

The FY26 Executive Budget Recommendation presentation, budget book, and accompanying documents are located at:

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FISCAL YEAR 2026 EXECUTIVE BUDGET RECOMMENDATION

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FISCAL YEAR 2026 EXECUTIVE BUDGET RECOMMENDATION

Jen Flood, State Budget Director



Building a Brighter Future

The FY 2026 Executive Budget Recommendation focuses on:



Lowering costs



Supporting our seniors



Creating jobs



Protecting and
defending Michiganders



Getting SMART on
education



Making government
work better

What the budget means for Michiganders



Children

Increasing support for every student

\$10,000 per pupil

Additional support for students who need it most

More literacy coaches and instructional time



Children

Improving student outcomes and removing barriers to learning

Improved student outcomes in the classroom

Free, healthy, and nutritious meals, saving parents over \$850 a year

Free pre-K, saving families \$10,000 a year

Before and after school programs



Parents

Supporting parents while kids are in school

\$50,000 savings per child throughout the course of their education

Student mental health and safety

Investing in housing & lowering costs

Working Families Tax Credit, delivering an average of more than \$3,500 in tax relief to 650,000 families

Affordable housing



Parents

Fixing roads & improving infrastructure

\$28.6B for roads since 2019

\$80M for clean drinking water

Enhancing public safety

A 4% ongoing increase in revenue sharing

\$1.6B for public safety since 2019



Seniors

Fully phased-in retirement tax rollback

Expanded Medicaid eligibility

Protect seniors at Michigan's 348 state-licensed homes for the aged

\$2M in dementia supports

54 new slots at PACE sites



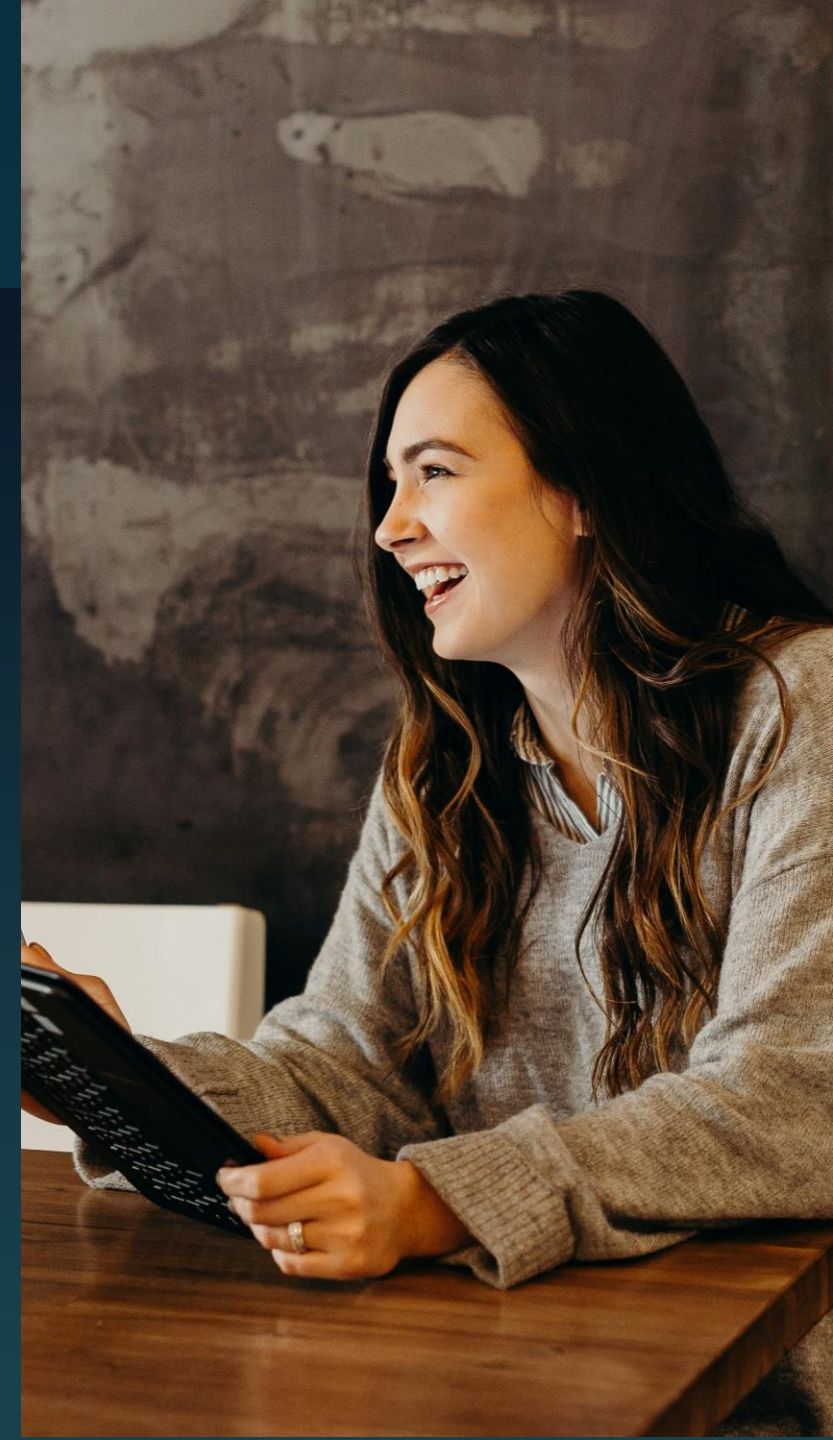
Small-business Owners

Improving job training and community supports

Job training grants, expected to train 35,200 new hires and current employees

Partnering with employers to attract and retain talent

Rural Prosperity Grants



Heroes on the Front Lines

Keeping communities safe

\$75M to communities for public safety

120 new Michigan State Police troopers

More certified first responders in Michigan

Investing in defense

\$26M to build up Michigan's defense industry
and attract new flying missions and aircraft



Heroes on the Front Lines

Supporting first responders & veterans

Support for first responders battling cancer

Child care for National Guard members

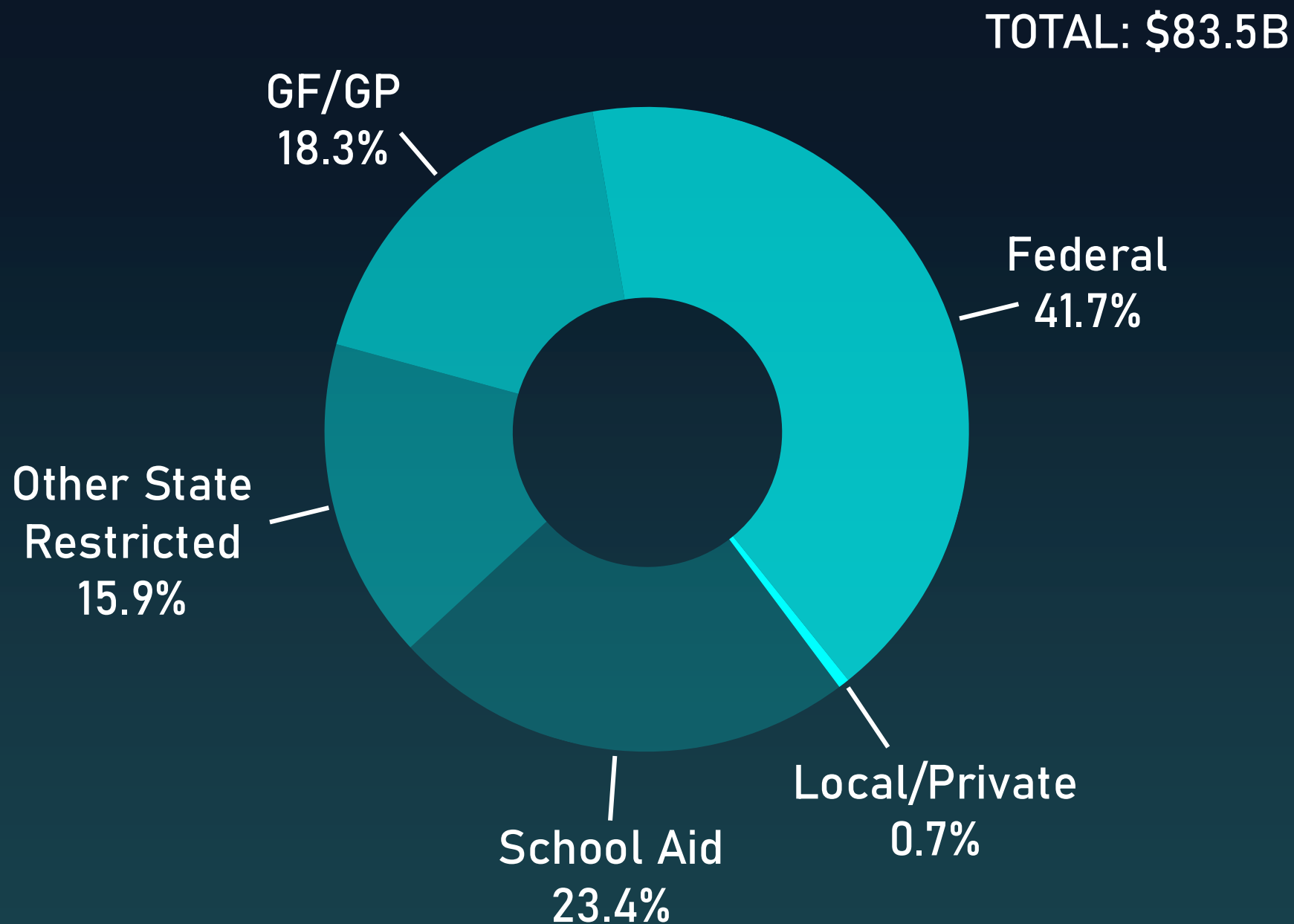
Free state park access for veterans

Behavioral health support for first responders



Balancing the Budget

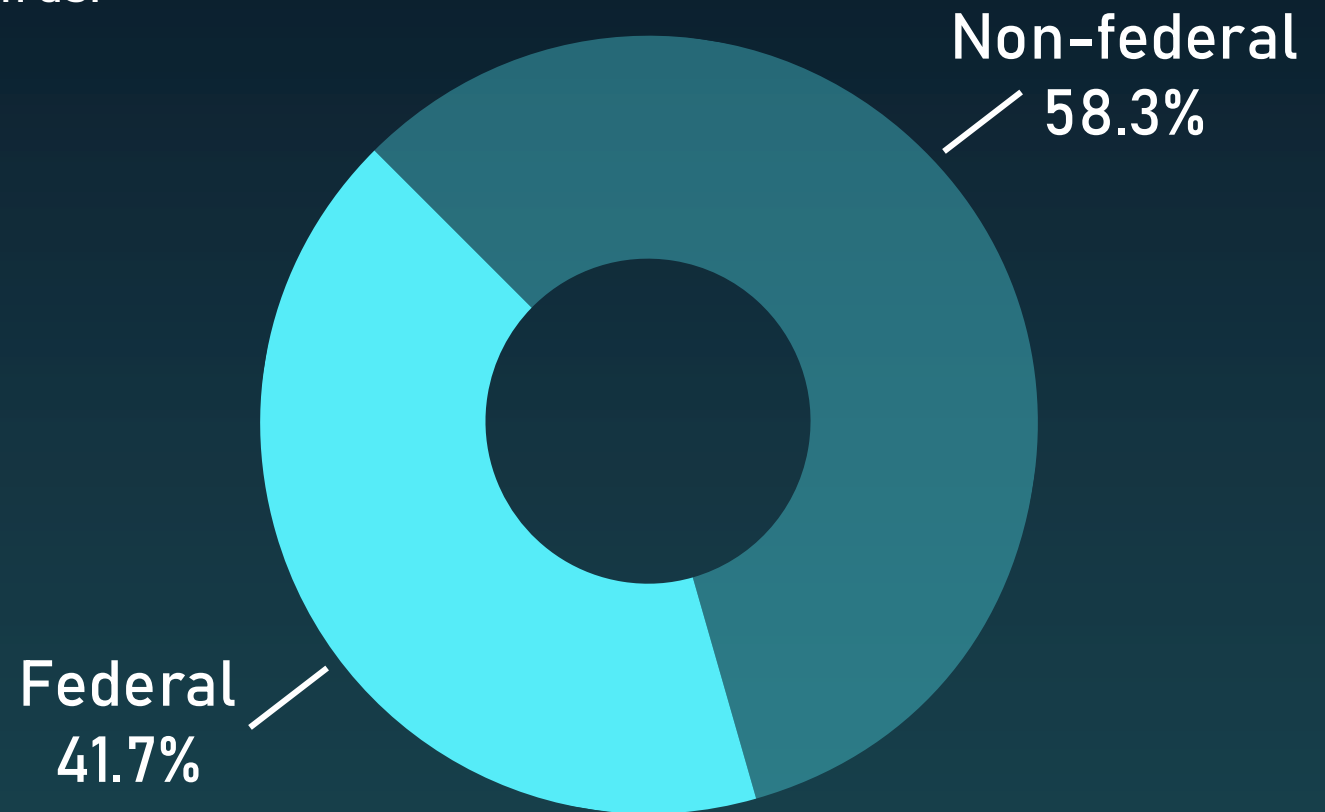
*Total Budget
by Source*



Federal Funding

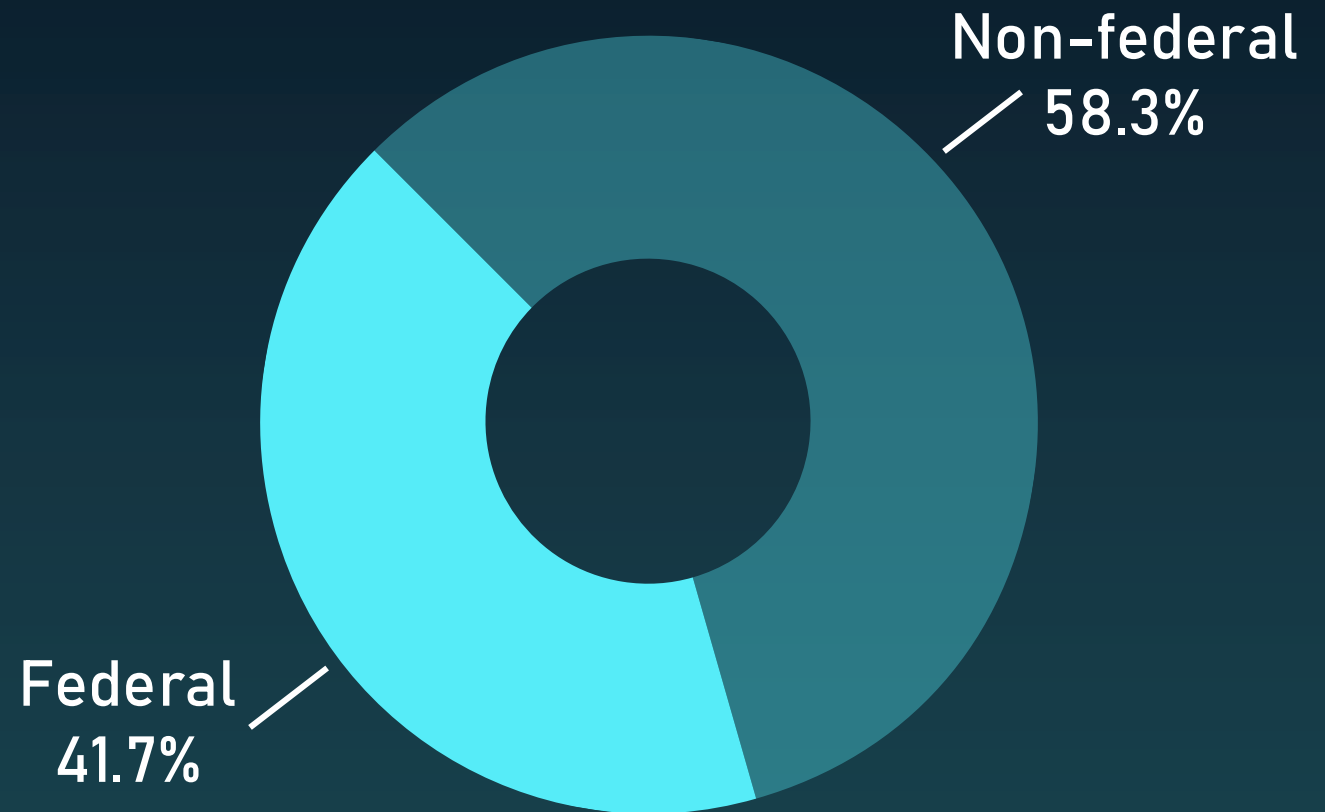
Federal funding is critical to protecting the health and safety of all Michiganders. It supports items such as:

- Clean drinking water
- Food safety
- Food assistance and meals for seniors
- Rural hospitals
- Child care
- Ensuring people can stay in their homes
- Keeping people's power on
- Homeland security
- Emergency response
- Roads and infrastructure



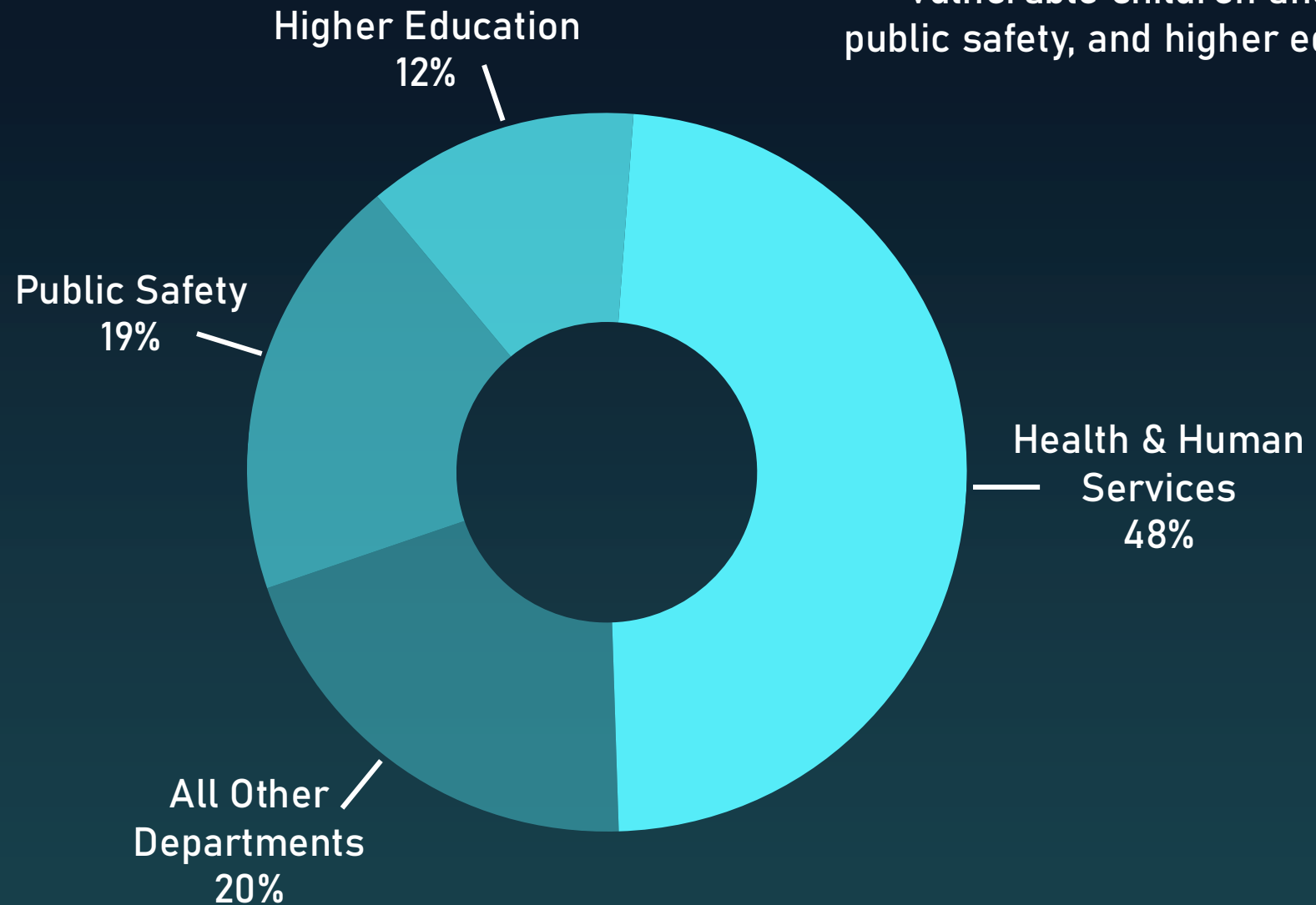
Federal Funding

- The FY26 Executive Budget Recommendation reflects current law and nearly \$34.8 billion of Michigan's budget is built on federal dollars – which equates to 41.7% of the total for FY26
- Between the Budget Stabilization Fund and rainy day fund for schools, the total reserve is more than \$2.8B
- We are currently working across state government to examine how recent federal action to withhold funds appropriated by Congress will impact vital programs



Total General Fund

By Category

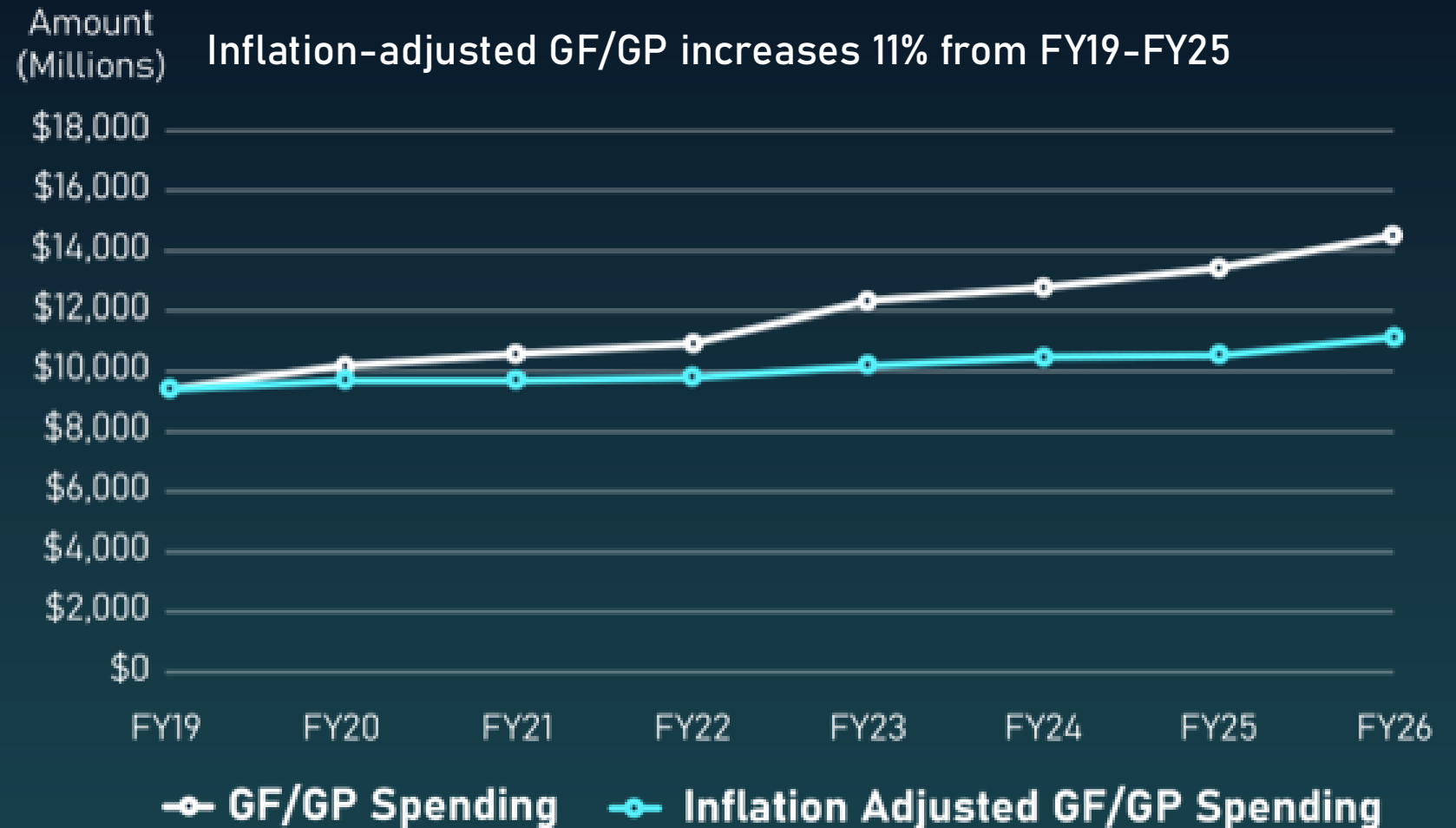


80% of GF/GP appropriations fund health care, the protection of vulnerable children and adults, public safety, and higher education

General Fund Over Time

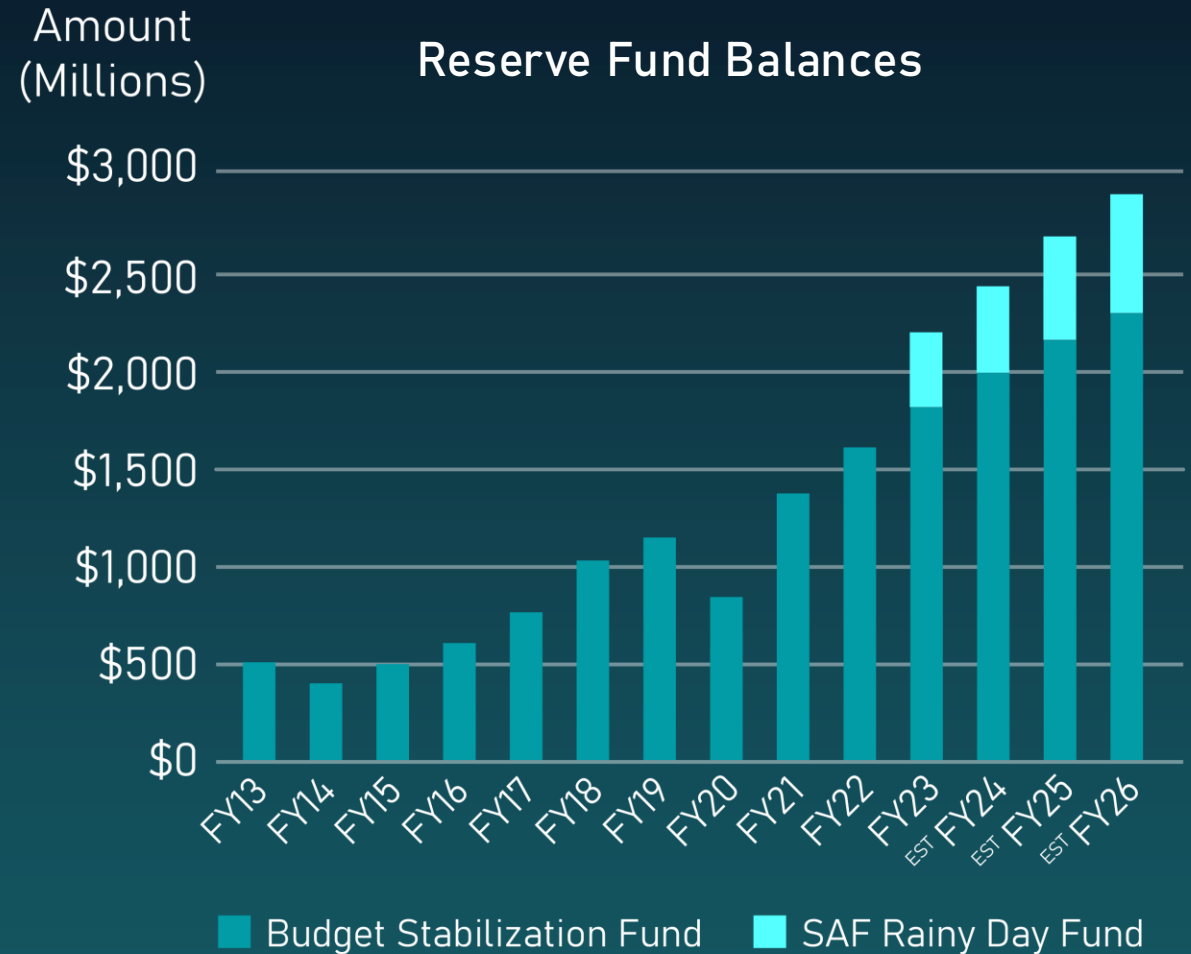
Adjusted for Inflation

The FY26 Executive Budget Recommendation continues to reflect a return to normal after previous budget cycles were heavily focused on investing pandemic resources.



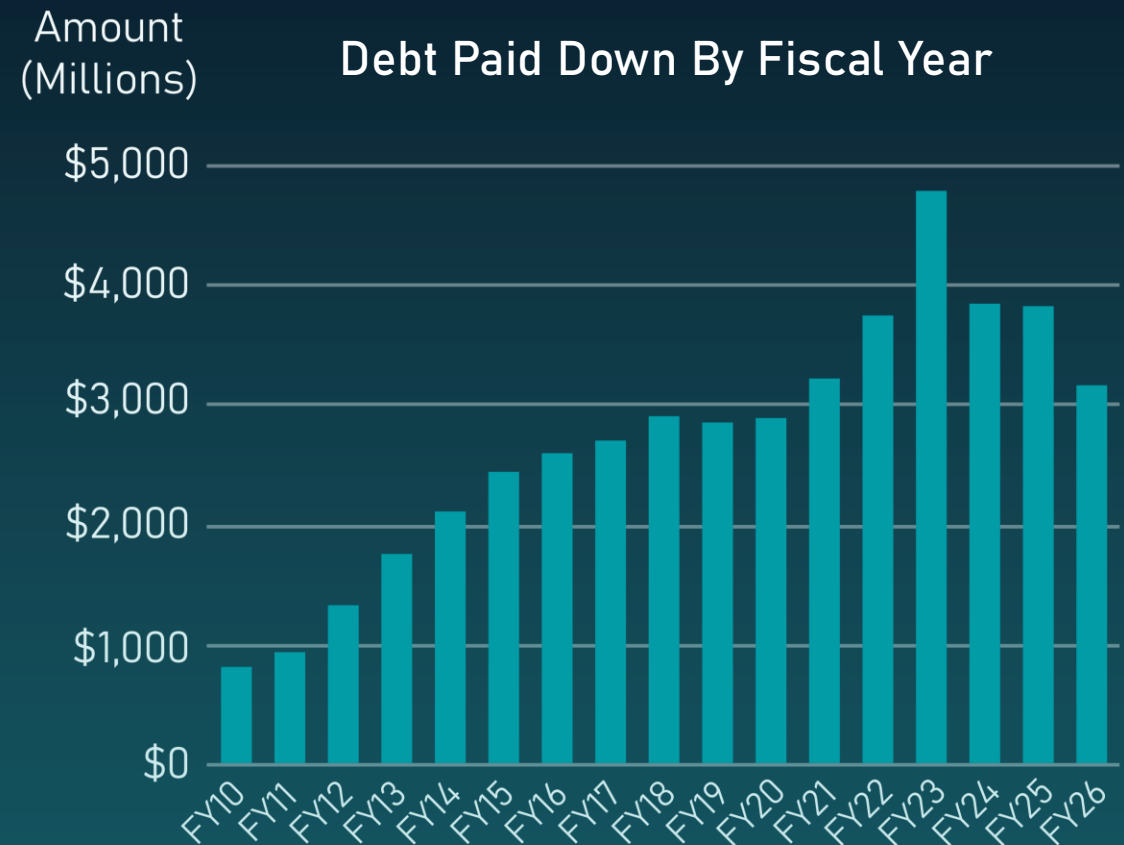
Fiscal Responsibility

- Six balanced, bipartisan budgets, on time
- From the Governor's first budget through her FY26 recommendation, the state will have paid down more than \$25.3B in debt
- Upgrade to the State's credit rating
- \$50M Budget Stabilization Fund deposit, for a total balance of \$2.3B
- \$50M deposit into the rainy day fund for schools, for a balance of \$550M



Investment Board

- The Investment Board and State of Michigan Retirement System ensure long-term financial security for state employees, teachers, and other public workers.
- The State of Michigan Retirement System consistently outperforms the market and other state plans.
 - The 10-year annualized rate of return as of fiscal year end was 9.1% while peer returns were 8%.
 - The higher rate of return equates to an estimated \$2 billion in resources available.



FISCAL YEAR 2026 EXECUTIVE BUDGET RECOMMENDATION

Kyle Guerrant, Deputy State Budget Director



Helping students learn



Pre-K Through Grade 12



Investing More in Every Student - \$516M ongoing

Increases foundation allowance and student support to \$10,000 per pupil for Michigan's 1.4 million public school students.

Supports school operations through a 4.1% increase in base per-pupil funding that equates to an additional \$392 per student, or \$516M to improve student outcomes.

Ensuring Every Student Receives the Support they Need - \$202.4M ongoing

Continues expanded support for special education students – a 10% increase in the state allocation from adjusted current law levels.

\$94M to provide a 4.1% increase in funding to support academically at-risk students, English language learners, career and technical education students, and students in rural school districts.

Supporting Schools with Reserve Funds - \$244M

Continues providing school transportation, educator fellowships and stipends, enrollment stability, and GSRP transportation.

Improving Student Outcomes

Science of Reading - \$23M ongoing

Helps districts provide additional literacy coaches and instructional time to implement literacy improvements through the science of reading and meet new dyslexia requirements.

Ensuring Mental Health and Safety at School - \$258M ongoing

Supports the mental and emotional wellbeing of 1.4 million students through the continuation of mental health and safety grants to districts.

Modernizing Education Data - \$20.3M one-time

Modernizes the State's education data ecosystem by developing a new unified data system that connects data collection, processing, and analysis—empowering educators and policymakers.

Expanding CTE - \$125M one-time

Expands career and technical education programs in underserved districts and funds the “Future Ready” pilot program in middle schools.



Student Metrics And Results with Transparency

The Governor's budget focuses on improving student outcomes through targeted funding, performance-based incentives, and increased parental engagement.

Offers extra support to schools in need

Provides resources for high-impact tutoring, evidence-based curriculum, and proven strategies

Extends incentives for improvement in literacy and math

Helps schools engage with parents about their designation, spending, and progress

Offers funding for technical support to meet new requirements

Establishes a centralized hub to coordinate efforts, monitor district progress, and determine best practices



Higher Education

Increasing Operations Support - \$84.4M ongoing

A 4% ongoing operations increase for universities and community colleges that comply with an annual tuition restraint. This increase supports higher education and advances Michigan's Sixty by 30 goal. Since the goal's launch in 2019, Michigan has made measurable progress, increasing attainment from 45% to 51.8% as of 2023.

College Success Fund - \$15M one-time

Continuation of College Success Funds which provides competitive grants to public and private universities and community college to improve student wraparound supports and completion efforts.



Investing in workers and creating jobs



Growing Our Economy

Expanding Services in Rural Communities & Rural Prosperity Grants - \$3M

Supports rural communities through funding rural prosperity grants and expansion of the Rural Development Grant Program, which supports projects that enhance rural community infrastructure, including job training, child care, housing, and utilities.

Supporting Selfridge Improvements - \$26M one-time
Upgrades critical infrastructure at Selfridge Air National Guard Base to build Michigan's defense industry, recognizing the \$30 billion that it contributes to the state's economy and the more than 116,000 jobs it supports, and attract new flying missions and aircraft.



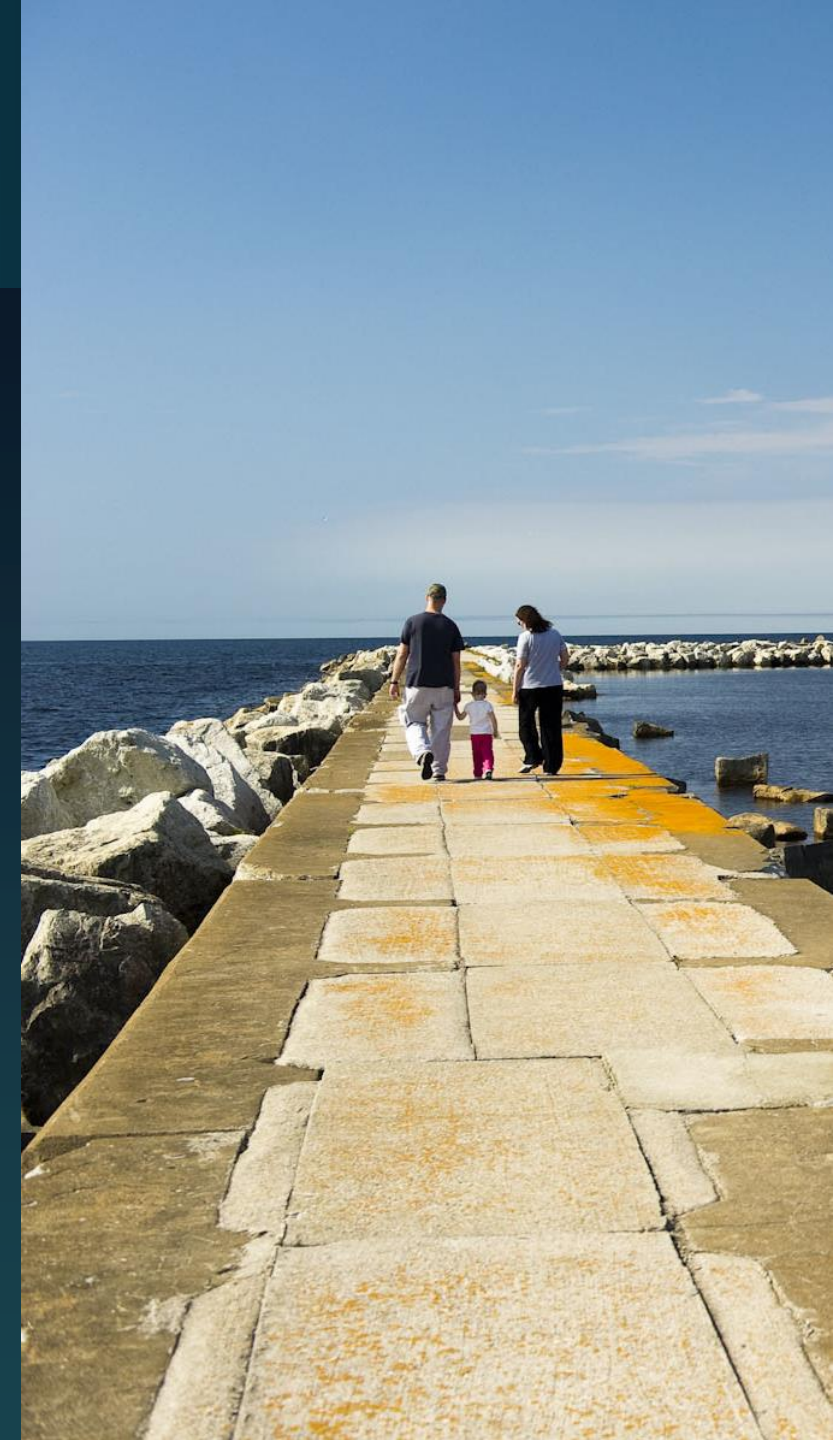
Growing Our Economy

Serving Vulnerable Children & Helping Child Care Providers – \$50M one-time

Helps families of infants, toddlers, children with disabilities and children living in areas where child care is scarce find affordable options while also improving cashflow for child care providers through prospective payments.

Increasing Permitting Efficiency, \$39M one-time

Digitizes EGLES records to save taxpayer dollars, increase efficiency, and streamline permitting processes related to construction, manufacturing, renewable energy development.



Investing in Talent

Going Pro - \$54.8M ongoing

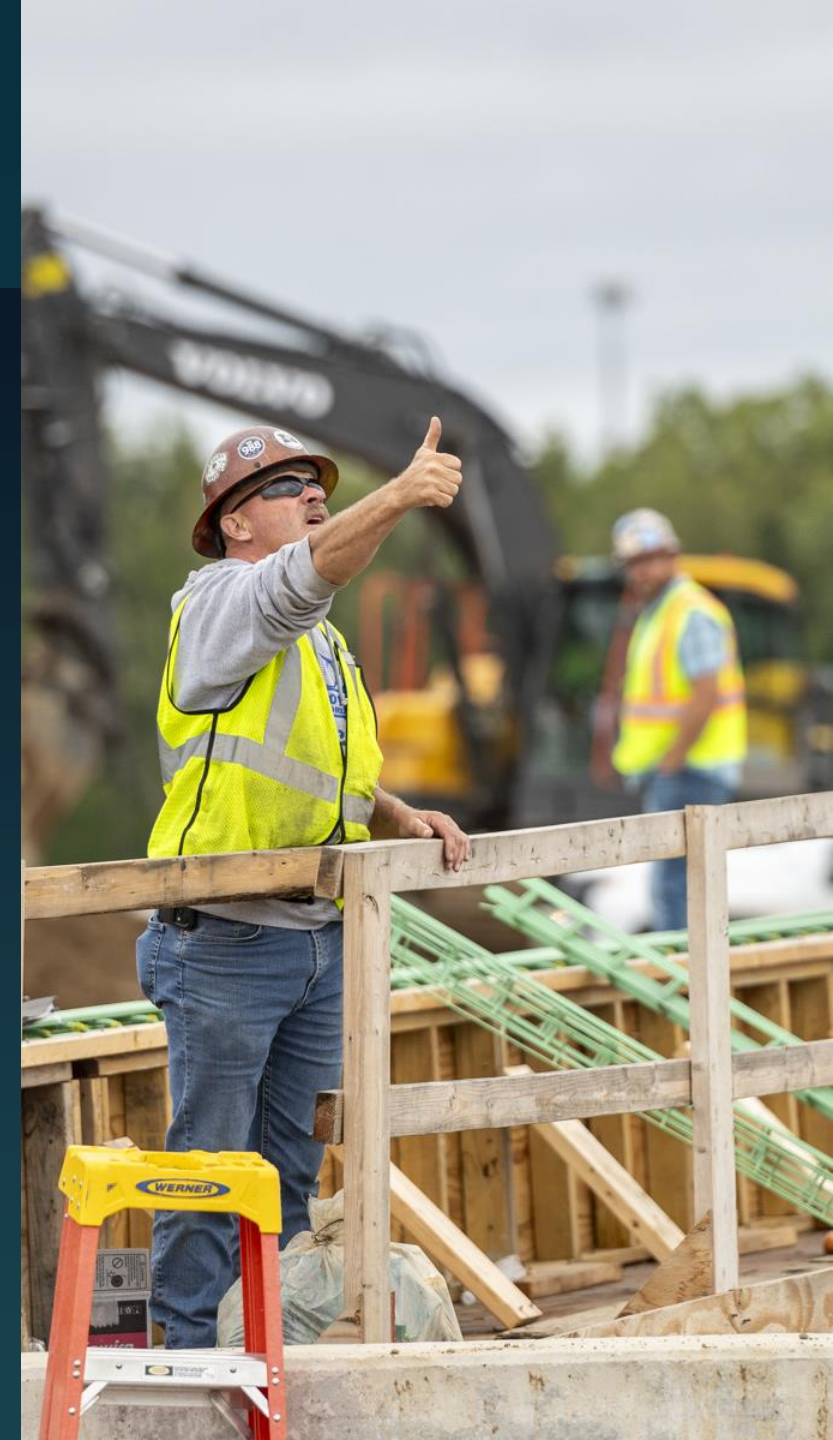
Continues providing job training grants to businesses to support training for current and new employees in high-demand, skilled trades industries, resulting in an estimated 35,200 new hires and current employees trained.

Growing the Population - \$10M one-time

Increases Michigan's population by retaining and attracting talent with strategic pilots and public engagement efforts and supporting a successful program to reverse population growth trends.

Providing Child Care for Members of the National Guard - \$2.3M ongoing

Provides child care for the approximately 700 children of Michigan National Guard members while their parents are on drilling status, supporting the Guard's recruiting and retention efforts.



Supporting Workers and Small Businesses



Employer Assisted Housing - \$25M one-time

Builds upon an existing employer assisted housing pilot program and leverages investments from employers to fund a range of housing projects.

Talent Action Teams - \$10M one-time

Helps employers meet their unique talent needs in industries like advanced mobility, semiconductor, aerospace defense and life science to attract, retain and connect talent with good-paying jobs.

Small Business Entrepreneurial Support Hubs - \$10M one-time

Enhances the statewide network of service providers that offer comprehensive resources and support to Michigan's small businesses.

Supporting Workers and Small Businesses

Business Attraction and Community Revitalization - \$100M ongoing
Continued support for business attraction and community revitalization to incentivize job creation, investment, and revitalize blighted properties.

Entrepreneurship Eco-System - \$15.7M ongoing
Continued investment in innovation and entrepreneurial support through business accelerators and incubators, providing access to capital for growing businesses, and facilitating the transfer of new technologies from research universities to the commercial market.

Pre-employment Transition Services - \$40.4M ongoing
Expands pre-employment transition services through the Michigan Rehabilitation Services and Bureau of Services for Blind Persons with the goal of assisting individuals with disabilities on a pathway to in demand jobs.



Talented and Skilled Workforce

Expanding Access to Registered Apprenticeships - \$19M one-time
Invests in registered apprenticeship and apprenticeship readiness programs and develops new opportunities in traditional and non-traditional industries while offering training, wages, and a credential to employees.

Removing Barriers to Work - \$7.5M one-time
Helps grow our workforce and empower workers to get good-paying jobs by removing barriers to work such as child care, transportation, tools for work and clothing needs.



Lowering Costs



Increased Postsecondary Scholarship Fund Deposit - \$50M ongoing

Invests in the fund to continue fully phasing in costs of the Michigan Achievement Scholarship, the state's flagship scholarship program. The Michigan Achievement Scholarship offers a tuition-free pathway to students attending local community colleges and up to \$27,500 to 2 out of 3 full-time university students.

Ensuring AP Tests are Affordable - \$2.2M ongoing

Continues to ensure test fees remain capped at \$5 for low-income students taking AP, IB, or CLEP exams, with the state covering additional costs. Student participation in this program continues to increase and funding is included to cover a combined total of 34,350 exams.

Improving Water Affordability - \$7M

Provides resources for affordability programs to help families struggling with their water bills.

Ensuring everyone can
make it in Michigan



Keeping Kids Safe

Keeping Children Connected to Family - \$24.4M ongoing
Offers supports so that children at risk of removal from their homes are placed with family or can remain at home.

Improving Safety, Placement, and Permanency - \$13.3M ongoing
Supports efforts to improve the safety, placement, and permanency of children in foster care and reduce their lengths of stay in care.

Improving Adoption Support - \$17.5M ongoing
Improves the adoption medical subsidy program, restructures rates paid to private adoption agencies, and expands Medicaid eligibility for children adopted from Michigan's child welfare system.

Young Adults Exiting the Child Welfare System - \$3.5M ongoing
Ensures young adults exiting the foster care system retain their federal financial benefits.



Healthy Families



Supporting Families with Young Children - \$1.2M ongoing

Increases funding for young child supplemental payments to assist low-income families.

Exploring Expanded Coverage for Children - \$400,000 one-time

Funds a study to explore expanding Medicaid coverage for children under the age of 6, which could help more than 80,000 children retain coverage.

Supporting First Responders Fighting Cancer - \$2.5M ongoing

Increases the First Responders Presumed Coverage Fund, which has assisted more than 100 first responders and provides payment for wage loss and medical care expenses for those battling certain cancers.

Protecting Public Health & Disincentivizing Nicotine Use

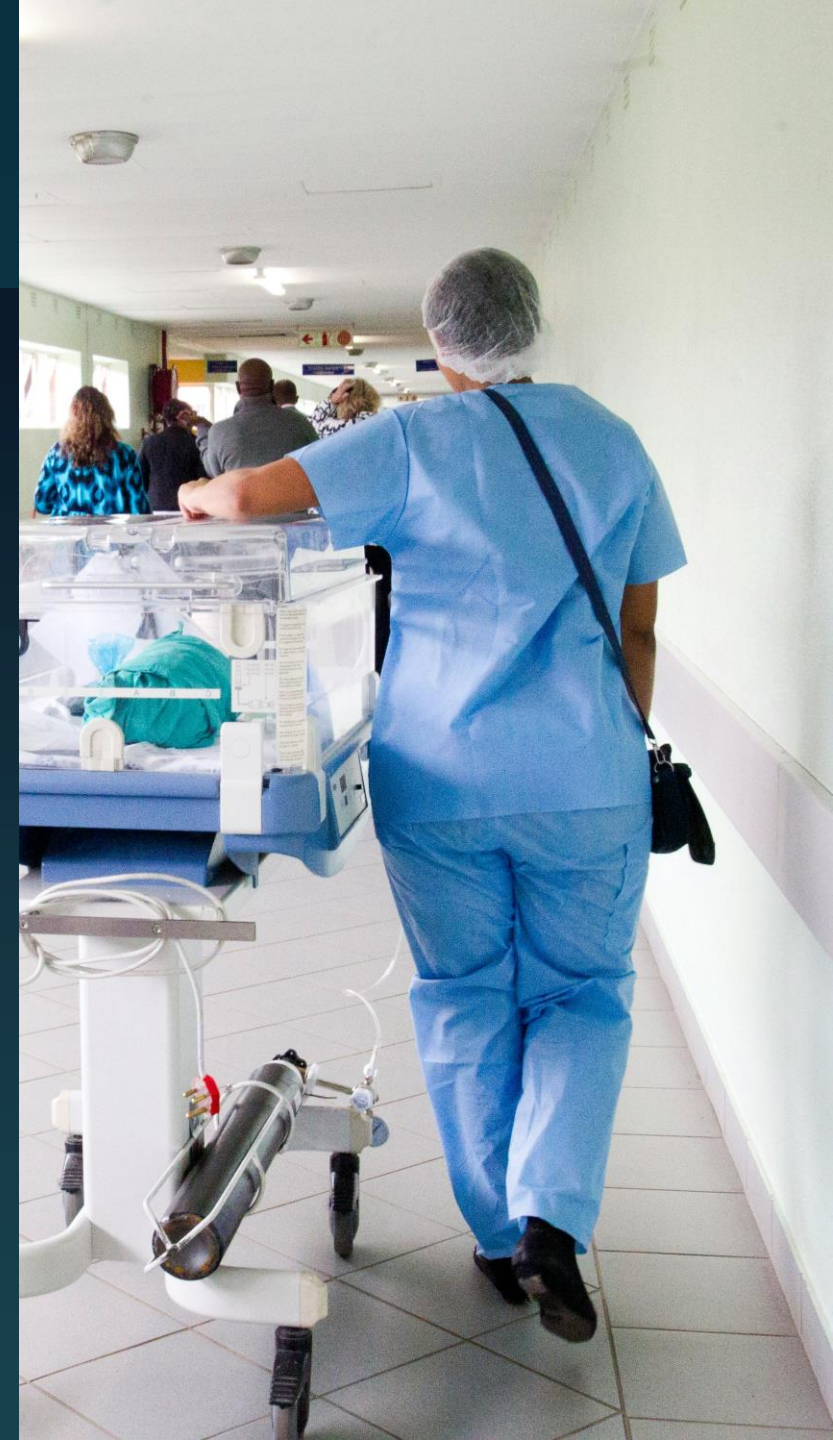
Taxes vaping and non-tobacco nicotine products similarly to other tobacco products, with all revenues supporting smoking and cancer prevention, youth mental and physical health, and access to health care.

Making Health Care More Accessible

Ensuring Health Care Access - \$96.4M ongoing
Supports those with a significant need, especially aging individuals who rely on long-term services and supports and those who rely on mental health services, by changing the income threshold to broaden access to Medicaid.

Prioritizing Opioid Recovery - \$46.8M
Directs Opioid Settlement funds to programs that reduce overdose deaths through prevention, treatment, harm reduction, and recovery supports.

Investing in Skilled Paramedics - \$3.1M ongoing
Increases the number of certified first responders in Michigan.



Supporting Seniors

Protecting Nursing Home Residents - \$2.7M ongoing
Provides additional funding to protect nursing home residents to provide more timely and comprehensive oversight of Michigan's 424 nursing homes and acute and continuing care facilities.

Expanding PACE - \$2.9M ongoing
Invests in PACE, which provides comprehensive medical, social and physical care for the frail, elderly population, by adding a total of 54 slots at the existing sites in Saginaw, Traverse City and Newaygo.

Enhancing Oversight of Homes for the Aged - \$700,000 ongoing
Improves efficiency of the licensing process, inspections, and complaint investigations at Michigan's 348 homes for the aged.

Improving Dementia Services - \$2M ongoing
Provides support services for Michiganders experiencing dementia.



Leveling the Playing Field

Juvenile Justice Services - \$10.6M ongoing
Implements recommendations made by the Governor's Task Force on Juvenile Justice Reform and invests in operations at Bay Pines Center.

Tribal Legal Advice - \$600,000 ongoing
Allows the Attorney General to continue providing advice and legal assistance to Michigan's federally recognized tribes and their descendants.

Expanded MiABLE Eligibility - \$5M ongoing
Supports federal changes to the MiABLE program that expand eligibility, helping Michiganders with disabilities save money without impacting their benefits eligibility.

Improving Financial Literacy - \$3M one-time
Provides financial literacy education services to Michiganders.



Leveling the Playing Field and Reducing Recidivism

Providing Medicaid to Support Reentry - \$40M ongoing

Extends Medicaid benefits to individuals exiting correctional facilities prior to release, ensuring they have the health care they need when they reenter society.

Improving Support for Problem Solving Courts - \$1.6M ongoing

Increases support for problem solving courts to reduce recidivism, address addiction and mental health issues, and support employment stability.

Expanding Education Opportunities - \$750,000 ongoing

Increases support for higher education programs in Michigan prisons.



Leveling the Playing Field and Reducing Recidivism

Making Peer Recovery Coaches More Accessible - \$6.6M ongoing

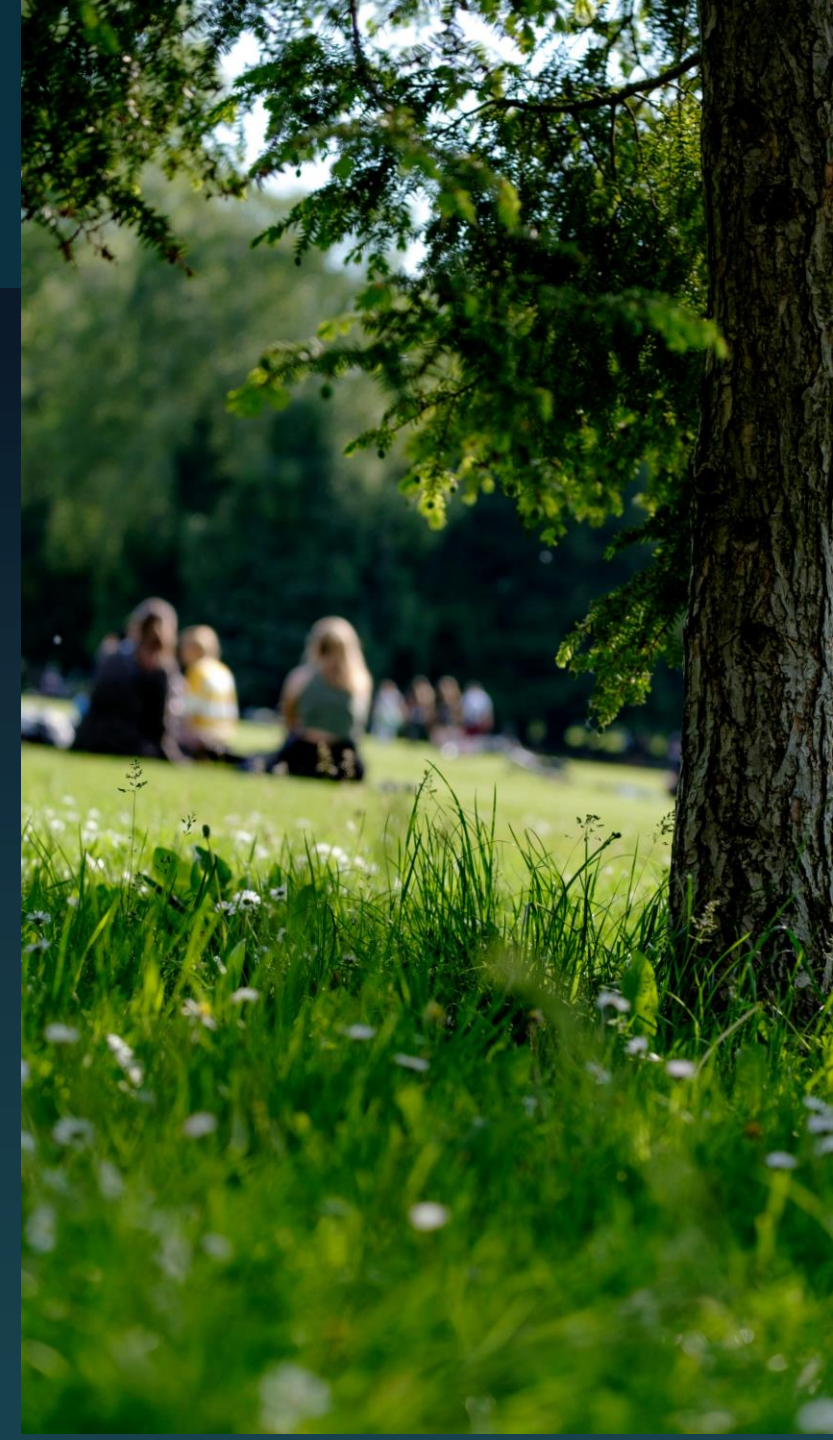
Makes peer recovery coaches more accessible, including in the treatment of substance use disorders among parolees, probationers, and prisoners.

Developing Transitional Housing - \$2M one-time

Develops two housing projects, increasing the availability of transitional housing for residents reentering their communities after incarceration.

Expanding Success Services - \$1.5M ongoing

Expands a pilot program providing community support services for probationers, including transportation, economic stability and job placement, and physical and behavioral health.



Investing in infrastructure



Fixing Roads and Bridges

Matching Every Federal Dollar – \$112.2M one-time

Provides funds to secure federal matches for highway aid to continue to fix Michigan roads.

Exploring Road Funding Options – \$7.8M

Funds a pilot program of potential road usage charge in search of long-term funding options to fix our roads.

Deploying Electric Charging Infrastructure – \$10M one-time

Installs electric vehicle charging stations across the state, increasing the vital infrastructure needed for drivers switching to electric or hybrid vehicles.



Protecting Air, Land, and Water

Ensuring Access to Clean Drinking Water - \$80M

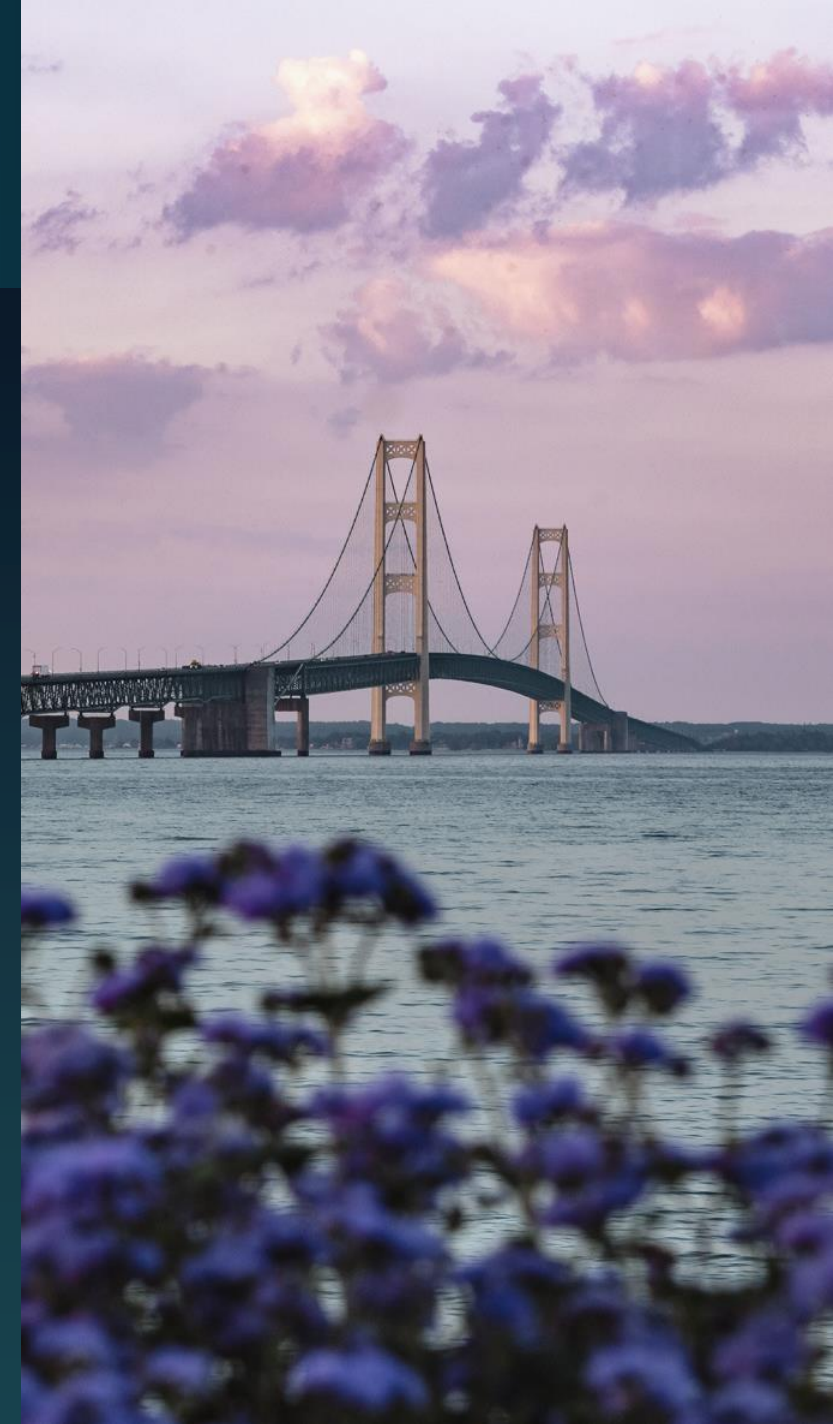
Continues replacing lead service lines – maximizing the use of federal funds.

Plant, Soil, and Pest Diagnostics - \$1.6M

Supports the detection of, and response to, soil and plant diseases and infestations by increasing testing capacity to provide growers with localized data and expertise to best protect Michigan agriculture.

Protecting Michigan from Out-of-State Waste - \$80M ongoing

Dedicates funds to clean up contaminated sites, provide grants to local communities for waste management and bring Michigan in line with other Midwest states when it comes to out-of-state trash haulers.



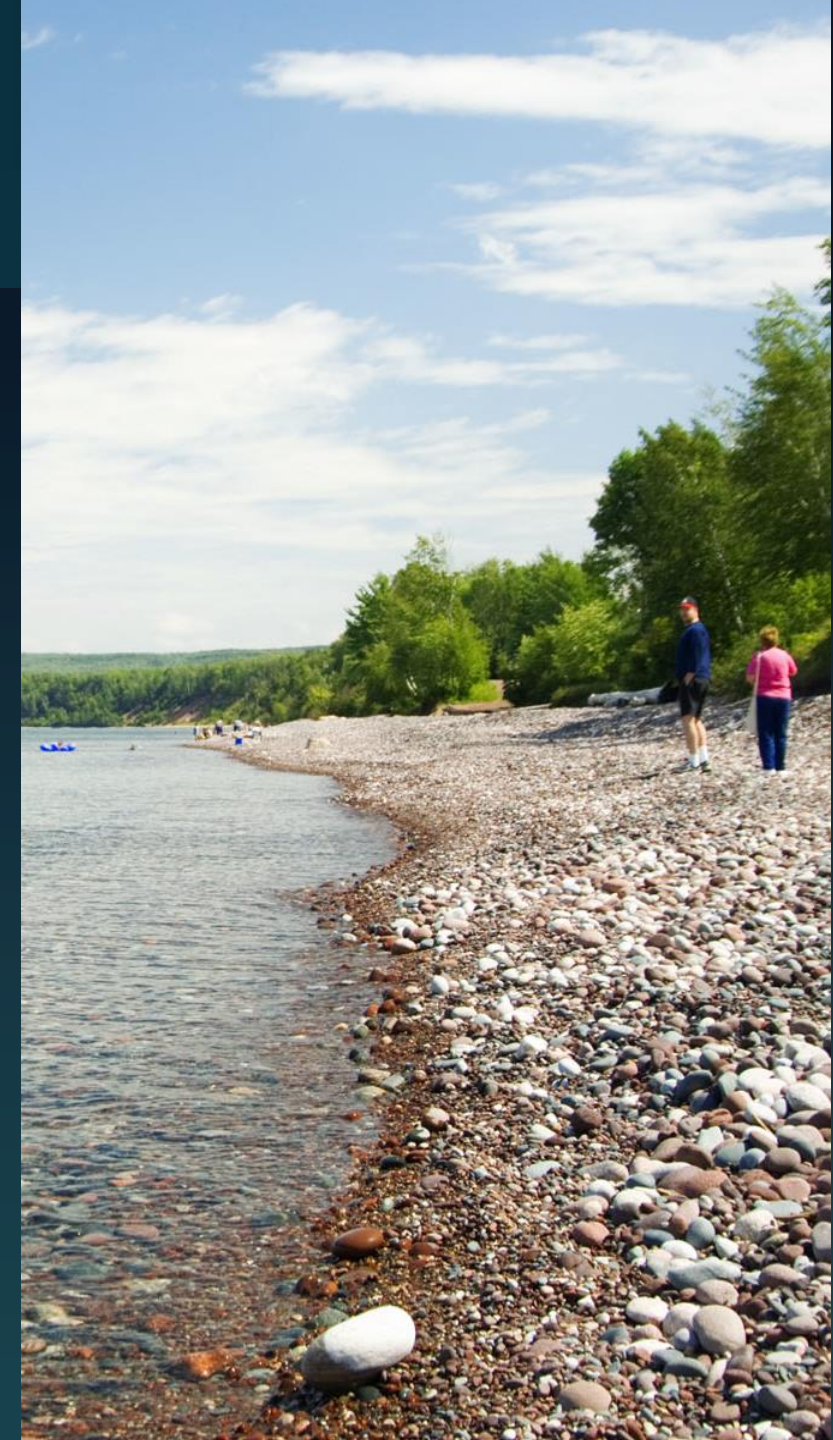
Investing in Natural Resources

Removing and Managing Dams - \$15M one-time

Supports the removal of state-owned dams and dam removal planning, toward the goal of restoring Michigan's waterways.

Expanding State Parks Access - \$46M ongoing

Reinvests in our state parks from revenue generated by making the Recreation Passport opt-out and updating game, fishing, and boating fees. More Michiganders will be able to experience the natural wonders of Michigan's state park system, while granting free access to veterans.



Protecting public safety

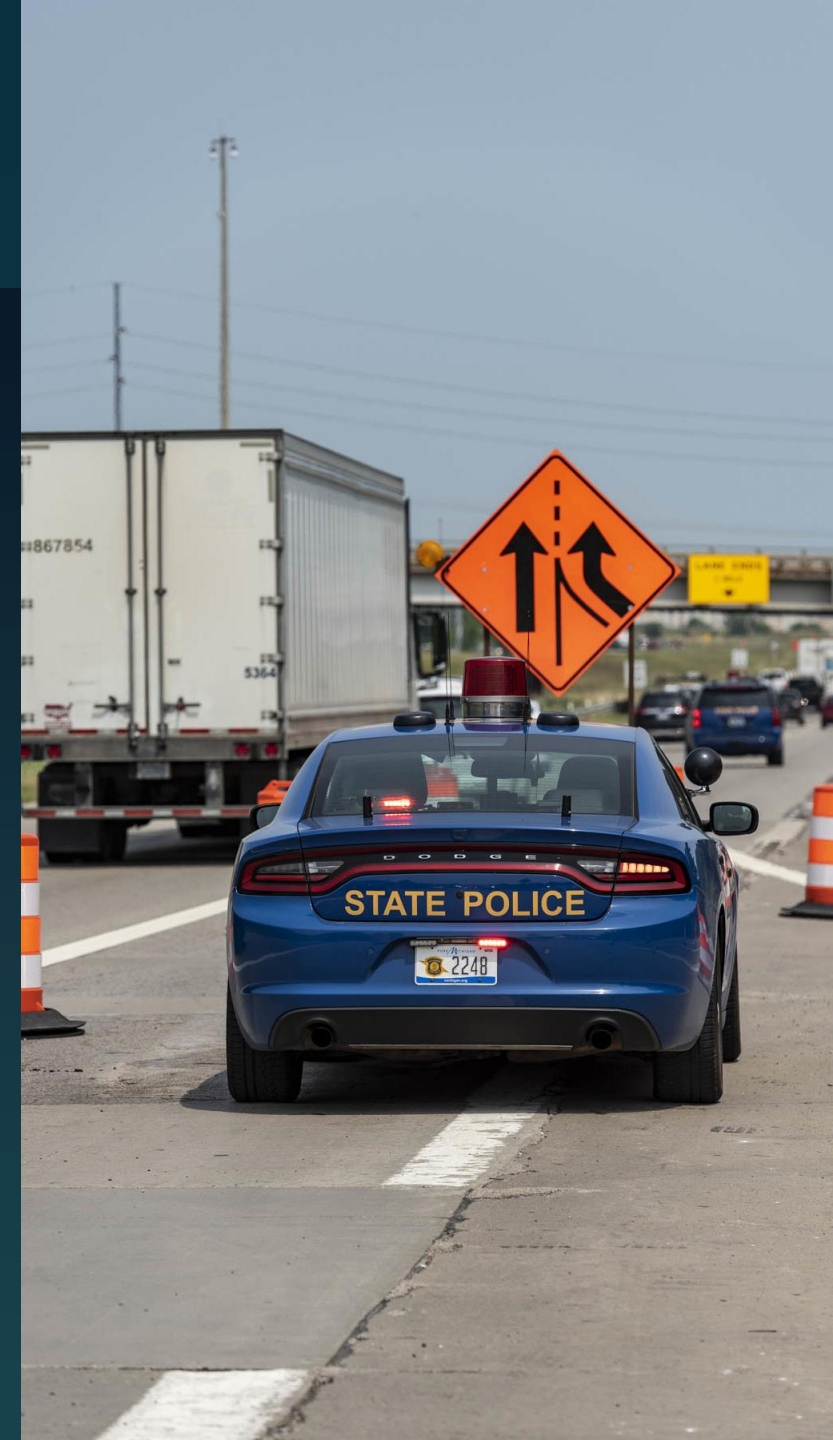


Protect and Serve

Supporting Law Enforcement - \$1M

Expands Michigan Intelligence Operations Center capacity to provide analytics and investigative support to law enforcement statewide.

Statewide Court Case Management System - \$7.2M ongoing
Funds staffing and operating cost increases as trial courts continue to join the statewide system.



Protecting Public Safety



Revenue Sharing – \$22.4M ongoing

A 4% increase in revenue sharing to help counties, cities, villages, and townships ensure public safety and improve the quality of life for residents.

Public Safety Trust Fund – \$75M ongoing

Distributes funds to cities, villages, and townships to enhance public safety and prevent violent crime.

Protecting Michigan's Food Supply – \$5.5M ongoing

Protects Michigan's food supply and help livestock farms prevent disease outbreaks by investing in biosecurity measures. The bird flu outbreak in the spring of 2024 outlined the importance of securing our food supply.

Victim Support Services – \$20M ongoing

Provides support services to more than 200,000 people affected by crime.

Making government work better



Making Government Work Better



Updating Legacy Systems - \$42.6M one-time

Increases Information Technology Investment Fund support to upgrade enterprise-wide applications and modernize legacy IT systems.

Maintaining State-owned Spaces - \$25M one-time

Supports infrastructure improvements and maintenance for nearly 800 building complexes, 5,000 individual structures, and over 41.5M square feet of state-owned facility space.

Self-insuring State Facilities - \$10M one-time

Establishes a self-insurance fund for DTMB-owned and managed facilities—mitigating rising insurance premiums and market uncertainties.

Transitioning to the New State Psychiatric Hospital - \$15.2M ongoing

Provides funding for staff and transition funding to operate and relocate to the state's new psychiatric hospital, which will serve Michigan children and adults. Builds on the \$383.4M currently invested in constructing the brand-new complex with a total of 264 beds.

Making Government Work Better

Honoring Heroes - \$5M one-time

Invests in a state veterans cemetery in Crawford County, honoring Michiganders who served their nation in the armed forces.

Energy Efficiency Revolving Fund - \$5M one-time

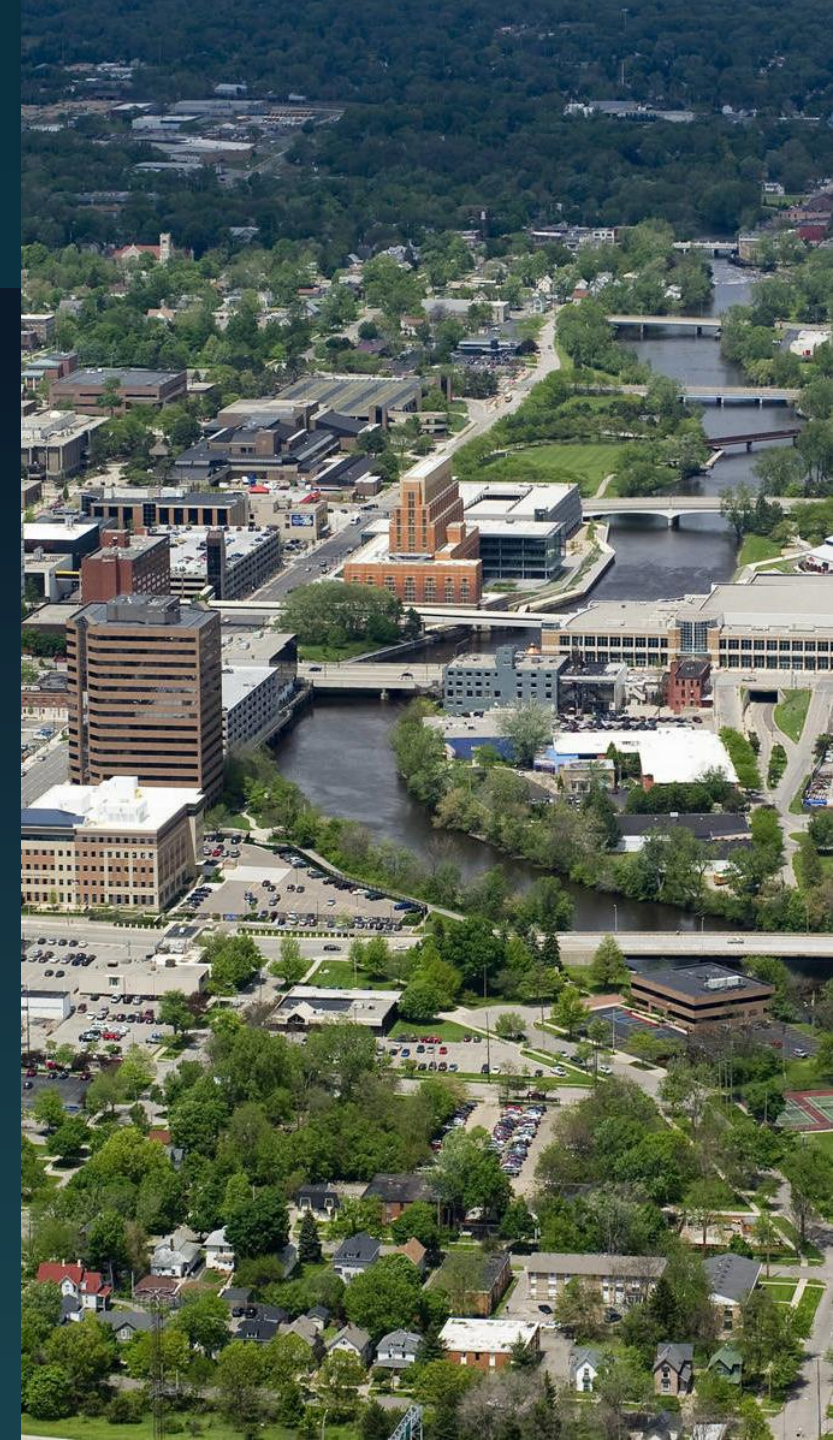
Provides resources to support strategic investments in clean energy technology, renewable energy, and initiatives that reduce energy consumption.

Budget Stabilization Fund - \$50M one-time

Makes a deposit into the reserve to provide a buffer against economic uncertainty. This investment brings the fund to a total of \$2.3B.

Rainy Day Fund for Schools - \$50M one-time

Reserve to protect public school funding from economic uncertainty. This investment brings the fund to a total of \$550M.





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