

FY 2026-27 LABOR AND ECONOMIC OPPORTUNITY BUDGET

GOVERNOR'S RECOMMENDATION

Article 11

Committee: Appropriations



FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2025-26 YEAR-TO-DATE*	FY 2026-27 GOVERNOR'S RECOMMENDATION	CHANGES FROM FY 2025-26 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,599.0	2,607.0	8.0	0.3
GROSS	1,731,079,700	1,682,109,700	(48,970,000)	(2.8)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,731,079,700	1,682,109,700	(48,970,000)	(2.8)
Less:				
Federal Funds	1,188,234,200	1,190,870,600	2,636,400	0.2
Local and Private.....	14,288,200	14,297,200	9,000	0.1
TOTAL STATE SPENDING.....	528,557,300	476,941,900	(51,615,400)	(9.8)
Less:				
Other State Restricted Funds.....	312,373,700	295,779,500	(16,594,200)	(5.3)
GENERAL FUND/GENERAL PURPOSE	216,183,600	181,162,400	(35,021,200)	(16.2)
PAYMENTS TO LOCALS	49,464,000	39,799,500	(9,664,500)	(19.5)

*As of February 11, 2026.

Major Boilerplate Changes from FY 2025-26 Year-to-Date:

- Deleted Sections.** The Governor deleted several sections, which include: 206 (Employee Communication Protection), 212 (Restricted Fund Report), 216 (Report Retention), 217 (Policy Change Report), 218 (Work Project Spending), 225 (State Administrative Board), 225 (E-Verify Requirement), 226 (Report Accessibility), 228 (Legacy Cost Estimates), 229 (Strategic Plan), 230 (Court Settlement Report), 231 (Private Fund Report), 301 (Federal and Private Funds), 401 (Michigan State Housing Development Authority Report), 403 (MSHDA FTE Cooperation), 405 (Work Project Appropriation), 506 (BACR Amendment Report), 507 (MEDC Report), 508 (MEDC Interlocal Agreement), 509 (Land Purchase Notification), 513 (Private Fund Raising Restriction), 515 (Film Tax Credit Report), 518 (GF/GP Transfer to 21st Century Fund), 519 (BACR Report), 521 (Tax Credit Transfer Report), 525 (Job Creation Services Report), 705 (Going Pro Report), 706 (Going Pro Talent Fund), 713 (TANF LEO/DHHS Report), 951 (Commissions Report), and 1001-1021 (FY 2025-26 One-Time Appropriation).
- Modified Sections.** The Governor made substantial changes to several sections, which include: 204 (Internet Reporting Requirements), 211 (Website Requirements), 224 (Federal Policy Report), 215 (LDSIs), 304 (Private Fund Carryforward), 305 (Registration Fee Carryforward), 503 (Pure Michigan), 514 (BACR Appropriation), 601 (Wage and Hour Funding), 707 (MiSTEM Council Private Funds), 708 (Workforce Training Report), 710 (23+ High School Diploma Program), 715 (Community and Work Economic Transition Office), and 902 (Michigan Rehabilitation Services Report).
- New Sections.** The Governor included several new sections, which include: 217 (Federal ARP Funds), 218 (Federal SFRF Funds), 718 (Michigan High Speed Internet Office FTEs), and 1001-1003 (FY 2026-27 One-Time Appropriation).

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FY 2025-26 Year-to-Date Appropriation	\$1,731,079,700	\$216,183,600		
	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
<u>Baseline Adjustments</u>				
1. Rural Development Fund. The Governor transferred 1.0 FTE and \$2.0 million in Restricted Rural Development Funds from the Department of Agricultural and Rural Development in accordance with EO 2025-9.	2,014,900	0	2,014,900	0
2. Food Assistance Employment & Training Program. The Governor included an additional \$560,000 in Federal funds in Workforce Development to support employment and training for SNAP recipients.	560,000	0	4,560,400	0
3. Private and Occupational Distance Learning. The Governor included an additional \$100,000 in Distance Education funds for Private and Occupational Distance Learning program for maintenance of the Michigan Post-Secondary Schools IT system. This also aligns with a proposed fee increase.	100,000	0	503,300	503,300
4. Contingency Fund Penalty & Interest Adjustment. The Governor reduced Contingency Fund Penalty & Interest revenue throughout the budget by \$24.6 million to align with current revenue trends: \$10.6 million from Workforce Development, \$9.6 million from Going Pro, \$2.8 million from UIA, and \$1.6 million from Community College Skilled Trades Equipment Program Debt Service. For FY 2026-27, \$25.0 million would remain in the budget.	(24,565,400)	0	24,964,800	0
5. Technical Adjustments. The Governor included numerous technical adjustments to align Federal and Restricted funds with projections.	(2,610,300)	0	N/A	N/A
6. Economic Adjustments. Includes \$7.9 million Gross and \$1.0 million GF/GP for total economic adjustments.	7,872,000	1,020,000	N/A	N/A
<u>New Programs/Program Increases</u>				
7. Medicaid and SNAP Work Assistance. The Governor included 2.0 FTEs and \$25.0 million Gross and GF/GP in the Workforce Development line-item to support Michigan Works! Agencies anticipated increased caseloads from new community engagement work requirements for Medicaid and updated requirements food assistance recipients under H.R. 1.	25,000,000	25,000,000	N/A	N/A

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	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
8. Registered Apprenticeship. The Governor included \$5.0 million Gross and GF/GP in the Workforce Development line-item to support Registered Apprenticeship programs in anticipation of additional job training needs from new community engagement requirements for Medicaid and updated requirements for food assistant recipients under H.R. 1.	5,000,000	5,000,000	N/A	N/A
9. MIOSHA. The Governor increased Restricted Safety Education and Training funds \$1.7 million for the Michigan Occupation Safety and Health Administration to expand free consultation, education, and training services for employers and employees.	1,700,000	0	41,980,700	0
10. Office of Future Mobility and Electrification. The Governor included 5.0 FTEs for the Office of Future Mobility and Electrification, which would total 5.0 FTEs for FY 2026-27.	0	0	1,500,000	1,500,000
<u>Eliminations/Reductions – NONE</u>				
<u>One-Time Appropriations</u>				
11. Arts and Cultural Program. The Governor included one-time funding for the Arts and Cultural Program in addition to ongoing appropriations. This is a continuation of one-time funding in FY 2025-26.	10,000,000	10,000,000	10,000,000	10,000,000
12. Special Events and National Convention Attraction. The Governor included one-time funding to attract special events and national conventions.	6,000,000	6,000,000	6,000,000	6,000,000
13. Office of Future Mobility and Electrification Grants. The Governor included one-time funding for the Office of Future Mobility and Electrification to award grants for advanced aviation and air mobility infrastructure development	4,000,000	4,000,000	4,000,000	4,000,000
14. Rural Development Fund Grants. The Governor included one-time Restricted Rural Development funds for grants to enhance land-based industries and rural community infrastructure.	2,000,000	0	2,000,000	0
15. Museum Support. The Governor included one-time funding for museum support. This is a continuation of one-time funding in FY 2025-26.	1,500,000	1,500,000	1,500,000	1,500,000
16. Office of Defense and Aerospace Innovation. The Governor included one-time funding for the Office of Defense and Aerospace Innovation. This is a continuation of one-time funding in FY 2025-26.	1,000,000	1,000,000	1,000,000	1,000,000

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	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
17. Removal of FY 2025-26 One-Time Appropriations. The Governor removed \$88.5 million Gross and GF/GP in one-time appropriations.	(88,541,200)	(88,541,200)	989,700	0
Other				
18. FTE Realignment. The Governor realigned 9.0 FTEs across five line items to reflect current utilization of FTE positions.	0	0	N/A	N/A
Total Changes.....	(\$48,970,000)	(\$35,021,200)		
FY 2026-27 GOVERNOR'S RECOMMENDATION.....	\$1,682,109,700	\$181,162,400		

Date Completed: 2-15-26

Fiscal Analyst: Cory Savino

FY 2026-27 Gross and GF/GP Changes to FY 2025-26

Item #	Budget Area/Line Items	FTE	Gov Changes to FY 2025-26	
			Gross	GF/GP
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY				
	Y-T-D	2,599.0	1,731,079,700	216,183,600
	<u>Non-CSB Ongoing Changes</u>			
1	Medicaid and SNAP work requirements	2.0	25,000,000	25,000,000
2	Registered apprenticeships		5,000,000	5,000,000
3	MIOSHA safety education and training		1,700,000	0
	Subtotal - Non-CSB Ongoing Change	2.0	31,700,000	30,000,000
	<u>CSB Ongoing Changes</u>			
4	Rural development fund	1.0	2,014,900	0
5	Food assistance employment & training program		560,000	0
6	Private occupational distance learning		100,000	0
7	Office of future mobility and electrification	5.0	0	0
8	Contingent fund penalty & interest adjustments		(24,565,400)	0
9	Technical adjustments		(2,610,300)	0
10	Unclassified salaries		145,900	12,400
11	Economic adjustments		7,726,100	1,007,600
	Subtotal - CSB Ongoing Change	6.0	(24,500,800)	0
	Ongoing Total	2,607.0	1,738,278,900.0	246,183,600.0
	<u>One-Time Changes</u>			
12	Removal of FY 2025-26 one-time appropriations		(88,541,200)	(88,541,200)
13	Arts and cultural program		10,000,000	10,000,000
14	Special events and national convention attraction		6,000,000	6,000,000
15	Office of future mobility and electrification (air mobility)		4,000,000	4,000,000
16	Rural development fund		2,000,000	0
17	Museum support		1,500,000	1,500,000
18	Office of defense and aerospace innovation		1,000,000	1,000,000
	One-Time Total Change	0.0	(64,041,200)	(66,041,200)
	TOTAL CHANGE	8.0	(56,842,000)	(36,041,200)
	TOTAL LABOR AND ECONOMIC OPPORTUNITY	2,607.0	1,674,237,700.0	180,142,400.0