

October, 2025

Michigan Got Road Funding, What Did Michigan Kids and Families Get? Some Wins, Many Misses.

Michigan finally got a state budget signed and in place on October 7, more than three months later than what state law mandates. From July to October we got delays, finger-pointing and very little constructive work. All of it culminated in a rush job, behind closed doors, that was presented to legislators and the public at the last minute. Many, if not most, legislators did not have time to read through the budget bills before voting on them. Advocates had no ability to participate in the process. **This is not how a state should be run; it's every example of bad governance rolled into one and dragged out over months.**

Already this year's game of budget "chicken" impacted Michigan kids – as schools began their fiscal year without knowing what their budget would be. This led to some districts making program and staffing cuts, others choosing to leave positions unfilled, and some moving ahead with a risky bet assuming flat or slightly increased funding. One example of the impact on kids was the uncertainty around Michigan's universal school meals program. The Governor and the Senate proposed flat funding, while the House wanted to eliminate this statewide program. Without a budget in place at the start of the school year, some districts continued the program until 9/30, while others announced they would not participate in the program for the 2025-26 school year; this left some Michigan kids with nutritional support through September, while others were left hungry. Funding for universal school meals was ultimately preserved, but kids were left in limbo for more than a month, and districts that announced they were not participating will have to decide whether to reverse those decisions.

So, how did Michigan kids & families fare in the tortuous, "we-should-never-do-this-again" budget negotiations? Well, it's a mixed bag. Yes, school funding increased *this year*, but the School Aid Fund (SAF) lost the 6% gas tax as part of road funding. The former gas tax was a (mostly) dedicated revenue source. The budget deal guarantees revenues roughly equal to the gas tax will be dedicated to the SAF, but it also sets aside about \$400M of that to fund Higher Education – meaning that K-12 sacrificed \$400M for roads. **We're not happy that dedicated school funding was traded away for roads.**



You'll find more details on wins and (too many) losses for kids and families, organized by section below, but first...

A Word on the Federal Shutdown...

Negotiations at the federal level failed to pass a budget or a continuing budget resolution, and the US government shutdown on October 1.¹ The large recession bill that passed in July following the budget reconciliation bill did not help negotiations, as it eliminated funding previously passed on a bipartisan basis, with a simple majority vote (on party lines). This left the minority members feeling like anything they agree to as part of a compromise might then be eliminated later through future rescissions.

As we wrote this, we had no official word of impacts on kids and families, as most programs have a funding buffer of anywhere from a week to, perhaps in some cases, a month. If the federal government shutdown continues the likelihood for negative impacts increases. Having a state budget in place at least means we are spared a double shutdown but does not eliminate risks for kids and families.

Useful Acronyms

- **Federal Poverty Level (FPL)** - An amount of income determined every year by the federal government which determines which individuals and families are eligible for assistance programs.
- **Fiscal Year (FY)** – the state budget runs from October 1 of the first year of the budget to September 30 of the following year. Budgets are then named for the years they cover, for example: "FY 2025-26"
- **General Fund (GF or GF/GP)** – The general fund is the largest part of state funds and includes most state revenues (taxes, etc.). The GF is made up of "General Purpose" (GP) funds (which can be used for any purpose) and "restricted funds" which are reserved for a special purpose by law or other requirement.
- **School Aid Fund (SAF)** – special tax revenues designated to fund K-12 school, community colleges and state universities. Although originally reserved for K-12 education, this budget reserved about \$400M of SAF funds to fund higher education (universities, community colleges, etc.) lowering the revenues for K-12.

Other notes:

- Thousand(s) are abbreviated with a "K"
- Million(s) are abbreviated with an "M"
- Billion(s) are abbreviated with a "B"

1. Bipartisan Policy Center. [June 2025 Debt Limit Analysis](https://bipartisanpolicy.org/report/x-date-debt-limit-...) Bipartisan Policy Center <https://bipartisanpolicy.org/report/x-date-debt-limit-...>



Budget Basics

Detailed information and
recommendations regarding
State of Michigan budgets

for Child & Family Advocates

Michigan's
Children



Child Care

Once again, the state budget underinvested in the Child Development and Care Program (CDC Scholarship; see table below for details), which is Michigan's child care scholarship for families who make up to 200% of the federal poverty level (FPL). But considering Michigan's low state revenues and excessive attention on road funding, we were glad to see that child care was spared funding cuts.

The most noteworthy child care investment was dedicating enough funding enough funding to keep up with the 14.4% increase in cases since September 2024 (the parents of 48,310 children utilized the child care scholarship). This increase shows the critical need for the child care scholarship. More work needs to be done to get the child care scholarship to the tens of thousands of families who are eligible for the program, and to ensure that provider rates are sufficient so families can find providers that accept the scholarship.

The state also provided some funding (\$3.5M) to implement prospective payments; pre-paying child care programs for the care they provide to scholarship families. This is nowhere near the \$40-50M originally proposed. MiLEAP is still studying what progress they can make to move the child care scholarship to a pre-pay model given the much smaller appropriation.

Notably, the state failed to raise scholarship rates, or pursue contracts with providers for a designated number of child care scholarship slots. Low reimbursement rates prevent many child care providers from participating in the program – limiting its usefulness to families. Contracts for infant/toddler care, the most difficult to find, was shown in a [state pilot program](#) to improve child care provider stability and increase access to infant and toddler care. Also, the budget cuts 5 FTE positions for child care licensing & regulation staff. We hear plenty about delays in licensing and required inspections; eliminating 5 FTEs will only exacerbate this issue.

Child Care Resource Center and Child Care Regional Coalition funding is an unknown, as the funding is dependent on allocations from the federal budget; we will provide updates when the federal budget passes.



Childcare (cont.)

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
CDC scholarship. (Growth in funds reflects increased caseloads, not an increase in rates paid to providers)	\$499M	\$543.3M	8.9%
Prospective payments & child care contracts	\$0	\$3.5M for prospective payments, with <i>no funding</i> for contracts.	100% increase*
Child care licensing and regulation	\$29.6M, with 172 FTE licensing staff	\$29.4M, \$250,000 decrease	-0.01% decrease

* This is just 7% of the \$50M requested in the Governor's budget

Missed Opportunities & Losses

- **Proposals to address the child care workforce shortage.** Solutions like a wage supplement and child care scholarship eligibility for the children of early childhood educators have proven effective in other states.
- **Increasing child care scholarship rates toward the true cost of providing high quality child care.** Low rates limit the number of child care providers that can/will accept the scholarship. For those who do accept scholarships, low rates make it difficult to increase pay for staff, leading to high turnover as early educators leave to take higher-paying jobs in the service and retail sectors.
- **Fully investing in prospective payments.** The Governor proposed a \$50M investment to implement a pre-payment model to help child care businesses escape the cycle of providing care and waiting weeks to be reimbursed by the state for their work. Funding just 7% of the ask is of questionable value and may leave the state far from full implementation of this needed change.
- **Implementing child care scholarship contracts.** The child care shortage for infants, toddlers, children with disabilities, and those living in child care deserts remains unaddressed.
- **Increasing child care licensing staff.** Rather than cutting FTEs, the state needs to invest in licensing & regulatory staff to reduce wait times that can bog down the growth of Michigan's child care sector.



Great Start Readiness Program (GSRP) & Strong Beginnings

The Governor, Senate, and House agreed that group child care homes, which provide care for up to 14 children, should be allowed to offer GSRP preschool if they meet GSRP criteria. This is a major win for parents who may feel more comfortable with a smaller, home-based early education settings, or who may have multiple children at a child care home, including a 4-year-old who is eligible for GSRP. This change could help improve the outlook for home-based care providers. These small businesses have struggled as school-based and center-based GSRP programs pulled 4-year-olds out of in-home child care, leading to the closure of at least 30 home-based programs statewide.

Also, the Governor's proposal to remove the 400% FPL income cap for families to create a universal 4-year-old preschool program was enacted. The change was made with provisions to ensure funding for GSRP continues to go to families who have the hardest time affording preschool, and we will be watching to see how this works.

The budget provided funding for the second phase of the *Strong Beginnings* pilot, a program that provides GSRP to 3-year-olds with the goal of expanding from 1,000 to 4,000 children by the 2028-29 school year. This second phase tests additional variations, like inclusive classes for children with disabilities, multi-age grouping with GSRP students, part-time preschool, and 5-day preschool. Strong Beginnings accepts families up to 250% FPL.

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
Great Start Readiness Program • Increased the per child allocation to \$10,650.	\$597.7M (not including the \$10M for transportation)	\$656.6M	9.9% increase
Strong Beginnings (3-year-old GSRP pilot program)	\$18M over 3 years	\$25M over two years.	38.9% increase

Additional Line Items for Early Intervention, Infant & Early Childhood Mental Health Consultation, and Other Early Childhood Programs

A glimmer of hope that we'll be following is a huge infusion of funds (\$270M, from \$20M in FY 24-25) into Michigan's Rx Kids program. The nation's first no-strings-attached direct cash prescription for all pregnant families was available only in Flint, Hazel Park, Kalamazoo, Pontiac, Royal Oak Township and several counties (Alger, Chippewa, Clare, Luce, Mackinaw and



Additional Line Items for Early Intervention, Infant & Early Childhood Mental Health Consultation, and Other Early Childhood Programs (cont.)

Schoolcraft). The state's investment means the program will expand to reach an estimated 100K babies over the next three years, or about one out of every three births in Michigan. The \$1,500 grant during pregnancy and monthly \$500 payment for up to a baby's first birthday has been shown to improve health and financial stability for parents and babies, while reducing preterm births and the need for neo-natal intensive care.²

The budget continued the pattern of underfunding *Early On*, Michigan's early intervention service for infants and toddlers who have disabilities, developmental delays, and medical conditions (see table below). Current funding for *Early On* will make it impossible for local *Early On* providers to hire sufficient qualified personnel and keep up with rising caseloads. Given the challenging budget environment, protecting current *Early On* funding is a partial, but weak victory; our kids should come before our roads.

Funding for the *Infant and Early Childhood Mental Health Consultation (IECMHC)* program was cut in half from \$3M to \$1.5M, but a stopgap solution³ restored enough funding to maintain – but not expand – current service levels. This is a vital early childhood program that helps early childhood educators in 42 counties support the social, emotional, and behavioral development of young children, and prevents suspension and expulsion from child care and preschool settings. Child care providers and teachers in every county are asking their Child Care Resource Centers for support in managing the huge increase in challenging classroom behaviors, and IECMHC does just that.

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
Rx Kids	\$20M	\$270M (\$250M GF/GP and \$20M in TANF funds)	1,250% increase
<i>Early On</i>	\$53.9M (estimated ⁴), including \$23.7M from state SAF	Federal funding has not been determined; \$23.7M from state SAF	No change. Flat funding
Infant and Early Childhood Mental Health Consultation	\$3M	\$1.5M	50% reduction , DHHS will backfill shortfall to continue existing services

3 DHHS plans to fill in the \$1.5M shortfall with Mental Health Block Grant and General Funds.

4 Made up of: \$11.5M in federal Individuals with Disabilities Education Act (IDEA) Part C funds, an estimated \$18.8M in Medicaid funds, and \$23.7M in state SAF/_

Additional Line Items for Early Intervention, Infant & Early Childhood Mental Health Consultation, and Other Early Childhood Programs (cont.)

Missed Opportunities & Losses

- **Full funding of – or at least increased investment in - Early On.**
- **Expansion of IECMHC to all 83 counties.**
- **Early Childhood Block Grant** (32p of the School Aid Act), was completely eliminated (\$19.4M) in the FY 25-26 budget. This ends more than 20 years of progress made through Great Start Collaboratives (GSC) and Great Start Families Coalitions (GSFC). Up until now, every county had a GSC and GSFC composed of early childhood professionals like home visitors, child care providers, early interventionists, and others who improved family access to early childhood services, led campaigns to give parents tools to build their children’s literacy and social-emotional skills, and much more. The early childhood community is reeling from the loss. 32p also funded some voluntary home visiting services for at-risk children and their families – losing this service will harm families across the state.



K-12 Education

From the change in the gas tax, to proposed roll-ups of categoricals and elimination of school meals – the K-12 School Aid Budget was a rollercoaster (and not the fun kind). In the end, the per pupil foundation allowance was increased from \$9,608 to \$10,050 for FY 25-26 (4.6% increase; \$442 increase per pupil), categoricals were not rolled up, and school meals were preserved.

Bright spots include some advances no one was sure would happen in this contentious budget year. Michigan increased its investment in the Opportunity Index (for at-risk students) by 25% (to \$1.29B) and also increased funding for English learners by the same amount (additional \$12.5M).

Programs we note that were cut include: locally-grown produce (\$4.5M; attached to school meals), literacy essentials (\$6M), and the Dolly Parton Imagination Library (\$4M).

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
At-Risk/Opportunity Index	\$1.03B	\$1.29 billion	25% increase
English Learners	\$50.1M	\$62.7M	25% increase

K-12 Education (cont.)



Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
Mental Health/School Safety	\$151.5M, ongoing	\$321M, one-time	212% increase , but no longer designated as 'ongoing'
Universal School Meals Program	\$200M	\$201.6M	0.5% increase
School Breakfast	\$16.9M	\$16.9M	No change. Flat funding
Special Education	\$2.6B	\$2.8B	7.8% increase
Out-of-Schooltime/After school Programs	\$50M ongoing funding, \$25M in one-time funding	\$75M, all one-time funding	Flat funding , but no funds designated as 'ongoing'
Flint Emergency Supports*	\$8.1M	\$8M	-1% (decrease)
Literacy Coaches	\$42M	\$42M	No change. Flat funding
One-time Literacy Supports	\$87M	\$70M	-19.5% (decrease)
Career & Technical Education (CTE) Reimbursement	\$39.9M	\$41.7M	4.6% increase
Early/Middle College & Dual Enrollment	\$8M	\$8.4M	5% increase
CTE Incentive Payments	\$5.3M	\$13.4M	152% increase

* Funds wraparound services in the Flint School District.

K-12 Education (cont.)

- **Full funding for the Opportunity Index.** Funding was increased by \$257.8M, but that falls short of the recommended \$500M annual increase that would move Michigan to fully fund the Index within five years.
- **Full funding for English Learners.** Again, a 25% increase is to be celebrated, but the \$62.7M still falls too far short of the estimated \$100 million needed to meet the needs of this underserved student population.



Higher Education – Universities & Community Colleges

Despite huge and damaging proposed cuts to Higher Education, in the end, the university operations line item received a 2.8% increase and community colleges got a 6.7% overall increase (additional \$500M). Grants and financial aid dollars were cut by 4.2% (\$23M decrease).

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
University operations	\$1.68B	\$1.73B	2.8% increase
Community colleges operations	\$367M	\$374M	2.1% increase
FAFSA Completion Challenge	\$10M	\$10M	No change. Flat funding
College Access Program (run by Michigan College Access Network)	\$4M	\$3M	-25% (decrease)

Missed Opportunities & Losses

- **City Year Detroit & Hispanic Collaborative** (\$3M FY 24-25) eliminated



Child Welfare

The Department of Health and Human Services FY 25-26 budget will show the beginning impact of the federal budget reconciliation bill's shift of costs to states, with the overall budget for the department decreasing by \$7.6B (-20%). The majority of this cut (\$5.8B or 77%) is due to a drop in federal funding. By contrast, the state GF/GP funding for DHHS will increase by 6.2% or an additional \$415M in GF/GP dollars.⁵

⁵ FY 2025-26 Omnibus, Summary: Conference, HB 4706 (H-1) CR-1. House Fiscal Agency. https://www.house.mi.gov/hfa/PDF/Summaries/25h4706h1cr1_general_omnibus_conference_report_summary.pdf. MDHHS budget begins on page 84.

Child Welfare (cont.)



Federal disinvestment in social services like food assistance (SNAP), and healthcare (Medicaid) leaves states with big budget holes to fill and difficult decisions to make; the federal government cut the funding, but states are left with decisions around trying to backfill funding deficits or make cuts to benefits or services. In the FY 25-26 budget, more than \$9.3B⁶ in provider taxes that were cut in the recent federal budget reconciliation bill were moved into ‘contingency,’ meaning the state is hoping a federal waiver will be granted to give the state time to find alternate ways to plug this huge budgetary hole; if the waiver is granted then the state has a placeholder (‘contingency’) in the budget directing how the funds will be spent on Medicaid (much of it going to the state’s hospitals), if the waiver isn’t granted the state will face the federal Medicaid cuts this year, with no time to seek alternative solutions.

Beyond the overall MDHHS budget numbers, we were disappointed to see that none of the Governor’s “ensuring children remain connected to their families” - a proposed \$24.2M investment to support kinship care for children to keep them out of foster care – was funded. There are about 50,000 Michigan kids who live in kinship situations, being cared for by other family members or close family friends when their parents are not able to care for them. These families are often headed by grandparents, or older siblings, or well-meaning relatives/friends trying desperately to keep kids out of the foster care system and close to those who know them best. These carers are rarely part of the official foster care system, and struggle to access financial resources these children and youth qualify for – leaving these carers in financial stress after taking on the unexpected costs of child rearing.

Key Line Items	Last Year (FY 24-25) Budget Allocation (total)	Next Year (FY 25-26) Budget Allocation (total)	Change from FY 24-25 to FY 25-26 (% increase/decrease)
Extracurricular Activities for Foster Youth. Supports costs of extracurricular activities for foster youth.	\$100K, ongoing	\$758K, one time	658% increase
Foster Care Emergent Needs. An ongoing line item that provides emergency funds for unexpected needs of kids in foster care	\$50K	\$50K	No change. Flat funding of this shameful pittance

⁶ For perspective, the total state budget in FY 25-26 will be more than \$81B, so a \$9.3B cut in federal funding represents more than 11% of the overall budget.

Child Welfare (cont.)

Missed Opportunities & Losses

- **Supporting Kinship and the Kinship Care Resource Center.** We were excited to see the Governor recognize these families and their needs in her budget. She proposed \$24.2M to provide resource navigators to find more kin placements and to connect existing kin carers to the resources they need to keep the children in their care fed and housed. The failure to include any funding for these families is colossal. Continuing to ignore these families and letting kids from families with loving kin, but fewer financial resources drift into the overburdened, expensive foster care and/or juvenile justice systems – is shortsighted and will cost the state much more in the long run.
- **Improving Adoption Supports.** This \$12.4M would have Increased rates paid to providers of behavioral health services and expanded Medicaid eligibility and access to the Adoption Medical Subsidy program to keep children with more complex health or behavioral needs with their guardians/adoptive parents, rather than being returned to the foster care system.
- **Foster Care Aging Out Assistance Pilot.** To improve services/assistance to 1,000 youth transitioning out of foster care (\$2.5M).
- **Supporting Independent Living for Older Foster Youth.** The Governor proposed a 20% increase to the Independent Living Plus Rate to increase staffing, programming, and services to older youth in independent living programs (\$2M).
- **Foster Home Array & Permanency Planning.** \$13.3M to support initiatives designed to keep children in their homes, reduce residential facility placements, increase kinship placements, etc.
- **Protecting benefits of kids & youth in foster care.** The Senate proposed an additional \$3.5M (GF/GP) backfill in anticipation of enacting new legislation that would reverse the current state practice of taking benefits (pensions, Social Security, Veteran's benefits, etc.) owed to children in foster care and using it to reimburse the state for the costs of their care. Currently, Michigan seizes about \$3.5M annually of benefits owed to children and youth in foster care. This was common across the US for too many years, but recently many states have ended or moved toward ending the practice. There are two bills in Michigan (SB 180 and HB 4750) that would require the foster care system to instead save these funds so that youth transitioning to independence have the benefits owed to them to use for things they need (college/vocational training, housing, transportation, etc.). We hope to see Michigan follow other states and, literally, stop taking money from babies (and children and youth); not including these dollars in the budget may complicate that change.



Child Welfare (cont.)

Missed Opportunities & Losses (cont.)

- **Funding Child Abuse Prevention.** Children’s Trust of Michigan (CTM) is the only funder of primary child abuse prevention (CAP) programs statewide. Michigan initially put \$7M into the trust fund and increased that amount to \$20M in 2002; up to 5% of these funds can be withdrawn annually to fund prevention across Michigan’s 83 counties, and are combined with monies from private fundraising, and federal dollars. Beyond the initial trust investment, the state has never funded CTM programming. CTM currently provides funds to: 67 primary prevention programs, 25 secondary prevention programs, and 11 Family Resource Centers (FRC) across Michigan. In 2024, CTM supported primary (general education) and secondary (targeted programming) child abuse and neglect prevention services that reached 76,549 families and 85,091 children. The 11 FRCs served 38,756 families and 44,417 children with 85,017 services. The top 5 services were parent education, individual family support, food assistance, mental/behavioral health and baby/ infant items. For FY 25-26, CTM requested, but did not receive, \$4M in support for CAP (to supplement the funding provided by the amount withdrawn from the Trust and other sources). Not funding primary prevention and secondary treatment/prevention is “pound foolish”; prevention costs are miniscule compared to the costs states incur once child abuse or neglect happen. A study of FY 2022 funding found that Michigan spent less on prevention programming than the national average, and more than the national average for out-of-home placements and child protective services (CPS). Investing more in prevention can help lower the need for CPS and costly out-of-home placements. Preserving families is a good investment for kids and the state coffers; Michigan needs to invest more in prevention.
- **Autism Navigators.** This program received state funding beginning in 2015. Navigators listened, advised, and connected families to needed resources. The Autism Alliance of Michigan does not have funding to replace the \$2M in lost state funding, and there is uncertainty as to how, or if, they will continue this program. Michigan families seeking needed educational and health supports for their children with autism can pay legal advocates, but those who cannot afford those services may have to navigate those complex systems without support.

FY 26-27: A Note To Advocates

Despite a lingering headache from the last budget season, it is time to start to think about FY 2026-27. Below is a timeline on the typical budget process and advocacy tasks. Come on, we can do this (again)!

See next page for a helpful budget timeline and suggested advocacy tasks.



FY 26-27: Budget Timeline (We Hope) & Advocacy Tasks

Month	Budget process	Advocacy tasks
October	Governor & team begin to formulate next fiscal year's budget	Exam current year budget & determine next set of advocacy priorities
November		Reach out to Executive team
December		Begin educating community & partners on priorities to build awareness & support
January	Governor's budget proposal released	Read proposal, compare to current year funding and priorities
February		Reach out to Senate and House Appropriation members to review priorities/provide data
		Continue to educate/engage community partners
March	Senate and House begin working on their budgets	Develop legislative strategies, matching partners and community members to their elected leaders
April		Meet/call/send letters to Senate and House Appropriation members, and legislators who might share priorities (and those who might not – a lot to learn from them as well)
		Increase community engagement/education around top issues/issues without easy support. Encourage calls, blogs, letters to editor, social media, events, etc.
May	Senate & House release budget proposals (late April into May)	Read proposal, compare to Governor's budget, and current year funding and priorities
		Meet with contacts in executive branch, appropriations committees – remind them of issues, seek their support
June	Budget negotiations	Work legislative strategies
		Maintain close contact with partners
		Share reliable information with advocates (avoid rumors)
July	Budget passed by July 1! 	Analyze what is in/out. Celebrate wins. Praise advocates and partners. Acknowledge the issues that need more advocacy. Rest
August	[Nothing much]	Begin to strategize, plan and prioritize
		Talk with community members and partners
September through December	Budget cycle begins again	Finalize priorities and strategies
		Work with community & partners
		Focus on awareness/education, laying groundwork & creating advocacy materials
		Communicate with executive branch and advocate for priorities