July 2025 | State Budget Note 2025-01

CITIZENS RESEARCH COUNCIL OF MICHIGAN

The One Big Beautiful Bill Act and Its Impact on Michigan's Budget

In A Nutshell

- The OBBBA increases state cost-sharing within two major safety net programs – Medicaid and the Supplemental Nutrition Assistance Program. The changes could increase Michigan's spending on these programs by over $1 billion by FY2032.
- It also implements more favorable tax treatment of certain business expenditures under the federal corporate income tax – changes that will have ripple effects on Michigan's corporate income tax collections, leading to large and immediate revenue declines ($677 million revenue reduction estimated for FY2026).
- These provisions mean the state will need to cut around $1.1 billion in General Fund/General Purpose appropriations from the FY2026 Executive Budget proposal. By FY2032, OBBBA's provisions will absorb around 40 percent of expected General Fund revenue growth.

On July 4, President Trump signed the One Big Beautiful Bill Act (OBBBA), successfully achieving one of his top policy goals. The massive legislation touches nearly every corner of the federal government, but key provisions include the extension of the vast majority of tax cuts included in the Tax Cuts and Jobs Act of 2017 enacted during his first term and an assortment of new – albeit temporary – tax relief provisions for tipped income and overtime pay earners as well as senior citizens. Passage, however, was achieved through the Congressional budget reconciliation process to avoid being blocked by a potential filibuster in the U.S. Senate. Under Congressional rules, that also meant the legislation needed to identify significant federal spending reductions to offset the revenue loss attributed to the new tax policies as well as increased military and immigration enforcement spending.

Those offsetting reductions are heavily focused on two major safety net programs – Medicaid, a federal-state jointly funded program that provides health care coverage to roughly 83 million people nationwide[1]; and the Supplemental Nutrition Assistance Program (SNAP) that provides food assistance benefits to around 42 million people[2]. Some of these provisions are expected to curtail enrollment and therefore reduce federal spending within these programs. For instance, the OBBBA adds new work engagement provisions to Medicaid and requires more frequent eligibility determination for recipients within Medicaid expansion programs implemented under the Affordable Care Act (ACA).

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However, the OBBBA also achieves federal spending reductions through shifts in cost-sharing with states – provisions that will have significant impacts on state budgets going forward. The act establishes a freeze on new Medicaid provider taxes that states often use to help finance their share of Medicaid costs. Further, it requires states that have implemented ACA Medicaid expansions – including Michigan – to scale back many of these provider taxes. More directly, the OBBBA also establishes new cost-sharing requirements for states within the SNAP program.

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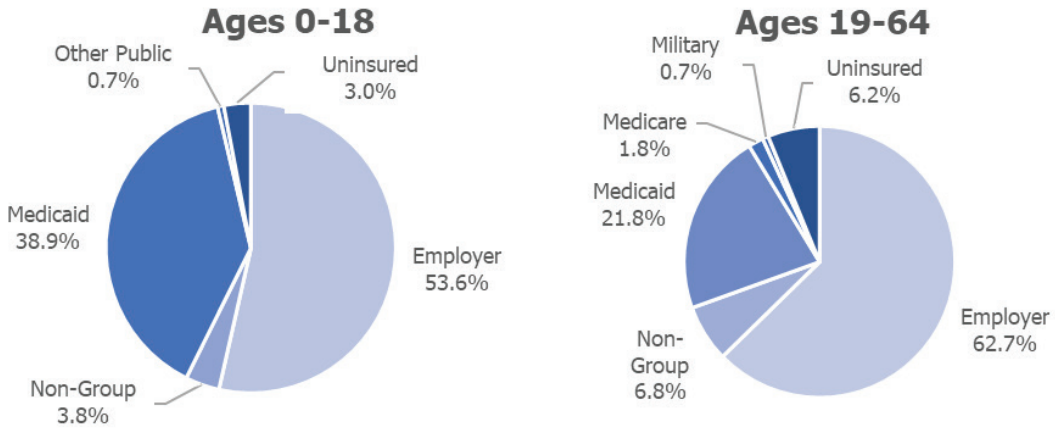
This analysis focuses on the likely short- and long-term impacts of the OBBBA provisions on Michigan's budget outlook. While formal federal guidance is still pending for many OBBBA provisions, this analysis suggests that the OBBBA provisions will have both state revenue and spending impacts that will have severe consequences for several budget cycles and will tap into around 40 percent of the state's expected General Fund revenue growth by Fiscal Year (FY)2032. Of particular note, these provisions now mean the state will need to cut around $1.1 billion in General Fund/General Purpose (GF/GP) appropriations from the FY2026 budget proposals currently under deliberations in the legislature. This will add an extra hurdle to a budget process already well-behind the state's typical budget timelines and still facing a major challenge in resolving partisan differences on the issue of how to add additional revenues for road infrastructure.

Medicaid Impacts: Provider Taxes

The Medicaid program is designed to provide health care coverage for vulnerable, mostly low-income households (see Chart 1). Within the traditional Medicaid program, eligible population groups include children, pregnant women, persons over age 65, and individuals with disabilities. The program is financed by both the federal and state governments. Federal matching shares under the program are determined on a state-by-state basis based on changes in state per capita income. For Michigan, the federal government has typically borne about 65 percent of Medicaid costs with the state picking up the remainder.

The Affordable Care Act of 2010 allowed states, at their discretion, to expand eligibility to adults with incomes up to 133 percent of the federal poverty level. To date, Michigan is among the 40 states that have exercised this "Medicaid expansion" option. Unique to this expansion component, the federal government currently picks up 90 percent of Medicaid costs, with participating states meeting the remaining 10 percent.

Chart 1
Health Insurance Coverage in Michigan, By Type, Selected Age Groups, 2023



Source: KFF State Health Facts, based on the American Community Survey, 1-Year Estimates.[12] [13]

The OBBBA provisions will have a major impact on Medicaid enrollment, particularly within Medicaid expansion populations.[3] However, the act also makes changes that will push a greater share of Medicaid costs to states – again with an emphasis on those states that have implemented an expansion program.

The biggest of these is the scaling back of the ability of states to use Medicaid provider taxes as a financing tool to meet their share of Medicaid costs. As background, federal guidelines allow states to assess taxes on health care provider groups to generate revenue up to a cap of six percent of net patient revenues. Generally, this is used to match federal dollars, and most of this total revenue is then returned in the form of enhanced reimbursement to those provider groups for delivering health care services to Medicaid recipients. A smaller share of the revenue – often referred to as a "state retainer" – is held back by the state to directly offset other state General Fund revenue that would otherwise have been spent on Medicaid.

The act makes changes that will push a greater share of Medicaid costs to states; the biggest of these is the scaling back of the ability of states to use Medicaid provider taxes as a finfinancing tool.

At their core, then, provider taxes are designed to leverage additional federal funding to boost Medicaid reimbursement rates while offsetting state General Fund expenses. Largely for this reason, the OBBBA takes aim at these taxes as part of its efforts to reduce federal Medicaid spending.

The new law does two things to reduce federal spending. First, it prohibits all states from increasing existing provider taxes or establishing new ones. Second, for Medicaid expansion states, the law phases in a reduction of the current six percent of net patient revenue cap on provider taxes. Starting in FY2028, the cap will be reduced by 0.5 percentage points annually through FY2032 when the cap reaches 3.5 percent. Provider taxes on long-term care facilities (nursing homes) are exempted from this phased-in cap reduction.

Michigan currently utilizes four different Medicaid provider taxes covering hospitals, long-term care facilities (nursing homes), health insurers, and ambulance providers. Since the nursing home tax is exempted and Michigan's ambulance tax already falls below the 3.5 percent revenue cap, only the taxes on hospitals and health insurers will be impacted by these new federal requirements.

Hospital Provider Tax

Michigan's Quality Assurance Assessment Program (QAAP) tax on hospitals is the state's largest provider tax and the revenue from this assessment will be greatly affected by the new OBBBA restrictions. Table 1 displays current estimates of the fiscal impact of the phased-in rate cap reduction on Michigan tax collections, beginning in FY2029.[4]

Michigan's Quality Assurance Assessment Program tax on hospitals is the state's largest provider tax and the revenue from this assessment will be greatly affected by the new OBBBA restrictions.

The QAAP tax rate reduction will impact state finances in two material ways. First, the "state retainer" portion of the hospital tax that directly offsets state General Fund revenue will decline with the rate reduction. In FY2029, Michigan will forgo $21 million in retainer savings; an amount that will grow to $165 million by FY2032 when the tax rate is reduced to the new federal cap of 3.5 percent. As the retainer savings fall, the state will need to either shift an offsetting amount of General Fund revenue back into the state's Medicaid program or initiate cuts to Medicaid, which could come in the form of reduced provider reimbursements, restrictions on covered services, or more stringent eligibility requirements. In the latter case, since provider tax revenues leverage additional federal funding, any Medicaid cuts would equate to more the double the amount of lost provider tax revenue. For example, the $165 million in lost state retainer savings in FY2032 would necessitate around $550 million in total Medicaid reductions.

Second, and of greater significance, the amount of tax-supported Medicaid payments to Michigan hospitals will decline. With the phase-in of the QAAP tax reduction and fewer state and federal dollars available, the state will have to reduce its enhanced reimbursements to Michigan hospitals. Table 1 shows that provider payments will be cut $221 million in

Table 1
Estimated Fiscal Impact of Hospital Provider Tax Reduction, FY2029 to FY2032

Fiscal Year	Rate Cap	State Retainer Loss	Reduced Hospital Payments	State Funding to Hold Hospitals Harmless
FY2029	5.0%	$21 million	$221 million	$66 million
FY2030	4.5%	$63 million	$672 million	$202 million
FY2031	4.0%	$112 million	$1.16 billion	$348 million
FY2032	3.5%	$165 million	$1.72 billion	$515 million

Source: Michigan Department of Health and Human Services, *Executive Directive 2025-3 Report*. Figures for FY2030 and FY2032 are extrapolated from report data.

FY2029 and that amount will rise to over $1.7 billion in FY2032 when the QAAP tax is lowered to 3.5 percent.

Faced with this new fiscal reality, state policymakers will have to make a major decision impacting Medicaid funding to hospitals in the coming years. Policymakers will need to decide the extent to which hospitals will have to endure this Medicaid revenue loss through lower reimbursements. Avoiding any portion of that loss will require shifting other state revenues back into Medicaid within the state budget to replace the reduced QAAP tax revenue. This would ensure the state can continue to leverage federal funds with the shifted dollars and effectively hold hospitals harmless from the new federal requirements.

The last column in Table 1 displays the amount of state GF/GP revenue that would be needed each year to avoid any hospital reductions. Policymakers might also choose to only partially backfill the lost hospital revenue, which would impose lower demands on state GF/GP revenue but also leave some portion of the reduced hospital payments in place. Fully replacing the lost hospital tax revenue with GF/GP to maintain hospital payments would require an additional $515 million by FY2032.

To avoid any Medicaid reductions, policymakers in FY2032 will need to shift another $680 million in other state revenue into Medicaid to cover both the lost retainer savings and enhanced hospital reimbursement that the QAAP tax currently supports.

In short, then, to avoid any Medicaid reductions, Michigan policymakers in FY2032 will need to shift another $680 million in other state revenue into Medicaid to cover both the lost retainer savings and enhanced hospital reimbursement that the QAAP tax currently supports.

Insurance Provider Assessment

Michigan's Insurance Provider Assessment (IPA), which levies a tax on Michigan health insurers for each month of health care coverage provided to Michigan residents, will be impacted more immediately by OBBBA restrictions. Both the OBBBA and a new proposed rule issued by the federal Centers for Medicare and Medicaid Services on May 15[5] take particular aim at eliminating a small subset of provider taxes that are thought to exploit a perceived loophole in federal rules regarding the design of such taxes - one that Michigan's IPA is generally thought to use (See Box below for further discussion).

Further, the proposed rule would immediately prohibit Michigan from assessing the IPA once it becomes effective (typically 30 days after the publication of a final rule from the U.S. Department of Health and Human Services in the Federal Register). A 60-day public comment period on the rule ended on July 14, and while the rules promulgation process can vary significantly in time length, it would not be surprising to see a final rule issued soon.

Losing the ability to assess the IPA as a Medicaid funding source would have serious state financial consequences. The tax generates around

Current Federal Restrictions on Medicaid Provider Taxes

Both federal law and related regulations provide guidelines for provider taxes, which include requirements that these taxes be broad-based and uniform. The broad-based requirement means that taxes need to be imposed on all providers within any specific provider group. So, if a state imposes a tax on hospitals, it must be levied against ALL hospitals and not just those hospitals that serve a higher proportion of Medicaid recipients. Provider taxes are also generally required to be assessed at a uniform rate across all providers.

These requirements are meant to prevent states from designing taxes that unduly push Medicaid costs to the federal government. A tax structure that selectively focuses tax burden on providers that serve a higher-than-normal Medicaid population (and thus stand to gain from the enhanced Medicaid reimbursement supported by the tax) and away from providers that serve fewer Medicaid recipients (who would pay the tax without any significant revenue gains) would allow states to assess higher tax rates that leverage greater levels of federal reimbursement. In effect, states would shift more of the total Medicaid costs to the federal government.

Importantly, however, the federal government also allows states to apply for a waiver of these two key requirements. To gain approval, states must demonstrate that their tax structure passes a statistical test set out in federal rules that is intended to measure the degree to which the burden of a provider tax is more heavily distributed to providers with higher degrees of Medicaid utilization. Before the OBBBA, federal law required the approval of any state tax structure that passed this statistical test. Over the years, however, it has become apparent that this statistical test is not an effective one. Many states have recognized that it is possible to create a tax structure that passes the test in a mathematical sense but also still pushes the tax burden toward more Medicaid-dependent providers. This has allowed states to create taxes with a focus on leveraging federal reimbursement while enhancing gains to both the state and health care providers, which runs counter to the spirit of these federal limitations.

$630 million in annual revenue. Some of that is used to reimburse the state's Medicaid health plans for the cost of the tax, but $450 million of the proceeds are used to offset state GF/GP resources that would otherwise have to be used to support the state's Medicaid program. Once the tax is gone, Michigan will likely need to shift GF/GP revenue to Medicaid to backfill this revenue loss; the only alternative would be to absorb a $1.5 billion hit to the Medicaid program (which represents the $450 million in IPA revenue plus roughly $1 billion in federal match that it leverages). As with the state retainer under the hospital tax, these cuts could come in the form of reduced provider reimbursements, the elimination of certain optional health care services, or new more restrictive limits on Medicaid eligibility.

SNAP Impacts: State Cost-Sharing

The OBBBA also makes significant changes to federal-state cost-sharing provisions within the SNAP program that will impact Michigan's budget. As background, 100 percent of SNAP food assistance benefits have been paid by the federal government since the program's inception (as the Food Stamp program) in 1964. Further, state-level administrative costs (e.g. eligibility determination, benefit distribution, technology-related costs) have been split on a 50-50 basis between the state and the federal government.

The OBBBA makes changes to both of those cost-sharing requirements. With respect to benefits, states may need to pay up to 15 percent of SNAP benefit costs starting in FY2028. The exact percentage for each state will be determined by the state's SNAP error rate, which is determined annually through a quality control process[6] that surveys a sample of SNAP cases to determine the accuracy of both eligibility and benefit amount determinations.

As shown in Table 2, states with error rates below six percent will avoid any increase in state cost-sharing for SNAP benefits. States with higher error rates of up to eight percent will need to pay five percent of SNAP benefit costs, with cost share rates increasing to 15 percent for states whose error rates hit 10 percent or more.

Table 2
Summary of the OBBBA Benefit Cost-Sharing Provisions

Error rate	State SNAP Benefit Share	Cost to Michigan
Less than 6%	0%	$0
6% to 7.99%	5%	$155 million
8% to 9.99%	10%	$310 million
10% or more	15%	$465 million

For FY2028, states can apply the lower of their error rates for FY2025 or FY2026 in determining their benefit cost share. Starting in FY2029, however, cost shares will be determined based on the error rate from three years prior (i.e., FY2029 state shares will be determined based on FY2026 error rates).

Michigan's SNAP error rate[7] in FY2022 was 13.0 percent but has since dropped to 10.7 percent in FY2023 and 9.5 percent as last reported for FY2024. If continued progress is made on reducing the rate, it is possible that Michigan could get its rate below six percent in the coming years, but it seems most likely Michigan will be subject to a benefit cost share of either five or 10 percent (the yellow highlighted rows) during at least the first couple years of the policy change. Recent monthly data[8] from the U.S. Department of Agriculture on SNAP benefit outlays suggests Michigan residents are currently receiving around $3.1 billion annually. Based on this data, it is estimated that Michigan may be subject to new cost-sharing responsibilities of between $155 million and $310 million initially.

Related to cost sharing for SNAP, it is estimated that Michigan may be subject to new cost-sharing responsibilities of between $155 million and $310 million initially.

One important note, in an effort to secure votes in the U.S. Senate, a provision was added that allows states with error rates exceeding 13.33 percent in either FY2025 or FY2026 to be completely exempted from any benefit cost-sharing in FY2028 and/or FY2029. That means the states with the highest error rates may not see benefit cost-sharing require-

ments until FY2030, two years after all other states.[a] Theoretically, states could take actions to intentionally ramp up error rates to exploit this short-term loophole. For purposes of this analysis, it is assumed that Michigan will not pursue that strategy.

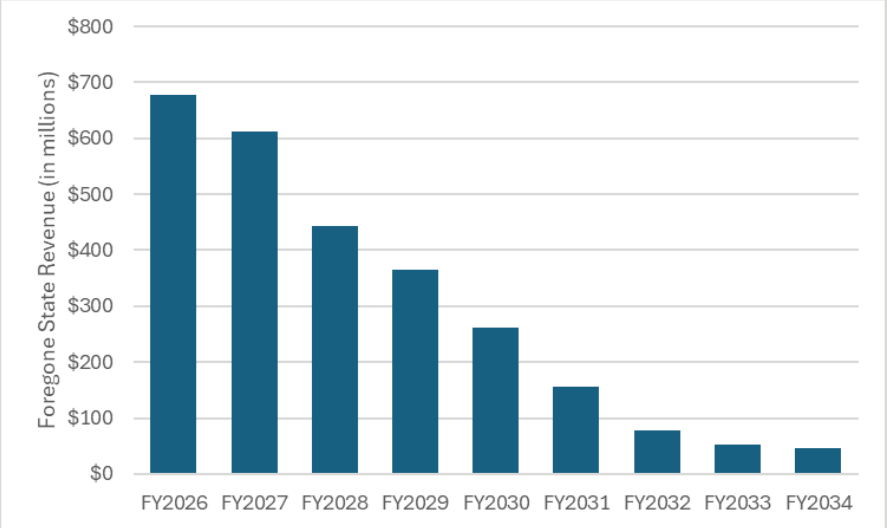
Finally, on top of the increased benefit cost-sharing provision, the OBBBA also increases the percentage of SNAP-related administrative costs for which states are responsible, from 50 percent to 75 percent. Further, this change takes effect in FY2027 – one year earlier than the benefit cost-share change is implemented. Again, based on the most recent federal data[9], Michigan is likely to incur additional state costs of close to $100 million to cover this new requirement.

Tax Policy Changes and Michigan Revenue

The OBBBA will also have significant revenue implications for the state through several of the act's changes to federal tax laws. Of particular note, the OBBBA ushers in more favorable tax treatment of certain business expenditures under the federal corporate income tax. For Michigan and other states with corporate income taxes (CIT), several of these provisions will have an immediate and significant impact on state CIT revenue as "corporate income" under the state tax is tied to the federal CIT tax base definition.

Chart 2

Estimated State Revenue Loss Under the OBBBA, FY2026 to FY2034



Source: House Fiscal Agency, *Fiscal Brief: The One Big Beautiful Bill Act of 2025*

a In FY2024, nine states (Alaska, Florida, Georgia, Maryland, Massachusetts, New Jersey, New Mexico, New York, and Oregon) and the District of Columbia had SNAP error rates that exceeded the 13.33 percent threshold.

On July 22, the Michigan House Fiscal Agency published an analysis[10] suggesting these OBBBA tax changes could result in $677 million in reduced state revenue during FY2026, with revenue losses slowly falling to $613 million in FY2027 and $444 million in FY2028. Eventually, these revenue losses fall to around $50 million in FY2033 given that the provisions tend to "pull forward" deductions that would eventually be realized in future years.

HFA points to two key drivers of these state revenue reductions. One allows businesses to immediately deduct all domestic research and experimental (R&E) expenses from income rather than amortize these expenses over five years as was allowed previously. Further, some smaller firms will be allowed to retroactively claim this R&E deduction back to 2022. A second federal change allows businesses to immediately deduct expenditures for qualified production property used in manufacturing that is placed in service after the enactment of the OBBBA but before 2031. Under prior law, these expenses would have been subject to depreciation over a period of 39.5 years.

The OBBBA tax changes could result in $677 million in reduced state revenue during FY2026, with revenue losses slowly falling to $613 million in FY2027 and $444 million in FY2028.

Other tax changes noted in the HFA analysis include higher deductions for business interest expenses and other depreciable business assets. Further, the analysis also notes that the permanent restoration of a 100 percent bonus depreciation provision that was part of the 2017 Tax Cuts and Jobs Act but was scheduled to be phased out by 2027 will likely result in modest reductions to state individual income tax revenue due to its effect on business pass-through income.

Combined Impacts on Michigan's State Budget

Taken together, these provisions will have a huge impact on Michigan's budget outlook over the next several budget cycles. Longer term, the analysis suggests they will also run through more than 40 percent of the state's GF/GP revenue growth through FY2032.

The actual budget implications will depend heavily on how the state responds to each of these provisions. To estimate these impacts, this analysis makes several assumptions about the path of future state fiscal policy decisions.[11] Generally, the analysis assumes the state will lean toward tapping into additional revenue to avoid major reductions in safety net programs. Deviations from these assumptions would meaningfully impact these estimates, as would any additional decisions or guidance from the federal government that give states more flexibility or time to meet the OBBBA mandates. The assumptions behind this analysis reflect the following future actions regarding state-level decisions:

- Michigan taps into GF/GP revenue growth to fully offset the impact of reductions in the hospital provider tax (QAAP) which will begin in FY2029.
- The Insurance Provider Assessment is eliminated before the be-

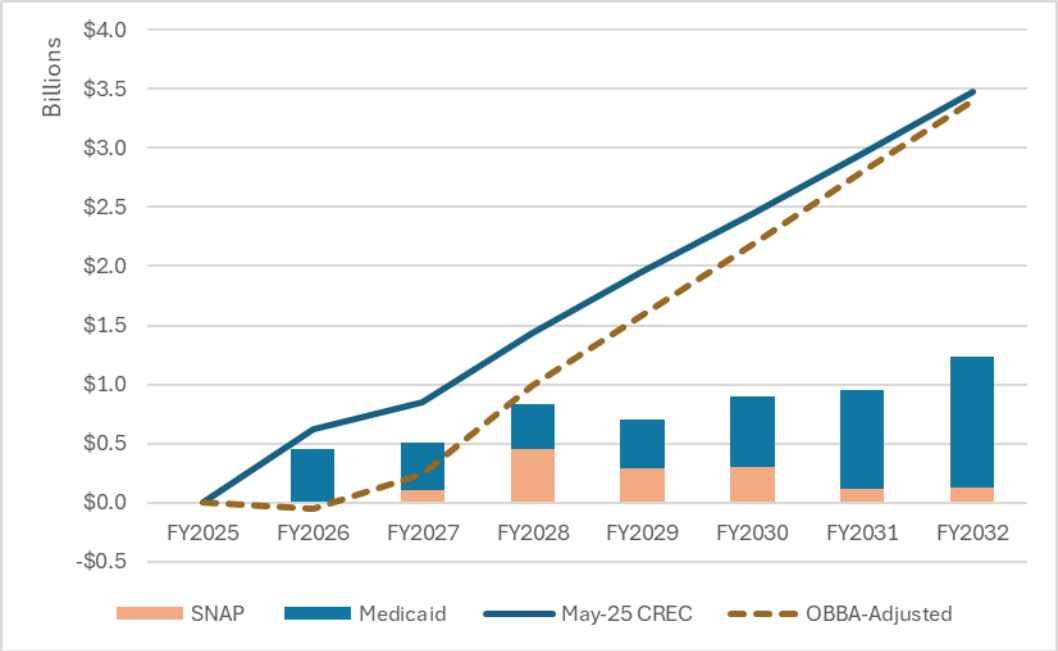
ginning of FY2026, and the state redirects GF/GP revenue to avoid Medicaid reductions that would otherwise be necessary with the loss of IPA revenue.

- Michigan's SNAP error rates will eventually require the state to contribute toward 10 percent of SNAP benefit costs in FY2028, but shrinking error rates will reduce Michigan's contribution to five percent starting in FY2029. Further, the state will bring error rates below six percent and avoid any SNAP benefit cost-sharing starting in FY2031.

Based on these assumptions and given what is currently understood about the various fiscal effects, Chart 3 summarizes estimated state budget impacts. It displays OBBBA-related changes in both state GF/GP revenue and spending under these policy assumptions, starting from the current-year (FY2025) state budget levels. Current GF/GP revenue estimates are displayed in the blue line in the chart, while the brown line reflects GF/GP revenue after factoring in HFA-estimated OBBBA revenue impacts. The chart's bars reflect estimated GF/GP spending impacts tied to the different OBBBA provisions.

For Medicaid, the blue spending bars capture new GF/GP spending to address the provider tax issues discussed above, but the amounts in those bars also net out assumed GF/GP savings attributable to other OBBBA-related Medicaid changes (e.g. work engagement requirements, eligibility

Chart 3
OBBBA State Budget Impacts on GF/GP Revenue and Spending



Sources: *May 2025 Consensus Revenue Estimating Conference Executive Summary*; House Fiscal Agency, *Fiscal Brief: The One Big Beautiful Bill Act of 2025*; Research Council analysis of Michigan Department of Health and Human Services, *Executive Directive 2025-3 Report*.

redeterminations) affecting Michigan's Healthy Michigan Plan (Medicaid expansion) population. Drawing on Michigan-based fiscal estimates from the recent HFA report along with national estimates from the Congressional Budget Office, the analysis estimates that Michigan's GF/GP spending to meet its 10 percent share of Medicaid expansion costs will be reduced by $44 million in FY2027, gradually increasing to $173 million in FY2032.

The OBBBA's revenue impacts are especially significant over the next several fiscal years before subsiding over time. This has major implications for wrapping up the FY2026 budget (see the next section for additional discussion) as spending pressures from OBBBA will largely absorb all previously expected GF/GP revenue growth through FY2028.

The budget outlook improves slightly beginning in FY2029 as OBBBA-related revenue reductions diminish and spending pressures begin to level off. Still, in FY2032, OBBBA-related spending under the assumptions here would absorb about 40 percent of aggregate GF/GP growth from FY2025 levels.

Implications for FY2026 Budget Deliberations

The OBBBA will have a major impact on the state's FY2026 budget outlook in two ways. First, the law's various business tax provisions are expected to reduce FY2026 Corporate Income Tax revenue by $677 million. Virtually all of this revenue loss will impact the state's discretionary GF/GP revenue. Second, the likely imminent elimination of the IPA will require the state to kick in an additional $450 million in GF/GP revenue to offset the IPA revenue loss and prevent major Medicaid spending reductions. In short, these developments combine to create a $1.1 billion hole in the FY2026 Executive Budget the Governor introduced in February. State lawmakers and the Whitmer administration will need to take these major adjustments into account before enacting the FY2026 state budget.

Another Consensus Revenue Estimating Conference (CREC) will be needed to reset those guideposts before budget deliberations continue.

A first step to enact a balanced FY2026 state budget is to establish updated revenue estimates so that any spending plan is based on sound revenue assumptions that take into account OBBBA's state revenue impacts. Michigan's consensus revenue estimating process is set in statute to help put guideposts on budget development based on dialogue including the State Treasurer and the directors of the House Fiscal Agency and Senate Fiscal Agency. Clearly, another Consensus Revenue Estimating Conference (CREC) will be needed to reset those guideposts before budget deliberations continue.

After establishing new revenue estimates to guide deliberations, the state should also hold back $450 million in ongoing GF/GP revenue to recognize the likely need to address the loss of IPA revenue. Or conversely, state lawmakers should identify the Medicaid reductions that will become necessary with that IPA revenue loss should they determine they cannot or will not backfill the IPA revenue with GF/GP resources.

Finally, discussions related to road funding will need to be recalibrated in light of these developments. Budget deliberations have been at a standstill for some time, with the Republican-led House pushing for a road deal that would tap into upwards of $2 billion in existing GF/GP revenue. The Democratic-led Senate has pushed for the completion of the FY2026 budget before turning to road funding and has passed a budget that suggests new road funding should come from new revenue. Governor Whitmer appears to have placed herself somewhere in the middle and has outlined a road proposal that itself necessitates the redirection of $500 million to $750 million of existing revenue. Regardless of the eventual outcome, all parties need to recognize that the OBBBA will bring a new $1 billion challenge to these discussions.

For years since the onset of the COVID-19 pandemic, Michigan experienced an unexpected state revenue high driven largely by federal stimulus initiatives. Even before OBBBA, it was evident that those days were coming to an end, and state revenue growth was returning to pre-COVID trends. With the enactment of the OBBBA, Michigan now faces an added budget challenge that will be particularly severe over the next few budget cycles. State lawmakers should get to work on developing a budget plan that takes into account these new realities.

Endnotes

1 KFF, Medicaid State Fact Sheets

2 U.S. Department of Agriculture, Economic Research Service, Supplemental Nutrition Assistance Program (SNAP) - Key Statistics and Research

3 See Citizens Research Council, Federal Medicaid Cuts Will Have Big Consequences in Michigan, Memo 1180, for a fuller discussions of these impacts.

4 This analysis draws on data published in the May Executive Directive 2025-3 report produced by the Michigan Department of Human Services at the governor's direction.

5 Federal Register, Medicaid Program; Preserving Medicaid Funding for Vulnerable Populations-Closing a Health Care-Related Tax Loophole Proposed Rule, May 15, 2025.

6 Details on the federal quality control process can be found at https://www.fns.usda.gov/snap/qc.

7 U.S. Department of Agriculture, Food and Nutrition Service, SNAP Payment Error Rates.

8 U.S. Department of Agriculture, Food and Nutrition Service, SNAP Data Tables.

9 U.S. Department of Agriculture, Food and Nutrition Service, FY 23 State Activity Report.

10 Michigan House Fiscal Agency, Fiscal Brief: The One Big Beautiful Bill Act of 2025, July 21, 2025

11 The assumptions draw on the House Fiscal Agency's estimates for OBBBA-related state revenue impacts. Eventually, a more formal assessment of these impacts will likely come through the state's consensus revenue estimating process.

12 "Health Insurance Coverage of Children 0-18, 2023." KFF. Accessed June 12, 2025. https://www.kff.org/other/state-indicator/children-0-18/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22michigan%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

13 "Health Insurance Coverage of Adults Ages 19-64, 2023." KFF. Accessed June 12, 2025. https://www.kff.org/other/state-indicator/adults-19-64/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22michigan%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

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