

FY 2026-27 Executive Budget Overview Supplementals and Omnibus

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**House Appropriations Committee
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GF/GP and SAF Beginning Balances

(Dollars in Millions)

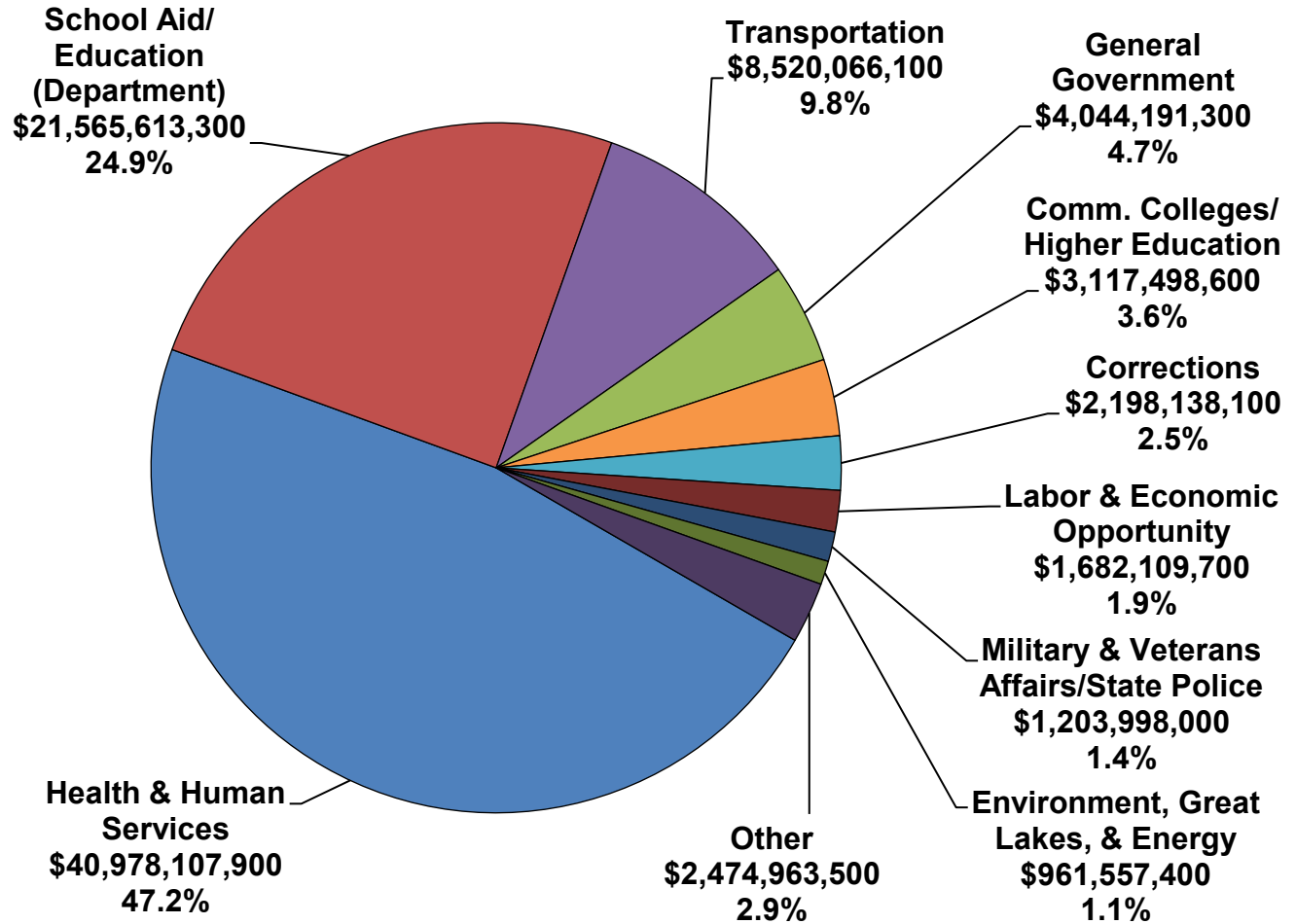
	FY 2025-26	FY 2026-27
GF/GP	\$314.9	(\$319.4)
SAF	\$1,320.1	\$752.7

Revisions impacting balances

- Revised CREC net revenue adjustments:
 - FY 2024-25 GF/GP = -\$18.1 million and SAF = \$168.1 million
 - FY 2025-26 GF/GP = -\$980.5 million and SAF = \$201.1 million
- FY 2025-26 GF/GP adjustments related to Medicaid caseload, utilization, and inflationary cost changes (\$279.9 million)
- FY 2024-25 School Aid budget lapses (\$156.9 million)

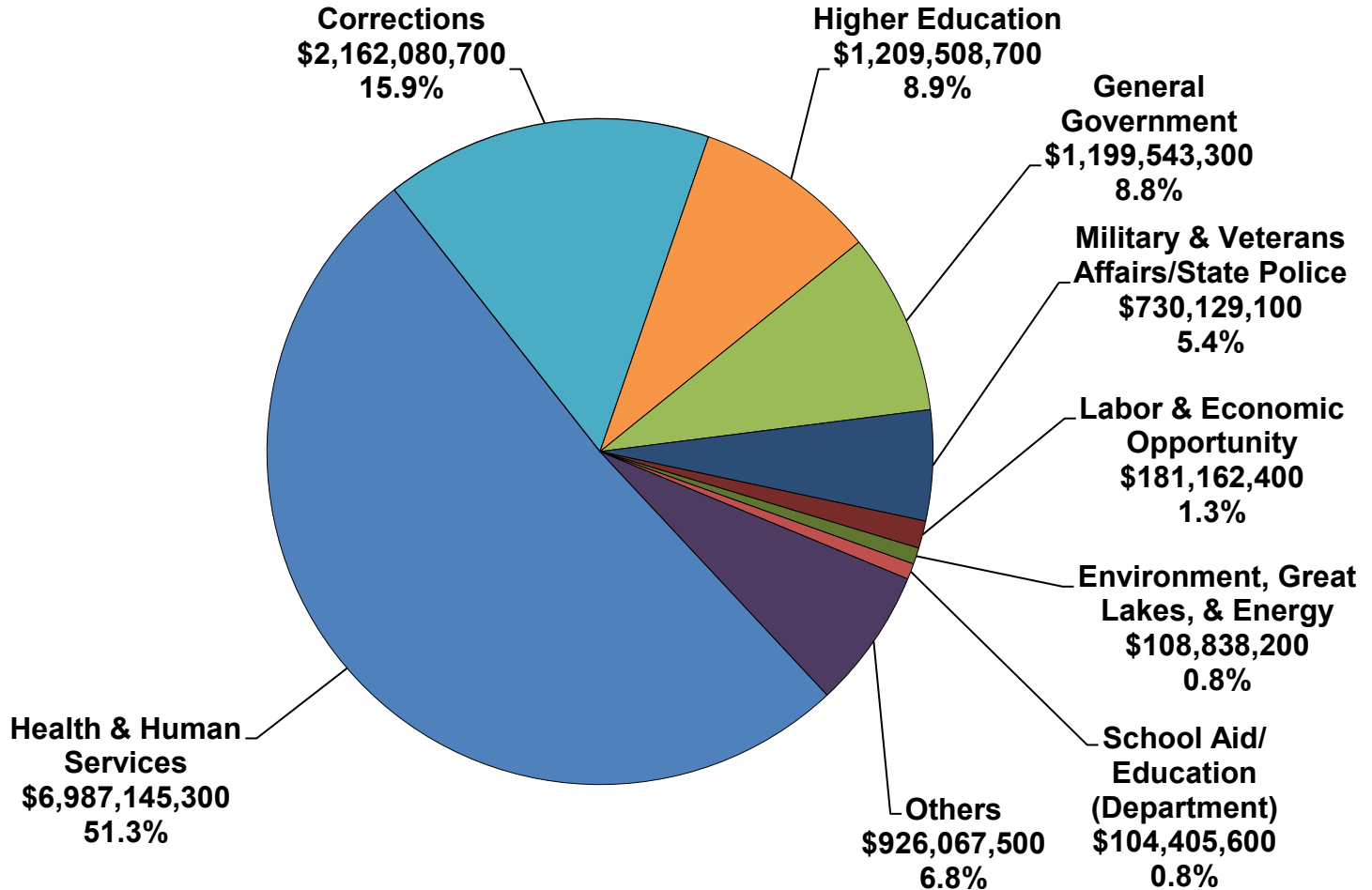
FY 2026-27 Executive Recommendation

Adjusted Gross = \$86,746,243,900



FY 2026-27 Executive Recommendation

General Fund/General Purpose (GF/GP) = \$13,608,880,800



FY 2026-27 Executive Budget Appropriation Changes

(Dollars in Millions)

	YTD	Executive Rec.	Change	
	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>Dollar</u>	<u>Percent</u>
General Fund/General Purpose	\$14,114.6	\$13,608.9	(\$505.8)	(3.6%)
State Restricted	<u>31,814.5</u>	<u>36,596.5</u>	<u>4,782.0</u>	15.0%
Total State-Source Appropriations	\$45,929.2	\$50,205.4	\$4,276.2	9.3%
Federal	\$28,168.6	\$35,993.8	\$7,825.2	27.8%
Local	305.7	311.4	5.7	1.9%
Private	226.8	235.6	8.8	3.9%
Total Adjusted Gross	\$74,630.3	\$86,746.2	\$12,115.9	16.2%

Note: Includes removal of FY 2025-26 boilerplate sections 1833 and 1834 and appropriates federal funds in part 1.

Numbers may not add due to rounding

Adjusted Gross Appropriations

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

GF/GP Appropriations

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2025-26</u>	<u>Exec Rec FY 2026-27</u>	<u>Difference FY 2026-27 vs. FY 2025-26</u>	
Agriculture & Rural Development	\$77,496,400	\$72,900,400	(\$4,596,000)	(5.9%)
Attorney General	45,278,000	48,047,700	2,769,700	6.1%
Capital Outlay	0	0	0	--
Civil Rights	25,463,200	25,931,900	468,700	1.8%
Community Colleges	0	0	0	--
Corrections	2,128,211,700	2,162,080,700	33,869,000	1.6%
Education	62,546,100	59,070,700	(3,475,400)	(5.6%)
Environment, Great Lakes, & Energy	170,064,100	108,838,200	(61,225,900)	(36.0%)
Executive Office	9,609,200	9,890,200	281,000	2.9%
Health and Human Services	7,132,247,500	6,987,145,300	(145,102,200)	(2.0%)
Higher Education	1,482,943,700	1,209,508,700	(273,435,000)	(18.4%)
Insurance & Financial Services	0	0	0	--
Judiciary	276,073,800	283,240,600	7,166,800	2.6%
Labor & Economic Opportunity	216,183,600	181,162,400	(35,021,200)	(16.2%)
Legislative Auditor General	21,748,400	22,400,900	652,500	3.0%
Legislature	194,837,300	200,682,100	5,844,800	3.0%
Licensing & Regulatory Affairs	279,485,700	275,351,800	(4,133,900)	(1.5%)
Lifelong, Education, Advancement, & Potential	201,593,300	231,451,700	29,858,400	14.8%
Military & Veterans Affairs	128,171,000	96,350,900	(31,820,100)	(24.8%)
Natural Resources	73,009,400	63,123,000	(9,886,400)	(13.5%)
School Aid	73,151,100	45,334,900	(27,816,200)	(38.0%)
State	11,969,100	11,179,200	(789,900)	(6.6%)
State Police	638,435,100	633,778,200	(4,656,900)	(0.7%)
Tech., Mgmt. & Budget: Operations	276,667,200	309,952,800	33,285,600	12.0%
Tech., Mgmt. & Budget: SBA Rent	261,651,700	275,751,700	14,100,000	5.4%
Transportation	0	0	0	--
Treasury: Operations	237,919,400	198,227,800	(39,691,600)	(16.7%)
Treasury: Debt Service	89,881,000	97,479,000	7,598,000	8.5%
Treasury: Revenue Sharing	0	0	0	--
TOTAL GF/GP APPROPRIATIONS	\$14,114,637,000	\$13,608,880,800	(\$505,756,200)	(3.6%)

FY 2025-26 Proposed Supplementals

(Dollars in Millions)

	<u>FY 2025-26</u>	<u>General 2025-6</u>	<u>General 2026-1</u>	<u>SAF 2026-2</u>	<u>MNRTF 2026-3</u>	<u>Total Supp</u>	<u>Percent Change</u>
GF/GP	\$14,114.6	\$270.0	\$46.3	\$0.0	\$0.0	\$316.3	2.2%
State Restricted	31,814.5	(266.7)	553.1	(176.9)	45.0	154.5	0.5%
Federal	28,168.6	268.9	533.5	0.0	0.0	802.4	2.8%
Local/Private	532.6	0	1.2	0.0	0.0	1.2	0.2%
Total Adjusted Gross	\$74,630.3	\$272.2	\$1,134.2	(\$176.9)	\$45.0	\$1,274.4	1.7%

Numbers do not include MSP IDG transfers of \$500,000.

Numbers may not add due to rounding

Supplementals

The executive recommendation includes four supplementals totaling \$1,274.4 million Adj Gross (\$316.4 million GF/GP and negative \$176.9 million SAF):

- FY 2024-25 Departmental appropriation adjustments of \$272.2 million Gross (\$270.0 million GF/GP) (2025-6) include the following:
 - \$268.9 million Gross (\$270.0 million GF/GP) for Medicaid costs and special financing accrual adjustments, most of which are net out from an offsetting adjustment in FY 2025-26. (DHHS)
 - \$3.3 million Gross for Civil Service Commission IT upgrades. (DTMB)

Supplementals (cont.)

- FY 2025-26 Departmental appropriation adjustments of \$1,134.2 million Adjusted Gross (\$46.4 million GF/GP) (2026-1) include the following:
 - \$636.1 million Gross (\$279.9 million GF/GP), which includes caseload and special financing adjustments. (DHHS)
 - \$270.0 million GF/GP savings from offsetting special financing accruals in FY 2024-25. (DHHS)
 - \$60.6 million Adj. Gross (\$32.6 million GF/GP) for other DHHS requests.
 - \$150.0 million state restricted SOAR funds for strategic site readiness. (LEO)
 - \$3.0 million GF/GP for gubernatorial transition. (DTMB)
 - \$1.0 million GF/GP for Office of Future Mobility and Electrification. (LEO)
 - \$283.4 million Adj. Gross for additional non-GF/GP appropriations spread across 9 other departments.
- Additionally, the executive is recommending a withdrawal of \$400.0 million from the budget stabilization fund.

Supplementals (cont.)

- FY 2025-26 School Aid supplemental decrease of \$176.9 million SAF for CREC pupil and other cost adjustments. (2026-2)
- FY 2025-26 Natural Resources Trust Fund projects totaling \$45.0 million Gross. (2026-3)

Current Services Baseline Assumptions

Major GF/GP current services baseline increases in the FY 2026-27 executive recommendation total \$751.8 million and include:

- \$452.2 million GF/GP for caseload adjustments.
 - \$144.9 million GF/GP for Medicaid caseload, cost, utilization, and financing adjustments. (DHHS)
 - \$182.1 million GF/GP for Medicaid actuarial soundness adjustments, 3% for PIHPs and 5% for MCOs. (DHHS)
 - \$85.2 million GF/GP for Human Services costs. (DHHS)
 - \$40.0 million GF/GP Child Development and Care. (MiLEAP)
- \$85.4 million GF/GP for employee compensation-related costs. (Most budgets).

Other CSB Assumptions

- \$214.2 million GF/GP for all other current services baseline costs including the following:
 - \$94.3 million GF/GP for SNAP admin matching changes in H.R. 1. (DHHS)
 - \$43.5 million GF/GP for higher Tuition Incentive Program utilization and costs. (Higher Education)
 - \$21.7 million GF/GP for debt service. (DTMB and Treasury)
 - \$10.8 million GF/GP for state psychiatric hospital financing. (DHHS)
 - \$7.9 million GF/GP for CCBHC financing costs. (DHHS)
 - \$5.2 million GF/GP for DHHS print center and Equifax costs from H. R. 1. (DHHS)
 - \$4.9 million GF/GP for health home federal match changes. (DHHS)
 - \$4.2 million GF/GP Corrections health care. (MDOC)
 - \$2.7 million GF/GP local unit PILT cost increase. (Treasury)

GF/GP Ongoing Allocations

Total increases of \$293.3 million GF/GP for FY 2026-27. Major department increases include:

- \$247.0 million GF/GP increase for programs within DHHS, including:
 - \$118.9 million GF/GP for the continuation of direct care wages with GF/GP that were previously funded with federal American Rescue Plan Act (ARPA) funds.
 - \$64.7 million GF/GP and 323.0 FTEs for operational costs for the new state psychiatric hospital.
 - \$60.4 million GF/GP and 589.0 FTEs for H.R. 1 implementation costs.
- \$30.0 million GF/GP increase for H.R. 1 community and work engagement programming costs in LEO.
- \$16.3 million GF/GP in other departments
 - \$6.7 million for Public Safety Communications System and Lifecycle Equipment replacement and \$2.0 million for Michigan Center for Data Analytics. (DTMB)
 - \$2.4 million for Vape Products Tax Administration and \$2.0 million for Digital Advertising Tax Administration. (Treasury)
 - \$2.0 million for Statewide Case Management System and \$720,000 for Appellate Defense. (Judiciary)

GF/GP One-Time Allocations

Fifteen one-time allocations total \$138.2 million GF/GP for FY 2026-27. Increases include:

- **\$65.9 million (DHHS)**
 - \$54.7 million state psych DSH disallowance.
 - \$7.2 million state hospital initiatives.
 - \$2.5 million gun violence prevention task force.
 - \$1.0 million home help caregiver council.
 - \$500,000 community health worker engagement.
- **\$43.2 million (DTMB)**
 - Statewide voting system replacement.
- **\$22.5 million (LEO)**
 - \$10.0 million Arts and Cultural grants.
 - \$6.0 million Special Events and National Convention Attraction grants.
 - \$4.0 million Office of Future Mobility and Electrification Aviation and Adv Air Mobility.
 - \$1.5 million Museum grants.
 - \$1.0 million Office of Defense and Aerospace Innovation.

GF/GP One-Time Allocations (cont.)

Fifteen one-time allocations total \$138.2 million GF/GP for FY 2026-27. Increases include:

- \$2.2 million (Attorney General)
 - Prosecuting Attorneys Coordinating Council (formerly funded in Dept of Treasury).
- \$2.0 million (EGLE)
 - Local Infrastructure Preparedness and Protection Program grants.
- \$1.4 million (DNR)
 - Nature Awaits program.
- \$1.0 million (MDARD)
 - Fair Food Network – Double Up Food Bucks.

GF/GP Reductions from New Taxes

The executive recommendation includes GF/GP savings totaling \$780.4 million from new or increased taxes:

- Tobacco tax increases (\$232.0 million).
 - \$1.00 per pack increase on cigarettes.
 - Non-cigarette wholesale tax increase from 32% to 57%.
- New 57% wholesale tax on vaping products (\$95.0 million)
 - \$73.6 million for GF/GP savings.
 - \$21.4 million for DHHS programming.
- Online and sports gaming tax increases (\$195.4 million).
 - Additional 8% after \$185 million adjusted gross receipts. (\$135.5 million)
 - Additional per sports betting wager, \$0.25 - \$0.50 per. (\$38.8 million)
 - Elimination of free play sports betting incentives. (\$21.1 million)
- New 4.7% digital advertising tax (\$282.0 million)

Other GF/GP Reductions

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

- \$250.0 million GF/GP from reprioritizing one-time FY 2025-26 funding. (TBD)
- \$198.4 million GF/GP offsets from shifting additional School Aid Funds (SAF) into Higher Education.
- \$150.0 million GF/GP from Medicaid savings to be determined by DHHS and other third parties through a work group.
- \$17.0 million from Tuition Incentive Program changes. (Higher Education).
- \$11.4 million in restricted fund shifts. (various)

Revenue Sharing Allocations

Revenue Sharing changes in the executive recommendation for FY 2026-27 include:

- Reduction of \$25.0 million for Constitutional payments which is based on the most recent sales tax collections estimated at January 2026 CREC.
- Maintains City, Village and Township (CVT) and County payments at the FY 2025-26 amount.
- Maintains public safety grants at FY 2025-26 amount.

Revenue Adjustments

Executive proposal for revenue adjustments includes:

- **Environment, Great Lakes, and Energy**
 - Tipping Fee increase from \$0.36 per ton to \$5.00 per ton; estimated revenue \$80.0 million; replaces \$69.0 million Renew Michigan IIT earmark
 - Water Resource Division fee increase; 300% increase in land and water permit fees and 40% increase in certain water fees; estimated revenue \$7.3 million
 - Hazardous Waste fee increase; doubling of hazardous waste fees; estimated revenue \$5.0 million
- **Department of Treasury**
 - Senior Property Tax Credit estimated at \$90.0 million
- **Department of Natural Resources**
 - Hunting and Fishing License fee increases; estimated revenue \$29.4 million
 - Watercraft registration fee increase; estimated revenue \$6.9 million
- **Other Department Fee Adjustments**
 - Includes various sunset extensions, increases, and new fees in seven departments

Higher Education and Community Colleges

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

- \$232.0 million Gross for Michigan Achievement Scholarships.
 - Financed with \$132.0 million post secondary scholarship fund and \$100.0 million SAF.
 - Costs have been phasing in as more students graduate in and after 2023.
- \$25.0 Million SAF for Michigan Reconnect for 21- to 24-year-olds.
- \$63.3 million SAF for one-time operations increases.
 - \$52.3 million for Universities and MSU Extensions and AgBioResearch
 - \$11.0 million for Community Colleges
- \$60.0 million SAF for one-time ITEMS grants.
 - \$26.7 million for Universities
 - \$33.3 million for Community Colleges

School Aid Funding

Foundation Allowance changes for FY 2026-27 include:

- \$325.0 million foundation allowance increase, from \$10,050 to \$10,300 per pupil (increase of \$250, or 2.5%).
- \$53.0 million savings by reducing cyber school foundation allowances to 80% of the foundation, or \$8,240 per pupil.
- \$1.4 billion transfer (including a 6.1% increase) from At-Risk and English Language Learner sections to a new “Weighted Pupil Membership” line.
 - Districts would receive weighted funding for eligible students; weights equal a percentage of the foundation allowance.
 - Increases flexibility for districts on how to spend funds, but still includes reporting requirements and some programmatic requirements.
 - Eligible pupils would be estimated at CREC and become part of cost adjustments.
 - Any increase to the foundation allowance would automatically increase the weighted funding as well.

School Aid Funding (cont.)

Early Literacy changes for FY 2026-27 include:

- \$100.0 million one-time for evidence-based, high-impact tutoring.
- \$100.0 million one-time to be spent over two years for grants to implement effective early literacy curricula (provided \$64.4 million one-time in FY 2025-26).
- \$50.0 million one-time to be spent over five years for LETRS professional learning on the science of reading (provided \$10.0 million one-time in FY 2025-26).
- \$30.0 million ongoing for early learning partnerships (similar to the Great Start Collaboratives repealed in FY 2025-26).
- \$10.5 million increase (total of \$52.5 million ongoing) for early literacy coaches; each ISD will support at least four coaches.
- \$6.0 million ongoing for statewide literacy essentials programs (provided \$4.0 million one-time in FY 2025-26).

School Aid Funding (cont.)

Other major changes proposed for FY 2026-27 School Aid include:

- \$50.0 million ongoing and \$250.0 million one-time for per-pupil mental health and school safety payments (provided \$321.0 million one-time for per-pupil payments and health/safety grants in FY 2025-26).
 - Removes nonpublic schools from eligibility for a savings of \$21.0 million GF/GP.
- \$138.1 million increase (total of \$764.7 million ongoing) for the Great Start Readiness Program.
 - Includes slot expansions and a 6.1% increase in the GSRP Foundation to \$11,290.
 - In addition, provides \$25.0 million one-time for GSRP expansion/startup grants (provided \$10.0 million one-time in FY 2025-26).
- \$50.0 million ongoing and \$85.0 million one-time for before/after school and summer school programs (provided \$75.0 million one-time in FY 2025-26).
- \$60.0 million one-time to be spent over three years for grow your own programs (provided \$70.0 million one-time in FY 2025-26).

School Aid Funding (cont.)

Other major changes proposed for FY 2026-27 School Aid include:

- Retains one-time funding for transportation costs (\$125.0 million) and enrollment stabilization (\$125.0 million, an increase of \$54.0 million).
- \$20.0 million one-time for dual enrollment costs in high-poverty districts.
- \$12.0 million one-time for mathematics professional learning and to support early mathematics specialists in ISDs.
- Other “weighted” funding increases that were not codified as direct foundation weights:
 - \$5.2 million to provide a 6.1% increase to the following: Isolated Districts, Early On, CTE Programs, and CTE Early/Middle College and Dual Enrollment Programs.
 - \$2.1 million to provide a 2.5% increase for ISD Operations.

Balance Sheets

Executive Recommendation – General Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>HFA Est.</u> <u>FY 2027-28</u>
Beginning Balance	\$314.9	\$318.7	\$19.8
<u>Resources</u>			
Consensus Revenue Estimate: January 2026	\$14,134.1	\$14,074.6	\$14,484.2
Research and Development Tax Credit	(100.0)	(100.0)	(100.0)
Miscellaneous Adjustments	163.3	47.3	47.3
Replace Renew Michigan with Tipping Fees	--	69.0	69.0
Senior Property Tax Credit	--	(90.0)	(95.0)
Sales Tax Holiday	(13.6)	(13.6)	(13.6)
BSF Withdrawal	400.0	--	--
Revenue Sharing	(627.2)	(627.2)	(627.2)
Public Safety Revenue Sharing Grants	(50.0)	(50.0)	(50.0)
Total Resources	\$14,221.5	\$13,628.8	\$13,734.5
<u>Expenditures</u>			
Appropriations: Ongoing	\$13,588.1	\$13,470.8	\$14,209.4
Appropriations: One-Time	526.5	138.2	--
Proposed Supplemental (2026-1)	46.4	--	--
Reprioritize One-time Funding	(250.0)	--	--
Other Adjustments	(8.2)	0.0	0.0
Total Expenditures	\$13,902.8	\$13,609.0	\$14,209.4
Projected Ending Balance / (Shortfall)	\$318.7	\$19.8	(\$474.9)

Executive Recommendation – School Aid Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>HFA Est.</u> <u>FY 2027-28</u>
Beginning Balance	\$1,320.1	\$752.7	\$1.5
<u>Resources</u>			
Consensus Revenue Estimates: January 2026	\$19,135.4	\$19,568.3	\$19,965.7
GF/GP Grant	73.2	45.3	45.3
Restricted Reserve Funds Deposit	(456.1)	--	--
Restricted Reserve Funds	525.0	405.6	--
Federal Aid	<u>2,407.7</u>	<u>2,405.7</u>	<u>2,405.7</u>
Total Resources	\$21,685.2	\$22,425.0	\$22,416.7
<u>Expenditures</u>			
Appropriations: Ongoing	\$19,664.4	\$20,372.8	\$20,244.9
Appropriations: One-Time	1,244.3	1,030.6	--
Proposed Supplemental	--	--	--
Community Colleges	482.1	476.1	472.4
Community Colleges: One-Time	11.0	49.2	--
Higher Education	850.8	1,168.4	1,168.4
Higher Education: One-Time	--	<u>79.1</u>	--
Total Expenditures	\$22,252.5	\$23,176.2	\$21,885.7
Projected Ending Balance / (Shortfall)	\$752.7	\$1.5	\$532.6



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