

FY 2025-26: GENERAL OMNIBUS BUDGET
Summary: Proposed House Substitute
House Bill 4706 (H-1)



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area [Summary Page]	FY 2025-26	
	Gross	GF/GP
Agriculture and Rural Development [2]	\$102,895,200	\$46,106,800
Corrections [10]	2,118,858,500	2,083,327,400
Environment, Great Lakes, and Energy [22]	839,082,600	111,543,300
General Government [31]		
<i>Attorney General</i> [35]	91,368,600	29,744,500
<i>Civil Rights</i> [40]	13,592,000	10,921,200
<i>Executive Office</i> [43]	9,609,200	9,609,200
<i>Legislature</i> [44]	203,307,400	201,320,500
<i>Legislative Auditor General</i> [47]	32,426,600	22,321,600
<i>State</i> [49]	222,496,100	2,759,800
<i>Technology, Management, and Budget</i> [53]	1,531,977,000	455,191,200
<i>Treasury</i> [63]	2,586,247,100	282,776,300
Subtotal: General Government	4,691,024,000	1,014,644,300
Health and Human Services		
<i>Medicaid and Behavioral Health</i> [73]	25,389,338,500	5,178,772,300
<i>Public Health</i> [85]	1,127,404,300	252,301,500
<i>Human Services</i> [91]	6,173,979,900	1,221,950,900
Insurance and Financial Services [101]	73,409,100	0
Judiciary [107]	344,145,500	232,837,500
Labor and Economic Opportunity [115]	1,291,620,800	245,158,600
Licensing and Regulatory Affairs [138]	579,282,500	253,867,800
Military and Veterans Affairs [151]	295,039,600	139,151,600
Natural Resources [159]	481,292,100	39,570,200
State Police [167]	886,821,100	594,958,100
Transportation [176]	10,243,751,700	677,000,000
TOTAL	\$54,637,945,400	\$12,091,190,300

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

FY 2025-26: AGRICULTURE AND RURAL DEVELOPMENT
Summary: Proposed House Substitute
Article 1, House Bill 4706 (H-1)



Analyst: William E. Hamilton

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$332,400	\$336,600	\$336,600	\$336,600	\$4,200	1.3
Federal	20,357,900	20,079,600	20,079,600	13,715,500	(6,642,400)	(32.6)
Local	0	0	0	0	0	-
Private	21,300	0	0	0	(21,300)	(100.0)
Restricted	47,170,900	51,972,400	51,972,400	42,736,300	(4,434,600)	(9.4)
GF/GP	89,056,400	85,921,900	87,072,000	46,106,800	(42,949,600)	(48.2)
Gross	\$156,938,900	\$158,310,500	\$159,460,600	\$102,895,200	(\$54,043,700)	(34.4)
FTEs	556.0	589.0	581.0	491.5	(64.5)	(11.6)

Notes: (1) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (2) "House" means House Bill 4575 (H-1). (3) "Senate" means Senate Bill 171 (S-2), as passed by the Senate, May 13, 2025.

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.

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Unclassified Positions	FTE	6.0	0.0
<u>Executive</u> recognizes \$31,000 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> retains funding at current-year level.	Gross	\$1,033,200	\$0
	Restricted	335,100	0
	GF/GP	\$698,100	\$0
2. Accounting Service Center	Gross	\$1,177,400	(\$58,900)
<u>Executive</u> includes a \$13,500 baseline increase, from state restricted funds, for line used to reimburse the Michigan Department of Transportation for accounting services. <u>Senate</u> concurs with Executive. <u>House</u> does not include restricted fund support; reduces baseline funding by \$58,900 GF/GP.	Restricted	0	0
	GF/GP	\$1,177,400	(\$58,900)
3. Commissions and Boards	Gross	\$23,800	(\$23,800)
<u>Executive</u> retains current-year funding, \$23,000 Gross (\$15,000 GF/GP) for line that provides staff support to the Michigan Commission of Agriculture and Rural Development, and the Michigan Craft Beverage Council. <u>Senate</u> concurs with Executive. <u>House</u> eliminates.	Restricted	8,800	(8,800)
	GF/GP	\$15,000	(\$15,000)
4. Emergency Management – Preparedness, Readiness, Response	FTE	8.0	(2.0)
<u>Executive</u> recognizes \$21,000 in economic adjustments with no change to baseline funding or FTE authorization. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline funding by \$1.3 million GF/GP and reduces staffing authorization by 2.0 FTEs.	Gross	\$3,553,100	(\$1,250,000)
	Federal	1,039,000	0
	GF/GP	\$2,514,100	(\$1,250,000)
5. Emerging Contaminates in Food and Agriculture	FTE	6.0	(3.0)
<u>Executive</u> recognizes \$2,300 in economic adjustments with no change to baseline funding or FTE authorization. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline funding by \$1.6 million GF/GP and reduces staffing authorization by 3.0 FTEs.	Gross	\$2,109,900	(\$1,582,400)
	GF/GP	\$2,109,900	(\$1,582,400)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
6. Executive Direction		FTE 23.0	(3.0)
<u>Executive</u> shifts 6.0 FTE positions and \$846,000 to a new Integrated Solutions line item within the Laboratory appropriations unit; recognizes \$23,900 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increase; reduces baseline funding by \$1.0 million GF/GP and reduces staffing authorization by 3.0 FTEs.		Gross \$3,354,600	(\$1,000,000)
	Federal	15,000	0
	Restricted	235,500	0
	GF/GP	\$3,104,100	(\$1,000,000)
7. Property Management		Gross \$785,000	(\$39,300)
<u>Executive</u> recognizes \$91,300 Gross (\$75,700 GF/GP) in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic adjustment; reduces baseline funding by \$39,300 Gross (\$32,900 GF/GP).		Restricted 127,400	(6,400)
	GF/GP	\$657,600	(\$32,900)
8. Information Technology		Gross \$2,366,400	(\$591,600)
<u>Executive</u> recognizes \$20,000 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic adjustments; reduces baseline funding by \$591,600 Gross (\$529,900 GF/GP).		Restricted 246,800	(61,700)
	GF/GP	\$2,119,600	(\$529,900)
9. Food Safety and Quality Assurance		FTE 103.0	(3.0)
<u>Executive</u> shifts \$184,600 to new Integrated Solutions line item within the Laboratory appropriations unit; recognizes \$258,400 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economics or internal fund shifts; reduces baseline funding by \$1.9 million Gross (\$1.4 million GF/GP) and reduces staffing authorization by 3.0 FTEs.		Gross \$18,833,700	(\$1,891,700)
	Federal	2,769,500	0
	Restricted	6,354,200	(456,200)
	GF/GP	\$9,710,000	(\$1,435,500)
10. Milk Safety and Quality Assurance		FTE 36.0	0.0
<u>Executive</u> recognizes \$58,200 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increase; reduces baseline funding by \$1.4 million Gross (\$1.3 million GF/GP).		Gross \$5,999,300	(\$1,397,600)
	Federal	191,900	0
	Restricted	209,000	(80,200)
	GF/GP	\$5,598,400	(\$1,317,400)
11. Animal Disease Prevention and Response		FTE 63.0	(11.0)
<u>Executive</u> recognizes \$105,400 in economic adjustments with no changes in baseline funding. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increases; reduces baseline funding by \$3.8 million Gross (\$3.7 million GF/GP) and reduces staffing authorization by 11.0 FTEs.		Gross \$11,103,000	(\$3,786,700)
	Federal	1,087,500	1,600
	Restricted	222,900	(132,600)
	GF/GP	\$9,792,600	(\$3,655,700)
12. Animal Feed Safety		FTE 10.0	0.0
<u>Executive</u> recognizes \$26,400 in economic adjustments with no changes in baseline funding. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increases and retains current-year funding.		Gross \$2,100,800	\$0
	Federal	404,800	0
	Restricted	1,431,200	0
	GF/GP	\$264,800	\$0
13. Michigan Animal Agriculture Alliance		Gross \$3,000,000	(\$3,000,000)
<u>Executive</u> retains \$3.0 million GF/GP grant for MSU animal agriculture research program. <u>Senate</u> concurs with Executive. <u>House</u> does not include.		GF/GP \$3,000,000	(\$3,000,000)
14. Protecting Michigan's Food Supply		FTE 0.0	0.0
<u>Executive</u> includes \$5.5 million (\$3.5 million GF/GP) and authorization for 27.0 FTE positions for a new appropriation unit and line item to support the implementation of proactive biosecurity measures to prevent and reduce the impact of animal disease outbreaks in the livestock industry. Funding and FTEs would be allocated between bureaus internally by the department. <u>Senate</u> includes line item funded at \$4.0 million (\$2.0 million GF/GP) with 19.0 FTEs. <u>House</u> does not include.		Gross \$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
15. Agricultural Climate Resiliency/Soil Health and Regenerative Agriculture			
<u>Executive</u> consolidates two line items, both intended to promote the principles of regenerative agriculture, into a single Soil Health and Regenerative Agriculture line. <u>Executive</u> retains \$2.0 million GF/GP in ongoing funding and 5.0 FTE positions but does not retain \$5.1 million one-time appropriation. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include either ongoing line items or the one-time line item.			
	FTE	5.0	(5.0)
	Gross	\$7,124,900	(\$7,124,900)
	GF/GP	\$7,124,900	(\$7,124,900)
16. Environmental Stewardship/MAEAP			
<u>Executive</u> retains current year baseline funding and FTE positions; the only line item changes are internal fund shifts and economics. <u>Senate</u> shifts \$5.6 million (\$5.2 million Freshwater Protection Fund, \$400,000 GF/GP) to a new MAEAP/Conservation District Support line item. <u>House</u> does not recognize internal fund shifts or economics and retains current-year funding; reduces staffing authorization by 1.0 FTE.			
	FTE	27.0	(1.0)
	Gross	\$10,825,300	\$0
	Federal	1,984,100	0
	Restricted	8,369,600	0
	GF/GP	\$471,600	\$0
17. Local Conservation Districts			
<u>Executive</u> retains \$3.0 million GF/GP in ongoing funding. <u>Senate</u> shifts \$3.0 million GF/GP to a new MAEAP/Conservation District Support line item. <u>House</u> concurs with <u>Executive</u> and retains at \$3.0 million GF/GP.			
	Gross	\$3,000,000	\$0
	GF/GP	\$3,000,000	\$0
18. Right to Farm			
<u>Executive</u> recognizes \$18,000 in economic adjustments. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not recognize economic adjustments; retains at current-year funding.			
	FTE	6.5	0.0
	Gross	\$1,042,100	\$0
	IDG	95,600	0
	GF/GP	\$946,500	\$0
19. Pesticide and Plant Pest Management			
<u>Executive</u> shifts 1.0 FTE position and \$475,900 to new Integrated Solutions line item within the Laboratory appropriations unit; also shifts \$158,800 to the Environmental Stewardship/MAEAP line; recognizes \$459,800 in economic adjustments. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not recognize internal reorganization or economic increases; reduces baseline funding by \$7.3 million Gross (\$3.0 million GF/GP) and reduces staffing authorization by 10.0 FTEs.			
	FTE	82.0	(10.0)
	Gross	\$14,506,900	(\$7,253,400)
	Federal	1,301,000	0
	Private	21,300	(21,300)
	Restricted	7,142,100	(4,210,900)
	GF/GP	\$6,042,500	(\$3,021,200)
20. Agricultural Support			
<u>Executive</u> recognizes \$5,000 in economic adjustments for administrative line, new in FY 2025. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> removes funding and FTE authorization.			
	FTE	5.0	(5.0)
	Gross	\$1,000,000	(\$1,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
21. Agricultural Development			
<u>Executive</u> recognizes \$33,800 in economic adjustments. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> reduces baseline funding by \$1.7 million Gross (\$708,200 GF/GP) and staffing authorization by 4.0 FTEs.			
	FTE	16.0	(4.0)
	Gross	\$4,848,700	(\$1,662,200)
	Federal	2,685,600	(954,000)
	Restricted	173,600	0
	GF/GP	\$1,989,500	(\$708,200)
22. Fair Food Network – Double Up Food Bucks			
<u>Executive</u> retains \$5.0 million GF/GP in ongoing support for program that provides a supplemental benefit to SNAP recipients for the purchase of fresh fruits and vegetables. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> reduces by \$3.8 million GF/GP.			
	Gross	\$5,000,000	(\$3,750,000)
	GF/GP	\$5,000,000	(\$3,750,000)
23. Farm to Family Program			
<u>Executive</u> recognizes \$14,300 in economic adjustments. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> removes funding and FTE authorization.			
	FTE	6.0	(6.0)
	Gross	\$3,000,000	(\$3,000,000)
	GF/GP	\$3,000,000	(\$3,000,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
24. Farmland and Open Space Preservation			
<u>Executive</u> shifts \$44,600 to the new Integrated Solutions line item within the Laboratory appropriations unit; recognizes \$20,400 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize internal fund shift or economic increase and retains at current-year funding level.			
	FTE	10.0	0.0
	Gross	\$1,638,000	\$0
	Restricted	1,638,000	0
	GF/GP	\$0	\$0
25. Food and Agriculture Investment Grant Program			
<u>Executive</u> retains \$2.5 million GF/GP in ongoing funding. <u>Senate</u> concurs with Executive. <u>House</u> includes at \$2.0 million GF/GP, a \$474,800 decrease.			
	Gross	\$2,474,800	(\$474,800)
	GF/GP	\$2,474,800	(\$474,800)
26. Food and Agriculture Supply Chain			
<u>Executive</u> recognizes \$200 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> removes funding and FTE authorization.			
	FTE	1.0	(1.0)
	Gross	\$804,900	(\$804,900)
	GF/GP	\$804,900	(\$804,900)
27. Fruit and Vegetable Inspections			
<u>Executive</u> recognizes \$24,200 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increase and retains at current-year funding level.			
	FTE	8.0	0.0
	Gross	\$1,308,100	\$0
	Restricted	700,300	0
	GF/GP	\$607,800	\$0
28. Intercounty Drain			
<u>Executive</u> recognizes \$14,000 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increases, includes at \$500,000 GF/GP, a baseline reduction of \$383,800.			
	FTE	5.0	0.0
	Gross	\$883,800	(\$383,800)
	GF/GP	\$883,800	(\$383,800)
29. Migrant Labor Housing			
<u>Executive</u> recognizes \$20,500 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increase and retains at current-year funding level.			
	FTE	9.0	0.0
	Gross	\$1,389,500	\$0
	Restricted	145,100	0
	GF/GP	\$1,244,400	\$0
30. Michigan Craft Beverage Council			
<u>Executive</u> recognizes \$5,100 economic increase. <u>Senate</u> concurs with Executive. Restricted revenue comes from fees dedicated to the program under Michigan's Liquor Control Code. <u>House</u> removes funding and FTE authorization.			
	FTEs	1.0	(1.0)
	Gross	\$1,341,500	(\$1,341,500)
	Restricted	1,341,500	(1,341,500)
	GF/GP	\$0	\$0
31. Producer Security/Grain Dealers			
<u>Executive</u> recognizes \$11,100 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic increase and retains at current-year funding level.			
	FTE	6.0	0.0
	Gross	\$1,033,400	\$0
	Restricted	899,700	0
	GF/GP	\$133,700	\$0
32. Qualified Forest Program			
<u>Executive</u> recognizes \$19,500 in economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> eliminates \$5.4 million in federal fund spending authority and eliminates \$1.6 million in GF/GP support.			
	FTE	4.0	0.0
	Gross	\$8,107,000	(\$7,026,900)
	Federal	5,400,000	(5,400,000)
	Restricted	1,080,100	0
	GF/GP	\$1,626,900	(\$1,626,900)
33. Rural Development Grants			
<u>Executive</u> increases authorization by \$2.0 million (state restricted) to expand the Rural Development Grant Program. Executive would also authorize 3.0 FTE positions, an increase of 2.0 FTEs from current year. <u>Senate</u> concurs with Executive. <u>House</u> retains current-year funding and FTE authorization.			
	FTE	1.0	0.0
	Gross	\$2,008,000	\$0
	Restricted	2,008,000	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
34. Laboratory and Consumer Protection <u>Executive</u> recognizes \$209,200 in economic adjustments and a net \$1.6 million increase from fund shifts to establish a new Integrated Solutions line item. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not recognize new line item but instead retains current-year budget structure. <u>House</u> does not recognize economic increases; makes \$3.7 million baseline reductions across line items in Laboratory and Consumer Protection appropriations unit.	FTE	108.5	(9.5)
	Gross	\$19,332,400	(\$3,717,200)
	IDG	236,800	0
	Federal	3,479,500	0
	Restricted	8,087,600	(440,000)
	GF/GP	\$7,528,500	(\$3,277,200)
35. Plant, Soil, and Pest Diagnostics <u>Executive</u> includes \$1.6 million GF/GP and authorization for 4.0 FTE positions for new program targeted at detection and response to invasive species and plant diseases, by increasing testing capacity to provide growers with localized data and expertise. Testing functions would include soil health testing. Of the \$1.6 million, \$900,000 is ongoing and would be allocated internally by the department; \$700,000 is one-time for laboratory capital equipment purchases. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.	FTE	0.0	0.0
	Gross	\$0	\$0
	GF/GP	\$0	\$0
36. Horse Racing Programs <u>Executive</u> : Retains current year funding for standardbred horse racing line items – purses, purse supplements, and breeders' awards – totaling \$4.5 million from the Agriculture Equine Industry Development Fund (AEIDF). <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> increases AEIDF support for standardbred racing programs by \$2.0 million.	Gross	\$4,514,200	\$2,017,900
	Restricted	4,514,200	2,017,900
	GF/GP	\$0	\$0
37. Farm to Family - New Farmer Support Grants (One-Time) <u>Senate</u> includes \$800,000 GF/GP as new one-time funding item to enhance the Farm to Family program's ability to assist new farmers. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
38. Flooding and Water Control Infrastructure (One-Time) <u>Senate</u> includes \$400,000 GF/GP as new one-time funding item to address flooding issues and water control. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
39. Tariff Impacts Monitoring and Evaluation (One-Time) <u>Senate</u> includes \$250,000 GF/GP as new one-time funding item to support monitoring and evaluation of federal tariffs. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
40. Horticulture Education Programs (One-Time) <u>Senate</u> includes \$99,900 GF/GP as new one-time funding item to support horticulture education programs. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
41. Small Farm Tariff Relief Grants (One-Time) <u>Senate</u> includes \$100 GF/GP placeholder for new one-time funding item. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
42. Ice Storm Relief: Maple Syrup and Ag. Industries (One-Time) <u>Senate</u> includes \$100 GF/GP placeholder for new one-time funding item. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 Year-to-Date (as of 2/5/25)</u>	<u>FY 2025-26 House Change</u>
43. Removal of FY 2024-25 One-Time Appropriations	Gross	\$3,900,000	(\$3,900,000)
<u>Executive</u> removes \$3.9 million GF/GP in one-time funding items included in the FY 2024-25 budget:	GF/GP	\$3,900,000	(\$3,900,000)

- Animal disease prevention and response, (\$2.0 million)
- Animal welfare grants, (\$500,000)
- Fruit and vegetable prescription program, (\$500,000)
- Underserved-owned food and agriculture ventures, (\$500,000)
- Agriculture stewardship study, (\$250,000)
- Flint farmer's market, (\$150,000)

Senate and House concur with Executive.

Note: An additional FY 2024-25 one-time funding item, \$5.1 million for Agricultural Climate Resiliency, is described in Item #15 above.

44. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> budget reflects increased costs of \$1.3 million Gross (\$765,500 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize economic adjustments.	IDG/IDT	NA	0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communications with the Legislature – RETAINED

With certain specific exceptions, this section prohibits the department from taking disciplinary action against an employee for communicating with a member of the legislature or legislative staff. Executive deletes. Senate retains. House retains with minor wording changes. (The Governor has deemed this section as unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.)

Sec. 208. Hire of Outside Legal Counsel – DELETED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General; exempts legal services for bonding activities and outside legal services authorized by the Attorney General. Executive and Senate retain current year language. House deletes.

Sec. 214. Geographically Disadvantaged Business Enterprises – DELETED

Directs department director to take reasonable steps to ensure that geographically disadvantaged business enterprises compete for and perform contracts to provide services or supplies, or both. Executive and Senate retain. House deletes.

Sec. 216. Retention of Reports – RETAINED

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

Sec. 221. Work Project Expenditures – RETAINED

Requires that work project balances be exhausted before expenditure from part 1 appropriations. Executive deletes. Senate and House retain. (The Governor's has deemed this section as unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.)

Sec. 222. Work Projects Report – NEW

Requires the department to report information on all work project accounts, including a list and status of each account and the amount of funds that have lapsed from any previous accounts. Executive and Senate do not include. House includes new language.

Sec. 222. Access to Government Services – DELETED

Prohibits funding from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that attempts to restrict or interfere with a local health officer's duties. Executive and Senate retain. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 223. State Administrative Board Transfers – NEW

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. Executive and Senate do not include. House includes new language.

Sec. 224. Report on Policy Changes for Public Act Implementation – NEW

Requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive and Senate do not include. House includes new language. [Note that in Sec. 253 of Senate Bill, the Senate requires a quarterly report on federal policy changes that could affect the department, industry, or current regulations.]

Sec. 225. Severance Pay Reporting – NEW

Requires the department to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of department employees receiving severance pay in FY 2024-25. Executive and Senate do not include. House includes new language.

Sec. 226. State Workforce – NEW

Requires the department to maximize efficiency of the state workforce and prioritize in-person work; requires the department to establish a policy and process for verifying that all employees are working at their jobs; requires information on employee badge scanning. Executive and Senate do not include. House includes new language.

Sec. 227. Grant Requirements – NEW

Requires that all grants be provided only to entities that have been established for at least three years and have had an office in the state or service area for at least 12 months; requires all grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires the department to annually audit recipients' use of funds; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department website; requires the department to submit a quarterly report containing information on grant recipients. Executive and Senate do not include. House includes new language.

Sec. 228. E-Verify Requirement – NEW

Stipulates that the department 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 the department to submit a report describing the processes it has developed and implemented; prohibits contracting with certain foreign enemies of the United States. Executive and Senate do not include. House includes new language.

Sec. 229. Fund Use Restrictions for Non-Citizens – NEW

Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. Executive and Senate do not include. House includes new language.

Sec. 234. Annual Legacy Costs – NEW

Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026 of \$8.9 million, of which pension related costs were \$8.0 million and retiree health care costs \$870,100. Executive and Senate do not include. House includes new language.

Sec. 235. Key Metrics/Scorecard Website – NEW

Requires the department to maintain, on a publicly accessible website, a "scorecard" that identifies, tracks, and regularly updates key metrics used to monitor and improve the department's performance. Executive and Senate do not include. House includes new language.

Sec. 236. State Obligations – NEW

Prohibits appropriated funds from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim. Executive and Senate do not include. House includes new language.

Sec. 237. Private and Third-Party Funds – NEW

Requires the department to report on a publicly accessible website private and other third-party funds received in FY 2024-25, including the amount and source of funding, the purpose, and the amount of any remaining funds. Executive and Senate do not include. House includes new language.

Sec. 238. Diversity, Equity, and Inclusion Initiatives – NEW

Prohibits state funds from being used for diversity, equity, and inclusion (DEI) initiatives or programs. Executive and Senate do not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 251. Priority use of Federal/Private Funds – NOT INCLUDED

Senate directs that General Fund appropriations in part 1 not be expended if federal funding or private grant funding is available for the same expenditures. House does not include.

Sec. 252. Unenforceable Boilerplate – NOT INCLUDED

Senate requires the department to report on standard boilerplate sections deemed unenforceable. House does not include.

Sec. 253. Federal Policy Changes – NOT INCLUDED

Senate requires the department to report on federal policy changes that affect department operations, affect industry or other groups, affect current regulations, or create a regulatory gap. House does not include.

Sec. 302. Contracts and Grants Notification Requirements – RETAINED

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

Sec. 406. Michigan Animal Agriculture Alliance – DELETED

Directs the department to work with animal industry representatives and state research universities to continue an animal research grant program. Executive and Senate retain. House deletes.

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

Executive deletes section that defines Agricultural Climate Resiliency, and Soil Health and Regenerative Agriculture. Senate retains. House deletes.

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

Executive deletes reporting requirement for work project related to water quality improvement project in western Lake Erie basin. Senate retains. House deletes.

Sec. 507. Local Conservation Districts – REVISED

Executive retains section that currently requires the distribution of \$3.0 million appropriation as grants to local conservation districts that were in operation in the previous fiscal year based upon criteria established by the department. Senate rennumbers as Sec. 601 and modifies to define the new appropriation line item: MAEAP administration and conservation district support. House changes to require that grants be *distributed equally*.

Sec. 1001. Tariff Economic Impact – NOT INCLUDED

Senate includes new section defining the part 1, one-time appropriation for Tariff Economic Impact. House does not include.

FY 2025-26: CORRECTIONS
Summary: Proposed House Substitute
Article 2, House Bill 4706 (H-1)



Analyst: Robin R. Risko

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	5,180,500	5,203,700	5,203,700	5,192,100	11,600	0.2
Local	11,694,000	12,122,000	12,122,000	275,000	(11,419,000)	(97.6)
Private	0	0	0	0	0	--
Restricted	33,494,400	30,304,100	45,904,200	30,064,000	(3,430,400)	(10.2)
GF/GP	2,097,010,100	2,171,345,100	2,191,548,800	2,083,327,400	(13,682,700)	(0.7)
Gross	\$2,147,379,000	\$2,218,974,900	\$2,254,778,700	\$2,118,858,500	(\$28,520,500)	(1.3)
FTEs	13,227.0	13,226.0	13,223.0	12,452.0	(775.0)	(5.9)

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 August 1, 2025, the department was responsible for 73,029 offenders: 32,386 prisoners; 31,508 probationers; and 9,135 parolees. Compared to last year on August 1, there has been a net decrease in the total number of offenders. The total decreased by 1,178, or by 1.6%. The number of prisoners decreased by 534, or 1.6%. The number of probationers decreased by 701, or 2.2%. The number of parolees increased by 57, or 0.6%.

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Restructure Wage Scale for Corrections Officers	Gross	NA	\$17,142,000
<u>Executive</u> includes \$17.3 million Gross (\$17.1 million GF/GP) to support costs associated with restructuring the pay schedule for corrections officers, effective October 1, 2024. Under the collective bargaining agreement, all pay steps received a 5% base-pay increase and the first two steps of the pay schedule were eliminated. This results in officers reaching the highest level of pay in 3 years instead of in 5 years. <u>Senate</u> concurs. <u>House</u> includes \$121,400 Gross less than the executive because the Detroit Detention Center was conveyed to the City of Detroit and there is no longer a need to authorize funding for MDOC staff at the center.	GF/GP	NA	\$17,142,000
2. 54-Month Pay Step for Corrections Officers and Supervisors	Gross	NA	\$14,984,000
<u>Executive</u> includes \$15.1 million Gross (\$15.0 million GF/GP) to support costs of adding a new top pay step at the end of 54 months of service for corrections officers and increasing hourly pay rates for shift supervisors. The new step provides a \$1.30 per hour increase over the old top step at 42 months for corrections officers, and an hourly increase of \$1.30 was approved for each pay step for shift supervisors. These pay increases were approved by the Civil Service Commission in December 2024 and will become effective October 1, 2025. <u>Senate</u> concurs. <u>House</u> includes \$159,500 Gross less than the executive because the Detroit Detention Center was conveyed to the City of Detroit and there is no longer a need to authorize funding for MDOC staff at the center.	GF/GP	NA	\$14,984,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Pay Increases for Corrections Officers			
<u>House</u> includes \$50.0 million GF/GP to be used to provide pay increases for corrections officers. Pay increases would be in addition to pay increases and pay rate structure changes described in items #1 and #2 above. It is intended that \$50.0 million in work project appropriations would be lapsed and repurposed to fund the additional pay increases.	Gross	\$0	\$50,000,000
	GF/GP	\$0	\$50,000,000
4. Thumb Correctional Facility Education Center			
<u>Executive</u> includes \$1.5 million GF/GP to annualize costs of custody staff at the new Thumb Correctional Facility University and Vocational Center. Funding is included in the FY 2024-25 budget to support costs of custody staff for the last quarter of the fiscal year. <u>Senate</u> concurs. <u>House</u> concurs.	Gross	NA	\$1,521,700
	GF/GP	NA	\$1,521,700
5. Peer Recovery Coaches			
<u>Executive</u> includes \$6.6 million in ongoing GF/GP and 3.0 FTE positions for expanding the number of peer recovery coaches in parole and probation offices throughout the state and on-site at correctional facilities. Peer recovery coaches provide skills and interventions to support, encourage, and educate parolees, probationers, and prisoners who have substance use disorders. <u>Senate</u> does not include ongoing funding or FTE positions but includes \$1.0 million in one-time funding (see #14). <u>House</u> does not include funding or FTE positions.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
6. Automation of Prisoner Counts and Callouts			
<u>Executive</u> includes \$3.4 million of one-time GF/GP to automate the prisoner count and callout processes in correctional facilities. Currently, these are manual processes in which pencil and paper are used to tally and record numbers of prisoners and to track prisoner movement within facilities. <u>Senate</u> does not include funding for this purpose. <u>House</u> includes \$3.4 million of one-time GF/GP.	Gross	\$0	\$3,446,400
	GF/GP	\$0	\$3,446,400
7. Supplies for Health Care Clinics			
<u>Executive</u> includes \$2.1 million GF/GP to cover an increase in supply costs for health care clinic operations. The department has experienced a 46% increase over the past 7 years in costs for janitorial and rubbish removal, medical, surgical, and lab supplies, maintenance supplies, replacement parts, and other supplies and materials used in health care clinics. <u>Senate</u> concurs. <u>House</u> does not include funding.	Gross	NA	\$0
	GF/GP	NA	\$0
8. Transitional Housing Development Project			
<u>Executive</u> includes \$2.0 million of one-time GF/GP to support development of two multi-unit transitional housing sites to provide temporary housing to parolees upon reentry into the community. The department would collaborate with private developers and non-profit organizations to construct new or renovate existing sites to meet transitional housing needs in underserved areas of the state. <u>Senate</u> includes \$2.0 million of ongoing funding for this purpose. <u>House</u> does not include funding.	Gross	\$0	\$0
	GF/GP	\$0	\$0
9. Contraband Prevention			
<u>Executive</u> reallocates \$1.8 million in existing GF/GP from the Public Safety Initiative line item to support costs of contraband prevention efforts and safety in correctional facilities. <u>Senate</u> concurs. <u>House</u> does not reallocate funding from the Public Safety Initiative line to this line.	Gross	\$1,000,000	\$0
	GF/GP	\$1,000,000	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
10. Expand Offender Success Services for Probationers		Gross	NA
<u>Executive</u> includes \$1.5 million GF/GP to expand the number of felony probationers receiving reentry services. Currently, services are provided to parolees and to felony probationers in prosperity regions 1 and 4. Funding would enable services to be provided to felony probationers in prosperity regions 2, 7, and 8. Services include, but are not limited to, behavioral therapies, job placement/readiness assistance, vital documents, physical and behavioral health, and transportation. <u>Senate</u> includes \$250,000 GF/GP for this purpose. <u>House</u> does not include funding.		GF/GP	NA
			\$0
			\$0
11. Higher Education in Prison		Gross	\$1,250,000
<u>Executive</u> includes an additional \$750,000 GF/GP for the department to expand their collaboration with 4-year state universities and colleges to provide prisoners with an opportunity to participate in certificate, associate's, and bachelor's degree programs. Currently, there are 13 universities/colleges providing education to prisoners in correctional facilities. One additional school is expected to launch in FY 2025, and the department is involved in discussions with two additional schools. Funding is used for eligible expenses including staffing, supplies, and tuition. <u>Senate</u> concurs. <u>House</u> does not include funding.		GF/GP	\$1,250,000
			\$0
			\$0
12. State Employees' Retirement System Changes		Gross	NA
<u>Senate</u> includes \$31.0 million GF/GP for implementation costs associated with legislation passed by both chambers last legislative session, but not sent to the governor for signature. Legislation would authorize certain law enforcement-related employees in the defined contribution plan to terminate membership in the DC plan and instead become members of the State Police Retirement System hybrid pension plan. <u>House</u> does not include funding.		GF/GP	NA
			\$0
			\$0
13. Funding Shifts		Gross	NA
<u>Senate</u> reduces funding by \$1.0 million GF/GP from the Offender Success Services line item and by \$1.0 million GF/GP from the Probation Residential Services line item and shifts the funding to other line items to cover costs associated with Senate initiatives. <u>House</u> does not include funding shifts.		GF/GP	NA
			\$0
			\$0
14. Funding for One-Time Projects		Gross	NA
<u>Senate</u> includes \$18.1 million Gross (\$15.6 million state restricted, \$2.5 million GF/GP) for the following Senate-initiated one-time projects:		Restricted	NA
<ul style="list-style-type: none"> \$500,000, funded with repurposed work project appropriations, for A Brighter Way which is a non-profit organization in Ypsilanti that provides reentry services to formerly incarcerated individuals returning to their communities. \$100 placeholder, funded with repurposed work project appropriations, for reimbursing ambulance service providers for services they provided but were not compensated for by the department's previous healthcare contractor. \$100 GF/GP placeholder for Chance for Life, an evidence-based mentoring program that emphasizes job training, life skills, and family reintegration while focusing on preparing prisoners for a successful transition back into the community. \$100,000, funded with repurposed work project appropriations, to be granted to EMU for providing incarcerated individuals nearing release an opportunity to complete a bachelor's degree program at no cost to the individual. 		GF/GP	NA
			\$0
			\$0

[continued on next page]

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
14. Funding for One-Time Projects (continued)			
<ul style="list-style-type: none"> \$15.0 million, funded with repurposed work project appropriations, to be used to upgrade all railings in cell block housing units to prevent individuals from jumping or falling over, under, or through. \$1.0 million GF/GP to train and support 250 incarcerated individuals to serve as peer recovery coaches in correctional facilities providing skills and interventions to support, encourage, and educate prisoners who have substance use disorders. \$500,000 GF/GP to be used by the department to make every effort to lower co-payment amounts paid by prisoners for medical services and other medical needs. 			
<u>House</u> does not include one-time funding for these projects.			
15. Detroit Detention Center Conveyance			
<u>House</u> eliminates funding and FTE positions authorized for the Detroit Detention Center. Under 2025 PA 6, the property was conveyed to the City of Detroit in July 2025 and the contract between the department and the city was terminated.	FTE	75.8	(75.8)
	Gross	\$11,419,000	(\$11,419,000)
	Local	11,419,000	(11,419,000)
	GF/GP	\$0	\$0
16. Eliminate Funded Vacant FTE Positions			
<u>House</u> eliminates authorization and funding for 695.2 funded/vacant FTE positions.	FTE	NA	(695.2)
	Gross	NA	(\$94,237,000)
	GF/GP	NA	(\$94,237,000)
17. Eliminate Programs and Placeholders			
<u>House</u> eliminates funding for the following programs and placeholders:	Gross	\$9,149,300	(\$9,149,300)
<ul style="list-style-type: none"> Equipment and Special Maintenance (\$1.6 million GF/GP). Criminal Justice Reinvestment (\$2.5 million GF/GP). Goodwill Flip the Script (\$1.3 million GF/GP). Public Safety Initiative (\$2.0 million GF/GP). Residential Alternative to Prison Program (\$1.5 million GF/GP). Inmate Legal Services (\$290,900 GF/GP). Compensatory Buyout and Union Leave Bank (\$100 placeholder). Inmate Housing Fund (\$100 placeholder). 	GF/GP	\$9,149,300	(\$9,149,300)
Leased Beds and Alternatives to Leased Beds (\$100 placeholder).			
18. Reduction to Information Technology			
<u>House</u> includes a 15% reduction to funding appropriated for information technology services and projects.	Gross	\$31,516,400	(\$4,727,500)
	Restricted	901,800	(135,300)
	GF/GP	\$30,614,600	(\$4,592,200)
19. Reduction to Prosecutorial and Detainer Expenses			
<u>House</u> reduces funding for the Prosecutorial and Detainer Expenses line item by \$2.0 million GF/GP.	Gross	\$4,801,000	(\$2,000,000)
	GF/GP	\$4,801,000	(\$2,000,000)
20. Technical Adjustments			
<u>Executive</u> 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. <u>Senate</u> concurs. <u>House</u> does not include internal adjustments.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
21. Removal of FY 2024-25 One-Time Appropriations	FTE	4.0	(4.0)
<u>Executive</u> removes \$6.4 million Gross (\$3.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$6,400,000	(\$6,400,000)
	Restricted	3,400,000	(3,400,000)
	GF/GP	\$3,000,000	(\$3,000,000)

- Breast milk program (\$500,000 and 1.0 FTE).
 - Higher education in prison (\$500,000).
 - In-reach services expansion (\$500,000).
 - Nation Outside (\$1.0 million).
 - Peer-led reentry services (\$500,000).
 - Thumb education center (\$3.4 million and 3.0 FTEs).
- Senate concurs. House concurs.

22. Economic Adjustments	Gross	NA	\$12,318,200
<u>Executive</u> reflects a net increase in costs of \$27.7 million Gross (\$27.3 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), overtime costs, longevity, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, food, fuel, and utilities. <u>Senate</u> concurs. <u>House</u> includes a little less than half of the amount of funding included by the executive for economic adjustments.	Federal	NA	11,600
	Restricted	NA	104,900
	GF/GP	NA	\$12,201,700

Major Boilerplate Changes from FY 2024-25

Note: Section numbers listed below reflect current law section numbers except where sections are new. Section numbers may be different from section numbers included in the executive, Senate, or House bills.

GENERAL SECTIONS

Sec. 205. Purchase of Foreign Goods and Services – RETAINED

Prohibits the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services are available; requires preference to be given to goods and services manufactured or provided by Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains current law. Senate revises to include requirement that preference be given to goods and services that are manufactured in facilities that employ union members. House retains current law.

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

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

Sec. 208. Use of Funding for Legal Services – DELETED

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities or to services authorized by the attorney general. Executive retains current law. Senate retains current law. House deletes current law.

Sec. 210. Contingency Authorization – RETAINED

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 revises to include up to \$2.5 million in state restricted contingency authorization and increases local contingency authorization from \$2.0 million to \$2.5 million. Senate retains current law. House retains current law.

Sec. 211. Transparency Website – REVISED

Requires MDOC to maintain a searchable website accessible by the public at no cost that includes expenditures made by MDOC, payments to vendors, number of active employees by job classification, job specifications, and wage rates. Executive retains current law. Senate retains current law. House revises to delete reporting on the number of active employees by job classification, job specifications, and wage rates, and to require that the website be updated quarterly.

Major Boilerplate Changes from FY 2024-25

Sec. 212. Report on State Restricted Funds – RETAINED

Requires MDOC to work with the state budget office to report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures. Executive deletes. Senate retains current law. House retains current law.

Sec. 213. Legacy Costs – NEW

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). Executive does not include. Senate does not include. House includes new language.

Sec. 214. Website for Performance Scorecard – NEW

Requires MDOC to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and updates on a quarterly basis key metrics used to monitor and improve the department's performance. Executive does not include. Senate does not include. House includes new language.

Sec. 216. State Administrative Board Transfers – NEW

Authorizes the legislature, by a concurrent resolution adopted by a majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. Executive does not include. Senate does not include. House includes new language.

Sec. 217. Receipt and Retention of Reports – REVISED

Requires MDOC to follow federal and state guidelines for short- and long-term retention of records; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. Senate retains current law. House revises to include the requirement to follow state law in addition to federal and state guidelines.

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

Requires MDOC to report on each specific policy change made by the department to implement a public act affecting the department. Executive deletes. Senate retains current law. House revises to require report to include reference to the public act that necessitates the policy change.

Sec. 219. Expending Available Work Project Authorization – RETAINED

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. Executive deletes. Senate retains current law. House retains current law.

Sec. 220. Report on Status of Work Project Appropriations – NEW

Requires MDOC to report quarterly a summary of all work project accounts, including a list and status of each account and the amount of funds that lapsed from any previous accounts. Executive does not include. Senate does not include. House includes new language.

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

Requires the state budget director to ensure that all SFRF revenue is expended by December 31, 2026; authorizes the state budget director to reallocate appropriated funds for the purpose of fully expending the funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires the state budget director to notify the appropriations committees of reallocations made; authorizes the state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to require MDOC to report if an appropriation is projected to lapse. House deletes.

Sec. 221. Severance Pay for Department Officials – NEW

Requires MDOC to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of employees receiving severance pay; defines severance pay. Executive does not include. Senate does not include. House includes new language.

Sec. 222. Prioritizing In-Person Work – NEW

Requires MDOC to maximize efficiency of the state workforce and to prioritize employees working in-person 5 days per week; requires field service employees to report to the office before beginning field work; requires the department to establish a policy and a process for verifying that all employees are working their jobs during normal business hours; requires the department to provide information on employee badge scanning when requested by the legislature. Executive does not include. Senate does not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 222. Boilerplate Deemed Unenforceable – NOT INCLUDED

Requires MDOC to report on sections of boilerplate deemed to be unenforceable including the legal rationale; requires a report on the difference in costs between policies deemed unenforceable and policies MDOC intends to pursue; authorizes MDOC to coordinate with the Executive branch on compilation of a statewide report. Executive does not include. Senate includes new language. House does not include.

Sec. 223. Grant Requirements – NEW

Requires grants to be provided only to entities that have been established for at least 36 months, and have had an office in the state or service area for at least 12 months; requires grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires MDOC to annually audit recipients' use of grant funds; requires MDOC to work with the auditor general to conduct audits of grant funds; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department's website; requires MDOC to submit quarterly reports containing information on grant recipients and funds. Executive does not include. Senate does not include. House includes new language.

Sec. 223. Impact of Federal Policy Changes – NOT INCLUDED

Requires quarterly reports detailing federal policy changes that do any of the following: affect MDOC operations; affect an industry, community, population, or other group regulated or served by MDOC; affect regulations that protect the public; or create a regulatory gap that could negatively impact the public. Executive does not include. Senate includes new language. House does not include.

Sec. 224. E-Verify Requirement – NEW

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 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; prohibits the department from contracting with any foreign entities that are known or suspected enemies of the United States or known foreign adversaries; lists known foreign adversaries; defines "E-Verify". Executive does not include. Senate does not include. House includes new language.

Sec. 225. Use of Appropriations for Non-Citizens – NEW

Prohibits state or federal appropriations from being used to provide services, grants, or programming to non-citizens, unless the individuals are qualified aliens as that term is defined under 8 USC section 1641, and unless expenditures are for the purpose of detaining non-citizens. Executive does not include. Senate does not include. House includes new language.

Sec. 226. State Obligations – NEW

Prohibits appropriations from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim, without prior legislative approval; requires notification to be given if a state obligation for a court-approved judgment, settlement, award, or claim results in a change from current statute. Executive does not include. Senate does not include. House includes new language.

Sec. 227. Private and Third-Party Funds – NEW

Requires MDOC to disclose on a publicly accessible website private and other third-party funds received, including the amount and specific source of funding, the purpose, and the amount of any remaining funds. Executive does not include. Senate does not include. House includes new language.

Sec. 228. Diversity, Equity, and Inclusion Initiatives – NEW

Prohibits state funds from being used for diversity, equity, and inclusion initiatives or programs. Executive does not include. Senate does not include. House includes new language.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

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

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

Sec. 302. Pay Increases for Corrections Officers – NEW

Requires MDOC to work with the State Budget Office to lapse \$50.0 million of existing work project appropriations to be used to provide pay increases to corrections officers; requires increases to be in addition to pay step increases and pay rate structure changes already approved by the Civil Service Commission; requires there to be a letter of understanding approved by the Civil Service Commission between the Office of the State Employer and the Michigan Corrections Organization that specifies the terms of the agreement to increase pay for corrections officers. Executive does not include. Senate does not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 303. Staff Retention Strategies – RETAINED

Requires MDOC to report on staff retention strategies, including how to improve employee engagement, how to improve employee wellness, how to offer additional training and professional development, mechanisms by which to receive employee feedback, how MDOC considers suggestions made by employees, and steps taken and future plans MDOC has for retention and improving employee wellness. Executive revises to require a report on only staff retention strategies; deletes all other specified information to be included. Senate retains current law. House retains current law.

Sec. 305. Prosecutorial and Detainer Expenses – RETAINED

Requires MDOC to reimburse counties for housing and custody of parole violators and offenders returned to MDOC from community placement. Executive retains current law. Senate revises to require rates to be increased by \$20.00. House retains current law.

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

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

Sec. 316. Employee Offenses – NOT INCLUDED

Requires MDOC to report on employees charged with committing a crime in a facility during work hours, outcome of the charges, number of employees disciplined, demoted, or separated from service due to personal misconduct, and outcome of corrective actions. Executive does not include. Senate includes new language. House does not include.

Sec. 320. County Jail Reimbursement Program – RETAINED

Requires MDOC to administer County Jail Reimbursement program, which offers counties per diem payments for housing certain offenders in jail; specifies reimbursement criteria and rates; requires counties receiving funding to report on annual average jail capacity and annual average jail occupancy; requires MDOC to report on number of inmates sentenced to custody of the sheriff and eligible for the County Jail Reimbursement program, amount paid to counties, number of days inmates were in custody, number of inmates sentenced by specified category, amount paid by specified category of inmate, number of days inmates were in custody by specified category, and estimated cost of housing inmates sentenced to custody of the sheriff and eligible for the County Jail Reimbursement program as inmates of a state prison. Executive retains current law. Senate revises to increase state reimbursement \$5.00 per day per offender for each category and to require counties receiving state reimbursement to offer in-person visitation for all housed inmates. House retains current law.

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

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

Sec. 325. Compilation of Data for Swift and Sure Sanctions Program – DELETED

Requires MDOC to provide the State Court Administrative Office with data sufficient to administer Swift and Sure Sanctions program. Executive retains current law. Senate retains current law. House deletes.

Sec. 326. Corrections Officer Pensions – NOT INCLUDED

Requires appropriation to be remitted to the State Employee Retirement System for implementation costs and to be used to pay for costs associated with retirement benefit changes. Executive does not include. Senate includes new language. House does not include.

OFFENDER SUCCESS ADMINISTRATION

Sec. 403. Matching Parolees with Potential Employers – RETAINED

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

Sec. 408. Public Safety Initiative – DELETED

Requires Genesee County law enforcement agency to report quarterly on expenditures made, purpose of expenditures, specific services provided, and number of individuals served; makes distribution of funding to the county conditional on county compliance with report submission. Executive retains current law. Senate retains current law. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 410. Higher Education in Prison – RETAINED

Requires funding to be used for MDOC to collaborate with accredited universities and colleges to provide prisoners with an opportunity to participate in comprehensive bachelor's degree programs at no cost to the prisoners; requires funding to be used for eligible expenses including staffing, supplies, and tuition; requires universities and colleges to report on expenditure of funds, number of participants served, enrollments by race and gender, and number of participants completing the program. Executive retains current law. Senate revises to require MDOC to report instead of universities and colleges, requires information reported to be reported for each college/university, and changes the reporting due date from July 1 to March 1. House retains current law.

Sec. 414. Goodwill Flip the Script – DELETED

Requires MDOC to contract with Goodwill Industries of Detroit to provide persons aged 16-39 with education, job training, and mentoring in an effort to keep them out of prison; requires program to target individuals entering the criminal justice system for the first or second time; requires report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing the program. Executive retains current law. Senate retains current law. House deletes.

Sec. 417. Criminal Justice Reinvestment – DELETED

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

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

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

FIELD OPERATIONS ADMINISTRATION

Sec. 501. Annual Program Reports – RETAINED

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

Sec. 502. Violators of Parole and Probation – RETAINED

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

Sec. 503. Residential Alternative to Prison Program – DELETED

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

Sec. 504. Prisoners Reviewed for Parole – RETAINED

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

Major Boilerplate Changes from FY 2024-25

Sec. 505. Medical Parole Process – NOT INCLUDED

Requires MDOC to report on the medical parole process including the number of incarcerated individuals who applied for medical parole in the previous fiscal year, organized by reason for application; the number who were referred to the medical parole process; the number of medical parole hearings that took place; the number who were granted medical parole; the number who were serving medical parole at the end of the previous year; and the number who were granted parole but then returned to incarceration. Executive does not include. Senate includes new language. House does not include.

HEALTH CARE

Sec. 603. Health Care Utilization Reports – RETAINED

Requires MDOC to report on prisoner health care utilization, including the number of inpatient hospital days, outpatient visits, emergency room visits, prisoners receiving off-site in-patient medical care, and the top 10 most common chronic care conditions. Executive deletes. Senate revises to include reporting on amounts collected for all medical co-payments paid by prisoners itemized by category, and amounts collected from prisoners for any other medical services, medication, medical devices, or any other payments that are not co-payments. House retains current law.

Sec. 605. Medicaid Utilization by Prisoners – RETAINED

Requires MDOC to report on utilization of Medicaid benefits for prisoners. Executive deletes. Senate retains current law. House retains current law.

Sec. 606. Medication Assisted Therapies – RETAINED

Requires MDOC to report on the number of prisoners that received medication assisted therapies, length of time on therapies, number of prisoners that discontinued treatment while incarcerated, listing of all medications used, and number of prisoners prescribed each medication used. Executive retains current law. Senate revises by consolidating current law sections 606 and 607. House retains current law.

Sec. 607. Medication Assisted Treatment Clinics – REVISED

Requires appropriation to be used for maintaining not less than 3 clinics at facilities that will allow for treatment of the highest number of prisoners; requires participating prisoners to be treated while incarcerated and to be given an injection immediately before being released from prison; requires quarterly reports on site locations, staffing levels, expenditures, number of prisoners treated, and number of prisoners requiring treatment but not yet receiving treatment. Executive retains current law. Senate revises by consolidating current law sections 606 and 607. House revises to require the injection given to prisoners immediately before being released to be an injection of a nonaddictive opioid blocker.

Sec. 608. Gender Reassignment – NEW

Prohibits use of appropriations for any costs associated with gender reassignment surgery for any prisoner of this state. Executive does not include. Senate does not include. House includes new language.

CORRECTIONAL FACILITIES AND ADMINISTRATION

Sec. 705. Reporting Critical Incidents in Prisons – RETAINED

Requires MDOC to report within 72 hours of occurrence, any critical incident occurring at a correctional facility; requires MDOC to report annually on number of critical incidents occurring each month by type and severity; defines "critical incidents" to mean prisoner assaults on staff that result in serious physical injury to staff, escapes and attempted escapes, prisoner disturbances that cause facility operation concerns, drug overdoses or suspected overdoses that result in inpatient hospitalization, and unexpected deaths of prisoners. Executive retains current law. Senate revises to require reporting results of each critical incident that requires an investigation and requires classification of drugs if prisoner deaths result from drug overdose; requires an annual report that lists the number of drug overdose deaths by facility, and by classification of drug. House retains current law.

Sec. 708. Prisoner Labor and Delivery – RETAINED

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. Executive deletes. Senate retains current law. House retains current law.

Sec. 713. Report on Restricted Visiting Privileges – DELETED

Requires MDOC to report on the number of prisoners that lose visiting privileges by race and by violation type, the number of days visitation rights were lost, the number of prisoners that apply to have visiting privileges restored, the number of prisoners that have had visiting privileges restored, and the number of prisoners that have had visiting restrictions extended. Executive revises to delete requirement to report on the number of days visitation rights were lost. Senate retains current law. House deletes entire section.

Major Boilerplate Changes from FY 2024-25

Sec. 714. Intelligence Unit – RETAINED

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

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

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

Sec. 716. Investment in Communities After Facility Closure – DELETED

Requires MDOC to consult with the legislature and appropriate state agencies to develop a framework to provide investment in communities that have formerly operational state correctional facilities that have been closed; requires framework to include plans to ensure that vacant state correctional facilities do not become a nuisance or danger to the community. Executive retains current law. Senate retains current law. House deletes.

Sec. 716. Contraband Prevention – NEW

Requires appropriation to be used to enhance a multifaceted approach that combines technology, rigorous policies, vigilant staff, intelligence gathering, and a commitment to addressing the root causes of contraband; requires increasing the frequency and enhancing the methods of screening all individuals, including all department employees, and all items entering into correctional facilities; requires a report on contraband prevention efforts. Executive does not include. Senate does not include. House includes new language.

Sec. 719. Strip Search Protocol – NOT INCLUDED

Requires MDOC to reform the strip search protocol so that it results in fewer and less intrusive strip searches of prisoners to maintain safety and security; requires department to report on efforts undertaken. Executive does not include. Senate includes new language. House does not include.

Sec. 720. Visitation by Members of the Legislature – NOT INCLUDED

Exempts members of the legislature, who are in good standing, from MDOC's policy that requires a 72-hour notice before a visitation. Executive does not include. Senate includes new language. House does not include.

ONE-TIME APPROPRIATIONS

Sec. 801. A Brighter Way – NOT INCLUDED

Requires appropriation to be used to support a contract with the goal of supporting peer-led reentry programming; requires A Brighter Way to enlist an accredited Michigan university to perform an independent evaluation of the program; requires A Brighter Way to submit a report and lists information to be included in the report. Executive does not include. Senate includes new language. House does not include.

Sec. 801. Breast Milk Program – DELETED

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

Sec. 802. Ambulance Service Reimbursements – NOT INCLUDED

Requires appropriation to be used to reimburse ambulance service providers for services they provided but were not compensated for by the department's previous healthcare contractor. Executive does not include. Senate includes new language. House does not include.

Sec. 802. In-Reach Services Expansion – DELETED

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

Major Boilerplate Changes from FY 2024-25

Sec. 803. Eastern Michigan University – NOT INCLUDED

Requires appropriation to be used by EMU to provide incarcerated individuals with an opportunity to complete a bachelor's degree program; requires EMU to submit a report and lists information to be included in the report. Executive does not include. Senate includes new language. House does not include.

Sec. 803. Nation Outside – DELETED

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

Sec. 804. Facility Railing Improvements – NOT INCLUDED

Requires appropriation to be used to upgrade all railings in cell block housing units. Executive does not include. Senate includes new language. House does not include.

Sec. 804. Peer-Led Reentry Services – DELETED

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

Sec. 805. Goodwill Flip the Script – NOT INCLUDED

Requires appropriation to be used to expand the program. Executive does not include. Senate includes new language. House does not include.

Sec. 805. Thumb Correctional Facility Education Center – DELETED

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

Sec. 806. Peer Recovery Coaches – NOT INCLUDED

Requires appropriation to be used to embed peer recovery coaches throughout the state; requires coaches to train 250 individuals to be able to provide consistent peer recovery supports in prisons statewide. Executive does not include. Senate includes new language. House does not include.

Sec. 807. Reducing Medical Co-Payments – NOT INCLUDED

Requires appropriation to be used by MDOC to make every effort to lower the co-payment amounts for prisoners for medical services or other medical needs. Executive does not include. Senate includes new language. House does not include.

Sec. 808. Outcomes and Performance Measures – NOT INCLUDED

Lists 27 different outcomes and performance measures to be included for A Brighter Way, the Eastern Michigan University pilot program, and the one-time Goodwill Flip the Script program; requires any data collected to be provided to the legislature and to be made available to accredited universities for research purposes. Executive does not include. Senate includes new language. House does not include.

Sec. 809. Work Project Appropriation Lapses – NOT INCLUDED

Expresses legislative intent that the state budget director lapse \$15.6 million that was appropriated in past public acts and designated as work project appropriations, that the lapsed work project funds are available for expenditure, and that the funds are required to be expended only for allowable uses. Executive does not include. Senate includes new language. House does not include.

FY 2025-26: ENVIRONMENT, GREAT LAKES, AND ENERGY
Summary: Proposed House Substitute
Article 4, House Bill 4568 (H-1)



Analyst: Austin Scott

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$4,085,900	\$4,129,100	\$4,129,100	\$4,085,900	\$0	0.0
Federal	463,788,900	464,268,500	464,268,500	397,788,900	(66,000,000)	(14.2)
Local	0	0	0	0	0	--
Private	1,364,200	1,404,200	1,404,200	1,364,200	0	0.0
Restricted	309,149,300	420,631,500	377,453,700	324,300,300	15,151,000	4.9
GF/GP	260,710,300	296,389,800	187,412,000	111,543,300	(149,167,000)	(57.2)
Gross	\$1,039,098,600	\$1,186,823,100	\$1,034,667,500	\$839,082,600	(\$200,016,000)	(19.2)
FTEs	1,652.0	1,786.0	1,672.0	1,403.0	(249.0)	(15.1)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Fee Increase – Landfill Tipping Fee	FTE	NA	0.0
<u>Executive</u> provides \$80.0 million in state restricted funding and authorizes 36.0 new FTE positions from a proposed increase in the landfill tipping fee from \$0.36 per ton to \$5.00 per ton. New revenue would be expended for contaminated site remediation and redevelopment (\$40.7 million) and for material management programs (\$39.3 million and 36.0 FTE positions).	Gross	NA	\$0
<u>Senate</u> does not provide.	Restricted	NA	0
<u>House</u> does not provide.	GF/GP	NA	\$0
2. Fee Increase – Water Resources Division	FTE	NA	0.0
<u>Executive</u> appropriates \$7.3 million in state restricted funding and authorizes 41.0 new FTE positions from a proposed 300% increase in land and water permit fees and a proposed 40% increase in certain water fees. New revenue would be expended for permitting stormwater, wastewater, and shoreline permitting.	Gross	NA	\$0
<u>Senate</u> does not appropriate.	Restricted	NA	0
<u>House</u> does not appropriate.	GF/GP	NA	\$0
3. Fee Increase – Hazardous Waste	FTE	121.0	0.0
<u>Executive</u> includes \$5.0 million from the Environmental Pollution Prevention Fund and authorizes 17.0 new FTE positions from a proposed doubling of hazardous waste fees. New revenue would be expended for hazardous waste oversight and regulation.	Gross	\$24,721,800	\$0
<u>Senate</u> does not include.	IDG	1,566,600	0
<u>House</u> does not include.	Federal	3,444,100	0
	Private	510,700	0
	Restricted	18,455,600	0
	GF/GP	\$744,800	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Fee Increase – Oil and Gas Wells			
<u>Executive</u> provides \$465,500 from the Oil and Gas Regulatory Fund and authorizes 3.0 new FTE positions from a proposed increase on oil and gas well permits from \$20 per year to \$250 per year. New revenue would be expended for oil and gas well oversight and regulation.	FTE	63.0	0.0
<u>Senate</u> does not provide.	Gross	\$22,711,600	\$0
<u>House</u> does not provide.	IDG	223,100	0
	Federal	5,308,500	0
	Restricted	7,068,700	0
	GF/GP	\$10,111,300	\$0
5. Water Infrastructure Projects and Lead Service Line Replacement			
<u>Executive</u> appropriates \$80.0 million GF/GP for water infrastructure projects, \$50.0 million of which is designated as one-time and earmarked in boilerplate section 1002 for lead service line replacement.	Gross	NA	\$0
<u>Senate</u> appropriates \$10.0 million GF/GP in ongoing funding for water infrastructure projects.	GF/GP	NA	\$0
<u>House</u> does not appropriate.			
6. Information Management Initiative (One-Time)			
<u>Executive</u> includes \$39.0 million GF/GP to digitize and index historical department records.	Gross	\$0	\$0
<u>Senate</u> includes \$10.0 million GF/GP.	GF/GP	\$0	\$0
<u>House</u> does not include.			
7. Electric Charging Infrastructure (One-Time)			
<u>Executive</u> provides \$10.0 million GF/GP for grants for electric charging and hydrogen fueling vehicle infrastructure projects.	Gross	\$0	\$0
<u>Senate</u> concurs.	GF/GP	\$0	\$0
<u>House</u> does not provide.			
8. Septic System Database (One-Time)			
<u>Executive</u> appropriates \$7.0 million GF/GP to establish a statewide database to track the permitting of septic systems.	Gross	\$0	\$0
<u>Senate</u> appropriates a \$100 placeholder.	GF/GP	\$0	\$0
<u>House</u> does not appropriate.			
9. Drinking Water and Environmental Health Division Staff			
<u>Executive</u> includes \$6.0 million GF/GP and authorizes 35.0 new FTE positions to expand clean water enforcement, inspections and permitting.	FTE	NA	0.0
<u>Senate</u> includes \$3.0 million GF/GP and authorizes 18.0 new FTE positions.	Gross	NA	\$0
<u>House</u> does not include.	GF/GP	NA	\$0
10. Energy Programs Staff			
<u>Executive</u> includes \$370,000 GF/GP and authorizes 2.0 new FTE positions to expand energy programs planning and implementation.	FTE	13.0	0.0
<u>Senate</u> concurs.	Gross	\$6,278,500	\$0
<u>House</u> does not include.	Federal	3,837,000	0
	Private	141,900	0
	Restricted	2,299,600	0
	GF/GP	\$0	\$0
11. Technical Adjustments			
<u>Executive</u> includes \$16.7 million Gross (\$0 GF/GP) for technical adjustments to align expenditures and increased available state restricted revenues (\$16.6 million) and private revenues (\$40,000).	Gross	NA	\$0
<u>Senate</u> concurs.	Private	NA	0
<u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
12. Water State Revolving Funds Fund Source Changes		Gross	\$424,000,000
<u>Senate</u> provides \$40.0 million from the Community Infrastructure Fund and transfers \$4.6 million from Geologic Resources Management to expand grants and loans to local government for water infrastructure projects. <u>House</u> reduces GF/GP by \$39.0 million and replaces with \$39.0 million from the Make it in Michigan Competitiveness Fund for a net zero Gross change.	Federal	370,000,000	0
	Restricted	15,000,000	39,000,000
	GF/GP	\$39,000,000	(\$39,000,000)
13. Geologic Resources Management FTE Reduction and GF/GP Transfer		Gross	\$22,711,600
<u>Senate</u> eliminates 3.0 FTE positions from Geologic Resources Management and transfers \$4.6 million to Water State Revolving Funds. <u>House</u> does not eliminate.	FTE	63.0	0.0
	IDG	223,100	0
	Federal	5,308,500	0
	Restricted	7,068,700	0
	GF/GP	\$10,111,300	\$0
14. Water Infrastructure Risks and Reserve Fund Community Infrastructure Funding		Gross	\$0
<u>Senate</u> provides \$5.0 million from the Community Infrastructure Fund for a new program to provide grants and loans to communities experiencing water infrastructure emergencies. <u>House</u> does not provide.	Restricted	0	0
	GF/GP	\$0	\$0
15. Jefferson-Chalmers Flood Mitigation (One-Time)		Gross	\$0
<u>Senate</u> includes a \$100 placeholder for flood mitigation. <u>House</u> does not include.	GF/GP	\$0	\$0
16. Water Use Advisory Council Recommendations (One-Time)		Gross	\$0
<u>Senate</u> includes a \$100 placeholder to continue support for the 2022 report recommendations of the Water Use Advisory Council. <u>House</u> does not include.	GF/GP	\$0	\$0
17. Dam and Flood Mitigation Grants		Gross	\$0
<u>House</u> provides \$20.0 million GF/GP for grants dam construction, flood control, flood mitigation, or flood prevention.	GF/GP	\$0	\$20,000,000
18. Sewer and Water Infrastructure Upgrade Grants		Gross	\$0
<u>House</u> appropriates \$10.0 million GF/GP for grants counties or municipalities to upgrade aging sewer and water infrastructure.	GF/GP	\$0	\$10,000,000
19. Water Quality Programs Reduction		Gross	\$37,406,400
<u>House</u> reduces 116.0 FTE positions and \$17.4 million Gross (\$11.3 million GF/GP) for Water Quality Programs.	FTE	232.0	(116.0)
	Federal	13,917,100	0
	Restricted	12,208,000	(6,118,700)
	GF/GP	\$11,281,300	(\$11,281,300)
20. Departmental Administration and Support Unit Reduction		Gross	\$42,102,500
<u>House</u> reduces 37.0 FTE positions and \$6.1 million Gross (\$3.5 million GF/GP) for the Departmental Administration and Support Unit including cuts to Accounting Service Center, Environmental Support, Executive Direction, Financial Support, and Property Management.	FTE	112.0	(37.0)
	IDG	191,000	0
	Federal	766,700	0
	Private	711,600	0
	Restricted	28,152,500	(2,625,500)
	GF/GP	\$12,280,700	(\$3,898,800)
21. Drinking Water and Environmental Health Reduction		Gross	\$40,471,600
<u>House</u> reduces 15.0 FTE positions and \$4.9 million GF/GP for Drinking Water and Environmental Health.	FTE	160.0	(15.0)
	Federal	13,702,900	0
	Restricted	7,844,300	0
	GF/GP	\$18,924,400	(\$4,894,400)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
22. Contaminated Site Remediation and Redevelopment Programs Reduction	FTE	327.0	(30.0)
Gross		\$78,302,700	(\$4,500,000)
House reduces 30.0 FTE positions and \$4.5 million Gross (\$294,600 GF/GP) for Contaminated Site Remediation and Redevelopment Programs.	Federal	7,752,600	0
	Restricted	70,255,500	(4,205,400)
	GF/GP	\$294,600	(\$294,600)
23. Air Quality Programs Reduction	FTE	228.0	(28.0)
Gross		\$38,842,200	(\$4,400,000)
House reduces 28.0 FTE positions and \$4.4 million GF/GP for Air Quality Programs.	Federal	7,680,100	0
	Restricted	15,604,100	0
	GF/GP	\$15,558,000	(\$4,400,000)
24. Renewing Michigan's Environment Unit Reduction	FTE	168.0	(10.0)
Gross		\$77,290,700	(\$3,155,600)
House reduces 10.0 FTE positions and \$3.2 million Gross (\$2.3 million GF/GP) for the Renewing Michigan's Environment Unit including cuts to Information Management and the Renew Michigan Program.	IDG	13,100	0
	Federal	5,800	0
	Restricted	72,008,100	(900,000)
	GF/GP	\$5,263,700	(\$2,255,600)
25. Information Technology Services and Projects Reduction	Gross	\$10,367,000	(\$2,591,700)
House reduces \$1.6 million GF/GP for Information Technology Services and Projects.	IDG	54,800	0
	Federal	2,062,300	0
	Restricted	5,902,400	(244,200)
	GF/GP	\$2,347,500	(\$2,347,500)
26. Material Management Programs Reduction	FTE	121.0	(8.0)
Gross		\$24,721,800	(\$1,200,000)
House reduces 8.0 FTE positions and \$1.2 million Gross (\$744,800 GF/GP) for Material Management Programs.	IDG	1,566,600	0
	Federal	3,444,100	0
	Private	510,700	0
	Restricted	18,455,600	(455,200)
	GF/GP	\$744,800	(\$744,800)
27. Watershed Council Grants Elimination	Gross	\$600,000	(\$600,000)
House eliminates funding for Water Shed Council Grants totaling \$600,000 GF/GP.	GF/GP	\$600,000	(\$600,000)
28. Oil, Gas, and Mineral Services Reduction	FTE	63.0	(3.0)
Gross		\$22,711,600	(\$450,000)
House reduces 3.0 FTE positions and \$450,000 GF/GP for Oil, Gas, and Mineral Services.	IDG	223,100	0
	Federal	5,308,500	0
	Restricted	7,068,700	0
	GF/GP	\$10,111,300	(\$450,000)
29. FY 2023-24 Unexpended Authorization Reduction	Gross	NA	(\$75,000,000)
House reduces federal and state restricted authorization to reflect unexpended FY 2023-24 funding totaling \$75.0 million Gross (\$0 GF/GP) from Water State Revolving Funds (\$65.0 million federal and \$5.0 million state restricted) and Contaminated Site Remediation and Redevelopment Programs (\$4.0 million state restricted and \$1.0 million federal).	Federal	NA	(66,000,000)
	Restricted	NA	(9,000,000)
	GF/GP	NA	\$0
30. Underground Storage Tank Cleanup Program Reduction	FTE	12.0	(2.0)
Gross		\$20,117,300	(\$300,000)
House reduces 2.0 FTE positions and \$300,000 from the Underground Storage Tank Cleanup Fund for the Underground Storage Tank Cleanup Program.	Restricted	20,117,300	(300,000)
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
31. Water Resources Division Rollup	FTE	10.0	0.0
<u>Executive</u> rolls funding for groundwater data collection (\$2.0 million Gross and 3.0 FTE positions) and water quality programs (\$1.6 million Gross and 7.0 FTE positions) into oil, gas, and mineral services, which is renamed geologic resources management, for a net zero change.	Gross	\$3,631,500	\$0
<u>Senate</u> concurs.	Restricted	871,000	0
<u>House</u> does not include.	GF/GP	\$2,760,500	\$0

32. Removal of FY 2024-25 One-time Appropriations	Gross	\$109,000,000	(\$109,000,000)
<u>Executive</u> removes \$109.0 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:	GF/GP	\$109,000,000	(\$109,000,000)

- Clean fuel and charging infrastructure (\$30.0 million)
- Drinking water infrastructure (\$35.3 million)
- Drinking water intake monitoring program (\$1.5 million)
- Lead service line replacement one-time (\$8.0 million)
- Microplastics research (\$2.0 million)
- Solar array project (\$3.0 million)
- Water infrastructure initiative (\$10.0 million)
- Water infrastructure projects (\$17.0 million)
- Water use advisory council recommendations (\$1.2 million)
- Wetlands mapping (\$1.0 million)

Senate concurs.

House concurs.

33. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$4.9 million Gross (\$2.4 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	0
<u>Senate</u> concurs.	Federal	NA	0
<u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 204. State Administrative Board Transfers – NEW

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

House adds new section.

Sec. 205. Purchase of Foreign Goods and Services – RETAINED

Prohibits department from purchasing foreign goods and services if competitively priced American goods or services of comparable quality are available; requires preference for goods and services manufactured by Michigan businesses and their associated subcontractors and manufactured or provided by Michigan businesses owned and operated by veterans.

Executive retains, Senate revises to add subsection requiring preference for goods and services manufactured in facilities that employ union members; House retains.

Sec. 206. Disciplinary Action Against State Employees – RETAINED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs unless communication is prohibited by law. (*Governor deemed this section unenforceable in FY 2024-25.*)

Executive deletes, Senate and House retain.

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

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

Executive revises to increase state restricted authorization to up to \$10.0 million and decrease private authorization to up to \$3.0 million.

Senate revises to increase state restricted authorization to up to \$15.8 million.

House revises eliminate federal and private authorization.

Major Boilerplate Changes from FY 2024-25

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

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

Executive deletes, Senate and House retain.

Sec. 214. Access to State and Local Services – DELETED

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

Executive and Senate retain, House deletes.

Sec. 215. Geographically Disadvantaged Business Enterprises – DELETED

Requires director to take reasonable steps to ensure geographically disadvantaged business enterprises compete for and perform contracts.

Executive and Senate retain, House deletes.

Sec. 215. Severance Reporting – NEW

Requires department to report details of severance pay for certain departmental employees.

House adds new section.

Sec. 216. In-Person Work Prioritization – NEW

Requires the department to prioritize in-person work for its workforce, post related policies, and annually report on remote work hours and in-person work hours.

House adds new section.

Sec. 218. Internet Posting of Reports – NOT INCLUDED

Requires the department to conspicuously post each report required by boilerplate by the report's due date on the department's Michigan.gov website.

Senate adds new section, House does not include.

Sec. 218. Work Authorization Requirement – NEW

Requires departmental contractors and subcontractors to use the E-Verify system to certify personnel are legally authorized to work in the United States and requires the department to annually report on processes implemented under this section.

House adds new section.

Sec. 219. Receipt and Retention of Reports – RETAINED

Requires department to receive and retain copies of all reports.

Executive deletes, Senate retains, House retains and renumbers to 208.

Sec. 219. Citizenship Requirement – NEW

Prohibits department from using state or federal funds to provide services to non-US citizens, except for qualified aliens under federal law.

House adds new section.

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

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

Executive deletes, Senate and House retain.

Sec. 222. Expending Available Work Project Authorization – RETAINED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. (*Governor deemed this section unenforceable in FY 2024-25.*)

Executive deletes, Senate and House retain.

Sec. 223. General Fund Expenditure Restrictions – NOT INCLUDED

Prohibits the department from expending general fund if federal or private funding are available for the same expenditures, requires the department to notify standard report recipients if a reduction in departmental expenditures is necessary.

Senate adds new section, House does not include.

Sec. 223. Work Project Reporting – NEW

Requires the department to report quarterly on the status of work project accounts including funds expended, funds encumbered, and funds available.

House adds new section.

Major Boilerplate Changes from FY 2024-25

Sec. 224. Unenforceable Boilerplate Sections Report – NEW

Requires the department to report to standard report recipients on any boilerplate sections deemed unenforceable. Senate and House add new section, House rennumbers to 231.

Sec. 224. Identification of Legacy Costs – NEW

Estimates annual appropriations for legacy costs, including pension-related legacy costs and health care-related legacy costs.

House adds new section.

Sec. 225. Federal Policy Change Report – NOT INCLUDED

Requires the department to report quarterly to standard report recipients any federal policy changes that affect the department, those that engage with the department, related regulations, or create a regulatory gap with a potential negative public impact.

Senate adds new section, House does not include.

Sec. 225. Department Scorecard – NEW

Requires department to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance.

House adds new section.

Sec. 226. Court Approved Judgment Cap – NEW

Prohibits departmental funds from being used to pay a court-approved judgment more than \$200,000.

House adds new section.

Sec. 227. Private and Other Third-Party Funds Report – NEW

Requires the department to disclose private and other third-party funds received in the previous fiscal year.

House adds new section.

Sec. 228. Prohibition on DEI Programs – NEW

Prohibits the department from using state funds on diversity, equity, and inclusion initiatives as defined in federal Executive Orders 14151, 14168, and 14173.

House adds new section.

Sec. 236. Flint Supplemental Funding Report – RETAINED

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

Executive and Senate delete, House retains.

Sec. 242. Legislator Notification – REVISED

Requires the department to inform local state legislators as soon possible and within 24 hours when responding to significant incidents to protect life and property.

Executive and Senate retain, House revises from 24 hours to 12 hours.

Sec. 244. Justice40 Initiative – DELETED

Requires the department to comply with the requirement of the Justice40 Initiative in expending federal funds.

Executive and Senate retain, House deletes.

Sec. 245. Single Grant Recipient Requirements – REVISED

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

Executive deletes, Senate and House revise to further define eligible grant recipients and requirements.

Sec. 246. State Fiscal Recovery Funds – DELETED

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

Executive deletes, Senate revises to require the department to notify standard report recipients if an SFRF appropriation is projected to lapse, House deletes.

Sec. 247. FTE Reallocation Report – NEW

Requires the department to report any need to reallocate FTE positions between or among appropriations by January 1.

House adds new section.

Sec. 248. Permit Issuance Timeline – NEW

Requires the department to issue permits in accordance with statutory timelines and report on progress made under this section.

House adds new section.

Major Boilerplate Changes from FY 2024-25

Sec. 249. Rule Promulgation – NEW

Requires report on any policy changes made to implement a public act; prohibits department from adopting a rule that applies to a small business if it has a disproportionate economic impact.

House adds new section.

Sec. 250. Justification for Changes in Permitting Standards – NEW

Requires the department to provide written citations of statute, administrative rules, or science to justify changes in permitting standards.

House adds new section.

Sec. 251. Permit Fee Discounts for Delayed Permit Reviews – NEW

Requires the department to provide a 10% discount on permit fees for every 30 days a permit review process remains incomplete beyond the permit application review timeframe as defined in statute or administrative rules; requires the department to report quarterly on the fiscal impact of discounts given under this section.

House adds new section.

Sec. 252. Permitting Guidebooks – NEW

Requires the department to collaborate with technical experts to create and issue permitting guidebooks for issue-specific areas of focus including groundwater discharge permitting for large livestock operations, meat processors, and fruit and vegetable processors.

House adds new section.

Sec. 303. Bonding – DELETED

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

Executive deletes, Senate and House concur.

Sec. 305. Refined Petroleum Fund – NEW

Expresses legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

House adds new section.

Sec. 306. Recycling Centers Earmark – NEW

Earmarks the average annual revenue generated by unclaimed bottle deposits between October 1, 2015, to September 30, 2022, within the Contaminated Site Remediation and Redevelopment Programs appropriation for the establishment of local recycling centers.

House adds new section.

Sec. 401. PFAS Testing Standards – NEW

Prohibits Water Resources Division funding from being expended until the department establishes PFAS standards in accordance with the federal Water Pollution Control Act.

House adds new section.

Sec. 402. Permit Application Reporting – NEW

Prohibits Water Resources Division funding from being expended until the department reports 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.

House adds new section.

Sec. 403. Dam and Flood Mitigation Grants – NEW

Requires dam and flood mitigation grants to be awarded for dam construction, flood control, flood mitigation, or flood prevention; with priority given to projects that prioritize preventative measures.

House adds new section.

Sec. 405. Septage Waste Compliance Program Grants – DELETED

Authorizes department to provide drinking water and environmental health services if a certified health department does not exist in a city, county, or district, or if the county health department fails to fulfill mandated responsibilities.

Executive and Senate retain, House deletes.

Sec. 411. Cooperative Lakes Monitoring Program Earmark – NEW

Earmarks \$150,000 from Water Quality Programs to continue the Cooperative Lakes Monitoring Program, which helps volunteers monitor local lake water quality and document changes over time.

House adds new section.

Major Boilerplate Changes from FY 2024-25

Sec. 902. Community Surcharge Reimbursement Fund – NOT INCLUDED

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

Executive adds new section, Senate and House do not add.

Sec. 903. Host Community Grants Fund – NOT INCLUDED

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

Executive adds new section, Senate and House do not add.

Sec. 904. Materials Management Planning Fund – NOT INCLUDED

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

Executive adds new section, Senate and House do not add.

Sec. 925. Geologic Resource Management Funding Plan – NOT INCLUDED

Requires the department to work with stakeholders to align program costs with future program revenues.

Senate adds new section, House does not include.

Sec. 951. Lead Service Line Replacement – RETAINED

Earmarks the Lead Service Line Replacement appropriation to support lead line replacement activities in overburdened and significantly overburdened communities as defined in NREPA.

Executive and Senate revise to reflect the replacement of the Lead Service Line Replacement appropriation with the Water Infrastructure appropriation which has a broader scope of water infrastructure projects, House retains without revision.

Sec. 952. Water State Revolving Funds Earmark – NEW

Earmarks a minimum of 25% from Water State Revolving Funds for communities with populations of less than 20,000.

House adds new section.

Sec. 952. Work Project – Water State Revolving Funds Community Infrastructure Fund – NOT INCLUDED

Authorizes unexpended funds for Water State Revolving Funds from the Community Infrastructure Fund totaling \$40.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to offset unanticipated increased project costs due to higher federal tariffs affecting foreign trade and the cost and availability of construction materials.

Senate adds new section, House does not include.

Sec. 953. Work Project – Water Infrastructure Risks and Reserve Fund – NOT INCLUDED

Authorizes unexpended funds for Water Infrastructure Risks and Reserve Fund totaling \$5.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used for grants and loans to communities experiencing water infrastructure emergencies; at least 40% of funds must be awarded to environmental justice communities, overburdened communities, or significantly overburdened communities.

Senate adds new section, House does not include.

Sec. 953. Sewer and Water Upgrade Grants – NEW

Requires sewer and water infrastructure grants to be awarded to counties or municipalities to upgrade aging sewer and water infrastructure.

House adds new section.

Sec. 1001. Work Project – Electric Charging Infrastructure – NOT INCLUDED

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

Executive adds new section, Senate adds new section and adds cap of 5% on administrative expenditures, House does not include.

Sec. 1003. Work Project – Information Management Initiative – NOT INCLUDED

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

Executive adds new section, Senate concurs and revises total to \$100, House does not include.

**FY 2025-26: TOTAL GENERAL GOVERNMENT
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)**



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$1,197,837,100	\$1,231,348,400	\$1,231,348,400	\$1,027,439,300	(\$170,397,800)	(14.2)
Federal	44,147,200	44,573,800	44,573,800	37,439,300	(6,707,900)	(15.2)
Local	17,541,100	17,851,700	17,851,700	11,192,600	(6,348,500)	(36.2)
Private	762,300	4,770,200	4,770,200	739,600	(22,700)	(3.0)
Restricted	2,928,311,200	2,847,697,600	2,882,882,500	2,599,568,900	(328,742,300)	(11.2)
GF/GP	1,169,710,500	1,265,074,700	1,244,291,800	1,014,644,300	(155,066,200)	(13.3)
Gross	\$5,358,309,400	\$5,411,316,400	\$5,425,718,400	\$4,691,024,000	(\$667,285,400)	(12.5)
FTEs	7,795.6	7,853.6	7,849.6	6,769.9	(1,025.7)	(13.2)

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

Overview

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

Major Boilerplate Changes from FY 2024-25

Sec. 204. State Administrative Board Transfers – NEW

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds.

Executive and Senate do not include.

House adds.

Sec. 206. Purchase of Foreign Goods – RETAINED

Prohibits purchase of foreign goods or services if competitively priced and of comparable quality American goods or services are available; requires preference to be given to goods and services manufactured by Michigan businesses and Michigan businesses owned and operated by veterans.

Senate revises to require a preference for goods or services manufactured in facilities that employ union members.

Executive and House retain.

Sec. 205. Disciplinary Action Against State Employees – RETAINED

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.

Executive deletes.

Senate and House retain.

Sec. 208. Receipt and Retention of Required Reports – RETAINED

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.

Executive deletes.

Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 210. State Restricted Funds Report – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 214. Reporting Requirement on Policy Changes – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 215. Severance Pay Report – NEW

Requires departments and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines "severance pay".

Executive and Senate do not include.

House adds.

Sec. 216. Prioritization of In-person Work for State Workforce – NEW

Requires departments and agencies to maximize efficiency of state workforce and, where possible, prioritize in-person work 5 days per week; requires workers who serve outside of the office to report to the office before beginning field work; lists examples of field service employees; requires departments and agencies to establish a policy for verifying all employees are working their jobs during business hours and to provide information on employee badge scans upon request by the legislature.

Executive and Senate do not include.

House adds.

Sec. 217. Report on Section Deemed Unenforceable – NOT INCLUDED

Requires a report from each department that includes any sections that each department deems unenforceable, a detailed rationale for that determination, and the difference in cost resulting from that determination; authorizes departments to coordinate with Executive Office to compile the reports.

Senate adds.

Executive and House do not include.

Sec. 217. Grant and Project Funding Transparency – NEW

Places conditions on uses, recipients, reporting, auditing, and processes for awarding funds used for grants or grant programs; requires quarterly reporting on legislatively sponsored grant funds that must include statements by departments and agencies that they reviewed and affirmed compliance by grant recipients to program scope and expenditure of grant funding and that they reviewed applicable program reports and requests for reimbursements.

Executive and Senate do not include.

House adds.

Sec. 218. E-Verify System – NEW

Requires departments and agencies to require each prequalified contractor or subcontractor to use the E-Verify system to verify that all persons hired during the contract term by the contractor or subcontractor are legally present and authorized to work in the United States; requires a report on processes developed and implemented for use of the E-Verify system; prohibits contracting with foreign entities that are known or suspected enemies of the United States or known foreign adversaries; identifies foreign adversaries; defines E-Verify.

Executive and Senate do not include.

House adds.

Sec. 219. Services for Non-U.S. Citizens – NEW

Prohibits state or federal funding from being used to provide services, grants, or programming for non-U.S. citizens unless they are qualified aliens under the 8 United States Code section 1641 related to immigration; permits public entities to expend funds for purposes of detaining individuals who are not citizens of the United States.

Executive and Senate do not include.

House adds.

Sec. 220. Impacts from Federal Policy Changes Report – NOT INCLUDED

Requires quarterly reports detailing how federal policy changes have affected, or are expected to affect, operations of the department, an industry, community, population, or other group served by the department, regulations that protect the public and various groups, or changes that create a regulatory gap that could impact the public negatively.

Senate adds.

Executive and House do not include.

Major Boilerplate Changes from FY 2024-25

Sec. 222. Work Project Expenditures – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 223. Work Project Account Reporting – NEW

Requires quarterly reports summarizing all work project accounts including amounts spent, encumbered, and available for each account and the amount of funds lapsed from any work project account.

Executive and Senate do not include.

House adds.

Sec. 225. Department Metrics – NEW

Requires departments and agencies to maintain, on a publicly accessible website, a department or agency scorecard that identifies, tracks, and regularly updates, key metrics that are used to monitor and improve the department or agency performance.

Executive and Senate do not include.

House adds.

Sec. 226. Grant and Project Funding Transparency – DELETED

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

Executive deletes.

Senate revises the list of eligible recipients to specify eligibility of public entities; requires applications to be submitted through a public portal; adjusts deadlines for applying and reporting of grants.

House deletes and includes new section 217 on grants transparency.

Sec. 226. Legislative Approval of Settlement Payments – NEW

Prohibits use of funds for payments for court-approved judgments, settlements, awards, or claims exceeding \$200,000 without prior legislative approval; requires notification to the legislature if a court-approved judgment, settlement, award, or claim results in a change from current statute.

Executive and Senate do not include.

House adds.

Sec. 227. Reporting of Receipt of Private and Third-Party Funds – NEW

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 source and purpose of the funding, and amount of any remaining funds.

Executive and Senate do not include.

House adds.

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

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

Senate revises to require a notification for when an appropriation of SFRF are projected to lapse.

Executive and House delete.

Sec. 228. Prohibition of DEI Programs – NEW

Prohibits use of state funds for diversity, equity, and inclusion initiatives or programs as outlined by federal executive orders.

Executive and Senate do not include.

House adds.

Major Boilerplate Changes from FY 2024-25

Sec. 229. Fund Sourcing Priorities – RETAINED

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

Executive deletes.

Senate revises to require a notification of when a department makes a reduction in spending due to federal, state restricted, local, or private revenues falling short of their appropriated amounts, and a description of the impact of the reduction to state services and resident affected.

House retains.

Sec. 230. Purchase of Ownership Interest in a Casino – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 231. Posting Budget Boilerplate Reports Online – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 232. Budget Stabilization Fund – REVISED

Provides budget stabilization fund calculations for pay-in and pay-out as required by Section 352 of the Management and Budget Act; states that \$50.0 million from the unassigned fund balance recorded as part of the state book-closing process for FY 2023-24. is appropriated for deposit in the Countercyclical Budget and Economic Stabilization Fund in FY 2024-25.

Executive and Senate include a \$50.0 million deposit for FY 2025-26.

House revises to not include a deposit.

Sec. 233. Information Technology Project Product Owners – NEW

Requires departments and agencies to assign a product owner for every IT project; defines "product owner" and their responsibilities; requires full time, trained product owners for projects over \$5 million.

Executive and Senate do not include.

House adds.

Sec. 234. IT Service Centralization – NEW

Requires departments and agencies to delegate responsibility for the procurement, development, and maintenance of all information technology services to DTMB.

Executive and Senate do not include.

House adds.

FY 2025-26: ATTORNEY GENERAL
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$39,465,600	\$39,381,700	\$39,381,700	\$32,929,500	(\$6,536,100)	(16.6)
Federal	10,391,600	10,567,200	10,567,200	8,811,200	(1,580,400)	(15.2)
Local	0	0	0	0	0	--
Private	0	950,000	950,000	0	0	--
Restricted	22,480,400	22,678,800	22,678,800	19,883,400	(2,597,000)	(11.6)
GF/GP	57,409,100	58,778,000	63,778,000	29,744,500	(27,664,600)	(48.2)
Gross	\$129,746,700	\$132,355,700	\$137,355,700	\$91,368,600	(\$38,378,100)	(29.6)
FTEs	627.4	635.4	655.4	531.4	(96.0)	(15.3)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Price Gouging Unit	FTE	NA	0.0
<u>Executive</u> includes \$900,000 GF/GP and authorization for 5.0 FTE positions for the corporate oversight division to expand legal services working against price gouging, or the excessive raising of prices of goods and services to exploit disruptions in the market. Funding would provide for two attorneys, two technicians, and a legal secretary.	Gross	NA	\$0
<u>Senate</u> concurs and includes funding and FTE authorization under new Consumer Protection Relief Task Force line item described in item number 2 below.	GF/GP	NA	\$0
<u>House</u> does not include.			
2. Consumer Protection Relief Task Force	FTE	NA	0.0
<u>Senate</u> includes \$4.1 million GF/GP and authorization for 15.0 additional FTE positions to create a new line item supporting a task force under the Corporate Oversight Division dedicated to consumer protection, price gouging enforcement, and regulatory enforcement. The task force would include 5.0 FTE positions from the Operations line item and \$900,000 and 5.0 FTE positions from the Executive's increase for the price gouging unit described in item number 1 above for a total of \$5.0 million and 25.0 FTE positions.	Gross	NA	\$0
<u>Executive</u> and <u>House</u> do not include.	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change	
3. Organized Retail Crime Unit		Gross	\$961,900	\$0
<u>Executive</u> includes \$950,000 in private revenues to support the work of the organized retail crime unit which works to reduce demand for stolen merchandise, limit opportunities to sell stolen merchandise, and reduce theft opportunities. Private revenues would come from unadjudicated forfeitures that result from the seizure of assets that arise from investigations of the organized retail crime unit and other department units.		Private	0	0
<u>Senate</u> concurs.		GF/GP	\$961,900	\$0
<u>House</u> does not include.				
4. Tribal Legal Services		FTE	NA	0.0
<u>Executive</u> includes \$600,000 GF/GP and authorization for 3.0 FTE positions to expand existing services to accommodate increasing legal services to the state's federally recognized tribes related to treaty rights, tax agreements, gaming, cannabis, and missing persons. Funding would provide for two attorneys and one assistant.		Gross	NA	\$0
<u>Senate</u> includes \$500,000 and 3.0 FTE positions.		GF/GP	NA	\$0
<u>House</u> does not include.				
5. DIFS Legal Services		Gross	\$1,270,000	\$0
<u>Executive</u> includes \$330,000 in IDG revenue from the Department of Insurance and Financial Services to cover investigations and litigation costs from increased referrals of civil and criminal cases.		IDG	1,270,000	0
<u>Senate</u> concurs.		GF/GP	\$0	\$0
<u>House</u> does not include.				
6. Violence Against Women Federal Grant		Gross	\$0	\$0
<u>Executive</u> includes \$175,000 for federal grant funding to support contractors, experts, and training to encourage treatment of domestic violence, dating violence, sexual assault, and stalking as serious violations and to develop arrest policies and enforcement of protection orders.		Federal	0	0
<u>Senate</u> concurs.		GF/GP	\$0	\$0
<u>House</u> does not include.				
7. NCHIP Grant Authorization Removal		Gross	\$121,200	\$0
<u>Executive</u> removes \$121,200 in federal funding authorization for the Prosecuting Attorneys Coordinating Council to reflect the reduction in funds available for the National Criminal History Improvement Program (NCHIP) grant.		Federal	121,200	0
<u>Senate</u> concurs.		GF/GP	\$0	\$0
<u>House</u> does not include.				
8. Removal of FY 2023-24 One-Time Appropriations		Gross	\$1,850,000	(\$1,850,000)
<u>Executive</u> removes \$1.9 Gross (\$1.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:		IDG	850,000	(850,000)
<ul style="list-style-type: none">\$1.0 million GF/GP for the Operation Survivor Justice extradition program\$850,000 of IDG funds for legal services to the Michigan State Housing Development Authority.		GF/GP	\$1,000,000	(\$1,000,000)
<u>Senate</u> and <u>House</u> concur.				
9. Economic Adjustments		Gross	NA	\$0
Reflects increased costs of \$1.6 million Gross (\$868,900 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.		IDG	NA	0
<u>Senate</u> concurs.		Federal	NA	0
<u>House</u> does not include.		Restricted	NA	0
		GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
10. Human Trafficking Commission Victim Services	Gross	NA	\$0
<u>Senate</u> includes \$1.0 million GF/GP to support victim services as recommended by the Human Trafficking Commission.		GF/GP	NA
<u>Executive</u> and <u>House</u> do not include.			
11. Removal of Prior Years Increases	FTE	NA	(77.0)
<u>House</u> reduces \$15.1 million Gross (\$12.2 million GF/GP) and authorization of 77.0 FTE positions from a review and removal of some of the various ongoing program and operational increases from the previous 5 fiscal years.		Gross	NA (\$15,108,900)
<u>Executive</u> and <u>Senate</u> do not include.		IDG	NA (2,034,200)
		Federal	NA 0
		Restricted	NA (921,800)
		GF/GP	NA (\$12,152,900)
12. Administrative Efficiency Reductions	Gross	NA	(\$12,422,000)
<u>House</u> reduces \$12.4 million Gross (\$5.3 million GF/GP) reflecting a 10% reduction in costs to be achieved through identifying administrative efficiencies and 25% reduction for information technology.		IDG	NA (3,554,400)
<u>Executive</u> and <u>Senate</u> do not include.		Federal	NA (1,580,400)
		Restricted	NA (1,956,300)
		GF/GP	NA (\$5,330,900)
13. Work Project Based Reductions	FTE	NA	(8.0)
<u>House</u> reduces \$3.7 million GF/GP and authorization for 8.0 FTE positions to reflect balances available in work project accounts for ongoing operational purposes.		Gross	NA (\$3,730,000)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	NA (\$3,730,000)
14. Inessential Programs	FTE	NA	(5.0)
<u>House</u> reduces \$1.4 million Gross (\$1.3 million GF/GP) and authorization for 5.0 FTE positions through the elimination of inessential programs and initiatives.		Gross	NA (\$1,387,200)
<u>Executive</u> and <u>Senate</u> do not include.		IDG	NA (97,500)
		Restricted	NA (21,800)
		GF/GP	NA (\$1,267,900)
15. Unclassified Positions	FTE	6.0	(5.0)
<u>House</u> reduces \$964,200 GF/GP and authorization for 5.0 unclassified FTE positions.		Gross	\$1,076,700 (\$964,200)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	\$1,076,700 (\$964,200)
16. Restricted, GF/GP Fund Swap	Gross	\$1,118,600	\$0
<u>House</u> includes \$3.0 million in additional revenue from the state restricted Attorney General's Operations Fund and reduces GF/GP by a corresponding amount.		Restricted	1,118,600 3,000,000
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	\$0 (\$3,000,000)
17. Lawsuit Settlement Proceeds Fund	Gross	\$2,697,100	(\$2,697,100)
<u>House</u> removes authorization for up to \$2.7 million of state restricted Lawsuit Settlement Proceeds Fund revenue to reflect the conclusion of the Flint water investigation and related cases which the funds previously supported.		Restricted	2,697,100 (2,697,100)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	\$0 \$0
18. Diversity, Equity, and Inclusion Officer	FTE	1.0	(1.0)
<u>House</u> removes \$218,800 GF/GP and authorization for 1.0 FTE position for the removal of the department's diversity, equity, and inclusion officer.		Gross	NA (\$218,800)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	NA (\$218,800)
19. Special Lawsuits Oversight Placeholder	Gross	NA	\$100
<u>House</u> includes a \$100 placeholder to facilitate legislative transfers for approval of use of funds for taking part in multi-state lawsuits, lawsuits against the federal government, or lawsuits against any oil or gas entities.		GF/GP	NA \$100
<u>Executive</u> and <u>Senate</u> do not include.			

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 Year-to-Date (as of 2/5/25)</u>	<u>FY 2025-26 House Change</u>
<i>20. Operations Line Item Unrolling</i>	Gross	\$115,988,100	\$0
<u>House</u> unrolls the Operations line into 34 new line items delineated by department divisions.	IDG	38,615,600	0
<u>Executive</u> and <u>Senate</u> do not include.	Federal	7,269,700	0
	Restricted	22,025,300	0
	GF/GP	\$48,077,500	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 311. Center for Civil Justice – DELETED

Requires department to provide \$500,000 to the Center for Civil Justice to provide legal and technical assistance to low-income individuals and to pursue impact litigation that protects low-income and marginalized populations.

Executive and Senate retain.

House deletes.

Sec. 314. Lawsuit Settlement Proceeds Fund – DELETED

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

Executive revises to permit the \$2.7 million to be used for general department costs and other court and legal costs.

Senate concurs.

House deletes.

Sec. 315. Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

Sec. 316. Sexual Assault Kit Testing – DELETED

Requires funding to be used to test sexual assault kits statewide in order to eliminate county backlogs, assist with prosecutions and investigations of viable cases, and provide victim services; requires annual report on number of untested kits, a work plan outlining actions to eliminate remaining untested kits, and a work and spending plan outlining anticipated litigation and expenditures resulting from test findings; allows funds to be used for retesting kits for DNA; stipulates funds to be used only for testing if there are remaining untested kits on January 31.

Executive and Senate retain.

House deletes.

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

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

Executive revises to delete subjecting proceeds of state-initiated tobacco and opioid litigation to appropriations process.

Senate and House retain.

Sec. 322. Department Initiatives Quarterly Expenditure Report – REVISED

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

Executive deletes.

Senate retains.

House revises to add reporting on performance metrics for initiative outcomes.

Major Boilerplate Changes from FY 2024-25

Sec. 324. Payroll Fraud Enforcement Unit Report – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 325. Consumer Protection Relief Task Force – NOT INCLUDED

Requires the department to create and maintain a task force dedicated to consumer protection, price gouging enforcement, and regulatory enforcement of existing laws and rules.

Senate adds.

Executive and House do not include.

Sec. 325. Legislative Approval of Certain Legal Actions – NEW

States the intent of the legislature that the department shall not take any legal action or join or take part in any multi-state lawsuit, lawsuit against the federal government, or lawsuit against any oil or gas entity except on appropriation or legislative transfer.

Executive and Senate do not include.

House adds.

Sec. 326. Human Trafficking Commission Support Services – NOT INCLUDED

Requires the department to provide victim services on behalf of the Michigan Human Trafficking Commission.

Senate adds.

Executive and House do not include.

Sec. 326. Contingency Contracts – NEW

Prohibits the department from entering into contracts with third-party entities for legal services in which compensation to the third-party are contingent upon successful recovery of funds obtained in the litigation or services pursued under the terms of the contract.

Executive and Senate do not include.

House adds.

FY 2025-26: CIVIL RIGHTS
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	2,890,900	2,899,300	2,899,300	2,599,500	(291,400)	(10.1)
Local	0	0	0	0	0	--
Private	18,700	18,700	18,700	18,700	0	0.0
Restricted	58,500	58,500	58,500	52,600	(5,900)	(10.1)
GF/GP	26,195,400	27,804,900	27,804,900	10,921,200	(15,274,200)	(58.3)
Gross	\$29,163,500	\$30,781,400	\$30,781,400	\$13,592,000	(\$15,571,500)	(53.4)
FTEs	175.0	177.0	177.0	101.8	(73.2)	(41.8)

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

Overview

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

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Information Technology Increase	Gross	NA	\$0
<u>Executive</u> includes \$767,800 GF/GP to support increased information technology demands due to significant staffing increases. Costs include the following:	GF/GP	NA	\$0
<ul style="list-style-type: none"> \$318,800 for DTMB staffing and infrastructure to support the Civil Rights Information System (CRIS) \$300,000 to develop a new Public Complaint Portal \$149,000 for new hardware for new department staff, including laptop workstations, smart phones, and telecommunications equipment. 			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
2. Development, Innovation, and Access Training	FTE	NA	0.0
<u>Executive</u> includes \$466,800 GF/GP and authorization for 2.0 FTE positions for the Development, Innovation, and Access (DIA) division which develops training and resources to increase awareness of various customer perspectives in work contexts. Funding would support monitoring language assistance services and oversight and evaluation of DIA efforts.	Gross	NA	\$0
<u>Senate</u> concurs.	GF/GP	NA	\$0
<u>House</u> does not include.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> includes increased costs of \$383,300 Gross (\$374,900 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
4. Removal of Prior Years Increases	FTE	NA	(57.0)
<u>House</u> reduces \$10.3 million GF/GP and authorization of 57.0 FTE positions from a review and removal of some of the various ongoing program and operational increases from the previous 5 fiscal years. <u>Executive</u> and <u>Senate</u> do not include.	Gross	NA	(\$10,294,000)
	GF/GP	NA	(\$10,294,000)
5. Unfilled FTE Reductions	FTE	NA	(16.2)
<u>House</u> reduces \$2.1 million GF/GP to reflect vacant authorized FTE positions. <u>Executive</u> and <u>Senate</u> do not include.	Gross	NA	(\$2,106,000)
	GF/GP	NA	(\$2,106,000)
6. Administrative Efficiency Reductions	Gross	NA	(\$1,662,900)
<u>House</u> reduces \$1.7 million Gross (\$1.4 million GF/GP) reflecting a 10% reduction in costs to be achieved through identifying administrative efficiencies and 25% reduction for information technology. <u>Executive</u> and <u>Senate</u> do not include.	Federal	NA	(291,400)
	Restricted	NA	(5,900)
	GF/GP	NA	(\$1,365,600)
7. Museums Support	Gross	\$1,500,000	(\$1,500,000)
<u>House</u> removes \$1.5 million GF/GP to be allocated to the Arab American National Museum in Dearborn, Charles H. Wright Museum of African American History in Detroit, and Holocaust Memorial Center in Farmington Hills at \$500,000 each. <u>Executive</u> and <u>Senate</u> do not include.	GF/GP	\$1,500,000	(\$1,500,000)
8. Executive Bonuses	Gross	NA	(\$8,600)
<u>House</u> reduces \$8,600 GF/GP for the removal of a bonus paid to executive staff. <u>Executive</u> and <u>Senate</u> do not include.	GF/GP	NA	(\$8,600)

Major Boilerplate Changes from FY 2024-25

Sec. 405. Federal Complaint Report – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 406. Native American Boarding School Study – RETAINED

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.

Executive deletes.

Senate revises to require submission of the required report by November 30 if it has not been published before that date.

House retains.

Sec. 410. Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

Major Boilerplate Changes from FY 2024-25

Sec. 411. Museums Support – REVISED

Allocates \$500,000 each to Arab American National Museum in Dearborn, Charles H. Wright Museum of African American History in Detroit, and Holocaust Memorial Center in Farmington Hills.

Executive and Senate retain.

House revises to permit the department to provide grants from funding in part 1, rather than the Museums Support line item; requires any funding provided to be equally divided among grant recipients.

FY 2025-26: EXECUTIVE OFFICE
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

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

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

Overview

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

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>			
1. Executive Office Economic Adjustments	Gross	NA	\$272,100
<u>Executive</u> includes increased costs of \$272,100 GF/GP for negotiated salary and wage increases (3.0% on October 1, 2025) for employees.	GF/GP	NA	\$272,100
<u>Senate</u> and <u>House</u> concur.			

Major Boilerplate Changes from FY 2024-25

There is no boilerplate for the Executive Office.

FY 2025-26: LEGISLATURE
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	467,700	481,700	481,700	481,700	14,000	3.0
Restricted	5,422,500	5,585,100	5,585,100	1,505,200	(3,917,300)	(72.2)
GF/GP	194,753,100	197,513,800	198,713,700	201,320,500	6,567,400	3.4
Gross	\$200,643,300	\$203,580,600	\$204,780,500	\$203,307,400	\$2,664,100	1.3
FTEs	0.0	0.0	0.0	0.0	0.0	--

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

Overview

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

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Legislature Operations Adjustment	Gross	\$200,643,300	\$5,908,500
Reflects increased costs of \$5.9 million Gross (\$5.8 million GF/GP) for Private legislative employees, operations, and property management. The	Private	467,700	14,000
following is detail by budget area:	Restricted	5,422,500	162,600
	GF/GP	\$194,753,100	\$5,731,900
<ul style="list-style-type: none"> Legislature \$4.2 million GF/GP Legislative Council \$684,600 GF/GP Legislative Retirement \$188,400 Gross (\$144,600 GF/GP) Property Management \$500,800 GF/GP State Capitol Historic Site \$316,000 Gross (183,200 GF/GP). 			
<u>Senate</u> concurs.			
<u>House</u> concurs with increases except provides \$684,600 to Legislative Council.			
2. Sentencing Commission	Gross	\$100	(\$100)
<u>Senate</u> includes \$999,900 GF/GP to fund the Sentencing Commission created under 2024 PA 273 to research and recommend effective sentencing guidelines.	GF/GP	\$100	(\$100)
<u>Executive</u> does not include.			
<u>House</u> removes \$100 placeholder.			
3. Independent Citizens Redistricting Commission (ICRC)	Gross	\$2,992,300	(\$2,992,300)
<u>Executive</u> removes \$3.0 million GF/GP to reflect the commission going dormant until the next decennial census.	GF/GP	\$2,992,300	(\$2,992,300)
<u>Senate</u> and <u>House</u> concur.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Senate and House Fiscal Agencies		Gross	\$9,472,600
<u>Senate</u> includes \$200,000 GF/GP for \$100,000 each to the Senate Fiscal Agency and House Fiscal Agency.		GF/GP	\$9,472,600
<u>Executive</u> and <u>House</u> do not include.			\$0
5. Reallocation from National Association Dues		Gross	\$703,700
<u>House</u> reduces \$703,700 GF/GP for national association dues and from that amount allocates \$251,900 to the Legislative Services Bureau, \$251,800 to the Office of the Auditor General, and \$100,000 each to the Senate and House Fiscal Agencies for a \$0 net change when including the budget of the Office of the Auditor General.		GF/GP	\$703,700
<u>Executive</u> and <u>Senate</u> do not include.			(\$251,800)
6. GF/GP, Restricted Fund Swap		Gross	\$4,079,900
<u>House</u> removes \$4.1 million from state restricted Capitol Historic Site Fund revenue and replaces it with a corresponding amount of GF/GP revenue for a \$0 net change.		Restricted	4,079,900
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	\$0
			(\$4,079,900)
7. Placeholder Removals		Gross	\$200
<u>House</u> removes 2 \$100 GF/GP placeholders to facilitate legislative transfers for calculated contribution into defined benefit pension plan and to meet bond or lease obligations.		GF/GP	\$200
<u>Executive</u> and <u>Senate</u> do not include.			(\$200)

Major Boilerplate Changes from FY 2024-25

Sec. 603. National Association Dues – DELETED

Requires the Legislative Council to distribute funds appropriated for payment of national association dues; requires first \$34,800 to be paid to the National Conference of Commissioners of Uniform State Laws with the remaining funds distributed accordingly by the Legislative Council; authorizes the Legislative Council to approve up to \$10,000 of remaining funds, if any are available, to pay for the registration fees of any state employees who serve as board members to any of the national associations receiving state funds for annual dues to attend that national association's annual conference; authorizes Legislative Council to use any remaining funds to pay for registration fees for any other state employees to attend annual conferences of associations receiving state funds.

Executive and Senate retain.

House deletes.

Sec. 605. Michigan Manual Work Project – DELETED

Designates appropriation for Michigan Manual as a work project account.

Executive and Senate retain.

House deletes.

Sec. 606. Property Management Work Project – REVISED

Designates appropriations for property management as work project accounts; requires appropriations to be used for purchasing equipment and for building maintenance services.

Executive and Senate retain.

House revises to designate unexpended funds for Binsfeld Office Building and other properties as a work project account.

Sec. 607. Automated Data Processing Work Project – DELETED

Designates appropriations for automated data processing as work project accounts; requires appropriations to be used to purchase equipment, software, and services.

Executive and Senate retain.

House deletes.

Sec. 613. Independent Citizens Redistricting Commission Compensation – DELETED

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

Executive deletes.

Senate and House concur.

Major Boilerplate Changes from FY 2024-25

Sec. 614. Independent Citizens Redistricting Commission Reporting – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 615. Legislative Retirement System Revenue – NOT INCLUDED

Appropriates GF/GP revenue to support the Legislative Retirement System actuarially required amounts if state restricted court fees are insufficient, up to the amount of the revenue deficiency.

Senate adds.

Executive and House do not include.

Sec. 615. Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

FY 2025-26: LEGISLATURE AUDITOR GENERAL
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$7,334,800	\$7,555,600	\$7,555,600	\$7,555,600	\$220,800	3.0
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	2,475,900	2,549,400	2,549,400	2,549,400	73,500	3.0
GF/GP	21,427,000	22,069,800	22,069,800	22,321,600	894,600	4.2
Gross	\$31,237,700	\$32,174,800	\$32,174,800	\$32,426,600	\$1,188,900	3.8
FTEs	0.0	0.0	0.0	0.0	0.0	--

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

Overview

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

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Legislative Auditor General Operations	Gross	\$31,237,700	\$937,100
Reflects increased costs of \$937,100 Gross (\$642,800 GF/GP) for staff	IDG	7,334,800	220,800
of the Office of Auditor General and for other operations.	Restricted	2,475,900	73,500
<u>Senate</u> and <u>House</u> concur.	GF/GP	\$21,427,000	\$642,800
2. Reallocation from National Association Dues	Gross	\$31,237,700	\$251,800
<u>House</u> transfers \$251,800 GF/GP to the Office of the Auditor General	IDG	7,334,800	0
from National Association Dues line for a \$0 net change when including	Restricted	2,475,900	0
the Legislature budget.	GF/GP	\$21,427,000	\$251,800
<u>Executive</u> and <u>Senate</u> do not include.			

Major Boilerplate Changes from FY 2024-25

Sec. 621. Contract Audits – DELETED

Requires auditor general to take steps to ensure certified minority- and women-owned and operated accounting firms, accounting firms owned and operated by persons with disabilities, and accounting firms that are geographically disadvantaged business enterprises participate in audits, and encourage firms with which it contracts to subcontract with the aforementioned; requires report on number of contracts entered into with these firms.

Executive and Senate retain.

House deletes.

Sec. 625. Access to Confidential Information – RETAINED

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

Executive deletes.

Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 627. Operations Work Project Language – DELETED

Provides work project authorization for unexpended funds related to Field Operations for conducting the State of Michigan Comprehensive Annual Financial Report.

Executive and Senate retain.

House deletes.

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

Requires the Office of the Auditor General to conduct and audit of the secretary of state's systematic review of voter rolls based on requirements under section 728.

Executive and Senate do not include.

House adds.

FY 2025-26: STATE
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	1,460,000	1,160,000	(300,000)	(20.5)
Local	0	0	0	0	0	--
Private	50,100	50,100	50,100	25,000	(25,100)	(50.1)
Restricted	258,360,700	262,935,500	262,935,500	198,551,300	(59,809,400)	(23.1)
GF/GP	11,969,100	12,151,800	12,151,800	2,759,800	(9,209,300)	(76.9)
Gross	\$291,839,900	\$296,597,400	\$296,597,400	\$222,496,100	(\$69,343,800)	(23.8)
FTEs	1,635.0	1,635.0	1,635.0	1,395.1	(239.9)	(14.7)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Legal Services Staffing			
	FTE	179.0	0.0
<u>Executive</u> includes \$973,800 of state restricted revenue to support 8 new positions to support business compliance efforts to ensure services are consistent with state driver and vehicle laws.	Gross	\$25,191,700	\$0
<u>Senate</u> concurs.	Restricted	24,991,700	0
<u>House</u> does not include.	GF/GP	\$200,000	\$0
2. Central Operations Staffing			
	FTE	335.0	0.0
<u>Executive</u> includes \$640,600 of state restricted revenue to support 4 new positions for information technology system support for more efficient driver and vehicle service options to residents.	Gross	\$53,614,100	\$0
<u>Senate</u> concurs.	Federal	1,160,000	0
<u>House</u> does not include.	Restricted	52,106,800	0
	GF/GP	\$347,300	\$0
3. State Restricted Revenue Alignment			
	Gross	NA	\$0
<u>Executive</u> includes state restricted revenue authorizations by \$440,200 to align authorization levels with available estimated revenues. The authorization reductions include \$143,500 of Notary Fee Fund revenue for Election Administration and Services and \$296,700 of Expedient Service Fees Revenue for Information Technology Services and Projects.	Restricted	NA	0
<u>Senate</u> concurs.	GF/GP	NA	\$0
<u>House</u> does not include.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Economic Adjustments	Gross	NA	\$0
Reflects increased costs of \$3.6 million Gross (\$182,700 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs.	Restricted	NA	0
<u>House</u> does not include.	GF/GP	NA	\$0
5. Unfilled FTE Reductions	FTE	NA	(186.0)
<u>House</u> reduces \$24.2 million Gross (\$2.3 million GF/GP) to reflect vacant authorized FTE positions.	Gross	NA	(\$24,167,000)
<u>Executive</u> and <u>Senate</u> do not include.	Restricted	NA	(21,847,500)
	GF/GP	NA	(\$2,319,500)
6. Administrative Efficiency Reductions	Gross	NA	(\$22,976,400)
<u>House</u> reduces \$23.0 million Gross (\$2.8 million GF/GP) reflecting a 10% reduction in costs to be achieved through identifying administrative efficiencies.	Restricted	NA	(20,155,100)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	NA	(\$2,821,300)
7. Removal of Prior Years Increases	FTE	NA	(49.0)
<u>House</u> reduces \$7.8 million Gross (\$965,300 GF/GP) and authorization of 49.0 FTE positions from a review and removal of some of the various ongoing program and operational increases from the previous 5 fiscal years.	Gross	NA	(\$7,776,300)
<u>Executive</u> and <u>Senate</u> do not include.	Federal	NA	(300,000)
	Restricted	NA	(6,511,000)
	GF/GP	NA	(\$965,300)
8. Transfer of Local Election Administration Grants	Gross	\$10,500,000	(\$10,500,000)
<u>House</u> removes \$10.5 million in state restricted revenue from the Election Administration Support Fund for transfer to Treasury to issue grants to local clerk offices for election administration costs related to early voting and absentee ballot postage.	Restricted	10,500,000	(10,500,000)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	\$0	\$0
9. Work Project Based Reductions	Gross	NA	(\$2,955,300)
<u>House</u> reduces \$3.0 million Gross (\$2.1 million GF/GP) and authorization for 8.0 FTE positions to reflect balances available in work project accounts for ongoing operational purposes.	Restricted	NA	(900,000)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	NA	(\$2,055,300)
10. Digital ID	Gross	\$100,000	(\$100,000)
<u>House</u> reduces \$100,000 GF/GP for the removal of the Digital ID line item which supports implementation of a digital state identification card system.	GF/GP	\$100,000	(\$100,000)
<u>Executive</u> and <u>Senate</u> do not include.			
11. Unclassified Positions	FTE	6.0	(5.0)
<u>House</u> reduces \$804,200 GF/GP and authorization for 5.0 unclassified FTE positions.	Gross	\$804,200	(\$804,200)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	\$804,200	(\$804,200)
12. Restricted, GF/GP Fund Swap	Gross	NA	\$0
<u>House</u> includes \$104,000 in additional revenue from the state restricted Transportation Administration Collection Fund and reduces GF/GP by a corresponding amount for a \$0 net change.	Restricted	NA	104,200
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	NA	(104,200)
13. Organ Donor Program	Gross	\$129,100	(\$64,600)
<u>House</u> reduces \$64,600 Gross (\$39,500 GF/GP) for producing organ donation pamphlets and promotional materials and collecting and transferring organ donor information from participating drivers' records to support the organ donor program.	Private	50,100	(25,100)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	\$79,000	(\$39,500)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
14. Michigan Technology Transparency Fund	Gross	NA	\$0
<u>House</u> appropriates funding for IT services and projects for deposit into the Michigan Technology Transparency Fund to permit spending for IT services and projects only upon legislative transfer or appropriation. <u>Executive</u> and <u>Senate</u> do not include.	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 701. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$500,000, state restricted authorization by up to \$500,000, local authorization by up to \$25,000, and private authorization by up to \$50,000.

Executive revises to increase maximum amounts of contingency authorizations up to \$1.5 million in federal, \$1.5 million in state restricted, \$50,000 in local, and \$100,000 in private.

Senate retains.

House revises to decrease authorizations to \$500,000 in federal and state restricted, \$25,000 in local, and \$50,000 for private.

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

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

Executive deletes.

Senate and House retain.

Sec. 704. Prohibition of Certain Advertisements – NEW

Prohibits the department from using funds for radio, billboard, or other audio recorded advertising.

Executive and Senate do not include.

House adds.

Sec. 705. Department Publications – RETAINED

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

Executive revises to delete reporting requirement.

Senate and House retain.

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

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.

Senate and House retain.

Sec. 714. Branch Office Closings or Consolidations – RETAINED

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.

Executive deletes.

Senate and House retain.

Sec. 716. In-Person Branch Office Service – NEW

Requires department to maintain "adequate in-person services" as defined in Michigan Vehicle Code, MCL 257.1a., which defines 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.

Executive and Senate do not include.

House adds.

Sec. 717. Gifts to Support Department Activities – RETAINED

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

Executive revises to delete reporting requirement.

Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 719. Local Election Funding Report – DELETED

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

Executive deletes.

Senate retains.

House deletes and transfers to Treasury section 942.

Sec. 720. Voter Registration Report – NEW

Requires department to report on figures on voter registrations from information returned from change of address notifications sent by secretary of state. Required information includes number of electors who corrected their voter registration records, and number of possible improper votes cast at preceding primary and general election referred to law enforcement by secretary of state.

Executive and Senate do not include.

House adds.

Sec. 722. Legacy Mainframes System Modernization – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 724. Timely Reimbursements to Local Governments – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 725. Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

Sec. 726. Michigan Technology Transparency Fund – NEW

Creates the Michigan Technology Transparency Fund; permits expenditures from the fund only upon legislative transfer or appropriation; authorizes funds to be used for information technology services and projects.

Executive and Senate do not include.

House adds.

Sec. 727. ERIC Prohibition – NEW

Prohibits the department from entering an agreement for third-party services related to multi-state sharing of voter registration information for any purpose other than providing a cross-check verification of voter registration information; requires the department to send copy of any multi-state agreement; subjects agreements to termination by legislature if it finds them to be in violation of this section; requires biannual report on information shared through any agreement made.

Executive and Senate do not include.

House adds.

Sec. 728. Systematic Review of Qualified Voter File – NEW

Requires the department to conduct systematic reviews of the Qualified Voter File (QVF) by comparing information in it with the department's driver and identification data and federal databases; requires notification 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.

Executive and Senate do not include.

House adds.

FY 2025-26: TECHNOLOGY, MANAGEMENT, AND BUDGET

Summary: Proposed House Substitute

Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: FY 2025-26 vs. FY 2024-25	
					Amount	%
IDG/IDT	\$1,119,848,200	\$1,152,596,000	\$1,152,596,000	\$958,544,600	(\$161,303,600)	(14.4)
Federal	4,393,300	4,393,300	4,393,300	3,216,000	(1,177,300)	(26.8)
Local	2,334,000	2,360,100	2,360,100	2,229,300	(104,700)	(4.5)
Private	189,200	229,400	229,400	173,900	(15,300)	(8.1)
Restricted	296,362,300	142,450,700	142,450,700	112,622,000	(183,740,300)	(62.0)
GF/GP	539,964,000	614,335,400	548,971,400	455,191,200	(84,772,800)	(15.7)
Gross	\$1,963,091,000	\$1,916,364,900	\$1,851,000,900	\$1,531,977,000	(\$431,114,000)	(22.0)
FTEs	3,249.5	3,269.5	3,269.5	3,056.4	(193.1)	(5.9)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Information Technology Investment Fund (ITIF) (One-Time)		Gross	\$35,000,000 (\$10,000,000)
<u>Executive</u> includes \$42.6 million GF/GP for ITIF, the state's strategic portfolio of information technology system modernization projects, to support new legacy system modernization projects. With \$35.0 million GF/GP in the current year base, a total of \$77.6 million Gf/GP would be available for ITIF.	Restricted	0	10,000,000
	GF/GP	\$35,000,000	(\$20,000,000)
<u>Senate</u> includes \$15.5 million.			
<u>House</u> does not \$42.6 million and reduces \$10.0 million Gross (\$20.0 million GF/GP from the \$35.0 million ongoing line item and includes \$10.0 of state restricted revenue from rates charged to departments and agencies for a net total of \$25.0 million Gross (\$15.0 million GF/GP) in one-time funding.			
2. State Facilities Special Maintenance		Gross	\$28,000,000 (\$14,000,000)
<u>Executive</u> includes \$25.0 million in one-time GF/GP for maintenance, demolition, and infrastructure projects for state-owned buildings and structures, which includes approximately 800 buildings and 5,000 structures. With \$28.0 million GF/GP in the current year base, a total of \$53.0 million would be available for special maintenance projects.	GF/GP	\$28,000,000	(\$14,000,000)
<u>Senate</u> does not include.			
<u>House</u> does not include Executive increase and decreases ongoing funding by \$14.0 million.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. State Property Self Insurance Fund			
<u>Executive</u> includes \$10.0 million GF/GP to create what is intended to be a self-sustaining fund to self-insure property and building contents at state-owned facilities against damages. The fund would be designed to provide the state with reserve funding to draw from to help counter rising property insurance premiums. Savings from decreased property insurance rates charged to state agencies would be deposited into the fund.	Gross	\$0	\$0
<u>Senate</u> and <u>House</u> do not include.	GF/GP	\$0	\$0
4. Energy Efficiency Revolving Fund			
<u>Executive</u> includes an additional deposit of \$5.0 million GF/GP for up-front financing of projects at state facilities that achieve energy efficiency or renewable energy; aims for re-investment of resources in new projects on a continual basis to establish long-term funding aimed at reducing the state's carbon footprint. This \$5.0 million would be in addition to the \$5.0 million deposited in FY 2021-22.	Gross	\$0	\$0
<u>Senate</u> includes \$1.8 GF/GP.	GF/GP	\$0	\$0
<u>House</u> does not include.			
5. State Building Authority Capital Outlay Debt Financing			
<u>Executive</u> includes \$15.5 million GF/GP to the annual amount set aside for projected payments on debt for capital construction projects financed through the State Building Authority. Additional funding would support a projected increase in payments due on existing and anticipated state capital outlay projects.	Gross	\$246,170,600	\$15,481,100
<u>Senate</u> and <u>House</u> concur.	GF/GP	\$246,170,600	\$15,481,100
6. Civil Service Commission IT System Upgrade			
<u>Executive</u> includes \$7.5 million of state restricted funding from rates charged to departments and agencies to upgrade the Human Resource Management Network System (HRMN). The upgrade would enable the transition from the on-premises human resources, payroll and benefits system that supports over 50,000 users to a government cloud platform. Funding would support the first year of the multi-year project and supplement \$23.5 million GF/GP included for the project within the executive's FY 2025-26 ITIF proposal. Total project costs would be \$47.9 million.	Gross	NA	\$0
<u>Senate</u> concurs.	Restricted	NA	0
<u>House</u> does not include.	GF/GP	NA	\$0
7. State Budget Office Staffing Increase			
<u>Executive</u> includes \$771,700 GF/GP and authorization for 11.0 FTE positions to support budget development, financial management, and internal auditing services.	FTE	NA	0.0
<u>Senate</u> concurs.	Gross	NA	0
<u>House</u> does not include.	GF/GP	NA	\$0
8. Civil Service Commission HR Staffing Increase			
<u>Executive</u> includes \$1.3 million Gross (\$628,500 GF/GP) and authorization for 9.0 FTE positions to help maintain timely human resource services to the state through agency hiring and staffing operations statewide.	FTE	293.0	0.0
<u>Senate</u> concurs.	Gross	\$39,015,900	\$0
<u>House</u> does not include.	Restricted	23,170,800	0
	GF/GP	\$15,845,100	\$0
9. Office of the State Employer Training Program			
<u>Executive</u> includes \$404,000 Gross (\$288,000 GF/GP) for staffing to support labor relations and a new management training for managers and supervisors in the state classified service.	Gross	\$1,786,800	\$0
<u>Senate</u> concurs.	Restricted	815,100	0
<u>House</u> does not include.	GF/GP	\$971,700	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
10. Annual IT IDG Baseline Adjustment		Gross	\$880,274,300
<u>Executive</u> increases IDG funding from Technology User Fee revenue by \$19.2 million to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Technology Service appropriation lines are prorated by department based on their total IT budget. Adjustments include \$7.5 million from the Civil Service Commission for the project described under item number 6 and \$9.9 million for various program adjustments under DHHS. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	880,274,300	0
	GF/GP	\$0	\$0
11. Fleet Vehicle Travel Services Rate Increase		Gross	\$95,708,200
<u>Executive</u> includes \$5.4 million in IDG funding from the Motor Transport Fund to align IDG authorization with revenue from rates charged to departments and agencies. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	95,708,200	0
	GF/GP	\$0	\$0
12. Building Occupancy Charges – Rate Increase		Gross	\$109,241,200
<u>Executive</u> includes \$3.8 million in IDG funding from building occupancy and parking charges to reflect building occupancy rate adjustments primarily attributable to increasing utility costs. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	109,241,200	0
	GF/GP	\$0	\$0
13. State Records Center Staffing		Gross	NA
<u>Executive</u> includes \$272,400 in state restricted funding to align staffing resources for the State Records Center (SRC). The SRC is responsible for the storing and control of inactive records on behalf of state agencies and developing retention schedules for state and local government records. <u>Senate</u> concurs. <u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
14. DMVA Accounting Services		Gross	NA
<u>Executive</u> includes \$136,100 in IDG funding to align departmental accounting service center funding support with funding from the Department of Military and Veterans Affairs and the Michigan Veterans' Facility Authority. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	NA	0
	GF/GP	NA	\$0
15. Federal and State Restricted Revenue Alignment		Gross	NA
<u>Executive</u> includes a reduction of \$38,700 in federal fund authorization for the Michigan Center for Data and Analytics and an increase of \$40,000 in private funding from the National Association of Purchasing Officers to align authorization levels with available revenues and estimated expenditures for a net increase of \$1,300. <u>Senate</u> concurs. <u>House</u> does not include.	Federal	NA	0
	Private	NA	0
	GF/GP	NA	\$0
16. SWCAP Adjustment		Gross	NA
<u>Executive</u> reallocates fund sourcing associated with the annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and decrease of \$2.1 million GF/GP. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
17. Microsoft Licensing Agreement Alignment		Gross	NA
<u>Executive</u> removes \$400,000 GF/GP in ongoing funding from the Information Technology Services and Projects line item to align costs for the Enterprise Licensing Agreement contract that is executed with the Microsoft Corporation.		GF/GP	NA
<u>Senate</u> concurs.			\$0
<u>House</u> does not include.			\$0
18. Removal of FY 2024-25 One-Time Appropriations		Gross	\$26,400,000
<u>Executive</u> removes \$26.4 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:		GF/GP	\$26,400,000
<ul style="list-style-type: none"> \$25.0 million for Michigan Public Safety Communication System lifecycle replacement \$1.4 million for menstrual products in state buildings. 			(\$26,400,000)
<u>Senate</u> and <u>House</u> concur.			
19. Removal of Make It in Michigan Transfer		Gross	\$166,265,800
<u>Executive</u> removes \$166.3 million of state restricted authorization to enable the allocation of Make It in Michigan grant awards to leverage federal funding opportunities for key projects for public, private, and non-profit organizations from the Infrastructure Investment and Jobs Act (IIJA), the CHIPS Act of 2022, and the Inflation Reduction Act of 2022, (IRA).		Restricted	166,265,800
<u>Senate</u> and <u>House</u> concur.		GF/GP	\$0
			(\$166,265,800)
			\$0
20. Make It in Michigan Transfer Placeholders		Gross	\$400
<u>House</u> removes 4 \$100 placeholders in place to facilitate future transfers from the Make it In Michigan Competitiveness Fund.		Federal	100
<u>Executive</u> and <u>Senate</u> do not include.		Local	100
		Private	100
		Restricted	100
		GF/GP	\$0
			(\$400)
			(100)
			(100)
			(100)
			(100)
			\$0
			\$0
21. Economic Adjustments		Gross	NA
Reflects increased costs of \$9.4 million Gross (\$3.5 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.		IDG	NA
<u>Senate</u> concurs.		Federal	NA
<u>House</u> does not include.		Local	NA
		Private	NA
		Restricted	NA
		GF/GP	NA
			0
			0
			0
			0
			0
			\$0
22. Administrative Efficiency Reductions		Gross	NA
<u>House</u> reduces \$180.7 million Gross (\$13.7 million GF/GP) reflecting a 10% reduction in costs to be achieved through identifying administrative efficiencies.		IDG	NA
<u>Executive</u> and <u>Senate</u> do not include.		Federal	NA
		Local	NA
		Private	NA
		Restricted	NA
		GF/GP	NA
			(150,781,000)
			(335,200)
			(2,800)
			(5,900)
			(15,870,100)
			(\$13,695,900)
23. Removal of Prior Years Increases		Gross	NA
<u>House</u> reduces \$26.9 million Gross (\$13.9 million GF/GP) and authorization of 70.0 FTE positions from a review and removal of some of the various ongoing program and operational increases from the previous 5 fiscal years.		FTE	NA
<u>Executive</u> and <u>Senate</u> do not include.		IDG	NA
		Restricted	NA
		GF/GP	NA
			(70.0)
			(\$26,937,300)
			(5,838,200)
			(7,209,800)
			(\$13,889,300)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
24. Unfilled FTE Reductions	FTE	NA	(123.1)
<u>House</u> reduces \$16.0 million Gross (\$6.0 million GF/GP) to reflect vacant authorized FTE positions.	Gross	NA	(\$16,003,000)
<u>Executive</u> and <u>Senate</u> do not include.	IDG	NA	(4,667,600)
	Federal	NA	(842,000)
	Local	NA	(101,800)
	Private	NA	(9,400)
	Restricted	NA	(4,394,500)
	GF/GP	NA	(\$5,987,700)
25. Vacated Leases	Gross	NA	(\$2,127,900)
<u>House</u> reduces \$2.1 million GF/GP to reflect savings from leases terminated from office space consolidation.	GF/GP	NA	(\$2,127,900)
<u>Executive</u> and <u>Senate</u> do not include.			
26. Work Project Based Reductions	Gross	NA	(\$2,150,000)
<u>House</u> reduces \$2.2 million GF/GP to reflect balances available in work project accounts for ongoing operational purposes.	GF/GP	NA	(\$2,150,000)
<u>Executive</u> and <u>Senate</u> do not include.			
27. Lansing Grant	Gross	\$1,000,000	(\$1,000,000)
<u>House</u> removes \$1.0 million GF/GP for a grant to the City of Lansing to maintain or improve local roads, sidewalks, public utility infrastructure, emergency response, traffic management, and other public safety services that support the state capitol and adjacent state facilities.	GF/GP	\$1,000,000	(\$1,000,000)
<u>Executive</u> and <u>Senate</u> do not include.			
28. State Fleet Electric Vehicle Transition	Gross	\$1,000,000	(\$1,000,000)
<u>House</u> removes \$1.0 million for administration costs to begin transitioning the state's fleet of over 14,000 leased and owned vehicles to electric vehicles and to conduct an analysis on infrastructure needs of transitioning the states fleet to electric power.	GF/GP	\$1,000,000	(\$1,000,000)
<u>Executive</u> and <u>Senate</u> do not include.			
29. Executive Bonuses	Gross	NA	(\$19,800)
<u>House</u> reduces \$19,800 Gross (\$3,100 GF/GP) for the removal of bonuses paid to executive staff.	IDG	NA	(16,700)
<u>Executive</u> and <u>Senate</u> do not include.	GF/GP	NA	(\$3,100)
30. Information Technology Services and Projects	Gross	NA	\$0
<u>House</u> transfers \$44.0 million Gross (\$26.7 million GF/GP) for the ongoing Information Technology Services and Projects line item to the ongoing Information Technology Services and Projects line item to the One-time Appropriations unit for a \$0 change.	IDG	NA	0
<u>Executive</u> and <u>Senate</u> do not include.	Restricted	NA	0
	GF/GP	NA	\$0
31. Michigan State Digital Service Office	Gross	NA	\$0
<u>House</u> transfers \$5.0 million GF/GP and authorization for 15.0 FTE positions from the Budget and Financial Management line item to a new line item to support the Michigan State Digital Service Office. The office would collaborate with departments and agencies and DTMB IT and procurement leadership to adopt modern software development strategies and practices.	GF/GP	NA	\$0
<u>Executive</u> and <u>Senate</u> do not include.			

Major Boilerplate Changes from FY 2024-25

Sec. 801. Contingency Authorization – REVISED

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

Senate concurs.

House revises to decrease authorizations to \$2.0 million in federal, \$4.0 million in state restricted, \$75,000 in local, and \$50,000 in private.

Sec. 809. Computer Contracts – REVISED

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.

Executive deletes.

Senate retains.

House revises to decrease reporting threshold of revisions to \$250,000.

Sec. 812. Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

Sec. 814. Prohibition of Fleet Electric Vehicles – NEW

Prohibits the lease or purchase of electric or hybrid electric vehicles for the state fleet.

Executive and Senate do not include.

House adds.

Sec. 815. Legal Services Fund – NEW

Creates the Legal Services Fund; subjects funds in the fund to legislative transfer or appropriation; appropriates funds carried forward under work project account number 17458, titled "legal services", for deposit into the fund; requires report on expenditures.

Executive and Senate do not include.

House adds.

Sec. 821. State Retirement Systems Report – NEW

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.

Executive and Senate do not include.

House adds.

Sec. 822. Report on Unclassified Salaries – RETAINED

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

Executive deletes.

Senate and House retain.

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

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

Executive deletes.

Senate and House retain.

Sec. 822e. Census-Related Services – RETAINED

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.

Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 822f. Supplier Risk Assessment Program – RETAINED

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.

Executive deletes.

Senate concurs.

House retains.

Sec. 822g. Emergency Services Contracted Providers Fund – NEW

Creates the Emergency Services Contracted Providers Fund and assigns DTMB as administrator of the fund; lapses \$6.0 million of unexpended funds work project funds to be made available for reimbursing ambulance providers that can verify they are owed payments by a provider of health care services the Department of Corrections (DOC) contracted with for services after December 31, 2022 and before January 1, 2025; requires DTMB to collaborate with DOC to develop a grant program and provide payments to qualifying ambulance providers; provides application requirements; requires a recipient of a grant who also received reimbursement for services through a litigation settlement to return proceeds from the settlement to the state.

Executive and Senate do not include.

House adds.

Sec. 822h. Capital City Services – DELETED

Requires department to reimburse the City of Lansing up to \$1.0 million to aid with local infrastructure and municipal services; requires funds to be used to maintain or improve local roads, sidewalks, public utility infrastructure, emergency response, traffic management, and other public safety services that support the state capitol and adjacent state facilities; requires City of Lansing to maintain and provide supporting documentation for auditing purposes.

Executive and Senate retain.

House deletes.

Sec. 822j. Make it in Michigan Competitiveness Fund – DELETED

Creates Make it in Michigan Competitiveness Fund in Treasury; deposits funding appropriated in part 1 in fund; prohibits expenditures from fund without appropriation or legislative transfer; provides guidance and restrictions regarding transfers from fund; states that fund is to be used to leverage major funding opportunities available from recent federal legislation including, but not limited to, Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and Inflation Reduction Act; directs formation of interagency evaluation committee to recommend appropriations or transfers; establishes reporting requirements to legislature.

Executive and Senate retain.

House deletes.

Sec. 822n. Solar Energy Projects Selection Process – NEW

Authorizes requests for proposals or other arrangements for installation of solar energy projects at state-owned or leased facilities to consider the value of the lifecycle carbon emissions in manufacturing of solar equipment as part of selection process; requires DTMB to report on implementation of this section.

Executive and Senate do not include.

House adds.

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

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

Executive deletes.

Senate retains.

House revises to include data from the Judicial branch.

Sec. 826. Definition of Information Technology Services – RETAINED

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

Executive deletes.

Senate and House retain.

Sec. 827. Michigan Public Safety Communications System (MPSCS) – REVISED

Provides for assessment of fees and expenditure of revenues pertaining to MPSCS; authorizes unencumbered funds to be carried forward.

Executive and Senate retain.

House revises to require a spending plan and report on revenue collected and spent.

Major Boilerplate Changes from FY 2024-25

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

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

Executive deletes.

Senate and House retain.

Sec. 829. IT Lifecycle Report – NEW

Requires report that analyzes and makes recommendations on life-cycle of IT hardware and software.

Executive and Senate do not include.

House adds.

Sec. 831. Information Technology Services Billing – REVISED

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.

Executive deletes.

Senate retains.

House revises time limit to 45 days.

Sec. 832. Child Support Enforcement System – RETAINED

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.

Executive deletes.

Senate and House retain.

Sec. 834. Commercial-Off-the-Shelf Product Contract Conditions – NEW

Prohibits contracting for a commercial-off-the-shelf (COTS) product if the vendor would need to write software code to enable the product to meet the requirements of a department or agency and would either involve labor costs that exceed the base price of the COTS product or the vendor cannot provide more than 1 example of successful implementation of the product.

Executive and Senate do not include.

House adds.

Sec. 835. Information Technology Contract Limits – NEW

Prohibits expenditure of funds for entering a contract for over \$10 million or effective for longer than 3 years except upon appropriation or legislative transfer.

Executive and Senate do not include.

House adds.

Sec. 836. Independent Verification and Validation Contracting – NEW

Requires DTMB to contract for independent verification and validation (IVV) services for IT projects that have a contract value over \$5 million or over \$1 million and meet certain conditions; requires contracts for IVV services to report monthly and on a twice-year basis and to distribute the reports to the applicable department or agency, the IT vendor, and standard report recipients.

Executive and Senate do not include.

House adds.

Sec. 839. Federal and State Restricted Revenue for ITIF – NOT INCLUDED

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

Executive adds.

Senate concurs.

House does not include.

Sec. 840. IT Contract Requirements – NEW

Requires DTMB to use the U.S. General Services Administration's Contract-Awarded Labor Category Tool for calculating expected labor costs for information technology software project contracts before soliciting bids, proposals, or solutions for those contracts; requires each request for proposal for a contract to include a statement of objective not longer than 5 pages.

Executive and Senate do not include.

House adds.

Major Boilerplate Changes from FY 2024-25

Sec. 841. Michigan State Digital Service Office – NEW

Establishes the Michigan State Digital Service Office to collaborate with DTMB central procurement, the Chief Information Officer (CIO), the Enterprise Portfolio Management Office and offices under the CIO to adopt modern software development strategies and practices; provides objectives for collaboration; requires report on progress towards adoption of modern practices; requires the office to be led by an Executive Director appointed by the governor with the advice and consent of the Senate Majority Leader and the Speaker of the House

Executive and Senate do not include.

House adds.

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

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.

Executive deletes.

Senate and House retain.

Sec. 862. Report on Capital Outlay Projects – RETAINED

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.

Executive deletes.

Senate and House retain.

Sec. 863. JCOS Approval of Proposed Rent Increases – NEW

Requires proposed new or renewal rental spaces or facilities for which the annual base cost is more than \$500,000 to receive approval from the Joint Capital Outlay Subcommittee (JCOS) prior to being approved by the State Administrative Board; waives JCOS approval in emergency situations and requires department to notify JCOS within 5 days after executing agreement.

Executive and Senate do not include.

House adds.

Sec. 863a. Office Building Space Usage Report – NEW

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.

Executive and Senate do not include.

House adds.

Sec. 866. Energy Efficiency Revolving Fund – DELETED

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

Executive revises to deposit \$5.0 million into the revolving fund; appropriates all money deposited into the fund for projects in accordance with proposed legislation.

Senate concurs.

House deletes.

Sec. 867. Special Maintenance, Remodeling, and Additions for State Agencies – NOT INCLUDED

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

Executive adds.

Senate concurs.

House does not include.

Sec. 890. Free Menstrual Products Pilot Program – DELETED

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

Executive, Senate, and House delete.

Sec. 891. MPSCS Lifecycle Replacement – DELETED

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

Executive, Senate, and House delete.

Major Boilerplate Changes from FY 2024-25

Sec. 894. Actuarial Cost of Living Study – DELETED

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

Executive, Senate, and House delete.

Sec. 895. Risk Management Internal Service Fund – NOT INCLUDED

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

Senate adds.

Executive and House do not include.

FY 2025-26: TREASURY
Summary: Proposed House Substitute
Article 5, House Bill 4706 (H-1)



Analyst: Michael Cnossen

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$11,188,500	\$11,815,100	\$11,815,100	\$8,409,600	(\$2,778,900)	(24.8)
Federal	25,011,400	25,254,000	25,254,000	21,652,600	(3,358,800)	(13.4)
Local	15,207,100	15,491,600	15,491,600	8,963,300	(6,243,800)	(41.1)
Private	36,600	3,040,300	3,040,300	40,300	3,700	10.1
Restricted	2,343,150,900	2,411,439,600	2,446,624,500	2,264,405,000	(78,745,900)	(3.4)
GF/GP	308,655,700	322,811,800	361,193,000	282,776,300	(25,879,400)	(8.4)
Gross	\$2,703,250,200	\$2,789,852,400	\$2,863,418,500	\$2,586,247,100	(\$117,003,100)	(4.3)
FTEs	2,012.5	2,040.5	2,016.5	1,589.0	(423.5)	(21.0)

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

Overview

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

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 Year-to-Date (as of 2/5/25)</u>	<u>FY 2025-26 House Change</u>	
1. Constitutional Revenue Sharing		Gross	\$1,073,331,400	\$29,751,500
<u>Executive</u> includes an increase of \$25.7 million of restricted sales tax revenue relative to the FY 2024-25 budget act appropriated amount for constitutionally required payments to cities, villages, and townships (CVTs), for an estimated projected total of \$1.1 billion in FY 2025-26. <u>Senate</u> concurs with Executive. <u>House</u> includes \$29.8 million based off of May revenue estimates.	Restricted	1,073,331,400	29,751,500	
	GF/GP	\$0	\$0	
2. City, Village, and Township (CVT) Revenue Sharing		Gross	\$333,547,300	(\$40,012,100)
<u>Executive</u> includes a net increase of \$12.0 million of restricted sales tax revenue for CVT revenue sharing based on a 4% increase to the FY 2024-25 base statutory appropriations for CVTs or a 3.6% increase from the total FY 2024-25 appropriation for CVT revenue sharing including formula payments based on inverse taxable value, unit type population, and millage yield equalization. <u>Senate</u> includes \$33.3 million of state restricted from the Community Infrastructure Fund to be distributed through the 3-factor formula. <u>House</u> reduces \$40.0 million to reflect removal of component distributed by 3-factor formula.	Restricted	333,547,300	(40,012,100)	
	GF/GP	\$0	\$0	

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change	
3. County Revenue Sharing		Gross	\$291,111,400	(\$34,912,300)
<u>Executive</u> includes a net increase of \$10.4 million of state restricted Sales Tax revenue for county revenue sharing based on a 4% increase to the FY 2024-25 base statutory appropriations for counties or a 3.6% increase from the total FY 2024-25 appropriation for county revenue sharing including formula payments based on inverse taxable values. <u>Senate</u> includes \$29.1 million of state restricted from the Community Infrastructure Fund to be distributed using an inverse taxable value formula. <u>House</u> reduces \$34.9 million to reflect removal of component distributed based on inverse taxable value formula.	Restricted	291,111,400	(34,912,300)	
	GF/GP	\$0	\$0	
4. Public Safety and Violence Prevention		Gross	\$75,000,000	\$37,000,000
<u>Executive</u> maintains \$75.0 million for Public Safety and Violence Prevention revenue sharing payments for a \$0 net change from FY 2024-25 to support public safety initiatives in CVTs. Funding would be authorized to be distributed similarly as proposed under House Bill 4606 of 2024 and as shown below: <ul style="list-style-type: none">\$4.9 million, or 6.5%, to the Department of Health and Human Services (DHHS) for grants to CVTs, tribal entities, and community organizations for the purpose of advancing solutions to community violence\$1.5 million, or 2.0%, to the crime victim's rights fund created under section 4 of 1989 PA 196 and is appropriated in the DHHS\$68.6 million, or the remaining balance, to CVTs proportionate to violent crime data provided by the Michigan State Police. <u>Senate</u> does not include. <u>House</u> includes \$40.0 million in additional revenue from the Public Safety Violence and Prevention Fund for a total of 112.0 million.	Restricted	75,000,000	37,000,000	
	GF/GP	\$0	\$0	
5. Community Aid to Responders and Emergency Services		Gross	\$0	\$0
<u>Senate</u> includes \$118.0 million Gross (\$43.0 million GF/GP) for distribution to eligible CVTs and counties according to a taxable value per capita formula. Ongoing funding would be \$70.8 million Gross (\$20.8 million GF/GP) and one-time funding would be \$47.2 million Gross (\$22.2 million GF/GP). <u>Executive</u> and <u>House</u> do not include.	Restricted	0	0	
	GF/GP	\$0	\$0	
5. Caregiver Tax Credit		Gross	\$0	\$0
<u>Senate</u> includes \$30.0 million GF/GP in ongoing funding to offset tax credits for family caregivers. <u>Executive</u> and <u>House</u> do not include.	GF/GP	\$0	\$0	
7. Detroit Hazardous Arc Wiring Removal		Gross	\$0	\$0
<u>Executive</u> includes \$25.0 million GF/GP to remove an estimated 1,300 miles of hazardous arc wiring in Detroit from a streetlamp system which is no longer in use. Abandoned arc wiring poses a risk if it contacts live utility lines utilizing the same utility poles. Approximately 50% of utility poles in Detroit have unused arc wiring. <u>Senate</u> and <u>House</u> do not include.	GF/GP	\$0	\$0	
8. Michigan's Achieving a Better Life Experience (MiABLE) Program Expansion		Gross	NA	\$0
<u>Executive</u> includes \$5.0 million GF/GP to support 4.0 FTEs for promotion and education of the MiABLE program following a federal expansion that would extend program eligibility to an additional 500,000 residents. The MiABLE program allows disabled individuals to create accounts for disability-related expenses without impacting their eligibility for public benefits. <u>Senate</u> and <u>House</u> do not include.	GF/GP	NA	\$0	

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
9. MiABLE Administrative Fee Assistance		Gross	\$0
<u>Senate</u> includes \$347,500 GF/GP to reimburse individuals for annual MiABLE asset based fees and maintenance fees charged under 2015 PA 160.		GF/GP	\$0
<u>Executive</u> and <u>House</u> do not include.			
10. Recreational Marihuana Grants to Locals		Gross	\$96,380,000
<u>Executive</u> includes \$9.2 million in state restricted Marihuana Regulation Fund revenue to align grant payments to municipalities and counties with the expected increase in revenue based on the current total estimate from the January revenue estimating conference.		Restricted	96,380,000
<u>Senate</u> concurs.		GF/GP	\$0
<u>House</u> does not include.			\$0
11. Vaping, Non-Tobacco Nicotine Products Tax Administration		FTE	0.0
<u>Executive</u> includes \$2.5 million GF/GP and authorization for 17.0 FTE positions to administer collection, enforcement, licensing, and compliance with a proposed 32% wholesale tax on vaping and non-tobacco nicotine products.		Gross	\$0
<u>Senate</u> and <u>House</u> do not include.		GF/GP	\$0
12. AI Predictive Analytics and Fraud Prevention		FTE	0.0
<u>Executive</u> includes \$1.1 million GF/GP (\$381,000 ongoing; \$750,000 one-time) and authorization for 2.0 FTE positions to deploy artificial intelligence tools across Treasury's various data sets for implementing fraud detection analysis, ensuring the integrity of tax collections, and finding other efficiencies.		Gross	\$0
<u>Senate</u> concurs with \$750,000 GF/GP in one-time funding but does not include ongoing \$381,000 and 2.0 FTE positions.		GF/GP	\$0
<u>House</u> does not include.			\$0
13. Payment Card Data Compliance and Fraud Monitoring		FTE	74.0
<u>Executive</u> includes \$892,700 Gross (\$772,700 GF/GP) and authorization for 6.0 FTE positions for the Bureau of Financial and Accounting Services to implement payment card industry data compliance standards, fraud monitoring activities, and expansion of the optional city income tax program.		Gross	\$9,555,400
<u>Senate</u> does not include GF/GP portion of the Executive increase for an increase of \$120,000 of local revenue and 1.0 FTE position.		IDG	2,354,500
<u>House</u> does not include.		Federal	966,800
		Local	0
		Restricted	6,063,600
		GF/GP	\$170,500
			\$0
14. MI Financial Empowerment Program		Gross	\$0
<u>Executive</u> includes \$3.0 million in private funds donated by the Ballmer Group to create the MI Financial Empowerment program aimed at providing financial literacy education services to residents.		Private	0
<u>Senate</u> concurs.		GF/GP	\$0
<u>House</u> does not include.			\$0
15. Payment in Lieu of Taxes (PILT)		Gross	\$35,156,800
<u>Executive</u> includes \$3.2 million Gross (\$2.4 million GF/GP) for increased PILT payments to local units of government for state lands owned by the Department of Natural Resources. Funding would align payments with current property tax estimates. Increased payments would include \$1.2 million for state purchased lands and \$2.0 million for DNR swamp and tax reverted lands.		Private	36,600
<u>Senate</u> and <u>House</u> concur.		Restricted	7,312,800
		GF/GP	\$27,807,400
			\$2,420,500
16. Michigan State Lottery		Gross	\$37,475,000
<u>Executive</u> includes \$4.9 million in state restricted funding from lottery ticket sales revenue to support efforts to sell and promote Lottery products through online and retail outlets.		Restricted	37,475,000
<u>Senate</u> and <u>House</u> do not include.		GF/GP	\$0
			\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
17. Gaming Control – Increased Funding Authorization		Gross	NA
<u>Executive</u> authorizes an additional \$703,300 in state restricted State Restricted		NA	0
Services Fee Fund revenue to be used for gaming-related enforcement GF/GP		NA	\$0
services.			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
18. Bureau of Local Government Audit and Assessment Services		Gross	NA
<u>Executive</u> includes \$695,000 GF/GP for increased costs associated with GF/GP		NA	\$0
the Bureau of Local Government for audit and assessment services to			
local units of government.			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
19. Senior Citizen Cooperative Housing Tax Exemption Program		Gross	\$11,512,300
<u>Executive</u> includes \$612,700 GF/GP for estimated payments to locals in GF/GP		\$11,512,300	\$0
lieu of property taxes for qualified senior housing facilities for new			
facilities or costs entering the program.			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
20. Restricted and IDG Revenue Adjustments		Gross	\$4,091,000
<u>Executive</u> includes the following adjustments to align authorizations with IDG		2,449,800	0
revenue:		Local	0
<ul style="list-style-type: none"> \$604,400 in restricted, local, and IDG revenues for local government Restricted 		1,641,200	0
programs to reflect increased revenues related to administrative GF/GP		\$0	\$0
changes to the third-party disclosure fee, assessor training fee, and			
the municipal filing fee			
<ul style="list-style-type: none"> \$400,000 in IDG funding from the Michigan Department of 			
Transportation due to increased costs associated with tax			
collections for the Motor Fuel and International Fuel Tax Agreement			
taxes.			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
21. Other Technical Adjustments		Gross	NA
<u>Executive</u> includes a net increase of \$1.4 million Gross for the following Federal		NA	0
technical adjustments:		Restricted	0
<ul style="list-style-type: none"> \$26,700 in federal funding for the Low Income Heat and Energy GF/GP 		NA	\$0
Assistance Program			
<ul style="list-style-type: none"> \$159,800 in federal funding for student financial assistance 			
programs			
<ul style="list-style-type: none"> (\$279,100) in state restricted revenue from the Health and Safety 			
Fund for Health and Safety Grants			
<ul style="list-style-type: none"> \$1.5 million in state restricted revenue for administration of the 			
qualified heavy equipment rental personal property tax exemption			
program.			
<u>Senate</u> concurs.			
<u>House</u> does not include.			
22. Michigan Infrastructure Council FTE Increase		FTE	3.0
<u>Executive</u> includes authorization for 2.0 FTE positions to manage new Gross		\$3,858,800	\$0
initiatives associated with the Council's new 30-Year Integrated IDG		252,700	0
Infrastructure Strategic Plan.		GF/GP	\$3,606,100
<u>Senate</u> concurs.			\$0
<u>House</u> does not include.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
23. Language Access Plan			
<u>Executive</u> includes \$245,000 GF/GP and authorization for 1.0 FTE position to implement and administer a language access plan to ensure Treasury documents are translated for all major languages that interact with Treasury services and tax collections. The program would be included under the newly created Bureau of Operational Excellence described under item number 21.	FTE	0.0	0.0
<u>Senate</u> concurs.	Gross	\$0	\$0
<u>House</u> does not include.	GF/GP	\$0	\$0
24. Liability Reimbursement			
<u>Senate</u> includes a \$100 placeholder for possible future support for reimbursements to counties for legal liabilities from actions taken in compliance with statute.	Gross	\$0	\$0
<u>Executive</u> and <u>House</u> do not include.	GF/GP	\$0	\$0
25. Bureau of Operational Excellence			
<u>Executive</u> transfers \$3.8 million Gross (\$363,700 GF/GP) from 8 line items and authorization for 24.0 FTE positions, for a net \$0 and FTE change, to a new line item that would support a new Bureau of Operational Excellence within Treasury to centralize lean process improvement and project management services.	FTE	24.0	0.0
<u>Senate</u> concurs.	Gross	\$3,811,900	\$0
<u>House</u> does not include.	Restricted	3,448,200	0
	GF/GP	\$363,700	\$0
26. Funding and FTE Authorization Alignment Transfers			
<u>Executive</u> transfers \$4.5 million and authorization for 31.0 FTE positions from 9 line items to align authorizations with workloads across several areas within Treasury.	FTE	NA	0.0
<u>Senate</u> concurs.	Gross	NA	\$0
<u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
27. Debt Service Adjustments			
<u>Executive</u> reduces general obligation debt service by \$206,000 GF/GP based on existing debt service schedules and projected new debt service issues for Clean Michigan Initiative, Quality of Life Bonds, and Great Lakes Water Quality Bonds.	Gross	\$95,087,000	(\$206,000)
<u>Senate</u> and <u>House</u> concur.	GF/GP	\$95,087,000	(\$206,000)
28. Removal of Other FY 2024-25 One-Time Appropriations			
<u>Executive</u> removes \$25.6 million Gross (\$25.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$25,592,000	(\$25,592,000)
• 12 th District Court Security Upgrades (\$1.0 million GF/GP)	Restricted	592,000	(592,000)
• 38 th District Court Construction Project (\$1.0 million GF/GP)	GF/GP	\$25,000,000	(\$25,000,000)
• Eaton County Prosecutor Support (\$250,000 GF/GP)			
• Local Prosecutors Support Grants (\$16.8 million GF/GP)			
• Lottery IT Services and Projects (\$592,000 state restricted)			
• MiABLE Outreach (\$3.0 million GF/GP)			
• Secure Retirement for Small Businesses (\$3.0 million GF/GP).			
<u>Senate</u> and <u>House</u> concur.			
29. Economic Adjustments			
Reflects increased costs of \$4.9 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Gross	NA	\$0
<u>Senate</u> concurs.	IDG	NA	0
<u>House</u> does not include.	Federal	NA	0
	Local	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
30. Local Prosecutor Support Grants	Gross	NA	\$25,000,000
<u>House</u> includes \$25.0 million GF/GP to support local prosecutors reduce active case backlogs and cases related to retrying juvenile life without parole cases.		GF/GP	NA
<u>Executive</u> and <u>Senate</u> do not include.			\$25,000,000
31. Unfilled FTE Reductions	FTE	NA	(327.5)
<u>House</u> reduces \$42.6 million Gross (\$6.8 million GF/GP) and authorization for 327.5 FTE positions to reflect vacant authorized FTE positions.		Gross	NA (\$42,575,000)
<u>Executive</u> and <u>Senate</u> do not include.		IDG	NA (1,017,400)
		Federal	NA (1,745,300)
		Local	NA (4,099,500)
		Restricted	NA (28,961,300)
		GF/GP	NA (\$6,751,500)
32. Administrative Efficiency Reductions	Gross	NA	(\$30,114,500)
<u>House</u> reduces \$30.1 million Gross (\$6.7 million GF/GP) reflecting a 10% reduction in costs to be achieved through identifying administrative efficiencies.		IDG	NA (1,401,900)
<u>Executive</u> and <u>Senate</u> do not include.		Federal	NA (1,613,500)
		Local	NA (294,300)
		Restricted	NA (20,061,200)
		GF/GP	NA (\$6,743,600)
33. Removal of Prior Years Increases	FTE	NA	(96.0)
<u>House</u> reduces \$26.2 million Gross (\$7.4 million GF/GP) and authorization of 70.0 FTE positions from a review and removal of some of the various ongoing program and operational increases from the previous 5 fiscal years.		Gross	NA (\$26,218,200)
<u>Executive</u> and <u>Senate</u> do not include.		IDG	NA (359,600)
		Local	NA (1,850,000)
		Restricted	NA (16,584,700)
		GF/GP	NA (\$7,423,900)
34. Work Project Based Reductions	Gross	NA	(\$4,761,400)
<u>House</u> reduces \$4.8 million Gross (\$2.2 million GF/GP) to reflect balances available in work project accounts for ongoing operational purposes.		Restricted	NA (2,596,600)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	NA (\$2,164,800)
35. Wrongful Imprisonment Compensation Fund	Gross	\$10,000,000	(\$5,000,000)
<u>House</u> reduces \$5.0 million GF/GP for deposit into the Wrongful Imprisonment Compensation Fund to provide payments to individuals who were wrongly convicted of crimes and imprisoned pursuant to the provisions of the Wrongful Imprisonment Compensation Act, 2016 PA 343.		GF/GP	\$10,000,000 (\$5,000,000)
<u>Executive</u> and <u>Senate</u> do not include.			
36. Financially Distressed CVTs Payments	Gross	\$2,500,000	(\$2,500,000)
<u>House</u> removes \$2.5 million in state restricted revenues for competitive grants to address conditions in financially distressed cities, villages, and townships.		Restricted	2,500,000 (2,500,000)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	\$0 \$0
37. Executive Bonuses	Gross	NA	(\$18,800)
<u>House</u> reduces \$18,800 Gross (\$10,100 GF/GP) for the removal of bonuses paid to executive staff.		Restricted	NA (8,700)
<u>Executive</u> and <u>Senate</u> do not include.		GF/GP	NA (\$10,100)

Major Boilerplate Changes from FY 2024-25

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

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.

Executive deletes.

Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 933. *MiABLE Administrative Fee Assistance* – NOT INCLUDED

Requires the department to reimburse asset based fees and maintenance fees charged under 2015 PA 160.

Senate adds.

Executive and House do not include.

Sec. 934. *Expending of Authority Revenues* – RETAINED

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.

Senate and House retain.

Sec. 935. *Student Loan Ombudsman* – RETAINED

Creates student loan ombudsman to advocate for borrowers.

Executive deletes.

Senate and House retain.

Sec. 937. *Michigan Accounts Receivable Collections System Report* – RETAINED

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

Executive revises to delete information on vendors and contractors from the reporting requirement.

Senate concurs.

House retains.

942. *Community Infrastructure Fund* – NOT INCLUDED

Creates the Community Infrastructure Fund and appropriates \$372.4 million of GF/GP revenue for deposit into it, of which \$200.0 million shall be a one-time deposit; subjects spending from the fund to appropriation or legislative transfer; states funds from the fund are available to support local infrastructure investments such as transportation, water, and public safety initiatives.

Senate adds.

Executive and House do not include.

Sec. 942. *Local Election Funding Report* – NEW

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

House adds to Treasury as a transfer of section 719 under Department of State.

Executive and Senate do not include.

Sec. 943. *Community Aid for Responders and Emergency Services* – NOT INCLUDED

Requires Treasury to award \$60.0 million in grants to counties, \$40.0 million in grants to eligible CVTs, and \$18.0 million to the city of Detroit; provides eligibility criteria for awards to counties and CVTs; lists eligible uses of funding; provides local funding maintenance requirements for eligibility; requires the department to withhold all grant payments if the attorney general finds a local government have violated the 5th or 14th amendments of the US Constitution; requires a report on recipients and uses of grants.

Senate adds.

Executive and House do not include.

Sec. 947. *Financial Independence Teams* – RETAINED

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.

Executive deletes.

Senate and House retain.

Sec. 948. *Legacy Costs* – NEW

Identifies annual pension-related and retiree health care legacy costs.

Executive and Senate do not include.

House adds.

Major Boilerplate Changes from FY 2024-25

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

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

Senate and House retain.

Sec. 949o. Liability Reimbursement – NOT INCLUDED

Requires the department to reimburse counties for costs due to a court order or settlement issued for actions taken by a county treasurer that was in compliance with state law; requires a county treasurer to demonstrate financial liabilities were resulting from action that was in compliance with state law at the time the action occurred.

Senate adds.

Executive and House do not include.

REVENUE SHARING

Sec. 951. City, Village, and Township (CVT) Local Tax Equalization Payment Formulas – NOT INCLUDED

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

Executive adds.

Senate and House do not include.

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

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

Executive revises to delete formulas for local tax equalization payments to transfer to section 951.

Senate retains.

House revises to delete formulas for local tax equalization payments and does not transfer to section 951.

Sec. 953. County Local Tax Equalization Payment Formulas – NOT INCLUDED

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

Executive adds.

Senate and House do not include.

Sec. 954. Revenue Sharing Conditions – REVISED

Outlines conditions under which cities, villages, and townships (Sec. 952) and counties (Sec. 955) receive revenue sharing payments.

Executive retains.

Senate revises to add requirement for Treasury to withhold payments under sections 952 and 955 to any CVT or county that does not report on plans to coordinate future infrastructure improvements or that have been determined by the Attorney General that either the local unit's elected board, sheriff, or prosecutor has declared that the local unit will not provide the protections under the 5th and 14th amendments of the US constitution to all residents of that community or that the local unit is found to have violated the 5th amendment of the US constitution.

House revises to delete schedule of payments for local tax equalization payments.

Sec. 955. County Revenue Sharing Payments – REVISED

Specifies distribution to all CVTs that received a payment under Section 955 of article 5 of 2023 PA 119; eligible payment is equal to 100.0% of its FY 2023-24 eligible payment; and any remaining amount distributed according to formula based on taxable value per capita.

Executive revises to delete formulas for local tax equalization payments to transfer to section 953.

Senate retains.

House revises to delete formulas for local tax equalization payments and does not transfer to section 953.

Major Boilerplate Changes from FY 2024-25

Sec. 956. Financially Distressed Cities, Villages, and Townships – DELETED

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress; requires CVTs to work with Treasury to develop plan for grant funding; requires grants to be used for specific projects or services that move the CVT toward financial stability; caps grants at \$2.0 million; designates unexpended funds as work project; requires report.

Executive and Senate retain.

House deletes.

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

Appropriates revenue collected in the Public Safety and Violence Prevention Fund if House Bills 4605 and 4606 of the 102nd Legislature are enacted.

Executive revises to delete reference to House Bills and replaces it with conditions and a distribution formula based off of the those provided in House Bill 4606.

Senate deletes.

House revises to replace reference to House Bills 4605 and 4606 with House Bills 4260 and 4261.

CASINO GAMING

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

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

Executive revises to delete distribution amounts to cite new statute containing the distribution.

Senate and House concur.

Sec. 973. Local Revenue Sharing Boards – RETAINED

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.

Senate and House retain.

Sec. 979. Millionaire Party Regulation – RETAINED

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.

Senate and House retain.

ONE-TIME APPROPRIATIONS

Sec. 990. 12th District Court Project – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 990. MI Financial Empowerment – NOT INCLUDED

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

Executive adds.

Senate concurs.

House does not include.

Sec. 990. Local Prosecutor Support Grants – NEW

Requires Treasury to award grants to the offices of county prosecutors to help reduce active case backlogs and cases related to retrying juvenile life without parole cases; requires report on receipt and use of grants by county prosecutor office.

House adds.

Executive and Senate do not include.

Major Boilerplate Changes from FY 2024-25

Sec. 991. 38th District Court Project – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 992. Additional Local Prosecutor Support – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 993. Local Prosecutor Support Grants – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 994. MiABLE Savings Program – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 995. Secure Retirement for Small Businesses – DELETED

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

Executive deletes.

Senate and House concur.

Sec. 1201. Hazardous Arc Wiring Removal Project – NOT INCLUDED

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

Executive adds.

Senate and House do not include.

FY 2025-26: DHHS – MEDICAID AND BEHAVIORAL HEALTH
Summary: Proposed House Substitute
Article 6A, House Bill 4706 (H-1)



Analysts: Kent Dell and Kevin Koorstra

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$2,450,100	\$2,478,700	\$2,478,700	\$2,450,100	\$0	0.0
Federal	20,187,333,000	21,416,984,900	21,567,486,500	17,460,505,900	(2,726,827,100)	(13.5)
Local	69,871,300	67,199,100	67,199,100	56,429,300	(13,442,000)	(19.2)
Private	24,026,300	26,715,700	26,715,700	25,182,800	1,156,500	4.8
Restricted	3,767,856,700	3,814,434,800	3,991,677,300	2,665,998,100	(1,101,858,600)	(29.2)
GF/GP	5,127,893,000	5,611,268,000	5,525,163,400	5,178,772,300	50,879,300	1.0
Gross	\$29,179,430,400	\$30,939,081,200	\$31,180,720,700	\$25,389,338,500	(\$3,790,091,900)	(13.0)
FTEs	4,193.8	4,419.8	4,419.8	4,105.4	(88.4)	(2.1)

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 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
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MEDICAID – GENERAL

1. Traditional Medicaid Cost Adjustments

Executive includes an increase of \$753.2 million Gross (\$259.4 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments, and traditional FMAP cost-sharing adjustments from FMAP increasing from 65.13% to 65.30% for medical and behavioral health services in the traditional Medicaid program. Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 3.7%. Senate concurs, but includes an additional \$80.4 million Gross (\$27.9 million GF/GP) in managed care caseload savings. House revises based on May consensus estimates.

Gross	\$20,522,491,800	\$1,337,745,100
Federal	13,312,825,800	922,360,700
Local	44,686,000	(1,403,300)
Private	7,165,100	1,846,600
Restricted	3,110,411,800	159,066,900
GF/GP	\$4,047,403,100	\$255,874,200

2. Healthy Michigan Plan Cost Adjustments

Executive includes an increase of \$110.8 million Gross (\$17.7 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 4.3%. Senate concurs. House revises based on May consensus estimates.

Gross	\$6,648,194,800	\$35,627,500
Federal	5,976,755,900	29,679,300
Local	1,771,700	139,900
Private	1,122,800	(422,800)
Restricted	577,498,600	(5,592,800)
GF/GP	\$91,045,800	\$11,823,900

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Actuarial Soundness	Gross	NA	\$664,555,100
<u>Executive</u> includes \$664.6 million Gross (\$185.3 million GF/GP) to support actuarial soundness adjustments for prepaid inpatient health plans (PIHPs), Medicaid Health plans, Program of All-inclusive Care for the Elderly (PACE), home- and community-based services, Integrated Care Organizations (MI Health Link), and Healthy Kids Dental. <u>Senate</u> and <u>House</u> concur.	Federal	NA	479,254,200
	GF/GP	NA	\$185,300,900
4. QAAP Hospital Rate Adjustments – Provider Tax Revisions	Gross	\$2,548,158,300	(\$2,548,158,300)
<u>House</u> removes \$2,548.2 million Gross (\$0 GF/GP) of Hospital Quality Assurance Assessment Program (QAAP) revenue and associated federal match, to reflect federal changes to Medicaid financing provisions regarding provider taxes. Holds authorization in contingency. Sec. 1834 is related boilerplate.	Federal	1,904,910,200	(1,904,910,200)
	Restricted	643,248,100	(643,248,100)
	GF/GP	\$0	\$0
5. IPA Special Payments – Provider Tax Revisions	Gross	\$2,831,182,300	(\$2,352,291,900)
<u>House</u> removes \$2,352.3 million Gross (\$0 GF/GP) of Insurance Provider Assessment (IPA) revenue and associated federal match, to reflect federal changes to Medicaid financing provisions regarding provider taxes. Holds authorization in contingency until IPA tax is revised to be assessed uniformly. Sec. 1833 is related boilerplate.	Federal	1,728,352,900	(1,728,352,900)
	Restricted	623,939,000	(623,939,000)
	GF/GP	\$478,890,400	\$0
DEPARTMENT ADMINISTRATION			
6. Coordination of Children's Healthcare	FTE	74.0	0.0
<u>Executive</u> transfers \$24.7 million Gross (\$10.8 million GF/GP) and 74.0 FTE positions from throughout DHHS, and includes \$7.5 million restricted revenue from the Healthy Michigan Fund for tobacco and smoking prevention and cessation. Consolidates programs and services such as early child mental health, MiKidsNow, Transitions of Care programming, and youth smoking prevention under a single programmatic line item. YTD amounts reflect appropriations associated with programs transferred from other line items. <u>Senate</u> concurs, but does not include additional Healthy Michigan Fund revenue. <u>House</u> does not include.	Gross	\$24,688,300	\$0
	TANF	450,200	0
	Federal	13,271,100	0
	Private	200,000	0
	Restricted	0	0
	GF/GP	\$10,767,000	\$0
7. Departmentwide Administrative Reductions and FTE Authorization Alignments	FTE	NA	(54.8)
<u>House</u> reduces various line items by \$18.6 million Gross (\$9.9 million GF/GP) and 54.8 FTE positions to align FTE authorization with April 2025 actuals; eliminate legal cost payments resulting from the Flint Water Emergency; and reduce Office of Grant Management positions (7.0 FTEs), remove a general FY25 administrative increase (5.0 FTEs), remove KB v. Lyon settlement administrative positions (2.0 FTEs), eliminate the Office of Race, Equity, Diversity, and Inclusion (2.0 FTEs), and property management costs for the former Maxey school location (1.0 FTE).	Gross	NA	(\$18,633,000)
	TANF	NA	(65,300)
	Federal	NA	(8,641,300)
	Restricted	NA	(8,700)
	GF/GP	NA	(\$9,917,700)
8. Information Technology Systems and Services Cost Increase	Gross	\$532,841,400	\$0
<u>Executive</u> includes \$9.0 million Gross (\$4.2 million GF/GP) for cost adjustments related to increased prices for system hardware, software, program licensing fees, and vendor/service provider contractual costs. <u>Senate</u> concurs. <u>House</u> does not include.	IDT/IDG	609,700	0
	TANF	24,471,400	0
	Federal	356,556,000	0
	Local	6,700	0
	Private	5,250,000	0
	Restricted	2,010,400	0
	GF/GP	\$143,937,200	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
9. Information Technology Administrative Reduction	FTE	11.0	(10.0)
<u>House</u> reduces IT appropriations \$133.2 million Gross (\$36.0 million GF/GP), to include removal of FTE positions and appropriations for the implementation of Integrated Services Delivery, reduction of MiSACWIS to account for operational CCWIS modules, and general, departmentwide information technology cost savings.	Gross	\$532,841,400	(\$133,210,300)
	IDT/IDG	609,700	0
	TANF	24,471,400	(4,132,300)
	Federal	356,556,000	(92,356,600)
	Local	6,700	0
	Private	5,250,000	(250,000)
	Restricted	2,010,400	(487,100)
	GF/GP	\$143,937,200	(\$35,984,300)

BEHAVIORAL HEALTH

10. Certified Community Behavioral Health Clinics (CCBHCs)	Gross	\$525,913,900	\$39,372,800
<u>Executive</u> adds \$39.3 million Gross (\$6.3 million GF/GP) for utilization and cost adjustments for the CCBHC demonstration program. Also includes a net \$0 transfer of \$350.8 million Gross (\$75.7 million GF/GP) of base CCBHC payments currently within the Medicaid Mental Health and Healthy Michigan Plan – Behavioral Health lines into the supplemental payments CCBHC line. <u>Senate</u> concurs. <u>House</u> includes the cost adjustments but does not include the base CCBHC payment transfers.	Federal	441,942,600	33,086,200
	GF/GP	\$83,971,300	\$6,286,600

11. Michigan Opioid Healing and Recovery Fund	Gross	\$48,202,300	\$32,797,700
<u>Executive</u> includes a net increase of \$21.8 million in Michigan Opioid Healing and Recovery Funds to increase opioid use disorder services, including prevention, treatment, harm reduction, and data collection for a total of \$70.0 million. Of that amount, \$55.0 million would be allocated on an ongoing basis and \$15.0 million would be allocated on a one-time basis. <u>Senate</u> includes \$55.0 million on an ongoing basis, with Sec. 917 itemizing out the use of the funds. <u>House</u> includes \$81.0 million on an ongoing basis, with Sec. 917 categorizing the use of the funds.	Restricted	48,202,300	32,797,700
	GF/GP	\$0	\$0

12. Youth Cannabis Prevention	Gross	NA	\$0
<u>Senate</u> includes \$500,000 GF/GP for educational material aiming at reducing the use of recreational and medical cannabis products by children. <u>House</u> does not include.	GF/GP	NA	\$0

13. Nonprofit Mental Health Clinics	Gross	\$100,000	\$1,400,000
<u>House</u> includes \$1.4 million GF/GP to nonprofit mental health clinics that provide counseling services regardless of the client's ability to pay.	GF/GP	\$100,000	\$1,400,000

14. Behavioral Health Program Reductions and Eliminations	FTE	NA	(5.0)
<u>House</u> reduces \$13.4 million Gross (\$11.0 million GF/GP) from behavioral health FTE reductions and the elimination of the following programs:	Gross	NA	(\$13,424,000)
• Michigan Clinical Consultation and Care (MC3) (\$5.3 million).	Federal	NA	(2,419,000)
• Mental Health Diversion Council (\$3.9 million).	GF/GP	NA	(\$11,005,000)
• Autism Navigators (\$2.0 million).			
• Conference of Western Wayne (\$1.0 million).			
• Altarum (\$600,000).			
• National Association of Yemeni Americans (\$400,000).			

15. Autism Benefit Managed Care Carve-Out	Gross	NA	\$0
<u>Senate</u> transfers in \$25.0 million Gross (\$8.7 million GF/GP, which is a net GF/GP increase of \$2.6 million GF/GP) from the CCBHC line for the department to make payments to PIHPs and CMHSPs for autism services outside of the managed care per-capita payment process. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
16. Medicaid Pre-Release Services Demonstration	Gross	NA	\$0
<u>Executive</u> includes \$40.0 million Gross (\$20.0 million GF/GP) for start-up costs for correctional and other facilities, staffing, outreach, and IT costs of a new Medicaid demonstration program to provide 90 days of Medicaid covered pre-release services, including: case management, medication assisted treatment, pharmaceutical services, practitioner services, and diagnostics. Services that would begin in the following fiscal year. <u>Senate</u> includes \$2.5 million GF/GP on a one-time basis. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
17. Medicaid Direct Care Agency Rate Reduction	Gross	NA	(\$215,833,000)
<u>House</u> reduces \$215.8 million Gross (\$74.9 million GF/GP) from reducing the direct care agency rates by \$4.56 per hour. Rate reduction would have to come from agency overhead costs and not from direct care work wages paid through agencies.	Federal	NA	(140,939,000)
	GF/GP	NA	(\$74,894,000)
18. Medicaid Methadone Rate Reduction	Gross	NA	(\$16,000,000)
<u>House</u> reduces \$16.0 million Gross (\$4.0 million GF/GP) to reduce the Medicaid methadone reimbursement rates from boilerplate section 965.	Federal	NA	(12,000,000)
	GF/GP	NA	(\$4,000,000)
19. Medicaid Mental Health Local Match	Gross	\$28,655,900	(\$28,655,900)
<u>House</u> removes \$9.9 million of local funding, and associated federal reimbursement, used for Medicaid mental health services. Local funds were originally added to increase Medicaid mental health rates. Section 928 is related boilerplate.	Federal	18,712,300	(18,712,300)
	Local	9,943,600	(9,943,600)
	GF/GP	\$0	\$0
20. PIHP Funding to One-Time Basis	Gross	\$4,919,453,700	\$0
<u>House</u> transfers 6 Medicaid PIHP behavioral health services line items from the ongoing Behavioral Health Services unit to the One-Time Basis unit. Line items include, Autism Services, CCBHCs, Health Homes, Healthy Michigan Plan – Behavioral Health, Medicaid Mental Health Services, and Medicaid Substance Use Disorder Services.	Federal	3,448,230,700	0
	Local	10,190,500	0
	Restricted	84,811,900	0
	GF/GP	\$1,376,220,600	\$0
21. Multicultural Integration Funding	Gross	\$25,884,900	(\$25,884,900)
<u>Senate</u> includes \$8.6 million GF/GP on an ongoing basis to multicultural organizations. \$8.6 million GF/GP has been allocated on a one-time basis to these organizations for the past 3 fiscal years. Year-to-date amount includes both the ongoing and one-time amounts for multicultural integration. <u>House</u> eliminates funding but retains boilerplate section 1014.	TANF	421,000	(421,000)
	Federal	694,500	(694,500)
	GF/GP	\$24,769,400	(\$24,769,400)
22. Behavioral Health Lapse Savings	Gross	NA	(\$28,418,500)
<u>Senate</u> includes \$6.3 million of GF/GP lapse savings within the health homes, behavioral health community supports, community substance use disorder, and diversion council line items. <u>House</u> includes \$28.4 million Gross (\$10.7 million GF/GP) in lapse savings within the health homes line item.	Federal	NA	(17,765,700)
	GF/GP	NA	(\$10,652,800)
23. New State Psychiatric Hospital Operations	FTE	786.2	0.0
<u>Executive</u> includes \$15.2 million GF/GP and authorizes 147.0 FTEs for the state to transition patients into the new State Psychiatric Hospital in Northville. The patients are currently residing at the Walter Reuther Psychiatric Hospital in Westland, and the year-to-date amount reflects the authorization for Walter Reuther. The new State Psychiatric Hospital has a 264-bed capacity, of which 72 would be for children and adolescents. The census for Walter Reuther and Hawthorn has averaged 215 individuals, of which 50 have been children and adolescents. <u>Senate</u> includes \$100 GF/GP placeholder. <u>House</u> includes \$100 placeholder transfer for the new hospital.	Gross	\$123,069,900	\$0
	Federal	29,765,600	0
	Local	6,263,900	0
	Restricted	5,282,600	0
	GF/GP	\$81,757,800	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
24. Other State Psychiatric Hospital Adjustments	Gross	NA	(\$5,000,000)
<u>Executive</u> includes a total of \$4.7 million Gross (\$618,400 GF/GP) for pharmaceutical cost increases, funding to open a new kitchen at the Forensic Center, and updated revenue estimates from first and third party reimbursements. <u>Senate</u> concurs. <u>House</u> includes FMAP adjustments and reduces \$5.0 million federal authorization.	Federal	NA	(4,890,800)
	Local	NA	0
	Restricted	NA	0
	GF/GP	NA	(\$109,200)
25. State Psychiatric Hospital Reductions	FTEs	NA	(4.0)
<u>House</u> reduces 4.0 FTEs and \$1.8 million Gross (\$1.1 million GF/GP) from purchase of medical services, special maintenance, and state hospital administration.	Gross	NA	(\$1,760,200)
	Federal	NA	(300,000)
	Restricted	NA	(332,500)
	GF/GP	NA	(\$1,127,700)
26. First Responder Mental Health Service (One-Time)	Gross	\$2,500,000	(\$2,500,000)
<u>Executive</u> continues \$2.5 million GF/GP on a one-time basis for first responder mental health services to support first responders suffering from post-traumatic stress and other mental health conditions. Program received \$2.5 million GF/GP in FY 2024-25, also on a one-time basis. <u>Senate</u> and <u>House</u> do not continue.	GF/GP	\$2,500,000	(\$2,500,000)
27. Senate One-Time Items	Gross	NA	\$0
Senate includes \$6.9 million GF/GP for the following programs:	GF/GP	NA	\$0
• Oakland County Health Network – \$3.0 million GF/GP.			
• Team Wellness – \$1.5 million GF/GP.			
• Mosaic Counseling – \$1.4 million GF/GP.			
• Macomb County addiction pilot programs – \$1.0 million GF/GP.			
• Living and Learning Center of Northville – \$100 GF/GP placeholder.			
<u>House</u> does not include.			
HEALTH SERVICES			
28. Medicaid Protected Income – Spend Down Threshold	Gross	NA	\$0
<u>Executive</u> includes \$96.4 million Gross (\$33.1 million GF/GP) to detach the Medicaid protected income level from the Family Independence Program standard, pursuant to MCL 400.106, and align it with federal poverty standards issued by the U.S. Department of Health and Human Services. For CY 2025, the spend down threshold would increase from approximately 28% to 100% of FPL (\$363 per month to \$1,304 per month) for an individual. DHHS assumes a spend down population of 78,252. Sec. 1605 includes related boilerplate. <u>Senate</u> includes \$41.3 million Gross (\$14.2 million GF/GP) to align the protected income level with 60% of FPL. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
29. Health Services Administrative Reductions and FTE Authorization Alignments	FTE	NA	(14.6)
<u>House</u> reduces various line items by \$6.6 million Gross (\$910,000 GF/GP) and 14.6 FTE positions to align FTE authorization with April 2025 actuals and remove a general administrative increase.	Gross	NA	(\$6,560,000)
	Federal	NA	(5,650,000)
	GF/GP	NA	(\$910,000)
30. Preferred Pharmaceuticals Revision	Gross	NA	(\$500,000,000)
<u>House</u> reduces managed care and fee-for-service pharmaceutical appropriations by \$500.0 million Gross (\$133.8 million GF/GP), and directs preference for generic and biosimilar prescriptions, disallows required adherence to a state single preferred drug list, and limits the utilization of GLP-1 agonists to CMS directives for Medicare Part D. Sec. 1880 is related boilerplate.	Federal	NA	(366,195,700)
	GF/GP	NA	(\$133,804,300)
31. University of Detroit Dental DSH	Gross	\$1,000,000	(\$1,000,000)
<u>House</u> removes \$1.0 million GF/GP to eliminate a partial replacement of disproportionate share hospital payments that are no longer available.	GF/GP	\$1,000,000	(\$1,000,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
32. Plan First	Gross	\$2,320,700	(\$3,492,800)
<u>House</u> removes \$3.5 million Gross (\$896,500 GF/GP) to eliminate the Plan First standalone Medicaid family planning service. Net reduction amounts to zero after incorporating May consensus estimates adjustment.	Federal	1,542,000	(2,589,500)
	Private	10,500	(6,800)
	GF/GP	\$768,200	(\$896,500)
33. Recuperative Care	Gross	\$297,300	(\$299,400)
<u>House</u> removes \$299,400 GF/GP to eliminate the fee-for-service transitional service Medicaid benefit. Net reduction amounts to zero after incorporating May consensus estimates adjustment.	GF/GP	\$297,300	(\$299,400)
34. Special Medicaid Reimbursement – Hospital DSH	Gross	\$3,500,000	(\$3,500,000)
<u>House</u> removes \$3.5 million GF/GP to eliminate a disproportionate share hospital payment to Michigan State University/McLaren Greater Lansing. Strikes related boilerplate Sec. 1650.	GF/GP	\$3,500,000	(\$3,500,000)
35. Centering Pregnancy	Gross	\$5,000,000	(\$5,000,000)
<u>House</u> removes \$5.0 million Gross (\$2.5 million GF/GP) to eliminate grant program for hospital-based prenatal health care providers operating group-based maternity programs. Strikes related boilerplate Sec. 1830.	Federal	2,500,000	(2,500,000)
	GF/GP	\$2,500,000	(\$2,500,000)
36. Hospital Maternal Health Incentives	Gross	\$10,000,000	(\$10,000,000)
<u>House</u> removes \$10.0 million GF/GP to eliminate incentive payments for data-sharing initiatives between maternity care providers. Strikes related boilerplate Sec. 1831.	GF/GP	\$10,000,000	(\$10,000,000)
37. Adult Dental Services Reduction	Gross	NA	(\$20,980,600)
<u>House</u> removes \$21.0 million Gross (\$8.5 million GF/GP) to reduce allowable adult dental service coverage for Medicaid managed care plans and fee-for-service. Sec. 1627 is related boilerplate.	Federal	NA	(12,480,600)
	GF/GP	NA	(\$8,500,000)
38. Rural Health Transformation Program	Gross	\$0	\$250,000,000
<u>House</u> includes \$250.0 million in federal authorization for the new, targeted federal grant program for rural health services. Sec. 1803 is related boilerplate.	Federal	0	250,000,000
	GF/GP	\$0	\$0
39. Federal Eligibility Requirements	Gross	NA	(\$26,400,000)
<u>House</u> removes \$26.4 million Gross (\$6.4 million GF/GP) in assumed reductions related to changes in federal eligibility requirements.	Federal	NA	(20,000,000)
	GF/GP	NA	(\$6,400,000)
40. Special Network Access Fee – Provider Tax Revisions	Gross	NA	(\$100,000,000)
<u>House</u> removes \$100.0 million Gross (\$0 GF/GP) in SNAF revenue expenditure authorization, and associated federal match, to reflect federal revisions to Medicaid financing rules.	Federal	NA	(77,650,000)
	Local	NA	(2,235,000)
	Restricted	NA	(20,115,000)
	GF/GP	NA	\$0
41. Mothering Justice Decision – DCW Wage Continuation	Gross	NA	\$0
<u>Senate</u> includes \$315.0 million Gross (\$0 GF/GP), including \$115.0 million of work project lapse funds, to continue the pandemic-era wage uplift for direct care workers. <u>House</u> does not include.	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0
42. Dental Rate Safety Net Payments	Gross	\$297,080,100	\$0
<u>Senate</u> includes \$4.0 million GF/GP to provide higher rates for select dental services. <u>House</u> does not include.	Federal	201,124,300	0
	GF/GP	\$95,955,800	\$0
43. Federally Qualified Health Centers – Training	Gross	\$210,000,000	\$0
<u>Senate</u> includes \$2.0 million GF/GP to support the Health Center's Career Training Program for recruitment and employee training. <u>House</u> does not include.	Federal	152,104,700	0
	GF/GP	\$57,895,300	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
44. MiDOCS Enhancement	Gross	\$20,200,000	\$0
<u>Senate</u> includes \$4.6 million GF/GP to increase grant base to support medical doctors through tuition loan relief for services provided in underserved and impoverished communities in this state. <u>House</u> does not include.	Federal	10,100,000	0
	Restricted	3,700,000	0
	GF/GP	\$6,400,000	\$0
45. Long-Term Care – Nursing Facility Ventilators	Gross	\$2,434,890,200	\$0
<u>Senate</u> includes \$14.1 million Gross (\$5.0 million GF/GP) to support the costs of installing ventilator systems in skilled nursing facilities. <u>House</u> does not include.	Federal	1,544,691,300	0
	Local	6,618,800	0
	Private	6,100,000	0
	Restricted	400,613,500	0
	GF/GP	\$476,866,600	\$0
46. Long-Term Care – Current Asset Value	Gross	\$2,434,890,200	\$0
<u>Senate</u> includes \$4.9 million Gross (\$1.7 million GF/GP) to increase the current asset value for skilled nursing facilities. Intent is to defray recent construction costs. <u>House</u> does not include.	Federal	1,544,691,300	0
	Local	6,618,800	0
	Private	6,100,000	0
	Restricted	400,613,500	0
	GF/GP	\$476,866,600	\$0
47. Nonclinical Long-Term Care Staff Wage Increase	Gross	\$2,434,890,200	\$0
<u>Executive</u> includes \$14.0 million Gross (\$6.2 million GF/GP) to provide a \$0.85 per hour wage increase for nonclinical staff employed in skilled nursing facilities. Amends boilerplate Sec. 1645 include nursing unit clerks and non-certified aides as eligible classifications. <u>Senate</u> concurs. <u>House</u> does not include.	Federal	1,544,691,300	0
	Local	6,618,800	0
	Private	6,100,000	0
	Restricted	400,613,500	0
	GF/GP	\$476,866,600	\$0
48. MI Choice Risk Pool	Gross	\$500,319,100	\$0
<u>Senate</u> includes \$14.4 million Gross (\$5.0 million GF/GP) to create a risk-sharing pool for service providers managing high-cost cases under the Medicaid Home and Community-Based Services waiver. <u>House</u> does not include.	Federal	325,435,500	0
	Private	366,700	0
	GF/GP	\$174,516,900	\$0
49. Medicaid Orthodontic Benefit Expansion	Gross	\$4,301,700	(\$4,316,000)
<u>Executive</u> retains \$1.5 million GF/GP appropriated in FY 2024-25 for a Medicaid orthodontic benefit pilot program in Kent and Wayne Counties, and transfers to the Children's Special Health Care Services. Removes pilot program boilerplate Sec. 1632. <u>Senate</u> includes \$442,700 Gross (\$154,400 GF/GP) and expands the pilot to Grand Traverse, Lapeer, and Muskegon Counties. <u>House</u> eliminates pilot program. Net reduction amounts to zero after May consensus estimates adjustment.	Federal	2,801,700	(2,815,900)
	GF/GP	\$1,500,000	(\$1,500,100)
50. Birth Clinics – Licensed Midwives	Gross	NA	\$0
<u>Senate</u> includes \$2.9 million Gross (\$1.0 million GF/GP) to include free-standing birthing clinics, and licensed midwives, as reimbursable Medicaid providers. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
51. PACE Slot Increase	Gross	\$270,385,800	\$0
<u>Executive</u> includes \$2.9 million Gross (\$1.0 million GF/GP) to provide 54 additional slots at existing PACE sites in Newaygo (2), Saginaw (32), and Traverse City (20). Revises boilerplate Sec. 1854 to incorporate additional slots. <u>Senate</u> includes a \$100 GF/GP placeholder. <u>House</u> does not include.	Federal	176,099,000	0
	GF/GP	\$94,286,800	\$0
52. Home Help Caregiver Council	Gross	NA	\$0
<u>Executive</u> includes \$7.0 million Gross (\$3.5 million GF/GP) to establish the Home Help Caregiver Council, in accordance with 2024 PA 144. Funding to provide for administrative costs, pre-service orientation, communications, advisory group support, and voluntary training over a 5-year period with the intent to work project the appropriations. <u>Senate</u> concurs. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
53. Prior Authorization Processing	FTE	458.0	0.0
<u>Executive</u> includes \$3.6 million Gross (\$1.8 million GF/GP) to support 30.0 additional FTE positions. Staffing increase is requested in preparation for the January 2026 implementation of CMS regulations requiring the processing of all prior authorization requests within 7 calendar days. <u>Senate</u> concurs. <u>House</u> does not include.	Gross	\$128,854,100	\$0
	Federal	85,538,600	0
	Local	37,700	0
	Private	1,001,300	0
	Restricted	336,300	0
	GF/GP	\$41,940,200	\$0
54. Medicaid Eligibility Phone Renewal Services	Gross	NA	\$0
<u>Executive</u> includes \$2.8 million Gross (\$1.4 million GF/GP) to provide Medicaid eligibility phone renewal services. These renewal services were previously funded with one-time Medicaid redetermination funding and remain federally mandated. <u>Senate</u> concurs. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
55. Federal State Psychiatric DSH Clawback (One-Time)	Gross	NA	\$78,664,100
<u>Executive</u> includes \$78.7 million GF/GP in the one-time unit for the third of a 4-year repayment plan back to the federal government for state psychiatric disproportionate share hospital payments that the state inappropriately claimed prior to 2007. The total GF/GP cost is \$236.6 million. <u>Senate</u> and <u>House</u> concur.	GF/GP	NA	\$78,664,100
56. Continuous Childhood Eligibility Evaluation (One-Time)	Gross	NA	\$0
<u>Executive</u> includes \$400,000 Gross (\$200,000 GF/GP) for a one-time feasibility study to assess the implementation of continuous eligibility for Medicaid recipients aged 0-5. <u>Senate</u> includes \$100 GF/GP placeholder. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
57. Merit Award Trust Fund – Revenue Shift	Gross	NA	\$0
<u>Senate</u> offsets \$75.0 million GF/GP with net-zero appropriations of Tobacco Settlement revenue from the Merit Award Trust Fund. Revenue available through the elimination of annual deposits into the 21 st Century Jobs Trust Fund in accordance with 2018 PA 577. <u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
58. Restricted Fund Adjustments	Gross	NA	\$0
<u>Executive</u> includes net-zero adjustments that replace \$43.5 million GF/GP with state restricted revenues. Adjustments include \$21.4 million of GF/GP offsets from estimated revenue related to the proposed Vape Tax increase deposited into the Medicaid Benefits Trust Fund. Also assumes \$17.5 million additional Merit Award Trust Fund revenue to be available by eliminating tobacco settlement deposits into the Budget Stabilization Fund. <u>Senate</u> concurs, but does not include estimated Vape Tax revenue. <u>House</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
59. Removal of FY 2024-25 One-Time Appropriations	Gross	\$113,546,900	(\$113,546,900)
<u>Executive</u> removes \$113.5 million Gross (\$73.2 million GF/GP) of one-time funding for 47 items that were included in the FY 2024-25 budget. Any funding retained into FY 2025-26 is noted elsewhere. <u>Senate</u> and <u>House</u> concur.	Federal	15,354,900	(15,354,900)
	Restricted	25,000,000	(25,000,000)
	GF/GP	\$73,192,000	(\$73,192,000)
60. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$11.2 million Gross (\$8.1 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	NA	0
	Federal	NA	0
	Local	NA	0
	Private	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Executive Boilerplate Deletions

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

GENERAL SECTIONS

Sec. 204. State Administrative Board Transfers – NEW

House allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 205/206. Purchase of Foreign Goods and Services – RETAINED

Prohibits department from purchasing foreign goods and services if competitively priced American goods or services of comparable quality are available; requires preference for goods and services manufactured by Michigan businesses and their associated subcontractors and manufactured or provided by Michigan businesses owned and operated by veterans. Executive retains. Senate revises to add subsection requiring preference for goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Geographically-Disadvantaged Business Enterprises – DELETED

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

Sec. 210/221. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$100 million, state restricted authorization by up to \$50 million, local authorization by up to \$30 million, and private authorization by up to \$45 million; prohibits increasing TANF authorization through the legislative contingency transfer process. House revises down the authorization amounts.

Sec. 213. Unenforceable Boilerplate Sections Report – NOT INCLUDED

Senate requires DHHS to report to standard report recipients on any boilerplate sections deemed unenforceable. House does not include.

Sec. 214. Federal Policy Change Report – NOT INCLUDED

Senate requires DHHS to report quarterly to standard report recipients any federal policy changes that affect the department, those that engage with the department, related regulations, or create a regulatory gap with a potential negative public impact. House does not include.

Sec. 215. Severance Reporting – NEW

House requires DHHS to report details of severance pay for certain departmental employees.

Sec. 216. In-Person Work Prioritization – NEW

House requires DHHS to prioritize in-person work 5 days a week for its workforce, post related policies; annually report on remote work hours and in-person work hours; and require employee badge scanning information be made available to the legislature.

Sec. 218. E-Verify – NEW

House requires departmental contractors and subcontractors to use the E-Verify system to certify personnel are legally authorized to work in the United States and requires the department to report on implementation.

Sec. 219/255. Contract with Michigan Public Health Institute and Reports – REVISED

Allows DHHS to contract for up to a 1-year period with the Michigan Public Health Institute for public health projects and related activities; requires semiannual reports on each funded project; and requires DHHS to semiannually provide copies of all reports, studies, and publications produced by the Institute from prior fiscal year DHHS funding. House revises to prohibit contracting with MHPI for the purpose of performing the department's regulatory, disciplinary, or administrative duties.

Sec. 219. U.S. Citizenship Requirement – NEW

House prohibits DHHS from using state or federal funds to provide services to non-US citizens, except for qualified aliens under federal law. Excludes actions for the purpose of detaining non-U.S. citizens from this prohibition.

Sec. 225. Internet Posting of Reports – NOT INCLUDED

Senate requires DHHS to conspicuously post each report required by boilerplate by the report's due date on the department's Michigan.gov website. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 225. Department Scorecard – NEW

House requires DHHS to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance and to update quarterly.

Sec. 226. Court Approved Judgment Cap – NEW

House prohibits departmental funds from being used to pay a court-approved judgment more than \$200,000, unless authorized elsewhere.

Sec. 227. Private and Other Third-Party Funds Disclosure Report – NEW

House requires DHHS to disclose private and other third-party funds received in the previous fiscal year.

Sec. 228. Prohibition on DEI Programs – NEW

House prohibits DHHS from using state funds on diversity, equity, and inclusion initiatives as defined in various federal Executive Orders.

Sec. 229. General Fund Expenditure Restrictions – NOT INCLUDED

Senate prohibits DHHS from expending general fund if federal or private funding are available for the same expenditures, requires the department to notify standard report recipients if a reduction in departmental expenditures is necessary. House does not include.

Sec. 250/217. Single Recipient Grants – REVISED

Requires that for any grant program or project funded in part 1 intended for a single recipient organization or local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless it can fully validate, through information detailed in this section and outline departmental process for review and execution of grants. Also includes reporting requirements. Executive deletes. Senate revises to further define eligible grant recipients and requirements. House revises by limiting eligible grant recipients and revising auditing requirements.

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

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

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 302. Property Management Portfolio Report – NEW

House requires DHHS to report on owned and leased properties within its management portfolio, to include costs, sales, and planning details.

Sec. 303. Medicaid Community Engagement Requirement Training – NEW

House requires DHHS to develop and administer caseworker training programs and materials to implement and administer new federal community engagement requirements for Healthy Michigan Plan eligibility.

BEHAVIORAL HEALTH SERVICES

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

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

Sec. 912. Salvation Army Harbor Light Program – REVISED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care. (Document from the State Budget Office dated September 3 noted this section is unenforceable.) Executive deletes. Senate retains. House revises to require DHHS to contract with a substance use disorder program not administered through a PIHP.

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

Allocates \$19.2 million from the Michigan Opioid Healing and Recovery Fund, MCL 12.253, to supplement other opioid-related programs and services; allocates \$4.0 million for peer recovery services; and requires a semiannual report. Executive revises by updating allocation to \$55.0 million and removes \$4.0 million allocation for peer recovery services. Senate revises by updating allocation to \$55.0 million and itemized 10 required programs or distributions. House revises by updating allocation to \$81.0 million and subdivides amount into 10 programmatic categories.

Major Boilerplate Changes from FY 2024-25

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

Requires the Medicaid rate-setting process for PIHPs include any state and federal wage and compensation increases. Executive deletes. Senate and House retain.

Sec. 924. Autism Services Fee Schedule – RETAINED

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

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – NEW

House 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."

Sec. 1002. CCBHC Organization Criteria – REVISED

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

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

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

Sec. 1005. Health Home Programs – REVISED

Requires DHHS to maintain the number of behavioral health homes in PIHP regions and the number of opioid health homes in PIHP regions, and permits expansion into additional PIHP regions; requires a report. House revises to require any expansions to be made through the submission of a request to the legislature.

Sec. 1007. Autism Benefit Carve-Out – NOT INCLUDED

Senate requires DHHS to make payments for autism services separate from per-capita payments to PIHPs and CMHSP. House does not include.

Sec. 1009. Medicaid Behavioral Health RFP – NEW

House requires the Medicaid behavioral health RFP to includes specific performance measures of improved behavioral health outcomes, conflict of interest provisions, uniform standards and reduced administrative costs; requires a report on the process and rationale DHHS used to award the new contracts.

Sec. 1034. PIHP Performance Incentives – NEW

House conditions eligibility of PIHP performance incentives funded in part 1 on compliance with the provider rates for autism services and direct care in section 924 and 1031; requires the inspector general to audit claims and utilization data to verify compliance.

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

Requires DHHS to continue a revenue recapture project to generate additional third party revenue from cases that are closed or inactive. Executive deletes. Senate and House retain.

HEALTH SERVICES

Sec. 1601. Remedial Services Costs and Medicaid Eligibility – RETAINED

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

Sec. 1608. Federal Medicaid Eligibility and New Resident Eligibility for Healthy Michigan Plan – NEW

House requires department to comply with federal eligibility requirements for medical assistance; requires department to apply the stricter of the community engagement requirement look-back period in place for this state or the state in which a new resident previously lived for eligibility verification; and defines period under which an applicant is considered a new resident.

Sec. 1615. Healthy Michigan Plan Community Engagement Requirements – NEW

House requires implementation of the federal community engagement requirements by January 2026.

Major Boilerplate Changes from FY 2024-25

Sec. 1628. Dental Services Reimbursements Increase – DELETED

Allocates \$3,000,000 to continue the Medicaid reimbursement rate increase for dental services for ambulatory surgical centers and outpatient hospitals. Executive and Senate retain. House deletes.

Sec. 1642. Adult Home Help Direct Care Worker Earned Sick Time – NEW

House requires contractual agreements for DCW services to abide by the provisions of 2018 PA 338.

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

Requires DHHS to increase the established Medicaid fee-for-service wages by \$0.20 per-hour for direct care workers, and defines the term "direct care worker". Executive deletes. Senate revises to "maintain" wage rate. House deletes.

Sec. 1693. Special Medicaid Reimbursement Appropriation Increase – DELETED

Allows for an increase in special Medicaid reimbursement appropriation if a Medicaid state plan amendment for such payments above the appropriated level is submitted. Executive and Senate retain. House deletes.

Sec. 1786. Vaccine Reimbursements – REVISED

Requires DHHS to maintain the Medicaid reimbursement rate for injectable and oral vaccines at \$23.03. Executive revises to include nasally administered vaccines as eligible for the reimbursement rate. Senate and House concur.

Sec. 1788. Medicaid Ambulance Reimbursement Rates – REVISED

Requires DHHS to provide reimbursement rates for ambulance QAAP equivalent to, or greater than, Medicare base rates at a specified locality. Executive revises to "maintain" rates. Senate retains. House revises to provide reimbursements equivalent to, or less than, Medicare "allowable" rates at a specified locality.

Sec. 1792. Health Plan Pharmaceutical Encounter Data Report – NEW

House requires department evaluate pharmacy encounter data mid-year, consult with health plans regarding necessity of rate recertification, and requires a report.

Sec. 1802. Rural Hospital Payments – REVISED

Directs \$8.5 million in lump sum payments to non-critical access hospitals that qualified for rural hospital access payments in FY 2013-14 at a rate proportional to each hospital's obstetrical care and newborn care volume; \$15.2 million GF/GP and any associated federal match to hospitals providing services to low-income rural residents; provides for eligibility exemptions; and requires the department to publish the payment distribution from the previous fiscal year. Executive and Senate retain. House revises eligibility exemptions.

Sec. 1805. Long-Term Care Bed Dual Certification – RETAINED

Requires DHHS to seek a state plan amendment to allow long-term care facilities to seek dual Medicare/Medicaid eligibility for beds currently certified for Medicare recipients, and details eligibility criteria. Document from the State Budget Office dated September 3, 2024 noted this section is unenforceable for FY 2024-25. Executive and Senate delete. House retains.

Sec. 1833. Insurance Provider Assessment Contingency – NEW

House reappropriates state restricted IPA revenue and federal match removed from Part 1; establishes combined authorization contingency of \$2,400.0 million; and requires legislative transfer prior to expenditure.

Sec. 1834. Quality Assurance Assessment Program Contingency – NEW

House reappropriates state restricted QAAP revenue and federal match removed from Part 1; establishes combined authorization contingency of \$2,550.0 million; and requires legislative transfer prior to expenditure.

Sec. 1879. Medicaid Pharmaceutical Report – RETAINED

Requires DHHS to report no later than May 15 on total Medicaid pharmaceutical benefit expenses and rebates received, and pharmaceutical carve out expenses for the previous fiscal year. Executive revises to require health plans to cover physician-ordered drugs not included in the common formulary and apply the standard Medicaid co-payment. Senate concurs. House retains.

Sec. 1881. Medicaid Managed Care Cost Savings Review – NEW

House requires the department, in coordination with contracted health plans, to conduct a review of the previous 15 years to identify items resulting in Medicaid cost increases, and provide revision recommendations; and requires a report.

Sec. 1889. Quality Assurance Assessment Program Revenue Expenditure Restriction – NEW

House restricts expenditure of QAAP revenue to costs associated with services provided under the state Medicaid program and the Healthy Michigan Plan.

FY 2025-26: DHHS – PUBLIC HEALTH
Summary: Proposed House Substitute
Article 6B, House Bill 4706 (H-1)



Analyst: Sydney Brown

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$2,741,500	\$3,473,400	\$3,473,400	\$2,729,500	(\$12,000)	(0.4)
Federal	609,115,800	611,790,600	611,790,600	597,383,400	(11,732,400)	(1.9)
Local	47,967,700	59,025,000	59,025,000	47,963,300	(4,400)	(0.01)
Private	141,849,900	141,839,900	141,839,900	139,989,000	(1,860,900)	(1.3)
Restricted	82,863,700	97,394,800	83,519,800	87,037,600	4,173,900	5.0
GF/GP	335,332,700	362,508,100	361,108,500	252,301,500	(83,031,200)	(24.8)
Gross	\$1,219,871,300	\$1,276,031,800	\$1,260,757,200	\$1,127,404,300	(\$92,467,000)	(7.6)
FTEs	850.4	868.4	861.4	710.9	(139.5)	(16.4)

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.

	FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		
PUBLIC HEALTH AND AGING		
1. FTE Authorization Adjustments		
House includes a savings of \$18.0 million Gross (\$6.7 million GF/GP) as result of decreasing the authorized number of FTEs across multiple lines to their current levels of filled positions.	FTE 850.4	(137.5)
	Gross NA	(\$18,013,000)
	IDG NA	(12,000)
	Federal NA	(7,436,500)
	TANF NA	0
	Local NA	(4,400)
	Private NA	(1,960,900)
	Restricted NA	(1,876,100)
	GF/GP NA	(\$6,723,100)
2. Crime Victim's Rights Sustaining Grants Increase	Gross \$30,000,000	(\$4,000,000)
Executive includes \$20.0 million GF/GP to offset a projected shortfall in the state restricted Crime Victim's Rights fund and federal Victims of Crime Act (VOCA) funding. Senate includes \$100 GF/GP placeholder. House reduces funding by \$4.0 million GF/GP.	GF/GP \$30,000,000	(\$4,000,000)
3. Tobacco Prevention and Smoking Cessation Increase	FTE 33.0	0.0
Executive includes \$22.9 million Gross (\$1.5 million GF/GP) and an additional 7.0 FTEs to support smoking prevention programs such as cancer screenings, free nicotine quit kits, and cessation counseling services as well as anti-smoking campaigns. Programming would be largely funded by revenues from a new tax on vaping and other nicotine products. Senate includes \$100 GF/GP placeholder. House does not include.	Gross \$23,076,100	\$0
	Federal 14,630,600	0
	Private 700,000	0
	Restricted 1,661,900	0
	GF/GP \$6,083,600	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Essential Local Public Health Services for Youth		Gross	\$117,662,000
<u>Executive</u> includes \$11.1 million in local funding authorization to align vision and hearing screening service levels with School Aid Act Appropriations for schools and Child and Adolescent Health Centers. <u>Senate</u> concurs with the Executive. <u>House</u> does not include.		Local	46,392,700
		GF/GP	\$71,269,300
			\$0
5. Statewide Paramedic Competency Exam		FTE	NA
<u>Executive</u> includes \$3.1 million GF/GP and an additional 6.0 FTEs to implement a statewide paramedic competency exam as required by PA 48 of 2024. <u>Senate</u> includes \$1.1 million and an additional 6.0 FTEs. <u>House</u> does not include.		Gross	NA
		GF/GP	NA
			\$0
6. Detroit Trauma Recovery Pilot		Gross	NA
<u>Senate</u> includes \$2.0 million GF/GP to continue a 3-year trauma recovery center pilot in Detroit. In FY 2024-25, \$4.0 million GF/GP was allocated on a one-time basis. <u>House</u> does not include.		GF/GP	NA
			\$0
7. Domestic Violence and Sexual Assault Services		Gross	NA
<u>Senate</u> includes \$4.0 million GF/GP to support domestic violence and sexual assault services provided by the Kalamazoo YWCA. Of the above funding, \$1.5 million GF/GP shall be allocated to support maternal and child health programs. <u>House</u> does not include.		GF/GP	NA
			\$0
8. Child Advocacy Center - Supplemental Grants Increase		Gross	\$2,000,000
<u>Senate</u> includes \$6.0 million GF/GP increase to support child advocacy centers. In FY 2024-25, \$2.0 million GF/GP was allocated on an ongoing basis along with \$2.0 million GF/GP on a one-time basis. <u>House</u> includes \$4.0 million GF/GP.		GF/GP	\$2,000,000
			\$4,000,000
9. Community Health Screenings		Gross	NA
<u>Senate</u> includes \$5.0 million GF/GP to provide free chest CT scans to underserved populations. <u>House</u> does not include.		GF/GP	NA
			\$0
10. Community Violence Intervention Grants		FTE	8.9
<u>Senate</u> includes \$5.0 million GF/GP to support community-based violence prevention programming. In FY 2024-25, \$800,000 GF/GP was allocated as ongoing funding along with 2.0 FTEs for the central Office of Community Violence along with \$6.0 million for CVI programming on a one-time basis. <u>House</u> realizes a savings of \$7.1 million Gross (\$1.3 million GF/GP) as a result of aligning appropriations for the line with current year spending levels. Eliminates the Office of Community Violence.		Gross	14,062,100
		Federal	12,620,000
		GF/GP	1,442,100
			(1.8)
			(\$7,062,100)
			(5,790,000)
			(\$1,272,100)
11. Public Safety and Violence Prevention Fund		Gross	NA
<u>House</u> includes an increase of \$3.0 million in restricted fund authorization from the Public Safety and Violence Prevention Fund in HB 4261. \$1.5 million is added to the Crime Victim's Rights Fund, and \$1.5 million is added as grants to local units of government for community violence intervention.		Restricted	NA
		GF/GP	NA
			\$3,000,000
			3,000,000
			\$0
12. Meals on Wheels Increase		Gross	\$50,004,200
<u>Senate</u> includes \$1.3 million GF/GP to increase funding for meals for seniors. <u>House</u> does not include.		Federal	37,107,000
		Private	300,000
		GF/GP	\$12,597,200
			\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change	
13. Public Health Line-Item Reduction Savings		Gross	\$43,087,000	(\$34,556,100)
<u>House</u> realizes a savings of \$34.6 million GF/GP as a result of the elimination and/or reduction of the following lines:		Federal	8,530,900	0
		GF/GP	\$34,556,100	(\$34,556,100)
<ul style="list-style-type: none">Eliminate Cellular Therapy for Versiti Michigan – \$750,000 GF/GP.Eliminate Community Health Programs – \$17.5 million GF/GP.Eliminate Drinking Water Declaration of Emergency – \$4.3 million GF/GP.Reduce Family Planning and Local Agreements – \$7.3 million GF/GP.Eliminate Senior Volunteer Service Program – \$4.8 million GF/GP.				
14. Boilerplate Savings		FTE	2.0	(2.0)
<u>House</u> realizes a savings of \$5.8 million Gross (\$5.2 million GF/GP) and reduces FTE authorization by 2.0 FTEs as a result of striking multiple boilerplate sections within the Public Health space for the following programs:		Gross	\$5,664,000	(\$5,664,000)
		TANF	500,000	(500,000)
<ul style="list-style-type: none">\$5.0 million GF/GP and a 2.0 FTEs for Perinatal Quality Collaboratives.\$500,000 TANF revenue to provide car seats for newborn infants.		GF/GP	\$5,164,000	(\$5,164,000)
15. Senate One-Time Items		Gross	NA	\$0
<u>Senate</u> includes \$31.4 million GF/GP for the following programs:		GF/GP	NA	\$0
<ul style="list-style-type: none">Menopause Initiatives – \$2.5 million GF/GP.Uterine Fibroid Study – \$250,000 GF/GP.Medical Debt Relief – \$5.0 million GF/GPReproductive Health Access Grants – \$10.0 million GF/GP.Yes Rx – \$3.0 million GF/GPGenesee County United Way SDOH – \$3.0 million GF/GP.Air Quality Data Sensor Pilot – \$100,000 GF/GPOur Own Wallstreet – \$250,000 GF/GPHispanic Maternal Mortality Study – \$100 GF/GP placeholder.Mi Nurses Foundation Scholarships – \$3.0 million GF/GPWayne State University Psychiatric Nurse Practitioner Program – \$1.3 million GF/GPNational Council of Dementia Minds – \$100 GF/GP placeholder.My Community Dental Centers Equipment Funding – \$100 GF/GP placeholder.Female Liver Screening – \$1.0 million GF/GP.America's Community Council Primary Care Clinic – \$2.0 million GF/GP.				
<u>House</u> does not include.				
16. Removal of FY 2024-25 One-Time Appropriations		Gross	\$46,510,000	(\$46,510,000)
<u>Executive</u> removes \$46.5 million GF/GP of one-time funding for 16 items that were included in the FY 2024-25 budget. Any funding retained into FY 2025-26 is noted elsewhere. <u>Senate</u> and <u>House</u> concur.		GF/GP	\$46,510,000	(\$46,510,000)
17. Economic Adjustments		Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$1.5 million Gross (\$721,200 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs. <u>House</u> does not include.		IDG	NA	0
		Federal	NA	0
		Local	NA	0
		Private	NA	0
		Restricted	NA	0
		GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Executive Boilerplate Deletions

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

GENERAL SECTIONS

Sec. 204. State Administrative Board Transfers – NEW

House allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 205/206. Purchase of Foreign Goods and Services – RETAINED

Prohibits department from purchasing foreign goods and services if competitively priced American goods or services of comparable quality are available; requires preference for goods and services manufactured by Michigan businesses and their associated subcontractors and manufactured or provided by Michigan businesses owned and operated by veterans. Executive retains. Senate revises to add subsection requiring preference for goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Geographically-Disadvantaged Business Enterprises – DELETED

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

Sec. 210/221. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$100 million, state restricted authorization by up to \$50 million, local authorization by up to \$30 million, and private authorization by up to \$45 million; prohibits increasing TANF authorization through the legislative contingency transfer process. House revises down the authorization amounts.

Sec. 213. Unenforceable Boilerplate Sections Report – NOT INCLUDED

Senate requires DHHS to report to standard report recipients on any boilerplate sections deemed unenforceable. House does not include.

Sec. 214. Federal Policy Change Report – NOT INCLUDED

Senate requires DHHS to report quarterly to standard report recipients any federal policy changes that affect the department, those that engage with the department, related regulations, or create a regulatory gap with a potential negative public impact. House does not include.

Sec. 215. Severance Reporting – NEW

House requires DHHS to report details of severance pay for certain departmental employees.

Sec. 216. In-Person Work Prioritization – NEW

House requires DHHS to prioritize in-person work 5 days a week for its workforce, post related policies; annually report on remote work hours and in-person work hours; and require employee badge scanning information be made available to the legislature.

Sec. 218. E-Verify – NEW

House requires departmental contractors and subcontractors to use the E-Verify system to certify personnel are legally authorized to work in the United States and requires the department to report on implementation.

Sec. 219/255. Contract with Michigan Public Health Institute and Reports – REVISED

Allows DHHS to contract for up to a 1-year period with the Michigan Public Health Institute for public health projects and related activities; requires semiannual reports on each funded project; and requires DHHS to semiannually provide copies of all reports, studies, and publications produced by the Institute from prior fiscal year DHHS funding. House revises to prohibit contracting with MHPH for the purpose of performing the department's regulatory, disciplinary, or administrative duties.

Sec. 219. U.S. Citizenship Requirement – NEW

House prohibits DHHS from using state or federal funds to provide services to non-US citizens, except for qualified aliens under federal law. Excludes actions for the purpose of detaining non-U.S. citizens from this prohibition.

Sec. 225. Internet Posting of Reports – NOT INCLUDED

Senate requires DHHS to conspicuously post each report required by boilerplate by the report's due date on the department's Michigan.gov website. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 225. Department Scorecard – NEW

House requires DHHS to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance and to update quarterly.

Sec. 226. Court Approved Judgment Cap – NEW

House prohibits departmental funds from being used to pay a court-approved judgment more than \$200,000, unless authorized elsewhere.

Sec. 227. Private and Other Third-Party Funds Disclosure Report – NEW

House requires DHHS to disclose private and other third-party funds received in the previous fiscal year.

Sec. 228. Prohibition on DEI Programs – NEW

House prohibits DHHS from using state funds on diversity, equity, and inclusion initiatives as defined in various federal Executive Orders.

Sec. 229. General Fund Expenditure Restrictions – NOT INCLUDED

Senate prohibits DHHS from expending general fund if federal or private funding are available for the same expenditures, requires the department to notify standard report recipients if a reduction in departmental expenditures is necessary. House does not include.

Sec. 250/217. Single Recipient Grants – REVISED

Requires that for any grant program or project funded in part 1 intended for a single recipient organization or local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless it can fully validate, through information detailed in this section and outline departmental process for review and execution of grants. Also includes reporting requirements. Executive deletes. Senate revises to further define eligible grant recipients and requirements. House revises by limiting eligible grant recipients and revising auditing requirements.

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

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

PUBLIC HEALTH

Sec. 1157. Child Advocacy Centers – Supplemental Grants – REVISED

Requires \$2.0 million funding for child advocacy centers be allocated as supplemental grants for operations and to increase services to victims and their families; directs DHHS to set an allocation formula in consultation with Children's Advocacy Centers of Michigan (CAC-MI) and includes base funding for each program. Senate revises by increasing allocated amount to \$8.0 million. House revises by increasing allocated amount to \$6.0 million and requires DHHS to provide a report on funding allocations to child advocacy centers.

Sec. 1158. Crime Victims' Rights Sustaining Grants – REVISED

Allocates \$29.9 million to supplement the loss of federal victims of crime act and state crime victim rights funding; directs DHHS to distribute funds consistent with the regular allocation formula used for crime victim justice assistance grants and crime victim rights service grants. Executive revises by increasing allocated amount to \$49.9 million. Senate revises by adding \$100 placeholder to current year funding. House revises by adjusting allocated amount to \$25.9 million and adjusts distribution formula.

Sec. 1160. Crime Victim Grants Reporting – NEW

House requires DHHS to provide a report detailing the distribution of crime victim rights justice assistance grants, crime victim rights services grants, and crime victim rights sustaining grants from the previous fiscal year along with the name of the agencies that received funding.

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

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

Major Boilerplate Changes from FY 2024-25

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

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. Executive deletes. Senate and House retain.

Sec. 1303. Family Planning and Local Agreements Funding Restriction – NEW

House prohibits DHHS from contracting with organizations that provide abortion services; prohibits organizations that contract from DHHS from subcontracting with agencies that provide abortion services.

Sec. 1317. Immunization Waiver Accessibility – NEW

House requires DHHS to make certified non-medical waivers for required immunizations available on their website; prohibits DHHS from requiring in-person appointments and educational classes to receive certified non-medical waivers.

Sec. 1403. Palliative Care Advisory Task Force – NOT INCLUDED

Senate directs DHHS to implement a Palliative Care Advisory Task Force to complete the following: provide definition of palliative care, conduct research, recommend provisions for expansion of palliative care, develop program metrics, collaborate to improve services, public engagement strategies, and identify capacity; requires report. House does not include.

FY 2025-26: DHHS – HUMAN SERVICES
Summary: Proposed House Substitute
Article 6C, House Bill 4706 (H-1)



Analysts: Sydney Brown and Cassidy Uchman

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$9,516,300	\$9,495,900	\$9,495,900	\$8,460,900	(\$1,055,400)	(11.1)
Federal	5,847,728,800	5,340,881,100	5,338,195,500	4,811,866,400	(1,035,862,400)	(17.7)
Local	52,653,500	64,197,800	62,154,100	51,880,100	(773,400)	(1.5)
Private	11,723,400	11,578,000	11,578,000	8,245,100	(3,478,300)	(29.7)
Restricted	71,302,100	118,410,800	128,410,800	71,576,500	274,400	0.4
GF/GP	1,254,005,300	1,392,182,200	1,377,746,400	1,221,950,900	(32,054,400)	(2.6)
Gross	\$7,246,929,400	\$6,936,745,800	\$6,927,580,700	\$6,173,979,900	(\$1,072,949,500)	(14.8)
FTEs	10,897.3	11,076.3	10,899.3	9,500.0	(1,397.3)	(12.8)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
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COMMUNITY SERVICES AND OUTREACH

1. TANF GF/GP Swap

Executive includes \$6.2 million GF/GP to replace TANF within the diaper assistance program, foster care suitcases, and newborn car seats initiatives. The use of GF/GP in these programs would allow for greater flexibility in spending by the department and expanded access to services. Senate concurs with the Executive but does not include the \$5.2 million GF/GP swap for the diaper assistance program. House does not include.

Gross	NA	\$0
TANF	NA	0
GF/GP	NA	\$0

2. Assistance Programs – TANF Increase

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

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

Senate concurs with the Executive, but does not include the \$5.0 million TANF and 1.0 FTEs for responsible fatherhood programming. House does not include.

FTE	187.7	0.0
Gross	NA	\$0
TANF	NA	0
GF/GP	NA	\$0

3. Permanent Supportive Housing

Senate includes \$10.0 million GF/GP for supportive housing services and to build administrative capacity to seek Medicaid reimbursement for eligible services. House does not include.

Gross	NA	\$0
GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Shelter Per Diem Rate Increase	Gross	NA	\$0
<u>Senate</u> includes \$5.0 million TANF to increase the per diem rate for the emergency shelter program from \$19 to \$24. <u>House</u> does not include.		NA	0
	TANF	NA	\$0
	GF/GP	NA	\$0
5. Nazarene Community Housing	Gross	NA	\$0
<u>Senate</u> includes \$1.0 million GF/GP for capital costs to convert structures into emergency housing for women, children, and parolees. <u>House</u> does not include.		NA	\$0
	GF/GP	NA	\$0
6. Youth Homeless Protection Council	Gross	NA	\$0
<u>Senate</u> includes \$1.0 million GF/GP to support the activities of a Youth Homeless Protection Council. <u>House</u> does not include.		NA	\$0
	GF/GP	NA	\$0
7. Senate One-Time Items	Gross	NA	\$0
<u>Senate</u> includes \$3.2 million GF/GP for the following:		NA	\$0
<ul style="list-style-type: none"> Chaldean Community Foundation Housing Project – \$2.0 million GF/GP. Food Pantry Grants – \$1.0 million GF/GP. Diaper Assistance Procurement Implementation – \$185,800 GF/GP. 			
<u>House</u> does not include.			
8. FTE Authorization Adjustments	FTE	237.7	(24.6)
<u>House</u> reduces various line items by \$3.2 million Gross (\$913,300 GF/GP) and 24.6 FTE positions to align FTE authorization with April 2025 actuals. FTE reductions include:		NA	(\$3,198,000)
<ul style="list-style-type: none"> Child support enforcement operations – 9.7 FTEs. State disbursement unit – 2.0 FTEs. Bureau of community services and outreach – 8.4 FTEs. Community services and outreach administration – 4.5 FTEs. 		NA	(11,900)
	TANF	NA	(2,272,800)
	Federal	NA	(\$913,300)
	GF/GP	NA	
9. Community Services and Outreach Line-Item Reductions	FTE	1.0	0.0
<u>House</u> reduces \$9.9 million Gross (\$5.5 million GF/GP) as a result of the elimination or reduction of the following programs:		\$43,358,500	(\$9,854,400)
<ul style="list-style-type: none"> Eliminate School Success Partnership Program – \$1.5 million TANF. Eliminate Kids Food Basket – \$525,000 GF/GP. Eliminate Senior University – \$400,000 GF/GP. Reduce Homeless Programs – \$4.0 million GF/GP. Reduce Diaper Assistance Grant – \$3.4 million Gross (601,100 GF/GP). 		23,389,800	(4,328,300)
	TANF	3,613,900	0
	Federal	\$16,354,800	(\$5,526,100)
	GF/GP		
10. Federal Authorization Adjustments	FTE	11.0	0.0
<u>House</u> realizes a savings of \$20.0 million Federal as a result of reducing authorization for federal funds in the following lines:		\$198,453,300	(\$20,000,000)
<ul style="list-style-type: none"> Legal support contracts – \$10.0 million. Community Services Block Grant – \$5.0 million. Weatherization-IIJA – \$5.0 million. 		193,831,100	(20,000,000)
	Federal	\$4,622,200	\$0
	GF/GP		
CHILDREN'S SERVICES AGENCY – CHILD WELFARE			
11. FTE Authorization Adjustments	FTE	4,259.7	(739.5)
<u>House</u> includes a savings of \$96.6 million Gross (\$41.2 million GF/GP) as result of decreasing the authorized number of FTEs by 15% across multiple lines. <i>Note: Amount includes reduction of 58.0 FTE positions from the closure of the Shawono Center highlighted in Item 23.</i>		NA	(\$96,616,200)
		NA	(29,791,800)
	TANF	NA	(20,479,900)
	Federal	NA	(4,406,200)
	Local	NA	(669,500)
	Private	NA	(52,900)
	Restricted	NA	(\$41,215,900)
	GF/GP	NA	

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
12. Child Welfare Caseload Adjustments	Gross	\$861,186,300	\$64,082,700
<u>Executive</u> increases funding for child welfare programs by \$56.6 million Gross (\$64.4 million GF/GP) as follows:	TANF	72,665,900	(771,100)
• Adoption Subsidies is reduced \$7.4 million Gross (\$1.2 million GF/GP).	Federal	211,630,600	677,000
• Child care fund is increased \$48.4 million Gross (\$45.1 million GF/GP).	Local	40,687,800	4,769,200
• Foster Care Payments is increased \$15.5 million Gross (20.7 million GF/GP).	Private	1,503,300	(276,400)
• Guardianship Assistance Program is increased by \$56,400.	Restricted	3,615,800	156,500
Amount includes \$347,200 GF/GP reduction from changes in the FY 2025-26 FMAP to 65.30%.	GF/GP	\$531,082,900	\$59,527,500
<u>Senate</u> concurs with all except for the following change to the Child Care Fund Line:			
• Child care fund is increased \$23.4 million Gross (\$23.0 million GF/GP).			
<u>House</u> increases funding by \$64.1 million Gross (\$59.5 million GF/GP) based on May caseload estimates as follows:			
• Adoption Subsidies is increased \$1.1 million Gross (\$3.1 million GF/GP).			
• Child care fund is increased \$21.5 million Gross (\$31.7 million GF/GP).			
• Foster Care Payments is increased \$41.1 million Gross (40.7 million GF/GP).			
• Guardianship Assistance Program is increased by \$416,000 Gross (\$41,300 GF/GP reduction)			
Amount includes \$347,200 GF/GP reduction from changes in the FY 2025-26 FMAP to 65.30%.			
13. Kinship Support Services	FTE	NA	0.0
<u>Executive</u> includes \$24.4 million Gross (\$22.6 million GF/GP) and authorizes an additional 157.0 FTEs to fund programming that supports foster children and the relatives that care for them. Funds would be used to support the Kinship Advisory Council, Kinship Support Program in partnership with Michigan State University, kinship activities for family bonding, and family finding specialists. Amount includes \$471,000 Gross (\$428,600 GF/GP) for IT costs. <u>Senate</u> and <u>House</u> do not include.	Gross	NA	\$0
	Federal	NA	0
	GF/GP	NA	\$0
14. Foster Home Array and Permanency Planning	FTE	NA	0.0
<u>Executive</u> includes \$13.3 million Gross (\$11.2 million GF/GP) and authorizes an additional 22.0 FTEs to support foster parent recruitment efforts, community reintegration for youth exiting foster care, expanding enhanced treatment foster care services, and increase the Family Incentive Grant to address continued safety issues. <u>Senate</u> concurs with the Executive on funding for a Family Incentive Grant increase and includes the following:	Gross	NA	\$0
• \$100 GF/GP placeholder for foster parent recruitment.	Federal	NA	0
• \$100 GF/GP placeholder for expansion of enhanced treatment foster care services.	GF/GP	NA	\$0
• \$100 GF/GP placeholder to support child welfare licensing staff and training.			
• \$100 GF/GP placeholder for the Team Decision Making model.			
<u>House</u> does not include.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
15. Adoption Support Investment	Gross	NA	\$0
<u>Executive</u> includes \$17.5 million Gross (\$12.7 million GF/GP) to support efforts to improve access to behavioral health supports for adopted children. Amount includes \$5.1 million Gross (\$1.2 million GF/GP) to account for increases in medical subsidies expenditures. <u>Senate</u> includes \$1.5 million GF/GP to support an increase to medical subsidies as well as \$980,000 Gross (\$785,200 GF/GP) to increase adoption rates. <u>House</u> does not include.	Federal	NA	0
	GF/GP	NA	\$0
16. Foster Youth Benefits	Gross	\$0	\$0
<u>Executive</u> includes an increase of \$3.5 million GF/GP to offset the loss of federal funds from federal benefits such as Supplemental Security Income (SSI). Currently, federal benefits are used to fund the child's care while they are in foster care. Funds will now be set aside for the youth to use as they transition out of foster care. <u>Senate</u> concurs with the Executive. <u>House</u> does not include.	Restricted	3,615,800	\$0
	GF/GP	(\$3,615,800)	\$0
17. Independent Living Plus Rate Increase	Gross	NA	\$0
<u>Executive</u> includes \$2.0 million Gross (\$1.9 million GF/GP) to fund a 20% increase to the Independent Living Plus per diem rates for both Staff-Supported Housing from \$210.25 to \$252.30 and the Host Home rate from \$99.21 to \$119.05. <u>Senate</u> includes \$100 GF/GP placeholder. <u>House</u> does not include.	GF/GP	NA	\$0
18. Indian Child Welfare Act Foster Care Rate Increase	Gross	NA	\$0
<u>Executive</u> includes \$325,700 Gross (\$261,000 GF/GP) to fund a \$10.02 increase to the add-on rate paid to child placing agencies. Currently, child placing agencies receive an add-on rate of \$2.50 for Indian foster youth in addition to the general administrative per diem of \$60.20. The add-on rate is required for the state to remain in compliance with the Indian Child Welfare Act of 1978. <u>Senate</u> includes \$100 GF/GP placeholder. <u>House</u> does not include.	GF/GP	NA	\$0
19. Foster Care Aging-Out Assistance Pilot	Gross	NA	\$0
<u>Senate</u> includes \$2.5 million GF/GP to support 1,000 youth transitioning out of the child welfare system. <u>House</u> does not include.	GF/GP	NA	\$0
20. Foster Care Emergent Needs	Gross	\$50,000	\$0
<u>Senate</u> includes \$25,000 GF/GP to increase funding for caseworkers to access in order to provide urgent need items to children in foster care. In FY 2024-25, \$50,000 GF/GP was allocated for emergent needs on an ongoing basis. <u>House</u> does not include. <u>House</u> does not include.	GF/GP	\$50,000	\$0
21. Caseworker Mental Health	Gross	NA	\$1,000,000
<u>House</u> includes \$1.0 million GF/GP to fund programming and services for child welfare caseworkers and supervisors.	GF/GP	NA	\$1,000,000
22. GF/TANF Fund Swap	Gross	NA	\$0
<u>House</u> includes a \$14.4 million TANF increase to offset a GF/GP reduction in the Children's Services unit. State funds will be used to support FTE costs in the Public Assistance unit.	TANF	NA	14,416,700
	GF/GP	NA	(\$14,416,700)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
23. Juvenile Justice Operations	FTE	NA	(58.0)
<u>Executive</u> includes \$12.8 million Gross (\$6.2 million GF/GP) and authorizes an additional 62.0 FTEs for the following juvenile justice investments:	Gross	NA	(\$2,588,100)
	Federal	NA	(180,900)
	Local	NA	(3,802,000)
	GF/GP	NA	\$1,394,800
<ul style="list-style-type: none"> Bay Pines Operations: \$4.1 million Gross (\$2.0 million GF/GP) and an additional 4.0 FTEs. Juvenile Justice Programmatic Improvements: \$6.5 million GF/GP and an additional 5.0 FTEs. New Michigan Youth Treatment Center: \$16.1 million Gross (\$7.6 million GF/GP) and an additional 111.0 FTEs. Shawono Closure: \$7.6 million Gross (\$3.6 million GF/GP) savings and reduction of 58.0 FTEs. Foster Care savings: \$6.4 million GF/GP savings. 			
<u>Senate</u> concurs with the Executive on all but the following:			
<ul style="list-style-type: none"> Juvenile Justice Programmatic Improvements: \$100 GF/GP placeholder. Bay Pines Operations: \$100 GF/GP placeholder 			
<u>House</u> includes a savings of \$2.6 million Gross (\$1.4 million GF/GP increase) for the following:			
<ul style="list-style-type: none"> Shawono Closure: \$7.6 million Gross (\$3.6 million GF/GP) savings and reduction of 58.0 FTEs. Juvenile Justice Residential bed capacity expansion: \$5.0 million GF/GP. 			
24. Senate One-Time Items	Gross	NA	\$0
<u>Senate</u> includes \$2.8 million for the following:	GF/GP	NA	\$0
<ul style="list-style-type: none"> FACT Community Hubs – \$2.0 million GF/GP. Family Match Software Pilot – \$750,000 GF/GP. 			
<u>House</u> does not include.			
PUBLIC ASSISTANCE / LOCAL OFFICE OPERATIONS			
25. Michigan Energy Assistance Program	Gross	\$50,000,000	\$0
<u>Executive</u> includes a total of \$75.0 million Gross (\$25.0 million GF/GP) for energy assistance services for low-income residents. Amount includes:	Restricted	50,000,000	0
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> \$50.0 million from the Low-income energy assistance fund (LIEAF) and its associated new revenue from PA 168 and 169 of 2024. \$25.0 million GF/GP on a one-time basis. 			
<u>Senate</u> concurs with the Executive, but does not include the additional one-time funding. <u>House</u> does not include.			
26. Water Affordability	Gross	\$10,000,000	(\$10,000,000)
<u>Executive</u> continues a total of \$7.0 million GF/GP (\$1.0 million ongoing; \$6.0 million one-time) to support water affordability efforts, including paying water arrearages, shut off notices, and subsidizing other water affordability programs. Program received \$10.0 million GF/GP in FY 2024-25 on a one-time basis. <u>Senate</u> includes a total of \$13.0 million GF/GP (\$7.0 million ongoing; \$6.0 million one-time). <u>House</u> does not continue funding.	GF/GP	\$10,000,000	(\$10,000,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
27. Public Assistance Caseload Adjustments		Gross	\$4,182,176,700 (\$523,357,100)
<u>Executive</u> includes a net reduction of \$519.8 million Gross (\$1.7 million GF/GP) for current year and FY 2025-26 caseload adjustments for the Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI). The Gross reduction is primarily from a decrease in federal FAP authorization in the current year. Caseload changes include: <ul style="list-style-type: none"> FAP – reduction of \$518.6 million Federal. SDA – reduction of \$1.1 million Gross (\$1.5 million GF/GP). SSI – reduction of \$62,800 GF/GP. <u>Senate</u> concurs with the Executive. <u>House</u> includes a net reduction of \$523.4 million Gross (\$1.6 million GF/GP) based on May caseload estimates. Caseload changes include: <ul style="list-style-type: none"> FIP – reduction of \$4.3 million Gross (\$355,100 GF/GP). FAP – reduction of \$518.6 million Federal. SDA – reduction of \$415,700 Gross (\$983,500 GF/GP). SSI – reduction of \$97,200 GF/GP. 	TANF	90,370,200	(3,351,000)
	Federal	4,013,660,000	(518,591,700)
	Restricted	14,785,700	214,200
	GF/GP	\$63,360,800	(\$1,628,600)
28. Family Impact Teams		Gross	NA (\$26,143,300)
<u>Executive</u> includes a net increase of \$390,000 Gross (\$0 GF/GP) for statewide expansion of Family Impact Teams. Funds will be used to embed public assistance local office staff in child welfare services to support families in applying for public assistance and accessing other resources. Amount includes a reduction of \$26.6 million Gross (\$11.3 million GF/GP) and a net reduction of 12.0 FTEs from the elimination of the Pathways to Potential program. <u>Senate</u> includes \$100 GF/GP placeholder. <u>House</u> realizes a savings of \$26.1 million Gross (11.0 million GF/GP) and a reduction of 231.0 FTEs by eliminating the Pathways to Potential line-item, but does not include funding for Family Impact Teams.	FTE	NA	(231.0)
	IDG/IDT	NA	(739,800)
	TANF	NA	(2,754,600)
	Federal	NA	(11,626,900)
	GF/GP	NA	(\$11,022,000)
29. Prenatal and Infant Support Program Expansion		Gross	\$20,000,000 (\$20,000,000)
<u>Senate</u> adds \$58.0 million Gross (\$48.0 million GF/GP) to expand the Rx Kids program to additional areas of the state. <u>House</u> removes \$20.0 million TANF to eliminate the program.	TANF	20,000,000	(20,000,000)
	Restricted	0	0
	GF/GP	\$0	\$0
30. Kinship Care Supplemental		Gross	NA \$5,000,000
<u>House</u> includes \$5.0 million TANF for annual supplemental payments to FIP-eligible children being cared for by relatives outside of the formal foster care system.	TANF	NA	5,000,000
	GF/GP	NA	\$0
31. Food Assistance Program – Error Rate Contingency		Gross	\$4,018,370,000 (\$333,528,900)
<u>House</u> removes \$333.5 million federal in line with the Fiscal Year 2024 food assistance program payment error rate of 9.53%. Holds authorization in contingency. Sec. 674 is related boilerplate.	Federal	4,013,660,000	(333,528,900)
	Restricted	4,517,200	0
	GF/GP	\$192,800	\$0
32. FTE Authorization Adjustments		Gross	NA (\$49,946,000)
<u>House</u> reduces various line items by \$49.9 million Gross (\$13.8 million GF/GP) and 384.2 FTE positions to align FTE authorization with April 2025 actuals. FTE reductions include: <ul style="list-style-type: none"> Administrative support workers – 103.1 FTEs. Adult services local office staff – 42.1 FTEs. Donated funds positions – 57.2 FTEs. Local office policy and administration – 5.3 FTEs. Public assistance local office staff – 57.3 FTEs. Disability determination operations – 119.2 FTEs. 	FTE	6,133.8	(384.2)
	IDG	NA	(315,600)
	TANF	NA	(2,816,000)
	Federal	NA	(29,362,700)
	Local	NA	(1,112,300)
	Private	NA	(2,532,400)
	Restricted	NA	(700)
	GF/GP	NA	(\$13,806,300)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
33. Public Assistance / Local Office Line-Item Reduction Savings	FTE	18.0	(18.0)
<u>House</u> realizes a savings of \$62.8 million Gross (\$6.5 million GF/GP) and a reduction of 18.0 FTEs as a result of the elimination or reduction of the following programs:	Gross	\$137,418,000	(\$62,810,100)
	TANF	80,670,200	(23,000,000)
	Federal	33,265,900	(33,265,900)
	Restricted	8,833,000	0
	GF/GP	\$14,648,900	(\$6,544,200)
<ul style="list-style-type: none"> Eliminate Nutrition education – \$33.0 million Federal (2.0 FTEs). Eliminate Food assistance reinvestment – \$3.8 million GF/GP (16.0 FTEs). Eliminate SSI advocacy legal services grant – \$975,000 GF/GP. Eliminate Elder Law of Michigan MiCAFE contract – \$450,000 Gross (\$225,000 GF/GP). Reduce Family independence program – \$20.0 million TANF. Reduce Family independence program – Child Supplemental Payment – \$3.0 million TANF. Reduce Indigent burial – \$1.6 million GF/GP. 			
34. Removal of FY 2024-25 One-Time Appropriations	Gross	\$35,598,000	(\$35,598,000)
<u>Executive</u> removes \$35.6 million GF/GP of one-time funding for 11 items that were included in the FY 2024-25 budget. Any funding retained into FY 2025-26 is noted elsewhere. <u>Senate</u> and <u>House</u> concur.	GF/GP	\$35,598,000	(\$35,598,000)
35. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$22.0 million Gross (\$14.8 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs. <u>House</u> does not include.	IDG	NA	0
	Federal	NA	0
	Local	NA	0
	Private	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Executive Boilerplate Deletions

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

GENERAL SECTIONS

Sec. 204. State Administrative Board Transfers – NEW

House allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 205/206. Purchase of Foreign Goods and Services – RETAINED

Prohibits department from purchasing foreign goods and services if competitively priced American goods or services of comparable quality are available; requires preference for goods and services manufactured by Michigan businesses and their associated subcontractors and manufactured or provided by Michigan businesses owned and operated by veterans. Executive retains. Senate revises to add subsection requiring preference for goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Geographically-Disadvantaged Business Enterprises – DELETED

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

Sec. 210/221. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$100 million, state restricted authorization by up to \$50 million, local authorization by up to \$30 million, and private authorization by up to \$45 million; prohibits increasing TANF authorization through the legislative contingency transfer process. House revises down the authorization amounts.

Major Boilerplate Changes from FY 2024-25

Sec. 213. Unenforceable Boilerplate Sections Report – NOT INCLUDED

Senate requires DHHS to report to standard report recipients on any boilerplate sections deemed unenforceable. House does not include.

Sec. 214. Federal Policy Change Report – NOT INCLUDED

Senate requires DHHS to report quarterly to standard report recipients any federal policy changes that affect the department, those that engage with the department, related regulations, or create a regulatory gap with a potential negative public impact. House does not include.

Sec. 215. Severance Reporting – NEW

House requires DHHS to report details of severance pay for certain departmental employees.

Sec. 216. In-Person Work Prioritization – NEW

House requires DHHS to prioritize in-person work 5 days a week for its workforce, post related policies; annually report on remote work hours and in-person work hours; and require employee badge scanning information be made available to the legislature.

Sec. 218. E-Verify – NEW

House requires departmental contractors and subcontractors to use the E-Verify system to certify personnel are legally authorized to work in the United States and requires the department to report on implementation.

Sec. 219/255. Contract with Michigan Public Health Institute and Reports – REVISED

Allows DHHS to contract for up to a 1-year period with the Michigan Public Health Institute for public health projects and related activities; requires semiannual reports on each funded project; and requires DHHS to semiannually provide copies of all reports, studies, and publications produced by the Institute from prior fiscal year DHHS funding. House revises to prohibit contracting with MHPI for the purpose of performing the department's regulatory, disciplinary, or administrative duties.

Sec. 219. U.S. Citizenship Requirement – NEW

House prohibits DHHS from using state or federal funds to provide services to non-US citizens, except for qualified aliens under federal law. Excludes actions for the purpose of detaining non-U.S. citizens from this prohibition.

Sec. 225. Internet Posting of Reports – NOT INCLUDED

Senate requires DHHS to conspicuously post each report required by boilerplate by the report's due date on the department's Michigan.gov website. House does not include.

Sec. 225. Department Scorecard – NEW

House requires DHHS to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance and to update quarterly.

Sec. 226. Court Approved Judgment Cap – NEW

House prohibits departmental funds from being used to pay a court-approved judgment more than \$200,000, unless authorized elsewhere.

Sec. 227. Private and Other Third-Party Funds Disclosure Report – NEW

House requires DHHS to disclose private and other third-party funds received in the previous fiscal year.

Sec. 228. Prohibition on DEI Programs – NEW

House prohibits DHHS from using state funds on diversity, equity, and inclusion initiatives as defined in various federal Executive Orders.

Sec. 229. General Fund Expenditure Restrictions – NOT INCLUDED

Senate prohibits DHHS from expending general fund if federal or private funding are available for the same expenditures, requires the department to notify standard report recipients if a reduction in departmental expenditures is necessary. House does not include.

Sec. 250/217. Single Recipient Grants – REVISED

Requires that for any grant program or project funded in part 1 intended for a single recipient organization or local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless it can fully validate, through information detailed in this section and outline departmental process for review and execution of grants. Also includes reporting requirements. Executive deletes. Senate revises to further define eligible grant recipients and requirements. House revises by limiting eligible grant recipients and revising auditing requirements.

Major Boilerplate Changes from FY 2024-25

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

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

COMMUNITY SERVICES AND OUTREACH

Sec. 453. Homeless Programs Per Diem Rate – RETAINED

Requires DHHS to maintain emergency shelter program per diem rates at \$19.00 per night; requires report. Executive retains. Senate revises by requiring a per diem rate of \$24.00 per night. House retains current year language.

Sec. 458. Homeless Shelter Data – RETAINED

Directs DHHS to require any entities receiving direct or indirect state funds for homeless programs to report data to a Homeless Management Information system. Executive deletes. Senate and House retain.

Sec. 461. Permanent Supportive Housing – NEW

Senate allocates \$10.0 million to expand supportive housing services and establishes program criteria; limits grants for administrative capacity building to no more than 8% of funds; allocates at least 1% of funds to the Corporation for Supportive Housing; designates unexpended funds as a work project appropriation. House does not include.

Sec. 464. Diaper Assistance Grants – REVISED

Allocates \$6.4 million to purchase diapering supplies in bulk and allocate those supplies to diaper assistance programs, maternity homes, local county offices, and other nonprofit agencies that distribute diapers free of charge; states requirements of eligibility; states requirements of distribution; requires report; designates unexpended funds as work project appropriation. Executive revises by requiring the funds to be allocated as grants, striking report, and striking requirement that unexpended funds be designated as work project appropriation. Senate revises by amending the tentative work project completion date from September 30, 2029 to September 30, 2030. House revises by adding requirement that funds be distributed in every county and striking work project provision.

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

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

Sec. 466. Runaway and Homeless Youth Grants – RETAINED

Allocates \$5.3 million to support program expansion; establishes methodology for allocating funding based on geographic coverage, population demographics, scope of services provided, and need; requires that provider agencies must provide continued infrastructure improvements and support for expanded staff, supervision, and training, and expansion of direct services for client stabilization; requires annual report. Executive deletes. Senate revises by deleting the allocation, methodology, and requirement to provide continued infrastructure improvements, staff supports, and direct services expansion. House retains current year language.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

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

Directs DHHS to review actuarially sound case rates for child welfare services by DHHS and private providers. Executive deletes. Senate and House retain.

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

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

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Restricts placement of children in out-of-state facilities unless specified criteria are met; requires report on number of children in out-of-state placements, costs of placements, per diems of residential facilities, and a list of each placement. House revises by requiring DHHS to visit out-of-state facilities prior to a child's placement or within the last 6 months, whichever is sooner.

Major Boilerplate Changes from FY 2024-25

Sec. 546. Foster Care Agency Administrative Rates – RETAINED

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. Executive revises by allowing for per diem to be less than \$60.20, establishes criteria for agencies not receiving incentive payment, increases independent living plus rate, increases independent living plus age limit from 19 to 26 years old, and strikes reporting requirements for providers. Senate revises by requiring that the department pay out administrative rates before incentive payments, increases independent living plus age limit from 19 to 26 years old, and retains reporting requirements. House retains current year language.

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

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

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial – REVISED

Provides reimbursements for final disposition of indigent persons; establishes maximum allowable reimbursements; accounts for religious preferences that prohibit cremation; establishes a time limit on applications for burial services; allows individuals to donate up to \$6,000.00 toward burial services; and requires a report. House revises by increasing maximum allowable reimbursement amounts.

Sec. 652. Soda and Candy Prohibition Waiver for Food Assistance – NEW

House requires DHHS to request a federal waiver to prohibit the use of food assistance program benefits to purchase soda or candy; defines soda and candy.

Sec. 673. Electronic Benefit Transfer Card Technology Updates – NEW

House requires DHHS to adopt chip card technology and other security updates for Michigan Bridge cards.

Sec. 674. Food Assistance Contingency Authorization – NEW

House reappropriates federal SNAP revenue removed from Part 1; establishes authorization contingency of \$333.5 million; and requires legislative transfer and report on efforts to lower the food assistance program error rate and reduce fraud, waste, and abuse in the food assistance program prior to expenditure.

Sec. 678. Annual FIP Young Child Supplement – REVISED

Provides for annual supplemental payments to FIP cases that include young children; allocates funds by 2 age categories, 0 through 5 and 6 through 13; establishes distribution methodology; and requires an annual report. Executive revises by establishing monthly payments, strikes age categories. Senate retains. House revises by allocating 70% of funds to children aged 0 through 5 and 30% of funds to children aged 6 through 13.

Sec. 686. Caseworker Public Assistance Policies – REVISED

Requires DHHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires confirmation of resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$200,000 from receiving assistance; and requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination. House revises by requiring that Healthy Michigan Plan redeterminations be conducted every six months.

LOCAL OFFICE OPERATIONS AND SUPPORT SERVICES

Sec. 804. Public Assistance Local Office Staff In-Person Work Requirement – NEW

House requires all Public Assistance Local Office staff to work in-person.

Sec. 825. Vehicle Repairs – REVISED

Provides for work-related transportation repairs and limits repair grants to \$2,000 per-year. House revises by limiting repair grants to \$1,000 per-year.

FY 2025-26: INSURANCE AND FINANCIAL SERVICES
Summary: Proposed House Substitute
Article 7, House Bill 4706 (H-1)



Analyst: Una Jakupovic

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$753,500	\$763,800	\$763,800	\$706,600	(\$46,900)	(6.2)
Federal	700,000	250,000	250,000	250,000	(450,000)	(64.3)
Local	0	0	0	0	--	--
Private	0	0	0	0	--	--
Restricted	77,167,900	79,241,800	77,037,800	72,452,500	(4,715,400)	(6.1)
GF/GP	0	0	0	0	--	--
Gross	\$78,621,400	\$80,255,600	\$78,051,600	\$73,409,100	(\$5,212,300)	(6.6)
FTEs	404.5	409.5	407.0	373.5	(31.0)	(7.7)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. FTE Reductions			
<u>House</u> includes reductions to FTE authorizations for the following line items:	FTE	NA	(31.0)
	Gross	NA	(\$4,185,000)
	IDG	NA	(41,200)
• Reduction of 4.0 FTEs and \$540,000 Gross for Department Services	Federal	NA	(450,000)
• Reduction of 9.0 FTEs and \$1.2 million Gross for Consumer Services and Protection	Restricted	NA	(3,693,800)
• Reduction of 10.0 FTEs and \$1.4 million Gross for Financial Institutions Evaluation	GF/GP	NA	\$0
• Reduction of 8.0 FTEs and \$1.1 million Gross for Insurance Evaluation.			
<u>Senate</u> does not include.			
2. Information Technology Reduction			
<u>House</u> includes a reduction of \$355,400 Gross for Information Technology Services and Projects. <u>Senate</u> does not include.	Gross	\$2,369,100	(\$355,400)
	IDG	25,200	(3,800)
	Restricted	2,343,900	(351,600)
	GF/GP	\$0	\$0
3. Property Management Reduction			
<u>House</u> includes a reduction of \$171,900 Gross for Property Management. <u>Senate</u> does not include.	Gross	\$1,389,100	(\$171,900)
	IDG	15,100	(1,900)
	Restricted	1,374,000	(170,000)
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Staffing Increases			
Executive includes \$849,200 in state restricted funding and authorization for 5.0 FTEs within three line items (Consumer Services and Protection, Insurance Evaluation, and Department Services) to support increased work volumes associated with the department's regulatory, enforcement, and consumer protection services. The positions would consist of the following: <ul style="list-style-type: none"> One PRIRA analyst responsible for reviewing appeals related to health care benefits One legal research specialist to support DIFS' implementation of state and federal legislative requirements One company market regulation analyst to support DIFS' efforts related to consumer protection and cybersecurity event mitigation One insurance investigation manager to support increased investigative work associated with growth in the number of licensed entities One technology services specialist to support DIFS' technology systems. Senate concurs in part with Executive. Senate includes funding and FTE authorization for 4.0 FTE positions (PRIRA analyst, legal research specialist, company market regulation analyst, and insurance investigation manager). Senate includes funding but no additional FTE authorization to support DIFS' technology systems. House does not include.	FTE	NA	0.0
	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
5. Attorney General Services			
Executive includes \$330,000 in state restricted authorization to support legal services provided by the Attorney General to align with growth in the number of civil and criminal case referrals by the department. Senate concurs with Executive. House does not include.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
6. Technical Adjustments			
Executive 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 align DIFS estimated expenditures and services. Includes a transfer of 1.0 FTE from the Insurance Evaluation line item to the Consumer Services and Protection line item. Senate concurs in part with Executive. Senate includes an overall funding reduction of \$2.2 million across the impacted line items and a reduction of 1.5 authorized FTEs. House does not include.	FTE	NA	0.0
	Gross	NA	\$0
	IDG	NA	0
	Restricted	NA	0
	Federal	NA	0
	GF/GP	NA	\$0
7. Removal of FY 2024-25 One-Time Appropriations			
Executive removes \$500,000 Gross (\$0 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following: <ul style="list-style-type: none"> Automobile Insurance Study (\$250,000 Gross) Insurance Complaints and Health Care Appeals Outreach Campaign (\$250,000 Gross). Senate and House concur with Executive.	Gross	\$500,000	(\$500,000)
	Restricted	500,000	(500,000)
	GF/GP	\$0	\$0
8. Economic Adjustments			
Executive reflects increased costs of \$955,000 Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. Senate concurs with Executive. House does not include.	Gross	NA	(\$0)
	IDG	NA	(0)
	Restricted	NA	(0)
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Note: Existing boilerplate section numbers listed in this document are section numbers as they appear in current law. New Senate boilerplate section numbers are section numbers as they appear in the Senate bill. New House boilerplate section numbers are section numbers as they appear in the House bill.

Sec. 205. Purchase of Foreign Goods – RETAINED

Prohibits purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to require giving preference to goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Communication with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law. Executive deletes. Senate and House retain.

Sec. 208. Hiring of External Legal Counsel – DELETED

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities or services authorized by attorney general. Executive and Senate retain. House deletes.

Sec. 209. General Fund Lapse Report – REVISED

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

Sec. 210. Contingency Authorization – RETAINED

Authorizes up to \$200,000 in federal and \$1.0 million in state restricted contingency funds to be appropriated should funds become available; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises to increase maximum amounts of federal contingency authorization by up to \$300,000 and state restricted authorization by up to \$5.0 million. Senate and House retain.

Sec. 211. Transparency Website – REVISED

Requires DIFS, in cooperation with DTMB, to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates. Executive and Senate retain. House revises to remove required information on number of employees, job specifications, and wage rates; requires the website to be updated quarterly.

Sec. 212. Restricted Funds Report – RETAINED

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

Sec. 215. Work Project Usage – RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project appropriations for the same purpose are exhausted. Executive deletes. Senate and House retain.

Sec. 216. Retention of Reports – RETAINED

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

Sec. 216. State Administrative Board Transfers – NEW

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive and Senate do not include. House includes the new language.

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

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. Senate and House retain.

Sec. 217. Severance Pay Reporting – NEW

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of DIFS employees receiving severance pay in FY 2024-25. Executive and Senate do not include. House includes the new language.

Sec. 218. In-Person Work – NEW

Requires DIFS to maximize efficiency of the state workforce and prioritize in-person work; requires field service employees to report to the office prior to beginning field work; requires DIFS to establish a policy and process to verify employees are working during business hours; requires DIFS to provide information on employee badge scanning when requested by a legislator. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 219. Grant Requirements – NEW

Requires that all grants be provided only to entities that have been established for over 36 months and have had an office in the state or service area for at least 12 months; requires all grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires DIFS to annually audit recipients' use of funds; requires DIFS to work with the Office of the Auditor General to conduct audits of grants; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department website; requires DIFS to submit a quarterly report containing information on grant recipients. Executive and Senate do not include. House includes the new language.

Sec. 220. Increased Payment Options – RETAINED

Allows DIFS to accept credit card or other electronic means of payment. Executive retains. Senate revises to require that at least one electronic method of payment offered does not incur additional fees. House retains.

Sec. 220. E-Verify Requirement – NEW

Stipulates that DIFS 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 DIFS to submit a report describing the processes it has developed and implemented; prohibits DIFS from contracting with foreign entities that are enemies or adversaries of the United States. Executive and Senate do not include. House includes the new language.

Sec. 221. Insurance Bureau Fund Use – REVISED

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. Executive deletes. Senate revises to require DIFS to report the names of those seeking reimbursements and the number of times each individual seeks a reimbursement. House revises to prohibit appropriated funds from being used to support any legislative participation in insurance activities coordinated by insurance and legislative associations.

Sec. 221. Fund Use Restrictions for Non-Citizens – NEW

Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. Executive and Senate do not include. House includes the new language.

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

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds, language requiring state budget director to notify appropriations committees of reallocations, and language allowing state budget director and department to make necessary accounting transactions. Senate also revises to require departments receiving appropriations to notify standard report recipients if an appropriation of funds described in this section is projected to lapse. House deletes.

Sec. 222. Work Projects Report – NEW

Requires DIFS to report information on all work project accounts, including a list and status of each account and the amount of funds that have lapsed from any previous accounts. Executive and Senate do not include. House includes the new language.

Sec. 223. General Fund Expenditures – NOT INCLUDED

Requires that general fund appropriations not be expended if federal or private grant funding is available for the same expenditures; requires the department to notify standard report recipients not later than 10 days after making a required reduction in expenditures that includes information on the insufficient fund source, the cause, and the government functions that will be affected. Executive does not include. Senate includes the new language. House does not include.

Sec. 223. Legacy Costs – NEW

Identifies total funding estimated to be expended on legacy costs in FY 2025-26, \$27.6 million (\$24.9 million on pension related legacy costs and \$2.7 million on health care legacy costs). Executive and Senate do not include. House includes the new language.

Sec. 224. Unenforceable Boilerplate – NOT INCLUDED

Requires DIFS to submit a report containing information about the sections determined to be unenforceable; allows the department to coordinate with the Executive Office of the Governor or other state departments to compile a statewide report. Executive does not include. Senate includes the new language. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 224. Department Scorecard Website – NEW

Requires DIFS to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance. Executive and Senate do not include. House includes the new language.

Sec. 225. Report on Federal Policy Changes – NOT INCLUDED

Requires DIFS to submit a report detailing federal policy changes that are expected to affect department operations, affect groups the department engages with, and affect regulations that impact those groups. Executive does not include. Senate includes the new language. House does not include.

Sec. 225. State Obligations – NEW

Prohibits appropriated funds from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim. Executive and Senate do not include. House includes the new language.

Sec. 226. Single Recipient Grants – NOT INCLUDED

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; requires the department to work with SBO to develop application and grant agreement processes; provides requirements for identifying grant sponsorship; provides timeframes for receiving and expending grant funding; requires SBO to post on a public website information on grant recipients and projects. Executive does not include. Senate includes the new language. House does not include.

Sec. 226. Private and Third-Party Funds – NEW

Requires DIFS to report on a publicly accessible website private and other third-party funds received in FY 2024-25, including the amount and source of funding, the purpose, and the amount of any remaining funds. Executive and Senate do not include. House includes the new language.

Sec. 227. Diversity, Equity, and Inclusion Initiatives – NEW

Prohibits state funds from being used for diversity, equity, and inclusion initiatives or programs. Executive and Senate do not include. House includes the new language

Sec. 230. Television and Radio Production Expenditure Report – NEW

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; specifies information to be included. Executive and Senate do not include. House includes the new language.

Sec. 231. Department Facility Access – NEW

Requires DIFS to allow the chairs, majority vice chairs, and minority vice chairs of the House and Senate Appropriations Committees and Subcommittees on LARA and DIFS access to all department facilities during business hours. Executive and Senate do not include. House includes the new language.

Sec. 301. Health Insurance Rate Change Report – REVISED

Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b), including the total number of objections issued for insurance filings. Executive revises to remove requirement that the report be distributed to standard report recipients. Senate concurs with Executive. House revises to require the report to contain the number of filings that are approved and denied by DIFS, the percentage of filings processed within the statutory time frame, and the average processing time.

Sec. 302. Conservatorship and Insurance Liquidation Funds – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and to not lapse to general fund; limits appropriations to \$1.0 million. Executive and Senate retain. House revises to lower appropriation limit to \$400,000.

Sec. 303. Fees for Customized Listings – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; states that funds lapse to appropriate restricted fund accounts and limits amount appropriated to \$1.0 million. Executive and Senate retain. House revises to lower appropriation limit to \$400,000.

Sec. 304. Annual Reports Transmission – RETAINED

Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999. Executive deletes. Senate and House retain.

Major Boilerplate Changes from FY 2024-25

Sec. 305. Financial Institutions Marihuana Evaluation Guidance – RETAINED

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. Executive deletes. Senate deletes. House retains.

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. Executive deletes. Senate revises to require report be distributed additionally to the chair of the senate committee that addresses financial and insurance issues. House deletes.

Sec. 306. State or Regional Health Care Claims Database Grant Award Criteria – NEW

Requires DIFS to consider not-for-profit and Michigan-based status, prior experience collecting and analyzing relevant information, and prior work experiences when awarding any grant for the creation of a state or regional health care claims database utilizing federal funds. Executive and Senate do not include. House includes the new language.

Sec. 307. Customer Service Outreach and Education – DELETED

Requires DIFS to expend \$600,000 to add up to 3.0 FTEs to provide customer service outreach or education relating to financial services and insurance, with at least 1.0 FTE trained and experienced to assist catastrophic accident survivors. Executive deletes. Senate revises to require a report that includes the number of auto insurance customers assisted, number of complaints addressed, and number of complaint results in favor of the complainant and in favor of the respondent. House deletes.

Sec. 308. Outreach and Education Plan – DELETED

Requires DIFS to create a plan to increase outreach, education, and support services, with consideration of demographics and areas with greatest need; allows DIFS to partner with other state agencies to meet requirements. Executive deletes. Senate revises to require DIFS create a plan to establish satellite offices to provide in-person customer service, considering demographic variables and highest need areas when choosing locations; allow DIFS to partner with the Secretary of State. House deletes.

Sec. 401. Automobile Insurance Reform Study – DELETED

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

Sec. 402. Outreach Campaign and Report – DELETED

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

FY 2025-26: JUDICIARY
Summary: Proposed House Substitute
Article 8, House Bill 4706 (H-1)



Analyst: Robin R. Risko

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$2,402,300	\$1,902,300	\$1,902,300	\$1,902,300	(\$500,000)	(20.8)
Federal	7,132,600	7,270,900	7,270,900	7,154,900	22,300	0.3
Local	0	0	0	5,500,000	5,500,000	--
Private	1,905,300	1,906,400	1,906,400	1,906,100	800	0.0
Restricted	95,887,300	96,645,800	96,645,800	94,844,700	(1,042,600)	(1.1)
GF/GP	266,113,900	287,288,200	287,573,800	232,837,500	(33,276,400)	(12.5)
Gross	\$373,441,400	\$395,013,600	\$395,299,200	\$344,145,500	(\$29,295,900)	(7.8)
FTEs	643.5	684.5	684.5	641.5	(2.0)	(0.3)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Statewide Case Management System	FTE	67.0	0.0
Executive includes an additional \$7.2 million GF/GP and an additional 12.0 FTE positions for continued support of the statewide judicial case management system as trial courts continue transitioning to the system from locally managed systems. Of the total, \$2.7 million would be allocated to support ongoing personnel costs and \$4.6 million would be allocated for operating costs. (Funding proposed by the executive would be in addition to \$13.5 million of ongoing funding appropriated to date and \$150.0 million of one-time funding appropriated in FY 2023.) Senate concurs. House does not include additional funding or FTE positions and eliminates ongoing funding that has been appropriated to date.	Gross	\$13,499,100	(\$13,499,100)
	GF/GP	\$13,499,100	(\$13,499,100)
2. Local User Fees for Statewide Case Management System	Gross	\$0	\$0
House includes authorization for SCAO to impose and collect local user fees from trial courts that have not fully migrated to the statewide case management system. GF/GP revenue is offset by the receipt of local revenue.	Local	0	5,500,000
	GF/GP	\$0	(\$5,500,000)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Additional Staff for Supreme Court and SCAO			
<u>Executive</u> includes a total of \$4.7 million Gross (\$4.6 million GF/GP) to support the following:	FTE	0.0	1.0
	Gross	\$0	\$167,400
	Restricted	0	0
<ul style="list-style-type: none"> \$2.6 million to expand capacity for conducting financial audits of local trial courts. \$1.2 million for 5.0 human resources staff and 2.0 finance staff to implement the administrative structure of SCAO as recommended by the National Center for State Courts. \$355,000 for 2.0 field service staff for SCAO to support court programs and trial court operations. \$210,000 for 1.0 grants officer position to research, apply for, and administer federal and private grant funding. \$177,500 for 1.0 field service staff position for the Office of Dispute Resolution within SCAO. \$167,400 for 1.0 legal editor position in the Office of Reporter of Decisions to support ongoing caseloads and reduce the backlog of decisions awaiting editing and publication. 	GF/GP	\$0	\$167,400
<u>Senate</u> includes FTE positions and funding but includes \$1.1 million less than the executive. <u>House</u> includes funding for only the 1.0 legal editor position.			
4. Problem-Solving Courts			
<u>Executive</u> includes a total of \$1.6 million GF/GP and 2.0 FTE positions to support problem-solving courts. Of the total:	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
<ul style="list-style-type: none"> \$642,000 would support establishing new problem-solving court programs. \$389,000 would support economic increases for local trial courts. \$355,000 would support 2.0 new staff within SCAO to support oversight and management of the problem-solving courts program. \$198,000 would support increased wages for behavioral health workers. 			
<u>Senate</u> includes FTE positions and funding but includes \$84,000 less than the executive. Senate consolidates drug treatment courts, mental health treatment courts, and veterans treatment courts into one problem-solving courts line item. <u>House</u> does not include additional funding or FTE positions and does not consolidate line items.			
5. FTE and Funding Adjustment			
<u>Executive</u> reflects a net \$0 transfer of funding and FTE positions from drug treatment courts (2.0 FTEs and \$349,200) and mental health courts (1.0 FTE and \$150,800) to SCAO (3.0 FTEs and \$500,000). With this transfer, problem-solving court line items would include funding only for grant awards for local courts and would not include funding for SCAO staff that administer the grant programs. Funding for staff would be included in the SCAO line item. <u>Senate</u> concurs. <u>House</u> does not transfer funding or FTE positions.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
6. Federal Funds Adjustment for Drug Treatment Courts			
<u>Executive</u> includes authorization to receive an additional \$100,000 in federal grant funding from the Office of Highway Safety Planning. Funding would be used to support drug treatment courts. <u>Senate</u> concurs. <u>House</u> does not include authorization for additional federal funds.	Gross	\$2,258,700	\$0
	Federal	2,258,700	0
	GF/GP	\$0	\$0
7. Drug Court Case Management System			
<u>Executive</u> includes \$265,000 GF/GP to support increased contractual costs of maintaining the drug court case management information system. <u>Senate</u> concurs. <u>House</u> does not include funding.	Gross	NA	\$0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
8. Training for Judges and Court Staff			
<u>Executive</u> includes \$533,700 GF/GP and authorization for 3.0 additional FTE positions for the Michigan Judicial Institute to expand training provided to judges and court staff. <u>Senate</u> concurs. <u>House</u> does not include funding or FTE positions.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
9. Michigan Legal Help			
<u>Executive</u> transfers funding appropriated for Michigan Legal Help from the SCAO line item into a new line item specifically for Michigan Legal Help and includes an additional \$400,000 GF/GP to support increased salary costs for program personnel and increased information technology costs for hosting the Michigan Legal Help website. <u>Senate</u> concurs. <u>House</u> does not create a new line item or include additional funding.	Gross	\$600,000	\$0
	GF/GP	\$600,000	\$0
10. Judgeship Changes			
<u>Executive</u> includes a total of \$539,200 Gross (\$123,500 GF/GP) to support costs of judgeship changes. Funding would support annualizing costs of one probate court judgeship in Macomb County and one district court judgeship in Kent County, authorized under Public Acts 310 and 311 of 2023, respectively. Funding for three quarters of the fiscal year was included in the FY 2024-25 budget. Funding would also support the addition of two circuit court judgeships, one in Kalamazoo County and one in Allegan County, authorized under 2022 PA 277. The effective date of the judgeship changes was January 1, 2025. <u>Senate</u> concurs. <u>House</u> concurs.	Gross	\$305,500	\$539,200
	Restricted	133,800	415,700
	GF/GP	\$171,700	\$123,500
11. SOCC Recommendations for Supreme Court Justices			
<u>Executive</u> removes \$166,600 GF/GP that was included in the FY 2024-25 budget to support recommendations made by SOCC in May 2023 to provide a 7% salary increase for Supreme Court justices in 2025 and 2026, and a \$10,000 expense allowance for each justice. Recommendations needed legislative approval via a concurrent resolution prior to the November 2024 general election in order to take effect. The resolution did not make it all the way through the legislative process. <u>Senate</u> concurs. <u>House</u> concurs.	Gross	\$166,600	(\$166,600)
	GF/GP	\$166,600	(\$166,600)
12. Appellate Indigent Defense Workload Standards			
<u>Executive</u> includes \$2.3 million GF/GP to support costs of 12.0 new attorney and support staff positions for SADO for year two of the phased implementation of workload standards, based on a workload assessment conducted by the National Center for State Courts. Standards are developed by the Michigan Indigent Defense Commission in parallel with separate workload standards for trial-level public defenders. <u>Senate</u> concurs. <u>House</u> does not include funding or FTE positions.	FTE	23.0	0.0
	Gross	\$3,259,000	\$0
	GF/GP	\$3,259,000	\$0
13. SADO Salary Adjustments			
<u>Executive</u> includes a total of \$591,000 GF/GP to cover costs of pay increases for SADO employees. Of the total, \$488,500 is included to cover costs of negotiated pay increases for UAW-represented employees and \$102,500 is included to cover costs of pay increases for non-represented employees to keep pace with adjustments provided to union-represented employees. <u>Senate</u> concurs. <u>House</u> does not include funding.	Gross	NA	\$0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
14. Funding for One-Time Projects	Gross	NA	\$0
<u>Senate</u> includes \$1.5 million GF/GP for the following Senate-initiated one-time projects:	GF/GP	NA	\$0
<ul style="list-style-type: none"> \$499,900 GF/GP to assist the Judicial Tenure Commission with addressing the judicial complaint backlog. \$1.0 million GF/GP to be granted to U of M Law School for the Michigan Innocence Clinic to use for legal advocacy and investigation, and to cover litigation expenses incurred for helping people who are wrongfully convicted. \$100 GF/GP placeholder for additional funding to be appropriated to support the financial impact of recent state Supreme Court decisions requiring the resentencing of individuals who were sentenced to life without parole for crimes committed at ages 19 and 20. 			
<u>House</u> does not include funding for any one-time projects.			
15. Transfer Funding from SCAO to Prescription Compliance	Gross	NA	\$0
<u>House</u> reduces funding for the State Court Administrative Office line item by \$1.0 million GF/GP and transfers the \$1.0 million to a new line item created for the prescription compliance through oral fluid testing program operating in veterans, mental health, and drug treatment courts.	GF/GP	NA	\$0
16. Transfer Funding from Supreme Court Administration to SADO	Gross	NA	\$0
<u>House</u> reduces funding for the Supreme Court Administration line item by \$2.0 million GF/GP and transfers the \$2.0 million to SADO to support the financial impact of recent Supreme Court decisions which require resentencing of individuals who were sentenced to life without parole for crimes they committed at ages 19 and 20.	GF/GP	NA	\$0
17. Transfer Funding from MIDC to SADO	Gross	NA	\$2,049,000
<u>House</u> appropriates \$2.0 million of lapsed Michigan Indigent Defense Commission (MIDC) work project appropriations to SADO to support the financial impact of recent Supreme Court decisions which require resentencing of individuals who were sentenced to life without parole for crimes they committed at ages 19 and 20.	GF/GP	NA	\$2,049,000
18. Eliminate Programs	FTE	3.0	(3.0)
<u>House</u> eliminates funding and FTE positions for the following programs:	Gross	\$9,158,400	(\$9,158,400)
• Jail Reform Advisory Support (\$157,700 GF/GP; 1.0 FTE position).	Restricted	1,537,600	(1,537,600)
• Justice for All (\$1.5 million GF/GP; 2.0 FTE positions).	GF/GP	\$7,620,800	(\$7,620,800)
• Next Generation Michigan Court System (\$4.1 million GF/GP).			
Swift and Sure Sanctions Program (\$3.4 million Gross; \$1.8 million GF/GP).			
19. Program Reductions	Gross	NA	(\$9,700,000)
<u>House</u> reduces funding for various programs and line items throughout the budget for a savings of \$9.7 million GF/GP.	GF/GP	NA	(\$9,700,000)
20. Removal of FY 2024-25 One-Time Appropriations	Gross	\$2,500,000	(\$2,500,000)
<u>Executive</u> removes \$2.5 million Gross (\$2.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	IDG	500,000	(500,000)
• Eviction Diversion Pilot program (\$500,000).	GF/GP	\$2,000,000	(\$2,000,000)
• Operation Drive (\$1.0 million).			
• Prescription Compliance Through Oral Fluid Testing program (\$500,000).			
• Status Offender Pilot program (\$500,000).			
<u>Senate</u> concurs. <u>House</u> concurs.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
21. Economic Adjustments	Gross	NA	\$2,972,600
<u>Executive</u> reflects a net increase in costs of \$6.0 million Gross (\$5.7 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and rent. <u>Senate</u> concurs. <u>House</u> includes roughly half of the amount of funding included by the executive for economic adjustments.	Federal	NA	22,300
	Private	NA	800
	Restricted	NA	79,300
	GF/GP	NA	\$2,870,200

Major Boilerplate Changes from FY 2024-25

Note: Section numbers listed below reflect current law section numbers except where sections are new. Section numbers may be different from section numbers included in the executive, Senate, or House bills.

GENERAL SECTIONS

Sec. 205. Purchase of Foreign Goods and Services – RETAINED

Prohibits the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services are available; requires preference to be given to goods and services manufactured or provided by Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains current law. Senate revises to include the requirement that preference be given to goods and services that are manufactured in facilities that employ union members. House retains current law.

Sec. 208. Transparency Website – REVISED

Requires the judicial branch to maintain a searchable website accessible by the public at no cost that includes all expenditures made by the judicial branch within the fiscal year and purposes for which expenditures were made. Executive retains current law. Senate retains current law. House revises to require that the website be updated quarterly.

Sec. 209. Report on State Restricted Funds – RETAINED

Requires the judicial branch to work with the state budget office to report annually on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures. Executive deletes. Senate retains current law. House retains current law.

Sec. 210. Appropriation of Additional Revenue – NOT INCLUDED

Appropriates an additional \$2.5 million in federal revenue, \$2.5 million in state restricted revenue, and \$500,000 in private revenue should the revenue become available; requires a report on amounts appropriated, sources of funding appropriated, and purposes for which appropriations were expended. Executive includes new language. Senate includes new language. House does not include new language.

Sec. 210. Legacy Costs – NEW

States that 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; \$1.5 million for health care-related legacy costs). Executive does not include. Senate does not include. House includes new language.

Sec. 211. Disciplinary Action Against State Employees – RETAINED

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

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

Requires the judicial branch to receive and retain copies of all required reports; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes the judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. Senate retains current law. House revises to include a requirement to follow state law in addition to following federal and state guidelines.

Sec. 213. Requirements for Reports Required by Boilerplate – NOT INCLUDED

Requires reports to be submitted to standard report recipients; requires website where reports are posted to include a reference to each statutory or appropriations bill section that requires the report; requires SCAO to compile, post, and maintain all required reports on an easily accessible website page. Executive does not include. Senate includes new language. House does not include new language.

Major Boilerplate Changes from FY 2024-25

Sec. 214. Expending Available Work Project Authorization – NEW

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. Executive does not include. Senate includes new language. House includes new language.

Sec. 215. Report on Status of Work Project Appropriations – NEW

Requires the judicial branch to report quarterly a summary of all work project accounts, including a list and status of each account and the amount of funds that lapsed from any previous accounts. Executive does not include. Senate does not include. House includes new language.

Sec. 216. Website for Performance Scorecard – NEW

Requires the judicial branch to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and updates on a quarterly basis, key metrics used to monitor and improve the judicial branch's performance. Executive does not include. Senate does not include. House includes new language.

Sec. 217. Private and Third-Party Funds – NEW

Requires the judicial branch to disclose on a publicly accessible website private and other third-party funds received, including the amount and specific source of funding received, the purpose for which funding was expended, and the amount of any remaining funds. Executive does not include. Senate does not include. House includes new language.

Sec. 218. Access to Financial Information on SIGMA – NEW

Requires SCAO to cooperate with DTMB to grant access to financial information for the judicial branch that is contained within SIGMA to the Senate and House Fiscal Agencies. Executive does not include. Senate does not include. House includes new language.

Sec. 221. Access to Government Services – NOT INCLUDED

Prohibits appropriations from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities. Executive does not include. Senate includes new language. House does not include.

Sec. 223. Boilerplate Deemed Unenforceable – NOT INCLUDED

Requires the judicial branch to report on sections of boilerplate deemed to be unenforceable including the legal rationale; requires report to include the difference in costs between policies deemed unenforceable and policies the judicial branch intends to pursue; authorizes the judicial branch to coordinate with the executive branch on compilation of a statewide report. Executive does not include. Senate includes new language. House does not include.

Sec. 224. Impact of Federal Policy Changes – NOT INCLUDED

Requires quarterly reports detailing federal policy changes that affect judicial branch operations; affect an industry, community, population, or other group regulated or served by the judicial branch; affect regulations that protect the public; or create a regulatory gap that could negatively impact the public. Executive does not include. Senate includes new language. House does not include.

JUDICIAL BRANCH

Sec. 308. Swift and Sure Sanctions Program – DELETED

Requires SCAO to administer the Swift and Sure Sanctions program and distribute grants to qualifying courts; authorizes SCAO to expend \$150,000 to pay for employee costs associated with administration of the program; reserves \$500,000 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, participating courts, number of offenders participating, criminal history of offenders, recidivism rates, parameters of the program, and an accounting of prior year expenditures, including grant amounts requested by courts, grant amounts awarded to courts, and grant amounts expended by courts. Executive retains current law. Senate retains current law. House deletes.

Sec. 308. Prescription Compliance through Oral Fluid Testing – NEW

Requires SCAO to allocate \$1.0 million to continue the Prescription Compliance through Oral Fluid Testing program in problem solving courts; requires SCAO to submit a report on the program, including the number of existing programs and the number of new programs established, the number of program participants, the number of tests completed, program testing and results, and program outcomes, including rearrest rate of participants and the benefit of the program to the state. Executive does not include. Senate does not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 309. Separation of Powers – REVISED

States the legislature recognizes the status of the judicial branch as a separate, independent branch of state government as prescribed by Section 2 of Article III of the state constitution. Executive does not include. Senate includes new language. House includes new Senate language and adds to it that the judicial branch recognizes the constitutional obligation of the legislature to oversee state funding and the state's appropriations process, and that, as prescribed by Section 23 of Article IX of the state constitution, all financial records, accountings, audit reports and other reports of public moneys are public records and open to inspection, and that a statement of all revenues and expenditures of public moneys is required to be published and distributed annually.

Sec. 310. Parental Rights Restoration Act – NEW

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act, and on the total number of petitions granted. Executive does not include. Senate does not include. House includes new language.

Sec. 312. Local User Fees for Use of Statewide Case Management System – REVISED

Prohibits SCAO from imposing or collecting local user fees from trial courts that use the statewide judicial case management system. Executive retains current law. Senate retains current law. House revises to require SCAO to impose and collect local user fees from trial courts that have not fully migrated to the system.

Sec. 314. Medication-Assisted Treatment Program – RETAINED

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. Executive deletes. Senate retains current law. House retains current law.

Sec. 316. Editor for Office of Reporter of Decisions – NEW

Requires the Supreme Court to allocate \$167,400 to support an editor position 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. Executive does not include. Senate does not include. House includes new language.

Sec. 318. MIDC Funding to Support Juvenile Life Resentencing – NEW

Requires \$2.0 million of the appropriation for SADO – juvenile life resentencing to be supported with unexpended and unencumbered funds appropriated for MIDC that were designated as work project appropriations and subsequently lapsed to the state general fund. Executive does not include. Senate does not include. House includes new language.

ONE-TIME APPROPRIATIONS

Sec. 401. Innocence Investment Grant – NOT INCLUDED

Requires one-time appropriation to be granted to the Michigan Innocence Clinic at U of M Law School to be used for legal advocacy and investigation, and to cover litigation expenses associated with helping people who are wrongfully convicted; designates funding as a work project appropriation. Executive does not include. Senate includes new language. House does not include.

Sec. 401. Eviction Diversion Pilot Program – DELETED

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

Sec. 402. Status Offender Pilot Program – DELETED

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

Sec. 403. Operation Drive – DELETED

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

Major Boilerplate Changes from FY 2024-25

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

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

FY 2025-26: LABOR AND ECONOMIC OPPORTUNITY
Summary: Proposed House Substitute
Article 9, House Bill 4706 (H-1)



Analyst: Marcus Coffin

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	1,191,165,800	1,227,473,300	1,227,473,300	805,103,500	(386,062,300)	(32.4)
Local	10,700,000	10,700,000	10,700,000	5,750,000	(4,950,000)	(46.3)
Private	12,584,600	12,588,200	12,588,200	6,301,400	(6,283,200)	(49.9)
Restricted	413,774,700	312,373,900	292,874,300	229,307,300	(184,467,400)	(44.6)
GF/GP	793,569,400	322,996,700	569,146,500	245,158,600	(548,410,800)	(69.1)
Gross	\$2,421,794,500	\$1,886,132,100	\$2,112,782,300	\$1,291,620,800	(\$1,130,173,700)	(46.7)
FTEs	2,671.5	2,684.5	2,695.5	2,533.5	(138.0)	(5.2)

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. 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).

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
1. Revitalization and Placemaking Removal	Gross	\$50,000,000	(\$50,000,000)
<u>Executive</u> removes \$50.0 million of state restricted funding authorization that was appropriated for the Revitalization and Placemaking Program to reflect the sunset of the program's funding source, which is a \$50.0 million earmark from Corporate Income Tax revenue that was authorized under 2023 PA 4 for Fiscal Years 2022-23, 2023-24, and 2024-25. The Revitalization and Placemaking Program provides access to gap financing for place-based infrastructure development, real estate rehabilitation and development, and public space improvements. <u>Senate</u> and <u>House</u> concur with Executive.	Restricted	50,000,000	(50,000,000)
	GF/GP	\$0	\$0
2. Pre-Employment Transition Services Expansion	Gross	NA	\$0
<u>Executive</u> includes \$40.4 million Gross (\$8.4 million GF/GP) to expand pre-employment transition services provided to students with disabilities through the Bureau of Services for Blind Persons and Michigan Rehabilitation Services. Specifically, the funding would be used to increase efforts to serve students with disabilities by offering services that would include concentrated academic remediation, specialized tutoring, and enrollment into career and technical training or college. <u>Senate</u> concurs in part with Executive but includes only a portion of the GF/GP funding and includes state restricted funding authorization from a new Yields, Savings, and Earnings fund source, for a total appropriation of \$33.5 million Gross (\$1.0 million GF/GP). <u>House</u> does not include.	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Employer Assisted Housing Financing Program		Gross	\$0
<u>Executive</u> includes \$25.0 million GF/GP (one-time) to support an Employer Assisted Housing Financing Program, which would allow MSHDA to provide up to a 1:1 match on employer investments for the creation of local workforce housing opportunities. Eligible households would have to be below 120% of the area median income and housing opportunities would include housing acquisition, rental housing, down payment assistance, and housing rehabilitation. <u>Senate</u> and <u>House</u> do not include.		GF/GP	\$0
4. Statewide Apprenticeship Expansion		Gross	\$0
<u>Executive</u> includes \$19.0 million GF/GP (one-time) to expand available apprenticeship opportunities, to assist citizens with obtaining industry credentials recognized by the U.S. Department of Labor, and to support registered apprenticeship expansion across Michigan. Funding would be distributed to registered apprenticeship sponsors, employers, and apprentices in both traditional and non-traditional industries. <u>Senate</u> includes \$5.0 million GF/GP (one-time) for this purpose. <u>House</u> does not include.		GF/GP	\$0
5. Growth Programming and Initiatives		Gross	\$0
<u>Executive</u> includes \$10.0 million GF/GP (one-time) for programs to support community growth, engagement efforts to advance Michigan's growth, and strategies to support talent attraction and retention. Funding would support programming offered by the Michigan Growth Office and other programs to implement the Growing Michigan Together Council's blueprint for growth. <u>Senate</u> and <u>House</u> do not include.		GF/GP	\$0
6. Small Business Support Hubs		Gross	\$0
<u>Executive</u> includes \$10.0 million GF/GP (one-time) to continue the Small Business Support Hubs program, supporting a statewide network of small business entrepreneurial support hubs. The funding would be used to offer grants to small business support organizations for incubators, accelerators, networking and mentorship programming, and other entrepreneurial support initiatives. <u>Senate</u> includes \$30.0 million Gross (\$5.0 million GF/GP; both one-time) for grants for similar purposes, which would be primarily supported with state restricted funding authorization from Corporation Fees. The Senate's proposed grants would also be open to community resource hubs that increase economic and community development, entrepreneurship, and innovation; the grants would be prioritized for economically distressed communities. <u>House</u> does not include.		Restricted	0
		GF/GP	\$0
7. Small Business Development Initiative		Gross	\$0
<u>Senate</u> includes \$10.0 million GF/GP (ongoing) to make awards for economic assistance (technical assistance, grants, incubation, capital access, and other financing opportunities) to qualified businesses (owned and operated by individuals from underrepresented groups or distressed communities) or business organizations that provide services to qualified small businesses. <u>House</u> does not include.		GF/GP	\$0
8. Talent Action Teams		Gross	\$0
<u>Executive</u> includes \$10.0 million GF/GP (one-time) to continue the activities of the Talent Action Teams (TATs) program. The TATs provide customized talent solutions to employers in strategic industries, including electric vehicles, semiconductors, and aerospace/defense. Talent solutions include personnel recruitment, curriculum development, internships, incumbent worker training, career exploration, and veteran recruitment. <u>Senate</u> and <u>House</u> do not include.		GF/GP	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
9. Barrier Removal and Employment Success		Gross	\$0
<u>Executive</u> includes \$7.5 million GF/GP (one-time) to support a program that would seek to remove employment barriers for low-income and asset limited, income constrained, employed (ALICE) individuals by providing supportive services in areas including transportation, childcare, clothing, tools for work, legal services, and other needs. <u>Senate</u> includes \$3.0 million GF/GP (ongoing) in the Workforce Development line item for this purpose. <u>House</u> does not include.		GF/GP	\$0
10. Michigan Rehabilitation Services Federal Award and State Match		Gross	NA
<u>Executive</u> includes \$9.2 million Gross (\$2.0 million GF/GP) to provide the requisite state match and to align federal funding authorization to enable Michigan Rehabilitation Services to receive an anticipated federal grant award from the U.S. Department of Education, which would be used to expand vocational rehabilitation services. <u>Senate</u> concurs in part with Executive but replaces the GF/GP funding with state restricted funding authorization from a new Yields, Savings, and Earnings fund source. <u>House</u> does not include.		Federal	NA
		Restricted	NA
		GF/GP	NA
			\$0
11. Michigan Rehabilitation Services Federal Authorization		Gross	NA
<u>Executive</u> includes \$5.4 million of federal funding authorization to allow Michigan Rehabilitation Services to receive \$5.4 million from the U.S. Department of Education. This federal funding would be used to support an IT project to acquire a modern content management system that would have the capability to create accurate federal reports. <u>Senate</u> concurs with Executive. <u>House</u> does not include.		Federal	NA
		GF/GP	NA
			\$0
12. State Brownfield Redevelopment Fund		Gross	\$3,002,100
<u>Executive</u> includes an additional \$4.0 million of state restricted funding authorization from the State Brownfield Redevelopment Fund for the Job Creation Services line item, which supports activities of the MSF. Under the Brownfield Redevelopment Financing Act, 1996 PA 381, up to 15% of amounts annually deposited to the State Brownfield Redevelopment Fund may be used by the MSF and the Department of Environment, Great Lakes, and Energy for implementing the Brownfield Redevelopment Financing Act and Part 196 of the Natural Resources and Environmental Protection Act. <u>Senate</u> concurs with Executive. <u>House</u> does not include.		Restricted	3,002,100
		GF/GP	\$0
			\$0
13. First Responder Presumed Coverage Claims		Gross	\$4,000,000
<u>Executive</u> includes an additional \$2.5 million of state restricted funding authorization from the Christopher R. Slezak First Responder Presumed Coverage Fund (FRPCF) to adequately cover claims costs for wage loss and medical care expenses paid to eligible first responders. Legislation enacted in 2021, specifically 2021 PA 117 and 2021 PA 129, expanded both the population of first responders who are eligible to make claims through the program and the types of cancer that qualify for reimbursement. The executive recommendation also proposes statutory changes to increase allocations made to the FRPCF from the Internet Gaming Fund and the Internet Sports Betting Fund. <u>Senate</u> concurs with Executive. <u>House</u> does not include.		Restricted	4,000,000
		GF/GP	\$0
			\$0
14. Wage and Hour Program		FTE	33.0
<u>Executive</u> includes an additional \$1.5 million GF/GP and authorization for 10.0 FTE positions to onboard additional staff for the Wage and Hour Program. The additional staff would engage with employees and employers on workplace operations related to pay, benefits, and youth employment and would include 7 regulation agents, 2 analysts, and 1 regulation supervisor. <u>Senate</u> concurs with Executive. <u>House</u> does not include.		Gross	\$4,555,000
		Restricted	4,555,000
		GF/GP	\$0
			\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
15. Arts and Cultural Program		Gross	\$12,379,200 (\$12,379,200)
<u>Executive</u> removes \$1.3 million GF/GP of specific Arts and Cultural Program award allocations. Of the removed amount, \$250,000 is for the Michigan Traditional Arts Program and \$1.0 million is for the Concert of Colors. <u>Senate</u> concurs with the removals but includes an additional \$1.0 million GF/GP for an award to a cultural exchange network to support a music and arts festival that is free to the public. <u>House</u> removes all funding for the Arts and Cultural Program.	Federal	1,050,000	(1,050,000)
	Private	200,000	(200,000)
	GF/GP	\$11,129,200	(\$11,129,200)
16. Volunteer Income Tax Assistance Grants		Gross	\$1,000,000 (\$1,000,000)
<u>Executive</u> removes \$1.0 million GF/GP that supports a volunteer income tax assistance grants program for tax preparation services. <u>Senate</u> includes an additional \$1.0 million GF/GP for this purpose, to bring total funding for Volunteer Income Tax Assistance Grants to \$2.0 million GF/GP. <u>House</u> concurs with Executive.		GF/GP	\$1,000,000 (\$1,000,000)
17. Personal Assistance Services Reimbursement for Employment Program (PASREP)		Gross	\$400,000 \$0
<u>Executive</u> removes \$400,000 GF/GP for PASREP, which reimburses eligible persons with disabilities for personal assistance costs incurred to gain or maintain employment. <u>Senate</u> and <u>House</u> retain current funding for PASREP.	GF/GP	\$400,000	\$0
18. Office of Rural Prosperity FTE Authorization		FTE	1.0 0.0
<u>Executive</u> increases authorization in the Michigan Office of Rural Prosperity line item by 3.0 FTE positions. The additional authorization would be used to onboard a program and partnership manager, a grant administration specialist, and a community resource specialist. Funding for the positions would come from existing resources and funding authorization discussed under item 44. <u>Senate</u> includes an increase of 1.0 FTE position. <u>House</u> does not include.	Gross	\$697,400 \$0	\$0
	GF/GP	\$697,400	\$0
19. Business Attraction and Community Revitalization Reduction		Gross	\$100,000,000 (\$100,000,000)
<u>Senate</u> removes all state restricted funding authorization from the 21 st Century Jobs Trust Fund (which receives a portion of Michigan's tobacco settlement revenue) for the Business Attraction and Community Revitalization line item, which supports performance-based incentives to encourage business investment and growth in Michigan and projects to improve communities. <u>House</u> removes all funding for the Business Attraction and Community Revitalization line item, including both the GF/GP and state restricted funding components.	Restricted	59,350,000	(59,350,000)
	GF/GP	\$40,650,000	(\$40,650,000)
20. Talent Partnership		Gross	\$0 \$0
<u>Senate</u> includes \$40.0 million GF/GP to administer a grant program to support transformational community development initiatives in central city neighborhoods and concentrated districts and to leverage interdepartmental and cross-sector coordination through local talent plans. <u>House</u> does not include.	GF/GP	\$0	\$0
21. Entrepreneurship Ecosystem Reduction		Gross	\$15,650,000 (\$15,650,000)
<u>Senate</u> and <u>House</u> remove \$15.7 million Gross (\$0 GF/GP) from the Entrepreneurship Ecosystem line item, eliminating the line, which supports entrepreneurial programs. The line item is exclusively supported by state restricted funding authorization from the 21 st Century Jobs Trust Fund (which receives a portion of Michigan's tobacco settlement revenue).	Restricted	15,650,000	(15,650,000)
	GF/GP	\$0	\$0
22. Wage and Hour Program – Prevailing Wage		FTE	33.0 0.0
<u>Senate</u> includes \$8.0 million of state restricted funding authorization from the Prevailing Wage Fund and authorization for 24.0 FTE positions to implement and administer 2024 PA 110, which pertains to specific prevailing wage requirements. <u>House</u> does not include.	Gross	\$4,555,000 \$0	\$0
	Restricted	4,555,000	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
23. Pure Michigan	Gross	\$26,000,000	(\$9,000,000)
<u>Senate</u> includes a \$5.0 million GF/GP reduction to the Pure Michigan marketing and tourism program. <u>House</u> replaces GF/GP funding with state restricted funding authorization from the 21 st Century Jobs Trust Fund (which receives a portion of Michigan's tobacco settlement revenue) and reduces overstated local and private funding authorizations to align with expected revenue.	Local	5,000,000	(4,500,000)
	Private	5,000,000	(4,500,000)
	Restricted	0	16,000,000
	GF/GP	\$16,000,000	(\$16,000,000)
24. Land Bank Stabilization Grants	Gross	\$0	\$0
<u>Senate</u> includes \$3.0 million GF/GP for grants to local land banks to support property management and redevelopment, with grants prioritized to local land banks with the largest inventory of properties. <u>House</u> does not include.	GF/GP	\$0	\$0
25. State Land Bank Authority	FTE	9.0	0.0
<u>Senate</u> includes an additional \$2.5 million GF/GP to support operations of the State Land Bank Authority. <u>House</u> does not include.	Gross	\$6,397,900	\$0
	Federal	1,000,000	0
	Restricted	3,370,500	0
	GF/GP	\$2,027,400	\$0
26. Community Development Financial Institutions	Gross	\$0	\$0
<u>Senate</u> includes \$2.0 million GF/GP for the creation of a Michigan Community Development Financial Institutions Fund to provide grants to eligible CDFIs, which are mission-driven financial institutions that specialize in increasing access to financial services in underserved and low-income areas. <u>House</u> does not include.	GF/GP	\$0	\$0
27. Center for Employment Opportunity	Gross	\$0	\$0
<u>Senate</u> includes \$1.0 million GF/GP for an award to a nonprofit organization that operates a program that provides services to parolees and probationers assessed by the Department of Corrections as moderate- or high-risk to recidivate that include job readiness training, transitional employment, job coaching and placement, and postplacement retention services. <u>House</u> does not include.	GF/GP	\$0	\$0
28. Schools to Tools Program	Gross	\$0	\$0
<u>Senate</u> includes \$1.0 million GF/GP for a schools to tools program, which would provide students, parents, teachers, and school counselors with information, training, and hands-on experiences to make informed career decisions. <u>House</u> does not include.	GF/GP	\$0	\$0
29. Job Creation Services Reduction	FTE	164.0	0.0
<u>Senate</u> reduces the Job Creation Services line item by \$590,000 GF/GP and reduces FTE authorization by 14.0 FTE positions. The Job Creation Services line item supports various Michigan Strategic Fund activities and programs. <u>House</u> reduces the Job Creation Services line item by \$3.0 million GF/GP.	Gross	\$31,570,100	(\$3,049,500)
	Federal	4,900,000	0
	Private	200,000	0
	Restricted	8,316,900	0
	GF/GP	\$18,153,200	(\$3,049,500)
30. Black Leadership Council	FTE	0.0	0.0
<u>Senate</u> includes \$220,000 GF/GP and authorization for 1.0 FTE position that would work on policies and actions designed to address and prevent discrimination and racial inequity, serve as a resource to community groups, and promote culture and arts in the black community. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
31. Tribal Commission	FTE	0.0	0.0
<u>Senate</u> includes \$220,000 GF/GP and authorization for 1.0 FTE position that would work on policies and actions designed to address and prevent discrimination and inequality for tribal members, serve as a resource to community groups, and promote culture and arts in tribal communities. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
32. Office of Global Michigan Additional Staff	FTE	15.0	0.0
<u>Senate</u> includes \$150,000 GF/GP and authorization for 1.0 FTE position to support activities that assist Michigan residents who have been impacted by federal immigration action or changes occurring after January 1, 2025. <u>House</u> does not include.	Gross	\$43,949,800	\$0
	Federal	38,419,100	0
	GF/GP	\$5,530,700	\$0
33. Global Talent Initiative	Gross	\$0	\$0
<u>Senate</u> includes \$100,000 GF/GP for an award to a nonprofit organization in Detroit that is focused on equitable local, regional, and statewide economic growth through immigrant inclusion for programming aimed at international entrepreneurs, companies, startups, professionals, and students. <u>House</u> does not include.	GF/GP	\$0	\$0
34. Senate One-Time Programs	Gross	\$0	\$0
<u>Senate</u> includes \$285.5 million Gross (\$265.5 million GF/GP) for the 19 one-time programs listed below:	Restricted	0	0
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> • ADA Small Business Compliance (\$2.0 million GF/GP) • Arts and Culture Facility Upgrades (\$2.0 million GF/GP) • Community Health and Services Grants (\$1,200 GF/GP) • Community Infrastructure Grants (\$1,400 GF/GP) • Community Public Safety Grants (\$900 GF/GP) • Community Workforce Development Grants (\$600 GF/GP) • Economic Relief (\$100.0 million GF/GP) • Economic Stress Test (\$500,000 GF/GP) • Emergency Housing (\$50.0 million GF/GP) • Emerging Community Grants (\$2.8 million GF/GP) • Fire Station Infrastructure Grants (\$3.0 million GF/GP) • Housing Relief Fund (\$75.0 million GF/GP) • Michigan Capital Access Fund (\$20.0 million Yields, Earnings, and Savings) • Michigan Future Force (\$15.0 million GF/GP) • Michigan Veteran Wraparound Services (\$3.0 million GF/GP) • Michigan Works! (\$1.0 million GF/GP) • My Pay Today Pilot Program (\$1.0 million GF/GP) • Re-emerging Workforce (\$10.0 million GF/GP) • Women in the Workplace (\$250,000 GF/GP) 			
<u>House</u> does not include.			
35. House Funding and FTE Authorization Reductions	FTE	NA	(88.0)
<u>House</u> includes a net reduction of \$328.8 million Gross (\$8.1 million GF/GP) and 88.0 FTE positions to reflect a reversion to FY 2021-22 funding levels across 20 line items, with further reductions to 11 of these lines to more closely align authorized levels of federal, local, private, and state restricted funding with expected revenues. A reduction of 5.0 FTE positions and \$1.6 million GF/GP for the Bureau of Employment Relations line item is also included in these figures, though the reduction is not specifically related to the FY 2021-22 benchmarking.	Gross	NA	(\$328,810,900)
	Federal	NA	(307,750,800)
	Local	NA	(450,000)
	Private	NA	(333,200)
	Restricted	NA	(12,192,200)
	GF/GP	NA	(\$8,084,700)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
36. House Line Item Removals	FTE	51.0	(50.0)
<u>House</u> removes \$135.9 million Gross (\$68.5 million GF/GP) by eliminating funding for the following line items: 23+ High School Diploma Program, At-Risk Youth Grants, Community and Worker Economic Transition Office, Going Pro, Helmets to Hardhats, High School Equivalency to School Program, MiSTEM Advisory Council, Office of Future Mobility and Electrification, Subregional Libraries State Aid, Office of Global Michigan, Asian Pacific American Affairs Commission, Commission on Middle Eastern American Affairs, Hispanic/Latino Commission of Michigan, Michigan Community Service Commission, Michigan Women's Commission, Prosperity, Critical Industry Program, and Michigan Strategic Site Readiness Program. \$100,000 GF/GP and 1.0 FTE position from the Prosperity line item is retained and shifted into a new line item for the Michigan High-Speed Internet Office.	Gross	\$136,005,600	(\$135,905,600)
	Federal	56,619,300	(56,619,300)
	Private	1,250,000	(1,250,000)
	Restricted	9,541,000	(9,541,000)
	GF/GP	\$68,595,300	(\$68,495,300)
37. Legislatively Directed Spending Items	Gross	\$0	\$100,000,000
<u>House</u> includes \$100.0 million GF/GP (one-time) to support 62 projects that were submitted by legislative members and subject of testimony in public hearings. See Table 1 for information on recipients.	GF/GP	\$0	\$100,000,000
38. Wakefield Township Infrastructure Investment	Gross	\$0	\$50,000,000
<u>House</u> includes \$50.0 million GF/GP (one-time) for Wakefield Township for infrastructure improvements that include transportation access, water and wastewater, groundwater quality analysis, power reliability, and cellular and broadband access.	GF/GP	\$0	\$50,000,000
39. Skilled Trades Workforce Training Grants	Gross	\$0	\$20,000,000
<u>House</u> includes \$20.0 million GF/GP (one-time) for grants to organizations that provide support for skilled trades education partnerships, skilled trades certification programs, and skilled trades upskilling initiatives. Total grant awards to organizations affiliated with community colleges and organizations affiliated with trade unions would be capped at \$5.0 million each.	GF/GP	\$0	\$20,000,000
40. Information Technology Reduction	Gross	\$33,535,600	(\$8,009,000)
<u>House</u> includes a reduction of \$8.0 million Gross (\$190,100 GF/GP) to reflect a 25% reduction to the Information Technology Services and Projects line item and a 15% reduction to the MSHDA Technology Services and Projects line item.	Federal	26,568,600	(6,642,200)
	Restricted	6,206,900	(1,176,700)
	GF/GP	\$760,100	(\$190,100)
41. Rural Jobs and Capital Investment	Gross	\$0	\$7,500,000
<u>House</u> includes \$7.5 million in state restricted funding authorization from the Rural Jobs and Capital Investment Creation Fund, which would be used to make grants, loans, and other economic assistance available to rural jobs and capital investment funds, as provided under MCL 125.2090n. Appropriations were previously made to the Rural Jobs and Capital Investment Creation Fund under 2020 PA 166 (\$1.5 million GF/GP) and 2021 PA 87 (\$5.0 million GF/GP), but the fund has been dormant since.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
42. Michigan Defense Center Program	Gross	\$5,000,000	(\$5,000,000)
<u>House</u> reflects the transfer of funding for the Michigan Defense Center (recently renamed the Office of Defense and Aerospace Innovation – ODAI) to the Department of Military and Veterans Affairs budget. The appropriation supports the ODAI, which aims to enhance Michigan's defense and aerospace sectors by increasing awareness of Michigan's capabilities, attracting and expanding businesses involved in Department of Defense activities, and fostering growth in defense and commercial aerospace industry.	GF/GP	\$5,000,000	(\$5,000,000)

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
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Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations

43. Removal of FY 2024-25 One-Time Appropriations

Executive removes \$636.8 million Gross (\$562.8 million GF/GP) of one-time funding that was included in the FY 2024-25 budget. Funding for 58 of the 60 FY 2024-25 one-time programs and grants would be eliminated; the Office of Rural Prosperity Grants line item would be retained but reduced by \$1.5 million GF/GP and the Focus: HOPE line would be retained at \$1.0 million GF/GP. Senate eliminates funding for 59 of the 60 FY 2024-25 one-time programs and grants but retains \$2.5 million GF/GP for Short-Term Loan Grants. House removes all FY 2024-25 one-time funding items.

Gross	\$638,812,000	(\$638,812,000)
Federal	14,000,000	(14,000,000)
Restricted	60,000,000	(60,000,000)
GF/GP	\$564,812,000	(\$564,812,000)

44. Technical Adjustments

Executive includes numerous internal transfers to reflect funding allocations and technical adjustments to align fund sources with anticipated revenues. These technical adjustments include the following:

- Transfers \$100,000 of private funding authorization from the Workforce Development line item to the Michigan Office of Rural Prosperity line item and provides an additional \$1.5 million of federal funding authorization for the Michigan Office of Rural Prosperity line item to reflect current fund sources supporting the program.
- Includes an additional \$294,000 of state restricted funding authorization from Corporation Fees in the MIOSHA line item to align with increased expenditures for services provided by the Michigan Office of Administrative Hearings and Rules in LARA.
- Transfers \$300,000 of private funding authorization from the Workforce Development line item to the Prosperity line item.
- Transfers \$592,800 of federal funding and \$160,500 GF/GP from the Michigan Community Service Commission and the Michigan Rehabilitation Services line items to the Information Technology Services and Projects line item.
- Aligns federal funding authorization from 11 sources and state restricted funding authorization from 7 sources across 11 line items.

Senate concurs with Executive. House concurs only on a \$57,500 state restricted funding authorization reduction for the Lighthouse Preservation Program.

Gross	NA	(\$57,500)
Federal	NA	0
Restricted	NA	(57,500)
GF/GP	NA	\$0

45. Economic Adjustments

Executive reflects a net increase in costs of \$9.9 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, overtime costs, insurances, workers' compensation, building occupancy charges, food, fuel, and utilities, and other economic adjustments. Senate concurs with Executive. House does not include.

Gross	NA	\$0
Federal	NA	0
Private	NA	0
Restricted	NA	0
GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

GENERAL SECTIONS

Note: *Boilerplate section numbers listed in this document are section numbers as they appear in the House Bill.*

Sec. 205. Purchase of Foreign Goods and Services – RETAINED

Prohibits purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to provide preference to goods or services manufactured in facilities that employ union members. House retains.

Sec. 206. Communication with the Legislature – RETAINED

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

Major Boilerplate Changes from FY 2024-25

Sec. 208. Hiring of External Legal Counsel – DELETED

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities or services the attorney general authorizes. Executive and Senate retain. House deletes.

Sec. 210. Contingency Authorization – REVISED

Appropriates up to \$30.0 million in federal, \$560.0 million in state restricted, \$2.0 million in local, and \$11.0 million in private contingency authorization; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises state restricted contingency authorization to \$715.0 million. Senate retains. House revises contingency authorization levels to \$15.0 million for federal, \$5.0 million for state restricted, \$1.0 million for local, and \$1.0 million for private.

Sec. 211. Transparency Website – REVISED

Requires LEO, in cooperation with DTMB, to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates. Executive and Senate retain. House revises to delete reporting on the number of active employees, job specifications, and wage rates, and to require that the website be updated quarterly.

Sec. 212. State Restricted Funds Report – RETAINED

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

Sec. 213. Access to State and Local Services – DELETED

Prohibits funding from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that attempts to restrict or interfere with a local health officer's duties. Executive and Senate retain. House deletes.

Sec. 214. Contracting With Geographically Disadvantage Business Enterprises – DELETED

Requires LEO director to take all reasonable steps to ensure geographically disadvantaged business enterprises compete for and perform contracts. Executive and Senate retain. House deletes.

Sec. 216. Receipt and Retention of Reports – REVISED

Requires LEO to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. Senate retains. House revises to include a requirement to follow federal and state law in addition to federal and state guidelines.

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

Requires LEO to report on policy changes made to implement public acts that took effect during the previous calendar year. Executive deletes. Senate retains. House revises to require report to include reference to the public act that necessitates the policy change.

Sec. 218. Work Project Expenditures – RETAINED

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

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

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to retain language requiring the state budget director to ensure all SFRF revenue is expended by December 31, 2026, to include language requiring notification if an appropriation is projected to lapse, and to delete all other language. House deletes.

Sec. 221. State Administrative Board Action – NEW

Allows the legislature, by concurrent resolution, to inter-transfer funds if the State Administrative Board transfers funds. Executive and Senate do not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 222. Single Recipient Grants – DELETED

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires LEO to follow state procurement statutes, including bidding requirements; authorizes SBO to compile and submit reports; lists eligibility requirements to receive grant funding; provides timeframes for receiving and expending grant funding; requires information on grants/projects to be posted on a public website, including receiving entity and grant sponsor; requires reports. Executive deletes. Senate revises to include additional eligibility requirements, create new timing requirements, require monthly reporting, and make other reporting and programmatic changes. House deletes.

Sec. 222. Severance Pay Reporting – NEW

Requires LEO to report any severance pay to high-ranking officials not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of employees receiving severance pay during prior fiscal year; defines severance pay. Executive and Senate do not include. House includes new language.

Sec. 223. General Fund Prioritization and Expenditure Reduction Reporting – NOT INCLUDED

Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure; requires the department to notify standard report recipients within 10 days if a reduction in expenditures under MCL 18.1395 is required and outlines required content. Executive does not include. Senate includes new language. House does not include.

Sec. 223. State Workforce Efficiency and In-Person Work – NEW

Requires LEO to maximize state workforce efficiency and to prioritize employees working in-person 5 days per week; requires field service employees to report to the office before beginning field work; requires LEO to establish a policy and a process for verifying that all employees are working their jobs during normal business hours; requires LEO to provide information on employee badge scanning when requested by the legislature. Executive and Senate do not include. House includes new language.

Sec. 224. Unenforceable Provisions Report – NOT INCLUDED

Requires LEO to report on sections deemed unenforceable, including the legal rationale; requires reporting on the difference in costs between policies deemed unenforceable and policies LEO intends to pursue; authorizes LEO to coordinate with the executive branch on compilation of a statewide report. Executive does not include. Senate includes new language. House does not include.

Sec. 224. Grants Oversight – NEW

Requires grants to be provided only to entities that have been established or operating for at least 36 months; requires receiving entities to have had an office in Michigan or the service area for at least 12 months; requires grant recipients to provide a spending plan; limits amount of funds that may be used for administrative costs and contingencies; requires annual audits of recipients' use of grant funds; requires LEO and each agency work with the auditor general to conduct audits of grant funds; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires full audits to be posted on the department's website; requires quarterly reports on legislatively sponsored grant funds. Executive and Senate do not include. House includes new language.

Sec. 225. Federal Policy Changes Reporting – NOT INCLUDED

Requires quarterly reports detailing federal policy changes that do any of the following: affect LEO operations; affect an industry, community, population, or other group regulated or served by LEO; affect regulations that protect the public or create a regulatory gap that could negatively impact the public. Executive does not include. Senate includes new language. House does not include.

Sec. 225. E-Verify and Foreign Entities – NEW

Requires LEO to require contractors and subcontractors to use the E-Verify system to verify that all hired persons are legally present and authorized to work in the United States; allows LEO to verify the information directly or to require the contractor to verify and certify the information; requires LEO to report on the processes it develops and implements; prohibits LEO from contracting with any foreign entities that are known or suspected enemies of the United States or known foreign adversaries and lists known foreign adversaries. Executive does not include. Senate does not include. House includes new language.

Sec. 226. Prohibition on Services to Non-Citizens – NEW

Prohibits state or federal funds from being used to provide services, grants, or programming to a non-citizen, unless the individual is a qualified alien as defined under 8 USC section 1641; excepts expenditures for the purpose of detaining non-citizens. Executive and Senate do not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 227. Work Project Reporting – NEW

Requires LEO to report quarterly on all work project accounts, including a list of work project accounts, status of all accounts, and the amount of funds that lapsed from any previous accounts. Executive and Senate do not include. House includes new language.

Sec. 228. Legacy Costs – NEW

Identifies the total amount of LEO 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). Executive and Senate do not include. House includes new language.

Sec. 229. Department Scorecard Website – NEW

Requires LEO to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance. Executive and Senate do not include. House includes new language.

Sec. 230. State Obligations – NEW

Prohibits appropriations from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim without prior legislative approval; requires notification if a state obligation for a court-approved judgment, settlement, award, or claim results in a change from current statute; exempts compensation under the Wrongful Imprisonment Compensation Act. Executive and Senate do not include. House includes new language.

Sec. 231. Private and Third-Party Funds – NEW

Requires LEO to disclose on a publicly accessible website private and other third-party funds received, including the amount of funding, the expenditure purpose, and the amount of any remaining funds. Executive and Senate do not include. House includes new language.

Sec. 232. DEI Funding Prohibition – NEW

Prohibits state funds from being used for diversity, equity, and inclusion initiatives or programs. Executive and Senate do not include. House includes new language.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY (LEO)

Sec. 301. General Fund Prioritization – RETAINED

Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure. Executive deletes. Senate and House retain.

Sec. 303. SIGMA System Reporting – DELETED

Requires LEO to use SIGMA to report encumbrances and expenditures. Executive deletes. Senate retains. House deletes.

Sec. 304. Private Grant Funded Projects – DELETED

Authorizes appropriation of private grant revenues, subject to a limitation of \$1.5 million; requires LEO to report on fund source, purpose, and amount of the grant within 10 days of receipt. Executive revises to remove \$1.5 million appropriation cap. Senate revises to require a report on amount of private revenue generated in FY 2024-25 and amount carried forward into FY 2025-26. House deletes.

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

Authorizes LEO to charge registration fees for events sponsored by LEO; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$500,000. Executive revises to remove the \$500,000 appropriation cap. Senate revises to require reporting on amount of registration fees generated in FY 2024-25 and amount carried forward into FY 2025-26. House revises to cap total fee collections at the cost of sponsorship and to delete carry forward authorization.

Sec. 306. Sale of Documents – DELETED

Authorizes LEO to sell various agency documents at cost of production; requires revenue to carry forward and be expended only on costs of production and distribution; appropriates funds collected for cost of publication and distribution. Executive retains. Senate revises to remove language limiting documents to which the section applies and to require a report on the amount of revenue from sale of documents in FY 2024-25 and amount carried forward into FY 2025-26. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 309. Yields, Earnings, and Savings Fund – NOT INCLUDED

Creates the Yields, Earnings, and Savings Fund as a state restricted fund; requires quarterly transfer of any interest and earnings from the SOAR Fund (MCL 12.254), the Revitalization and Placemaking Fund (MCL 206.696) and the Michigan Housing and Community Development Fund (MCL 125.1458a) into the Yields, Earnings, and Savings Fund; allows funds to be expended from the Yields, Earnings, and Savings Fund only on appropriation or legislative transfer to support investments in LEO. Executive does not include. Senate includes new language. House does not include.

Sec. 309. Grant Prioritization – NEW

Requires grants to be distributed, to the extent practicable, with prioritization to recipients that have been active in Michigan for a least 5 years. Executive and Senate do not include. House includes new language.

Sec. 310. Underserved Communities and Individuals Adversely Affected by Federal Actions – NOT INCLUDED

Requires funds to be prioritized to support initiatives for underserved communities or individuals adversely affected by federal executive orders issued on or after January 21, 2025, or the revocation of federal Executive Order No. 13985. Executive does not include. Senate includes new language. House does not include.

Sec. 310. SOAR Work Project Lapse Directive – NEW

Requires LEO to work with the State Budget Director to lapse \$50.0 million of unexpended SOAR work project funds from FY 2023-24 to the general fund. Executive and Senate do not include. House includes new language.

STRATEGIC OUTREACH AND ATTRACTION RESERVE FUND

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

Appropriates up to \$500.0 million of restricted funding from the SOAR fund; requires funds to support activities under the Michigan Strategic Fund Act, after transfer; requires funding not restricted, obligated, or committed at fiscal year close to lapse to the general fund. Executive deletes. Senate revises to eliminate the appropriation and to apply the requirements to funds held in the SOAR Fund. House deletes.

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

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

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

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs; prohibits MSHDA from restricting eligibility for housing units without a permanent foundation unless it is a federal restriction for program; requires report on production goals, including efforts to raise affordable housing goals, program summaries, status of goal progress, and program utilization explanations. Executive deletes. Senate retains with non-substantive technical changes. House revises to streamline reporting requirements.

Sec. 403. Transition and Supportive Housing – DELETED

Requires that at least 2.0 FTEs work with MDHHS on transition and supportive housing to support the transition to permanent housing. Executive deletes. Senate revises to require at least 1.0 FTE to work with MSF on mixed-use housing projects and to require a report on MSHDA's work with LEO, MSF, and MDHHS. House deletes.

Sec. 404. Payments on Behalf of Tenants in the Event of Federal Funding Reductions – NOT INCLUDED

Allows MSHDA to support activities of payments on behalf of tenants in the event of federal funding reductions. Executive does not include. Senate includes new language. House does not include.

Sec. 405. Lapsing of Work Project Funds – NOT INCLUDED

Expresses legislative intent that the state budget director lapse \$14.0 million of work project funds for a blight elimination program appropriated under 2022 PA 166; requires any lapsed funds to be appropriated for grants to local land banks for blight removal or redevelopment projects and requires reporting. Executive does not include. Senate includes new language. House does not include.

Major Boilerplate Changes from FY 2024-25

STATE LAND BANK AUTHORITY

Sec. 452. Land Bank Stabilization Grants – NOT INCLUDED

Requires funds to be allocated for grants to local land banks to support property management and redevelopment, with priority for local land banks with the largest property inventories. Executive does not include. Senate includes new language. House does not include.

MICHIGAN STRATEGIC FUND

Sec. 503. Pure Michigan Appropriation – REVISED

(1) Requires Pure Michigan appropriations to be used for specified purposes and allows up to 4.25% of the appropriation to be used for administration; (2) authorizes MSF to contract any authorized activities; (3) authorizes MSF to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns; (4) requires a report on utilization of funds for eligible activities; (5) requires Pure Michigan appropriations to be used to market Michigan as a travel and tourist destination with the sole purpose of attracting new visitors and retaining former visitors; (6) requires funds appropriated for Pure Michigan to be used exclusively for marketing Michigan as a travel and tourist destination and prohibits MEDC from using funds to sponsor or support non-tourism incentives and campaigns. Executive revises to remove the 4.25% cap under item (1), to extend a reporting deadline, and to delete items (5) and (6). Senate revises to reduce the 4.25% cap under item (1) to 1.0% and to delete and replace item (6) with a requirement that each local visitor bureau can only receive Pure Michigan funding once per fiscal year. House revises to reduce the 4.25% cap under item (1) to 1.0% and to require MSF Board approval for contracting with a third party.

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

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives. Executive deletes. Senate and House retain.

Sec. 507. MEDC Reporting – REVISED

Requires MEDC/MSF to report information on MEDC's budget, including expenditures and revenues, FTE numbers, activities, programs, grants, and subprograms funded with the Business Attraction and Community Revitalization line item. Executive deletes. Senate retains. House revises to require information on whether FTEs are filled or unfilled.

Sec. 508. MSF Interlocal Agreements – RETAINED

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

Sec. 509. Land Options and Purchases – RETAINED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area, the purchase is at invitation of local unit of government and economic development agency, or land is obtained from the State Land Bank Authority or a local land bank authority; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers; requires a report that lists all properties purchased, all options on land purchased, the location of the land purchased, and the purchase price if the fund purchases land or options for land. Executive deletes. Senate revises to delete current language and instead require notification not later than 45 days after the purchase of land or options on land, including land location, selling entity information, and purchase price of the land or option on land. House retains.

Sec. 513. MEDC Staff Fundraising Activities – RETAINED

Prohibits MEDC staff involved in private fundraising from being party to grant award, incentives, or tax abatement decisions. Executive deletes. Senate revises to eliminate the prohibition and instead require a report listing any MEDC staff involved in private fund-raising activities and whether those individuals were party to any decisions regarding awarding of grants, incentives, or tax abatements from MSF, Critical Industry Program, Michigan Strategic Site Readiness Program, MEDC, or MEGA. House retains.

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

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

Sec. 515. Film Incentives Reporting – RETAINED

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

Major Boilerplate Changes from FY 2024-25

Sec. 517. Arts and Cultural Grant Program – DELETED

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

Sec. 518. Business Attraction and Community Revitalization 21st Century Jobs Trust Fund Transfer – DELETED

Requires GF/GP funds appropriated to MSF for Business Attraction and Community Revitalization to be transferred to the 21st Century Jobs Trust Fund, pursuant to the Michigan Strategic Fund Act, 1984 PA 270; appropriates transferred funds for allocation. Executive and Senate retain. House deletes.

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

Requires quarterly reporting on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended; requires report to include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason. Executive deletes. Senate retains. House revises report to only apply to Business Attraction and Community Revitalization work projects.

Sec. 521. Tax Credit Transfer Notification – RETAINED

Requires notification 30 days prior to authorizing the transfer of any previously authorized tax credit that would increase the state's liability. Executive deletes. Senate and House retain.

Sec. 522. Business Attraction and Community Revitalization Outcomes and Performance Measures – DELETED

Requires MSF to identify specified outcomes and performance measures for the Business Attraction and Community Revitalization appropriation; requires reporting on outcomes and measures, results and data for the previous fiscal year if the information is available, and a summary of any metrics used to evaluate program outcomes and performance. Executive revises to change reporting deadline. Senate retains. House deletes.

Sec. 525. Job Creation Services Report – RETAINED

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. Executive deletes. Senate and House retain.

Sec. 526. Michigan Defense Center – DELETED

Requires that funding be used to support the defense and homeland security industry in Michigan; allows funding to be used to help businesses identify federal defense contract opportunities, provide technical assistance for bidding federal defense contracts, and strengthen cybersecurity compliance at Michigan businesses. Executive retains. Senate revises to require a report on the defense industry and the Michigan Defense Center. House deletes.

Sec. 526. Rural Jobs and Capital Investment – NEW

Requires that MSF, in conjunction with MEDC and LEO, make grants, loans, and economic assistance available to rural jobs and capital investment funds, as provided in MCL 125.2090n. Executive and Senate do not include. House includes new language.

Sec. 527. Revitalization and Placemaking Program Expenditures – DELETED

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

Major Boilerplate Changes from FY 2024-25

Sec. 528. Revitalization and Placemaking Program – DELETED

(1) Requires Revitalization and Placemaking Program appropriation to be deposited in accordance with section 695 of the Income Tax Act of 1967 and allocates \$25.0 million of the appropriation for administering the Revitalization and Placemaking Program, with the remainder allocated for the Michigan Talent Partnership Program; (2) requires Michigan Talent Partnership Program to be used to implement transformational public space development projects and to leverage coordination through local talent plans, also establishes criteria that qualified plan proposals must include; (3) declares that the Revitalization and Placemaking Program appropriation is for a public purpose; (4) outlines permitted actions LEO may take to implement the program; (5) requires LEO to allocate program funding through local talent plans from eligible applicants; (6) requires eligible applicants to be a consortium of entities, requires consortium applicants to appoint a lead applicant to serve as a fiduciary and project manager, establishes other consortium requirements, and requires applicants to provide at least 50% local or private match funds to be considered for a grant; (7) requires approved talent plans to include certain specified activities; (8) establishes additional criteria that approved local plans must satisfy; (9) allows LEO to establish a state agency workgroup to support implementation; (10) allows LEO to retain up to 3% of funds for implementation costs and allows LEO to contract with nonprofit research organizations or public education institutions; (11) specifies LEO communication responsibilities during development and implementation; (12) establishes criteria that LEO must use when evaluating applications and selecting grant recipients; (13) requires LEO to award \$18.0 million to 1 project in Detroit, Grand Rapids, Lansing, and Ann Arbor, and \$7.0 million, less implementation costs, to projects in regional prosperity zones that meet requirements; (14) requires LEO to publish approved plans and funding allocations and allows LEO to approve subsequent funding rounds if funds are available; (15) outlines oversight mechanisms and requires claw-back provisions; (16) requires biannual updates on the program; (17) designates unexpended funds as a work project appropriation. Executive deletes. Senate revises to delete current language and to include reporting on the implementation of the Revitalization and Placemaking Program with funds appropriated for FY 2024-25. House deletes.

Sec. 529. Michigan Talent Partnership – NOT INCLUDED

Requires funds to be used to administer a grant program and support implementation of transformational community development initiatives; requires Michigan Talent Partnership to be used to implement transformational public space development projects in central city neighborhoods or concentrated districts and leverage interdepartmental and cross-sector coordination through local talent plans; outlines requirements for qualified plan proposals; outlines activities LEO may undertake to implement the grant program and provides various program requirements; outlines requirements for eligible applicants and approved talent plans; allows LEO to retain up to 3% for implementation costs and authorizes up to 2% for costs to reimburse other state agencies; requires annual reporting; designates unexpended funds as a work project appropriation. Executive does not include. Senate includes new language. House does not include.

Sec. 530. MSF Economic Assistance Agreements Database – NOT INCLUDED

Requires LEO to work with MSF to develop and maintain a searchable database containing detailed information on all economic assistance agreements funded with state appropriations; provides requirements for the database and information it must contain. Executive does not include. Senate includes new language. House does not include.

Sec. 531. Small Business Development Initiative – NOT INCLUDED

Requires funds to be used to make awards for economic assistance to qualified businesses or business organizations that provide services to qualified small businesses; prioritizes awards for development and expansion of small businesses from underserved groups and distressed communities and requires funds to be awarded in a geographically diverse and competitive manner; outlines other program requirements, including reporting; designates unexpended funds as a work project appropriation; defines the following terms: business organizations, economic assistance, and qualified business. Executive does not include. Senate includes new language. House does not include.

Sec. 532. Community Development Financial Institutions Fund – NOT INCLUDED

(1) Transfers funding to the Michigan Community Development Financial Institutions Fund, which is created in the section, and appropriates all funds in the Michigan Community Development Financial Institutions Fund for grants to eligible CDFIs; (2) requires MSF to develop a grant application not later than October 31; (3) establishes items that must be included in the grant application; (4) delineates grant award eligibility for CDFIs that are depository institutions; (5) delineates grant award eligibility for non-depository institution CDFIs; (6) limits a grant award to a multistate CDFI that is not a depository institution to \$633,000 or less; (7) outlines MSF's responsibilities with respect to reviewing applications; (8) outlines process for additional review of a denied application; (9) allows for proportional grant award distribution, based on the amount of CDFI funding available; (10) delineates items that must be included in required written grant agreements; (11) allows for a CDFI that is awarded a grant to serve as an intermediary lender to another CDFI; (12) allows for assignment of a grant award to an affiliate, subject to conditions; (13) requires reporting from grant award recipients; (14) provides specific exemptions to requirements under (13); (15) requires MSF to make all reasonable efforts to ensure at least 10% of funds benefit businesses operated by underrepresented entrepreneurs; (16) allows MSF to expend up to 4% of the appropriation for administrative costs; (17) designates unexpended funds as a work project appropriation; (18) defines terms used within the section. Executive does not include. Senate includes new language. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 533. Global Talent Initiative – NOT INCLUDED

Requires funds to be awarded to a Detroit nonprofit organization focused on equitable local, regional, and statewide economic growth through immigrant inclusion for programs including marketing and attracting, licensing, credentialing, placing, training, and accessing education to international entrepreneurs, companies and startups, professionals, and students. Executive does not include. Senate includes new language. House does not include.

EMPLOYMENT SERVICES

Sec. 601. Wage and Hour Program Investigations – RETAINED

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

Sec. 601a. Prevailing Wage Implementation and Administration – NOT INCLUDED

Requires \$8.0 million of Prevailing Wage Fund and 24.0 FTE positions from the Wage and Hour Program appropriation to be used for implementation and administration of 2024 PA 110. Executive does not include. Senate includes new language. House does not include.

Sec. 602. First Responder Presumed Coverage Fund – NOT INCLUDED

Appropriates all funds necessary from the Slezak First Responder Presumed Coverage Fund to pay approved first responder presumed coverage claims and administrative costs; requires LEO to provide a report to the Michigan Gaming Control Board, the Department of Treasury, and the State Budget Office that includes the total of all approved claims and administrative costs. Executive and Senate include new language. House does not include.

WORKFORCE DEVELOPMENT

Sec. 700. Program Specialist and Placement Prioritization – NOT INCLUDED

Requires LEO to have a program specialist or local employment representative to Michigan Works! service centers available during hours of operation and to continue making appropriate placement of and providing resources to individuals with disabilities and those served by Michigan Rehabilitation Services and Centers for Independent Living. Executive does not include. Senate includes new language. House does not include.

Sec. 702. Workforce Development Grants – REVISED

Allows LEO to provide grants to non-profit organizations that offer programs to WIOA-eligible youth that focus on entrepreneurship, work-readiness skills, job shadowing, apprenticeship readiness, and financial literacy; stipulates eligibility criteria for organizations and requires LEO to develop other appropriate eligibility requirements. Executive retains. Senate revises to require a report on grant expenditures, number of students served, and organizations that received funding. House revises to delete a provision requiring eligible organizations to have capacity to provide similar programs in urban areas.

Sec. 705. Going Pro Program Reporting – DELETED

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

Sec. 706. Going Pro Program 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. Executive revises to delete the 2% administration cap and to make changes to requirements for talent fund priority industry sector applications. Senate revises to require LEO to prioritize training for cross-industry projects and industries negatively affected by tariffs and to allow LEO to use the MiSTEM Advisory Council to assist with application processing. House deletes.

Sec. 707. MiSTEM Advisory Council – DELETED

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 MiSTEM Network staff must fulfill and requires a report on activities and performance of the MiSTEM network regions. Executive and Senate retain. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 709. Helmets to Hardhats – DELETED

Requires funding to be awarded to a national nonprofit program that connects national guard, reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry. Executive retains. Senate revises to allow grants to be used for wraparound services and to require the awardee to offer an online program application. House deletes.

Sec. 710. 23+ High School Diploma Program – DELETED

Requires appropriation for 23+ High School Diploma Program to be awarded for a program to assist adults over the age of 23 with obtaining high school diplomas and placement in career training programs; specifies eligibility requirements; provides detailed reimbursement rates for certain performance measures. Executive revises to make technical changes. Senate consolidates the language into the new Michigan Future Force section. House deletes.

Sec. 710. Michigan Future Force – NOT INCLUDED

Consolidates existing requirements for the 23+ High School Diploma Program, At-Risk Youth Grants, and the High School Equivalency-to-School Program under one section and requires \$1.0 million GF/GP from the Michigan Future Force line item to be awarded to a Schools to Tools program to provide students, parents, teachers, and school counselors with information, training, and hands-on experiences to make informed career decisions. Executive does not include. Senate includes new language. House does not include.

Sec. 711. At-Risk Youth Grants – DELETED

Requires funds to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program. Executive retains. Senate consolidates the language into the new Michigan Future Force section. House deletes.

Sec. 712. High School Equivalency-to-School Program – DELETED

Requires funds to be used to cover the cost of a high school equivalency test free of charge for individuals meeting certain requirements; requires LEO to develop procedures, provide program information, and provide a full-year cost estimate; requires report on utilization. Executive revises to allow for vouchers. Senate consolidates the language into the new Michigan Future Force section. House deletes.

Sec. 713. Interagency Job Readiness TANF Funding – RETAINED

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

Sec. 715. Community and Worker Economic Transition Office – DELETED

Authorizes LEO to hire employees and deploy capabilities to evaluate and address impacts of economic transitions on workers, communities, and employers; requires LEO to develop and submit a community and worker economic transition plan not later than December 31, 2025; requires LEO to submit a report on office activities and progress made on the transition plan, in addition to information on the mission statement, goals, metrics, and recommendations of the Community and Worker Economic Transition Office. Executive retains. Senate revises to require a transition plan for residents laid off by the federal government or impacted by federal contracts or tariffs. House deletes.

Sec. 716. Volunteer Income Tax Assistance Grants – DELETED

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

Sec. 717. Rural Development Fund Grant Program – NOT INCLUDED

Requires Office of Rural Prosperity to collaborate with MDARD on the Rural Development Fund grant program. Executive and Senate include new language. House does not include.

Sec. 718. Center for Employment Opportunity – NOT INCLUDED

Requires funds to be awarded to a nonprofit that operates a program that meets the following criteria: provides services to parolees and probationers assessed by the Department of Corrections as moderate or high risk to recidivate; provides job readiness training, transitional employment, job coaching and placement, and postplacement retention services; has been independently and rigorously evaluated and shown to reduce recidivism; demonstrates an ability to serve multiple jurisdictions across Michigan. Executive does not include. Senate includes new language. House does not include.

Sec. 719. Workforce Development Barrier Removal – NOT INCLUDED

Requires \$3.0 million of the Workforce Development appropriation to be used to provide supportive services to at-risk individuals (which includes Michigan residents who are low-income, poor, working poor, and individuals laid off by the federal government since January 2025) to address and remove barriers preventing them from receiving job training or attaining or retaining employment; outlines services that may be provided; prioritizes service to veterans or individuals with disabilities. Executive does not include. Senate includes new language. House does not include.

Major Boilerplate Changes from FY 2024-25

UNEMPLOYMENT

Sec. 804. UIA Branch Offices – REVISED

Requires funds appropriated for UIA to be used to staff unemployment insurance agency branch offices for in-person claimant service appointments; requires biannual report on in-person office operations. Executive and Senate retain. House revises to require information on UIA facility space, staffing distribution, and volumes of claimants served through different venues.

Sec. 805. UIA Limited-Term Employee Authorization – DELETED

Authorizes UIA to hire up to 500 limited-term employees if UIA local offices offer full-time, in-person services. Executive and Senate retain. House deletes.

Sec. 807. UIA Federal Funding Appropriation – DELETED

Appropriates additional funds earned or authorized by USDOL and allows expenditure for staffing and related expenses after notification of the purpose and amount of each grant award. Executive and Senate retain. House deletes.

REHABILITATION SERVICES

Sec. 902. Michigan Rehabilitation Services Report – REVISED

Requires annual report on efforts taken to improve MRS; specifies information that must be included in the report. Executive deletes. Senate retains. House revises to add an additional item to the report regarding MRS program goals and to make other technical changes.

Sec. 903. Michigan Rehabilitation Services Funding for Disabled Agricultural Workers – DELETED

Allocates funding from MRS appropriation along with federal matching funds for vocational rehabilitation services to disabled agricultural workers; requires report. Executive and Senate retain. House deletes.

Sec. 905. Independent Living – REVISED

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

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

Requires LEO to allocate PASREP appropriations to support administration of the program; allows MRS to work collaboratively with service organizations to administer the program; requires annual reporting on PASREP. Executive deletes. Senate retains. House revises to eliminate references to administration of the program, requiring all funding to go to PASREP.

Sec. 907. Bureau of Services for Blind Persons Service Agreements – REVISED

Stipulates that funds appropriated for the BSBP include funds for case services that may be used for tuition payments for blind clients; requires unexpended revenue collected by BSBP and from local and private sources to carry forward into subsequent fiscal year. Executive and Senate retain. House revises to delete the carry-forward requirement.

Sec. 909. Local Support for Subregional Libraries – DELETED

Prohibits funds appropriated for a regional or subregional library from being released until a budget for that library has been approved by LEO for library services directly serving the blind and persons with disabilities; requires local maintenance of effort for subregional libraries to receive state grants for expenditures for library services directly serving blind persons and persons with disabilities. Executive and Senate retain. House deletes.

COMMISSIONS

Sec. 951. Commissions Reporting and Expenditures – DELETED

Requires Office of Global Michigan to coordinate with affiliated commissions to produce a report detailing commission activities, including interaction volumes, activity descriptions, and programmatic costs; requires an expenditure of appropriated funds by a commission to directly relate to the mission statement of that commission. Executive deletes. Senate revises to focus reporting on grants and to delete the requirement that a commission expenditure directly relate to the commission's mission statement. House deletes.

Sec. 952. Office of Global Michigan Federal Immigration Action – NOT INCLUDED

Requires Office of Global Michigan to allocate at least \$150,000 and 1.0 FTE position for activities that assist and support residents who have been impacted by federal immigration action or changes occurring after January 1, 2025, outlines activities to be supported. Executive does not include. Senate includes new language. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 953. Office of Global Michigan Report – DELETED

Requires Office of Global Michigan to report on activities of the office; stipulates reporting requirements. Executive and Senate retain. House deletes.

Sec. 954. Black Leadership Council – NOT INCLUDED

Requires LEO to create an FTE position to do the following: work on policies and actions to eradicate and prevent discrimination and racial inequity, identify state laws that create or perpetuate inequalities, serve as a resource for community groups, promote culture and arts in black communities, report annually on activities undertaken; stipulates that if a black leadership advisory council is created by public act or executive order, the FTE position would serve as staff to support the council. Executive does not include. Senate includes new language. House does not include.

Sec. 955. Tribal Commission – NOT INCLUDED

Requires LEO to create an FTE position to do the following: work on policies and actions to eradicate and prevent discrimination and inequalities for tribal members, identify state laws that create or perpetuate tribal member inequalities, serve as a resource for community groups, promote culture and arts in tribal communities, report annually on activities undertaken; stipulates that if a tribal commission is created by public act or executive order, the FTE position would serve as staff to support the commission. Executive does not include. Senate includes new language. House does not include.

ONE-TIME APPROPRIATIONS

Sec. 1000. ADA Small Business Compliance – NOT INCLUDED

Requires funds to be allocated for a need-based grant program for small businesses (50 employees or less) to support ADA compliance; caps grants at \$50,000. Executive does not include. Senate includes new language. House does not include.

Sec. 1001-1054. FY 2024-25 One-Time Boilerplate Sections – DELETED

Stipulates how 60 different FY 2024-25 one-time appropriations are to be used and allocated. Executive deletes all sections except for language related to Focus: HOPE and Office of Rural Prosperity Grants, which are retained as one-time sections. Senate deletes all sections except for language related to Short-Term Loan Grants and Community Development Financial Institutions Grants, which appear in SB 179 as sections 1018 and 532, respectively. House deletes all sections.

Sec. 1001. Arts and Culture Facility Upgrades – NOT INCLUDED

Requires funds to be allocated for need-based grants to art facilities, cultural centers, or museums that have demonstrated need for facility upgrades; requires grants to be matched with at least equal funding from a local unit of government, nonprofit, or private match; caps grants at \$250,000. Executive does not include. Senate includes new language. House does not include.

Sec. 1001. Skilled Trades Workforce Training Grants – NEW

Requires funds to be used for grants to organizations that provide support for skilled trades education partnerships, skilled trades certification programs, and skilled trades upskilling initiatives; caps awards to organizations affiliated with community colleges and organizations affiliated with trade unions at \$5.0 million each. Executive and Senate do not include. House includes new language.

Sec. 1002. Community Health and Services Grants – NOT INCLUDED

Provides \$100 allocations from the Community Health and Services Grants appropriation to each of the following: a nonprofit park civic association in Detroit to support improvements to the community house space; an early childhood education service provider with locations in Detroit to provide high-quality services and to support facility infrastructure improvements; City of Flint to support costs to reopen a community center facility; a multiservice community development organization advancing health equity located in Detroit for facility purchase and upgrades; a youth activity and athletic facility located in Shiawassee County to support renovations to the facility, ADA compliance, and construction of 4 licensed child care rooms; a nonprofit organization that supports a food pantry located in Detroit to support supplies and operations; a health network located in Oakland County for infrastructure upgrades at a resource and crisis center; a food bank in Detroit to create a more stable food security network through the metro area; a community organization focused on alleviating poverty located in Pontiac to support programming and operations; a community association to address social, recreational, and cultural needs of the community and headquartered in Kalamazoo to support accessibility upgrades; a youth engagement and adult reengagement nonprofit center in Detroit for expansion of the center; a nonprofit organization headquartered in Detroit that operates a community center in Highland Park for structural improvements to a nonprofit community center. Executive does not include. Senate includes new language. House does not include.

Sec. 1002. Wakefield Township Infrastructure Investment – NEW

Requires LEO to award \$50.0 million to Wakefield Township for infrastructure improvements that include transportation access, water and wastewater, groundwater quality analysis, power reliability, and cellular and broadband access. Executive and Senate do not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 1003. Employer Assisted Housing Financing Program – NOT INCLUDED

Allocates funds to MSHDA for the purpose of incentivizing employers to create local workforce housing opportunities (housing acquisition, rental housing, down payment assistance, and rehabilitation) by providing up to a 1:1 match on employer investments; stipulates that eligible households must be below 120% of the area median income; requires MSHDA to develop and post program guidelines and eligibility criteria; requires efforts be made to ensure a broad geographic distribution of funds to urban and rural communities. Executive includes new language. Senate and House do not include.

Sec. 1003. Community Infrastructure Grants – NOT INCLUDED

Provides \$100 allocations from the Community Infrastructure Grants appropriation to each of the following: City of Rockwood for purchasing a fire engine; City of Huntington Woods for replacing HVAC at city hall; City of Warren for repair and restoration of Red Run Drain; Redford Charter Township to construct a combined sewer overflow basin; City of Lincoln Park for water metering system upgrades; Oakland County for grants to management organizations for placemaking and small business support; City of Allen Park for purchasing a community center generator; City of Algonac to support engineering costs for boardwalk revitalization and improvements; City of St. Clair Shores for enhancement of the nautical miles; City of Grosse Pointe Park for water main replacement; Macomb County to conduct a muck removal feasibility study; City of Livonia for construction of a bike and walk trail; Ann Arbor-based treeline conservancy to support trail expansion; Delta Charter Township for water treatment facility improvements. Executive does not include. Senate includes new language. House does not include.

Sec. 1003. Legislatively Directed Spending Items – NEW

Allocates funds appropriated for Legislatively Directed Spending Items for 62 different programs and projects (see Table 1 for information on recipients). Executive and Senate do not include. House includes new language.

Sec. 1004. Talent Action Teams – NOT INCLUDED

Requires funds to be used for operation of the talent action teams fast track system; requires MSF to collaborate with higher education institutions, community colleges, Michigan Works! Agencies, private training providers, nonprofits, state agencies, and units of local government on providing services that include talent recruitment, workforce training, and scholarships and other resources; allows LEO to retain up to 3% of the appropriation for administration. Executive includes new language. Senate and House do not include.

Sec. 1004. Community Public Safety Grants – NOT INCLUDED

Provides \$100 allocations from the Community Public Safety Grants appropriation to each of the following: Redford Charter Township for purchasing police radios; City of Flat Rock for purchasing a fire engine; City of Kalamazoo for purchasing firefighter turnout gear; City of Sterling Heights for construction of a police training center; City of Allen Park for purchasing a fire truck; Waterford Charter Township for construction of a fire station; City of Eastpointe for police station and district courthouse infrastructure improvements; Eaton County for municipal fire department infrastructure and equipment needs; Ingham County for municipal fire department infrastructure and equipment needs. Executive does not include. Senate includes new language. House does not include.

Sec. 1005. Growth Programming and Initiatives – NOT INCLUDED

Allows funds to be used for growth programs and activities that include programs and pilots to support growth in communities across Michigan, engagement efforts to advance Michigan's growth, and strategies to support talent attraction and retention; allows LEO to retain up to 3% of the appropriation for administration. Executive includes new language. Senate and House do not include.

Sec. 1005. Community Workforce Development Grants – NOT INCLUDED

Provides \$100 allocations from the Community Workforce Development Grants appropriation to each of the following: Schoolcraft College to support expansion of a masonry trades center; a 501(c)(3) nonprofit that provides support to individuals with disabilities and their families located in Northville Charter Township to support operations; a nonprofit that helps women consider careers in and connect with technology industries, to support programs aimed at connecting women in K-12 through post-university with technology careers; an association that provides education for the care at home industry located in Meridian Charter Township to support education programs providing onboarding safety training; a 501(c)(3) nonprofit formed in 1983 whose mission is to engage in partnerships, provide member support, and advocate for lifelong learning leading to employment and self-sufficient families that is located in Delta Charter Township to support programming and operations; Oakland County to establish an automation alley project to support a robust, distributed manufacturing network. Executive does not include. Senate includes new language. House does not include.

Sec. 1006. Barrier Removal and Employment Success – NOT INCLUDED

Requires funds to be used to provide supportive services to low-income, poor, and working poor citizens in Michigan to address and remove barriers preventing them from taking or staying in a job; allows LEO to retain up to 3% of the appropriation for administration. Executive includes new language. Senate and House do not include.

Major Boilerplate Changes from FY 2024-25

Sec. 1006. Economic Stress Test – NOT INCLUDED

Requires LEO to use funds to conduct an economic stress test to assess potential impacts of tariffs and federal funding reductions, establishes stress test requirements, allows LEO to coordinate with DTMB and other relevant agencies, delineates allowable LEO expenditures, and requires reporting on activities undertaken and recommendations. Executive does not include. Senate includes new language. House does not include.

Sec. 1007. Economic Relief – NOT INCLUDED

Allocates funding from Economic Relief appropriation as follows: \$20.0 million for grants or loans to businesses impacted by tariffs; \$20.0 million for economic relief and emergency preparedness grants to nonprofit organizations that provide community supports; \$30.0 million for grants that support worker training and retooling initiatives; \$10.0 million for grants to food banks to prioritize the purchase of locally grown food; \$1.0 million for a request for information proposal to develop in-state manufacturing of public safety vehicles, with a priority on fire trucks, with any remaining dollars used for incentives to manufacture fire trucks in Michigan; \$9.0 million for grants or incentives to reshore supply chains to Michigan; \$10.0 million for grants to apprenticeship and adult education programs. Executive does not include. Senate includes new language. House does not include.

Sec. 1008. Small Business Support Hubs – NOT INCLUDED

Requires funds to be used by MSF for continued support of small businesses statewide; allows funds to be used for grants to small business support organizations for incubators, accelerators, networking and mentorship programming, and other entrepreneurial support initiatives; allows MSF to retain up to 3% of the appropriation for administration. Executive includes new language. Senate and House do not include.

Sec. 1008. Emergency Housing – NOT INCLUDED

Allocates funding from Emergency Housing Appropriation as follows: \$2.5 million for grants to nationally recognized Michigan tribes to support housing projects on tribal land or where a majority of tribal members will reside; \$2.0 million for grants of up to \$50,000 for homeowners or \$200,000 for business owners to make accessibility improvements to homes or businesses to align with Americans with Disabilities Act requirements, requiring at least 50% of the funds go to homeowners that need accessibility upgrades; \$15.0 million for grants for home repairs and weatherization to homes with a household income not greater than 250% of federal poverty level guidelines; \$1.0 million for a statewide nonprofit located in Delta Charter Township that specializes in eliminating poverty housing and advocating for safe and affordable housing for statewide affordable housing construction; \$9.5 million to provide housing affordability grants to support housing development projects that have at least 50% of housing units designated for affordable housing for individuals making not more than 120% of the community's median income; \$100 for a tribe located in Chippewa County to support housing and care for homeless tribal members; \$3.0 million for an association located in Grand Rapids that provides civil legal aid to provide services to tenants facing eviction from non-subsidized housing; \$1.5 million for a city that has established a tenant right to counsel program to implement a right to counsel program for city tenants in eviction proceedings; \$2.0 million for MSHDA's landlord incentive fund; \$1.0 million for MSHDA's housing navigation fund; \$4.0 million for a statewide pay as you stay program, which would support households with an income not greater than 250% of the federal poverty level with an unpaid delinquent tax balance greater than 10% of home's taxable value by paying off the total balance of property taxes, interest, fees, and penalties, once the homeowner pays back unpaid taxes that equate to 10% of the value of the home over no more than 3 years; \$2.5 million for emergency housing solutions grants; \$2.5 million for MSHDA's shelter diversion program; \$100 to Empowerment Plan in Detroit; \$3.5 million for combatting homelessness, housing insecurity, eviction diversion, or legal housing assistance. Executive does not include. Senate includes new language. House does not include.

Sec. 1009. Emerging Community Grants – NOT INCLUDED

Requires funds to be used to provide grants to nonprofit organizations and community organizations that are dedicated to supporting emerging populations; allows grants to be used to support facility acquisitions, facility upgrades, economic development activities that support the organization's community, and programming to support the organization's community. Executive does not include. Senate includes new language. House does not include.

Sec. 1010. Fire Station Infrastructure Grants – NOT INCLUDED

Requires funds to be used to provide grants to support fire station facility upgrades and firefighter uniforms and gear, with grants prioritized to communities with a median income less than 300% of the federal poverty level. Executive does not include. Senate includes new language. House does not include.

Sec. 1011. Housing Relief Fund – NOT INCLUDED

Requires MSHDA to use the Housing Relief Fund appropriation to support down payment assistance, Missing Middle, employer housing, foreclosure prevention, rental assistance, grants to convert commercial space to workforce housing in downtown corridors, streamlining of housing applications, permanent supportive housing, and faith-based housing grants; requires at least \$2.5 million to be used for faith-based housing grants and not more than \$7.5 million to be used for Missing Middle. Executive does not include. Senate includes new language. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 1012. Michigan Capital Access Fund – NOT INCLUDED

Creates Michigan Capital Access Fund as a state restricted fund and requires the MiCAP appropriation to be deposited into the fund to support the Michigan Capital Access Program, which would provide reduced interest loans to small businesses, with priority for small businesses located in low-income or economically disadvantaged communities and businesses owned by individuals in emerging populations, who have disabilities, or who are veterans; allows the state treasurer to use up to the amount of the fund's interest and earnings for administration; outlines program requirements and requires quarterly reporting. Executive does not include. Senate includes new language. House does not include.

Sec. 1013. Michigan Future Force – NOT INCLUDED

Allocates funding from the Michigan Future Force appropriation as follows: \$15.0 million for grants for youth workforce development programming and education services; \$100 to a free after-school writing program in southeast Michigan for service expansion; \$100 to a center for educational excellence in Flint for education and workforce infrastructure access; \$100 to a 501(c)(3) nonprofit with a mission to create and support 1-on-1 youth mentoring relationships for statewide service expansion; \$100 to a women's mentoring and scholarship program headquartered in Oakland County for programming; \$100 to a 501(c)(3) nonprofit serving Metro Detroit that empowers youth ages 14 through 24 with confidence, skills, knowledge, and onramps to opportunities to achieve their goals and build their futures; \$100 to a nonprofit youth development program that provides academic support, squash coaching, and character-building activities located in Detroit to support programming and operations. Executive does not include. Senate includes new language. House does not include.

Sec. 1014. Michigan Veteran Wraparound Services – NOT INCLUDED

Requires funds to be used to provide financial assistance to Michigan veterans, with assistance of up to \$250.00 or the veteran's biweekly wage, whichever is less, allocated every 2 weeks for not more than 2 months or until the veteran attains new employment, whichever is sooner; prioritizes veterans who lost federal employment because of actions taken by the federal government after January 21, 2025. Executive does not include. Senate includes new language. House does not include.

Sec. 1015. Michigan Works! – NOT INCLUDED

Requires \$500,000 of the Michigan Works! appropriation to be allocated to Michigan Works! agencies to assist individuals with disabilities who lost employment due to federal government actions after January 21, 2025 with obtaining new employment; requires \$500,000 of the appropriation to be allocated to Michigan Works! agencies to assist veterans who lost employment due to federal government actions after January 21, 2025 with obtaining new employment. Executive does not include. Senate includes new language. House does not include.

Sec. 1016. My Pay Today Pilot Program – NOT INCLUDED

Requires funds to be awarded to an alternative payday loan program located in Oakland County to provide loans of up to \$2,000 to households at or below 200% of the federal poverty level; outlines loan program requirements and requires an annual report. Executive does not include. Senate includes new language. House does not include.

Sec. 1017. Re-emerging Workforce – NOT INCLUDED

Requires funds to be allocated to provide grants to organizations that support programs or other services to help adults reenter the workforce; outlines eligibility requirements and allowable uses. Executive does not include. Senate includes new language. House does not include.

Sec. 1019. Community Support Hubs – NOT INCLUDED

Requires funds to be used to award need-based grants to hubs that provide community or small business support; outlines eligible recipients and allowable uses; requires 50% match for grants awarded to hubs located in communities with a median income greater than 500% of the average federal income poverty level. Executive does not include. Senate includes new language. House does not include.

Sec. 1020. Statewide Apprenticeship Expansion – NOT INCLUDED

Requires funds to be used for expanding available apprenticeship opportunities, assisting individuals with obtaining industry credentials recognized by the U.S. Department of Labor, and supporting registered apprenticeship program expansion efforts; allows LEO to retain up to 3% of the appropriation for administration; requires LEO to provide a report on the number of active, new, and completing registered apprentices served under the program. Executive and Senate include new language. House does not include.

Sec. 1021. Women in the Workforce – NOT INCLUDED

Requires LEO to develop recommendations for employers on best practices to support, attract, and retain women in the workforce and post the recommendations on LEO's website not later than January 1, 2026; allows LEO to partner with additional stakeholders to complete the recommendations; requires that recommendations address postpartum care, menstruation and menopause support, and fair and transparent pay practices. Executive does not include. Senate includes new language. House does not include.

Table 1: Legislatively Directed Spending Items House Bill 4706 (H-1)

Sec. 1003	1	Access Health	\$1,300,000
	2	Allband Communications	2,119,000
	3	American Legion Devereaux Post 141	1,000,000
	4	Antrim County Essex Road Repairs	2,500,000
	5	Barry County Brown Road River Crossing	2,537,600
	6	Blendon Township Water Infrastructure	920,000
	7	Bronson Health Foundation	30,000
	8	Charlevoix Township Fire Truck	1,000,000
	9	City of Albion Police Body-Worn Cameras	32,000
	10	City of Bronson UV Water Disinfection System	609,000
	11	City of Coleman Sewer Lift Station	550,000
	12	City of Davison Road Infrastructure	4,400,000
	13	City of Flat Rock Fire Truck	1,000,000
	14	City of Ishpeming Fire Truck	900,000
	15	City of Marine City Guy Community Center	1,000,000
	16	City of Marysville Seawall Replacement	750,000
	17	City of Menominee Fire Suppression Infrastructure	865,000
	18	City of Monroe Rail Grade Separation	500,000
	19	City of Rochester Hills Parks Infrastructure	2,000,000
	20	City of Rockwood Water Treatment Infrastructure	1,500,000
	21	City of Rockport Law Enforcement Carport	125,000
	22	City of Taylor Heritage Park	1,750,000
	23	City of Utica Police Department Equipment	250,000
	24	Common Ground	175,000
	25	Denmark Township Wastewater Lagoon Repairs	1,500,000
	26	Genesee County Frances Road Bridge	2,203,000
	27	Green Charter Township Legal Fees	275,000
	28	Hindu Community Relations Council of Michigan	300,000
	29	Isabella County US-127 Feasibility Study	250,000
	30	Jackson County Parks (The Cascades)	1,500,000
	31	Jackson Interfaith Shelter	1,000,000
	32	Kawkawlin Township Infrastructure	1,935,000
	33	Kent County Youth Agricultural Association	1,800,000
	34	Kirtland Community College Timber Harvester Simulator	100,000
	35	Lake Mitchell Sewer Authority Infrastructure Repairs	5,000,000
	36	Marquette Sawyer Regional Airport Infrastructure	3,000,000
	37	Macomb County Public Works Muck Control	800,000
	38	Macomb Township Boulevard Creation	2,500,000
	39	Mason-Griffith Founders Chapter Trout Unlimited (River Preservation)	2,500,000
	40	Matrix Human Services	2,000,000
	41	Michigan Tech Mass Timber	3,000,000
	42	Mid-Peninsula School District HVAC	245,000
	43	Oakland-Macomb Interceptor Drain Drainage District	2,500,000
	44	Orion Township Community Recreation Center Redesign Project	3,000,000
	45	Park Township Coast Guard Station Conversion	600,000
	46	Saginaw County Road Commission Protective Infrastructure	1,192,500
	47	Shelby Township Community Pool	1,000,000
	48	Sheridan Township Bridge Repairs	3,300,000
	49	Springfield Township Community Fire Protection Wells	900,000
	50	Southern Michigan Railroad	3,354,500
	51	Southwest Shiawassee Emergency Services Ambulances	1,231,000
	52	St. Clair County Palms Road Bridge	1,100,000
	53	St. Clair County Sterling Road Culvert	280,000
	54	Starfish Family Services	3,000,000
	55	Tri-Township Fire Department Equipment	220,000
	56	Troy School District (Smith Middle School Traffic)	500,000
	57	Village of Breckenridge Fire Hall	1,000,000
	58	Village of Carsonville Water Infrastructure	1,170,000
	59	Waterford Township Regional Fire Station	2,300,000
	60	Watertown Township Fire Truck	500,000
	61	Wayne County Emergency Operations Center	5,000,000
	62	Wayne County West Road Bridge Replacement (Trenton)	10,000,000
		TOTAL	\$99,868,600

FY 2025-26: LICENSING AND REGULATORY AFFAIRS
Summary: Proposed House Substitute
Article 10, House Bill 4706 (H-1)



Analyst: Una Jakupovic

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$27,682,800	\$30,192,600	\$30,192,600	\$24,770,700	(\$2,912,100)	(10.5)
Federal	30,471,300	34,478,800	34,478,800	30,052,100	(419,200)	(1.4)
Local	0	0	0	0	--	--
Private	0	0	0	0	--	--
Restricted	281,979,200	284,429,800	284,842,500	270,591,900	(11,387,300)	(4.0)
GF/GP	308,605,700	301,539,300	307,539,300	253,867,800	(54,737,900)	(17.7)
Gross	\$648,739,000	\$650,640,500	\$657,053,200	\$579,282,500	(\$69,456,500)	(10.7)
FTEs	1,821.0	1,857.0	1,853.0	1,550.0	(271.0)	(14.9)

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 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. FTE Reductions	FTE	NA (297.0)
House includes reductions to FTE authorizations for the following line items:	Gross	NA (\$40,100,000)
	IDG	NA (2,793,400)
• Reduction of 10.0 FTEs and \$1.4 million Gross for Unclassified Salaries	Federal	NA (607,700)
• Reduction of 19.0 FTEs and \$2.6 million Gross for Administrative Services	Restricted	NA (26,737,700)
• Reduction of 7.0 FTEs and \$945,000 Gross for Executive Director Programs	GF/GP	NA (\$9,961,200)
• Reduction of 43.0 FTEs and \$5.8 million Gross for Public Service Commission		
• Reduction of 25.0 FTEs and \$3.4 million in state restricted funding for Liquor Licensing and Enforcement		
• Reduction of 9.0 FTEs and \$1.2 million in state restricted funding for Management Support Services		
• Reduction of 8.0 FTEs and \$1.1 million Gross for Bureau of Community and Health Systems		
• Reduction of 55.0 FTEs and \$7.4 million Gross for Bureau of Construction Codes		
• Reduction of 1.0 FTE and \$135,000 GF/GP for Bureau of Fire Services		
• Reduction of 16.0 FTEs and \$2.2 million Gross for Bureau of Professional Licensing		
• Reduction of 15.0 FTEs and \$2.0 million GF/GP for Bureau of Survey and Certification		

[continued on next page]

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. FTE Reductions (continued)			
<ul style="list-style-type: none"> Reduction of 15.0 FTEs and \$2.0 million in state restricted funding for Corporations, Securities, and Commercial Licensing Bureau Reduction of 37.0 FTEs and \$5.0 million in state restricted funding for Cannabis Regulatory Agency Reduction of 34.0 FTEs and \$4.6 million Gross for Michigan Office of Administrative Hearings and Rules Reduction of 3.0 FTEs and \$405,000 GF/GP for Michigan Indigent Defense Commission. 			
<u>Senate</u> does not include.			
2. Michigan Indigent Defense Commission (MIDC) Grants		Gross	\$258,345,300
<u>House</u> includes a reduction of \$50.0 million GF/GP for Michigan Indigent Defense Commission Grants. <u>Senate</u> does not include.		Restricted	300,000
		GF/GP	\$258,045,300
			(\$50,000,000)
3. Michigan Commission on Law Enforcement Standards		FTE	NA
<u>House</u> includes the addition of six line items within the Michigan Commission on Law Enforcement Standards (MCOLES) unit transferred from the Michigan State Police budget.		Gross	NA
		Federal	280,400
		Restricted	14,263,200
		GF/GP	\$19,402,700
			\$33,946,300
<ul style="list-style-type: none"> \$500,000 GF/GP for De-escalation Training \$18.3 million GF/GP and 7.0 FTEs for In-service Training \$10.0 million in state restricted funding for Justice Training Grants \$303,000 GF/GP and 1.0 FTE for Public Safety Officers Benefit Fund \$4.0 million Gross and 19.0 FTEs for Standards and Training \$855,000 in state restricted funding for Training Only to Local Units. 			
<u>Senate</u> does not include.			
4. Cannabis Regulatory Agency Enforcement		Gross	NA
<u>House</u> includes \$5.0 million in state restricted funding for the creation of a new Cannabis Regulatory Agency Enforcement line item to support the investigation and regulation of cannabis black market activities. <u>Senate</u> does not include.		Restricted	NA
		GF/GP	NA
			\$5,000,000
			5,000,000
			\$0
5. Information Technology Reduction		Gross	\$27,589,700
<u>House</u> includes a reduction of \$4.1 million Gross for Information Technology Services and Projects. <u>Senate</u> does not include.		IDG	1,436,800
		Federal	1,279,400
		Restricted	22,927,800
		GF/GP	\$1,945,700
			(\$4,138,500)
			(122,900)
			(109,300)
			(1,960,600)
			(\$1,945,700)
6. Customer Service and Business Ethics Training		Gross	NA
<u>House</u> includes \$250,000 Gross for Administrative Services to support customer service and business ethics training for all classified and unclassified LARA employees. <u>Senate</u> does not include.		IDG	NA
		Federal	NA
		Restricted	NA
		GF/GP	NA
			\$250,000
			4,200
			15,100
			230,700
			\$0
7. Property Management Reduction		Gross	\$7,067,100
<u>House</u> includes a reduction of \$142,900 for Property Management and a replacement of all GF/GP with federal and state restricted funding sources. <u>Senate</u> does not include.		Federal	393,400
		Restricted	6,440,000
		GF/GP	\$233,700
			(\$142,900)
			5,200
			85,600
			(\$233,700)
8. Worker's Compensation Reduction		Gross	\$93,400
<u>House</u> includes a reduction of \$21,400 for Worker's Compensation. <u>Senate</u> does not include.		Federal	12,700
		Restricted	80,700
		GF/GP	\$0
			(\$21,400)
			(2,900)
			(18,500)
			\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
9. Federal Energy and Benchmarking Grants		Gross	NA
<u>Executive</u> includes \$4.1 million in federal grant funding from the U.S. Department of Energy to support the development of a statewide energy code and energy benchmarking within the Bureau of Construction Codes (BCC).		Federal	NA
The funding would include support for:		GF/GP	NA
<ul style="list-style-type: none"> BCC training for local governments relating to energy efficiency standard adoption BCC partnership with labor organizations to train and employ workers in energy auditing and building system optimization A building stock analysis that would categorize buildings by type and identify common energy efficiency upgrades required. 			\$0
<u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.			
10. Nursing Home Surveys and Investigations		FTE	NA
<u>Executive</u> includes \$2.7 million GF/GP and authorization for 9.0 FTEs to support nursing home complaint intake and investigations. Of the total, \$2.4 million and 7.0 FTEs would be allocated to hire health care surveyors to support immediate jeopardy complaint investigations associated with nursing and continuing care facilities. The requested funding would also support the hiring of eleven already authorized health care surveyor positions. The remaining \$316,900 and 2.0 FTEs would support intake of public questions and complaints related to nursing homes. The positions would consist of one departmental analyst and one customer service escalation specialist. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.		Gross	NA
		GF/GP	NA
			0.0
			\$0
			\$0
11. Interdepartmental Grant Adjustments		Gross	\$26,096,000
<u>Executive</u> includes \$2.2 million in IDG funding for the Michigan Office of Administrative Hearings and Rules (MOAHR) to support increased cases and workloads relating to UIA and MIOSHA within the Department of Labor and Economic Opportunity. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.		IDG	26,096,000
		GF/GP	\$0
			\$0
12. Michigan Indigent Defense Commission (MIDC)		FTE	21.0
<u>Executive</u> includes \$769,100 GF/GP and authorization for 4.0 FTEs to support increased financial monitoring and planning efforts across local indigent defense systems. One position would be used to hire a senior regional manager responsible specifically for overseeing programming and compliance related to Standard 1 (Attorney Training) and Standard 7 (Attorney Qualifications and Review). The remaining three positions would consist of departmental or financial analysts focused on oversight of the financial and programmatic aspects of compliance. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.		Gross	\$3,140,200
		GF/GP	\$3,140,200
			\$0
13. Homes for the Aged Staffing Increase		FTE	NA
<u>Executive</u> includes \$700,000 GF/GP and authorization for 3.0 FTEs to support oversight of state-licensed homes for the aged. The positions would consist of three health care surveyors responsible for licensing, inspections, and complaint investigations. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.		Gross	NA
		GF/GP	NA
			\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
14. Compliance and Risk Management Section			
<u>Executive</u> includes \$490,000 in state restricted funding and authorization for 3.0 FTEs to support the establishment of a Compliance and Risk Management section within Administrative Services to support regulatory compliance, risk management, and audit activities. The section would be responsible for creating and maintaining a centralized form review process to support consistency across licensure forms. The positions would consist of a state administrative manager, a departmental analyst, and an accountant. <u>Senate</u> and <u>House</u> do not include.	FTE	NA	0.0
	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
15. Mortuary Science Staffing Increase			
<u>Executive</u> includes \$305,700 in state restricted funding and authorization for 2.0 FTEs within the Corporations, Securities, and Commercial Licensing Bureau to support two new license types in the mortuary science profession created by 2024 PA 107. The positions would include one regulation agent and one departmental analyst. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
16. Michigan Liquor Control Commission (MLCC)			
<u>Executive</u> includes \$297,300 in state restricted funding and authorization for 2.0 FTEs within the Management Support Services line item to support oversight and management of the MLCC's inventory. The positions would include one accountant and one department technician. <u>Senate</u> and <u>House</u> do not include.	FTE	31.0	0.0
	Gross	\$4,921,600	\$0
	Restricted	4,921,600	0
	GF/GP	\$0	\$0
17. Cannabis Regulatory Agency (CRA) Staffing Increase			
<u>Executive</u> includes \$151,200 in state restricted funding and 1.0 FTE to provide additional human resources support. The position would consist of a departmental analyst whose duties would include interviewing and onboarding employees, monitoring employee time and leave, and compiling information for required reports, among other duties. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.	FTE	182.0	0.0
	Gross	\$33,649,200	\$0
	Restricted	33,649,200	0
	GF/GP	\$0	\$0
18. Elevator Inspectors			
<u>Executive</u> includes authorization for 8.0 FTEs (no additional funding authorization) to hire additional elevator inspectors within the Bureau of Construction Codes. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
19. Residential Builders			
<u>Executive</u> includes authorization for 5.0 FTEs (no additional funding authorization) to hire staff in the Bureau of Construction Codes focused on consumer complaints related to residential builders. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
20. Michigan Saves			
<u>Senate</u> includes \$3.5 million GF/GP for a new Michigan Saves line item under the Michigan Public Service Commission unit for grants to support a loan loss reserve fund. <u>House</u> does not include.	Gross	NA	\$0
	GF/GP	NA	\$0
21. Mobile Home Park Database			
<u>Senate</u> includes \$500,000 GF/GP and authorization for 1.0 FTE within the Bureau of Construction Codes to create a database of mobile home park owners. <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
22. Real Estate Continuing Education			
<u>Senate</u> includes \$200,000 in state restricted authorization (one-time) for grants to the Michigan Realtors Association to approve and track continuing education in the state. <u>House</u> does not include.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
23. Technical Adjustments	FTE	NA	0.0
<u>Executive</u> includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. Includes a shift of funding and FTE authorization out of the MOAHR line item into a new Michigan Tax Tribunal line item. Also includes a shift of funding and FTE authorization out of the Administrative Services and Executive Director Programs line items to a new Regulatory Effectiveness Office line item. <u>Senate</u> concurs with Executive. <u>House</u> does not include.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
24. Removal of FY 2024-25 One-Time Appropriations	FTE	1.0	(1.0)
<u>Executive</u> removes \$14.3 million Gross (\$12.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$14,250,000	(\$14,250,000)
	Restricted	2,250,000	(2,250,000)
	GF/GP	\$12,000,000	(\$12,000,000)
<ul style="list-style-type: none"> • 5-Year Energy Waste Reduction and Demand Response Statewide Study (\$1.0 million Gross) • BFS – Smoke Detectors (\$1.0 million Gross) • CRA Social Equity Program (\$1.0 million Gross) • Health Professions Implicit Bias Study (\$250,000 Gross) • Juvenile Indigent Defense Grants (\$1.0 million Gross) • Michigan Saves (\$5.0 million Gross) • Renewable Energy and Electrification Infrastructure Enhancement and Development (\$5.0 million Gross). <u>Senate</u> concurs in part with Executive. The Senate includes \$1.0 million Gross for BFS – Smoke Detectors, \$1.0 million Gross for CRA Social Equity Program, and \$1.0 million Gross for Michigan Saves. <u>House</u> concurs with Executive.			
25. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$4.4 million Gross (\$748,000 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not include.	IDG	NA	0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Note: Existing boilerplate section numbers listed in this document are section numbers as they appear in current law. New Senate boilerplate section numbers are section numbers as they appear in the Senate bill. New House boilerplate section numbers are section numbers as they appear in the House bill.

Sec. 205. Purchase of Foreign Goods – RETAINED

Prohibits purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to require giving preference to goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Communication with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law. Executive deletes. Senate and House retain.

Sec. 208. Hiring of External Counsel – DELETED

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities or services the attorney general authorizes. Executive and Senate retain. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 210. Contingency Authorizations – REVISED

Authorizes up to \$1.0 million in federal, \$25.0 million in state restricted, \$200,000 in local, and \$100,000 in private contingency funds to be appropriated should funds become available; authorizes expenditure of funds after legislative transfer to specific line items. Executive and Senate retain. House revises to lower state restricted contingency authorization to \$1.5 million and remove local and private contingency authorizations.

Sec. 211. Transparency Website – REVISED

Requires LARA, in cooperation with DTMB, to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates. Executive and Senate retain. House revises to remove required information on number of active employees, job specifications, and wage rates; requires the website to be updated quarterly.

Sec. 212. Restricted Funds Report – RETAINED

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

Sec. 213. Access to Government Services – DELETED

Prohibits funding from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that attempts to restrict or interfere with a local health officer's duties. Executive and Senate retain. House deletes.

Sec. 214. Geographically Disadvantaged Business Enterprises – DELETED

Requires LARA director to make an effort to contract with geographically disadvantaged businesses enterprises. Executive and Senate retain. House deletes.

Sec. 216. Retention of Reports – RETAINED

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

Sec. 216. State Administrative Board Transfers – NEW

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive and Senate do not include. House includes the new language.

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

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. Senate and House retain.

Sec. 217. Severance Pay Reporting – NEW

Requires LARA to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of LARA employees receiving severance pay in FY 2024-25. Executive and Senate do not include. House includes the new language.

Sec. 218. Work Project Usage – RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project appropriations for the same purpose is exhausted. Executive deletes. Senate and House retain.

Sec. 218. In-Person Work – NEW

Requires LARA to maximize efficiency of the state workforce and prioritize in-person work; requires field service employees to report to the office prior to beginning field work; requires LARA to establish a policy and process to verify employees are working during business hours; requires LARA to provide information on employee badge scanning when requested by a legislator. Executive and Senate do not include. House includes the new language.

Sec. 219. Grant Requirements – NEW

Requires that all grants be provided only to entities that have been established for over 36 months and have had an office in the state or service area for at least 12 months; requires all grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires LARA to annually audit recipients' use of funds; requires LARA to work with the Office of the Auditor General to conduct audits of grants; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department website; requires LARA to submit a quarterly report containing information on grant recipients. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 220. Federal Funds Carry-Forward – DELETED

Authorizes LARA to carry-forward federal pass-through funds to local governments into succeeding fiscal year, so long as no additional state matching funds are required; appropriates the funds; requires LARA to report the receipt of federal pass-through funds within 14 days of their receipt. Executive and Senate retain. House deletes.

Sec. 220. E-Verify Requirement – NEW

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. Executive and Senate do not include. House includes the new language.

Sec. 221. Private Grant Funded Projects – DELETED

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

Sec. 221. Fund Use Restrictions for Non-Citizens – NEW

Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. Executive and Senate do not include. House includes the new language.

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

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$1.0 million. Executive revises to remove the \$1.0 million appropriation limit. Senate retains. House revises to lower appropriation limit to \$500,000.

Sec. 222. Work Projects Report – NEW

Requires LARA to report information on all work project accounts, including a list and status of each account and the amount of funds that have lapsed from any previous accounts. Executive and Senate do not include. House includes the new language.

Sec. 223. General Fund Expenditures – NOT INCLUDED

Requires that general fund appropriations not be expended if federal or private grant funding is available for the same expenditures; requires the department to notify standard report recipients not later than 10 days after making a required reduction in expenditures that includes information on the insufficient fund source, the cause, and the government functions that will be affected. Executive does not include. Senate includes the new language. House does not include.

Sec. 223. Legacy Costs – NEW

Identifies total funding estimated to be expended on legacy costs in FY 2025-26, \$27.6 million (\$24.9 million on pension related legacy costs and \$2.7 million on health care legacy costs). Executive and Senate do not include. House includes the new language.

Sec. 224. Department Scorecard Website – NEW

Requires LARA to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance; requires the scorecard to be updated quarterly. Executive and Senate do not include. House includes the new language.

Sec. 225. Regulatory Statistical Report – REVISED

Requires LARA to submit annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for regulatory products administered by specified agencies within LARA. Executive and Senate retain. House revises to expand the list of agencies included in the report.

Sec. 225. State Obligations – NEW

Prohibits appropriated funds from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 226. Single Recipient Grants – DELETED

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

Sec. 226. Private and Third-Party Funds – NEW

Requires LARA to report on a publicly accessible website private and other third-party funds received in FY 2024-25, including the amount and source of funding, the purpose, and the amount of any remaining funds. Executive and Senate do not include. House includes the new language.

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

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds, language requiring state budget director to notify appropriations committees of reallocations, and language allowing state budget director and department to make necessary accounting transactions. Senate also revises to require departments receiving appropriations to notify standard report recipients if an appropriation of funds described in this section is projected to lapse. House deletes.

Sec. 227. Website Reporting – NOT INCLUDED

Requires LARA to make each report accessible on the department's website no later than the due date of the report and to maintain reports from previous fiscal years on the website. Executive does not include. Senate includes the new language. House does not include.

Sec. 227. Diversity, Equity, and Inclusion Initiatives – NEW

Prohibits state funds from being used for diversity, equity, and inclusion initiatives or programs. Executive and Senate do not include. House includes the new language.

Sec. 229. Unenforceable Boilerplate – NOT INCLUDED

Requires LARA to submit a report containing information about the sections determined to be unenforceable; allows the department to coordinate with the Executive Office of the Governor or other state departments to compile a statewide report. Executive does not include. Senate includes the new language. House does not include.

Sec. 230. Report on Federal Policy Changes – NOT INCLUDED

Requires LARA to submit a report detailing federal policy changes that are expected to affect department operations, affect groups the department engages with, and affect regulations that impact those groups. Executive does not include. Senate includes the new language. House does not include.

Sec. 233. Television and Radio Production Expenditure Report – NEW

Requires LARA to report any expenditure of funds to a third-party vendor for television or radio productions; specifies information to be included. Executive and Senate do not include. House includes the new language.

Sec. 234. Pending Litigation – NEW

Stipulates that pending litigation related to a licensee must not delay LARA investigations and licensing actions, unless prohibited by law. Executive and Senate do not include. House includes the new language.

Sec. 235. Training Materials Reporting – NEW

Requires LARA to report on materials that employees and contractors are required to review or complete for mandatory training; requires materials be made available to subcommittee members or their designees for review. Executive and Senate do not include. House includes the new language.

Sec. 236. Employee Performance Monitoring System – NEW

Expresses legislative intent that LARA establish a consistent employee performance monitoring process; requires quarterly reports on planned or implemented changes to that process and the number of evaluations performed. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 237. Customer Service and Business Ethics Training – NEW

Stipulates that at least \$250,000 of the Administrative Services appropriation must be allocated to provide 1 hour of customer service and business ethics training to all classified employees and 2 hours of training to all unclassified employees; establishes general training and reporting requirements. Executive and Senate do not include. House includes the new language.

Sec. 238. Department Facility Access – NEW

Requires LARA to allow the chairs, majority vice chairs, and minority vice chairs of the House and Senate Appropriations Committees and Subcommittees on LARA and DIFS access to all department facilities during business hours. Executive and Senate do not include. House includes the new language.

Sec. 253. Regulatory Effectiveness Office Report – NOT INCLUDED

Requires the Regulatory Effectiveness Office to submit a report containing legislative recommendations for improving licensing and regulation, a plan of department actions, the number of licenses issued and number of applications by category, and the average turnaround times by category. Executive does not include. Senate includes the new language. House does not include.

Sec. 301. Low-Income Energy Assistance Grant Program – RETAINED

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. Executive retains. Senate revises to require MPSC to report on the median annual household income of grant recipients and the number of grants administered in each county. House retains.

Sec. 302. Public Service Commission Hearings – RETAINED

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. Executive deletes. Senate revises to require MPSC to conduct at least 5 public hearings in the state: one in the Upper Peninsula and one each in the northwest, northeast, southwest, and southeast parts of the Lower Peninsula. House retains.

Sec. 303. Energy Utility Rates Report – NOT INCLUDED

Requires the MPSC to designate 1.0 FTE to assist consumers with utility issues, disruption, or outages; requires the MPSC to report on utility costs and rates, the number of companies requesting rate increases, the number of consumers assisted by the department, the number of complaints, and the commission's plan for affordability. Executive does not include. Senate includes the new language. House does not include.

Sec. 304. Michigan Saves – NOT INCLUDED

Allows MPSC to award a \$3.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument. Executive does not include. Senate includes the new language. House does not include.

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

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

Sec. 501. Fire Safety Fees – RETAINED

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

Sec. 505. Fees for False Final Inspections by the Bureau of Fire Services – REVISED

Authorizes BFS to assess a fee not to exceed \$800 if BFS responds to multiple confirmed false inspection appointments; requires LARA to identify revenue generated by fee within state's accounting system; requires report pertaining to fee, its effect on BFS costs, and recommendations to legislature. Executive and Senate retain. House revises to lower maximum assessed fee to \$200.

Major Boilerplate Changes from FY 2024-25

Sec. 506. Michigan Automated Prescription System (MAPS) Report – RETAINED

Requires LARA to submit report detailing usage statistics for MAPS, department actions resulting from information obtained from MAPS, and integrations between MAPS and electronic health record systems. Executive retains. Senate revises to require the report to also contain the department's recommendations for electronic health integration. House retains.

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

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

Sec 508. Homeowner Construction Lien Recovery Fund – RETAINED

Appropriates unexpended funds in Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to August 23, 2010. Executive retains. Senate revises to require LARA to report on the expenditures, revenue balance, and revenue sources of the fund. House retains.

Sec. 510. Nursing Home Surveys and Investigations Report – RETAINED

Requires LARA to report on Bureau of Survey and Certification activities, including surveys and investigations of nursing homes. Executive revises to specify inclusion of surveys and investigations of hospitals and acute and continuing care facilities in the report. Senate concurs with Executive. House retains.

Sec. 511. Masking Requirement Prohibition – NEW

Prohibits LARA from enforcing masking requirements for children under 5 years of age and from taking any licensing or administrative action against licensees for not enforcing such a requirement. Executive and Senate do not include. House includes the new language.

Sec. 511. Report on Premanufactured Unit Plans – DELETED

Requires BCC to report on changes made to decrease processing time of premanufactured unit plan submissions, the processing times in the current and previous fiscal year, and the number of plans submitted in the current and previous fiscal year. Executive deletes. Senate revises to require the report to contain the number of plans in the current fiscal year and the two previous fiscal years. House deletes.

Sec. 512. Mobile Home Park Database – NOT INCLUDED

Requires that at least \$500,000 of the BCC appropriation be allocated to create a database of mobile home park owners that includes contact information, license numbers and statuses, and any violations; requires at least 1.0 FTE be allocated to assist with mobile home park resident complaints and issues; requires the department to report on the number of complaints received and resolved. Executive does not include. Senate includes the new language. House does not include.

Sec. 512. Fireworks Safety Inspection Reimbursement Report – NEW

Requires LARA to submit report providing information on the amount of reimbursements to local units of government for delegated inspections of fireworks retail locations pursuant to Michigan Fireworks Safety Act. Executive and Senate do not include. House includes the new language.

Sec. 513. Notice of AFC, HFA, and LTC Facility Closing – NEW

Requires LARA to serve a facility and notify offices of representing legislators and the subcommittees on MDHHS when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home. Executive and Senate do not include. House includes the new language.

Sec. 514. Accounting Continuing Education – NEW

Stipulates that at least \$200,000 of the BPL appropriation must be allocated for grants to a professional accounting association for the maintenance and operation of the continuing professional education tracker and portal. Executive and Senate do not include. House includes the new language.

Sec. 515. Realtors Continuing Education – NEW

Stipulates that at least \$400,000 of the BPL appropriation must be allocated for grants to a professional realtors association for the tracking and approval of continuing education credits. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 516. Bureau of Fire Services – Smoke Detectors – NEW

Stipulates that at least \$1,000,000 of the BFS appropriation must be allocated to purchase and distribute 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 the number of smoke detectors purchased, per-unit price, listing of all local units that received smoke detectors, and number distributed. Executive and Senate do not include. House includes the new language.

Sec. 601. Cannabis Regulatory Agency Programs Report – REVISED

Requires LARA to submit report on all marihuana programs administered by the CRA; requires report to include information on application volumes and determinations, timeliness, revenues, complaints, investigations, enforcement actions, and other topics. Executive retains. Senate revises to require the report to contain information on license holders with multiple types of marihuana licenses. House revises to require the report to contain the costs of administering the licensing program under each act.

Sec. 602. Cannabis Regulatory Agency Investigative Reports – REVISED

Requires CRA to annually post on a publicly accessible website the number of investigative reports identifying violations of the Michigan Medical Marihuana Act, the Medical Marihuana Facilities Licensing Act, the Michigan Regulation and Taxation of Marihuana Act, or administrative rules enacted under the previously mentioned acts, the number of reports that identify suspected marihuana product without required tracking numbers, the number of public complaints regarding product without required tracking numbers or unlicensed commercial production or sale of delta 8 THC, the number and outcome of CRA disciplinary proceedings, number of law enforcement agency referrals, and information on licensees subject to disciplinary proceedings. Executive retains. Senate revises to require reporting on the current licensing status of disciplined licensees and the number of licenses revoked. House revises to require information on the fines or other penalties issued for each reported disciplinary proceeding.

Sec. 603. Hemp Programs Report – RETAINED

Requires LARA to submit a report on all hemp programs administered by the CRA, which must include revenue collected from regulatory and licensing activities, total cost of administering hemp regulatory and licensing programs, number of hemp licensees by county, and a description of any fees CRA assesses on hemp licensees. Executive retains. Senate revises to require LARA to report on the number of inspections and results of each inspection, the number of hemp license applications and approvals, and the number of times the agency is contacted to destroy hemp. House retains.

Sec. 604. Prohibition of Cannabis Regulatory Agency Partiality – NEW

Prohibits the CRA from exhibiting partiality toward or bias against any licensee. Executive and Senate do not include. House includes the new language.

Sec. 605. Cannabis Regulatory Agency Enforcement – NEW

Requires funds appropriated for Cannabis Regulatory Agency Enforcement to be used to investigate and regulate the cannabis black market; requires any remaining funds to be distributed to municipalities proportional to the number of licensed marihuana facilities to be used for reducing the amount of fentanyl in the community. Executive and Senate do not include. House includes the new language.

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

Requires MIDC to submit report on incremental costs associated with standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense. Executive deletes. Senate revises to require the MIDC to report 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. House retains.

Sec. 803. Michigan Indigent Defense Commission Report on Grant Funding – RETAINED

Requires MIDC to submit report explaining the total cost calculation for each indigent defense standard, including a comprehensive itemization of costs included for each standard, listing of how much funding each grant recipient is receiving for each standard, and explanation of factors associated with any increase or decrease in MIDC grant funding from the previous fiscal year level. Executive retains. Senate deletes. House retains.

Sec. 803. Minimum Standards for Youth Defense Services – NOT INCLUDED

Requires the MIDC to begin the process of developing and implementing minimum standards for youth defense services. Executive does not include. Senate includes the new language. House does not include.

Sec. 805. MIDC Construction Expenses Prohibition – NEW

Prohibits MIDC grants from being used to support any construction expenses for a new structure. Executive and Senate do not include. House includes the new language.

Major Boilerplate Changes from FY 2024-25

Sec. 806. MIDC Grant Restrictions for Non-Citizens – NEW

Prohibits MIDC grants from being used to provide criminal defense services to non-citizens unless the individual is a qualified alien as that term is defined under 8 USC section 1641. Executive and Senate do not include. House includes the new language.

Sec. 807. MIDC Work Project Appropriations – NEW

Requires LARA to work with the state budget director to lapse \$2.0 million of unexpended and unencumbered funds appropriated for the MIDC and designated as work project appropriations to be made available for expenditure by the state appellate defender office. Executive and Senate do not include. House includes the new language.

Sec. 901. Commission on Law Enforcement Standards – NEW

Stipulates MCOLES' responsibilities and requires maintenance of proper staffing and resource levels 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 and Senate do not include. House includes the new language.

Sec. 902. Public Safety Officers Benefit Fund – NEW

Requires GF/GP appropriated for Public Safety Officers Benefit Fund to be deposited to Public Safety Officers Benefit Fund and appropriates all funds within Public Safety Officers Benefit Fund; stipulates that appropriated funds should be used to increase benefit payments to eligible recipients to \$50,000. Executive and Senate do not include. House includes the new language.

Sec. 903. In-service Training – NEW

Requires funds appropriated for In-service Training to be deposited into the Law Enforcement Officers Training Fund; appropriates all funds in the Law Enforcement Officers Training Fund for expenditure to support implementation of required annual in-service training standards for all licensed law enforcement officers. Executive and Senate do not include. House includes the new language.

Sec. 1001. Bureau of Fire Services – DELETED

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

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

Lists the following goals that are to be pursued using social equity program one-time funds: encourage and increase participation in the social equity program, with particular focus on individuals from communities that have been disproportionately impacted by 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. Executive deletes. Senate revises to require the CRA to publicly post the number of initial applications received and whether they were eligible or ineligible, the number of applications approved or denied, the average application processing time, the number of outreach sessions held, any application assistance provided, demographic information for participants, and a list of awardees. House deletes.

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

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

Sec. 1004. Michigan Saves Appropriation Use – DELETED

Allows MPSC to award a \$5.0 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument; requires Michigan Saves to report on the number of loans issued, the types of projects, and the project locations. Executive deletes. Senate revises to delete report requirements and delete current grant requirements to instead allow the MPSC to award a \$1.0 million grant to Michigan Saves to conduct a grant program for clean energy improvement and on-site wastewater system replacement or repair; requires that a single grant not exceed \$100,000. House deletes.

Sec. 1004. Michigan Realtors Association – NOT INCLUDED

Requires the Bureau of Professional Licensing to provide grants to the Michigan Realtors Association to approve and track real estate continuing education. Executive does not include. Senate includes the new language. House does not include.

Major Boilerplate Changes from FY 2024-25

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

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

FY 2025-26: MILITARY AND VETERANS AFFAIRS
Summary: Proposed House Substitute
Article 12, House Bill 4706 (H-1)



Analyst: Aaron A. Meek

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$101,800	\$101,800	\$101,800	\$101,800	\$0	—
Federal	144,786,800	148,840,000	148,840,000	142,464,800	(2,322,000)	(1.6)
Local	0	0	0	0	0	—
Private	100,000	100,000	100,000	100,000	0	0.0
Restricted	13,221,400	12,953,500	12,953,500	13,221,400	0	0.0
GF/GP	117,694,100	131,084,800	129,584,800	139,151,600	21,457,500	18.2
Gross	\$275,904,100	\$293,080,100	\$291,580,100	\$295,039,600	\$19,135,500	6.9
FTEs	1,060.0	1,065.0	1,065.0	1,060.0	0.0	—

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

Overview

The Department of 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 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Selfridge Air National Guard Base		Gross	\$15,000,000
<u>Executive</u> includes \$26.0 million one-time GF/GP to continue funding for infrastructure improvements related to the runway placement project at Selfridge Air National Guard Base. This is an \$11.0 million increase from FY 2024-25. <u>Senate</u> concurs. <u>House</u> concurs.		GF/GP	\$15,000,000
2. State Veterans Cemetery		Gross	\$0
<u>Executive</u> includes \$5.0 million one-time GF/GP to support land acquisition, design, and engineering costs for a state veterans cemetery in Crawford County. <u>Senate</u> does not include. <u>House</u> concurs with Executive.		GF/GP	\$0
3. Veterans Nonprofit Improvement Grants		Gross	\$0
<u>House</u> includes \$5.0 million one-time GF/GP to support competitive grants for improving facilities owned by nonprofit organizations that provide veterans services.		GF/GP	\$0
4. Office of Defense and Aerospace Innovation		Gross	NA
<u>House</u> includes \$5.0 million GF/GP to reflect moving the Office of Defense and Aerospace Innovation from Department of Labor and Economic Opportunity to DMVA.		GF/GP	NA
5. Michigan National Guard Tuition Assistance Fund		FTE	3.5
<u>Executive</u> restructures existing funding and FTE authorization into a new line item to fund additional programs (pending statutory changes). <u>Senate</u> concurs with Executive. <u>House</u> eliminates \$4.0 million GF/GP for the Michigan National Guard Tuition Assistance Fund line item.		Gross	\$11,239,500
		GF/GP	\$11,239,500

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
6. Michigan National Guard Member Child Care Assistance <u>House</u> includes \$2.3 million GF/GP and 4.0 FTE positions to support a child care subsidy for eligible Michigan National Guard members during annual and weekend drilling. (FTEs are transferred from Military Training Sites and Support Facilities line item.)	FTE	0.0	4.0
	Gross	\$0	\$2,322,000
	GF/GP	\$0	\$2,322,000
7. Michigan National Guard Member Healthcare Reimbursement <u>House</u> includes \$1.6 million GF/GP to reimburse eligible Michigan National Guard members for the cost of TRICARE health and dental insurance.	Gross	\$0	\$1,640,000
	GF/GP	\$0	\$1,640,000
8. Starbase Program <u>House</u> eliminates \$2.3 million in federal authorization to reflect cessation of federal funding.	Gross	\$2,322,000	(\$2,322,000)
	Federal	2,322,000	(2,322,000)
	GF/GP	\$0	\$0
9. Information Technology Services and Projects (MVFA) <u>House</u> eliminates \$260,200 GF/GP in the Michigan Veterans' Facility Authority (MVFA) Information Technology Services and Projects line item.	Gross	\$1,734,300	(\$260,200)
	Federal	570,900	0
	Restricted	734,600	0
	GF/GP	\$428,800	(\$260,200)
10. Military Retirement <u>Executive</u> reduces authorization by \$185,000 GF/GP for the Military Retirement System to align funding with anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits. <u>Senate</u> concurs. <u>House</u> concurs.	Gross	\$2,770,600	(\$185,000)
	GF/GP	\$2,770,600	(\$185,000)
11. Information Technology Services and Projects (General) <u>House</u> eliminates \$97,300 GF/GP in the general Information Technology Services and Projects line item.	Gross	\$648,700	(\$97,300)
	Federal	157,900	0
	GF/GP	\$490,800	(\$97,300)
12. Military Training Sites and Support Facilities <u>Executive</u> transfers 4.0 FTE positions to the Michigan National Guard Member Benefits Program line item. <u>Senate</u> concurs with Executive. <u>House</u> transfers 4.0 FTE positions to the Michigan National Guard Child Care Assistance line item.	FTE	244.0	(4.0)
	Gross	\$45,928,900	\$0
	Federal	40,444,200	0
	Restricted	1,603,200	0
	GF/GP	\$3,881,500	\$0
13. National Guard Member Benefits Program <u>Executive</u> restructures \$11.3 million GF/GP and 3.5 FTE positions from the Michigan National Guard Tuition Assistance Fund (MINGSTAP) line item, and 4.0 FTE positions from the Military Training Sites and Support Facilities line item, into the new Michigan National Guard Member Benefit Program line item. This line item would cover both MINGSTAP and a new program (pending statutory changes) that would provide a child care subsidy for eligible Michigan National Guard members during annual and weekend drilling. Also authorizes an additional 4.0 FTE positions to administer the child care program. <u>Senate</u> concurs with Executive. <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
14. Mitigating Impact of Loss of Federal Funds <u>Executive</u> does not include. <u>Senate</u> includes \$1.0 million one-time GF/GP to assist veterans impacted by reductions in federal funding in their efforts to return to the workplace. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
15. Departmentwide Audit Support <u>Executive</u> includes \$175,000 GF/GP and 1.0 FTE position to provide audit support for the department, including supporting internal controls, audit response, and reviews of program processes and procedures. <u>Senate</u> concurs with Executive. <u>House</u> does not include.	FTE	0.0	0.0
	Gross	\$0	\$0
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 215. Severance Pay for Department Officials – NEW

Requires DMVA to report on any amounts of severance pay agreed to for a department director, deputy director, or other high-ranking department official; requires report to include name of official and amount of severance pay; requires report on total amount of severance pay remitted to former employees and total number of former employees remitted severance pay during prior fiscal year; defines "severance pay" as compensation that is both payable or paid upon the termination of employment and in addition to either wages or benefits earned during the course of employment or generally applicable retirement benefits. Executive does not include. Senate does not include. House includes new language.

Sec. 216. Prioritize In-Person Work – NEW

Requires DMVA to maximize efficiency of the state workforce and prioritize in-person work; requires DMVA to post its in-person, remote, or hybrid work policy on its website; requires report on number of employees authorized to work remotely, number of employees working remotely, number of hours worked remotely and in-person, and estimated cost savings and reduced use of office space associated with remote work. Executive does not include. Senate does not include. House includes new language.

Sec. 217. Grants Transparency – NEW

Provides eligibility and process requirements for grants or projects awarded by DMVA; provides timeframes for receiving and expending grant money; requires quarterly report on legislatively sponsored grant funds. Executive does not include. Senate includes new language as Section 234 that provides eligibility and process requirements specifically for grants or projects awarded to single recipient organizations or local governments and authorizes State Budget Office to extend grant expenditure deadlines upon request. House includes new language.

Sec. 218. E-Verify System – NEW

Requires DMVA to use the E-Verify system to verify that all persons hired during the contract term by the contractor or subcontractor are legally present and authorized to work in the United States; requires report on processes developed and implemented for use of the E-Verify system; defines E-Verify. Executive does not include. Senate does not include. House includes new language.

Sec. 219. Services for Non-U.S. Citizens – NEW

Prohibits state or federal funds from being used to provide services, grants, or programming for non-U.S. citizens unless they are qualified aliens under 8 U.S.C. § 1641. Executive does not include. Senate does not include. House includes new language.

Sec. 219. Receipt and Retention of Reports – RETAINED

Requires DMVA 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 DMVA to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. Senate retains. House retains.

Sec. 220. Reporting Requirement on Policy Changes – RETAINED

Requires DMVA to report on policy changes made in order to implement enacted legislation that affects the department. Executive deletes. Senate retains. House retains.

Sec. 222. Work Project Expenditures – RETAINED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. Executive deletes. Senate retains. House retains.

Sec. 224. Legacy Costs – NEW

Authorizes appropriations to be expended for legacy costs. Executive does not include. Senate does not include. House includes new language.

Sec. 224. Intention to Sell Department Property – DELETED

Requires DMVA to provide a 60-day notice of intent to sell property. Executive deletes. Senate retains. House deletes.

Sec. 225. Key Metrics Scorecard – NEW

Requires DMVA to maintain department scorecard that identifies, tracks, and updates key metrics to measure the department's performance; requires DMVA to update and post the scorecard on its website on a quarterly basis and notify the legislature when updates are made. Executive does not include. Senate does not include. House includes new language.

Sec. 225. Biannual Reporting on Achieving Requirements – DELETED

Requires DMVA to provide biannual reports on status of work projects, financial status, and employment levels. Executive revises to delete requirement to report on employment levels. Senate retains. House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 226. Legal Settlement Costs – NEW

Prohibits appropriations from being expended for state obligations in excess of \$200,000 for a court approved judgement, settlement, award, or claim. Executive does not include. Senate does not include. House includes new language.

Sec. 227. Private and Third-Party Funds – NEW

Requires report on funds received from private and other third-party sources; requires DMVA to post report on its website. Executive does not include. Senate does not include. House includes new language.

Sec. 228. DEI Programs – NEW

Prohibits state funds from being expended for diversity, equity, and inclusion (DEI) initiatives or program and as outlined in federal Executive Orders 14151, 14168, and 14173. Executive does not include. Senate does not include. House includes new language.

Sec. 229. Annual Strategic Plan – RETAINED

Requires DMVA to submit its annually updated departmental strategic plan to the legislature. Executive deletes. Senate retains. House retains.

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

Requires state budget director to ensure that all State Fiscal Recovery Funds (SFRF) are expended by December 31, 2026; authorizes state budget director to reallocate funds to fully utilize SFRF that are in jeopardy of not meeting expenditure deadline; requires state budget director to notify appropriations committees not later than 10 business days after making any reallocations. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds and adds language to require all SFRF be expended by December 31, 2026, and that a department or agency receiving SFRF appropriations must notify the standard report recipients if SFRF are projected to lapse. House deletes.

Sec. 231. Federal and Private Fund Sourcing Priorities – NOT INCLUDED

Requires federal or private grant funding to be used prior to general fund appropriations when available for the same expenditure; requires DMVA to notify standard report recipients of reductions in expenditures not later than 10 days after the reduction. Executive does not include. Senate includes new language. House does not include.

Sec. 232. Report on Unenforceable Boilerplate – NOT INCLUDED

Requires DMVA to report on boilerplate sections deemed unenforceable within 10 days of the effective date of the act and on estimated cost differences between enacted and intended policies; allows the department to coordinate with Executive Office of the Governor or other state departments or agencies to compile a statewide report. Executive does not include. Senate includes new language. House does not include.

Sec. 233. Report on Federal Policy Changes – NOT INCLUDED

Requires DMVA to report quarterly on federal policy changes that are expected to affect the operations of the department, affect groups the department engages with, affect regulations that impact those groups, or create a regulatory gap that could negatively impact the public. Executive does not include. Senate includes new language. House does not include.

MILITARY

Sec. 301. Unclassified Positions – RETAINED

Appropriates funding to support unclassified positions; requires DMVA to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions; requires annual report listing current unclassified positions with official titles and responsibilities. Executive deletes notification requirement and changes report date to October 30. Senate retains. House changes report date to October 30.

Sec. 303. Michigan Youth ChalleNGe Academy – REVISED

Requires department to maintain proper levels of staffing and resources to operate Michigan Youth ChalleNGe Academy (MYCA) as provided under federal law; provides operating requirements and performance standards. Executive retains. Senate retains. House revises to require report on the number of MYCA and Michigan Job ChalleNGe program participants and graduates, descriptions of programs and training, and descriptions of filled and vacant FTE positions.

Major Boilerplate Changes from FY 2024-25

Sec. 307. National Guard Tuition Assistance Fund – REVISED

Requires DMVA to establish and maintain a tuition assistance program for members of Michigan National Guard (MNG) and other eligible members as defined in 2014 PA 259; states program's objectives, performance metrics, and reporting requirements. Executive deletes fund balance reporting requirement and language appropriating those funds for expenditure. Senate concurs with Executive and includes non-substantive changes. House revises reporting requirements to include information on educational and training programs for which tuition assistance was disbursed, the number of tuition recipients that successfully completed an educational or training program, an analysis of the ways that the tuition assistance program has affected Michigan National Guard recruitment and retention efforts, and descriptions of filled and vacant FTE positions.

Sec. 308. Starbase Program – DELETED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible members as defined in 2014 PA 259; states program's objectives, performance metrics, and reporting requirements. Executive retains. Senate retains. House deletes.

Sec. 314. National Guard Healthcare Reimbursement – NEW

Requires DMVA to maintain a healthcare premium reimbursement program for Michigan National Guard (MNG) members who are eligible for coverage under the TRICARE dental program or the TRICARE reserve select program; authorizes the department to establish other eligibility criteria and to promulgate rules to administer the program. Executive does not include. Senate does not include. House includes new language.

Sec. 315. National Guard Child Care Assistance Program – NEW

Requires DMVA to maintain a child care assistance program for Michigan National Guard (MNG) members; requires annual report on number of eligible members receiving a child care stipend and the total number of MNG members by service branch, number of children for whom a stipend is paid and associated number of hours paid by service branch, hourly rate paid, program expenditures paid for child care stipends, program expenditures paid for administrative costs, and any other pertinent information on program operations. Executive includes new language that would require statutory changes to authorize use of funds from Michigan National Guard Tuition Assistance Fund for other purposes including child care. Senate concurs with Executive. House includes new language that would keep funding for these programs separate and not require statutory changes.

Sec. 315. National Guard Member Benefit Fund – NOT INCLUDED

Requires funds appropriated for the Michigan National Guard Member Benefits Program to be deposited into the restricted Michigan National Guard Member Benefit Fund (pending statutory changes) and that those funds be appropriated and available for expenditure for the Michigan National Guard Tuition Assistance Program and the Michigan National Guard Child Care Assistance Program (pending statutory changes); requires annual report on revenues, expenditures by program, and starting and year-end balances of the fund. Executive includes new language. Senate concurs Executive. House does not include.

Sec. 316. Prohibit Hypersonic Testing – NEW

Prohibits DMVA from using appropriated funds for projects, studies, staff effort, consultant expenses, or other activities related to the development, financing, construction, operation, or implementation of hypersonic and extreme environment testing program at Selfridge Air National Guard Base; defines "hypersonic and extreme environment testing". Executive does not include. Senate does not include. House includes new language.

MICHIGAN VETERANS AFFAIRS AGENCY

Sec. 404. MVAA Private Donations – REVISED

Authorizes receipt of private donations to MVAA in excess of funds appropriated and permits expenditure of those funds for purpose designated by donor, if specified; authorizes unexpended donations to not lapse to general fund and carry forward to subsequent fiscal year; requires annual report of donations under \$10,000 and notification to legislature within 14 days of donations of \$10,000 or more; requires all private donations to be used for the benefit and life enrichment of veterans. Executive revises to add January 15 reporting date and to delete reporting requirement for private donations of \$10,000 or greater. Senate revises to add January 15 reporting date. House concurs with Senate.

Sec. 405. Veterans Trust Fund – REVISED

Requires MVAA to report on Michigan Veterans Trust Fund financial status, awarded grants, operating and administrative expenses, and expenditures for Emergency Grant Program, program partnerships, and other initiatives. Executive revises with non-substantive changes. Senate revises to change reporting date to January 15. House concurs with Senate.

Major Boilerplate Changes from FY 2024-25

Sec. 406. MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, and assist in processing claims for VA benefits; requires annual report providing estimate of state's homeless veteran population. Executive revises to delete veteran homelessness report and to modify reporting requirements for outreach services and outcomes. Senate retains. House revises to delete veteran homelessness report and to change report date to January 15.

Sec. 410. MVAA and County Counseling Services – RETAINED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes capacity metric of 500 claims per year; requires biannual data on number and type of claims activities; requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires annual report 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 and resource requirements and to modify reporting requirements for county veterans counselor training. Senate retains. House retains.

Sec. 411. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide competitive grants to veterans service organizations (VSOs) using a regional service delivery model and lists requirements for the competitive grant process; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, specifies basic parameters of grant agreement; requires MVAA to report on grant activities; appropriates funding to cover administrative costs; authorizes unexpended funding as work project. Executive revises to create the Veterans Service Fund in Treasury to establish, award, and administer grants to congressionally-chartered VSOs and to update administrative cost allowance for MVAA. Senate revises to update administrative cost allowance and to change report date to January 15. House revises to eliminate administrative cost allowance and to change report date to January 15.

Sec. 413. County Veteran Service Fund – REVISED

Requires funds appropriated for County Veteran Service Fund to be deposited into County Veteran Service Fund created in 2018 PA 210; stipulates funds are available for expenditure to support county veterans' services grants; authorizes funding to cover costs associated with administration and providing technical assistance to counties participating in grant program; requires annual detailed expenditures report on counties' use of grant funding. Executive revises to update administrative cost allowance and to include amount of funds recovered due to misuse and amount of funds expended by MVAA for administration in annual report. Senate concurs with Executive. House revises to eliminate administrative cost allowance; to report on information about grant allocation process and timeline, grant funds expended by and recovered from counties, and counties that did and did not request grant funding; to require MVAA to notify the legislature of changes to county grant awards; and to require counties to report to MVAA quarterly and annually on the grant fund expenditures, service delivery, and county veteran services funding.

Sec. 415. MVAA Veteran Homelessness Study – REVISED

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

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

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

MICHIGAN VETERANS' FACILITY AUTHORITY

Sec. 501. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to state veterans homes and permits its use for the purpose designated by private donor if used for the benefit and life-enrichment of veterans; requires annual report on the amount of private donations received by DMVA; requires department to notify the legislature within 14 days of receiving donations of \$10,000 or more; authorizes unexpended private donations to not lapse to the general fund and to carry forward to subsequent fiscal year; requires annual report providing the amount of private donations and the purpose for which the funds will be expended; requires additional report within 14 days after receiving a private donation greater than or equal to \$10,000. Executive revises to delete reporting requirement for private donations of \$10,000 or more. Senate revises to change reporting date to January 31. House revises to change reporting date to January 15.

Major Boilerplate Changes from FY 2024-25

Sec. 505. Member Care Standards – RETAINED

Requires Michigan Veteran Homes to provide all veterans homes members with board-certified psychiatric care, a 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. Executive deletes. Senate retains. House retains.

Sec. 507. Posting to Public Website – REVISED

Requires Michigan Veteran Homes to post on website all adopted policies related to administrative operations of a veterans home, agenda and minutes of MVFA board meetings, and a copy of each veterans home's USDVA State Veteran Home quarterly report; requires bimonthly reports on details of care hours and finances; requires MVH to report and post online results of any annual or for-cause survey conducted by an overseeing entity of veterans homes with any corresponding corrective action plan; requires MVFA to provide a report detailing strategies and actions taken to maximize revenues from non-GF/GP sources and cost saving strategies. Executive replaces posting requirement for each veterans home's USDVA State Veteran Home quarterly report with statistics and information that demonstrate the performance of the state's homes compared to available state and national veterans home or nursing homes and changes reporting date to January 31. Senate concurs with Executive. House revises to change reporting date to January 15.

Sec. 511. MVFA Internal Allocation of Federal Revenues – NOT INCLUDED

Authorizes DMVA, upon approval from the State Budget Director, to align appropriations of federal fund sources with revenue; prohibits changes that would produce a gross increase or decrease in the total authorization for individual MVFA line-item appropriations; requires quarterly report on actions taken under this section. Executive includes new language. Senate concurs. House does not include.

ONE-TIME APPROPRIATIONS

Sec. 701. Eliminating Veteran Homelessness Grants – DELETED

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

Sec. 702. Selfridge Air National Guard Base – REVISED

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. Executive retains. Senate retains. House revises to include report on costs of completed projects, estimated costs and tentative completion dates of ongoing projects, and information about DMVA's efforts to secure federal funds for projects; House also authorizes DMVA to expend up to \$90.0 million of federal revenues to support capital improvements and infrastructure projects and expresses legislative intent for department to use federal revenues before general fund appropriations for those expenditures.

Sec. 703. State Veterans Cemetery – NEW

Requires one-time funds to be used to acquire or to designate state land as state veterans cemetery and for supporting costs of engineering, designing, conducting environmental impact studies, preparing land, expenses for applying for and receiving federal funds, and other ongoing expenses of operating state veterans cemetery. Executive includes new language. Senate does not include. House includes new language.

Sec. 703. Mitigating Loss of Federal Funds – NOT INCLUDED

Requires one-time funds to be used to support DMVA's activities to reach out to veterans whose jobs have been adversely impacted or lost due to reductions in federal funds and to reengage those veterans back into the workforce. Executive does not include. Senate includes new language. House does not include.

Sec. 704. Veterans Nonprofit Improvement Grants – NEW

Requires MVAA to create and operate grant program to provide grants of up to \$300,000 to statewide chapters of 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; defines "facility" and "nonprofit organization." Executive does not include. Senate does not include. House includes new language.

FY 2025-26: NATURAL RESOURCES
Summary: Proposed House Substitute
Article 13, House Bill 4573 (H-1)



Analyst: Austin Scott

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$207,000	\$208,100	\$208,100	\$207,000	\$0	0.0
Federal	96,140,700	100,214,800	100,214,800	95,340,700	(800,000)	(0.8)
Local	0	0	0	0	0	--
Private	7,609,200	7,609,200	7,609,200	7,509,200	(100,000)	(1.3)
Restricted	353,865,900	408,296,400	446,485,300	338,665,000	(15,200,900)	(4.3)
GF/GP	76,757,000	88,201,200	81,809,600	39,570,200	(37,186,800)	(48.4)
Gross	\$534,579,800	\$604,529,700	\$636,327,000	\$481,292,100	(\$53,287,700)	(10.0)
FTEs	2,545.3	2,635.1	2,575.2	2,110.5	(434.8)	(17.1)

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

Overview

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

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Fee increase – Hunting Licenses, Fishing Licenses, and Watercraft Registrations <u>Executive</u> includes \$28.9 million in state restricted funding and authorizes 79.3 new FTE positions from proposed 30% to 50% price increases for hunting licenses and fishing licenses and a proposed 60% price increase for watercraft registrations. Most of this new funding would go toward expanding the Wildlife Division, Fisheries Division, and Law Enforcement Division. <u>Senate</u> includes \$40.8 million in state restricted funding and authorizes 19.0 new FTE positions from proposed price increases for hunting licenses, fishing licenses, and watercraft registrations. Portions would establish new programs including Hunters Feeding Michigan (\$1.4 million), Hunting and Fishing Recruitment, Education, and Safety (\$2.8 million), and Cold Water Management (\$2.2 million). <u>House</u> does not include.	FTE	NA	0.0
	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
2. Recreation Passport Process Change Revenue <u>Executive</u> includes \$17.2 million in new restricted authorization in anticipation of Recreation Passport sales changing from an opt-in model to an opt-out model. Motorists would purchase a passport by default unless they choose to opt-out when renewing motor vehicle registration. Passports would be provided free of charge to resident military veterans. <u>Senate</u> includes \$43.5 million in new restricted authorization in anticipation of Recreation Passport sales changing from an opt-in model to a mandatory \$10 charge on all eligible vehicle registrations. A portion would establish a new program for local water trail grants (\$2.1 million). <u>House</u> does not include.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Dam Safety and Management (One-Time)			
<u>Executive</u> appropriates \$15.0 million GF/GP for removal, maintenance, and study of dams in accordance with dam management and land strategy policies.	Gross	\$0	\$0
<u>Senate</u> concurs.	GF/GP	\$0	\$0
<u>House</u> does not appropriate.			
4. Asset Management Solution (One-Time)			
<u>Executive</u> provides \$6.4 million GF/GP to continue implementation of the departmental digital asset management system.	Gross	\$0	\$0
<u>Senate</u> does not provide.	GF/GP	\$0	\$0
<u>House</u> does not provide.			
5. Nature Awaits			
<u>Executive</u> reduces GF/GP authorization by \$1.8 million for grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system; this funding is included in the FY 2025-26 executive budget proposal for School Aid.	FTE	13.8	(13.8)
<u>Senate</u> concurs.	Gross	\$4,045,300	(\$4,045,300)
<u>House</u> eliminates funding.	GF/GP	\$4,045,300	(\$4,045,300)
6. Off-road Vehicle Trail Improvement Fund Revenue			
<u>Executive</u> appropriates \$4.0 million in additional revenue from the Off-road Vehicle Trail Improvement Fund according to revenue distribution defined in the Natural Resources and Environmental Protection Act.	Gross	NA	\$0
<u>Senate</u> concurs.	Restricted	NA	0
<u>House</u> does not appropriate.	GF/GP	NA	\$0
7. Federal High-speed Internet Infrastructure Funding			
<u>Executive</u> appropriates \$1.4 million in available federal funding for the installation of high-speed internet infrastructure on DNR lands.	Gross	NA	\$0
<u>Senate</u> concurs.	Federal	NA	0
<u>House</u> does not appropriate.	GF/GP	NA	\$0
8. Capital Outlay Adjustments			
<u>Executive</u> provides a net increase of \$1.3 million Gross (\$0 GF/GP) for funding increases to State Game and Wildlife Area Infrastructure and State Parks Repair and Maintenance. Funding decreases are included to Wetlands Restoration, Enhancement, and Acquisition; Local Boating Infrastructure and Maintenance; and State Boating Infrastructure and Maintenance.	Gross	NA	\$0
<u>Senate</u> concurs.	Federal	NA	0
<u>House</u> does not provide.	Restricted	NA	0
	GF/GP	NA	\$0
9. Marketing and Outreach – Shooting Range Operations and Maintenance			
<u>Executive</u> includes \$481,300 in available federal funding and authorizes 7.5 new FTE positions for the operation and maintenance of state shooting range facilities.	FTE	88.8	0.0
<u>Senate</u> concurs.	Gross	\$17,433,700	\$0
<u>House</u> does not include.	Federal	1,960,900	0
	Restricted	14,371,900	0
	GF/GP	\$1,100,900	\$0
10. Parks and Recreation Division – Park Supervisors			
<u>Executive</u> appropriates \$355,000 in state restricted funding and authorizes 3.0 new FTE positions for park supervisors.	FTE	NA	0.0
<u>Senate</u> appropriates \$355,000 in state restricted funding and authorizes 3.4 new FTE positions.	Gross	NA	\$0
<u>House</u> does not appropriate.	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
11. Technical Adjustments	Gross	NA	\$0
<u>Executive</u> provides \$763,600 Gross (\$0 GF/GP) for technical adjustments to align expenditures and increased available state restricted and federal revenues. <u>Senate</u> concurs. <u>House</u> does not provide.	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0
12. Wildlife Management – Pheasant Release Program	FTE	221.5	0.0
<u>Senate</u> appropriates \$25,000 from the Game and Fish Protection Account to expand the Pheasant Release Program. <u>House</u> does not provide.	Gross	\$47,802,600	\$0
	Federal	26,263,300	0
	Private	315,700	0
	Restricted	16,589,600	0
	GF/GP	\$4,634,000	\$0
13. Elberta Waterfront Community Conservation Project (One-Time)	Gross	\$0	\$0
<u>Senate</u> includes a \$100 GF/GP placeholder for a waterfront community conservation project in Elberta. <u>House</u> does not include.	GF/GP	\$0	\$0
14. Extreme Weather Forestry Restoration Activities (One-Time)	Gross	\$0	\$0
<u>Senate</u> includes a \$100 GF/GP placeholder to support forest restoration after extreme weather. <u>House</u> does not include.	GF/GP	\$0	\$0
15. Forest Recreation and Trails	FTE	86.7	(9.0)
<u>House</u> reduces 9.0 FTE positions and adds \$1.9 million GF/GP to shrink personnel authorizations and increase funding for Forest Recreation and Trails.	Gross	\$11,384,500	\$1,878,900
	Restricted	10,613,400	0
	GF/GP	\$771,100	\$1,878,900
16. General Law Enforcement Reduction	FTE	293.0	(63.0)
<u>House</u> reduces 63.0 FTE positions and \$7.0 million GF/GP for General Law Enforcement.	Gross	\$54,037,500	(\$7,000,000)
	Federal	6,991,100	0
	Restricted	28,131,200	(0)
	GF/GP	\$18,915,200	(\$7,000,000)
17. Parks and Recreation Division Reduction	FTE	1,001.9	(114.0)
<u>House</u> reduces 114.0 FTE positions and \$8.0 million Gross (\$3.7 million GF/GP) for the Parks and Recreation Division including cuts to MacMullan Conference Center, Recreational Boating, and State Parks, as well as eliminating funding for the Michigan Conservation Corps.	Gross	\$127,809,000	(\$8,035,000)
	Federal	1,892,000	0
	Private	428,300	0
	Restricted	121,820,500	(4,366,800)
	GF/GP	\$3,668,200	(\$3,668,200)
18. Fisheries Division Reduction	FTE	227.5	(56.5)
<u>House</u> reduces 56.5 FTE positions and \$5.3 million Gross (\$3.7 million GF/GP) for the Fisheries Division including cuts to Fish Production and Fisheries Resource Management.	Gross	\$35,471,700	(\$5,314,900)
	Federal	12,127,700	0
	Private	136,700	0
	Restricted	21,992,400	(4,100,000)
	GF/GP	\$1,214,900	(\$1,214,900)
19. Communication and Customer Services Unit Reduction	FTE	136.3	(40.5)
<u>House</u> reduces 40.5 FTE positions and \$5.9 million Gross (\$3.2 million GF/GP) for the Communication and Customer Services Unit including cuts to Marketing and Outreach and the Michigan Historical Center, as well as eliminating funding for Cultural Resource Management.	Gross	\$26,289,200	(\$5,860,000)
	Federal	2,976,900	0
	Restricted	18,017,200	(2,700,000)
	GF/GP	\$5,295,100	(\$3,160,000)
20. Departmental Administration and Support Unit Reduction	FTE	156.1	(47.0)
<u>House</u> reduces 47.0 FTE positions and \$3.8 million Gross (\$1.4 million GF/GP) for the Departmental Administration and Support Unit including cuts to Unclassified Salaries, Accounting Service Center, Executive Direction, Finance and Operations, Minerals Management, and Office of Public Lands.	Gross	\$37,429,600	(\$4,132,600)
	IDG	207,000	0
	Federal	449,100	0
	Private	5,003,600	0
	Restricted	28,488,000	(2,700,900)
	GF/GP	\$3,281,900	(\$1,431,700)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
21. Wildlife Division Reduction	FTE	230.5	(49.0)
<u>House</u> reduces 49.0 FTE positions and \$4.2 million Gross (\$3.5 million GF/GP) for the Wildlife Division including cuts to Natural Resources Heritage and Wildlife Management.	Gross	\$48,461,800	(\$4,213,400)
	Federal	26,472,600	0
	Private	315,700	0
	Restricted	17,039,500	(150,000)
	GF/GP	\$4,634,000	(\$4,063,400)
22. Invasive Species Prevention and Control Reduction	FTE	21.0	(6.0)
<u>House</u> reduces 6.0 FTE positions and \$2.5 million GF/GP for Invasive Species Prevention and Control.	Gross	\$7,109,200	(\$2,300,000)
	GF/GP	\$7,109,200	(\$2,300,000)
23. Information Technology Services and Projects Reduction	Gross	\$10,769,100	(\$1,615,400)
<u>House</u> reduces \$1.6 million Gross (\$1.3 million GF/GP) for Information Technology Services and Projects.	Restricted	9,497,000	(343,300)
	GF/GP	\$1,272,100	(\$1,272,100)
24. Federal – Urban Forestry Grants Elimination	Gross	\$900,000	(\$900,000)
<u>House</u> eliminates funding for Federal – Urban Forestry Grants totaling \$900,000 Gross (\$0 GF/GP).	Federal	800,000	(800,000)
	Private	100,000	(100,000)
	GF/GP	\$0	\$0
25. Mackinac Island State Park Commission Reduction	FTE	17.0	(6.0)
<u>House</u> reduces 6.0 FTE positions and \$900,000 Gross (\$421,700 GF/GP) for the Mackinac Island State Park Commission including cuts to Historical Facilities System and Mackinac Island State Park Operations.	Gross	\$2,255,600	(\$900,000)
	Restricted	1,833,900	(478,300)
	GF/GP	\$421,700	(\$421,700)
26. Wetland Restoration, Enhancement, and Acquisition Reduction	Gross	\$3,000,000	(\$200,000)
<u>House</u> reduces \$200,000 GF/GP for Wetland Restoration, Enhancement, and Acquisition.	Restricted	1,000,000	0
	GF/GP	\$2,000,000	(\$200,000)
27. Forest Resources Division Reduction	FTE	356.5	(30.0)
<u>House</u> reduces 30.0 FTE positions and \$1.7 million Gross (\$1.3 million GF/GP) for the Forest resources Division including cuts to Cooperative Resource Programs, Forest Management and Timber Market Development, and Wildfire Protection.	Gross	\$72,156,400	(\$1,650,000)
	Federal	14,350,500	0
	Private	1,624,900	0
	Restricted	43,960,200	(361,600)
	GF/GP	\$12,220,800	(\$1,288,400)
28. Forest Resources Division Rollup	FTE	19.5	0.0
<u>Executive</u> rolls funding for Adopt-A-Forest Program (\$25,000 Gross), cooperative resource programs (\$1.7 million Gross and 11.0 FTE positions), forest fire equipment (\$931,500 Gross), and forest management initiative (\$944,200 Gross and 8.5 FTE positions) into forest management and timber market development (\$2.6 million Gross and 19.5 FTE positions) and wildfire protection (\$931,500 Gross) for a net zero change.	Gross	\$3,551,300	\$0
<u>Senate</u> concurs.	Federal	736,700	0
<u>House</u> does not include.	Private	124,500	0
	Restricted	2,351,700	0
	GF/GP	\$338,400	\$0
29. Finance and Operations Rollup	FTE	2.0	0.0
<u>Executive</u> rolls funding for minerals management (\$159,600 state restricted funding and 1.0 FTE position) and marketing and outreach (\$199,000 in state restricted funding and 1.0 FTE position) into departmental finance and operations for a net zero change.	Gross	\$358,600	\$0
<u>Senate</u> concurs.	Restricted	358,600	0
<u>House</u> does not include.	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>		<u>FY 2024-25 Year-to-Date (as of 2/5/25)</u>	<u>FY 2025-26 House Change</u>
30. Removal of FY 2024-25 One-time Appropriations	Gross	\$9,000,000	(\$9,000,000)
<u>Executive</u> removes \$9.0 million GF/GP of one-time funding that was included in the FY 2024-25 budget to support the following:	GF/GP	\$9,000,000	(\$9,000,000)

- America 250 Commission grants (\$5.0 million)
- American chestnut restoration initiative (\$500,000)
- Huron Waterloo Pathways Initiative's Border-To-Border Trail (\$1,749,900)
- Mass timber market development (\$1.0 million)
- Phragmites management equipment (\$250,000)
- Sportsmen Against Hunger refrigeration units (\$500,000)
- Upper Peninsula ski project (\$100)

Senate concurs.

House concurs.

31. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> reflects increased costs of \$4.9 million Gross (\$852,400	IDG	NA	0
GF/GP) for negotiated salary and wage increases (3.0% on October 1,	Federal	NA	0
2025), actuarially required retirement contributions, worker's	Restricted	NA	0
compensation, building occupancy charges, rent, and other economic	GF/GP	NA	\$0
adjustments.			

Senate concurs.

House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 204. State Administrative Board Transfers – NEW

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

House adds new section.

Sec. 206. Purchase of Foreign Goods and Services – RETAINED

Prohibits department from purchasing foreign goods and services if competitively priced American goods or services of comparable quality are available; requires preference for goods and services manufactured by Michigan businesses and their associated subcontractors and manufactured or provided by Michigan businesses owned and operated by veterans.

Executive retains, Senate revises to add subsection requiring preference for goods and services manufactured in facilities that employ union members; House retains.

Sec. 207. Disciplinary Action Against State Employees – RETAINED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs unless communication is prohibited by law. (*Governor deemed this section unenforceable in FY 2024-25.*)

Executive deletes, Senate and House retain.

Sec. 211. Legislative Contingency Transfer Authorization – RETAINED

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

Executive revises to add federal authorization to up to \$3.0 million, Senate and House retain.

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

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

Executive deletes, Senate and House retain.

Sec. 215. Severance Reporting – NEW

Requires department to report details of severance pay for certain departmental employees.

House adds new section.

Sec. 216. Geographically Disadvantaged Business Enterprises – DELETED

Requires director to take reasonable steps to ensure geographically disadvantaged business enterprises compete for and perform contracts.

Executive and Senate retain, House deletes.

Major Boilerplate Changes from FY 2024-25

Sec. 216. In-Person Work Prioritization – NEW

Requires the department to prioritize in-person work for its workforce, post related policies, and annually report on remote work hours and in-person work hours.

House adds new section.

Sec. 218. Work Authorization Requirement – NEW

Requires departmental contractors and subcontractors to use the E-Verify system to certify personnel are legally authorized to work in the United States and requires the department to annually report on processes implemented under this section.

House adds new section.

Sec. 219. Citizenship Requirement – NEW

Prohibits department from using state or federal funds to provide services to non-US citizens, except for qualified aliens under federal law.

House adds new section.

Sec. 220. Internet Posting of Reports – NOT INCLUDED

Requires the department to conspicuously post each report required by boilerplate by the report's due date on the department's Michigan.gov website.

Senate adds new section, House does not include.

Sec. 221. Receipt and Retention of Reports – RETAINED

Requires department to receive and retain copies of all reports.

Executive deletes, Senate retains, House retains and renumbers to 208.

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

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

Executive deletes, Senate and House retain.

Sec. 223. General Fund Expenditure Restrictions – NOT INCLUDED

Prohibits the department from expending general fund if federal or private funding are available for the same expenditures, requires the department to notify standard report recipients if a reduction in departmental expenditures is necessary.

Senate adds new section, House does not include.

Sec. 223. Work Project Reporting – NEW

Requires the department to report quarterly on the status of work project accounts including funds expended, funds encumbered, and funds available.

House adds new section.

Sec. 224. Expending Available Work Project Authorization – RETAINED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. (*Governor deemed this section unenforceable in FY 2024-25.*)

Executive deletes, Senate and House retains, renumbers to 222.

Sec. 224. Identification of Legacy Costs – NEW

Estimates annual appropriations for legacy costs, including pension-related legacy costs and health care-related legacy costs.

House adds new section.

Sec. 225. Access to State and Local Services – DELETED

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

Executive and Senate retain, House deletes.

Sec. 225. Department Scorecard – NEW

Requires department to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance.

House adds new section.

Sec. 226. Court Approved Judgment Cap – NEW

Prohibits departmental funds from being used to pay a court-approved judgment more than \$200,000.

House adds new section.

Major Boilerplate Changes from FY 2024-25

Sec. 227. Private and Other Third-Party Funds Report – NEW

Requires the department to disclose private and other third-party funds received in the previous fiscal year.
House adds new section.

Sec. 228. Prohibition on DEI Programs – NEW

Prohibits the department from using state funds on diversity, equity, and inclusion initiatives as defined in federal Executive Orders 14151, 14168, and 14173.
House adds new section.

Sec. 229. Energy and Noise Efficiency – DELETED

Requires preference for goods and services that are energy efficient and minimize noise pollution.
Executive and Senate retain, House deletes.

Sec. 230. Single Grant Recipient Requirements – REVISED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.
Executive deletes, Senate and House revise to further define eligible grant recipients and requirements.

Sec. 232. State Fiscal Recovery Funds – DELETED

Requires the state budget director to ensure that State Fiscal Recovery Funds allocated under the American Rescue Pan Act of 2021 be expended before 2027; requires the state budget director to notify the House and Senate Appropriations Committees of reallocations made under this section.
Executive deletes, Senate revises to require the department to notify standard report recipients if an SFRF appropriation is projected to lapse, House deletes.

Sec. 233. Unenforceable Boilerplate Sections Report – NOT INCLUDED

Requires the department to report to standard report recipients on any boilerplate sections deemed unenforceable.
Senate adds new section, House does not include.

Sec. 234. Federal Policy Change Report – NOT INCLUDED

Requires the department to report quarterly to standard report recipients any federal policy changes that affect the department, those that engage with the department, related regulations, or create a regulatory gap with a potential negative public impact.
Senate adds new section, House does not include.

Sec. 235. General Fund Deposit to Game and Fish Protection Account – NOT INCLUDED

Appropriates \$10.0 million from the general fund to the Game and Fish Protection Account.
Senate adds new section, House does not include.

Sec. 240. Cultural Resource Management – DELETED

Expands the department's archeological operations and establishes an ongoing process that requires increased consultation with known lineal descendants and Native American tribe officials of tribes on whose aboriginal lands a planned archeological activity will occur or where an inadvertent discovery has been made in addressing the identification, treatment, and disposition of Native American cultural items.
Executive and Senate retain, House deletes.

Sec. 304. Receive and Expend for Carbon Offset Credits – DELETED

Authorizes department to receive and expend revenues to pay vendors for administering carbon offset credits.
Executive and Senate retain, House deletes.

Sec. 408. Land Transactions Report – RETAINED

Requires detailed report to legislature on land purchases, sales, and exchanges.
Executive deletes, Senate and House retain.

Sec. 501. Little Manistee River Designation Prohibition – NEW

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.
House adds new section.

Sec. 601. General Law Enforcement FTE Positions – NEW

Requires that all general law enforcement FTE positions be filled by conservation officers.
House adds new section.

Sec. 701. Recreation Passport Selection – NEW

Requires the department to provide the choice to opt in to purchasing a Recreation Passport.
House adds new section.

Major Boilerplate Changes from FY 2024-25

Sec. 702. One-day State Park Pass – NEW

Requires the department to create a one-day pass option to visit all state park facilities, the cost of which may not exceed half of the annual fee for a recreation passport.

House adds new section.

Sec. 1002. Grants to Counties – Marine Safety Prohibition – NEW

Prohibits counties from receiving Grants to Counties – Marine Safety funding unless the county board of commissioners adopts a resolution committing the county to enforce federal executive orders and statutes related to immigration.

House adds new section.

Sec. 1201. Work Project – Asset Management Solution – NOT INCLUDED

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

Executive adds new section, Senate and House do not add.

FY 2025-26: STATE POLICE
Summary: Proposed House Substitute
Article 14, House Bill 4706 (H-1)



Analyst: Aaron A. Meek

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$27,189,800	\$29,030,200	\$29,030,200	\$27,189,800	\$0	0.0
Federal	99,062,700	101,314,700	101,314,700	97,107,300	(1,955,400)	(2.0)
Local	4,975,700	5,035,600	5,035,600	4,975,700	0	0.0
Private	35,000	35,000	35,000	35,000	0	0.0
Restricted	174,984,300	182,336,000	192,336,000	162,555,200	(12,429,100)	(7.1)
GF/GP	646,861,000	674,282,800	687,935,200	594,958,100	(51,902,900)	(8.0)
Gross	\$953,108,500	\$992,034,300	\$1,015,686,700	\$886,821,100	(\$66,287,400)	(7.0)
FTEs	3,856.0	3,871.0	3,852.0	3,422.5	(433.5)	(11.2)

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

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, local, and tribal law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
1. Post Operations			
House eliminates \$40.2 million GF/GP and 297.5 FTE positions in the Post Operations line item.	FTE	2,247.5	(297.5)
	Gross	\$419,601,000	(\$40,162,500)
	IDG/IDT	2,100	0
	Federal	2,124,100	0
	Restricted	45,847,500	0
	GF/GP	\$371,627,300	(\$40,162,500)
2. Michigan Commission on Law Enforcement Standards			
House eliminates \$34.0 million Gross (\$19.4 million GF/GP) and 27.0 FTE positions for the Michigan Commission on Law Enforcement Standards to reflect moving the following line items to the Department of Licensing and Regulatory Affairs budget:	FTE	27.0	(27.0)
	Gross	\$33,946,300	(\$33,946,300)
	Federal	280,400	(280,400)
	Restricted	14,263,200	(14,263,200)
	GF/GP	\$19,402,700	(\$19,402,700)
<ul style="list-style-type: none"> De-Escalation Training (\$500,000 GF/GP) In-Service Training (\$18.3 million GF/GP and 7.0 FTE) Justice Training Grants (\$10.0 million state restricted) Public Safety Officers Benefit Fund (\$303,000 GF/GP and 1.0 FTE) Standards and Training (\$4.0 million Gross [\$328,600 GF/GP] and 19.0 FTE) Training Only to Local Units (\$855,000 state restricted) 			
3. Removal of Professional Development Bureau			
House eliminates \$12.1 million Gross (\$9.6 million GF/GP) and 39.0 FTE positions for the Professional Development Bureau.	FTE	39.0	(39.0)
	Gross	\$12,074,300	(\$12,074,300)
	Federal	1,937,000	(1,937,000)
	Restricted	571,100	(571,100)
	GF/GP	\$9,566,200	(\$9,566,200)

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
4. Removal of Secure Cities Partnership	FTE	30.0	(30.0)
<u>House</u> eliminates \$9.9 million Gross (\$8.9 million GF/GP) and 30.0 FTE positions for the Secure Cities Partnership.	Gross	\$9,939,000	(\$9,939,000)
	Restricted	1,028,600	(1,028,600)
	GF/GP	\$8,910,400	(\$8,910,400)
5. Departmentwide	Gross	\$53,292,400	(\$4,292,400)
<u>House</u> eliminates \$4.3 million Gross (\$4.2 million GF/GP) in the Departmentwide line item.	IDG/IDT	484,800	0
	Federal	112,300	0
	Restricted	1,509,000	(106,100)
	GF/GP	\$51,186,300	(\$4,186,300)
6. Grants and Community Services	FTE	60.0	(20.0)
<u>House</u> eliminates \$2.6 million GF/GP and 20.0 FTE positions in the Grants and Community Services line item.	Gross	\$25,934,300	(\$2,600,000)
	Federal	12,118,200	0
	Private	20,000	0
	Restricted	8,242,800	0
	GF/GP	\$5,553,300	(\$2,600,000)
7. Information Technology Services and Projects	Gross	\$30,224,000	(\$2,000,000)
<u>House</u> eliminates \$2.0 million Gross (\$1.2 million GF/GP) in the Information Technology Services and Projects line item.	IDG/IDT	520,700	0
	Federal	960,400	0
	Local	951,700	0
	Restricted	12,669,300	(778,100)
	GF/GP	\$15,121,900	(\$1,221,900)
8. Executive Direction	FTE	46.0	(1.0)
<u>House</u> eliminates \$1.3 million Gross (\$1.2 million GF/GP) and 1.0 FTE position in the Executive Direction line item.	Gross	\$8,690,700	(\$1,330,800)
	IDG/IDT	35,100	0
	Restricted	597,800	(92,800)
	GF/GP	\$8,057,800	(\$1,238,000)
9. Unclassified Salaries	FTE	7.0	(5.0)
<u>House</u> eliminates \$650,000 GF/GP and 5.0 unclassified FTE positions.	Gross	\$1,298,900	(\$650,000)
	IDG/IDT	9,100	0
	Restricted	295,900	0
	GF/GP	\$993,900	(\$650,000)
10. Mobile Office and System Support	FTE	39.0	(10.0)
<u>House</u> eliminates 10.0 FTE positions in the Mobile Office and System Support line item.	Gross	\$6,089,700	\$0
	Restricted	1,250,700	0
	GF/GP	\$4,839,000	\$0
11. Training Operations	FTE	38.0	(4.0)
<u>House</u> eliminates \$520,000 GF/GP and 4.0 FTE positions in the Training Operations line item.	Gross	\$8,259,500	(\$520,000)
	IDG/IDT	3,560,600	0
	Restricted	547,800	0
	GF/GP	\$4,151,100	(\$520,000)
12. Highway Safety Planning	FTE	25.0	0.0
<u>House</u> includes net-zero fund source adjustment in the Highway Safety Planning line item.	Gross	\$20,519,800	\$0
	Federal	15,923,700	150,400
	Restricted	3,975,700	0
	GF/GP	\$620,400	(\$150,400)
13. Crime Victim Support Program	FTE	NA	0.0
<u>Executive</u> includes \$1.3 million GF/GP and authorization for 8.0 FTE positions in the Grants and Community Services line item to hire additional full-time victim advocates in each of MSP's 7 districts, increase statewide capacity to support victims' needs, and partner with community organizations in support of victim advocacy. <u>Senate</u> does not include. <u>House</u> does not include.	Gross	NA	\$0
	Federal	NA	0
	Private	NA	0
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
14. Office of School Safety			
<u>Executive</u> does not include. <u>Senate</u> includes additional \$1.0 million		FTE 6.0	0.0
GF/GP to expand the capacity of the Office of School Safety to offer		Gross \$1,379,700	\$0
school safety academies across the state. <u>House</u> does not include.		Restricted 250,000	0
		GF/GP \$1,129,700	\$0
15. Intelligence Operations			
<u>Executive</u> includes \$1.0 million GF/GP and authorization for 7.0 FTE		FTE 233.0	0.0
positions to expand the capacity of the Michigan Intelligence Operations		Gross \$35,424,200	\$0
Center to provide analytics and investigative support to local, state,		IDG/IDT 100,000	0
federal, and tribal law enforcement, as well as \$143,600 GF/GP to		Restricted 3,227,500	0
support increased licensing costs for software used to acquire and		GF/GP \$32,096,700	\$0
analyze digital forensic data during criminal investigations. <u>Senate</u>			
includes only \$143,600 GF/GP in additional funding for software			
licensing costs. <u>House</u> does not include.			
16. New FY 2025-26 One-Time Appropriations		Gross \$0	\$19,800,000
<u>Executive</u> does not include new one-time appropriations. <u>Senate</u>		GF/GP \$0	\$19,800,000
includes \$25.0 million Gross (\$15.0 million GF/GP) for the following one-			
time appropriations:			
<ul style="list-style-type: none"> • Cold Case Investigations (\$1.0 million GF/GP) • Crimestoppers (\$100 GF/GP) • Disaster and Emergency Contingency Fund (\$10.0 million state restricted) • Law Enforcement Communication Training (\$500,000 GF/GP) • Michigan Public Safety Critical Incident Mapping Grant (\$500,000 GF/GP) • OK2SAY Program (\$1.0 million GF/GP) • Public Safety Academy Assistance Programs (\$10.0 million GF/GP) • Public Safety Heroes Program (\$1.0 million GF/GP) • Statewide Fentanyl Enforcement (\$1.0 million GF/GP). 			
<u>House</u> partially concurs with <u>Senate</u> and includes \$19.8 million GF/GP			
for the following one-time appropriations:			
<ul style="list-style-type: none"> • Cold Case Investigations (\$600,000 GF/GP) • Disaster and Emergency Contingency Fund (\$8.2 million GF/GP) • Law Enforcement Communication Training (\$1.0 million GF/GP) • Public Safety Academy Assistance Programs (\$10.0 million GF/GP). 			
17. Removal of FY 2024-25 One-Time Appropriations		Gross \$24,900,000	(\$24,900,000)
<u>Executive</u> removes \$24.9 million one-time GF/GP that was included in		GF/GP \$24,900,000	(\$24,900,000)
the FY 2024-25 budget to support the following:			
<ul style="list-style-type: none"> • Cold Case Investigations (\$1.0 million GF/GP) • Disaster and Emergency Contingency Fund (\$10.0 million GF/GP) • Disaster Recovery Grants (\$3.2 million GF/GP) • Law Enforcement Communication Training (\$500,000 GF/GP) • Michigan International Speedway Security (\$200,000 GF/GP) • Public Safety Academy Assistance Programs (\$10.0 million GF/GP). 			
<u>Senate</u> concurs. <u>House</u> concurs.			

		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations			
18. Technical Adjustments	Gross	NA	\$0
<u>Executive</u> includes \$1.9 million Gross for adjustments to the following federal and state restricted fund sources to align with available revenues:	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0

- Increases federal funding authorization by \$783,400 to reflect the receipt of additional indirect federal funds
- Increases state restricted authorization by \$757,200 in the Grants and Community Services line item to reflect higher than anticipated Auto Theft Prevention Fund revenues
- Increases state restricted authorization by \$200,000 in the Biometrics and Identification line item to reflect higher than anticipated Criminal Justice Information Center fee revenues
- Increases state restricted authorization by \$140,000 in the Intelligence Operations line item to reflect higher than anticipated reimbursement and Criminal Justice Information Center fee revenues.

Senate concurs with Executive. House does not include.

Executive also includes the following internal net-zero transfers to align funding and FTE authorization with department activity:

- Transfers \$2.1 million GF/GP and 14.0 FTE positions from the Grants and Community Services line item to the Department Services line item
- Transfers \$2.1 million Gross (\$2.0 million GF/GP) and 9.0 FTE positions from the Professional Development Bureau line item to the Training Operations line item
- Transfers \$1.1 million Gross from the Department Services line item to the Mobile Office and System Support line item
- Transfers \$607,500 GF/GP and 4.0 FTE positions from the Intelligence Operations line item to the Forensic Science line item.

Senate concurs with Executive. House does not include.

19. Economic Adjustments	Gross	NA	\$46,327,900
<u>Executive</u> reflects increased costs of \$59.5 million Gross (\$49.8 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	0
	Federal	NA	111,600
	Local	NA	0
<u>Senate</u> concurs with Executive. <u>House</u> includes adjustments totaling \$46.3 million Gross (\$41.8 million GF/GP) for Michigan State Police trooper pay increases as Trooper Pay Increases and Economic Adjustments line item.	Restricted	NA	4,410,800
	GF/GP	NA	\$41,805,500

Major Boilerplate Changes from FY 2024-25

Sec. 204. State Administrative Board Transfers – NEW

Authorizes the legislature, by a concurrent resolution adopted by a majority of members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds. Executive does not include. Senate does not include. House includes new language.

Sec. 205. Purchase of Foreign Goods – RETAINED

Prohibits purchase of foreign goods or services if competitively priced and of comparable quality American goods or services are available; requires preference be given to goods and services manufactured by Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to include a new requirement that preference be given to goods and services manufactured in facilities that employ union members. House retains.

Sec. 206. Disciplinary Action Against State Employees – RETAINED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. Executive deletes. Senate retains. House retains.

Major Boilerplate Changes from FY 2024-25

Sec. 215. Severance Pay for Department Officials – NEW

Requires MSP to report on any amounts of severance pay agreed to for a department director, deputy director, or other high-ranking department official; requires report to include name of official and amount of severance pay; requires report on total amount of severance pay remitted to former employees and total number of former employees remitted severance pay during prior fiscal year; defines "severance pay" as compensation that is both payable or paid upon the termination of employment and in addition to either wages or benefits earned during the course of employment or generally applicable retirement benefits. Executive does not include. Senate does not include. House includes new language.

Sec. 216. Prioritize In-Person Work – NEW

Requires MSP to maximize efficiency of the state workforce and prioritize in-person work; requires MSP to post its in-person, remote, or hybrid work policy on its website; requires report on number of employees authorized to work remotely, number of employees working remotely, number of hours worked remotely and in-person, and estimated cost savings and reduced use of office space associated with remote work. Executive does not include. Senate does not include. House includes new language.

Sec. 218. E-Verify System – NEW

Requires MSP to use the E-Verify system to verify that all persons hired during the contract term by the contractor or subcontractor are legally present and authorized to work in the United States; requires report on processes developed and implemented for use of the E-Verify system; defines E-Verify. Executive does not include. Senate does not include. House includes new language.

Sec. 219. Services for Non-U.S. Citizens – NEW

Prohibits state or federal funds from being used to provide services, grants, or programming for non-U.S. citizens unless they are qualified aliens under 8 U.S.C. § 1641. Executive does not include. Senate does not include. House includes new language.

Sec. 219. Receipt and Retention of Reports – RETAINED

Requires MSP 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 MSP to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. Senate retains. House retains.

Sec. 222. Work Project Expenditures – RETAINED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. Executive deletes. Senate retains. House retains.

Sec. 224. Legacy Costs – NEW

Authorizes appropriations to be expended for legacy costs. Executive does not include. Senate does not include. House includes new language.

Sec. 225. Key Metrics Scorecard – NEW

Requires MSP to maintain department scorecard that identifies, tracks, and updates key metrics to measure the department's performance; requires MSP to update and post the scorecard on its website on a quarterly basis and notify the legislature when updates are made. Executive does not include. Senate does not include. House includes new language.

Sec. 226. Legal Settlement Costs – NEW

Prohibits appropriations from being expended for state obligations in excess of \$200,000 for a court approved judgement, settlement, award, or claim. Executive does not include. Senate does not include. House includes new language.

Sec. 226. Post Closure or Consolidation – RETAINED

Requires MSP to notify listed recipients when it recommends closure or consolidation of any MSP post and to include a local and state impact study. Executive deletes. Senate retains. House retains.

Sec. 227. Private and Third-Party Funds – NEW

Requires report on funds received from private and other third-party sources; requires MSP to post report on its website. Executive does not include. Senate does not include. House includes new language.

Sec. 227. Privatization Project Plans – RETAINED

Requires submission of a project plan if MSP presents the state employer with a plan to privatize; requires evaluation to be submitted to appropriations subcommittees and fiscal agencies within 30 months. Executive deletes. Senate retains. House retains.

Major Boilerplate Changes from FY 2024-25

Sec. 228. DEI Programs – NEW

Prohibits state funds from being expended for diversity, equity, and inclusion (DEI) initiatives or program and as outlined in federal Executive Orders 14151, 14168, and 14173. Executive does not include. Senate does not include. House includes new language.

Sec. 232. Receive and Expend Authorization for Federal Revenues – REVISED

Authorizes MSP to expend federal revenues received in excess of appropriations; requires MSP to report prior to expending excess federal revenues. Executive retains. Senate revises to limit federal receive and expend authorization under this section to \$15.0 million. House revises to increase total federal receive and expend authorization under this section and Sec. 604(3) to \$750.0 million.

Sec. 233. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires department to notify data subjects if an unauthorized person accesses their information. Executive deletes. Senate retains. House deletes.

Sec. 234. Officer Evaluation Criteria – RETAINED

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting of a specified number of citations for an officer. Executive deletes. Senate retains. House retains.

Sec. 237. Placement of Local Headquarters – RETAINED

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 deletes. Senate retains. House retains.

Sec. 239. Authorization to Reallocate State Fiscal Recovery Funds – DELETED

Requires state budget director to ensure that all State Fiscal Recovery Funds (SFRF) are expended by December 31, 2026; authorizes state budget director to reallocate funds to fully utilize SFRF that are in jeopardy of not meeting expenditure deadline; requires state budget director to notify appropriations committees not later than 10 business days after making any reallocations. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds and adds language to require all SFRF be expended by December 31, 2026, and that a department or agency receiving SFRF appropriations must notify the standard report recipients if SFRF are projected to lapse. House deletes.

Sec. 250. Grants Transparency – REVISED

Provides eligibility and process requirements for grants or projects awarded to single recipient organizations or local governments; provides timeframes for receiving grant money; requires interest earned from grant money in excess of \$1,000 to be returned to Treasury; requires MSP to report on grant recipient, project purpose, project location, status of funds allocated and disbursed under grant agreement, and legislative sponsor if applicable. Executive deletes. Senate revises to include technical changes. House revises to delete requirements to return grant interest earned to Treasury, to replace specific guidelines for single-recipient grants with general guidelines for all grant programs, and to submit a quarterly report on legislatively sponsored grants.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 301 401. Professional Development Training – REVISED

Allows Professional Development Bureau to conduct training directly related to an employee's departmental role, professional development training, training that allows the employee to seek expanded opportunities within MSP, advanced education training, and de-escalation training; requires a report on training courses and outlines required information. Executive retains. Senate retains. House revises to replace references to Professional Development Bureau and with references to Training Operations and to delete language related to de-escalation training.

Sec. 302 409. Professional Development Training – REVISED

Requires MSP to work with MDCR and MCOLES to provide the following training to local police departments and officers free of charge: cultural awareness and competency, tolerance, diversity, and implicit bias, conflict management and de-escalation, use of force on vulnerable individuals, and mental health and wellness; requires quarterly reporting on the training. Executive retains. Senate retains. House revises to delete language related to training on tolerance, diversity, implicit bias, and de-escalation.

Sec. 309. Critical Incident Investigations – NEW

Requires MSP investigative response teams to submit findings of critical incident investigations to the prosecutor of the county in which the critical incident occurred for review; defines "critical incident." Executive does not include. Senate does not include. House includes new language.

Major Boilerplate Changes from FY 2024-25

LAW ENFORCEMENT SERVICES

Sec. 402. Criminal Justice Information Center – REVISED

Requires MSP to (1) maintain criminal justice information systems in support of public safety and law enforcement communities; (2) conduct at least 30 outreach activities targeted to criminal justice agencies and to report on these activities; (3) compile crime statistics; (4) compile and evaluate traffic crash reports; (5) provide traffic crash reports for \$15 per incident or an extract of electronic traffic crash data for \$0.25 per incident; (6) report traffic crash report revenues, expenditures, and adequacy; (7) maintain, disseminate, and exchange criminal history and juvenile records; (8) maintain records, including firearms licensure records; (9) provide background check volume processed by the Internet Criminal History Access Tool; requires that Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund; requires unexpended revenue generated by local State Records Management System Fees to carry forward and not lapse to the general fund. Executive deletes ICHAT background check reporting requirement in item (9). Senate retains. House revises to reduce traffic crash report fee in item (5) from \$15 to \$10.

Sec. 404. Biometrics and Identification – RETAINED

Requires MSP to manage specified identification databases and provide data on submissions to the Automated Fingerprint Identification System database; requires MSP to maintain staffing and resources to achieve an average 28-day wait time for polygraph examinations, with a goal of an average 15-day wait time; requires MSP to post changes to protocols for retention and purging of DNA records. Executive deletes staffing and resources requirements. Senate retains. House retains.

Sec. 408. Trooper Recruit School Onboarding, Training, and Outfitting – REVISED

Stipulates that unexpended GF/GP appropriated for Trooper Recruit School Onboarding, Training, and Outfitting must be deposited into the Trooper Recruit School Fund created under the Michigan Vehicle Code, 1949 PA 300. Executive retains. Senate retains. House revises to require MSP to make an organized, strategic effort to recruit, onboard, train, and outfit trooper school candidates and other new department employees; to require MSP to operate at least two trooper, motor carrier, or state properties security recruit schools during the fiscal year; to authorize MSP to use attrition funds to offset recruiting costs; and to authorize MSP to utilize funds appropriated for Training Operations to support recruiting efforts if money in the Trooper Recruit School Fund is insufficient.

MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS

Sec. 501. Michigan Commission on Law Enforcement Standards – DELETED

Stipulates MCOLES' responsibilities and requires maintenance of proper staffing and resource levels 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 retains. Senate retains. House deletes to reflect removal of MCOLES-related line items.

Sec. 502. Public Safety Officers Benefit Fund – DELETED

Requires general fund appropriations for Public Safety Officers Benefit Fund to be deposited to Public Safety Officers Benefit Fund and appropriates all funds within Public Safety Officers Benefit Fund; stipulates that appropriated funds should be used to increase benefit payments to eligible recipients to \$50,000. Executive retains. Senate retains. House deletes to reflect removal of MCOLES-related line items.

Sec. 503. In-Service Training – DELETED

Requires funds appropriated for In-Service Training to be deposited to Law Enforcement Officers Training Fund; appropriates all funds in the Law Enforcement Officers Training Fund for expenditure to support implementation of required annual in-serve training standards for all licensed law enforcement officers. Executive retains. Senate retains. House deletes to reflect removal of MCOLES-related line items.

FIELD SERVICES

Sec. ~~604~~ 501. General Law Enforcement and Traffic Safety – REVISED

(1) Stipulates MSP troopers shall not be prohibited from responding to criminal or emergency situations and shall make every effort to protect residents; (2) requires MSP to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol, with a minimum of 40,000 in distressed cities; (3) requires MSP to report number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Executive deletes item (2) in full. Senate retains. House revises to delete staff and resource requirements related to distressed cities in item (2) and to delete item (4) in full.

Major Boilerplate Changes from FY 2024-25

Sec. 602 502. Criminal Investigations – RETAINED

(1) Requires MSP to identify and apprehend criminals through investigations; (2) requires maintenance of investigation hours; (3) requires MSP to meet or exceed case clearance rate of 62%; (4) requires MSP to provide training opportunities to local law enforcement partners related to gambling, opioid investigations, and other emerging issues; (5) requires MSP to maintain staffing to investigate an average level of opioid cases and to link investigations among partners. Executive deletes. Senate retains. House retains.

Sec. 604 504. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness for a specified number of requests for fire investigation services and be available for call out statewide. Executive deletes item (2) in full. Senate retains. House concurs with Executive.

Sec. 505. Disciplinary Action Against Employees Engaged in Pursuits – NEW

Prohibits MSP from taking disciplinary action against employees for providing, upon request, assistance or mutual aid to a law enforcement officer who is engaged in the fresh pursuit of an individual on a freeway; defines "fresh pursuit" and "freeway." Executive does not include. Senate does not include. House includes new language.

Sec. 506. Trooper Pay Increases – NEW

Requires MSP to use funds to support trooper pay increases and economic adjustments up to amounts approved by Civil Service Commission. Executive does not include. Senate does not include. House includes new language.

Sec. 605. Department Diversity – DELETED

Requires MSP to make an organized and strategic effort to recruit new employees that mirror the diversity of Michigan's communities, including individuals who are Black, Jewish, Native American, LGBTQ+, Indian/Hindu, Hispanic, Arab/Muslim, and Asian and Pacific Islander; requires an annual report on MSP's diversification efforts; allows MSP to utilize attrition savings to offset costs of diversity recruiting. Executive retains. Senate retains. House deletes.

SPECIALIZED SERVICES

Sec. 704 601. Intelligence and Special Operations – RETAINED

(1) Requires MSP to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MSP to provide timely and accurate information to partners regarding critical information key resource threats and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to maintain staffing; (4) requires MSP to provide digital forensic analysis and states case turnaround goal. Executive deletes items (3) and (4). Senate retains. House retains.

Sec. 702 602. Specialized Support Teams – REVISED

(1) Requires MSP to provide specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to an average number of specialty service requests; (3) requires canine unit to be available for call out 100% of the time; (4) requires bomb squad unit to be available for call out 100% of the time; (5) requires emergency support teams to be available for call out 100% of the time; (6) requires marine services team to be available for call out 100% of the time; (7) requires aviation services to be available for call out 100% of the time, unless prohibited by weather or mechanical breakdown; (8) requires maintenance of adequate levels of staffing and resources to provide security services at state Capitol Building and other state buildings and requires a minimum of 35,000 patrols at state-owned and leased facilities. Executive deletes items (2) through (8). Senate retains. House deletes items (5) and (6).

Sec. 704 604. Emergency Management and Homeland Security – REVISED

(1) Requires MSP to coordinate emergency and disaster response activities of governmental units; (2) authorizes expenditure of appropriated funds to call upon state agencies or departments to protect life or property or to protect health or safety of any area under a state of emergency or disaster; requires report to state budget director and submission of recommendations to legislature for supplemental appropriations; (3) authorizes MSP to expend additional funds from various sources to provide emergency management training or emergency response activities with notification of legislature; limits federal receive and expend under Sec. 704(3) and Sec. 232 to \$105.0 million; (4) requires MSP to maintain partnerships to protect the state from all hazards; (5) requires MSP to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training; (6) requires MSP to conduct a minimum of three training sessions to enhance emergency response; (7) appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies; (8) requires reporting if expenditures are made from the Disaster and Emergency Contingency Fund; (9) requires MSP to report biannually on assessment of critical infrastructure vulnerabilities; (10) requires carryforward of unexpended revenue collected for the emergency management and homeland security training center. Executive deletes items (8) and (9). Senate revises to eliminate cap on federal receive and expend authorization under this section. House revises to increase total federal receive and expend authorization under this section and Sec. 232 to \$750.0 million.

Major Boilerplate Changes from FY 2024-25

ONE-TIME APPROPRIATIONS

Sec. 804 701. Disaster and Emergency Contingency Fund – RETAINED

Requires funds appropriated to be deposited in restricted Disaster and Emergency Contingency Fund as created under section 18 of 1976 PA 390, MCL 30.418. Executive deletes. Senate revises to change fund source from general fund to Community Infrastructure Fund. House retains.

Sec. 802 702. Law Enforcement Communication Training – REVISED

Requires MCOLES to provide training to law enforcement officers to assist with communication for those with language barriers or who are deaf or hard of hearing; requires training to be developed by an entity that is MCOLES-approved and holds an oral transliteration certificate; designates unexpended funds as work project appropriation. Executive deletes. Senate retains. House revises to make technical changes reflecting transfer of MCOLES to Department of Licensing and Regulatory Affairs budget.

Sec. 803 703. Cold Case Investigations – REVISED

Allocates \$1.0 million to cold case investigations and course programs; allocates \$400,000 of total to department's Special Investigation Division; requires at least \$250,000 to be used to support cold case murder investigations in Lansing; allocates \$200,000 to department's Forensic Science Division and \$200,000 each to cold case course programs at Western Michigan University and Northern Michigan University for programmatic and operational expenses. Executive deletes. Senate retains. House revises to eliminate allocations to MSP and City of Lansing and to require department to distribute funds to universities through a competitive grant program.

Sec. 804. Disaster Recovery Grants – DELETED

Authorizes disbursement of grants to local governments for weather-related disaster expenses not covered by federal relief funding as follows: \$1.0 million to Marquette County, \$1.0 million to Kalamazoo County, \$1.0 million to Baraga County, and \$200,000 to the City of Perry. Executive deletes. Senate deletes. House deletes.

Sec. 805 705. Public Safety Academy Assistance Programs – RETAINED

Requires funding to be used for providing scholarships for police academy recruits and assistance with salaries for police cadets; caps scholarship amounts at \$20,000 per recruit and caps assistance with salaries at \$4,000 per police cadet; lists eligibility requirements for receiving scholarships; authorizes MCOLES to use up to \$140,000 for administration; designates unexpended funds as a work project appropriation. Executive deletes. Senate retains. House retains.

Sec. 805. Public Safety Heroes Program – NOT INCLUDED

Authorizes use of funds to support costs of identifying and recognizing public safety works that perform a significant act or service of special merit. Executive does not include. Senate includes new language. House does not include.

Sec. 806. Statewide Fentanyl Enforcement – NOT INCLUDED

Authorizes use of funds to enhance MSP's efforts to enforce laws against the illegal use of fentanyl. Executive does not include. Senate includes new language. House does not include.

Sec. 807. Public Safety Critical Incident Mapping – NOT INCLUDED

Requires funding to be used for providing grants to assist counties in developing critical incident mapping; caps individual grants to counties at \$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 MSP to determine grant disbursement schedule. Executive does not include. Senate includes new language. House does not include.

FY 2025-26: TRANSPORTATION
Summary: Proposed House Substitute
Article 15, House Bill 4706 (H-1)



Analyst: William E. Hamilton

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	Difference: House From FY 2024-25 YTD	
					Amount	%
IDG/IDT	\$4,316,700	\$4,366,200	\$4,366,200	\$4,366,200	\$49,500	1.1
Federal	2,273,675,100	2,329,605,500	2,329,605,500	2,308,754,300	35,079,200	1.5
Local	87,448,500	87,448,500	87,448,500	85,448,500	(2,000,000)	(2.3)
Private	18,800,000	18,800,000	18,800,000	16,800,000	(2,000,000)	(10.6)
Restricted	4,230,660,000	4,288,705,600	4,467,316,700	7,151,382,700	2,920,722,700	69.0
GF/GP	193,000,000	112,183,900	2,000,000	677,000,000	484,000,000	250.8
Gross	\$6,807,900,300	\$6,841,109,700	\$6,909,536,900	\$10,243,751,700	\$3,435,851,400	50.5
FTEs	3,228.3	3,229.3	3,235.3	2,811.1	(417.2)	(12.9)

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

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, as well as from a \$600.0 million earmark of Income Tax Act revenue, and an earmark of revenue from the state excise tax on recreational marijuana. For FY 2025-26, approximately \$4.0 billion in state restricted revenue will be credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 ("Act 51") to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

	FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
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Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations

1. Debt Service

Executive debt service totals \$340.8 million, \$100,500 more than current year. Senate concurs with Executive. House concurs with Executive in total but uses a new fund source, the Bond Proceeds Fund, established in boilerplate section 381, to provide \$333.6 million for STF debt service. House shifts \$333.6 million STF to the State Trunkline Road and Bridge Construction line, Item #8, below.

Gross	\$340,703,700	\$100,500
Restricted	340,703,700	100,500
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 2020, 2021, and 2023. Debt service also includes estimated debt service on the final Rebuilding Michigan bond issue, anticipated later in 2025.

2. Services Provided by Other State Departments (IDGs)

Executive recognizes economic and cost allocation adjustments. Senate concurs with Executive. House reductions from the current year total \$4.5 million Gross (\$2.9 million STF). \$2.5 million of the \$4.5 million reduction relates to elimination of reimbursement for services provided by the Attorney General. House does not recognize economic or cost allocation adjustments.

Gross	\$50,705,700	(\$4,505,300)
Restricted	50,705,700	(4,505,300)
GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
3. Departmental Administration and Support			
<u>Executive</u> recognizes \$2.1 million restricted in economic increases as well as \$171,900 MTF for proposed road funding study. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted fund support by net \$8.9 million Gross (\$9.2 million STF) and reduces FTE authorization to reflect actual filled positions.	FTE	315.3	(60.3)
	Gross	\$60,653,700	(\$8,900,500)
	IDG	4,316,700	49,500
	Restricted	56,337,000	(8,950,000)
	GF/GP	\$0	\$0
4. Information Technology			
<u>Executive</u> increases baseline funding by \$244,100 to reflect economic increases. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted funding by \$5.4 million STF from current year.	Gross	\$42,055,700	(\$5,424,300)
	Federal	520,500	0
	Restricted	41,534,900	(5,424,300)
	GF/GP	\$0	\$0
5. Transportation Planning			
<u>Executive</u> recognizes economic increases of \$296,800. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted funding by net \$1.2 million Gross (\$1.4 million STF) and reduces FTE authorization to reflect actual filled positions.	FTE	144.03	(9.6)
	Gross	\$45,563,600	(\$1,200,000)
	Federal	26,000,000	0
	Restricted	19,563,600	(1,200,000)
	GF/GP	\$0	\$0
6. Design and Engineering Services			
<u>Executive</u> in addition to economic increases and internal fund shifts, increases baseline support by \$1.0 million MTF for "Signal Maintenance and Energy Programs." <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted funding by net \$17.7 million Gross (\$19.0 million STF) and reduces FTE authorization to reflect actual filled positions.	FTE	1,682.3	(141.8)
	Gross	\$259,917,700	(\$17,725,000)
	Federal	23,529,800	0
	Restricted	236,387,900	(17,725,000)
	GF/GP	\$0	\$0
7. State Trunkline Maintenance			
<u>Executive</u> in addition to economic increases, increases baseline funding by \$15.4 million STF to reflect increased costs of service contracts, concrete, aggregate, and other maintenance materials. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted funding by net \$23.7 million STF and reduces FTE authorization to reflect actual filled positions.	FTE	909.7	(189.5)
	Gross	\$486,654,800	(\$23,687,500)
	Restricted	486,654,800	(23,687,500)
	GF/GP	\$0	\$0
8. State Trunkline Road and Bridge Capital Program			
<u>Executive</u> budget is a \$53.6 million net increase for the capital State Trunkline Road and Bridge Construction line item. The increase is almost entirely due to a \$53.5 million increase in estimated federal funds available under IIJA. State restricted STF revenue for the capital program would decrease by \$13.6 million while support from the restricted Blue Water Bridge Fund (BWBF) would increase by \$13.7 million. <u>Senate</u> concurs with Executive. <u>House</u> concurs with the Executive with respect to the \$53.6 million net increase in baseline funding but includes the following additional increases, in restricted revenue: \$67.9 million STF from reductions in MDOT administrative, engineering, and maintenance line items noted above; \$366.8 million from the increase in motor fuel tax revenue under House Bill 4183; \$126.3 million from the redirection of income tax revenue under House Bill 4187; and \$333.6 million from the redirection of STF debt service noted in Item #1, above.	Gross	\$1,617,892,700	\$948,132,700
	Federal	1,261,773,700	53,492,700
	Local	30,003,500	0
	Private	10,000,000	0
	Restricted	316,115,500	894,640,000
	GF/GP	\$0	\$0
9. MTF Distribution to Cities/Villages			
<u>Executive</u> includes \$743.8 million MTF for distribution to cities and villages per Act 51 formula, a \$9.8 million increase from current year reflecting a marginal increase in estimated MTF revenue. <u>Senate</u> concurs with Executive. <u>House</u> recognizes increase in estimated MTF revenue of \$9.8 million as well as \$204.5 million from the increase in motor fuel tax revenue under House Bill 4183; and \$459.2 million from the redirection of income tax revenue under House Bill 4187; and \$260.0 million GF/GP.	Gross	\$734,069,200	\$933,461,000
	Restricted	734,069,200	673,461,000
	GF/GP	\$0	\$260,000,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change	
10. MTF Distribution to County Road Commissions		Gross	\$1,316,610,100	\$1,265,307,300
<u>Executive</u> includes \$1.3 billion MTF for distribution to county road commissions per Act 51 formula, a \$17.5 million increase from current year reflecting a marginal increase in estimated MTF revenue. <u>Senate</u> concurs with Executive. <u>House</u> recognizes increase in estimated MTF revenue of \$17.5 million as well as \$366.8 million from the increase in motor fuel tax revenue under House Bill 4183; and \$562.5 million from the redirection of income tax revenue under House Bill 4187; and \$318.5 million GF/GP.	Restricted	1,316,610,100	946,807,300	
	GF/GP	\$0	\$318,500,000	
11. Neighborhood Road Fund/Program		Gross	\$0	\$275,000,000
<u>House</u> includes \$275.0 million for distribution to local road agencies based on a proportional mileage formula established in House Bill 4230. The \$275.0 million would come from the redirection of corporate income tax under House Bill 4187.	Restricted	0	275,000,000	
	GF/GP	\$0	\$0	
12. Local Federal Aid and Road and Bridge		Gross	\$411,168,800	\$17,831,000
<u>Executive</u> includes \$429.0 million for the line item representing federal-aid highway funds available for local road agency federal-aid projects – an increase of \$17.8 million. The increase reflects estimated federal funds made available to Michigan under IIJA as allocated to local road agencies in accordance with Act 51. <u>Senate</u> concurs with Executive. <u>House</u> concurs with Executive.	Federal	411,168,800	17,831,000	
	GF/GP	\$0	\$0	
13a. Local Bridge Fund/Program		Gross	\$26,914,700	(\$497,600)
<u>Executive</u> funding for the Local Bridge Fund/Program reflects two Act 51 earmarks of MTF revenue: a fixed amount of \$5.0 million, and revenue equal to one-half cent of motor fuel tax revenue. Decrease of \$497,600 MTF reflects lower per-penny yield of the motor fuel tax on gasoline. <u>Senate</u> concurs with Executive. <u>House</u> concurs with Executive.	Restricted	26,914,700	(497,600)	
	GF/GP	\$0	\$0	
13b. Local Bridge Program – Neighborhood Road Fund		Gross	\$0	\$100,000,000
<u>House</u> includes new targeted local bridge program funded at \$100.0 million from the redirection of corporate income tax under House Bill 4187 and defined in House Bill 4230.	Restricted	0	100,000,000	
	GF/GP	\$0	\$0	
13c. Local Bridge Inspection Program		Gross	\$0	\$20,000,000
<u>House</u> includes \$20.0 million MTF to offset increased local road agency costs related to new federal bridge inspection requirements.	Restricted	0	20,000,000	
	GF/GP	\$0	\$0	
14. Movable Bridge Fund/Program		Gross	\$6,167,100	\$10,141,900
<u>Executive</u> includes \$141,900 MTF inflationary adjustment, as required by Act 51, for program that provides funding to the department and certain local road agencies for operating costs of movable bridges under state and local jurisdiction. <u>Senate</u> concurs with Executive. <u>House</u> concurs with Executive inflationary adjustment; also includes \$10.0 million GF/GP baseline increase.	Restricted	6,167,100	141,900	
	GF/GP	\$0	\$10,000,000	
15. Rail Grade Crossing Surface Account		Gross	\$3,000,000	\$2,000,000
<u>Executive</u> retains \$3.0 million MTF funding per Act 51 MTF earmark. <u>Senate</u> concurs with Executive. <u>House</u> includes \$5.0 million MTF, \$2.0 million more than current year.	Restricted	3,000,000	2,000,000	
	GF/GP	\$0	\$0	
16. Rail Grade Separation Fund		Gross	\$0	\$88,500,000
<u>House</u> includes \$88.5 million GF/GP for deposit to the Local Rail Grade Separation established under 2023 PA 66.	Restricted	0	0	
	GF/GP	\$0	\$88,500,000	
17. Blue Water Bridge Operations and Maintenance		FTE	47.0	(8.5)
<u>Executive</u> reflects economic increases. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline restricted Blue Water Bridge Fund support by \$1.1 million and reduces staffing authorization by 8.5 FTEs.	Gross	\$7,804,500	(\$1,089,800)	
	Restricted	7,804,500	(1,089,800)	
	GF/GP	\$0	\$0	

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change	
18. Transportation Economic Development Fund (TEDF)		Gross	\$52,726,300	\$2,000,000
<u>Executive</u> includes \$53.2 million in restricted TEDF support, an increase of \$464,200, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231. <u>Senate</u> concurs with Executive. In addition to the statutory funding reflected in the Executive recommendation, <u>House</u> includes \$7.0 million for the TEDF categorical Forest Roads Program, an increase of \$2.0 million.	Restricted	52,726,300	2,000,000	
	GF/GP	\$0	\$0	
19. Aeronautics Services		FTE	48.0	0.0
<u>Executive</u> includes \$7.8 million in restricted State Aeronautics Fund revenue, an increase of \$121,700 to reflect economic increases. <u>Senate</u> concurs with Executive. <u>House</u> includes a \$3.2 million increase in state restricted revenue, reflecting a net increase in State Aeronautics Fund revenue from increased aviation fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of fuel sales from sales and use tax under House Bills 4180 and 4182.	Gross	\$7,776,600	\$3,200,000	
	Restricted	7,776,600	3,200,000	
	GF/GP	\$0	\$0	
20. Passenger Transportation Services		FTE	40.0	(0.7)
<u>Executive</u> recognizes economic increases, increases in estimated federal support; increases staffing authorization by 6.0 FTEs. <u>Senate</u> concurs with Executive. <u>House</u> reduces baseline CTF funding by \$887,500 and reduces FTE authorization to reflect actual filled positions.	Gross	\$6,476,900	(\$87,500)	
	Federal	1,200,000	800,000	
	Restricted	5,276,900	(887,500)	
	GF/GP	\$0	\$0	
21a. Local Bus Operating – Baseline CTF Funding		Gross	\$226,750,000	\$0
Executive budget support for local bus operating assistance would remain unchanged at \$226.7 million CTF. Senate includes a \$15.0 million increase from a new restricted fund, the Community Infrastructure Fund (CIF). House concurs with Executive. [As described in Item #21b below, neither the Executive, Senate, nor House retains \$20.0 million one-time federal ARP funding for bus operating assistance.]	Restricted	226,750,000	0	
	GF/GP	\$0	\$0	
21b. Local Bus Operating – Federal ARP Funds (One-Time)		Gross	\$20,000,000	(\$20,000,000)
<u>Executive</u> does not include \$20.0 million in one-time federal ARP funding appropriated in FY 2024-25 for local bus operating assistance. <u>Senate</u> and <u>House</u> concur with Executive.	Federal	20,000,000	(20,000,000)	
	GF/GP	\$0	\$0	
21c. Local Bus Operating – Efficiency Incentive		Gross	\$0	\$59,800,000
<u>House</u> includes a new local bus operating line item, funded at \$59.8 million reflecting the net additional CTF revenue available from increased fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of fuel sales from sales and use tax under House Bills 4180 and 4182. The line would be distributed to transit agencies that achieved benchmark farebox recovery ratios.	Restricted	0	59,800,000	
	GF/GP	\$0	\$0	
22. Transit Programs – Non-Urban Operating/Capital		Gross	\$40,626,500	\$0
<u>Executive</u> includes \$41.1 million for non-urbanized area formula grant program established under 49 USC 5311 (\$39.1 million federal funds and \$2.0 million local funds). The \$496,500 increase in federal funds reflects estimated federal grants available to Michigan under IIJA. <u>Senate</u> concurs with Executive. <u>House</u> does not recognize increase in federal funds.	Federal	38,626,500	0	
	Local	2,000,000	0	
	GF/GP	\$0	\$0	
23. Transit Capital		Gross	\$254,601,300	(\$3,877,100)
<u>Executive</u> reflects a \$3.9 million net decrease from FY 2024-25: a \$2.9 million increase in estimated federal aid under IIJA would be more than offset by a \$6.8 million decrease in CTF support. The CTF decrease reflects a decline in estimated available CTF revenue. <u>Senate</u> concurs with Executive. <u>House</u> concurs with Executive.	Federal	144,067,200	2,874,400	
	Local	31,000,000	0	
	Private	2,000,000	0	
	Restricted	77,534,100	(6,751,500)	
	GF/GP	\$0	\$0	

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
24. Office of Rail			
Executive recognizes economic increases. Senate concurs with Executive. House reduces baseline CTF funding by \$725,000 and reduces FTE authorization.		FTE 41.0	(5.8)
		Gross \$7,776,600	(\$725,000)
		Restricted 7,776,600	(725,000)
		GF/GP \$0	\$0
25. Rail Operations and Infrastructure		Gross \$152,189,200	(\$4,500,700)
Executive recommends a \$4.5 million reduction in CTF support reflecting a decline in estimated available CTF revenue. Senate and House concur with Executive.		Federal 30,000,000	0
		Local 100,000	0
		Private 2,000,000	0
		Restricted 120,089,200	(4,500,700)
		GF/GP \$0	\$0
26. Capital Outlay – Salt Sheds/Special Maintenance		Gross \$8,000,500	(\$8,000,500)
Executive retains current year funding of \$8.0 million STF. Senate concurs with Executive. House does not include.		Restricted 8,000,500	(8,000,500)
		GF/GP \$0	\$0
27. Capital Outlay - Airport Improvement Program (AIP)		Gross \$182,242,300	\$0
Executive includes a \$5.0 million increase in state restricted State Aeronautics Fund revenue for a program of capital assistance to eligible local public airports in the state. [This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement (ASAP).] The increase represents an increase in estimated available restricted revenue, as well as a \$2.5 million from a proposed increase in the state aircraft registration fee. Senate recognizes an increase in State Aeronautics Fund support of \$3.6 million, \$1.4 million less than Executive. In effect the Senate only recognizes \$1.1 million of the proposed aircraft registration fee increase as proposed by the Executive. House retains at current-year funding levels.		Federal 155,000,000	0
		Local 17,500,000	0
		Private 2,000,000	0
		Restricted 7,742,300	0
		GF/GP \$0	\$0
28. IJJA Airport Infrastructure Grants		Gross \$115,000,000	(\$10,173,000)
Executive retains \$115.0 million federal spending authority for a program of federal aid to public airports established under Division J of IJJA. Senate concurs with Executive. House does not recognize additional federal revenue.		Federal 115,000,000	(10,173,000)
		GF/GP \$0	\$0
29. Detroit Metropolitan Wayne County Airport		Gross \$6,760,000	\$6,000,000
Executive recognizes a \$260,000 increase in estimated Qualified Airport Fund revenue. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport. Senate concurs with Executive. House includes \$12.8 million, an increase of \$6.0 million, reflecting the estimated net revenue increase from increased fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of aviation fuel sales from sales and use tax under House Bills 4180 and 4182.		Restricted 6,760,000	6,000,000
		GF/GP \$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
30. Removal of FY 2024-25 One-Time Appropriations	Gross	\$117,990,000	(\$117,990,000)
<u>Executive</u> removes \$118.0 million (\$117.0 million GF/GP) in one-time items. <u>Senate</u> and <u>House</u> concur with Executive. Specific items are shown below:	Restricted	990,000	(990,000)
	GF/GP	\$117,000,000	(\$117,000,000)
<ul style="list-style-type: none"> Critical infrastructure projects, (\$74.5 million GF/GP) New technology and mobility, (\$24.0 million GF/GP) Air service/airport revitalization, (\$6.0 million GF/GP) MI Contracting Opportunity, (\$5.0 million GF/GP) School zone automated speed enforcement, (\$2.5 million GF/GP) Local rail grade crossing improvements, (\$2.0 million GF/GP) Lake Michigan car ferry, (\$2.0 million GF/GP) Local road and material research program, (\$1.0 million GF/GP) Supplier risk and information subscription, (\$50,000 GF/GP) Blue Water Bridge equipment and facilities (\$990,000 BWBF) 			
An additional one-time item, \$20.0 million from federal ARP funds for local bus operating assistance, is described in Item #21b above.			
An additional one-time GF/GP item, \$76.0 million for Federal aid match, is described in Item #28 below.			
31. Maritime and Port Fund (One-Time)	Gross	\$0	\$7,500,000
<u>House</u> includes \$7.5 million CTF for credit to the Maritime and Port Fund, defined in boilerplate section 721.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
32. Railroad Heritage Preservation (One-Time)	Gross	\$0	\$7,500,000
<u>House</u> includes \$7.5 million CTF for new program defined in boilerplate section 753.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
33. Non-Motorized Trails (One-Time)	Gross	\$0	\$7,500,000
<u>House</u> includes \$7.5 million CTF for non-motorized trails, defined in boilerplate section 723.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
34. State Aeronautics Fund (One-Time)	Gross	\$0	\$7,500,000
<u>House</u> includes \$7.5 million CTF for credit to the Sate Aeronautics Fund for improvements to General Aviation airports; defined in boilerplate section 724.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
35. Federal Aid Match (One-Time)	Gross	\$76,000,000	\$0
<u>Executive</u> includes \$112.2 million GF/GP (one-time appropriation) to ensure that MDOT has sufficient state funds to match all federal-aid highway funds available to Michigan through IJJA. This is \$36.2 million more than the current year \$76.0 million GF/GP appropriated for this purpose. <u>Senate</u> includes \$90.0 million for a new "Match Every Federal Dollar" line item, using a new restricted fund, the Community Infrastructure Fund (CIF). <u>House</u> does not include.	Restricted	0	0
	GF/GP	\$76,000,000	\$0
36. Road Usage Charge Study and Pilot (One-Time and Ongoing)	FTE	0.0	0.0
<u>Executive</u> includes \$7.8 million MTF (\$7.7 million one-time and \$171,900 ongoing) and 1.0 FTE authorization to support a study and pilot of potential road usage charge revenue options, an anticipated 3-year project. The ongoing funding and FTE are included in Finance, contracts, and support services. <u>Senate</u> concurs with Executive. <u>House</u> does not include.	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0
37. Local Infrastructure Projects (One-Time)	Gross	\$0	\$0
<u>Senate</u> includes \$50.0 million from a new restricted fund, the Community Infrastructure Fund (CIF). Specific projects are designated in boilerplate section 1001. <u>House</u> does not include.	Restricted	0	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 House Change
38. Grants to Local Business and Municipalities (One-Time)	Gross	\$0	\$0
<u>Senate</u> includes \$25.0 million from a new restricted fund, the Community Infrastructure Fund (CIF). Specific projects are designated in boilerplate section 1003. <u>House</u> does not include.		0	0
	Restricted		
	GF/GP	\$0	\$0
39. Wrong Way Driver Deterrence (One-Time)	Gross	\$0	\$0
<u>Senate</u> includes \$2.0 million GF/GP for new program defined in boilerplate section 1004. <u>House</u> does not include.		\$0	\$0
	GF/GP		
40. Economic Adjustments	Gross	NA	\$0
<u>Executive</u> budget reflects increased costs of \$10.9 million Gross (\$0		NA	0
IDG/IDT		NA	0
GF/GP) for negotiated salary and wage increases (3.0% on October 1,		NA	0
Federal		NA	0
2025), actuarially required retirement contributions, worker's		NA	0
Restricted		NA	0
compensation, building occupancy charges, rent, and other economic		NA	\$0
GF/GP			
adjustments. <u>Senate</u> concurs with Executive. <u>House</u> does not include.			

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communications with the Legislature – RETAINED

With certain specific exceptions, this section prohibits the department from taking disciplinary action against an employee for communicating with a member of the legislature or legislative staff. Executive deletes. Senate retains. House retains with minor wording changes. (The Governor has deemed this section as unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.)

Sec. 208. Hire of Outside Legal Counsel – DELETED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General; exempts legal services for bonding activities and outside legal services authorized by the Attorney General. Executive and Senate retain current year language. House deletes.

Sec. 210. Contingency Authorization – RETAINED

Executive retains, with minor language changes, the current section that provides for contingency federal, state restricted, local, and private contingency authorization. Senate retains current section but adds new subsection 5 to authorize and define a \$3.0 million "restricted contingency authorization." House retains.

Sec. 214. Access to Government Services – DELETED

Prohibits funding from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that attempts to restrict or interfere with a local health officer's duties. Executive and Senate retain. House deletes.

Sec. 215. Geographically Disadvantaged Business Enterprises – DELETED

Directs department director to take reasonable steps to ensure that geographically disadvantaged business enterprises compete for and perform contracts to provide services or supplies, or both. Executive and Senate retain. House deletes.

Sec. 219. Retention of Reports – RETAINED

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

Sec. 220. Report on Policy Changes for Public Act Implementation – RETAINED

Requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive does not include. Senate and House retain.

Sec. 222a. Work Project Expenditures – RETAINED

Requires that work project balances be exhausted before expenditure from part 1 appropriations. Executive deletes. Senate and House retain. (The Governor's has deemed this section as unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.)

Sec. 222b. Work Projects Report – NEW

Requires the department to report information on all work project accounts, including a list and status of each account and the amount of funds that have lapsed from any previous accounts. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 223. State Administrative Board Transfers – NEW

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. House includes new language.

Sec. 225. Severance Pay Reporting – NEW

Requires the department to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of department employees receiving severance pay in FY 2024-25. House includes new language.

Sec. 226. State Workforce – NEW

Requires the department to maximize efficiency of the state workforce and prioritize in-person work; requires the department to establish a policy and process for verifying that all employees are working at their jobs; requires information on employee badge scanning. House includes new language.

Sec. 227. Grant Requirements – NEW

Requires that all grants be provided only to entities that have been established for at least three years and have had an office in the state or service area for at least 12 months; requires all grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires the department to annually audit recipients' use of funds; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department website; requires the department to submit a quarterly report containing information on grant recipients. House includes new language.

Sec. 228. E-Verify Requirement – NEW

Stipulates that the department 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 the department to submit a report describing the processes it has developed and implemented; prohibits contracting with certain foreign enemies of the United States. House includes new language.

Sec. 229. Fund Use Restrictions for Non-Citizens – NEW

Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. House includes new language.

Sec. 234. Annual Legacy Costs – NEW

Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026 of \$41.8 million, of which pension related costs were \$37.7 million and retiree health care costs \$4.1 million. House includes new language.

Sec. 235. Key Metrics/Scorecard Website – NEW

Requires the department to maintain, on a publicly accessible website, a "scorecard" that identifies, tracks, and regularly updates key metrics used to monitor and improve the department's performance. House includes new language.

Sec. 236. State Obligations – NEW

Prohibits appropriated funds from being used to pay for a state obligation that exceeds \$200,000 for a court-approved judgment, settlement, award, or claim. House includes new language.

Sec. 237. Private and Third-Party Funds – NEW

Requires the department to report on a publicly accessible website private and other third-party funds received in FY 2024-25, including the amount and source of funding, the purpose, and the amount of any remaining funds. House includes new language.

Sec. 238. Diversity, Equity, and Inclusion Initiatives – NEW

Prohibits state funds from being used for diversity, equity, and inclusion (DEI) initiatives or programs. House includes new language.

Sec. 230. Priority use of Federal/Private Funds – NOT INCLUDED

Senate a new section that directs that General Fund appropriations in part 1 not be expended if federal funding or private grant funding is available for the same expenditures. House does not include.

Sec. 231. Unenforceable Boilerplate – NOT INCLUDED

Senate a new section that requires the department to report on standard boilerplate sections deemed unenforceable. House does not include.

Sec. 232. Federal Policy Changes – NOT INCLUDED

Senate a new section that requires the department to report on federal policy changes that affect department operations, affect industry or other groups, affect current regulations, or create a regulatory gap. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 302. Report on Debt Service Coverage – NEW

House includes new a reporting requirement regarding debt service.

Sec. 303. Signage Related to Bond-Financed Projects – NEW

House includes language related to signage identifying trunkline construction projects as bond-financed.

Sec. 305. Practice and Policies Regarding Homelessness – DELETED

Executive and Senate retain section on practices and policies regarding homelessness. House deletes.

Sec. 308. Apprenticeship – NOT INCLUDED

Senate includes new section to require that contractors performing construction, repair, or remodeling of a building or structure owned or leased by this state, funded from appropriations in part 1, participate in a registered apprenticeship program for the training of their apprentices, as that term is defined in 29 USC 50c. House does not include.

Sec. 309. Pavement Marking Material – NEW

Senate includes new section to require that a state contract for a pavement marking project or for the purchase of pavement marking materials for must include a contract requirement that any yellow paint product procured must have certain specific organic yellow pigments permanently incorporated in the material, and that the pigment must be manufactured in this state as provided under referenced rules of origin requirements. House includes similar language as Section 356.

Sec. 311. Local Bridge Bundling Report – RETAINED

Executive deletes reporting requirement related to bridge bundling initiative. Senate and House retain.

Sec. 314. MI Contracting Opportunity Loan Fund – NOT INCLUDED

Executive includes section that establishes an MI Contracting Opportunity Loan Fund as a revolving loan fund; initially funded from appropriations made in FY 2024-25 transportation budget. Senate concurs with Executive. House does not include.

Sec. 315. Movable Bridge Fund – NOT INCLUDED

Senate includes a new section that requires the department to "any additional funds" in the Moveable Bridge Fund to cover other costs for any required local federal bridge load analysis, inspection, or other local federal mandate. House does not include.

Sec. 319. Rest Area Maintenance – NEW

House includes section requiring signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 353. Prompt Payment – NEW

House includes new section that directs the department to review contractor payment process; references Special Provision 109.10.

Sec. 358. Bridge Bundling Criteria – NEW

House includes new section that restricts the use of bridge bundling contracting methods.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – NEW

House includes section that prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

Sec. 381. Bond Repayment Fund – NEW

House creates a new restricted fund, the bond repayment fund, from unexpended and unencumbered work project funds. The section directs the department to work with the state budget director to lapse a total of \$2.4 billion and make funds available for expenditure for debt service payments on STF refunding and rebuilding Michigan bonds issued after January 2020. As noted in Major Budget Changes, Item #1, above, the budget uses \$333.6 million as a fund source for STF debt service.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – NEW

House includes section that requires the department to submit final bill to the local agency within two years of final payment to construction contractor. The Governor's signing letter for the FY 2022-23 budget act indicated that this language was unenforceable in that it impinged on executive branch authority in violation of Article 4, Section 25 of the Michigan Constitution.

Sec. 383. Report on State Airfleet – RETAINED

Executive deletes reporting requirement regarding use of state airfleet. Senate concurs with Executive and deletes. House retains.

Major Boilerplate Changes from FY 2024-25

Sec. 386. Toll Credit Report – NEW

House requires a report on toll credits, including toll credits earned and year-end balance.

Sec. 402. Local Federal-Aid Swap – NEW

House includes section that authorizes the department and local road agencies to enter into voluntary federal aid buyout agreements.

Sec. 505. Local Bridge Inspection Program – NEW

House includes section that directs the use of the part 1, \$20.0 million MTF appropriation for local road agency bridge inspections.

Sec. 601. Warranty Program – NEW

House includes directives regarding warranty program with additional reporting requirements.

Sec. 603. Mackinac Bridge Report – NEW

House includes section requiring report on the Mackinac Bridge, including operational condition, long-term viability, costs of preventive maintenance, and potential upgrades.

Sec. 612. Incentive/Disincentive Contracts – RETAINED

Executive deletes section that provides a reporting requirement related to incentive/disincentive contracts and payments. Senate concurs with Executive and deletes. House retains.

Sec. 614. M-53 Macomb County – NEW

House directs that \$60,000 be used for safety enhancements on M-53, Washington Township, Macomb County.

Sec. 660. Alternative Materials – RETAINED

Executive deletes section that encouraged the department to examine the use of alternative road surface materials. Subsection 2, which directed the department to establish a transportation innovation council, was deemed unenforceable in the governor's signing statement. Senate concurs with Executive and deletes. House retains.

Sec. 703. Local Bus Operating – Efficiency Incentive – NEW

House includes section directing the use of the \$59.8 million part 1 line item.

Sec. 704. Rail Operations and Infrastructure Report – RETAINED

Executive revises current-year language. Senate concurs with Executive. House retains current-year language.

Sec. 705. Rail Abandonment Notice – NEW

House includes section that requires the port authority to issue a complete operational assessment.

Sec. 706. Detroit/Wayne County Port Authority – NEW

House includes section that requires MDOT to notify legislature when railroad companies file for abandonment of lines.

Sec. 707. Rail Strategic Plan – REVISED

Executive deletes section that required the department to report on a five-year rail strategic plan and that also earmarked \$20.0 million for rail-related economic and rail freight system preservation projects. Senate retains current section, with updated report due date, and including \$20.0 million rail economic and rail freight system earmark. House retains the section's current-year language but deletes the \$20.0 million earmark.

Sec. 720. Farebox Recovery Intent Language – NEW

House includes section that indicates legislative intent that transit agencies strive to achieve at least 6% farebox recovery.

Sec. 721. Marine and Port Facility Fund – NEW

House directs that the \$7.5 million part 1 appropriation be credited to the Maritime and Port Facility fund created in 2022 PA 159.

Sec. 722. Rail Grade Separation Fund – NEW

House directs that the \$88.5 million GF/GP part 1 appropriation be credited to the Local Grade Separation Fund created in 2023 PA 66.

Sec. 723. Non-Motorized Trails – NEW

House directs that the \$7.5 million part 1 appropriation be used to establish and maintain a system of nonmotorized trails .

Sec. 724. State Aeronautics Fund Deposit – NEW

House directs that the \$7.5 million part 1 appropriation be credited to the State Aeronautics Fund to be used for capital improvements at general aviation airports in this state.

Major Boilerplate Changes from FY 2024-25

Sec. 736. Rail Freight [Propane] Project – NEW

House includes new language that would prohibit the use of appropriated funds for a rail freight development project in support of delivery, storage, and distribution of propane in the Upper Peninsula.

Sec. 752. Notice of Rail Grant and Loan Programs – NEW

House includes section that encourages the department meet with rail industry representatives and notify them of rail grant and loan programs.

Sec. 753. Railroad Heritage Preservation – NEW

House directs use of the \$7.5 million part 1 appropriation.

Sec. 802. Air Service Prioritization – NEW

House includes section establishes priority use of the air service appropriation.

Various Sections, FY 2024-25 One-Time Appropriations – DELETED

Executive deletes 12 sections that directed use of, and established reporting requirement for, one-time appropriations made in the FY 2024-25 enacted budget. Senate and House concur with Executive and deletes.

Senate FY 2025-26 One-Time Appropriations

As shown below, the Senate included five new sections governing new one-time appropriations:

Sec. 1001. Local Infrastructure Projects – NOT INCLUDED IN HOUSE BILL

Senate designates \$50.0 million (CIF) for 21 specific projects. Not enough information has been provided to identify the projects in detail. The general descriptions from Sec. 1001, are shown below:

Senate Bill 174, Section 1001		
Local Infrastructure Projects - As Designated in Boilerplate		
a	Sidewalk installation, Township	\$1,500,000
b	Bridge replacement, Cass Lake[side] Community Association, Township	1,900,000
c	Alleyway improvements, City	2,000,000
d	Bus lanes, Washtenaw Ave/US 23, Washtenaw County	3,000,000
e	Road reconstruction, County	5,000,000
f	Road repair and replacement, City	3,000,000
g	Tunnel turning lane, Township, County	300,000
h	Park bridge replacement, Township	1,500,000
i	Bikeway project, City	1,500,000
j	Pedestrian bridge, City	2,000,000
k	Road reconstruction, City	800,000
l	Pedestrian crossing, Township	1,200,000
m	Road project, County	800,000
n	Bridge replacement, County	500,000
o	Local disaster relief	13,349,800
p	MDOT - road project in Wayne county	5,000,000
q	MDOT - reestablish Neebish Island evening ferry service	100
r	Rail grade crossing surface improvement line item	2,000,000
s	Local [rail] grade separation fund	4,000,000
t	MDOT to create a lane mile data base	100
u	Sidewalk repair, Township	650,000
Total		\$50,000,000

Sec. 1002. Match Every Federal Dollar – NOT INCLUDED IN HOUSE BILL

Senate directs that the \$90.0 million CIF appropriation in part 1 be used to match all federal funding made available to Michigan under IJJA.

Sec. 1003. Grants to Local Business and Municipalities – NOT INCLUDED IN HOUSE BILL

Senate establishes grant program, funded in part 1 at \$25.0 million CIT, to aid businesses and municipalities impacted by state trunkline transportation projects.

Sec. 1004. Wrong Way Driving Deterrence – NOT INCLUDED IN HOUSE BILL

Senate directs use of the \$2.0 million GF/GP part 1 appropriation.

Sec. 1005. Road Usage Charge Pilot Project – NOT INCLUDED IN HOUSE BILL

Senate language establishes and defines road usage charge study, funded at \$7.8 million MTF in part 1.