Budget Briefing: Lifelong Education, Advancement, and Potential

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics
- Creation of MiLEAP Through Executive Orders
- Office of Early Childhood Education
- Child Development and Care (CDC) Program
- Office of Education Partnerships
- Office of Higher Education

Department of Lifelong Education, Advancement and Potential

The Department of Lifelong Education, Advancement, and Potential (MiLEAP) was created in 2023 to administer and coordinate statewide education efforts outside of the K-12 school system, which primarily includes early childhood, child care, and postsecondary education.

Major departmental responsibilities include the following:

- Administering the Great Start Readiness Program (GSRP) and the PreK for All Initiative
- Licensing child care providers and overseeing the Child Development and Care (CDC) scholarship
- Managing Out-of-School Time and summer learning programs
- Providing technical assistance and support to family engagement centers
- Administering postsecondary scholarship programs
- Increasing attainment of postsecondary skill certificates or degrees

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2026-27 is October 1, 2026 through September 30, 2027.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount in a budget bill that establishes spending authorization for a particular program or function.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

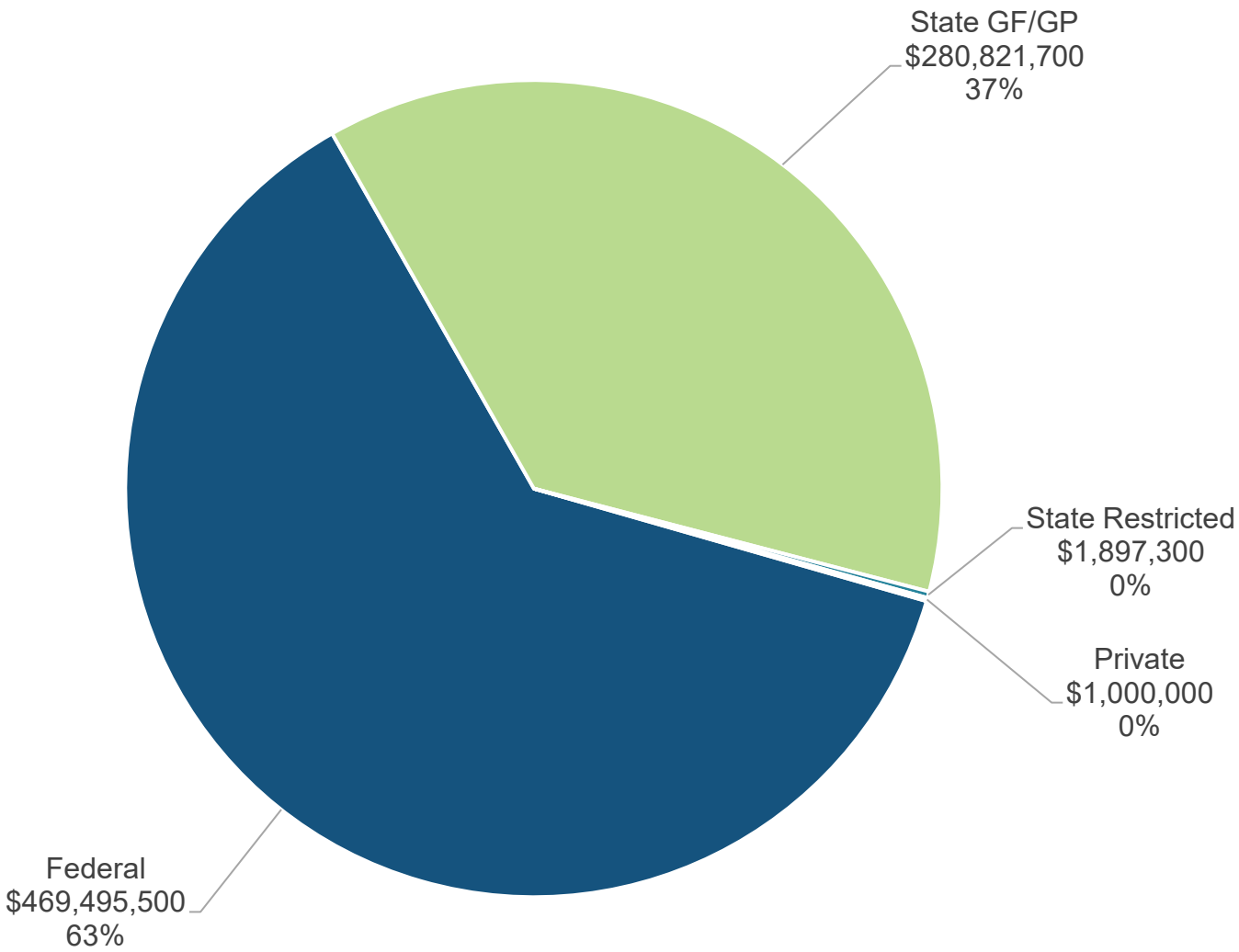
Funding Sources

FY 2026-27 Lifelong Education, Advancement, and Potential Budget

Fund Source	Funding	Description
Gross Appropriations	$753,214,500	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	0	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	$753,214,500	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	469,495,500	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	1,000,000	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	1,897,300	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	$280,821,700	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

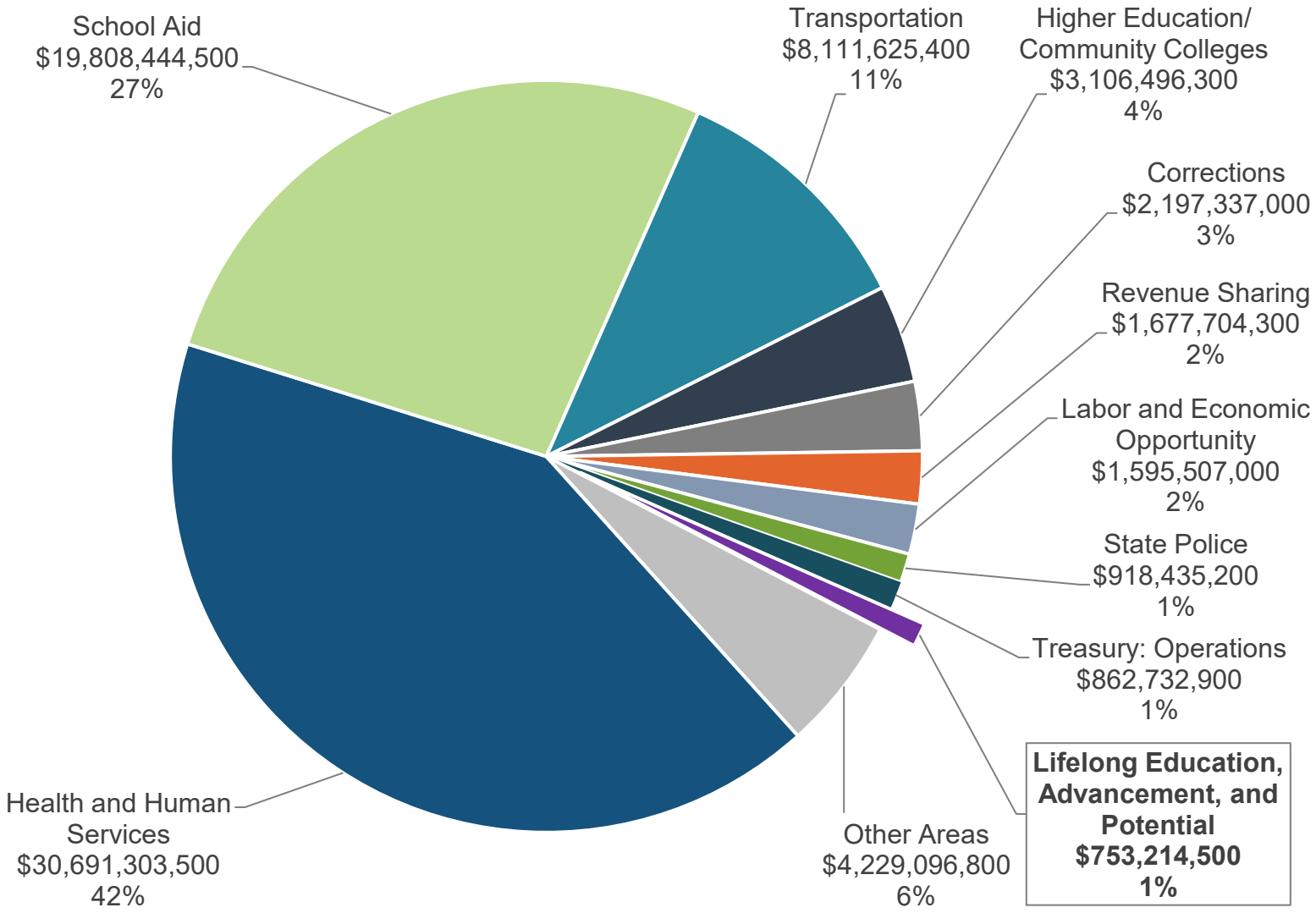
FY 2026-27 Fund Sources

The MiLEAP budget is funded almost entirely with federal and state general fund/general purpose revenue.



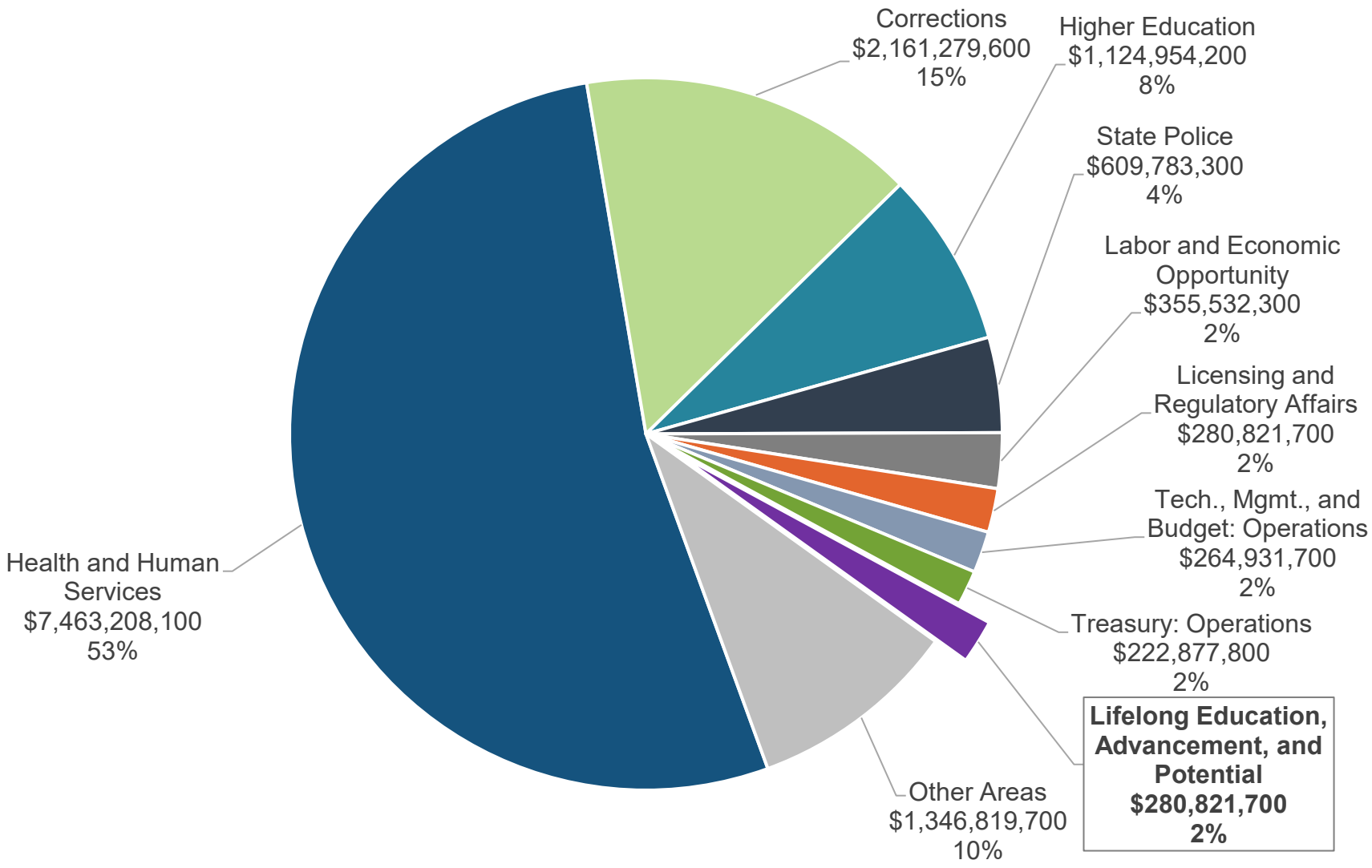
MiLEAP Share of Total State Budget

The MiLEAP budget represents less than **1%** of the **$74.0 billion** state budget (adjusted gross) for FY 2026-27.



MiLEAP Share of Total GF/GP Budget

The MiLEAP budget represents **2%** of the state's **$14.1 billion** GF/GP budget for FY 2026-27.



Appropriation Areas

MiLEAP Appropriation Areas

Early Childhood Education: Administers GSRP; licenses and regulates child care providers; oversees the CDC program; administers funding for the Early Childhood Investment Corporation (ECIC) and Family Child Care Networks; oversees the Tri-Share Child Care program; facilitates partnerships between Head Start agencies and other state entities.

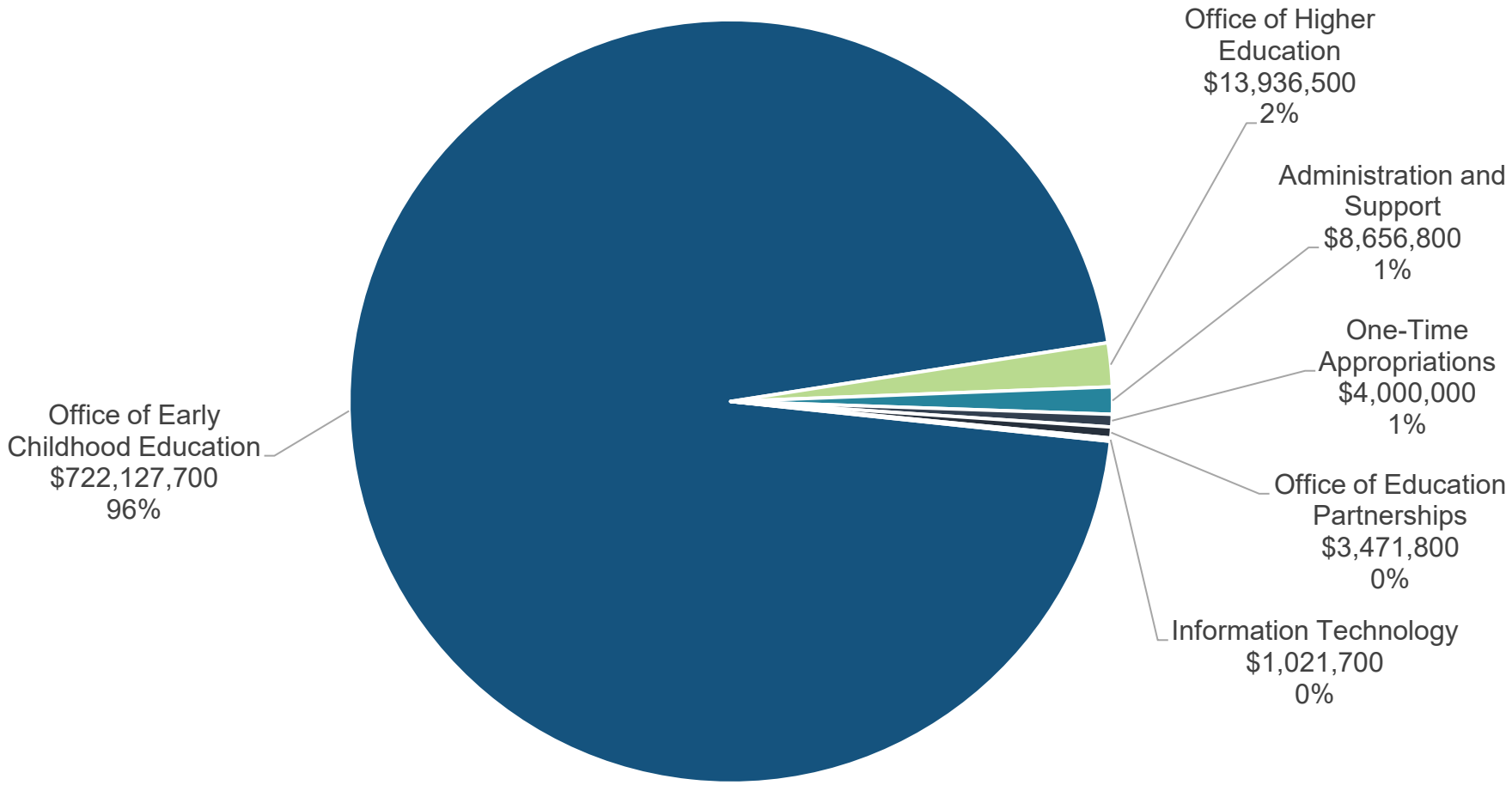
Education Partnerships: Oversees Out-of-School Time and summer learning programs; houses the Governor's Educator Advisory Council and Michigan PreK-12 Literacy Commission; provides support to MiFamily Engagement Regional Centers; licenses and regulates youth camps; oversees 21st Century Community Learning Centers.

Higher Education: Administers scholarship programs, including the Michigan Achievement Scholarship, Michigan Reconnect, and the Tuition Incentive Program; oversees the Sixty by 30 Initiative and the Universal FAFSA Challenge.

One-Time Appropriations: One-time program funding for various priorities on a time and attendance billing system for the CDC program, adult postsecondary education, and increasing postsecondary degree or certificate attainment.

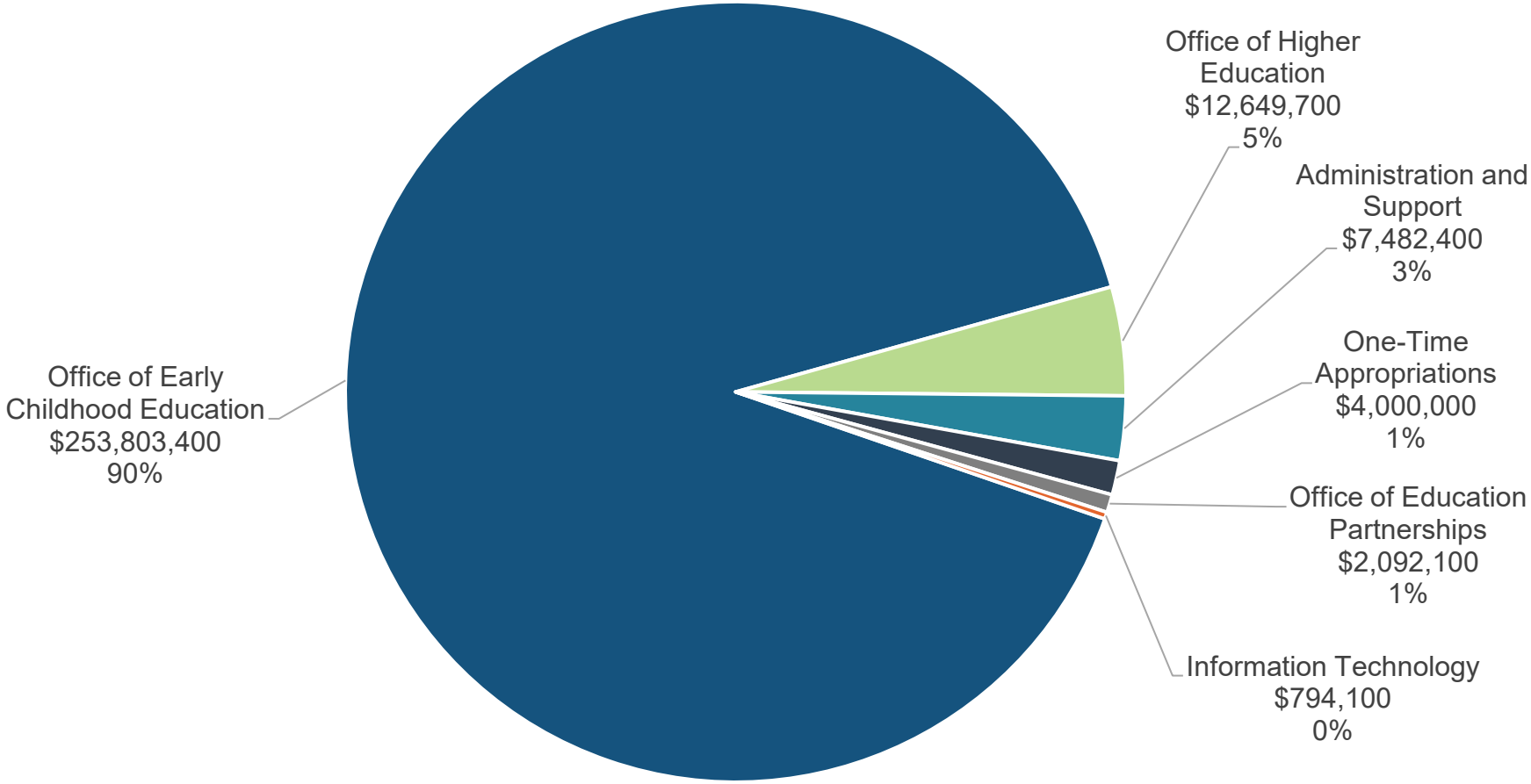
FY 2026-27 Gross Appropriations

Of the total **$753.2 million** appropriated in the MiLEAP budget, **$722.1 million**, or **96%**, supports the Office of Early Childhood Education.



FY 2026-27 GF/GP Appropriations

Of the total **$280.8 million** GF/GP appropriated in the MiLEAP budget, **$253.8 million**, or **90%**, supports Office of Early Childhood Education.



Major Budget Topics

Creation of MiLEAP Through Executive Orders

Executive Orders 2023-6 and 2024-2

On July 11, 2023, Gov. Whitmer signed Executive Order 2023-6, which established MiLEAP. The order transferred funding, FTE authorization, and responsibilities from the Department of Education (MDE), Department of Licensing and Regulatory Affairs (LARA), Department of Treasury, and Department of Labor and Economic Opportunity (LEO).

- Transferred in **$430.9 million** Gross ($53.9 million GF/GP) and authorization for 77.0 FTEs from **MDE** to support the Office of Early Childhood Education and Office of Education Partnerships.

- Transferred in **$25.6 million** Gross ($4.4 million GF/GP) and authorization for 147.0 FTEs from **LARA** to support the Child Care Licensing Bureau.

- Transferred in **$8.9 million** Gross ($7.7 million GF/GP) and authorization for 36.0 FTEs from **Treasury** to support the Office of Higher Education.

- Transferred in **$6.7 million** GF/GP and authorization for 12.0 FTEs from **LEO** to support the Office of Higher Education and the Tri-Share Child Care Program.

Additional responsibilities were transferred to MiLEAP in Executive Order 2024-2 concerning the Michigan Indian Tuition Waiver administration ($157,000 GF/GP and 1.0 FTE) and the Office of Postsecondary Educational Attainment.

Office of Early Childhood Education

Office of Early Childhood Education

The Office of Early Childhood Education is responsible for overseeing the licensure and administration of early childhood programs. The Office includes the following agencies and programs.

- Child Development and Care (CDC)
- Great Start Readiness Program (GSRP) Administration
  - Administers the Great Start Readiness Program, Michigan's four-year-old pre-K program. Programmatic funding is included in Sec. 32d of the School Aid budget.
- Child Care Licensing and Regulation
  - Oversees licensure process for all child care facilities. Provides technical assistance and consultations to facilities and ensures compliance on applicable policies and administrative rules.
- Other Programs
  - Also includes funding for the Early Childhood Investment Corporation, the T.E.A.C.H. Early Childhood Scholarship Program, Head Start Collaboration Office, and Tri-Share Child Care Program.

Child Development and Care (CDC) Program

CDC Services Overview

Child Development and Care services are provided for the financial assistance of child day care for qualifying families.

- **Family Eligibility**
  - Michigan serves families up to **200%** of the federal poverty guidelines, which is a monthly income below **$5,358** for a family size of three, or **$64,296** annually—around **53%** of the maximum federal eligibility threshold.
  - Michigan also serves family groups receiving Family Independence Program (FIP) assistance, foster care, or having a protective service case.
- **Child Eligibility**
  - Michigan serves children under the age of 13 or under the age of 18 when under court supervision or when incapable of self-care.
- **Provider Payments**
  - Providers are reimbursed at a rate based on the age of the child, provider type, provider quality rating, and number of hours the child is in care.
- **CDC Caseload**
  - Each family actively using CDC services in a given month is considered a single case. Caseload numbers will be lower than the number of individual children receiving child care.

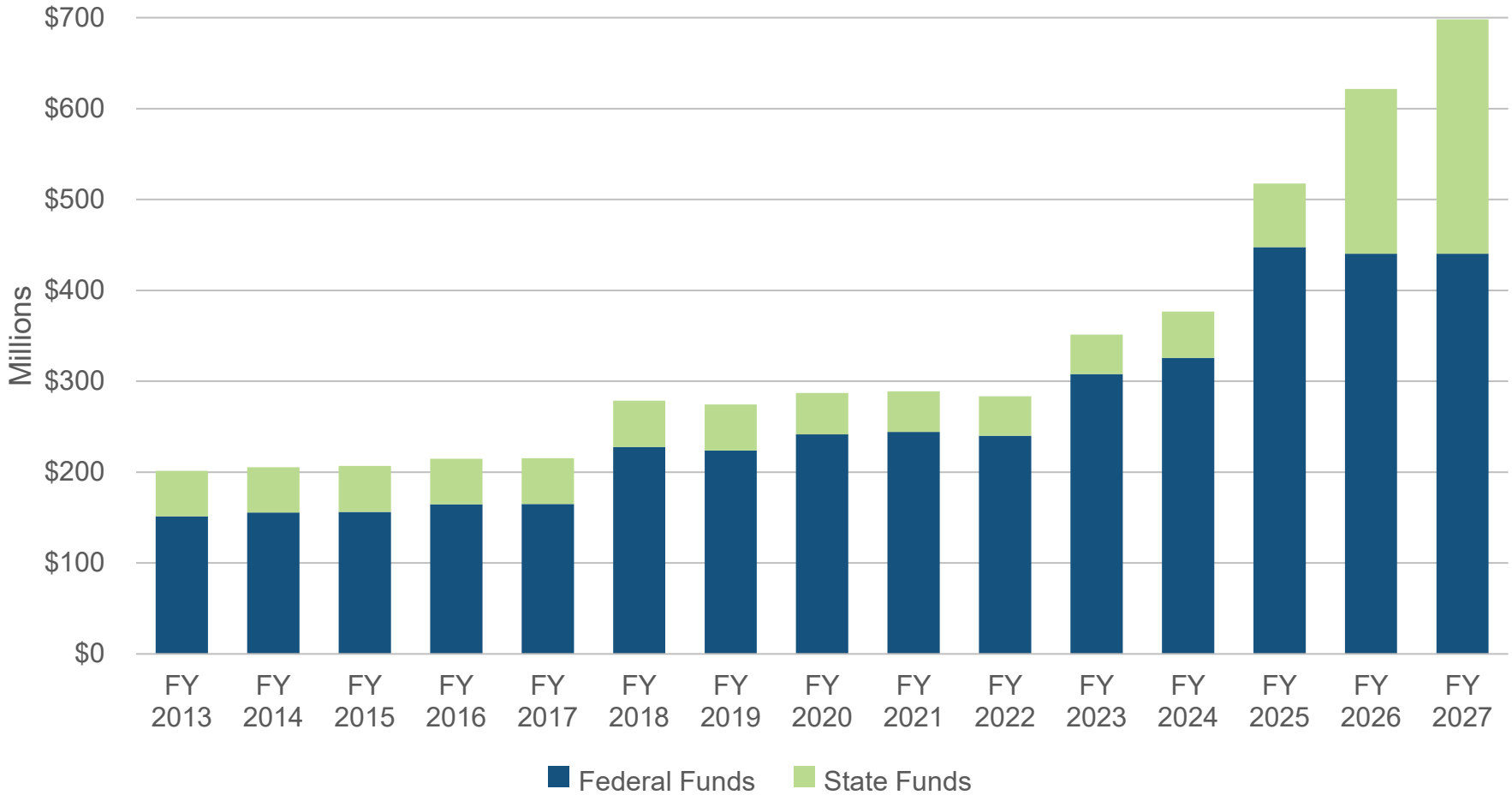
CDC Services: Funding

The **Child Care Development Fund (CCDF)** is composed of a range of state and federal fund sources. The CCDF is used for CDC public assistance, department operations, and an interdepartmental grant to DHHS to assist with administering the program.

- **Mandatory Funds**
  - Required under Federal Social Security Act, Section 418, regardless of the state's contribution
- **Matching Funds and MOE**
  - Requires the state to match and maintain a certain level of financial support, based on the current Medicaid match rates (**65.70%** in FY 2026-27)
- **Federal Discretionary Funds**
  - Determined by the Child Care Development Block Grant, which is determined annually by federal appropriation
  - Allocation to states is based on the number of children under age 5, number of children who qualify for free or reduced-price lunch under federal law, and state per-capita income
  - No match or maintenance is required to receive these funds
- **Other Discretionary Funds**
  - Since FY 2024-25, federal Temporary Assistance for Needy Families (TANF) funds and GF/GP has been used to fully fund the program due to increasing caseload costs.

Child Care Development Fund (CCDF)

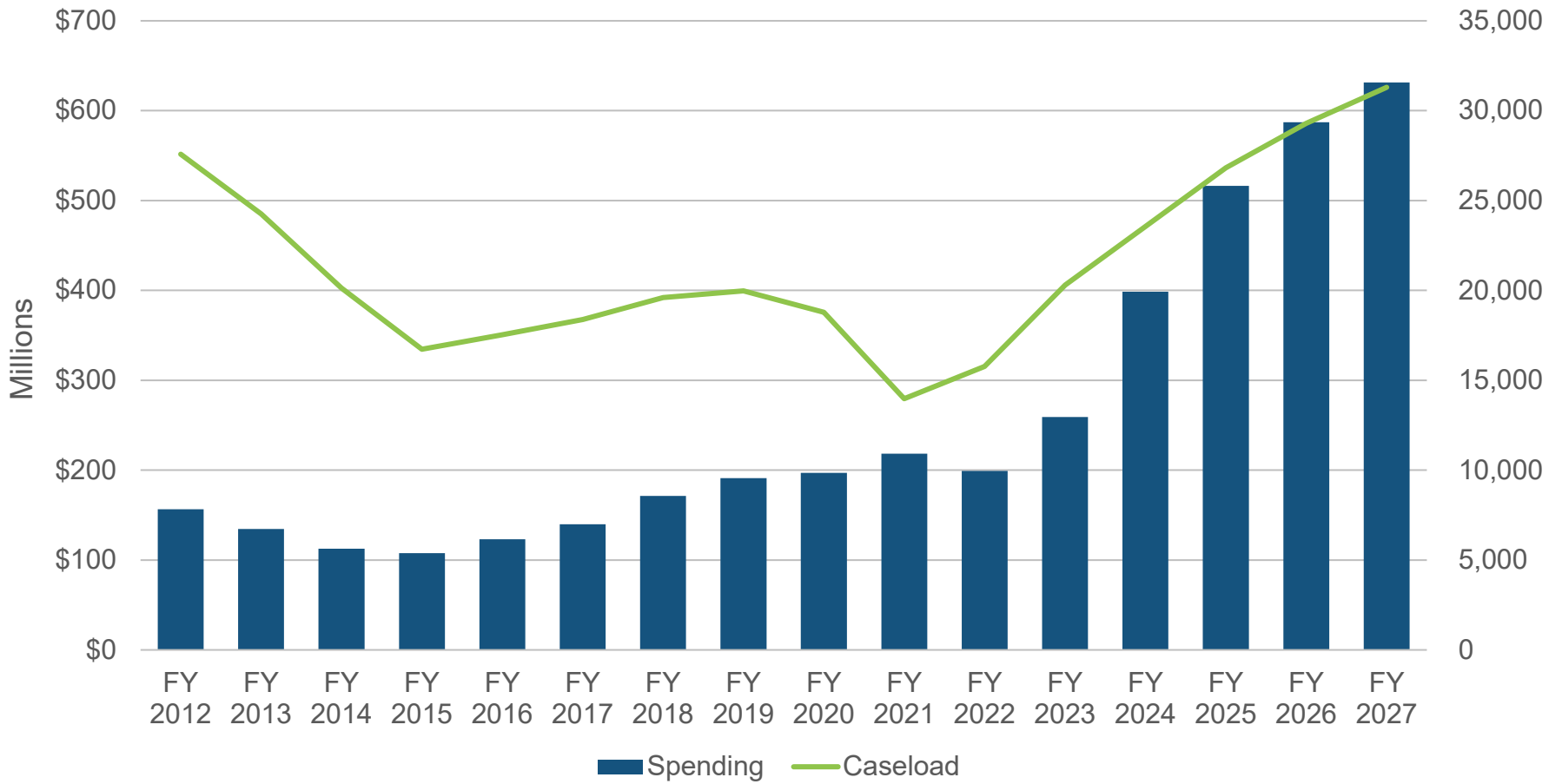
Historically, total CCDF funding followed caseload and eligibility changes. Beginning in FY 2024-25, additional GF/GP and TANF were required to meet rising caseloads and costs.



Note: The annually awarded CCDF funding shown above does not include COVID-19 stimulus.

CDC Caseload and Spending Trends

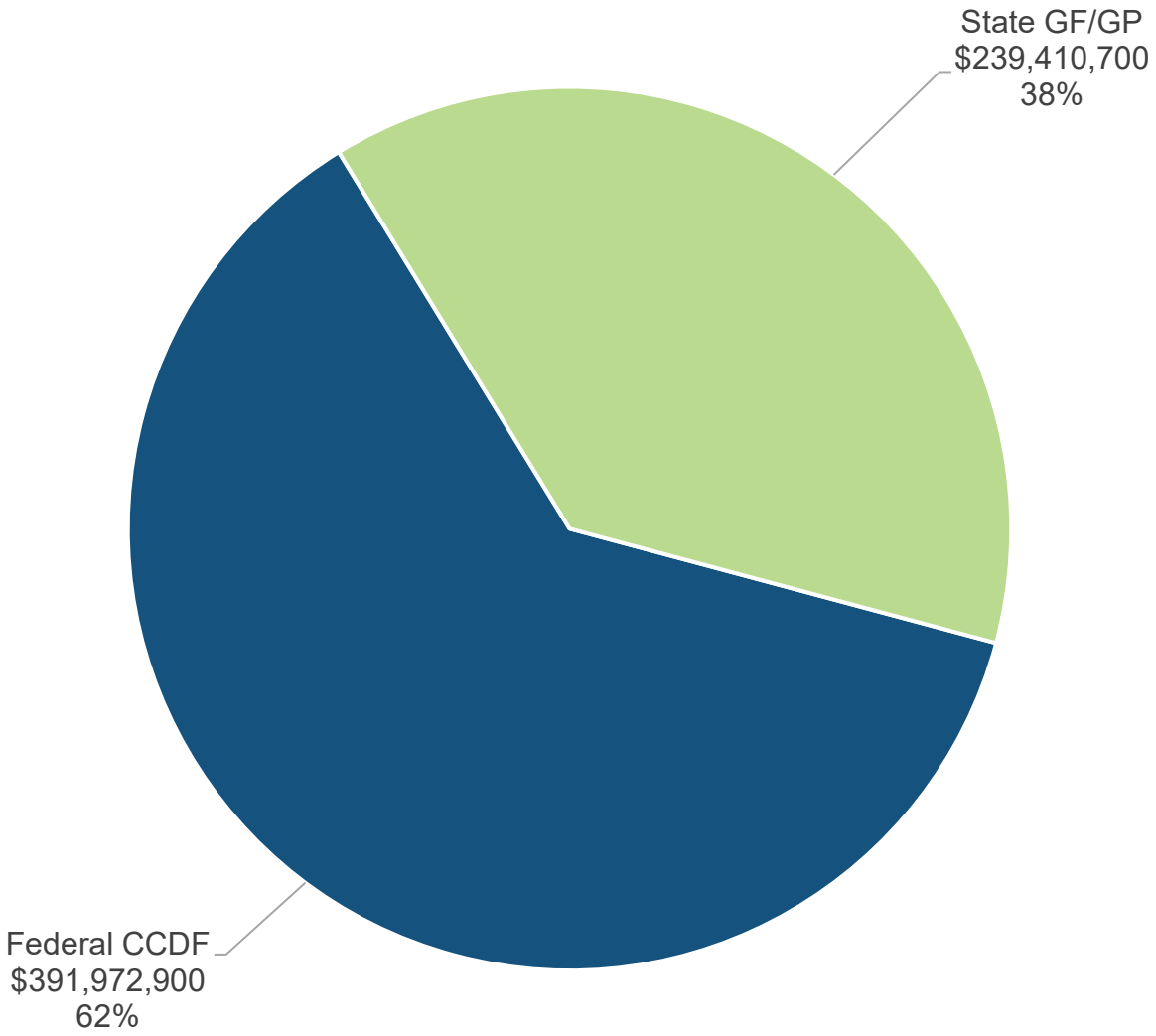
Expenditures increased by **54%** in FY 2023-24 due to the retention of the 200% eligibility threshold originally funded through federal COVID-19 stimulus packages. Expenditures are projected to increase by an additional **8%** in FY 2026-27 due to continued caseload growth and increased caseload costs.



*Reflects estimated costs based on Consensus Revenue Estimating Conference adjustments and enacted policy changes.

CDC Public Assistance Funding Sources

Total funding for CDC public assistance is **$631.4 million** for FY 2026-27, based off the May 2026 Consensus Revenue Estimating Conference estimates.



CDC Provider Reimbursement Rates

- Provider reimbursement rates are determined by the state.
- License-exempt child care providers are reimbursed between $2.95 and $4.95 per hour, depending on the provider's tier and age of the child.
- Licensed child care providers are reimbursed at a tiered rate based on the type of license the provider holds, the provider's quality rating, a child's age, and the number of hours a child attended over a two-week period. The payment is based on the following block schedule:
  - 1-30 hours: paid between $144 and $288, based on the tiered reimbursement rate
  - 31-60 hours: paid between $288 and $576, based on the tiered reimbursement rate
  - 61+ hours: paid between $432 and $864, based on the tiered reimbursement rate

Office of Education Partnerships

Office of Education Partnerships

The Office of Education Partnerships is responsible for building and sustaining partnerships for early childhood, K-12, and postsecondary education. The Office includes the following programs.

- Out-of-School Time and Summer Learning
  - Administers funding for before and after school programs and for summer learning programs. Programmatic funding is provided in the School Aid budget.
- Family and Community Engagement
  - Administers funding and provides support for MiFamily Engagement Centers, Early Literacy Hubs, and other community engagement efforts. Programmatic funding is provided in the School Aid budget.
- Camp Licensing
  - Oversees licensure process for youth camps.

Office of Higher Education

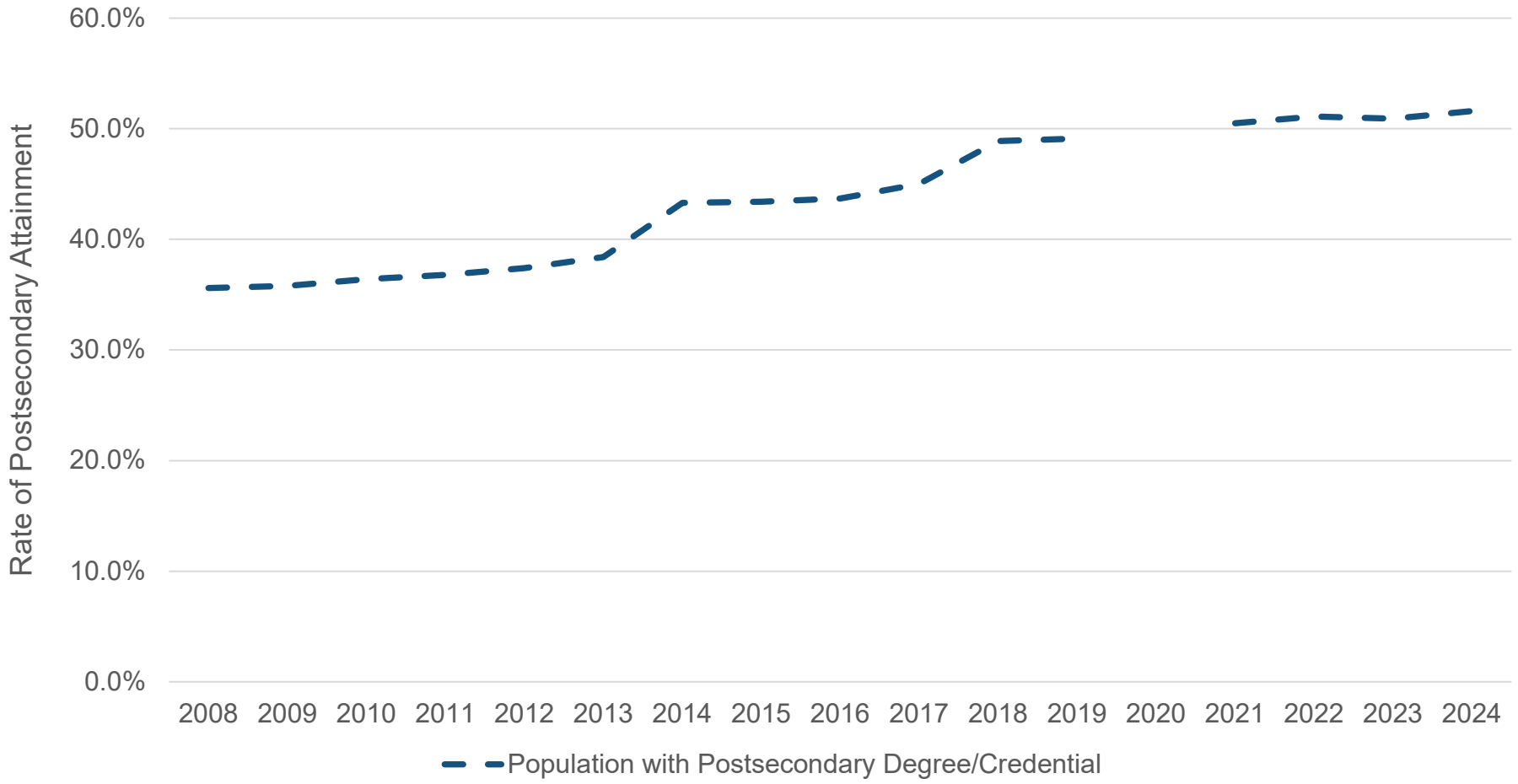
Office of Higher Education

Office of Higher Education serves as the Executive's coordinating entity for postsecondary initiatives. The Office includes the following agencies and programs.

- Office of Sixty by 30
  - Entity working towards ensuring the state reaches 60% of adults with a postsecondary degree, credential, or certificate by 2030
- MI Student Aid
  - Administration of all state-based postsecondary scholarship and grant programs, along with dual enrollment for high school students
- Dual Enrollment for Nonpublic Students
  - Provides tuition payments to higher education institutions for eligible nonpublic school students participating in the dual enrollment program
- Universal FAFSA Challenge
  - Partnership with local school districts to increase completion of the Free Application for Federal Student Aid (FAFSA). FAFSA completion is a requirement for most state scholarship programs

Postsecondary Degree, Certificate, and Credential Attainment

Working with the Lumina Foundation, the Office of Sixty by 30 tracks the state's progress to reaching 60% of Michigan adults with postsecondary degrees or credentials. Certificates were added in 2014, and credentials were added in 2018. No data exists for 2020 due to the COVID-19 pandemic. Michigan stands at **51.6%** attainment in 2024.



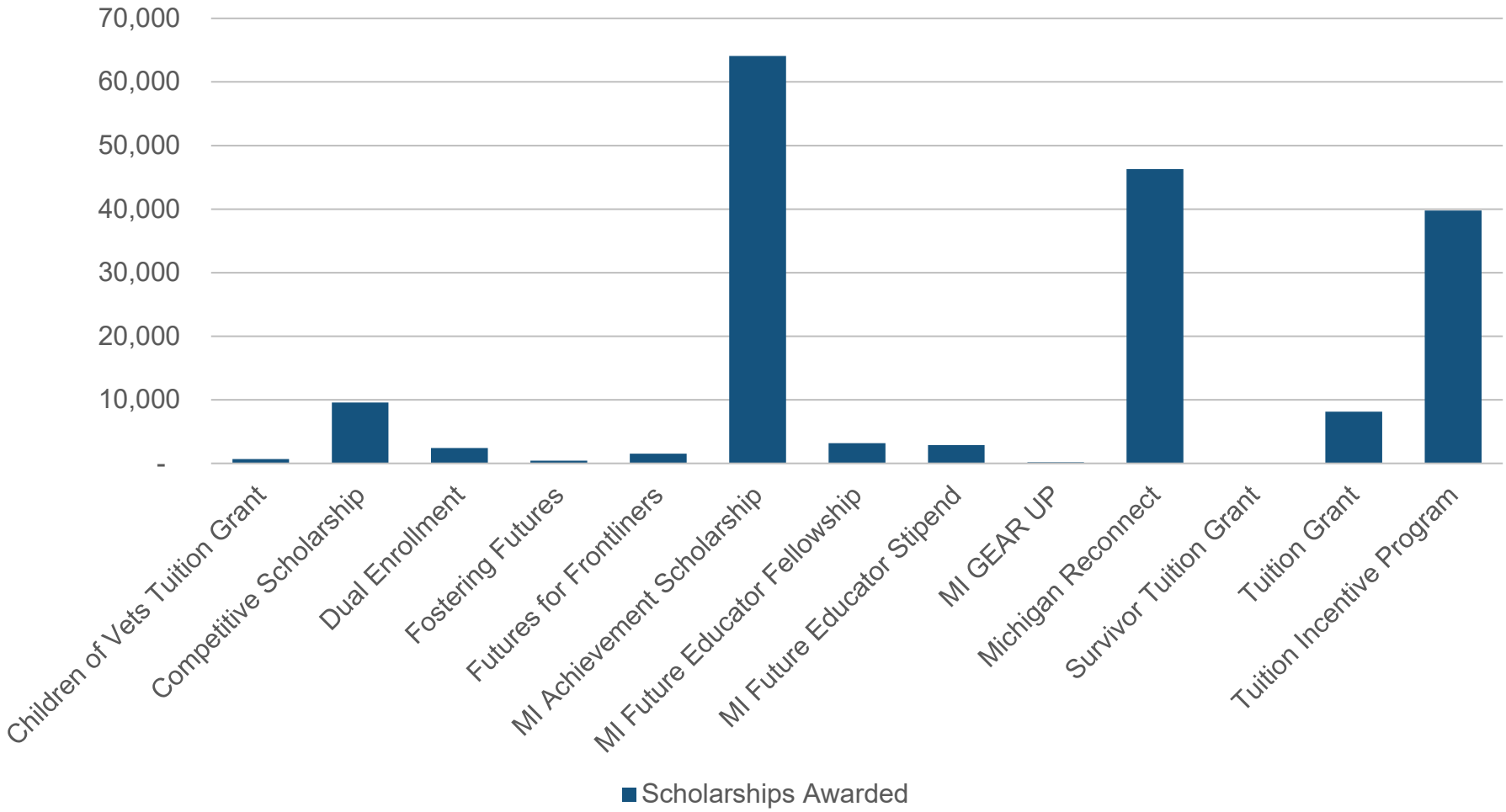
MI Student Aid: Grants and Financial Aid

MI Student Aid administers and distributes state scholarship and grant programs. While scholarship administration is in MiLEAP, funding for most state scholarship programs is located in the Higher Education budget. The majority of scholarships can be used at 2- and 4-year postsecondary institutions. State financial aid programs include the following:

- Michigan Achievement Scholarships
- Tuition Incentive Program
- Michigan Reconnect
- Tuition Grant Program *(Closed to new students)*
- State Competitive Scholarships *(Closed to new students)*
- MI GEAR UP
- Children of Veterans and Officer's Survivor Tuition Grant Programs
- Dual Enrollment
- Fostering Futures Scholarship
- Futures for Frontliners *(Closed to new students)*
- MI Future Educator Fellowship
- MI Future Educator Stipend

FY 2024-25 Scholarships Awarded

Over 153,000 students were awarded state scholarships in FY 2024-25 (the most recent year available). The Michigan Achievement Scholarship had the largest number of awards with over 64,000. The Officer's Survivor Tuition Grant was the smallest with 25.



FY 2024-25 Scholarship Funds Awarded

$558.9 million in state scholarship funds were awarded during FY 2024-25 (the most recent year available). Michigan Achievement Scholarship awards includes the skills scholarship. Michigan Reconnect awards include the temporary expansion to students aged 21-24.

Program	Total Awarded
Michigan Achievement Scholarships	$271,702,079
Tuition Incentive Program	118,450,983
Michigan Reconnect	61,442,037
MI Future Educator Stipend	34,742,400
MI Future Educator Fellowship	27,290,060
Tuition Grant Program	21,329,089
State Competitive Scholarships	14,137,970

Program	Total
Dual Enrollment	$3,677,361
Futures for Frontliners	2,721,342
Children of Veterans Tuition Grant	1,667,638
Fostering Futures Scholarship	1,059,844
Survivor Tuition Grant	330,171
MI GEAR UP	319,126
TOTAL	**$558,870,100**

For more information about the Lifelong Education, Advancement, and Potential budget:

HFA Resources

http://www.house.mi.gov/hfa/LifelongEdAdv.asp

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