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# Increasing Permitting Efficiency & Transparency

## Department of Environment, Great Lakes, and Energy

The Department of Environment, Great Lakes, and Energy's archives hold decades of environmental data, including records on air and water quality, pollution, endangered species, and redevelopment efforts. However, these invaluable resources are at risk of physical deterioration or loss.

To increase permitting efficiency, save taxpayer dollars, and support economic development, the FY26 Executive Recommendation proposes a \$39 million investment to digitize and index EGLE's records and make government work better.



### What records could be lost?

EGLE manages a vast collection of documents related to air and water quality, pollution levels, emissions, wastewater permitting, and redevelopment efforts—essential data.

These records are directly tied to permitting processes that enable businesses to move forward with projects such as construction, manufacturing, renewable energy development, and infrastructure upgrades. A digitized system will reduce delays in permitting approvals, allowing businesses to launch projects more quickly, creating jobs

and fostering economic growth. Reliable and accessible data will also enhance investor confidence by providing the transparency needed to attract investment in areas like clean energy, redevelopment, and tourism.

Improving EGLE's permitting efficiency will impact Michigan's economy by streamlining processes related to economic development. This investment in modernization is an important step in driving Michigan's economic development while protecting its natural resources.

### How much information is at risk?

EGLE is confronted with a significant challenge in overseeing its extensive physical archive of environmental and historical records. These resources are integral to permitting, ensuring environmental compliance, and conducting public health evaluations, and are presently stored across several different locations. Despite their importance, these documents are at risk of physical deterioration or loss.

**4.25** BILLION PAGES

The project will digitize approximately 4.25 billion pages of physical records

**51** TERABYTES

Upon completion, this will be the largest data repository under contract with DTMB

### Why should these records be digitized?

#### Saving Taxpayer Dollars:

Eliminating the need for physical storage will shrink EGLE's footprint, reduce overhead costs, and allow those funds to be used on other programs.

#### Increased Efficiency:

Modernizing these processes will make government work better by reducing administrative burdens, speeding up permitting, and supporting economic development.

#### Improved Accessibility:

A centralized and publicly accessible database will enhance public trust by improving transparency and providing easier access to environmental data.

This investment is a critical step toward modernizing EGLE's operations and ensuring the longevity of Michigan's environmental records. By accelerating the digitization process and creating a publicly accessible database, EGLE will improve service delivery, enhance transparency, and achieve significant cost savings.

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## **Background**

Michigan is currently grappling with an environmental challenge characterized by the deposition of significant volumes of out-of-state waste, escalating greenhouse gas emissions, 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 12 million cubic yards coming into Michigan (25% 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.

**Greenhouse Gas Emissions from Waste:** The disposal of waste in landfills is a significant contributor to greenhouse gas emissions, with 7 million tons of CO<sub>2</sub> equivalent produced from Michigan waste annually. As waste decomposes in landfills, it releases methane, a potent greenhouse gas that contributes to climate change. Michigan's current waste management practices contribute 8% of the state's carbon footprint, necessitating a shift toward more sustainable waste management solutions.

**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**

Addressing these problems requires a strategic and sustainable funding mechanism. **The proposed increase in the solid waste surcharge from \$.36 per ton to \$5 per ton brings Michigan in line with the average Midwest tipping fee and is designed to generate approximately \$80 million in ongoing revenue.** This funding will be dedicated to environmental remediation, brownfield redevelopment, local waste management assistance and grants, and recycling initiatives, helping clean up Michigan while directly addressing the volume of out-of-state waste, mitigating greenhouse gas emissions, and extending the lifespan of landfills with financial incentives.

The proposed adjustment in the tipping fee not only provides a financial incentive to encourage reduced deposition of waste but also establishes a consistent revenue stream for ongoing and future environmental initiatives. This approach aligns with Michigan's commitment to environmental stewardship, economic prosperity, and community well-being.

The proposed increase in the landfill tipping fee is a crucial step toward addressing environmental contamination and supporting brownfield redevelopment in Michigan. This initiative will concurrently make the state a healthier and more attractive place to live while ensuring that the state meets its climate goals and stops Michigan from continuing to be the destination for other state's waste.

## Summary

In 2023, the Michigan Department of Health and Human Services (MDHHS) launched the Keeping Kids Safe Action Agenda, establishing dozens of protocols and policies in the child welfare areas of prevention, intervention, stability, wellness, and workforce. Through this initiative, MDHHS has engaged in ongoing efforts to continue strengthening the safety net for Michigan’s children in alignment with commitments the state has made to increase the safety and well-being of children as a result of federal oversight of its child welfare system. To meet these goals and to assist the state in accelerating its exit from federal oversight, the Executive Budget invests **\$76.4 million** (\$62.8 million general fund) to further support children in Michigan.

## Proposed FY26 Investments

The child welfare system exists to protect children from abuse and neglect, enhancing their safety and well-being by providing safe environments, promoting permanency, and strengthening families with a variety of support options based on individual circumstances. Meeting those goals requires a spectrum of services to address both immediate needs and long-term well-being. The Executive Budget strengthens the spectrum of services through the following investments:

Investment	FTEs	Gross	GF
<i>Ensuring Children Remain Connected to their Families</i>	157.0	\$24,397,000	\$22,640,000
<i>Improving Adoption Support</i>		\$17,496,000	\$12,663,700
<i>Statewide Expansion of Family Impact Teams*</i>	150.0	\$27,000,000	\$11,293,200
<i>Improving Child Safety, Placement, and Permanency</i>	22.0	\$13,333,400	\$11,242,000
<i>Young Adults Exiting the Child Welfare System</i>		\$0	\$3,500,000
<i>Supporting Independent Living for Older Foster Youth</i>		\$2,032,600	\$1,898,900
<i>Keeping Native American Families Together</i>		\$325,700	\$261,000
	<b>329.0</b>	<b>\$84,584,700</b>	<b>\$63,498,800</b>

*\* Expansion of Family Impact Teams will be funded by elimination of Pathways to Potential*

**Ensuring children remain connected to their families** focuses on placing more children with their family members and providing supports to those families. Children placed with family members experience better outcomes, including minimization of trauma, increased stability and permanency, shorter periods in foster care, fewer re-entries into foster care, and preservation of familial and cultural identities. To accomplish this, the Executive Budget invests in a specialized Family Finding and Kinship Support team dedicated to searching for and assisting relatives, a Kinship Support Program partnership with Michigan State University to serve families raising relative children, a Kinship Advisory Council, Service Specialist Assistants to support caseworkers, and additional Child Welfare Licensing staff to meet the increased demand for licensing foster homes. In addition, this investment funds concrete supports for children and families, such as childcare, transportation, meals, extracurricular activities, or other identified needs including safety items, beds, pack and plays, bus passes, gun locks, and fire and carbon dioxide monitors.

**Improving adoption support** aims to keep more children with their adoptive families and guardians by increasing their access to and funding for behavioral health services that otherwise might lead these parents to return their children to foster care. Each year, an average of 171 children return to foster care after having been adopted or placed in a permanent guardianship. In several of these cases, adoptive parents or guardians are not aware of available assistance, while in other cases appropriate services were not available. In addition, children with special needs or who are otherwise more difficult to place often wait a disproportionate amount of time to reach permanency due, in part, to adoption rates being paid based on time to adoption, which disincentivizes agencies from taking on more complex cases. To address these issues, the Executive Budget invests in increasing rates paid for expanded behavioral health services and specialized individual and family therapy, expanding Medicaid eligibility and access to the Adoption Medical Subsidy program to ensure children are able to continue receiving necessary behavioral health treatment, and restructuring the rates paid to private adoption service providers to recognize different circumstances for different children by redefining the “value” in value-based payments to ensure payments and payment timelines align with the needs of each child.

**Statewide expansion of Family Impact Teams** provides economic and concrete supports to more families at risk of child welfare system involvement and promotes reunification and permanency for more children in foster care. Research shows a strong link between family economic insecurity and child welfare system involvement, and nearly 85% of families investigated by children’s protective services have incomes below 200% of the federal poverty line and face material hardships. When families receive critical support services, children are at a decreased risk of abuse, neglect, and removal from their homes. The Executive Budget expands this program from 23 to all 83 Michigan counties by shifting 231 existing full-time employees to local offices, including family resource specialists, management staff, and Native American outreach workers, with 138 focused on expanding Family Impact Teams statewide.

**Improving child safety, placement, and permanency** invests in efforts to expand the number and array of homes available to take in foster children, increase placement stability for these children, and reduce the amount of time it takes for them to reach permanency. Michigan faces challenges in maintaining sufficient community placements to meet the needs of our state’s youth. Overcoming these challenges requires a multifaceted approach, which the Executive Budget addresses through investing in several initiatives including, but not limited to, the following:

- Expansion of Enhanced Treatment Foster Care to treat an additional 250 children
- Professional Foster Parents to foster children with some of the most challenging issues
- Expansion of the community reintegration home program
- Targeted recruitment of foster families from minority communities
- Resolving safety issues in foster homes by increasing Family Incentive Grant funding for home improvements
- Team Decision Making program expansion from 46 to all 83 Michigan counties

**Young adults exiting the child welfare system** ensures that young adults exiting the system retain their federal financial benefits, such as Social Security, to help them successfully transition into adulthood and more independent living arrangements. Economic stability is crucial for these youth to improve access to essential needs like housing, education, transportation, food, and health care. To that end, the Executive Budget ensures that youth transitioning out of the child welfare system can retain their federal financial benefits by preserving them and placing them into personal accounts for the future, ending the practice of taking those benefits to offset costs of care. MDHHS will ensure applications for federal benefits are submitted for all eligible youth.

**Supporting independent living for older foster youth** provides a 20% increase to the rates paid for Independent Living Plus, which will cover costs of increasing staffing, programming, and services to youth receiving case management, independent living skills coaching and support in education, mental health, and employment in host homes or staff-supported housing.

**Keeping Native American families together** funds an increase to the daily add-on rate paid to private child placing agencies to cover increases in the costs of “active efforts” to maintain or reunite an American Indian child with their family, as required under the federal Indian Child Welfare Act and Michigan Indian Family Preservation Act. These laws emphasize the importance of ensuring that Native American children remain connected to their community, tribe, and culture by recognizing the sovereignty of tribal nations in child welfare cases involving Native American children. This rate has not been increased since its inception in 2011.

## Summary

Access to affordable health care is a key determinant of health outcomes, and the FY 2026 Executive Recommendation prioritizes making health care more accessible. To ensure vulnerable Michiganders have access to quality, affordable care, the FY 2026 Executive Budget recommends **\$136.8 million** Gross (\$53.3 million General Fund) to support expanded access to health care coverage for high-risk and high-need individuals who rely on coverage for access to critical health services. By investing in these programs, we can ensure people get the care they need right away and prevent more costly emergency care in the future by identifying health issues early.

## Proposed FY26 Investments

### *Ensuring Health Care Access for Vulnerable Adults*

The FY 2026 Executive Recommendation includes **\$96.4 million** Gross (\$33.1 million general fund) to implement an asset disregard for medically needy Medicaid beneficiaries, which will effectively increase the spend down income level to 100% of the federal poverty level, aligning income standards to ensure these vulnerable individuals continue to have access to the Medicaid benefits. This will help aged, blind, and disabled beneficiaries, low-income seniors and others with severe disabilities, who depend on Medicaid, to receive access to care sooner without spending income down well below the typical qualifying income level. Additionally, local Community Mental Health (CMH) organizations have been helping cover spend down costs for the beneficiaries they serve using their operating funds. By making this change, this investment has the added impact of saving these funds for local CMHs so they can enhance service in their communities to provide more beneficiaries with critical mental health services.

### *Exploring Expanded Coverage for Children*

Early childhood is a critical window for access to health care services which is vital to healthy development. Currently, children with Medicaid coverage receive 12 months of continuous eligibility to ensure continuity of care and consistent access to health care coverage. Some states have received waivers from the federal government to extend continuous eligibility to cover children from ages 0-5 years old.

The FY 2026 Executive Recommendation provides **\$400,000** Gross (\$200,000 general fund) for the Michigan Department of Health and Human Services (MDHHS) to prepare a feasibility study to determine long-term cost, benefits, and potential barriers associated with implementing continuous eligibility for Medicaid beneficiaries aged 0-5. If enacted, such an expansion would eliminate disruptions and ensure consistent access to care for children in these essential developmental years.

### *Improving Reentry Support*

Individuals who are released from correctional settings such as state prisons and county jails often lack the resources to access health care or other critical services upon reentering their communities. Additionally, an estimated 80% of people leaving incarceration have chronic substance use, physical or mental/behavioral health conditions. Individuals who have been incarcerated experience a disproportionate rate of physical and behavioral health diagnoses compared to those who have not been incarcerated and are more likely to experience adverse health events upon release.

To address these challenges, the FY 2026 Executive Recommendation proposes **\$40 million** Gross (\$20 million general fund) to offer 90 days of limited coverage for pre-release services immediately prior to the beneficiary's expected date of release. This will ensure individuals returning to their communities are able to access key health screenings, medications, community services, and identify any needs to facilitate a successful transition. The demonstration will improve coordination and communication between the corrections system, Medicaid program, and health care providers to enhance services for these individuals, building on action from MDHHS to improve targeted case management, which coordinates post-release services. Investing in these services will reduce the utilization of costly health care services such as emergency department visits and inpatient hospitalizations and will help support successful transitions.



## Summary

The fiscal year (FY) 2026 Executive Budget recognizes and prioritizes the mental and behavioral health needs of Michigan residents.

The number of opioid deaths per 100,000 residents began increasing in 2000, with the rise in opioid prescriptions. In Michigan, there were 3,096 opioid overdose deaths in 2021.<sup>1</sup> This increase in opioid usage and overdoses led to lawsuits against opioid manufacturers, distributors, and pharmacies, which ultimately resulted in large settlement agreements with states. As a result of these settlements, the State of Michigan will receive \$800 million over the next 18 years, half of which will be directly distributed to cities, counties, and townships. The remaining funds are allocated at the state level through the Michigan Opioid Healing and Recovery Fund. These funds are primarily used for opioid remediation and to prevent future opioid use.<sup>2</sup> These settlement funds create new opportunities to reduce and prevent opioid usage.

Mental health disorders affect a significant number of Michigan residents. Nearly 1.7 million adults in Michigan have a diagnosed mental health condition, of which 355,000 have a serious mental illness.<sup>3</sup> Between 2016-2019, an average of 15.7% of youth aged 12-17 experienced a major depressive episode, about 116,000 youth annually.<sup>4</sup> The behavioral health system does not have sufficient resources to serve all adults and children with mental health conditions. To expand the ability to serve residents and provide the assistance they need, the state invested \$383.4 million to build a new psychiatric hospital complex. The new facility replaces and expands two state facilities: Walter Reuther Psychiatric Hospital, which opened in 1979, and Hawthorne Center which opened in 1956. Having one facility that will serve both adults and children in separate living and treatment wings increases efficiencies with necessary supports, such as shared food services, while recognizing the unique treatment and security needs of these very different populations.

## Proposed FY26 Investments

The FY26 Executive Budget provides **\$62 million** (\$15.2 million general fund) in new supports to address the opioid epidemic and provide behavioral health services for those in need. Proposed funding includes:

- **\$15.2 million** to begin operating the new state psychiatric hospital in Northville, bringing 264 new beds online and increasing capacity by 54 beds (32 adult beds and 22 pediatric beds). This investment includes operational support and hiring staff to provide services at the new facility.
- **\$46.8 million** of Michigan Opioid Healing and Recovery Fund dollars for prevention, treatment, harm reduction, recovery, and data collection for those affected by the opioid epidemic. This additional allocation will expand services to reduce the number of opioid users and overdoses.
  - **\$15 million one-time** to invest in new programs to reduce opioid usage and overdoses.
  - **\$31.8 million ongoing** to continue existing, successful programs, including efforts to address the racial disparities in overdose deaths statewide. This brings the total annual ongoing funding to \$55 million per year, supported by incoming settlement dollars.
  - The department's three-year plan will drive the use of these resources. The plan represents a

<sup>1</sup> [Michigan Opioid Data Dashboard](#)

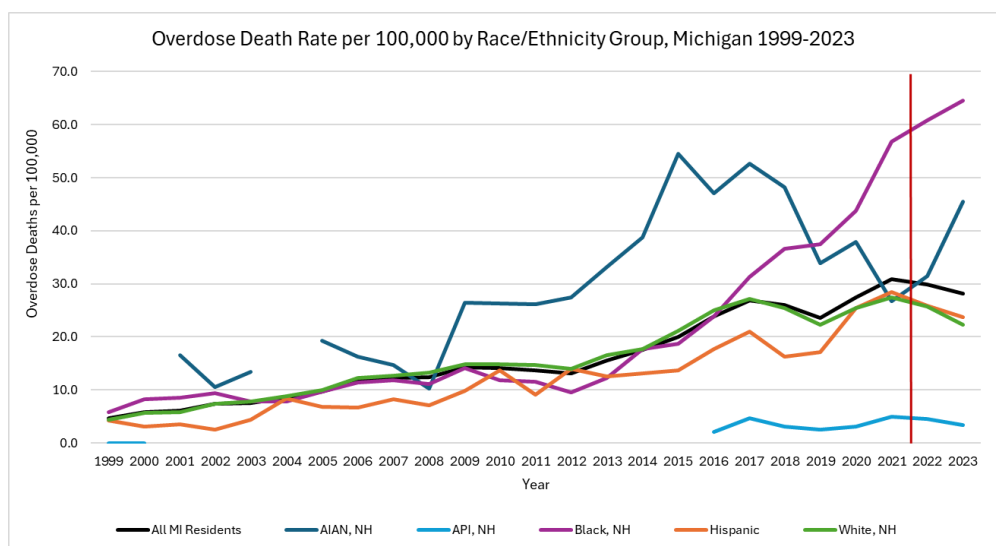
<sup>2</sup> [State of Michigan Opioid Settlements](#)

<sup>3</sup> [National Alliance on Mental Illness Michigan State Fact Sheet](#)

<sup>4</sup> [Substance Abuse and Mental Health Services Administration Behavioral Health Barometer: Michigan, Volume 6](#)

comprehensive, multifaceted, data-driven approach intended to strategically leverage available resources and take full advantage of this generational opportunity in the most impactful yet sustainable way possible. The plan includes:

- Increasing the age of first opioid use through new and expanded programs. The department will partner with nonprofits, youth engagement organizations, and existing partners to expand prevention programming in schools. They will also conduct public awareness campaigns.
- Reducing overdose deaths and addressing racial and geographical disparities. Those disparities are demonstrated in the chart below. DHHS will use resources to award multi-year grants to organizations working in underserved or under resourced communities. DHHS will also provide annual grants or contracts with organizations addressing racial disparities in opioid deaths and continue distributing naloxone in areas that need it most.



- Growing the behavioral health workforce through scholarships to prospective students, paid internships, and loan repayment.
- Prioritizing work to increase recovery beds and access to affordable housing. This will include reimbursing the cost of stay of residents and expansion of recovery housing. It also includes permanent affordable housing and investing in wraparound support programs like transportation and employment that enable people to stay in stable housing.
- Investing in administrative infrastructure to gather data to track success and provide technical assistance to local governments. This ensures these funds are being utilized for maximum impact and allows the department to partner with local governments to collaborate on ways to address opioid usage.

<sup>5</sup> Race categorization changed in 2022; data prior to and from 2022 onward are not directly comparable. Rates based on counts less than 6 are suppressed due to statistical instability.

### **Summary**

The fiscal year (FY) 2026 Executive Budget for the Department of Health and Human Services (DHHS) devotes significant resources to elderly individuals in Michigan. It increases support for dementia services, expands available slots in the Program of All-Inclusive Care for the Elderly (PACE), bolsters indirect supports in nursing homes with a non-clinical wage increase to contracted workers, expands Medicaid eligibility, and lays the groundwork for statewide expansion of the MI Health Link program starting in FY 2027.

### **Improving Dementia Services in Michigan**

According to the National Alzheimer's Association, an estimated 203,000 Michiganders are living with Alzheimer's dementia, the most common form of dementia among persons over 65. Additionally, thousands more suffer from other forms of dementia, such as frontotemporal dementia, Lewy body dementia, and vascular dementia. As the U.S. population increases, the number and proportion of Americans with dementia will also rise. In recognition of this large and growing need, the FY 2026 Executive Budget invests an additional **\$2 million** general fund for dementia services. This funding is intended to expand resources available to local communities for dementia care and support, establish pilot projects aimed at improving dementia care practices, provide training and education to healthcare professionals and caregivers, and disseminate best practices for dementia care to ensure high-quality services are available statewide.

The proposed \$2 million increase is crucial for addressing the growing need for dementia care in Michigan and improve comprehensive dementia services across the state. This investment will ensure better care and support for individuals living with dementia and their families.

### **Program of All-Inclusive Care for the Elderly (PACE) Slot Expansion**

PACE is a managed care benefit authorized by federal law. It includes a comprehensive service delivery model and integrated financing for elderly individuals who have Nursing Home Level of Care needs. The intent of the program is to allow seniors to remain in their home while receiving care, rather than in an institution. When needed, nursing facility services are also included.

Enrollment in PACE has grown significantly in recent years, increasing from around 3,000 in October 2019 to nearly 5,480 in November 2024. To continue growing this successful program, the FY 2026 Executive Budget provides increased funding for additional expansion. It invests **\$2.9 million Gross** (\$1 million general fund) for an additional 54 slots at existing PACE sites. Slots will be distributed as follows: 32 in Saginaw, 20 in Traverse City, and two in Newaygo.

### **Non-Clinical DCW Wage Increase**

Recruitment and retention in the health care and related support workforce is one of the biggest challenges facing the nation. To ensure seniors can access safe, reliable care, continued investment in enhanced wages for the health care workforce, including increases for non-clinical workers in health care settings, has been prioritized. While these increases have made an impact and supported many workers, some Michigan health care workers have not received previous increases. The FY 2026 Executive Budget proposes an investment of **\$14 million Gross** (\$6.2 million general fund) to address this disparity, extending wage support to contracted workers, and ensure all eligible non-clinical workers receive wage increases. This investment aims to apply the wage increase to all earnings in recognition of their hard work caring for seniors.

**Medicaid Eligibility Expansion**

The FY 2026 Executive Recommendation includes **\$96.4 million** Gross (\$33.1 million general fund) to implement an asset disregard for medically needy Medicaid beneficiaries, which will effectively increase the spend down income level to 100% of the federal poverty level, aligning income standards to ensure these vulnerable individuals continue to have access to the Medicaid benefits. This change will benefit elderly and other potential beneficiaries with incomes that are low, but not quite low enough to qualify for Medicaid outright. The current spend down process requires excessive amounts of medical bill payment in order to gain coverage each month – so much so that there is very little income left to live independently in the community. This investment allows access to Medicaid coverage without spending so deeply into poverty each month.

**MI Health Link Dual Eligible Special Needs Plan Transition**

Seniors eligible for both Medicaid and Medicare can be among the state's most vulnerable residents and often have significant health needs. Since FY 2015, Michigan has supported many of these beneficiaries through the MI Health Link managed care demonstration pilot. The pilot is available in specific geographic regions to ensure care is coordinated and help seniors leverages the benefits available to them. The FY 2026 Executive Budget lays the groundwork to transition existing MI Health Link beneficiaries to a new Highly Integrated Dual Eligible Special Needs Plan called MI Coordinated Health. This transition aims to further enhance the care available for these vulnerable seniors by incorporating long-term support services into the managed care benefit. The transition to MI Coordinated Health is intended to enhance the coordination of care for seniors eligible for both Medicaid and Medicare, ensure long-term support services are integrated into the managed care benefit, and improve the quality of care and outcomes for vulnerable seniors.

The current Recreation Passport program in Michigan has contributed to the maintenance and improvement of state parks. However, the existing opt-in structure limits its potential impact. By transitioning to an opt-out system, it is possible to increase participation, enhance public access to state parks, and fortify the sustainability of Michigan's natural resources.

### **Background:**

The Michigan Recreation Passport program plays a crucial role in funding and maintaining state parks, recreation areas, and boating access sites. Residents may opt into the program during vehicle registration, paying an annual fee that allows them access to these natural treasures. While the program has achieved notable success, the opt-in structure presents some challenges.

**Low Participation Rates:** The opt-in nature of the program leads to lower participation rates, with approximately 36% of residents utilizing the recreation passport. Many residents may not be aware of the program or may choose not to participate actively.

**Missed Opportunities for Park Improvements and Maintenance:** The current system misses opportunities to generate additional revenue that could further enhance and expand the state park system.

**Inertia and Default Bias:** Economic research suggests that people are more likely to stick with default options. The opt-in system might be contributing to an unnecessary barrier to participation due to the effort required to actively enroll or not changing their enrollment status due to past year choices.

### **Proposal:**

To address deficiencies in the current structure, it is proposed to transition from an opt-in to an opt-out system for the Michigan Recreation Passport and to provide resident veterans free access to state parks. Under this new model, residents would be automatically enrolled in the program during vehicle registration, with the option to decline at the time of registration if they choose not to participate, and veterans would qualify for a free recreation passport.

**Increase Participation:** The opt-out system will lead to higher participation rates, estimated at 60% of all residents. This would expand the program's impact and allow more residents to contribute to the conservation and enjoyment of state parks.

**Streamline Enrollment:** Shifting to an opt-out model simplifies the enrollment process, reducing administrative burdens and increasing efficiency for both residents and the State of Michigan.

**Enhance Revenue Generation:** By capturing a larger share of the population through the opt-out approach, it is anticipated to increase revenue by \$21 million which can be directed toward vital improvements within the state park system.

Transitioning from an opt-in to an opt-out Recreation Passport system represents a strategic move toward maximizing the program's impact. By simplifying the enrollment process, increasing participation rates, and bolstering funding for state parks, Michigan can ensure the continued preservation and enjoyment of its natural treasures.

The Fiscal Year 2026 Executive Budget includes a total of \$77.6 million general fund (\$35 million ongoing / \$42.6 million one-time) for the Information Technology Investment Fund (ITIF) in the Department of Technology, Management and Budget (DTMB). The ITIF supports information technology projects that modernize state agency legacy information technology systems and uses technology to advance transformative change in service delivery to residents and businesses across the state. Projects selected for ITIF funding in Fiscal Year 2026 include:

Department	Project Title / Description	Amount
Labor and Economic Opportunity	<b><u>Unemployment Insurance Agency – MIDAS Replacement Replanning</u></b> <i>Provides for a modern integrated tax and benefits solution for the administration of Michigan’s unemployment insurance benefits program. These funds augment \$60 million included in Fiscal Year 2023 ITIF allocations that are under contract. Unforeseen vendor delays have necessitated the replanning of the project schedule and the need for additional resources.</i>	\$20,000,000
Technology, Management and Budget	<b><u>Center for Education Performance Information (CEPI) – Data System Modernization Via a Unified Platform for Collection and Reporting</u></b> <i>Includes the launch of a unified, standards-based platform for data collection and reporting, an improved data collection foundation for all data domains with enhanced functionality and expanded use of MI School Data to become the common interface for stakeholders to access the unified platform.</i>	\$20,320,000
Technology, Management and Budget	<b><u>Civil Service Commission – Human Resources Management Network (HRMN) Upgrade 2.0</u></b> <i>Allows transition from the on-premises human resources, payroll and benefits system that supports over 50,000 users to a multi-tenant FEDRamp certified government cloud platform. The ITIF allocation represents the General Fund portion of the estimated \$47.9 million total cost necessary to support the multi-year project development cycle. Year one costs are also supported with state restricted revenues in the Civil Service Commission budget recommendation.</i>	\$23,495,000
Technology, Management and Budget	<b><u>Enterprise Asset Management</u></b> <i>Provides for completion of a single software solution to inventory and manage state assets, including state-owned buildings, leased facilities and the related contents of those facilities. These funds present the final installment of ITIF funding necessary to implement this solution.</i>	\$1,334,000
Treasury	<b><u>Centralized Electronic Payment Authorization System (CEPAS) Modernization</u></b> <i>Modernizes the enterprise electronic payment gateway that supports payment services for 80 state applications and over 1,000 kiosks and terminals processing over 10 million transactions per year.</i>	\$8,991,000
<b>TOTAL ITIF Financing</b>		<b>\$74,140,000</b>

\* The ITIF recommendation also includes an ongoing \$2,000,000 allocation for cyber security, and \$1,435,600 for ITIF project quality assurance.

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### **Proposal**

The proliferation of vaping products raises profound public health concerns, particularly for young adults and adolescent youth for whom the rise in the use of these types of products is most notable.

In an effort to curb usage and protect public health, Governor Whitmer’s budget recommendation assumes revenues from a new tax on vaping and other non-tobacco consumable nicotine products (including those commonly associated with e-cigarettes, vaping pod systems, vape pens, and nicotine pouches) beginning January 1, 2026. As with the taxation of traditional tobacco products under the Tobacco Products Tax Act (TPTA), the new tax will be pre-collected at the wholesale level. The tax rate will be 32% of the wholesale price, which is the same rate imposed on non-cigarette tobacco products under the TPTA as noted below. The new tax will not be levied on products authorized for sale as “tobacco cessation products” by the U.S. Food and Drug Administration (FDA).

The proposal also prohibits the sale of vaping products not authorized by the FDA, and in addition to subjecting those products to seizure and forfeiture as contraband products, imposes civil and criminal sanctions for possession or sale of contraband products, including fines to address any necessary hazardous waste disposal costs incurred by the state.

Fifty percent of revenues from the new tax is targeted to support smoking prevention, cancer prevention, and youth public health programs. The remaining fifty percent is targeted to the Medicaid Benefits Trust Fund.

### **Background**

A 2024 national survey by the Centers for Disease Control and Prevention (CDC) and FDA finds that tobacco and nicotine product use was reported by 10.1% of high school students and 5.4% of middle school students. 14% of Michigan high schoolers use e-cigarettes, according to the CDC.<sup>1</sup> Among all students, e-cigarettes were the most commonly reported tobacco product currently used, followed by nicotine pouches, and various other types of related products.<sup>2</sup> While the survey data shows that these numbers have declined from the prior year, there continues to be elevated concern about the health risks associated with vaping and non-tobacco products, particularly on vulnerable adolescent youth, young adults and pregnant women. The use of such products has been linked to physical and behavioral health issues related to pulmonary and cardiovascular function, brain development, and addiction.<sup>3</sup> In addition, there is evidence that such use may accelerate the development and onset of chronic disease.<sup>4</sup>

Smoking increases annual health care costs in Michigan by \$5.33 billion. In addition to these costs, in 2022, 16,200 deaths were linked to tobacco usage or second smoke exposure.<sup>5</sup> To reduce the number of people smoking, Michigan invested an additional \$2.5 million in fiscal year 2025 for tobacco cessation and prevention programing. Even with this investment, Michigan now ranks 44th in the CDC’s recommended

<sup>1</sup> Keep Kids Tobacco Free [Learn the Facts — Tobacco Free](#)

<sup>2</sup> Jamal A, Park-Lee E, Birdsey J, et al. [Tobacco Product Use Among Middle and High School Students — National Youth Tobacco Survey, United States, 2024](#). Centers for Disease Control and Prevention, Morbidity and Mortality Weekly Report October 17, 2024.

<sup>3</sup> U.S. Department of Health and Human Services. [E-Cigarette Use Among Youth and Young Adults: A Report of the Surgeon General](#). Centers for Disease Control and Prevention; 2016.

<sup>4</sup> National Academies of Sciences, Engineering, and Medicine. [Public Health Consequences of E-Cigarettes](#). The National Academies Press; 2018.

<sup>5</sup> State of Michigan Tobacco Factsheet [State of Michigan Tobacco Fact Sheet \(January 2024 rev.\)](#)



state spending based on the tobacco industry's marketing in the State of Michigan. Prior to this investment, Michigan was ranked 50th.<sup>6</sup>

Thirty-two states now tax vaping products in one form or another, including the neighboring states of Indiana, Illinois, Ohio, Wisconsin and Minnesota.<sup>7</sup> There is no federal tobacco excise taxation on vaping products and federal enforcement against contraband vaping products is limited. States, and in some limited cases local governments, have proceeded independently to enact regulations and taxes on vaping products to curb usage due to the public health risks and to raise revenue.

Michigan taxes tobacco products under the TPTA, which currently levies a tax on cigarettes (10 cents per stick/\$2 dollars per pack of 20) and non-cigarette tobacco products such as cigars and non-cigarette smoking and smokeless tobacco (32% of the wholesale price).

Products without tobacco, including those containing nicotine, are not currently subject to the TPTA. The Governor's proposal expands the TPTA to include vaping and other non-tobacco nicotine products at the same rate (32% of the wholesale price) as currently levied on non-cigarette tobacco products. Tobacco products are also subject to Michigan sales or use tax depending on the origin of purchase.

### **Fiscal Impact**

The new tax is estimated to raise \$57 million on a full-year basis. The Governor's fiscal year 2026 budget assumes \$42.75 million (prorated to 3/4 of the fiscal year) due to the January 1, 2026, effective date. State revenues resulting from the tax will be distributed to the following programs for fiscal year 2026:

- **\$5 million** for cancer prevention to 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 to support 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. This funding could increase the state's standing nationwide into the top 35, assuming no other states make additional investments.
- **\$7.5 million** for children's coordinated health care to support 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.
- **\$21.4 million** for the Medicaid Benefits Trust Fund to be spent on health care coverage for low-income and disabled individuals.

A total of 17.0 FTEs and \$2.45 million ongoing general fund is also included in the Treasury budget to provide for tax administration and enforcement. Additionally, 7.0 FTEs and \$1.5 million ongoing is included in the Department of Health and Human Services budget for smoking related enforcement activities outlined in the public health code.

<sup>6</sup> Campaign for Tobacco Free Kids [Michigan 1998 State Tobacco Settlement - Campaign for Tobacco-Free Kids](#)

<sup>7</sup> Public Health Law Center. [Taxing E-Cigarette Products](#). May 2024.

## Legislative Grant Transparency

February 5, 2025



### Summary

The FY 2026 Executive Budget Recommendation focuses on statewide investments and programs. Should the legislature have a desire to fund one-time single-recipient grants, the Governor recommends the state replicate the process adhered to by Congress for Community Project Funding (U.S. House) and Congressionally Directed Spending (U.S. Senate).

### Proposal

To address this issue, the Executive proposes adopting a legislative grant process that mirrors components of the federal system including:

- A prohibition on grants to for profit entities
- A requirement that legislative grants be approved through the appropriations subcommittee process
- A requirement that all legislative grant information, including legislative sponsor, recipient name, grant amount, public purpose be included in a sponsorship letter submitted on letterhead
- A certification that the legislative sponsor and their immediate family have no financial interest in the project
- A requirement that all legislative grant information be publicly posted online at least 5 business days prior to final budget passage

This proposal brings the state into alignment with the federal government with regard to legislative grants creating a more transparent process.



**FISCAL YEAR 2026**

**CAPITAL OUTLAY**

**PROJECT REQUEST**

**REVIEW AND EVALUATIONS**

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

Prepared by  
State Budget Office  
February 5, 2025

**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 equity for the academic programs within project scope and/or institution	To what extent does the project address, incorporate, or enhance any equity efforts, policies, or goals 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
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	20

No	Source	Evaluation Criteria	Evaluation Factors	Scoring	Max Points
				<u>State Agencies:</u> 0 = more than \$40M 5 = \$40M or less 10 = \$30M or less 15 = \$20M or less 20 = \$10M or less	
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 2026 CAPITAL OUTLAY REQUEST SCORING EVALUATION

University	FY 2026 Capital Outlay Request	Total	Total	Evaluation Criteria																	
		Estimated Cost	Estimated State Share	Est. State Share %	Purpose	Jobs	Core	Equity	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%	9.2	35.8	35.2	13.0	1.8	Y	9.0	8.0	10.0	8.0	10.0	10.0	10.0	10.0	10.0	180.0	1
UM - Dearborn	Computer and Information Science Building Renovation	\$40,000.0	\$30,000.0	75.0%	9.0	34.8	32.0	10.2	6.0	Y	7.0	6.0	10.0	0.0	3.8	10.0	6.0	10.0	10.0	154.8	2
Michigan State	Engineering and Digital Innovation Center	\$340,000.0	\$70,000.0	20.6%	9.4	34.0	33.1	10.0	1.2	N	7.6	7.0	0.0	10.0	8.0	10.0	2.0	10.0	10.0	152.3	3
UM - Ann Arbor	School of Public Health Renewal	\$150,000.0	\$30,000.0	20.0%	7.0	28.8	28.4	11.6	7.2	Y	5.8	6.0	10.0	10.0	5.7	10.0	2.0	8.0	10.0	150.5	4
Ferris	Allied Health Sciences Building	\$29,500.0	\$22,125.0	75.0%	9.0	35.0	31.8	6.4	8.0	Y	4.0	6.0	10.0	0.0	3.7	10.0	6.0	10.0	10.0	149.9	5
Lake Superior	Center for Applied Science and Engineering Technology Relocation and Expansion	\$40,000.0	\$30,000.0	75.0%	8.2	30.6	28.4	10.0	5.0	Y	8.0	4.0	10.0	0.0	4.2	10.0	10.0	10.0	10.0	148.4	6
Central	Brooks Hall Renovation	\$43,000.0	\$30,000.0	69.8%	8.2	30.2	30.8	7.0	9.2	Y	4.2	5.0	10.0	2.0	3.8	10.0	4.0	10.0	10.0	144.4	7
Western	IF1 Knauss Hall Renovation and Addition	\$39,000.0	\$29,250.0	75.0%	7.6	25.6	24.4	7.7	9.0	Y	4.6	6.0	10.0	0.0	3.0	10.0	4.0	10.0	10.0	131.9	8
Eastern	Engineering & Technology Complex - Phase II - Roosevelt Hall	\$42,500.0	\$30,000.0	70.6%	Authorized for Planning in PA 321 of 2023																
Grand Valley	Blue Dot Lab	\$140,000.0	\$30,000.0	21.4%	Authorized for Planning in PA 321 of 2023																
Northern	Northern Enterprise Center (College of Business)	\$19,100.0	\$13,370.0	70.0%	Authorized for Planning in PA 321 of 2023																
Oakland	Science Complex Renovation Project	\$40,000.0	\$30,000.0	75.0%	Authorized for Planning in PA 321 of 2023																
Saginaw Valley	Lake Huron Environmental Sciences Research Station	\$10,000.0	\$7,500.0	57.7%	Authorized for Planning in PA 321 of 2023																
UM - Flint	Innovation and Technology Complex	\$40,000.0	\$30,000.0	75.0%	Authorized for Planning in PA 321 of 2023																
Wayne State	Wayne Law Classroom Building	\$40,000.0	\$30,000.0	66.7%	Authorized for Planning in PA 321 of 2023																
TOTAL		\$1,069,100.0	\$442,245.0																		

Community College	FY 2026 Capital Outlay Request	Total Estimated Cost	Total Estimated State Share	Est. State Share %	Evaluation Criteria																
		Purpose	Jobs	Core	Equity	Infra	Life/Safety	Utilization	Sustainable	Cost	Match	Operating	Tuition	History	One Bldg	Compliance	TOTAL	Ranking			
North Central	Skilled Trades Education Pathways (STEP) Center	\$7,500.0	\$3,500.0	46.7%	8.0	34.6	32.8	11.0	2.8	Y	3.7	6.0	20.0	1.0	8.8	10.0	8.0	7.0	10.0	163.7	1
Montcalm	North Building - HVAC Renovation	\$5,874.6	\$2,937.3	50.0%	7.4	36.2	34.0	5.0	10.0	Y	3.6	2.0	20.0	0.0	4.9	10.0	8.0	10.0	10.0	161.1	2
Northwestern	Integrated Student Services Hub	\$8,000.0	\$4,000.0	50.0%	8.2	28.2	29.8	12.4	10.0	Y	6.7	2.0	20.0	0.0	4.0	10.0	4.0	10.0	10.0	155.3	3
Kellogg	Roll Health and Administration Building Renovation	\$14,000.0	\$7,000.0	50.0%	7.8	30.6	32.4	10.3	7.4	Y	4.8	2.0	15.0	0.0	2.7	10.0	8.0	10.0	10.0	151.0	4
Lansing	Energy and Utility Training Center	\$8,500.0	\$4,250.0	50.0%	7.7	34.8	31.6	13.0	1.0	N	3.0	2.0	20.0	0.0	3.9	10.0	4.0	10.0	10.0	151.0	4
Delta	Student Resource Center/Library (A-wing)	\$21,600.0	\$10,000.0	46.3%	7.8	30.8	32.0	12.2	10.0	Y	4.0	5.0	15.0	1.0	2.3	8.0	2.0	10.0	10.0	150.1	6
Oakland	Skilled Trades and Industrial Technology Building	\$127,000.0	\$27,000.0	21.3%	6.8	33.8	31.8	6.0	6.0	Y	5.8	4.0	0.0	10.0	3.0	10.0	10.0	10.0	10.0	147.2	7
Washtenaw	Center for Success and Innovation	\$19,180.0	\$9,590.0	50.0%	6.3	28.2	25.4	4.3	10.0	N	3.2	6.0	15.0	0.0	2.0	10.0	4.0	10.0	10.0	134.4	8
Alpena	Charles R. Donnelly Natural Resources and STEM Innovation Project	\$8,500.0	\$4,250.0	50.0%	7.8	18.6	16.8	4.8	10.0	Y	4.8	2.0	20.0	0.0	4.0	10.0	8.0	10.0	10.0	126.8	9
Glen Oaks	Center for Rural Sustainability	\$3,771.2	\$1,885.6	50.0%	8.2	23.8	23.6	4.0	1.0	N	2.0	0.0	20.0	0.0	4.0	10.0	10.0	10.0	10.0	126.6	10
C. S. Mott	Visual Arts and Design Center Medical Complex Renovation	\$16,500.0	\$8,250.0	50.0%	7.3	19.2	17.8	7.1	9.0	Y	3.4	2.0	15.0	0.0	5.6	10.0	2.0	10.0	10.0	118.4	11
West Shore	Administration Building Renovation Project	\$7,331.9	\$3,665.9	50.0%	4.5	14.2	14.2	3.2	7.2	Y	2.0	2.0	20.0	0.0	5.5	10.0	10.0	10.0	10.0	112.8	12
Jackson	STEM Remodel of James McDivitt Hall	\$45,000.0	\$22,500.0	50.0%	5.0	21.0	13.4	12.0	9.4	Y	3.4	4.0	0.0	0.0	4.0	8.0	4.0	10.0	10.0	104.2	13
Gogebic	Mt. Zion Education and Training Center	\$4,500.0	\$2,250.0	50.0%	2.0	12.2	10.0	3.0	1.0	Y	1.2	2.0	20.0	0.0	3.0	10.0	10.0	10.0	10.0	94.4	14
Schoolcraft	South Hub Multi-Use Academic Center	\$60,000.0	\$30,000.0	50.0%	6.2	14.4	17.4	6.0	1.0	Y	3.3	2.0	0.0	0.0	8.0	2.0	6.0	10.0	10.0	86.3	15
Bay de Noc	Manufacturing Hub and Safety Training Center	\$1,875.0	\$937.5	50.0%	Authorized for Planning in PA 121 of 2024																
Kalamazoo	Advanced Technical Wing Renovation and Expansion	\$39,000.0	\$19,500.0	50.0%	Authorized for Planning in PA 321 of 2023																
Macomb	Mobility and Sustainability Education Center	\$58,554.1	\$26,349.3	45.0%	Authorized for Planning in PA 321 of 2023																
Monroe	Renovation and Addition to Welch Health Education Building	\$21,864.4	\$10,932.2	50.0%	Authorized for Planning in PA 121 of 2024																
Wayne County	Center for Virtual Learning and Digital Careers	\$11,564.2	\$5,782.1	50.0%	Authorized for Planning in PA 321 of 2023																
Grand Rapids	No Project Request for FY 2026																				
Henry Ford	No Project Request for FY 2026																				
Kirtland	No Project Request for FY 2026																				
Lake Michigan	No Project Request for FY 2026																				
Mid-Michigan	No Project Request for FY 2026																				
Muskegon	No Project Request for FY 2026																				
Southwestern	No Project Request for FY 2026																				
St. Clair	No Project Request for FY 2026																				
TOTAL		\$490,115.4	\$204,579.9																		