



---

Back-to-School Sales Tax Holiday (TRSY) .....	Page 1
Behavioral Health Facility and Capacity Expansions (DHHS) .....	Page 2
Ensuring Medicaid Sustainability (DHHS) .....	Page 4
Health Care Workforce Investments (DHHS) .....	Page 9
H.R. 1 Implementation (DHHS, LEO, DTMB).....	Page 12
Landfill Tipping Fees (EGLE) .....	Page 16
Restoring the Senior Homestead Property Tax Credit (TRSY).....	Page 17
Transportation Revenue Update (MDOT) .....	Page 18
Capital Outlay Project Request Review and Evaluations .....	Page 21

---

**Summary**

Back-to-school season is one of the most expensive times of the year for parents. Between notebooks, calculators, backpacks, shoes, and clothing, the costs add up quickly. Temporarily removing the sales tax on items students need for the new school year will give families some breathing room. A sales tax holiday will allow families greater flexibility to ensure that their children are prepared for success in the new school year. During the holiday, eligible purchases would be exempt from the 6% sales tax that would normally apply.

**Proposal**

The Governor’s proposed sales tax holiday would take place on the third weekend in August. Items eligible for the weekend would include clothing, school supplies, computers and certain computer supplies. To help focus the weekend on back-to-school shopping, tax relief would be provided as follows:

- Clothing items under \$100 per item;
- School supplies under \$20 per item; and
- Computer for personal use under \$1,000

The sales tax holiday would apply to online purchases as well as purchases made in brick-and-mortar stores.

The sales tax holiday is estimated to provide \$15 million in tax relief for families as they prepare for the upcoming school year.

**Department of Health and Human Services Behavioral  
Health Facility and Capacity Expansions**

February 11, 2026



**Summary**

Each year, thousands of Michigan adults and children experience mental health conditions that require access to behavioral health care. As is common throughout the country, a persistent shortage of state psychiatric inpatient beds has created significant bottlenecks across the continuum of care, leaving individuals who need acute, inpatient treatment with few appropriate options<sup>1</sup>. The same applies for outpatient treatment facilities, like psychiatric residential treatment facilities (PRTFs), designed to support individuals transitioning from the state psychiatric hospital system to their community. As a result, patients are often diverted to emergency departments, jails, or short-term placements that are not designed to meet their needs, leading to delayed or inadequate treatment.

This issue is prioritized in the Executive Budget through an investment of \$87.7 million (\$73 million general fund) to staff and operate a new psychiatric hospital, provide critical safety and system upgrades at existing psychiatric facilities, and increase the number of psychiatric residential treatment facilities. Together, these investments are intended to expand capacity, address aging infrastructure, and strengthen the state's ability to deliver timely, clinically appropriate care.

**State Psychiatric Hospital System**

State-operated psychiatric hospitals provide institutional care if services beyond an outpatient setting are needed. Prior to the deinstitutionalization movement, Michigan relied heavily on state-operated psychiatric hospitals to treat behavioral health conditions with few outpatient, community-based options<sup>2</sup>. Since that time, outpatient community-based treatment has grown significantly, reducing the number of state psychiatric hospitals from 41 in 1965 to just four today. This transition to outpatient treatment is not unique to Michigan, with states across the country having undergone similar transitions.

Michigan's active state psychiatric hospitals include Caro Psychiatric Hospital, Center for Forensic Psychiatry (CFP), Kalamazoo Psychiatric Hospital, and Walter P. Reuther Psychiatric Hospital. Walter Reuther is the only state hospital that provides services to both children and adults, having transitioned treatment of youth patients from Hawthorn Center to Reuther on a temporary basis. CFP is also unique, as it serves adult forensic patients, specifically individuals who are deemed incompetent to stand trial or not guilty by reason of insanity. Caro and Kalamazoo provide care and services to adults with mental illness.

The state's psychiatric hospitals are aging, in some ways outdated, and costly to maintain. For those reasons, establishing and maintaining an appropriate physical infrastructure has become exceedingly difficult due to the requirements necessary to retain accreditation from the Joint Commission and Centers for Medicare & Medicaid Services. Recognizing the need and the physical and environmental risks linked to aging infrastructure, the state made a transformational investment of \$383.4 million in the FY22 and FY24 budgets to build a new psychiatric hospital<sup>3</sup>.

The new hospital, named Southeast Michigan State Psychiatric Hospital (SMSPH), is scheduled to open in October 2026. This new facility will replace and expand the capacity of Walter Reuther, which opened in 1979, and Hawthorn Center, which opened in 1965, both of which will be taken offline after the new facility opens. Having one facility that serves both adults and children in separate living and treatment wings increases operational and cost efficiencies, while recognizing the unique treatment and security needs of these different

---

<sup>1</sup> [SMHA Use of State Psychiatric Hospitals, July 2025](#)

<sup>2</sup> [Michigan's Mental Health and Substance Use Disorder Systems](#)

<sup>3</sup> [Michigan's State Psychiatric Hospitals, March 2025](#)

populations. SMSPH will allow the state to serve residents and provide the assistance they need, while also saving on maintenance and shared administrative costs. The new facility comes in the wake of transitioning operations and patient care at Caro Hospital from an old campus, parts of which were originally constructed in 1913, to a new, 130,000 square-foot facility, which was completed in the summer of 2023.

While prior year infrastructure investments were significant, a corresponding investment is now needed to staff and operate the new hospital. SMSPH will ultimately provide a total of 11 units: three child and eight adult, each serving an average of 24 patients.

Workforce recruitment and retention have also been challenging issues at the state-operated psychiatric facilities, negatively impacting the number of beds each hospital can operate. Construction of the new hospital aims to address these recruitment gaps in part by utilizing the larger recruitment pool available in Southeast Michigan.

### **Psychiatric Residential Treatment Facilities**

Psychiatric residential treatment facilities provide placements, often for Medicaid eligible youth who are discharged from more intensive care settings and need community-based residential treatment services prior to their transition to a less restrictive, home and community-based level of care. PRTFs primarily service youth from the community who can be diverted from state hospitalization by receiving intense residential treatment. They provide a time limited behavioral health service, as individuals receiving this treatment are authorized for an initial 90 days, up to 180 days<sup>4</sup>. PRTFs function as a step-up from the community, and as a step-down from state inpatient treatment.

The Executive Budget invests in residential treatment options, as new PRTFs are opening throughout the state, increasing the number of transitional beds and expanding treatment options. This level of care has been successful in reducing the waiting pool for state psychiatric hospitals, as well as expediting discharges from state psychiatric hospitals. PRTFs are an essential component for the continuum of care within the public behavioral health system. Since 2023, the PRTF program has served 101 youth and 89 adults. Residential treatment options will continue to ramp up as providers expand bed capacity and open new facilities.

### **Proposed FY27 Investments**

The Executive Budget invests in staffing, safety improvements, and technology upgrades in the state psychiatric hospital system, while expanding psychiatric residential treatment facilities to support step-down care. Elements of this investment include:

- **\$72.2 million** (\$65.8 million general fund) and 323.0 FTEs to begin operating the new state hospital, which will bring 264 new beds online, increasing total statewide capacity by 54 beds (32 adult beds and 22 pediatric beds).
- **\$7.2 million** general fund to support two one-time investments:
  - **\$6 million** for upgrades to the psychiatric hospitals' electronic medical and business records system to better manage patient data, ensure appropriate billing, and ensure effective use of medication dispensing systems.
  - **\$1.2 million** to purchase personal protection devices (PPDs) at the Caro, Center for Forensic Psychiatry, and Kalamazoo psychiatric hospitals. PPDs have already been purchased for SMSPH. PPDs are wearable, digital panic devices used to reduce violence in health care workplace settings and have been shown to be effective in states across the country.
- **\$8.3 million** in federal authorization for new psychiatric residential treatment facilities in Grand Rapids, Lansing, and Livonia, that together are expected to bring 50 new transitional beds online.

---

<sup>4</sup> [Psychiatric Residential Treatment Facilities \(PRTF\)](#)

## Michigan Medicaid

Medicaid is a health care program that provides comprehensive health care services, primarily to low-income adults and children.

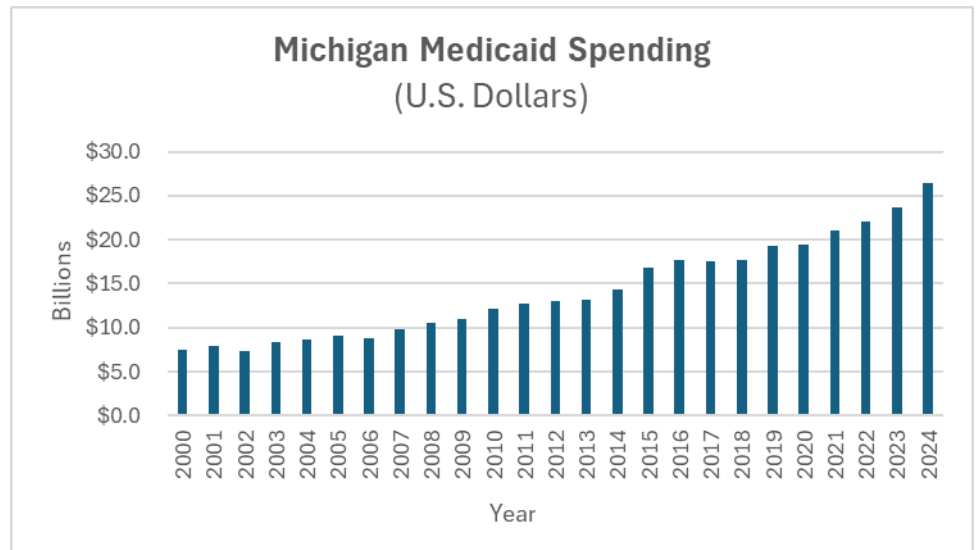
Approximately 2.5 million Michiganders are enrolled in Medicaid, the majority of whom are children, seniors, and people living with disabilities. In 2024, approximately half of Michigan’s children received Medicaid health care coverage at some point during the year. Medicaid has been associated with improved health outcomes and higher educational attainment for children.<sup>1</sup>

Health care is also Michigan’s largest industry, generating nearly \$80 billion in economic impact each year and supporting thousands of jobs across hospitals, clinics, pharmacies, and nursing homes.<sup>2</sup> Nationally, 64% of Medicaid recipients aged 19-64 are the working poor.<sup>3</sup>

## Rising Costs

Health care costs have steadily increased across the nation, driven primarily by health care inflation, utilization, and recent policy changes. These drivers, combined with changes at the federal level, have resulted in growing pressure on the health care system and on state budgets.

Mirroring national trends, Michigan health care spending has increased in recent years. Between 1970 and 2020, Michigan’s total personal health care expenditures per capita increased approximately ten fold<sup>4</sup>, with personal spending for Michiganders averaging \$10,183 per person in 2022.<sup>5</sup> Michigan’s rural areas also face geographic and provider capacity-related barriers to accessing care. These cost and capacity barriers will likely continue, as Michigan’s aging population is expected to grow over the coming years and providers



Source: Michigan Department of Health and Human Services

<sup>1</sup> [2025-3 Executive Directive, Michigan Department of Health and Human Services](#)

<sup>2</sup> [Healthcare Makes 100+ Billion Impact to Michigan’s Economy, Michigan Health and Hospital Association](#)

<sup>3</sup> [FY25 Understanding the Intersection of Medicaid and Work: An Update, Kaiser Family Foundation](#)

<sup>4</sup> [Health Care Costs and Affordability, Kaiser Family Foundation, 10/8/25](#)

<sup>5</sup> [State Health Spending Trends, 2019-2022, Altarum](#)

struggle under the weight of federal changes intended to curb federal Medicaid cost increases.

Michigan's FY25 Medicaid budget was approximately \$27.8 billion, representing 34% of the state's overall budget. Primary Medicaid cost drivers in Michigan include behavioral health and community-based services, as well as prescription drugs<sup>6</sup>.

At the federal level, H.R. 1 has been cited as an effort to contain Medicaid costs. The U.S. Congressional Budget Office estimates that provisions of the law, primarily focused on cost shifts to states and stricter eligibility, will reduce Medicaid spending by nearly \$911 billion over the next decade.<sup>7</sup> However, analyses indicate that changes due to H.R. 1 may result in significant coverage losses, increased state budget pressures, and additional strain on providers.<sup>8</sup> Here in Michigan, the Michigan Department of Health and Human Services (MDHHS) estimates roughly 200,000 individuals will lose coverage over the next few years. For more information on H.R. 1 and its impacts on the state budget, please see [H.R. 1 Implementation](#).

It will be increasingly important, especially in the current fiscal environment, that the state explore new and innovative solutions to ensure the long-term sustainability of the Michigan Medicaid Program for the one in four Michiganders who rely on it. In light of this reality, and with the backdrop of a less bullish revenue picture than enjoyed in recent years, this year's Executive Budget necessarily seeks to optimize Michigan Medicaid operations and services, while protecting access to care. Exploring new revenue and working with stakeholders to identify opportunities for efficiencies will be critical to sustaining this life-saving program.

### **Closing the Funding Gap**

The Executive Budget utilizes the following new and expanded revenues to support the Michigan Medicaid program in the coming years:

#### *Tobacco Tax Increase*

Michigan's excise tax on cigarettes has been at \$2.00 per pack of 20 cigarettes for more than 20 years. In the Great Lakes region, Michigan has the second lowest tax rate, with only Ohio having a lower tax.

Higher cigarette taxes have long been associated with declines in smoking behavior, primarily by discouraging teenagers from beginning to smoke, lower intensity of tobacco use, and higher rates of smoking cessation. Tobacco use is one driver behind the significant rise in health care costs as it increases preventable diseases, and contributes to lost productivity within the greater workforce. A higher tax on tobacco will ultimately lead to better health outcomes for the state.

The Governor's Recommendation raises the tax on cigarettes to \$3.00 per pack of 20 cigarettes. At this rate, Michigan's tax would be approximately the same as the tax in Minnesota, Indiana, and Illinois, excluding the Chicago area, where city and county taxes push the combined rate to \$7.16 per pack. In addition, the Recommendation raises the tax on other tobacco products, such as pipe tobacco, moist smokeless tobacco, and snuff, from 32% of the wholesale price to 57%.

These increased tobacco taxes would raise an estimated \$232 million in FY27, and \$202 million in FY28 and begin on Oct. 1, 2026. All of the increased revenues would be directed to the Medicaid Benefits Trust Fund to support the health and wellness of Michigan residents.

#### *New Vape Tax*

---

<sup>6</sup> [Managed Care Pharmacy Expenditures & Rebates Single PDL \(Pre/Post\) and Future Projections, 7/15/24](#)

<sup>7</sup> [Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package, Kaiser Family Foundation, 7/23/25](#)

<sup>8</sup> [Health Provisions in the 2025 Federal Budget Reconciliation Bill, Kaiser Family Foundation, 7/8/2026](#)

Vaping products, also referred to as electronic or e-cigarettes, have been increasingly popular as a nicotine delivery system during the past decade. In 2024, the Centers for Disease Control and Prevention reported that young people use vapes more than any other tobacco product. Although vaping is often marketed as a safer alternative to traditional cigarettes, it still carries health risks. Nicotine addiction, exposure to aerosolized chemicals, and the growing evidence of respiratory impacts all contribute to concerns about the long-term health consequences from vaping.

Currently, vaping products are not subject to an excise tax like those imposed on tobacco products, or beer, wine, liquor, and marijuana. As with tobacco, higher taxes can be effective at reducing the consumption of a product with adverse health concerns, most notably by discouraging the uptake of the product by the youngest potential consumers.

The Governor's budget recommendation creates a new excise tax on vaping products and alternative nicotine products equal to 57% of the wholesale price. This places vaping and alternative nicotine products at the same tax rate as other tobacco products in order to discourage teens and young adults from starting to use these products which have become the newest on-ramp to nicotine addiction.

The tax would take effect on Oct. 1, 2026, and would raise an estimated \$95 million in FY27 and \$97 million in FY28. Revenue would be directed to the Medicaid Benefits Trust Fund (77.5%) and the Healthy Michigan Fund (22.5%). These revenues are intended for distribution to the following health and wellness programs in FY27:

- \$5 million for cancer prevention services that fund prevention strategies, provide screening and follow up services for cancer; public and provider education; early detection awareness; and assistance to low-income women with breast and cancer control screenings, follow-up, and treatment services.
- \$8.9 million for smoking prevention programs such as the smoking cessation hotline, free nicotine quit kits, nicotine replacement therapy, materials, and cessation counseling sessions. These funds will also be used to support anti-smoking campaigns such as local smoking prevention projects in schools and communities, smoke-free initiatives for hospitals, and enforce the Clean Indoor Air Act, and Smoke Free Air Law.
- \$7.5 million for children's coordinated health care that supports direct services and grants with partners designed to implement evidence-based mental health practices, coordinate assistance to families bridging services across the behavioral health network for children needing multiple services, and provide counseling and other strategies needed to support children with the successful transition from residential facilities back into the community.
- \$73.6 million for the Medicaid Benefits Trust Fund to be spent on health care coverage for low-income and disabled individuals.

#### *Increasing Internet Tax Rate on Largest Casinos*

Michigan's internet gaming market is the largest among the seven states that have legalized the activity. In 2025, casinos generated \$2.9 billion in adjusted gross receipts (AGR), representing Michigan players' net losses to the casinos.<sup>9</sup> Pennsylvania casinos, one of the nation's largest markets, generated 10% less casino profits from online gaming, but paid roughly 50% more tax, compared to the internet casinos in Michigan.

The Governor's budget proposal introduces a new higher marginal tax rate that applies only after a casino operator earns more than \$185 million in AGR within a year. For revenues above this threshold, the tax rate on online games would increase by 8 percentage points, bringing the total rate to 36%. The majority of internet

---

<sup>9</sup> [Michigan online casinos took the top spot for iGaming revenue in 2025](#)

casino profit comes from online slot machines and Michigan's new 36% tax rate would remain significantly lower than Pennsylvania's 54% rate for internet slots.

Last year, only four of Michigan's internet casinos met the threshold for the higher tax rate to apply. It is forecast to generate \$135.5 million in new tax revenue in FY27, with the majority going directly to the Medicaid Benefits Trust Fund in support of health and wellness programs.

The revenue would also support the Michigan Agricultural Equine Industry Development Fund. Under current law, the fund receives up to \$3 million annually. This proposal would increase that cap to a total of \$5 million in FY27, \$10 million in FY28, and \$15 million each year thereafter.

#### *Per-Wager Sports Betting Tax*

A new tax would also be imposed on each sports betting wager. A new 25 cents per bet tax would apply on a licensee's first 20 million wagers annually. For wagers after 20 million, the tax on those would increase to 50 cents per bet. The same tax was enacted in Illinois last year. Michigan's sports betting tax rate currently ranks 28th out of the 30 states that have legalized the activity<sup>10</sup>. Michigan's tax rate remains the lowest among neighboring states.

This tax is forecast to generate \$38.8 million in FY27 for the Medicaid Benefits Trust Fund for health and wellness programs.

#### *Elimination of Free Play Deduction*

Currently, providers of sports betting are allowed to deduct free play from their tax base. Free play is an incentive for gamblers, allowing them to begin placing sports wagers at no initial cost. Under the budget proposal, sports betting providers would no longer be able to deduct those wagers. Eliminating this deduction is forecast to generate \$21.1 million in FY27 for the Medicaid Benefits Trust Fund for health and wellness programs.

#### *New Digital Advertising Tax*

The Governor's budget includes a new 4.7% excise tax on digital advertising revenue. Specifically, the tax would be imposed on the Michigan share of digital advertising revenue, with exceptions for broadcast and news media, based on the advertising revenue from Michigan viewers. The tax is forecast to generate \$282 million in FY27. Revenue are intended for deposit into the Medicaid Benefits Trust Fund for health and wellness programs.

### **Ensuring Sustainability**

To date, Michigan has explored a variety of strategies to curb Medicaid cost growth, while ensuring access to necessary and quality care for the one in four Michiganders<sup>11</sup> who rely on it, such as:

- **Provider partnerships** whereby health care entities such as hospitals, health plans, skilled nursing facilities, and ambulance service providers pay into assessment programs to generate non-federal revenue that is used to help fund the state Medicaid program. Last year, one of these assessments was in jeopardy due to recent federal changes, and the administration and Legislature worked together to pass a replacement. The bipartisan solution preserved the Insurance Provider Assessment, and with it nearly \$500 million in non-federal Medicaid funds.<sup>12</sup>

---

<sup>10</sup> [Online Sports Betting Taxes, 2025 | Tax Foundation](#)

<sup>11</sup> [MDHHS OIG FY2024 Annual Report](#)

<sup>12</sup> [Michigan, 2025 PA 25](#)

- Implementing new **policies, procedures, and technology** solutions to increase program efficiencies. For example, MDHHS streamlined eligibility and enrollment through MI Bridges improvements.<sup>13</sup> Michigan’s Medicaid program is already one of the most efficient and effective in the nation, and this means it will be more difficult for the state to find new efficiencies to withstand impending federal cuts.

The Governor’s budget proposal builds upon previous investments, while setting a reasonable target for savings within Medicaid to ensure long-term sustainability of the program, addressing:

- **Program Integrity:** The budget continues support for Michigan Office of the Inspector General efforts to bolster Medicaid program integrity. As described in its annual report, MDHHS OIG “accounted for appropriately \$306.8 million in program integrity efforts” in FY24.<sup>14</sup> In addition, Michigan will continue to employ best practices to ensure appropriate third-party liability practices and collections.
- **Medicaid Sustainability:** The budget proposes reaching \$150 million in annual efficiency savings by developing a menu of options, in collaboration with key stakeholders, to ensure Medicaid services are sustainable into the future.

---

<sup>13</sup> [MDHHS MI Bridges 2025](#)

<sup>14</sup> [OIG Annual Report, 2024](#)

## Summary

Michigan, like many states, continues to face significant challenges in recruiting and retaining a stable health care workforce, particularly in nursing homes and other long-term care settings. Persistent staffing shortages, high turnover rates, and increasing care demands driven by an aging population have placed sustained pressure on providers and raised concerns about access and quality of care. These workforce challenges have been exacerbated by longstanding issues such as low pay and competition from other sectors offering higher pay and more flexible working conditions.

In response, the Executive Budget invests \$361.8 million (\$118.9 million general fund) in multiple efforts to strengthen the health care workforce. The direct care worker wage add-on seeks to improve recruitment and retention by increasing compensation for frontline caregivers, while the use of civil monetary penalty revenue supports initiatives aimed at improving staffing and care delivery in nursing facilities. Additionally, the federal Rural Health Transformation Program allows states to support and strengthen the rural health workforce as part of broader system improvements. Together, these approaches reflect the state's recognition that a stable workforce is essential to sustaining high-quality care and that addressing shortages requires a coordinated workforce strategy.

## Direct Care Workforce

Direct care workers (DCWs) are health care professionals who provide support and assistance to individuals with disabilities, chronic illness, or age-related challenges, often by helping them with daily living activities. DCWs have long been the backbone of nursing and long-term care services in Michigan, as they often enable individuals to remain in their homes and communities while still obtaining the care and services they need. Additionally, when a more intensive level of care is appropriate, DCWs provide similar assistance to residents in nursing homes. Workers in DCW positions face relatively low wages, physically and emotionally demanding work, and limited opportunities for career advancement<sup>1</sup>. These challenges make it difficult for providers to compete with other industries that offer comparable or higher wages and relatively fewer challenges in performing required work.

As a result, care settings have experienced chronic workforce vacancies and high turnover rates, straining existing workers, exacerbating turnover, and creating a cycle that undermines stability. Efforts to incentivize the DCW career path were enhanced during the public health emergency by establishing a supplemental wage add-on in addition to underlying base wages. During the initial surge of COVID cases, there was concern that people in low-wage positions providing direct care services to Medicaid enrollees would be unwilling or unable to provide the services needed. In response, a \$2 per hour add-on was provided to recognize the danger and difficulty of providing these services during the pandemic. This was funded on a one-time basis using federal Coronavirus Relief Fund dollars.

The add-on was subsequently transitioned to an ongoing component of DCW wages, and increases have been jointly funded with general fund and federal Medicaid match dollars. The current DCW add-on is \$3.40 per hour and is funded on an ongoing basis. DCW add-on by year is shown in table 1 below.

---

<sup>1</sup> [Direct Care Workers in MI](#)

Year	Amount Increase	Ongoing/One-time	Cumulative DCW Add-On
2020	\$2.00	One-Time	\$2.00
2021	\$2.00	One-Time	\$2.00
2022	\$2.35	Ongoing	\$2.35
2023	\$0.00	Ongoing	\$2.35
2024	\$0.85	Ongoing	\$3.20
2025	\$0.20	Ongoing	\$3.40
2026	\$0.00	Ongoing	\$3.40

Alongside the DCW add-on, minimum wage increases have also gone into effect. Recognizing that increases in the state minimum wage without parallel state investment would offset and diminish the DCW add-on, the state has adjusted DCW wages since 2020 to maintain the add-on’s intended effects. Over that time, the state minimum wage increased from \$9.65 per hour in 2020 to \$13.73 per hour today. On Jan. 1, 2027, consistent with Public Act 337 of 2018, it is slated to increase to \$15.00 per hour. Recent and forthcoming increases in Michigan’s minimum wage are identified in table 2 below.

Year	Rate	Change
2021	\$9.65	-
2022	\$9.87	\$0.22
2023	\$10.10	\$0.23
2024	\$10.33	\$0.23
2025	\$12.48	\$2.15
2026	\$13.73	\$1.25
2027	\$15.00	\$1.27

The DCW add-on is an important element of Michigan’s health care workforce recruitment and retention strategy, and it currently benefits over 160,000 workers. Michigan has made impactful investments in its health care workforce and will continue to prioritize and invest in these recruitment and retention efforts. Currently, the 2025 and 2026 minimum wage increases for DCWs, which collectively total \$3.40 per hour, are funded with federal American Rescue Plan (ARP) and federal Medicaid funds. The ARP grant is a time-limited funding source that expires at the end of FY26. To offset the loss of these federal dollars, general fund will be utilized, and wages will remain steady at \$17.13 per hour through 2026 for the lowest paid direct care workers. In recognition of the 2027 minimum wage increase, additional funding is included to raise wages further to \$18.40 per hour for the lowest paid DCW workers starting Jan. 1, 2027.

### Nursing Facility Staffing

The Centers for Medicare & Medicaid Services (CMS) recently launched a national campaign to improve nursing home staffing levels. This initiative aims to address chronic workforce shortages that impact the quality of care for residents in long-term care facilities. As part of this campaign, CMS has authorized states to utilize Civil Monetary Penalty (CMP) funds for projects that directly support staffing improvements. CMP funds are collected from nursing facilities for non-compliance with federal requirements and reinvested to enhance resident care and safety<sup>2</sup>.

<sup>2</sup> [Civil Money Penalty Reinvestment Program \(CMRP\) | CMS](#)

Staff shortages in nursing homes have been linked to higher rates of adverse events, hospital re-admissions, and diminished quality of life for residents<sup>3</sup>. By reinvesting CMP funds into staffing-focused projects, Michigan can address these systemic challenges without requiring additional state general fund appropriations. This initiative leverages federal guidance and funding flexibility to improve care standards and protect vulnerable populations by investing in targeted strategies that increase staffing levels in nursing facilities. These strategies may include workforce training programs and career development pathways for certified nursing assistants and registered nurses. The goal is to strengthen the long-term care workforce, improve resident outcomes, and align with federal priorities for nursing home quality improvement.

### **Rural Health Transformation Program**

The Rural Health Transformation Program, established under H.R. 1 (the “One Big Beautiful Bill Act”), is a federal initiative designed to support long-term sustainability and system reform in rural health care. Administered by CMS, the program provides multi-year funding to states that submit comprehensive rural health transformation plans. These plans are intended to improve access to care, stabilize rural providers, and modernize care delivery. The program emphasizes flexibility, allowing states to target funding toward the specific challenges facing their rural health system.

Workforce development is a central component of the Rural Health Transformation Program, as workforce shortages are among the most significant drivers of health care access challenges in rural communities<sup>4</sup>. States may use program funding to support recruitment and retention initiatives, expand training pipelines for rural clinicians, and to strengthen primary and behavioral health capacity.

### **Proposed FY27 Investments**

The Executive Budget invests in multiple strategies to strengthen Michigan’s health care workforce by addressing shortages, expanding recruitment and retention efforts and enhancing capacity. Elements of this investment include:

- **\$258.4 million** (\$87.3 million general fund) to support 2025 and 2026 minimum wage increases for direct care workers, which collectively total \$3.40 per hour. Currently, ARP funds that expire at the end of FY26 are being used to support these increases. This investment backfills expiring federal funds with general fund and associated federal Medicaid match dollars to ensure the long-term sustainability of this wage component.
- **\$69.5 million** (\$23.5 million general fund) to support the 2027 direct care worker minimum wage increase of \$1.27 per hour.
- **\$24 million** (\$8.1 million general fund) to provide sick leave for direct care workers, consistent with Public Acts 338 and 369 of 2018. Nearly all employers, such as those employing members of the direct care workforce, are required to provide paid sick leave to eligible employees. This investment transitions this cost to general fund and Medicaid matching dollars, as time limited ARP funds are currently supporting this requirement.
- **\$10 million** one-time investment using Civil Monetary Penalty funds to improve nursing staff levels in nursing homes. A recent CMS campaign broadened the scope of eligible staffing projects that can be funded with CMP revenue.

---

<sup>3</sup> [Nursing homes hardest hit by health care employment declines](#)

<sup>4</sup> [Rural Health Transformation \(RHT\) Program | CMS](#)

**Department of Health and Human Services**  
**Department of Labor and Economic Opportunity**  
**Department of Technology, Management, and Budget**  
**H.R. 1 Implementation**



February 11, 2026

---

**Summary**

“The One Big Beautiful Act” (H.R. 1), signed on July 4, 2025, includes significant changes to how Medicaid and Supplemental Nutrition Assistance Program (SNAP) benefits are administered. The fiscal year 2027 Executive Budget, and an accompanying FY26 supplemental, provide \$186.6 million general fund and 591.0 FTEs to implement federally mandated programmatic and administrative changes to Medicaid and SNAP required by H.R. 1. Proposed funding in Michigan to comply with these requirements will be used to:

- Hire staff within the Department of Health and Human Services (DHHS) and the Department of Labor and Economic Opportunity (LEO) to administer Medicaid and SNAP H.R. 1 required changes
- Enhance technology capabilities across agencies to improve data sharing, reporting, and information processing
- Expand outreach, education, training, and beneficiary support to program recipients
- Enhance program oversight and quality monitoring to ensure compliance with new requirements
- Expand workforce training and registered apprenticeship opportunities to help individuals meet work requirements

**Background**

**Medicaid**

Michigan’s Medicaid program provides health care to an average of 2.5 million individuals each month, including children, disabled adults, and the elderly. Beginning Jan. 1, 2027, H.R. 1 mandates that adults aged 19-64 who are covered through the Affordable Care Act Medicaid Expansion, also known as the Healthy Michigan Plan (HMP), which currently covers approximately 675,000 individuals, complete 80 hours of work/community service or participate in a work program each month to maintain their Medicaid eligibility.

In addition, current Medicaid recipients will be required to undergo eligibility redetermination process every six months to maintain coverage. Previously, recipients were required to participate in redeterminations annually. Once H.R. 1 is fully operationalized, it is estimated that 200,000 people will lose coverage as a result of these changes.

**SNAP Work Requirements**

The Supplemental Nutrition Assistance Program (SNAP) currently assists 1.4 million Michigan residents in meeting their daily food and nutritional needs. In order to receive benefits, SNAP recipients are required to follow work requirements, similar to Medicaid work requirements. Under H.R.1, starting Dec. 1, 2025, work requirements were implemented statewide except in 15 counties and 5 cities.<sup>1</sup> SNAP recipients aged 18-64 must complete 80 hours of work/community service, or participate in a work program each month to maintain eligibility. Approximately 185,000 individuals statewide will be subject to SNAP work requirements, and it is estimated that 40,000 people will lose coverage as a result of these changes. It is imperative that work requirements and other eligibility factors are measured properly to protect program integrity and minimize payment error rates. This will require additional staffing resources, which contributes to compliance-related administrative cost increases included in the Executive Budget.

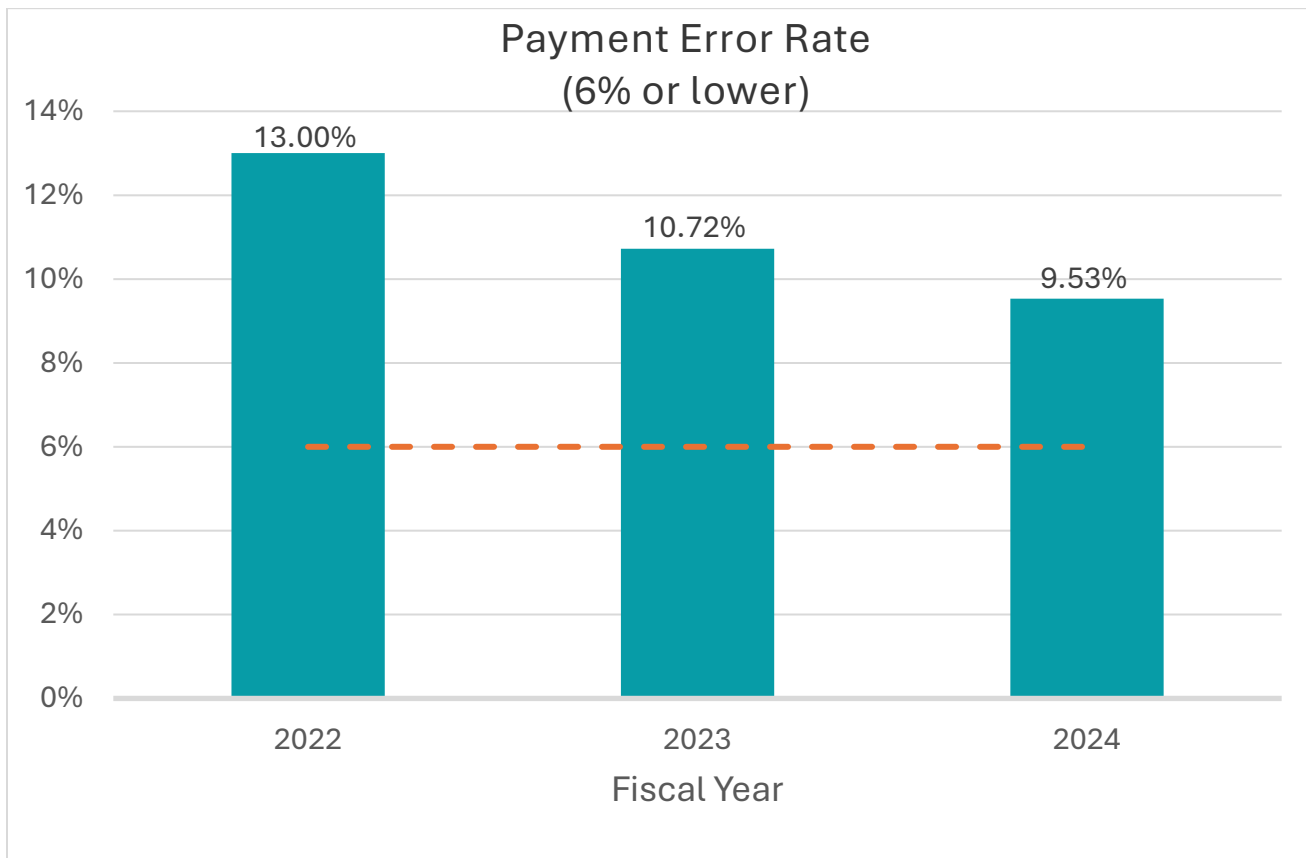
---

<sup>1</sup> [Work Requirements for Food Assistance](#)

**SNAP Cost Share**

As the SNAP program is currently designed, states and the federal government each pay 50% of administrative costs, and recipient benefits are paid entirely by the federal government. Beginning in FY27, the state share of program administration will increase to 75%, increasing reliance on state general funds by approximately \$95 million.

In addition, for the first time, H.R. 1 introduces state share of cost to support SNAP program benefits. Starting in FY28, the required state share will be determined by the state’s benefit payment error rate (PER). The PER is derived from overpayments and underpayments of SNAP benefits. These errors are caused by agency or client actions from incorrect processing or invalid verifications. For example, if a client fails to report all sources of income, they are at risk of being issued an incorrect benefit amount. An incorrect over issuance must be retrieved, and underpayments are expected to be given to clients once an error is detected. Even when an error is corrected, the action is included in the PER calculation. MDHHS has made progress in lowering the error rate and will continue to build on this progress with the help of a one-time, \$30 million general fund appropriation included in the enacted FY26 budget for Food Assistance Program (FAP) reinvestment. The chart below shows Michigan’s payment error rate by year.



**Proposal**

To implement the new requirements of H.R. 1, the Executive Budget proposes investments that will boost the capacity of state agencies through increased staffing and expanded workforce development services, broaden outreach, enhance quality monitoring, and improve information technology.

**DHHS**

The Executive Budget proposes 589.0 FTEs in DHHS for anticipated workload increase of Medicaid work requirements, Medicaid redetermination, SNAP work requirements, and implementation oversight. These full-time employees consist

of assistance payment workers, Office of Inspector General agents, departmental specialists, state administrative assistants, and general office assistants.

To communicate eligibility changes, the Executive Budget recognizes the need to provide information more frequently to Medicaid and SNAP recipients. Accordingly, proposed funding is included to enhance beneficiary support through a vendor call center. The call center will house the MI Bridges Help Desk, general beneficiary help line, Michigan Enrolls, and a phone renewal line for redeterminations. In addition to communication support for recipients, outreach and educational information will be provided through text messages, paper correspondences, local ads, and other media outlets.

Additional funding is provided to support the administrative hearings process for SNAP and Medicaid eligibility. Funding will allow DHHS to ensure that beneficiaries have access to fair hearings to address decisions related to their service denials, reductions, or terminations. The proposal also recognizes a new federal grant awarded by the Centers for Medicare and Medicaid Services (CMS) to supplement state expenditures related to administrative costs in support of implementing Medicaid work requirements.

Lastly, additional budgetary adjustments are included to recognize anticipated savings due to caseload reductions as a result of H.R. 1. Those budgetary savings are netted against new cost increases for H.R.1 compliance efforts.

#### LEO

Individuals subject to work requirements will be referred to Michigan's network of Michigan Works! agencies which will work with individuals to identify and relieve barriers to employment, and connect these individuals to the employment, education, and training services they need to become economically self-sufficient. The Executive Budget includes a \$30 million investment to ensure that LEO has the necessary resources and capacity to handle the significant statewide increase in individuals referred to and seeking services in order to maintain their eligibility for Medicaid and SNAP benefits. This investment includes two components: a \$25 million investment in workforce training, and \$5 million specifically targeted for Registered Apprenticeship expansion. In addition, the proposal includes an additional 2.0 FTEs for LEO to provide necessary oversight and project management support. Combined, these investments will ensure individuals have access to job search and job readiness training, job skills training, vocational training, and pre-apprenticeship and apprenticeship activities that will assist them in achieving self-sufficiency and allow them to maintain access to these critical benefits until they do.

#### DTMB

H.R. 1 makes significant changes to Medicaid and SNAP benefits administration that will require the state to improve existing information technology systems and add new data sharing capabilities. The proposed information technology investments include utilizing resources from the Information Technology Investment Fund (ITIF) resources to upgrade the Bridges information system by adding new data sources to process eligibility and income verification and comply with federal requirements. In addition, DTMB will develop a new data platform to better link all existing state information technology infrastructure to facilitate data and information sharing, related to Medicaid and SNAP eligibility, between state agencies.

#### **Funding Recommendations:**

##### **FY 26 Supplemental:**

- \$5 million one-time federal Community Engagement Grant for Medicaid work requirements administrative costs.

##### **FY 27 Proposed Funding:**

- \$94.3 million (general fund), offset with a like reduction in federal revenue (net zero total) for SNAP administrative costs due to the state's required cost share increasing from 50% to 75%.
- \$80.3 million (\$54.2 million general fund) for ongoing staffing to support Medicaid and SNAP requirements (589.0 FTEs).
- \$11.7 million (\$6.1 million general fund) for beneficiary support including outreach, education, administrative hearings, oversight, project management, and technical assistance.
- \$30 million (general fund) and 2.0 FTEs for workforce training (\$25 million) and registered apprenticeship expansions (\$5 million) in LEO.
- \$2 million (general fund) for a new data sharing platform in the Center for Data and Analytics in the Department of Technology, Management and Budget.
  - *An additional \$2.8 million general fund from the ITIF in the Department of Technology, Management and Budget will be allocated to upgrade the DHHS Bridges Information system to meet CMS technical requirements for H.R. 1 implementation.*

## **Background**

Michigan is currently grappling with an environmental challenge characterized by the deposition of significant volumes of out-of-state waste, escalating deterioration of Michigan’s infrastructure, and straining the limited lifespan of landfills. These challenges demand comprehensive solutions to safeguard public health, protect our air, land, and water, and grow our economy.

**Out-of-State Waste:** Michigan is a destination for a substantial volume of out-of-state waste, with an annual average of 4.5 million tons coming into Michigan (19% of all Michigan waste), straining landfill capacities. This influx of waste not only intensifies the environmental impact on Michigan but places an undue burden on the state's waste management infrastructure. Much of this waste comes from neighboring states and Canada, but a significant portion is transported from as far away as Massachusetts.

**Landfill Lifespans:** The finite capacity of landfills and their limited lifespans pose a critical challenge to Michigan's waste management infrastructure. As landfills approach their limits, the state faces the prospect of needing new landfills or implementing alternative waste disposal methods. This challenge underscores the urgency of finding sustainable, long-term solutions to address waste disposal.

**Contaminated Sites:** Michigan is confronted with more than 24,000 contaminated sites, each posing economic and health challenges to the affected communities. These sites not only hinder economic development by limiting land use but also present potential health risks to nearby residents.

## **Proposal**

The Governor’s recommendation proposes raising the surcharge from \$0.36 to \$5.00 per ton; a move that puts Michigan in line with regional peers and reduces the economic incentive to ship waste across our borders.

The increase is projected to generate approximately \$80 million per year dedicated through the Renew Michigan Fund. Statutory distribution ensures funds go to core priorities:

- **\$52 million, 65%, will be utilized for environmental cleanup and redevelopment:** Supporting efforts that provide for site remediation and redevelopment throughout the state, the brownfield redevelopment program, and emergency contamination response.
- **\$17.6 million, 22%, will incentivize waste diversion:** Sustaining work assists recycling initiatives, materials management planning, and recycling market development.
- **\$10.4 million, 13%, will support waste management:** Expanding programs that conduct landfill oversight, monitoring, closures, and corrective actions.

The proposal creates benefits that are both practical and durable. Michigan will see less imported waste, which lengthens landfill lifespans. Funding will address contamination that holds back communities and redevelop blighted properties. Recycling and diversion efforts will be invested in and improved upon, and the oversight program for landfills will match the scale and scope of their activity.

By bringing Michigan’s tipping fee up to the Midwestern norm, this proposal creates a foundation that makes Michigan cleaner, healthier, and more economically competitive. These improvements make Michigan a more attractive place to live and do business and represent a fiscally responsible way to solve longstanding environmental liabilities.

---

**Summary**

Michigan provides a tax credit for qualified homeowners and renters, helping to offset the cost of property taxes. Currently, about 340,000 households claim the credit. The Governor’s budget recommends providing additional tax relief for seniors by increasing the homestead property tax credit. The proposal would benefit nearly 260,000 households (representing approximately 335,000 seniors). Eligible households would receive an average tax savings of more than \$345 per year.

**Background**

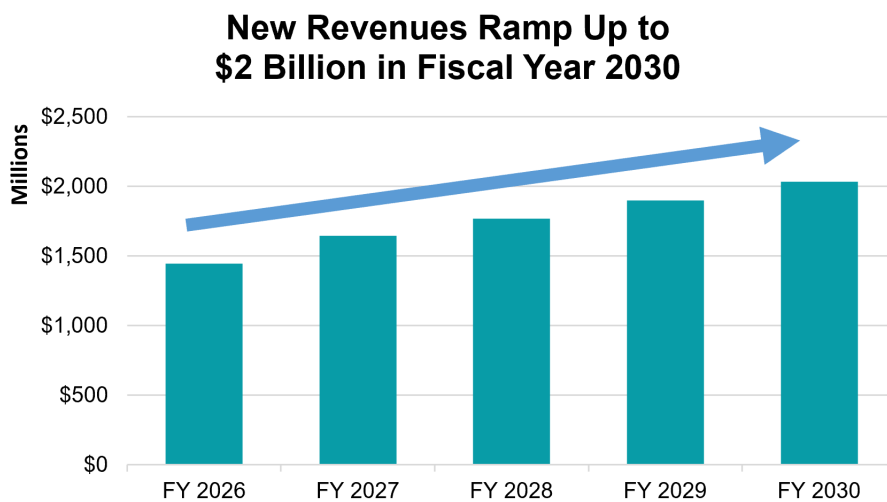
In 2012, the credit available to seniors was reduced. Since that time, housing costs have increased, placing additional financial pressure on seniors living on fixed incomes. Legislative changes that have benefited low-income renters have largely failed to help lower middle-income and home-owning seniors, leaving this group particularly disadvantaged.

**Proposal**

The Governor’s recommendation would restore the Homestead Property Tax Credit for Michigan’s senior residents. The proposal would reduce taxes on seniors by \$90 million in FY27, \$95 million in FY28, and just under \$100 million in FY29. This change would also reduce administrative costs and complexity, as the reduction provisions add complexity to the administration and understanding of the Homestead Property Tax Credit.

The Fiscal Year 2027 Executive Recommendation for transportation includes \$1.6 billion of revenue from the transportation revenue package enacted in October 2025 (Public Acts 16-20, 23, and 24 of 2025). Fiscal year 2027 represents the first full fiscal year of revenue since the package was enacted, with revenues continuing to be phased-in over the next three years until fiscal year 2030 when the new revenues will reach \$2 billion annually. When new revenues are combined with existing baseline revenues, over \$5.8 billion of state funding for roads, bridges, and transit is recommended in the Governor’s fiscal year 2027 budget.

**State Transportation Revenue Package**



New revenues included in the state transportation revenue package come from three major sources:

Motor Fuel Tax - \$1.1 Billion (FY27 estimate)

- Gasoline and diesel tax increased 20 cents per gallon on Jan. 1, 2026 and indexed for inflation.
- Replaces 6% Sales Tax previously charged on motor fuels.
- Revenues are distributed to the State Trunkline Fund and local road and transit agencies through the existing PA 51 formula.

Corporate Income Tax Redirection - \$776 Million (FY27 allocation)

- Statutory redirection of \$776 million of corporate income tax revenue, following a \$1.2 billion deduction for the General Fund and the Housing and Community Development Fund.
- Redirection will increase by \$88 million each fiscal year through fiscal year 2030, to a total of \$1 billion when fully implemented.
- Revenues are distributed to the State Trunkline Fund and local road and transit agencies via a new “Neighborhood Roads Fund” (NRF) statutory formula.

Marijuana Wholesale Tax - \$418 Million (FY27 estimate)

- New 24% tax on the wholesale sale of marijuana, effective on Jan. 1, 2026.

- Revenues are distributed under the same new NRF statutory formula as Corporate Income Tax revenues.

Other aspects of the package coinciding with the implementation of these new revenues includes the return of the statutory \$600 million of individual income tax revenue directed to the Michigan Transportation Fund as part of the 2015 transportation revenue package back to the state’s General Fund. Additionally, sales tax revenue from motor fuels that were previously distributed to the Comprehensive Transportation Fund will end as a result of the removal of sales tax on motor fuels (an estimated negative impact of \$39.5 million in fiscal year 2027 and increasing each fiscal year due to inflation).

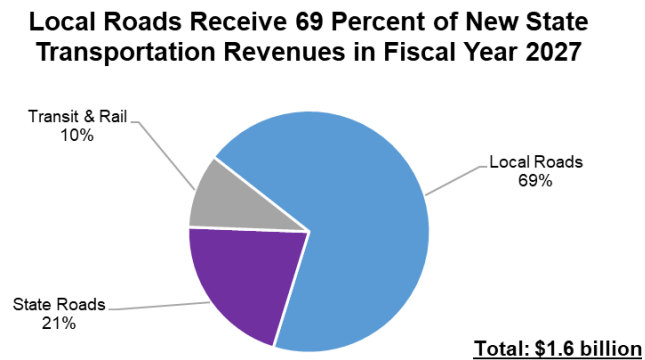
**Upon full implementation in fiscal year 2030, the new revenue package is projected to generate over \$2 billion of additional annual revenue for transportation.**

Transportation Revenue Package Implementation - FY 2026 - FY 2030*				
(In millions)				
	Michigan Transportation Fund (Motor Fuel Tax - 20 Cent Per Gallon Increase)	(New) Neighborhood Roads Fund (Corporate Income and Marijuana Wholesale Tax)	Negative Revenue Offsets (Elimination of Individual Income Tax; CTF Sales Tax on Motor Fuels)	TOTAL
FY 2026	\$971.8	\$1,105.7	(\$629.8)	<b>\$1,447.7</b>
FY 2027	\$1,098.3	\$1,194.0	(\$639.5)	<b>\$1,652.8</b>
FY 2028	\$1,120.7	\$1,293.0	(\$640.5)	<b>\$1,773.2</b>
FY 2029	\$1,154.3	\$1,393.9	(\$641.7)	<b>\$1,906.5</b>
FY 2030	\$1,189.0	\$1,495.1	(\$643.0)	<b>\$2,041.1</b>

\*Assumes 3% inflationary increases in FY 2029 and FY 2030

## Distribution of New Revenues

In fiscal year 2027, the largest share of new revenues will be dedicated to local road agencies (county road commissions, cities and villages):



**Fiscal Year 2027 - Major State Restricted Funding for Roads, Transit, and Rail**  
(In millions)

	Baseline Revenues		Revenues Attributable to 2025 Revenue Package				
	Fiscal Year 2025 Enacted  (Prior to Revenue Package)	Fiscal Year 2026 & 2027 Baseline Revenue Adjustments (Unrelated to Revenue Package)	Michigan Transportation Fund (20 cents per gallon Motor Fuel Tax increase)	Neighborhood Roads Fund (Corporate Income and Marijuana Wholesale Tax)	Negative Offsets (Individual Income Tax; CTF Sales Tax)	TOTAL Revenue Package	TOTAL Fiscal Year 2027 Exec Rec
<b>County Road Commissions</b> Receives 52% under new NRF formula and 39.1% under the traditional MTF formula.	\$1,316.6	\$53.8	\$380.2	\$496.1	(\$234.6)	\$641.7	\$2,012.1
<b>Cities and Villages</b> Receives 28% under new NRF formula and 21.8% under the traditional MTF formula.	\$734.1	\$30.0	\$212.0	\$267.1	(\$130.8)	\$348.3	\$1,112.4
<b>Local Bridge Program</b> New \$100M NRF allocation supports repair of closed, restricted, and critical condition local bridges	\$26.9	(\$0.3)		\$100.0		\$100.0	\$126.6
<b>Local Grade Separation Fund</b> New \$40M NRF allocation supports separation of motor vehicle and railroad traffic by putting the roadway either above or below the railroad at intersections.	\$0.0	\$0.0		\$40.0		\$40.0	\$40.0
<b>TOTAL LOCAL</b>	<b>\$2,077.6</b>	<b>\$83.5</b>	<b>\$592.2</b>	<b>\$903.2</b>	<b>(\$365.4)</b>	<b>\$1,130.0</b>	<b>\$3,291.1</b>
<b>State Trunkline Fund</b> Receives 20% under new NRF formula and 39.1% under the traditional MTF formula.	\$1,462.3	\$55.3	\$380.2	\$190.8	(\$234.6)	\$336.4	\$1,854.0
<b>TOTAL STATE</b>	<b>\$1,462.3</b>	<b>\$55.3</b>	<b>\$380.2</b>	<b>\$190.8</b>	<b>(\$234.6)</b>	<b>\$336.4</b>	<b>\$1,854.0</b>
<b>Comprehensive Transportation Fund</b> New \$35M NRF allocation supports existing CTF programs. CTF also benefits from motor fuel tax increase but loses sales tax revenue.	\$460.1	\$15.3	\$108.0	\$35.0	(\$39.5)	\$103.5	\$578.9
<b>Infrastructure Projects Authority Fund</b> New \$65M NRF allocation supports transformative public transit projects and supplemental operating grants.	\$0.0	\$0.0		\$65.0		\$65.0	\$65.0
<b>TOTAL TRANSIT AND RAIL</b>	<b>\$460.1</b>	<b>\$15.3</b>	<b>\$108.0</b>	<b>\$100.0</b>	<b>(\$39.5)</b>	<b>\$168.5</b>	<b>\$643.9</b>
<i>Recreation Improvement Fund (DNR)</i>	\$25.9	\$1.8	\$17.9			\$17.9	\$45.6
<b>TOTAL</b>	<b>\$4,025.9</b>	<b>\$155.9</b>	<b>\$1,098.3</b>	<b>\$1,194.0</b>	<b>(\$639.5)</b>	<b>\$1,652.8</b>	<b>\$5,834.6</b>



**FISCAL YEAR 2027**

**CAPITAL OUTLAY**

**PROJECT REQUEST**

**REVIEW AND EVALUATIONS**

In conformance with  
Public Act 430 of 2012  
(MCL 18.1242)

Prepared by  
State Budget Office  
February 11, 2026

**STATE BUDGET OFFICE  
CAPITAL PROJECT REQUEST EVALUATION CRITERIA**

**PREREQUISITE:** Based on the information provided in the request, does the project appear eligible for State Building Authority financing? If YES, proceed to scoring. If NO, project will not be scored.

No	Source	Evaluation Criteria	Evaluation Factors	Scoring	Max Points
1	SBO	Clarity of project purpose and scope	Does the request clearly describe the purpose, scope, and program focus of the project?	Low - High	10
2	Statutory	Impact on job creation in this state	To what extent does the project support Michigan's talent enhancement, job creation and economic growth initiatives on a local, regional and/or statewide basis?	Low - High	40
3	SBO	Impact on the core mission and development of critical skill degrees of the institution	To what extent does the project enhance the core (academic, research, or programmatic) mission of the institution and the development of critical skill degrees?	Low - High	40
4	SBO	Impact on growth and expansion for enrollment for the academic programs within project scope and/or institution	To what extent does the project address, incorporate, or enhance any efforts, policies, or goals to grow and expand opportunities for enrollment for the academic programs within the scope of the project or as a component of the institution at large?	Low - High	15
5	Statutory	Investment in existing facilities and infrastructure	To what extent does the project support investment in or adaptive re-purposing of existing facilities and infrastructure?	Low - High	10
6	Statutory	Life and safety deficiencies	Does the requested project address facility or infrastructure deficiencies that pose a serious threat of injury or death?	Yes or No	N/A
7	Statutory	Occupancy and utilization of existing facilities	To what extent has the institution demonstrated occupancy and effective utilization of existing facilities to merit the capital investment?	Low - High	10
8	Statutory	Integration of sustainable design principles to enhance the efficiency and operations of the facility	To what extent does the project incorporate sustainable design features to enhance the operational efficiency of the facility?	Low - High	10

No	Source	Evaluation Criteria	Evaluation Factors	Scoring	Max Points
9	Statutory	Estimated cost	To what extent does the project require state cost participation?  (Based on estimated state cost share.)	<u>Universities:</u> 0 = more than \$40M 5 = \$40M or less 10 = \$30M or less 15 = \$20M or less 20 = \$10M or less  <u>Community Colleges:</u> 0 = more than \$20M 5 = \$20M or less 10 = \$15M or less 15 = \$10M or less 20 = \$5M or less  <u>State Agencies:</u> 0 = more than \$40M 5 = \$40M or less 10 = \$30M or less 15 = \$20M or less 20 = \$10M or less	20
10	Statutory	Institutional support*	To what extent is the institution proposing to support the project with its own resources beyond what is typically required?	0 = no over match 1 = 2.5% over match 2 = 5% over match 3 = 7.5% over match 4 = 10% over match 5 = 12.5% over match 6 = 15% over match 7 = 17.5% over match 8 = 20% over match 9 = 22.5% over match 10 = 25% over match	10
11	Statutory	Estimated operating costs	To what extent has the institution identified operating costs and existing resources to support them?	Low - High	10
12	Statutory	Impact on tuition, if any*	To what extent will students be held harmless from the financial costs of the project?	Low - High	10
13	Statutory	History of prior appropriations received by the institution through the capital outlay process*	To what extent have state capital outlay investments in the institution been less relative other peer institutions?	Low - High	10
14	SBO	Is the project focused on a single, stand-alone facility?	Is the project consistent with SBO instructions that only requests for single, stand-alone facilities may be submitted for consideration?	Low - High	10
15	SBO	History of compliance with JCOS and DTMB project requirements	Has the institution been in compliance with statutory and DTMB requirements in all material respects on previously constructed state projects?	Low - High	10

\* Not applicable to state agency projects.

**Maximum Points**

**215**

# FY 2027 CAPITAL OUTLAY REQUEST SCORING EVALUATION

University	FY 2027 Capital Outlay Request	Total			Evaluation Criteria																
		Estimated Cost	Estimated State Share	Est. State Share %	Purpose	Jobs	Core	Growth	Infra	Life/Safety	Utilization	Sustainable	Cost	Match	Operating	Tuition	History	One Bldg	Compliance	TOTAL	Ranking
Michigan Tech	Center for Convergence and Innovation	\$56,000.0	\$30,000.0	53.6%	8.6	37.4	37.0	11.0	1.8	Y	8.8	8.0	10.0	8.0	9.2	10.0	8.0	10.0	10.0	177.8	1
Lake Superior	Center for Applied Science and Engineering Technology Renovation and Expansion	\$40,000.0	\$30,000.0	75.0%	8.4	34.6	33.2	10.6	6.0	Y	9.0	4.0	10.0	0.0	4.6	10.0	10.0	10.0	10.0	160.4	2
Michigan State	Engineering and Digital Innovation Center	\$340,000.0	\$70,000.0	20.6%	8.6	35.8	35.6	11.2	1.2	Y	7.8	8.0	0.0	10.0	6.4	10.0	2.0	10.0	10.0	156.6	3
Central	Brooks Hall Renovation	\$45,000.0	\$30,000.0	66.7%	9.0	35.8	34.8	9.4	9.0	Y	4.0	4.0	10.0	3.0	3.6	10.0	4.0	10.0	10.0	156.6	3
UM - Dearborn	Computer and Information Science Building Renovation	\$40,000.0	\$30,000.0	75.0%	6.6	34.2	35.4	6.8	6.0	Y	6.2	6.0	10.0	0.0	5.0	10.0	6.0	10.0	10.0	152.2	5
Ferris	Allied Health Sciences Building	\$29,500.0	\$22,125.0	75.0%	7.6	36.2	35.8	5.2	7.0	Y	3.8	6.0	10.0	0.0	4.0	10.0	6.0	10.0	10.0	151.6	6
Western	IF1 Knauss Hall Renovation and Addition	\$39,000.0	\$29,250.0	75.0%	8.6	28.6	27.6	7.4	9.0	Y	5.0	6.0	10.0	0.0	8.8	10.0	2.0	10.0	10.0	143.0	7
UM - Ann Arbor	School of Public Health Classroom and Infrastructure Upgrades	\$45,000.0	\$30,000.0	66.7%	9.0	29.6	27.4	8.8	10.0	Y	5.6	3.5	10.0	3.0	3.8	10.0	2.0	10.0	10.0	142.7	8
Eastern	Engineering and Technology Complex - Phase II - Roosevelt Hall	\$42,500.0	\$30,000.0	70.6%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Grand Valley	Blue Dot Lab	\$66,700.0	\$30,000.0	45.0%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Northern	Northern Enterprise Center (College of Business)	\$22,980.0	\$13,370.0	58.2%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Oakland	Science Complex Renovation - Dodge Hall	\$44,775.0	\$30,000.0	67.0%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Saginaw Valley	Lake Huron Environmental Science Research Station	\$10,000.0	\$7,500.0	62.5%	Planning Authorization - Estimated Costs as Authorized in PA 321 of 2023																
UM - Flint	Innovation and Technology Complex	\$40,000.0	\$30,000.0	75.0%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Wayne State	Law Classroom Building	\$46,000.0	\$30,000.0	65.2%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 11/25/2025																
<b>TOTAL</b>		<b>\$907,455.0</b>	<b>\$442,245.0</b>																		

Community College	FY 2027 Capital Outlay Request	Total			Evaluation Criteria																
		Estimated Cost	Estimated State Share	Est. State Share %	Purpose	Jobs	Core	Growth	Infra	Life/Safety	Utilization	Sustainable	Cost	Match	Operating	Tuition	History	One Bldg	Compliance	TOTAL	Ranking
North Central	Skilled Trades Education Pathways (STEP) Center	\$7,700.0	\$3,465.0	45.0%	8.4	35.8	30.8	12.0	3.0	Y	4.2	6.0	20.0	2.0	9.2	10.0	8.0	10.0	10.0	169.4	1
Delta	Student Resource Center/Library (A-wing)	\$23,602.9	\$10,000.0	42.4%	6.4	33.4	31.6	11.6	10.0	Y	7.2	6.0	15.0	3.0	5.8	10.0	2.0	10.0	10.0	162.0	2
Lansing	Energy and Utility Training Center	\$8,850.0	\$4,425.0	50.0%	7.8	36.6	30.0	12.8	1.0	N	4.8	2.0	20.0	0.0	7.0	10.0	4.0	10.0	10.0	156.0	3
Kellogg	Roll Health and Administration Building Renovation	\$15,400.0	\$7,700.0	50.0%	7.8	32.4	34.2	11.6	8.0	Y	3.0	2.0	15.0	0.0	3.4	10.0	8.0	10.0	10.0	155.4	4
C. S. Mott	Medical, Dental, and Behavioral Health Complex	\$25,000.0	\$12,500.0	50.0%	6.8	31.8	33.2	12.4	4.0	Y	3.9	4.0	10.0	0.0	5.0	10.0	4.0	10.0	10.0	145.1	5
Northwestern	Integrated Student Services Hub	\$10,000.0	\$5,000.0	50.0%	8.8	24.8	30.4	4.6	10.0	Y	5.4	2.0	20.0	0.0	4.6	10.0	4.0	10.0	10.0	144.6	6
Washtenaw	Center for Success and Innovation	\$48,775.0	\$12,193.7	25.0%	5.4	26.4	27.0	5.6	10.0	Y	4.8	6.0	10.0	10.0	5.0	10.0	4.0	10.0	10.0	144.2	7
Oakland	Skilled Trades and Industrial Technology Building	\$126,500.0	\$27,000.0	21.3%	7.4	31.2	25.2	6.8	5.0	Y	6.4	4.0	0.0	10.0	5.2	10.0	10.0	10.0	10.0	141.2	8
Montcalm	Student Success Center	\$5,874.6	\$2,937.3	50.0%	8.4	24.0	25.4	6.2	7.0	Y	5.2	2.0	20.0	0.0	4.0	10.0	8.0	10.0	10.0	140.2	9
Alpena	Charles R. Donnelly Life Sciences and STEM Innovation Center	\$9,500.0	\$4,750.0	50.0%	7.4	22.6	22.2	6.0	10.0	Y	7.0	2.0	20.0	0.0	4.6	10.0	8.0	10.0	10.0	139.8	10
Glen Oaks	Center for Rural Sustainability	\$3,771.2	\$1,885.6	50.0%	7.2	25.0	22.0	5.8	1.0	N	2.4	2.0	20.0	0.0	2.0	10.0	10.0	10.0	10.0	127.4	11
Jackson	STEM Remodel of James McDivitt Hall	\$45,000.0	\$22,500.0	50.0%	5.5	24.0	15.4	9.4	7.0	Y	3.0	4.0	0.0	0.0	4.6	10.0	4.0	10.0	10.0	106.9	12
West Shore	Administrative and Conference Center Renovation	\$11,829.9	\$5,914.9	50.0%	7.0	13.0	11.6	4.0	8.0	Y	2.4	2.0	15.0	0.0	3.2	10.0	10.0	10.0	10.0	106.2	13
Schoolcraft	South Hub Multi-Use Academic Center	\$90,000.0	\$25,000.0	27.8%	6.0	14.2	19.2	5.2	1.0	Y	3.0	6.0	0.0	8.0	2.4	10.0	6.0	10.0	10.0	101.0	14
Bay de Noc	Manufacturing Innovation Center	\$1,875.0	\$937.5	50.0%	Planning Authorization - Estimated Costs as Authorized in PA 121 of 2024																
Kalamazoo	Advanced Technical Wing Renovation and Expansion	\$39,000.0	\$19,500.0	50.0%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Macomb	Mobility and Sustainability Education Center	\$59,980.0	\$26,349.3	43.9%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 12/11/24																
Monroe	Renovation and Addition to Welch Health Education Building	\$32,000.0	\$10,932.2	34.2%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 9/5/2025																
Wayne County	Center for Virtual Learning and Digital Careers	\$11,564.2	\$5,782.1	50.0%	Planning Authorization - Estimated Costs as Recommended for Construction to the Joint Capital Outlay Subcommittee in SBO Letter Dated 12/11/24																
Gogebic	No Project Request for FY 2027																				
Grand Rapids	No Project Request for FY 2027																				
Henry Ford	No Project Request for FY 2027																				
Kirtland	No Project Request for FY 2027																				
Lake Michigan	No Project Request for FY 2027																				
Mid-Michigan	No Project Request for FY 2027																				
Muskegon	No Project Request for FY 2027																				
Southwestern	No Project Request for FY 2027																				
St. Clair	No Project Request for FY 2027																				
<b>TOTAL</b>		<b>\$576,222.8</b>	<b>\$208,772.6</b>																		