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## Wednesday, May 21, 2025

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# Budgetary frustrations grow between House, Senate as CRC reports \$800M GF gap; Dems call out Hall for games

Just before 3 p.m. Wednesday afternoon, [Sen. Sarah Anthony](#) left her office and stepped onto the House floor for the sole purpose of speaking to reporters about a House resolution regarding the Senate's budget.

It is rare for the chair of the [Senate Appropriations Committee](#) to be on the House floor during session, and it's even more rare for a senator to comment on the House's proceedings in real time.

"Enough is enough," Anthony (D-Lansing) told reporters. "My team and I are literally sitting upstairs in my office, thinking about the next steps of how to contemplate these significant potential cuts at the federal level. We have C-SPAN on right now. House Republicans on the federal level are trying to figure out how to give tax breaks to the ultra-wealthy, and I'm trying to make sure that based on these new numbers we got just last week, we can safeguard Michigan families. That's the work we should be doing."

Anthony was drawn to the House floor by [HR 113](#), which called on the Senate to recall their budget, which it passed last week.

The resolution said that the budget, as passed out of the Senate, was unbalanced based on the May Consensus Revenue Estimating Conference numbers and would create shortfalls, especially around Medicaid.

The House adopted the resolution, which was given a roll call vote, 58-48 along party lines.

The escalated tension between the House and the Senate comes as the Citizens Research Council of Michigan released a new [report](#) showing an \$800 million General Fund gap between [Governor Gretchen Whitmer](#)'s budget recommendation for the 2025-26 fiscal year and the anticipated available General Fund revenue.

One big component in the gap is the \$363 million downward revision for the 2025-26 fiscal year in General Fund revenues last week from the January forecast.

The other piece comes from a forthcoming U.S. Department of Health and Human Services rule that will invalidate the state's Insurance Provider Assessment. That's the tax the state levies on its Medicaid health insurance plans and the pre-paid health insurance plans that handle coverage for behavioral health as a way of leveraging more federal Medicaid Funds.

The rule, expected to be formalized sometime during the 2025-26 fiscal year, would cost the state \$450 million General Fund.

"For the first time in a long time, we have a little bit of a budget problem that we need to solve," said Robert Schneider, senior research associate for the CRC.

The \$800 million gap – which is even bigger when weighing available revenue compared to the Senate-passed budget bills – will grow larger if the Legislature and governor redirect to roads income tax revenues that now go to the General Fund. Further, both parties have called for tax cuts in the range of \$700 million to \$1 billion that would require further spending reductions or changes if enacted, the report notes.

"This year's budget deliberation's will be the most challenging since the Great Recession era," the report said.

House [Speaker Matt Hall](#) (R-Richland Township) has led the criticism of the Senate Democratic budget.

House Republicans rallied to the resolution Wednesday.

"We are not here today to debate partisan politics. We are here because our Constitution demands something simple, a balanced budget," said [Rep. Matt Bierlein](#) (R-Vassar) in a House floor speech prior to adoption of the resolution. "It's not a suggestion, it's not a recommendation. It is a mandate. Yet what the Senate has sent us

does not meet the standard. According to the nonpartisan Senate Fiscal Agency, the budget passed by our colleagues in the Senate overspends by nearly \$1 billion over the projected revenues compared by last week's Consensus Revenue Estimating Confidence. That's not just irresponsible, it's unconstitutional. And if that were not concerning enough, despite this nearly \$1 million in excess spending, the Senate Budget underfunded Medicaid by \$500 million that put 60,000 Michiganders at risk of losing their health care.

But House [Minority Leader Ranjeev Puri](#) (D-Canton Township) called House Republicans' handling of the budget process irresponsible, given the circumstances.

"The economic data is softening. The projections are now down... We're thinking hundreds of millions of dollars, which is going to pose just more financial strain on our budget, and this is at a time when there's deep federal cuts forthcoming," he said. "We have a significant amount of real conversation that needs to be had, but we're failing to do that."

Puri said the House should be spending less time on performative and divisive legislation, such as the resolution to rename the Gulf of Mexico or the bills around transgender student athletes, and more time engaging in serious debate around the real economic issues facing the state.

"Our budget is dependent on those federal dollars. There is no world in which our state can make up for those cuts that are going to happen," he said. "If we are serious about having meaningful debate, about finding a way to fund our roads, finding a way to protect against the cuts that are coming, then we need to actually do that."

Hall and the House Republicans can't pass a budget alone, Puri said.

"Passing something out of the Michigan House doesn't constitute a success," he said. "As much as Matt Hall and the Republicans want to yell and scream, the reality is that they cannot pass a budget into a public act by themselves... If you're going to pass a budget, you're going to have to work bipartisan and bicameral."

[Rep. Alabas Farhat](#) (D-Dearborn), minority vice chair for the [House Appropriations Committee](#), also called on Republicans to quit wasting time.

"Instead of passing a nonbinding resolution, if my colleagues in the House want to ensure that no Michiganders lose Medicaid cover, it's simple: pass a budget that fully funds Medicaid by the statutory deadline," he said.

Similarly, Anthony said the House's lack of movement on the budget is hampering the process.

"I'm just waiting on the House to actually present a budget so we can start real negotiations," Anthony said. "The fact that they took time to draft a resolution directing us to do our job in a world in which they have not presented anything besides a stop-gap measure, months before a budget shutdown is on anyone's radar, is ridiculous."

Anthony said if House Republicans wanted the Senate to treat the House's governmental shutdown prevention plan appropriations bills as the House budget, that could be done.

"We have nothing to go on based on our House Republican colleagues," Anthony said. "If they want us to use the stop-gap measure from March, we can, but because they had \$0 for the Department of Health and Human Services, that means that 100 percent of families in this state would no longer have Medicaid."

During a press conference on Tuesday, Hall criticized the Senate budget for not being balanced based on the May CREC numbers.

Anthony explained that the Senate's budget and the executive recommendation were based on the January Consensus Revenue Estimating Conference, which follows the normal budget process.

With rare exceptions, legislative chambers have passed a first version of budget bills by the this point in the year. Notable instances when that did not happen were 2020, when the COVID-19 pandemic essentially shut the Legislature down in the spring and most of the summer, and in 2009. In that year, majority House Democrats – in a widely lambasted move – opted not to pass a budget at all until the final budget cleared following a brief partial government shutdown on October 1.

"We did our job. The Senate and the executive presented (budgets) based on the January numbers. They were balanced based on those numbers," she said. "Now, we are in May, and we would, under normal circumstances, take the recommendations from the House,

the Senate and the executive and then come up with budget targets that would be based on the latest numbers... It's not a past practice to use May numbers to start the budget negotiations."

Democrats also criticized Hall for playing political games.

"Folks are pulling power moves based off themselves and not about representing the people," [Rep. Donovan McKinney](#) (D-Detroit) said. "This is not about people. This is about political games, and that's what's going on right now."

Anthony called the actions of House Republicans irresponsible.

"It's one thing to have political posturing in this building, but now it's starting to hit township supervisors. Now, it's starting to hit classrooms," Anthony said. "People are starting to feel the anxiety. ... Less of the political shenanigans, and more of the work on the budget that our people expect and deserve."

Puri said many of the objectives Republicans have laid out for the budget, such as rolling back the income tax rate and funding roads without increasing revenue, were not mathematically possible long term.

"Every economic analysis that I have seen from independent agencies shows that you might be able to get away with that for a few months, maybe a year, but long terms, those things are not sustainable, especially if we are seeing economic data showing that things are softening and that we have uncertainty in terms of what our General Fund is going to look like in years to come," he said.

Further, Puri said by rolling back the income tax rate, many Michigan residents would not see substantial savings, but the state would lose nearly a billion dollars.

"What it might do is help some big donors and the ultra-wealthy in Michigan save a couple of dollars," Puri said. "I think it's a question of priorities and values... and I don't think that these cuts should fall on the backs of working Michiganders."

Puri said there was a healthy dialog between House Democrats, the Senate and the executive branch.

"We are doing whatever we can to meet needs... to strategize with our partners," he said. "The Michigan House can't make public acts...

we know that it's important to make sure that meaningful legislation actually checks the boxes of every leg of this institution."

– By Elena Durnbaugh; Zach Gorchow contributed

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