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Gov. Whitmer's FY25 Budget a Roadmap for Making it in Michigan

Budget will lower costs, power economic development, and guarantee pre-K through associate degree

LANSING, Mich. — Governor Gretchen Whitmer released her sixth executive budget recommendation today, once again prioritizing the issues that make a real difference in people's lives. This balanced, fiscally responsible budget proposal lowers costs for Michiganders, helps every child succeed from pre-K through postsecondary, and ensures any person or business can "make it" in Michigan.

The governor and State Budget Director Jen Flood outlined the proposal to a joint session of the House and Senate appropriations committees. The budget recommendation includes investments that make life more affordable, ensure every child has a high-quality and affordable education, reduce crime, cut red tape, power economic development, and build a fairer and more equitable Michigan.

"My balanced, fiscally responsible budget recommendation for fiscal year 2025 builds on the historic investments we've made since I took office and delivers on the issues that make a real difference in people's lives," said **Governor Whitmer**. "Together, let's lower costs for working families, deliver the Michigan Guarantee to offer every Michigan child a free public education from pre-K through community college, save family caregivers thousands on their taxes, and power our economic and workforce development to build and lead the future. Let's get it done so everyone can 'make it' in Michigan."

"Our budget recommendation will serve and support the success of every Michigander and help more individuals, families, and communities reach their full potential in Michigan," said **Lt. Governor Garlin Gilchrist II**. "This budget makes historic investments to keep money in the pockets of working families, grow educational and economic opportunity, and boost access to affordable quality healthcare. We look forward to working with our partners in the legislature to deliver a budget that makes a difference in peoples' lives and builds a bright future for anyone who wants to call Michigan home."

The fiscally responsible budget recommendation totals \$80.7 billion, including a general fund total of \$14.3 billion and a school aid budget totaling \$19 billion. It provides a significant amount of one-time funding while maintaining balance in future years and utilizes one-time funds for one-time purposes. It also continues paying down debt obligations, freeing up future funding for programs ahead of schedule, like free preschool.

"Governor Whitmer understands that families across Michigan are feeling the pinch of rising costs, and her budget recommendation includes investments that will make a real difference for Michiganders across the state," said **State Budget Director Jen Flood**. "The Governor's budget will help kids learn, lower costs, and spark investment and create new jobs in our state. I look forward to working with our legislative partners to make Michigan the best state to live, work, raise a family, and care for those we love."

Balancing Michigan's Budget & Cutting Red Tape

The governor's fiscally responsible budget recommendation sets money aside for a rainy day, brings the amount of retirement debt paid off under her administration to more than \$21 billion, makes government work better, and more, including:

- Pays off a "mortgage" early (certain Michigan Public School Employees' Retirement System liabilities), freeing up \$670 million that can be invested into classrooms to help children learn.
- \$100 million deposit into the Budget Stabilization Fund, which will bring the grand total in the rainy day fund to more than \$2.2 billion by the end of FY25.
- \$10 million deposit into the Disaster and Emergency Contingency Fund to support immediate response and recovery activities in the event of a disaster or emergency.
- \$4.4 million to improve turnaround time and public outreach for environmental permitting.
- \$500,000 to establish a hazard mitigation assistance program to help local governments implement projects that reduce natural disaster risks.
- \$4.8 million to increase child care facility inspections.

A Better, More Affordable Education

The budget recommendation delivers on "The Michigan Guarantee" by continuing record investments in education, from preschool to postsecondary:

K-12 Education – Helping Kids Learn

- \$370 million to support school operations through a 2.5% increase in base per-pupil funding that equates to an additional \$241 per student, for a total of \$9,849 per pupil.
- \$300 million to continue historic investments for student mental health and school safety needs.
- \$251.2 million to help students reach their full academic potential, including continuation of payments for literacy grants and literacy coaches.
- \$200 million to continue providing universally-free breakfast and lunch to Michigan's 1.4 million public school students, helping students focus on learning and saving families \$850 per year.
- \$200 million for tutoring through the MI Kids Back on Track program, and continuation of expanded learning opportunities through before and after school programs.
- \$175 million in recognition of the crucial role high-quality teachers play in the success of their students.
 - Continued support of the MI Future Educator Program, a tuition-free program for college students to become certified teachers and stipend payments to student teachers
 - Funds to retain and develop existing teachers through mentorship programs.
- \$159 million for continued expansion of free pre-K to every 4-year-old in Michigan—two years ahead of schedule—saving families \$10,000 a year.
 - \$63.5 million to serve an estimated 6,800 additional children.
 - \$42.8 million to increase the full day per child allocations to \$10,342.
 - \$35 million to open new classrooms in underserved areas.
 - \$18 million to continue higher payments for student transportation.
- \$127 million to continue expanded support for special education students – a 12% increase in the state allocation from adjusted current law levels.
- \$125 million to provide a 5% increase in funding to support academically at-risk students, English language learners, career and technical education students, and students in rural school districts.
- \$125 million to continue reimbursements to districts for transportation costs, helping ease the disproportionate financial impact some districts face—freeing up dollars available for the classroom.

- \$45 million for additional supports for vocational education and career and technical education, including equipment upgrades, and a new pilot program to connect high schoolers with key local industries to support pathways to certifications, credentials, and careers.

Higher Education & Workforce Development

- A 2.5% ongoing increase for university and community college operations to support higher education learning and to advance the Governor’s goal of 60% of working adults earning a degree or skills certificate by 2030.
- \$30 million investment to increase funding for the Michigan Achievement Scholarship, the state’s flagship scholarship program.
 - Expand the Michigan Achievement Scholarship with the Michigan Guarantee to ensure every Michigan high school graduate can receive an associate degree or skilled certificate tuition-free at a community college, saving more than 18,000 students up to \$4,820 on tuition each year.
- \$62 million to continue Michigan Reconnect, providing a tuition-free pathway to adult learners 25 and older.
- \$20 million increase in the Tuition Incentive Program, which provides tuition support to lower income students in Michigan’s community colleges, public universities, and private universities.
- \$14 million for the North American Indian Tuition Waiver, to provide tuition-free education to eligible Native Americans at Michigan public universities and community colleges.

Lowering Costs

The FY25 budget puts money back in people’s pockets, including:

- \$37.5 million to create the Caring for MI Family Tax Credit, saving families who care for an aging or sick relative up to \$5,000 a year on their taxes.
- \$25 million for the MI Vehicle Rebate, which lowers the cost of buying a new vehicle by offering a \$1,000 rebate, increased to \$2,000 for electric and plug-in hybrid vehicles. An extra \$500 is included, for a total of up to \$2,500 off at the point of sale, for union-assembled vehicles.
- \$500,000 to continue the federal EBT summer food benefit program, which distributes \$108 million in federal funds to ensure children have access to nutritional food throughout the summer months, saving families \$120 per child.

Making it in Michigan

The budget recommendation proposes investments to power economic development, rebuild our roads and bridges, build strong communities, and more, including:

Economic Development

- \$500 million in continued investment in the Strategic Outreach Attraction Reserve fund to attract new manufacturers and industries to Michigan helping to diversify our economy and compete nationally for high-paying jobs.
- \$100 million for a research and development tax credit to spur innovation while lowering costs for businesses.
- \$60 million to establish an Innovation Fund to invest in scalable startups and help launch hundreds of new Michigan-based companies, creating thousands of jobs.
- \$80 million to clean up contaminated sites and bring Michigan in line with other Midwest states when it comes to out-of-state trash haulers.

- \$25 million for the Build Ready Sites program to identify and prepare sites in Michigan for future development or redevelopment, creating a statewide inventory of development-ready sites to attract and promote investment in Michigan.
- \$20 million to build off the iconic Pure Michigan campaign, on top of the \$15 million in existing general fund for the program, with a focus on talent attraction, labor retention and relocating to Michigan.
- \$20 million for business attraction and community revitalization, on top of \$100 million in existing ongoing funding, to stimulate job creation and private investment, revitalize and redevelop vital properties, and support small businesses that serve as the backbones of our communities—spurring economic growth.
- \$20 million to increase funding for Going Pro, on top of \$54.8 million in existing ongoing funding, to further expand employer-based training that results in industry recognized credentials and certificates.
- \$20 million to provide specialized economic assistance to businesses locating to or expanding in Michigan.
- \$5 million one-time and \$11.1 million ongoing for the Arts and Cultural Program to expand grants to arts and cultural institutions that support the economy and contribute to vibrant communities.
- \$4 million for global talent and retention to improve the state’s efforts to welcome and integrate international talent.
- \$2.5 million for the Office of Rural Prosperity to expand outreach and grant funding in rural communities throughout the state.

Rebuilding Our Infrastructure

- \$700 million to authorize the final tranche of the Rebuilding Michigan Plan to fix our roads, including I-94 along the Metro Airport, I-696 from Southfield through Warren, and a bridge in Erie Township.
- \$247.6 million to improve state and local roads, highways, and bridges across the state.
- \$150 million to support local bridge and culvert improvements and ensure the state fully matches available federal highway aid.
- \$75 million to support federal transit capital grants, marine passenger services, rail operations and transit capital matching funds.
- \$40 million to provide loans and grants to local communities to support projects associated with lead service line replacement, building on the \$290 million current investment.
- \$30 million in grant assistance for local transit agencies to spur innovation to connect Michiganders with new public transportation options and link communities together.
- \$17.1 million to reinvest in our state parks from revenue generated by making the Recreation Passport opt-out. More Michiganders will be able to experience the natural wonders of Michigan’s state park system, while granting free access to veterans.

Reducing Crime & Keeping Michigan Healthy

The budget recommendation builds on \$1.5 billion invested in public safety under Governor Whitmer and contains funding to keep Michigan families safe and healthy, including:

Public Safety

- \$11 million in statutory revenue sharing (2% one-time) dedicated specifically for public safety, including employee recruitment, retention, training, and equipment for first responders.

- Hire and train 120 Michigan State Police troopers, and \$5.5 million to support salary and equipment costs of the 145th state police trooper recruit school, anticipated to graduate 50 new troopers this summer.
- \$5 million to establish Training, Recruitment and Retention Grants to support local law enforcement agencies. This investment will reduce violent crime by helping to ensure cities have the necessary resources to hire and retain police officers.
- \$5.5 million for community violence intervention services to reduce gun violence and save lives.
- \$10 million for lifecycle upgrades to the state's safety communication system, ensuring this critical infrastructure works for state and local emergency personnel.
- \$11.9 million to continue implementing improvements based on recommendations of the Task Force on Juvenile Justice Reform.
- \$6.3 million for various investments to increase offender success through education, training, and reentry programs.
- \$1.4 million to protect the State Capitol by increasing MSP's capacity to safeguard those who work in and visit the Capitol and Heritage Hall.

Public Health

- \$193.3 million to establish new Certified Community Behavioral Health Clinics sites across the state to serve as many as 50,000 additional individuals, providing them with behavioral health services.
- \$15.7 million in funding to continue the Healthy Moms, Healthy Babies program which helps new and expectant mothers receive the care they need and reduce racial disparities in infant and maternal mortality.
- \$46 million for changes to the Family Independence Program (FIP), the first substantially meaningful changes to the FIP program since 1990, to help families who need a hand up during hard times.
- \$24 million to provide new funds to communities that identify innovative approaches to support expectant parents and newborns.
- \$1.8 million to ensure children have access to health care through MICHild, saving families \$120 a year per child.
- \$15 million for the Michigan Energy Assistance Program to reduce energy bills for low-income households struggling to pay energy bills. This is the first increase in this program since 2012.
- \$5 million to help low-income households weatherize and improve the energy efficiency of their homes, reducing utility bills.
- \$7.3 million to ensure individuals experiencing behavioral health crises have access to the Michigan Crisis and Access Line 24 hours a day, seven days a week.
- \$5 million for smoking cessation and tobacco prevention programs to expand current efforts in addressing tobacco use among Michigan's adult and youth population.
- \$1.5 million to increase the clothing and holiday allowances for children in foster care. This investment would be the first increase in state support to foster parents for clothing and holiday presents in over 20 years, increasing the clothing allowance by 40-50% (depending on the child's age) and tripling the holiday allowance.
- \$500,000 for technical assistance and equipment to ensure the water is safe to drink in the state's child care centers.

A Fairer and More Equitable Michigan

The budget recommendation calls for investments that will build a fairer and more equitable Michigan, including:

- \$35 million to implement recommendations of the Racial Disparities Taskforce, including neighborhood health grants, mobile health units, sickle cell support and more.
- \$1.5 million to fund grants to nonprofit organizations to reduce veteran homelessness.
- \$5 million to continue the MI Contracting program to assist small and disadvantaged businesses in securing equipment and insurance to help them compete for contracts.
- \$3 million to create the Secure Retirement program, a state-managed retirement plan marketplace that allows small businesses (fewer than 100 employees) to participate and provide optional retirement savings plans to their employees at no cost to the employer.
- \$2.4 million to make state government more accessible by ensuring information and materials are provided in the languages spoken by Michigan residents.
- \$800,000 for state certification, credentialing, and endorsement of approximately 1,000 interpreters serving deaf, deafblind, and hard of hearing community.

Additionally, \$27.5 million is included to provide a 5% increase in ongoing statutory revenue sharing to help counties, cities, villages, and townships. In addition to the previously mentioned \$11 million included for public safety initiatives, the recommendation also includes \$16.5 million for a 3% one-time incentive in revenue sharing to local communities that obligate their federal COVID relief funds.

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Copies and more details of the Governor's recommended budget are available at www.michigan.gov/budget. Join the conversation on X at #mibudget.