

Sec. 222. 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. *(Governor deemed this section unenforceable.)*

Major Boilerplate Changes from FY 2025-26

Sec. 224. Legacy Costs **– DELETED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $170.4 million ($130.0 million on pension-related legacy costs; $40.4 million on health care-related legacy costs).

Sec. 225. Annual Strategic Plan **– DELETED**
Requires the department to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department.

Sec. 226. State Obligations **– DELETED**
Requires the department to report on any court settlement that may require further legislative review of state statutory programs or regulations.

Sec. 227. Private and Third-Party Funds **– DELETED**
Requires the department to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds.

Sec. 229. Data Privacy **– DELETED**
Expresses legislative intent that the department protect data from unauthorized access or use and lists measures; requires the department to notify data subjects if an unauthorized person accesses their information.

Sec. 230. Legislatively Directed Spending Items **– DELETED**
Requires the legislature to provide the department and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the department to post information about grant recipients on its website.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 301. Post Closure or Consolidation **– DELETED**
Requires the department to notify listed recipients when it recommends closure or consolidation of any MSP post and to include a local and state impact study. *(Governor deemed this section unenforceable.)*

Sec. 302. Privatization Project Plans **– DELETED**
Requires submission of a project plan if the department presents the state employer with a plan to privatize; requires evaluation to be submitted to appropriations subcommittees and fiscal agencies within 30 months. *(Governor deemed this section unenforceable.)*

Sec. 305. Officer Evaluation Criteria **– DELETED**
Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting a specified number of citations for an officer. *(Governor deemed this section unenforceable.)*

Sec. 306. Placement of Local Headquarters **– REVISED**
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. Executive revises to authorize the department to purchase real property without the requirement to establish and maintain local headquarters. *(Governor deemed this section unenforceable.)*

LAW ENFORCEMENT SERVICES

Sec. 403. Forensic Science **– REVISED**
Requires the department to provide forensic testing and DNA analysis services to aid in criminal investigations and to maintain accreditation of laboratories; stipulates turnaround times for forensic science services; requires the department to provide data on turnaround times, staffing levels, and backlogged cases. Executive revises to delete staffing and resources provisions.

MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS

Sec. 501. Commission on Law Enforcement Standards **– REVISED**
Stipulates MCOLES' responsibilities and requires maintenance of proper staffing and resources to update standards within 120 days of enactment date of new applicable legislation; requires report summarizing MCOLES activities and distributions of training funds during prior calendar year. Executive revises to delete staffing and resources provisions.

Major Boilerplate Changes from FY 2025-26

FIELD SERVICES

***Sec. 601. General Law Enforcement and Traffic Safety* – REVISED**
Stipulates that MSP troopers shall not be prohibited from responding to criminal or emergency situations and shall make every effort to protect residents; requires the department to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol; requires the department to report number of residence checks of registered sex offenders. Executive revises to delete staffing and resources provisions. *(Governor deemed the staffing and resources provisions unenforceable.)*

***Sec. 602. Criminal Investigations* – REVISED**
(1) Requires the department to identify and apprehend criminals through investigations; (2) requires maintenance of investigation hours; (3) requires the department to meet or exceed case clearance rate of 62%; (4) requires the department to provide training opportunities to local law enforcement partners related to gambling, opioid investigations, and other emerging issues; (5) requires the department to maintain staffing to investigate an average level of opioid cases and to link investigations among partners. Executive revises to delete items (2) through (5).

SPECIALIZED SERVICES

***Sec. 701. Intelligence and Special Operations* – REVISED**
(1) Requires the department to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires the department 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 the department to operate Cyber Section and to maintain staffing; (4) requires the department to provide digital forensic analysis and states case turnaround goal. Executive revises to delete items (3) and (4). *{Governor deemed items (3) and (4) unenforceable.}*

***Sec. 702. Specialized Support Teams* – REVISED**
(1) Requires the department to provide specialized support services; (2) requires the department 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 revises to delete items (2) through (8). *{Governor deemed items (2) through (8) unenforceable.}*

***Sec. 704. Emergency Management and Homeland Security* – REVISED**
(1) Requires the department 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 the department 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 this section and Sec. 232 to $750.0 million; (4) requires the department to maintain partnerships to protect the state from all hazards; (5) requires the department 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 the department 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 the department 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 revises to delete items (8) and (9). *{Governor deemed items (8) and (9) unenforceable.}*

ONE-TIME APPROPRIATIONS

***Sec. 801. Cold Case Investigations* – DELETED**
Requires the department to administer competitive grant program for universities that operate cold case programs with the department; provides for grant awards of up to $200,000 per recipient to support cold case program; requires grant funds to be used only for programmatic and operational expenses of a university's cold case program; defines "cold case program."

Major Boilerplate Changes from FY 2025-26

***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; requires oral transliteration certificate to be held by an officer, board member, or principal of the entity administering training for at least one year; designates unexpended funds as work project appropriation.

***Sec. 803. Public Safety Critical Incident Mapping* – DELETED**
Requires the department to administer competitive grant program to assist counties in the development of critical incident mapping; limits individual grants to counties to $25,000 and limits overall eligibility to three individual grants; requires county recipients to use grant funds to implement critical incident mapping that satisfies certain criteria; authorizes the department to determine grant disbursement schedule.

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
1. Grants and Community Services	**Gross**	**$2,774,000**
Includes $2.8 million in state restricted Auto Theft Prevention Fund revenue to support increased grant awards to auto theft prevention teams, prosecutors, and non-profit organizations.	Restricted	2,774,000
	GF/GP	$0
2. Criminal Justice Information Center	**Gross**	**$1,550,000**
Includes $1.4 million in state restricted Michigan Set Aside Fund revenue to support systems and temporary staff for the Clean Slate Initiative. Also includes $150,000 in state restricted Sex Offenders Registration Fund revenue to maintain existing system operations.	Restricted	1,550,000
	GF/GP	$0
3. Forensic Science	**Gross**	**$1,200,000**
Includes $1.2 million in state restricted State Services Fee Fund revenue to support forensic science equipment upgrades and facilities maintenance.	Restricted	1,200,000
	GF/GP	$0
4. Information Technology Services and Projects	**Gross**	**$1,000,000**
Includes $1.0 million in state restricted Criminal Justice Information Center service fee revenue to support various information technology systems upgrades.	Restricted	1,000,000
	GF/GP	$0
5. Biometrics and Identification	**Gross**	**$700,000**
Includes $700,000 in state restricted Criminal Justice Information Center service fee revenue to support a one-time Automated Print Identification System record digitization project.	Restricted	700,000
	GF/GP	$0
6. Training Operations	**Gross**	**$500,000**
Includes $500,000 in intradepartmental transfer Michigan Justice Training Fund grant revenue.	IDG/IDT	500,000
	GF/GP	$0

Summary: Executive Budget Recommendation for Fiscal Year 2026-27
TRANSPORTATION

Analyst: William E. Hamilton

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$4,366,200	$4,555,300	*$189,100*	*4.3*
Federal	2,329,605,500	2,374,354,200	*44,748,700*	*1.9*
Local	87,448,500	86,948,500	*(500,000)*	*(0.6)*
Private	20,500,000	20,500,000	*0*	*0.0*
Restricted	5,447,575,600	6,038,263,400	*590,687,800*	*10.8*
GF/GP	0	0	*0*	*--*
Gross	**$7,889,495,800**	**$8,524,621,400**	***$635,125,600***	***8.1***
FTEs	3,208.3	3,219.3	*11.0*	*0.3*

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 an earmark of Corporate Income Tax Act revenue, and revenue from state excise taxes on sales of marijuana. For FY 2026-27, an estimated $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 2025-26 Year-to-Date (YTD) Appropriations		**FY 2025-26 YTD (as of 2/11/26)**	**Executive Change from YTD**
1. Debt Service	**Gross**	**$340,804,200**	**($1,800)**
Debt service totals $340.8 million, $1,800 less than FY 2025-26. Of total debt service, $333.6 million is for debt service on STF bonds.	Restricted	340,804,200	(1,800)
	GF/GP	$0	$0
The debt service appropriation is primarily based on debt service schedules for previously issued and outstanding bonds, including STF Rebuilding Michigan bonds issued in calendar years (CYs) 2020, 2021, and 2023. Debt service also includes estimated debt service on the final Rebuilding Michigan bond issue, which may be issued later in CY 2026. Total outstanding bonded debt at September 30, 2025 was $3.0 billion, of which, $2.8 billion represented STF bonds.			
2. Services Provided by Other State Departments (IDGs)	**Gross**	**$52,972,200**	**$191,700**
Recognizes economic and cost allocation adjustments for line items that authorize the reimbursement of other state departments from restricted transportation funds for services provided.	Restricted	52,972,200	191,700
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. Finance, Contracts, Support Services	FTE	195.0	0.0
Includes $1.1 million STF increase for financial accounting compliance and financial management costs.	**Gross**	**$28,214,200**	**$1,112,600**
	IDG	4,366,200	0
	Restricted	23,848,000	1,112,600
	GF/GP	$0	$0
4. Property Management	**Gross**	**$9,682,100**	**($1,066,100)**
Reflects DTMB cost allocation adjustments which result in a $1.1 million decrease, primarily STF, in appropriation for property maintenance and management.	Restricted	9,682,100	(1,066,100)
	GF/GP	$0	$0
5. Information Technology	**Gross**	**$42,299,500**	**$5,345,000**
Includes increase of $5.3 million, primarily STF, for information technology cost increases.	Federal	520,500	12,400
	Restricted	41,779,000	5,332,600
	GF/GP	$0	$0
6. Design and Engineering Services	FTE	1,657.3	0.0
Provides $6.1 million Gross increase (state restricted STF and federal) to support increased costs of maintenance and operations of Intelligent Transportation Systems and $526,600 for maintenance and energy costs of 3,141 traffic signals shared with local units of government.	**Gross**	**$267,155,600**	**$6,653,200**
	Federal	23,529,800	2,449,500
	Restricted	243,625,800	4,203,700
	GF/GP	$0	$0
7. State Trunkline Maintenance	FTE	908.7	3.0
Includes $23.7 million STF funding increase to reflect increased costs of maintenance materials and service contracts; includes $654,000 STF and authorization for 3.0 FTE positions for added lane miles in the University Region.	**Gross**	**$486,654,800**	**$24,322,300**
	Restricted	486,654,800	24,322,300
	GF/GP	$0	$0
8. State Trunkline Road and Bridge Capital Program	**Gross**	**$1,851,212,700**	**$137,602,800**
The capital State Trunkline Road and Bridge Construction line item would total $2.0 billion, an increase of $137.6 million. This primarily reflects a decrease in estimated federal funds available under IIJA and a $140.1 million net increase in state restricted fund support. Blue Water Bridge Fund support for Blue Water Bridge capital projects would decline by $3.7 million while estimated STF support would increase by $143.8 million, in part from increases in the October 2025 Transportation Funding Package.	Federal	1,315,266,400	(2,487,700)
	Local	30,003,500	0
	Private	10,000,000	0
	Restricted	495,942,800	140,090,500
	GF/GP	$0	$0
9. MTF/NRF Distribution to Cities/Villages	**Gross**	**$989,893,600**	**$122,476,100**
Includes $1.1 billion for distribution to cities and villages per Act 51 formula, a $122.5 million increase. This reflects the full-year impact of the October 2025 Transportation Funding Package, reflecting increases in motor fuel taxes as well as funding from the Neighborhood Roads Fund (NRF).	Restricted	989,893,600	122,476,100
	GF/GP	$0	$0
10. MTF/NRF Distribution to County Road Commissions	**Gross**	**$1,790,859,100**	**$221,242,300**
Includes $2.0 billion for distribution to county road commissions per Act 51 formula, a $221.2 million increase. This reflects the full-year impact of the October 2025 Transportation Funding Package, reflecting increases in motor fuel taxes as well as funding from the NRF.	Restricted	1,790,859,100	221,242,300
	GF/GP	$0	$0
11. Local Bridge Program	**Gross**	**$126,417,100**	**$133,800**
Reflects $133,800 increase in estimated MTF support. In addition to $26.6 million in MTF support, $100.0 million comes from the NRF, an Act 51 earmark part of the October 2025 Transportation Funding Package.	Restricted	126,417,100	133,800
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
12. Local Federal Aid and Road and Bridge	**Gross**	**$428,999,800**	**$0**
Includes $429.0 million for the line item representing federal-aid highway funds available for local road agency federal-aid projects – unchanged from FY 2025-26. The line item reflects estimated federal funds made available to Michigan under IIJA as allocated for eligible local road agency programs in accordance with Act 51.	Federal	428,999,800	0
	GF/GP	$0	$0
13. Movable Bridge Fund/Program	**Gross**	**$6,309,000**	**$195,600**
Includes $195,600 MTF inflationary adjustment, as required by Act 51, for program that provides funding to MDOT and certain local road agencies for operating costs of movable bridges under state and local jurisdiction. [Executive includes new boilerplate provisions that reflect Act 51 amendments to allow use of Movable Bridge Fund revenue for local bridge inspections.]	Restricted	6,309,000	195,600
	GF/GP	$0	$0
14. Local Rail Grade Separation Fund	**Gross**	**$40,000,000**	**$0**
Includes $40.0 million from the NRF – unchanged from FY 2025-26. This $40.0 million is an earmark of NRF revenue made in Act 51 as part of the October 2025 Transportation Funding Package.	Restricted	40,000,000	0
	GF/GP	$0	$0
15. Transportation Economic Development Fund (TEDF)	**Gross**	**$53,190,500**	**$292,700**
Includes $53.5 million in restricted TEDF support, an increase of $292,700 from current year, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231.	Restricted	53,190,500	292,700
	GF/GP	$0	$0
16. Passenger Transportation Services	FTE	46.0	4.0
Increases staffing authorization by 4.0 FTEs and related funding increase of $589,100 CTF.	**Gross**	**$7,410,900**	**$589,100**
	Federal	2,000,000	589,100
	Restricted	5,410,900	0
	GF/GP	$0	$0
17. Local Bus Operating – CTF Funding	**Gross**	**$271,607,300**	**$43,392,700**
Increases CTF support for local bus operating assistance to $315.0 million, an increase of $43.4 million. This increase reflects the full-year revenue impact on the CTF of the October 2025 Transportation Funding Package.	Restricted	271,607,300	43,392,700
	GF/GP	$0	$0
18. Transit Programs – Non-Urban Operating/Capital	**Gross**	**$41,123,000**	**$812,500**
Includes $41.9 million for non-urbanized area formula grant program established under 49 USC 5311 ($39.9 million federal funds and $2.0 million local funds). The $812,500 increase in federal funds reflects increase in estimated federal grants available to Michigan under IIJA.	Federal	39,123,000	812,500
	Local	2,000,000	0
	GF/GP	$0	$0
19. Intercity Services	**Gross**	**$10,189,700**	**$676,000**
Increases of $676,000 Gross reflects estimated available federal and state restricted CTF revenue. This line item supports contracts between MDOT and intercity carriers to provide intercity bus service to small urban and rural communities without other intercity public transportation services.	Federal	6,303,600	126,100
	Local	160,000	0
	Private	800,000	0
	Restricted	2,926,100	549,900
	GF/GP	$0	$0
20. Marine Passenger Service	**Gross**	**$20,559,100**	**($20,559,100)**
Eliminates separate line that provided capital assistance for marine passenger systems. Rolls this line into a new Intermodal Capital line item within Passenger Transportation Development, as shown below in Item #22.	Federal	18,059,100	(18,059,100)
	Local	500,000	(500,000)
	Restricted	2,000,000	(2,000,000)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
21. Rail Operations and Infrastructure	**Gross**	**$149,388,500**	**$70,000,000**
Includes $70.0 million increase in federal support to reflect an anticipated grant for rail freight development in southwest Detroit.	Federal	30,000,000	70,000,000
	Local	100,000	0
	Private	3,700,000	0
	Restricted	115,588,500	0
	GF/GP	$0	$0
22. Transit Capital/Intermodal Capital	**Gross**	**$247,793,500**	**$51,038,700**
Increases support by $51.0 million CTF reflecting revenue impact on the CTF from the October 2025 Transportation Funding Package. In addition to its use for transit capital grants, in the proposed Executive budget this line would also be used to provide capital grants for marine passenger systems formerly appropriated from the Marine passenger service line item (See. Item #20 above).	Federal	146,941,600	0
	Local	31,000,000	0
	Private	2,000,000	0
	Restricted	67,851,900	51,038,700
	GF/GP	$0	$0
23. Vanpooling	**Gross**	**$400,000**	**($100,000)**
Reduces support to $300,000 CTF, $100,00 less than FY 2025-26.	Restricted	400,000	(100,000)
	GF/GP	$0	$0
24. Infrastructure Projects Authority Fund/Program	**Gross**	**$65,000,000**	**$0**
Retains $65.0 million line item first established in FY 2025-26, reflecting an Act 51 earmark of NRF revenue, part of the October 2025 Transportation Funding Package.	Restricted	65,000,000	0
	GF/GP	$0	$0
25. Marine and Ports Facility Assistance Program	FTE	0.0	4.0
The FY 2025-26 budget appropriated $5.3 million CTF for credit to the Marine and Ports Facility Fund. The FY 2026-27 appropriation would authorize expenditure from the fund to support a new Maritime and Port Facility Assistance office, including authorization for 4.0 FTE positions. The office would coordinate activity related to ports and administer grant funding from the Maritime and Port Facility Assistance Fund created in 2022 PA 159.	**Gross**	**$0**	**$5,294,700**
	Restricted	0	5,294,700
	GF/GP	$0	$0
26. Capital Outlay - Airport Improvement Program (AIP)	**Gross**	**$189,045,000**	**($7,735,200)**
Reduces state restricted State Aeronautics Fund support by $7.7 million to reflect revenue estimates. The FY 2025-26 appropriation of State Aeronautics Fund revenue was in excess of revenue estimates. The Executive budget assumes enactment of a bill to increase aircraft registration taxes. [This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement.]	Federal	155,000,000	0
	Local	17,500,000	0
	Private	2,000,000	0
	Restricted	14,545,000	(7,735,200)
	GF/GP	$0	$0
27. 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
28. Detroit Metropolitan Wayne County Airport	**Gross**	**$13,020,000**	**($6,585,000)**
Reduces state restricted Qualified Airport Fund support by $6.6 million to reflect revenue estimates. The FY 2025-26 appropriation of Qualified Airport Fund revenue was in excess of revenue estimates. The Qualified Airport Fund was established through 2015 amendments to the State Aeronautics Code.	Restricted	13,020,000	(6,585,000)
	GF/GP	$0	$0
29. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$28,828,800**	**($28,828,800)**
Removes $28.8 million Gross ($0.0 million GF/GP) of one-time funding that was included in the FY 2025-26 budget to support the following: • Maritime and Port Fund, ($5.3 million CTF) • Railroad Heritage Preservation, ($5.3 million CTF) • Non-motorized Trails, ($5.3 million CTF) • State Aeronautics Fund transfer ($5.3 million CTF) • Road Usage Charge Study and Pilot ($7.7 million MTF)	Restricted	28,828,800	(28,828,800)
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
30. Coloma Salt Shed and Maintenance Facility (One-Time)	**Gross**	**$0**	**$5,168,100**
Includes $5.2 million STF (one-time) to rebuild salt shed and maintenance facility in Coloma.	Restricted	0	5,168,100
	GF/GP	$0	$0
31. Other Maintenance Facilities (One-Time)	**Gross**	**$0**	**$5,600,000**
Includes $5.6 million STF (one-time) for capital maintenance and repairs to maintenance facilities.	Restricted	0	5,600,000
	GF/GP	$0	$0
32. Great Lakes Tunnel Project – Phase II Oversight (One-Time)	**Gross**	**$0**	**$4,100,000**
Provides $4.1 million (one-time) from the state restricted Michigan Infrastructure Fund for continued planning and construction oversight of the Great Lakes Tunnel project authorized under 2018 PA 359.	Restricted	0	4,100,000
	GF/GP	$0	$0
33. Economic Adjustments	**Gross**	**NA**	**$6,470,800**
Reflects increased costs of $6.5 million Gross ($0.0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	57,800
	Federal	NA	163,200
	Restricted	NA	6,249,800
	GF/GP	NA	$0

Major Boilerplate Changes from FY 2025-26

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 previously 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. 217. State Fiscal Recovery Funds Expended **– NEW**
Adds language that directs the state budget director to ensure State Fiscal Recovery Funds are expended by December 31, 2026, and any state fiscal recovery funds that would lapse after September 30, 2026 are automatically reappropriated for the same purpose as originally authorized.

Sec. 218. State Fiscal Recovery Funds Reallocation Authorization **– NEW**
Adds 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 must notify the Legislature within 10 days after making the reallocation.

Sec. 219. Record Retention Policy **– DELETED**
Deletes section that prescribes the department's record retention policy.

Sec. 220. Report on Policy Changes for Public Act Implementation **– DELETED**
Deletes section that requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 227. Accessibility of Required Reports **– DELETED**
Deletes section that prescribes standards for report accessibility.

Sec. 228. E-Verify Requirement **– DELETED**
Deletes section that directs the department to require that all contractors and subcontractors agree to use the E-Verify system to verify that all people hired during the contract term are legally present and authorized to work in the United States. *The Governor had previously indicated this section was unenforceable*.

Sec. 234. Annual Legacy Costs **– DELETED**
Deletes section that Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026.

Sec. 235. Report on Annual Strategic Plan **– DELETED**
Deletes section that requires the department to provide to standard report recipients a copy of its annual strategic plan.

Major Boilerplate Changes from FY 2025-26

Sec. 236. State Obligations – **DELETED**
Deletes section that requires the department to report on court settlements that may require legislative review of statutory programs or regulations.

Sec. 237. Private and Third-Party Funds **– DELETED**
Deletes section that requires the department to report on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and source of funding, the purpose, and the amount of any remaining funds.

Sec. 309. Pavement Marking Material **– DELETED**
Deletes section that establishes specific criteria for procurement of pavement marking materials.

Sec. 312. Property Management **– DELETED**
Deletes reporting requirement on the utilization of department properties, including, but not limited to, salt storage facilities, garages, and regional offices.

Sec. 388. I-375 Project Prohibition **– DELETED**
Deletes section prohibiting the department from spending funds appropriated in part 1 in support of a federal aid grant for an I-375 project in Detroit. *(The State Budget Office indicates that this section is unenforceable as a violation of the separation of powers provisions of the Michigan Constitution.)*

Sec. 502. Movable Bridge Fund **– NEW**
Authorizes carryforward of the unencumbered and unexpended balance in the Movable Bridge Fund for uses in local agency bridge inspection program.

Sec. 651. Neighborhood Roads Fund **– NEW**
Directs that funds from the Neighborhood Roads Fund be distributed and appropriated to the Local Grade Separation Fund, Comprehensive Transportation Fund, Infrastructure Projects Authority Fund, and the State Trunkline Fund, in accordance with this part and part 1 and section 13c of 1951 PA 51.

Sec. 652. Neighborhood Roads Fund **– NEW**
Indicates that at the close of the fiscal year, any unencumbered and unexpended balance in the neighborhood roads fund not previously allocated under sections (a) through (e) of section 13c(5) of 1951 PA 51 remains in the Neighborhood Roads Fund and carries forward and is appropriated to local road agencies and the State Trunkline Fund according to section 13c(5) of 1951 PA 51.

Sec. 705. Rail Abandonment Notice **– DELETED**
Deletes section that requires MDOT to notify legislature when railroad companies file for abandonment of lines.

Sec. 720. Farebox Recovery Intent Language **– DELETED**
Deletes section that indicates legislative intent that transit agencies strive to achieve at least 6% farebox recovery.

Sec. 721. Maritime and Port Facility Fund **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be credited to the Maritime and Port Facility Fund created in 2022 PA 159.

Sec. 723. Non-Motorized Trails **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be used to establish and maintain a system of nonmotorized trails. *(The State Budget Office has indicated that this appropriation is considered unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act by reference.)*

Sec. 724. State Aeronautics Fund Deposit **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be credited to the State Aeronautics Fund and used for capital improvements at general aviation airports in this state. *(The State Budget Office has indicated that while the appropriation of CTF funds for credit to the State Aeronautics Fund is an authorized use of the CTF under Act 51, the designation of the appropriation for General Aviation airports in boilerplate section 724 is unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act [the State Aeronautics Code] by reference.)*

Major Boilerplate Changes from FY 2025-26

***Sec. 753. Railroad Heritage Preservation* – DELETED**
Deletes section that directs use of the one-time FY 2025-26 $5.3 million part 1 appropriation; directs the department to establish a railroad heritage preservation program to provide funding to organizations for the promotion of railroading in Michigan with a focus on Michigan railroad history. Directs the department to administer the program as a competitive grant program.

***Sec. 802. Air Service Prioritization* – DELETED**
Deletes section that establishes priority use of the air service appropriation, including for the department to re-establish and maintain air service between Marquette and Lansing with priority service for emergencies, routine travel for elected state officials, and other uses. *(The State Budget Office has indicated that this appropriation is considered unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act by reference.)*

***Sec. 1001. Great Lakes Tunnel Project – Phase II Oversight* – NEW**
Establishes the part 1 appropriation as a work project in order to support planning, construction oversight, and administration of the Great Lakes Tunnel Project by the Mackinac Straits Corridor Authority, in accordance with section 14d of 1952 PA 214, MCL 254.324d.

***Sec. 1005. Road Usage Charge Pilot Project* – DELETED**
Deletes one-time language defining road usage charge study funded in FY 2025-26 at $7.7 million MTF.

Supplemental Recommendations for FY 2025-26 Appropriations		**FY 2025-26 Recommendation**
1. Local Grade Separation Fund/Rail Grade Separation Fund	**Gross**	**$0**
Unappropriates $40.0 million from the Neighborhood Roads Fund and reappropriates $40.0 million from the Local Grade Separation Fund (for a net $0 change) to effectuate expenditures out of the proper funds receiving new distributions under the 2025 transportation funding package. After this correction, the spending authority for the Local Grade Separation Program would be $40.0 million with the Local Grade Separation Fund as the fund source.	Restricted	0
	GF/GP	$0
2. Infrastructure Projects Authority Program/Fund	**Gross**	**$0**
Unappropriates $65.0 million from the Neighborhood Roads Fund and reappropriates $65.0 million from the Infrastructure Projects Authority Fund (for a net $0 change) to effectuate expenditures out of the proper funds receiving new distributions under the 2025 transportation funding package. After this correction, the spending authority for the Infrastructure Projects Authority Program will be $65.0 million with the Infrastructure Projects Authority Fund as the fund source.	Restricted	0
	GF/GP	$0
In addition, the supplemental request includes three new boilerplate sections to effectuate the new Act 51 revenue distributions established under the October 2025 Transportation Funding Package. These sections provide budgetary authority for the internal statutory distribution of the Neighborhood Roads Fund under Sec. 13c; provides for year-end excess revenue distributions from the Neighborhood Roads Fund under Sec. 13c(5), and provides authority for any year-end unencumbered and unexpended balance in the Movable Bridge Fund for local bridge inspections as required in Sec. 11g of 1951 PA 51.		

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