

**SENATE FISCAL AGENCY  
 MEMORANDUM**

**DATE:** February 10, 2025  
**TO:** Members of the Michigan Senate  
**FROM:** Elizabeth Raczkowski, Fiscal Analyst  
**RE:** Fiscal Year (FY) 2025-26 Civil Service Wage Adjustments

Article XI, Section 5 of the Michigan Constitution specifies that increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the overall budget recommendation. Within 60 calendar days after transmission, the Legislature, by a two-thirds vote of the members elected and serving in each house, may reject or reduce the Commission's authorized increases. Legislative reductions must apply uniformly to all classes of employees, and the Legislature may not adjust pay differentials already established by the Commission. Compensation rates also may not be reduced below those in effect when the increases are transmitted to the Legislature.

On December 11, 2024, the Commission approved a two-year agreement for wages and benefits for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) for FY 2025-26. The Commission approved a 3.0% base wage increase to become effective October 1, 2025, for most represented employees. All represented employees will continue to pay 20% of their health care premium costs.

The Commission also adopted a Coordinated Compensation Plan for nonexclusively represented State classified employees (NEREs) for FY 2025-26. Effective October 1, 2025, NEREs will receive a 3.0% base wage increase. Nonexclusively represented employees also will continue to pay 20% of their health insurance premiums in FY 2025-26. Michigan State Police (MSP) troopers and sergeants received a 20% base pay increase, while nonunion MSP employees will receive a 3% base pay increase.

The total State cost for the approved base pay wage and benefit changes is an estimated \$116.2 million Gross (\$62.7 million General Fund/General Purpose (GF/GP)) for FY 2025-26. Of that amount, the cost for represented employees is estimated at \$65.0 million Gross (\$35.1 million GF/GP), while the portion attributable to NEREs is estimated at \$51.2 million Gross (\$27.6 million GF/GP).

Finally, on January 16, 2025, the Commission provided the constitutionally required notice to the Governor regarding FY 2025-26 compensation increases. These Commission-approved increases are included in the Governor's FY 2025-26 budget recommendation released on February 5, 2025. As mentioned above, the Legislature will have 60 calendar days from the date that the Governor releases her budget recommendation to reject or reduce the increases (April 6, 2025). To date, the Legislature has never rejected a Governor's recommended base wage increase.

Please let me know if you have any questions.

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c: Kathryn Summers, Director  
Joe Carrasco, Jr., Associate Director  
Lori Dey, Senate Democratic Policy Office  
Tom Davis, Senate Republican Policy Office