

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
TOTAL GENERAL GOVERNMENT**



**Analyst: Ben Gielczyk  
Michael Crossen**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$1,099,669,700	\$1,132,012,100	\$32,342,400	2.9
<b>Federal</b>	1,188,435,200	1,190,035,100	1,599,900	0.1
<b>Local</b>	26,297,200	26,260,700	(36,500)	(0.1)
<b>Private</b>	11,950,100	11,907,500	(42,600)	(0.4)
<b>Restricted</b>	2,432,301,600	2,425,356,200	(6,945,400)	(0.3)
<b>GF/GP</b>	1,403,539,900	1,430,603,200	27,063,300	1.9
<b>Gross</b>	<b>\$6,162,193,700</b>	<b>\$6,216,174,800</b>	<b>\$53,981,100</b>	<b>0.9</b>
<b>FTEs</b>	9,994.0	10,522.0	528.0	5.3

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Labor and Economic Opportunity (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

**Major Boilerplate Changes from FY 2020-21**

**Sec. 206. Disciplinary Action Against State Employees – DELETED**

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law.

**Sec. 211. Countercyclical Budget and Economic Stabilization Fund – REVISED**

Includes no countercyclical budget and economic stabilization fund deposit in FY 2021-22.

**Sec. 216. FTE Vacancies and Remote Work Report – DELETED**

Requires departments and agencies to provide quarterly reports that provide FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work in 2020, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work.

**Sec. 217. Work Project Expenditures – DELETED**

Prohibits appropriations in from being expended in cases where existing work project authorization is available for the same expenditures.

**Sec. 218. State Administrative Board Transfers – DELETED**

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds.

**Sec. 219. Receipt and Retention of Required Reports – DELETED**

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 220. Reporting Requirement on Policy Changes – DELETED**

Requires departments to report on policy changes made in order to implement enacted legislation.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 221. Fund Sourcing Priorities – DELETED***

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure.

### ***Sec. 222. Work Plan Changes for Coronavirus Relief Fund – DELETED***

Requires state budget director to provide written notification on any changes in work planned spending categories for work projects containing Coronavirus Relief Funds for FY 2019-20 prior to expenditures occurring from new or increased spending categories.

### ***Sec. 223. Coronavirus Relief Fund Transfer to Unemployment Trust Fund – DELETED***

Requires any Coronavirus Relief Fund appropriations in part 1 for which expenditures have not been incurred as of December 30, 2020 to be deposited into the Unemployment Insurance Trust Fund.

### ***Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED***

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Authorizes the auditor general to perform and charge for a subsequent audit to ensure that the initiatives related to savings and efficiencies have been implemented if the required report is not received within 6 months of the release of the audit.

### ***Sec. 235. Federal Funding Contingency Plan – DELETED***

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1.

### ***Sec. 240. New Program Metrics – DELETED***

Requires the State Budget Office provide a list of new programs and program enhancements that exceed \$500,000. Also requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act. The State Budget Office shall provide a report on the metrics and performance progress of identified programs by September 30. Express intent that future program funding increases be based on prior performance. Revises the due date of the required report and does not include the stated intent of the legislature that the governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year.

## **Supplemental Recommendations for FY 2020-21 Appropriations**

### **Major Boilerplate Changes**

#### ***Budget Stabilization Fund Deposit***

Includes \$175.0 million GF/GP for a Countercyclical Budget and Economic Stabilization Fund deposit.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF ATTORNEY GENERAL**



**Analyst: Michael Cossen**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$35,285,800	\$35,083,600	(\$202,200)	(0.6)
<b>Federal</b>	9,906,100	9,868,400	(37,700)	(0.4)
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	20,488,300	20,390,800	(97,500)	(0.5)
<b>GF/GP</b>	41,148,400	41,996,000	847,600	2.1
<b>Gross</b>	<b>\$106,828,600</b>	<b>\$107,338,800</b>	<b>\$510,200</b>	<b>0.5</b>
<b>FTEs</b>	543.4	547.4	4.0	0.7

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The attorney general serves as legal counsel for state departments, agencies, boards, and commissions, and their officers; brings actions and intervenes in cases on the state's behalf; and represents legislators and judges who may be sued while acting in their official capacities. The attorney general issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, issues legal opinions that have the force of law until reversed by legislative or judicial action, and has supervisory powers over all local prosecuting attorneys.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Clean Slate Criminal Record Expungement Implementation</b>	FTE	NA
Includes \$560,000 GF/GP and 4.0 FTE positions to support ongoing personnel costs of implementing the "Clean Slate" legislation package, 2020 PA 187-193. Additional FTE positions are authorized to handle the manual processing of applications to approve or oppose setting aside convictions.	<b>Gross</b>	<b>NA</b>
	GF/GP	NA
		4.0
		<b>\$560,000</b>
		\$560,000
<b>2. Address Confidentiality Program</b>	<b>Gross</b>	<b>NA</b>
Includes \$500,000 GF/GP to establish an online system and database to register and safekeep survivors' personal information. The Address Confidentiality Program Act, 2020 PA 301, requires the department to create and maintain a computerized database containing participants information within two years of an appropriation being made to the Confidential Address Fund created in the act for the purpose of administering the program.	GF/GP	NA
		<b>\$500,000</b>
		\$500,000
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects decreased costs of \$549,800 Gross (\$212,400 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		<b>(\$549,800)</b>
		(202,200)
		(37,700)
		(97,500)
		(\$212,400)

**Major Boilerplate Changes from FY 2020-21**

**Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED**

Appropriates up to \$500,000 from litigation expense reimbursements for court fees and legal costs assessed against the governor, the office of the governor, the attorney general, and the office of the attorney general when acting as the named party in litigation against the state; authorizes unexpended funding, up to \$250,000, to be carried forward. Revised to increase appropriation from \$500,000 to \$1.0 million.

**Sec. 309a. Prisoner Reimbursements Report – DELETED**

Requires department to submit report on total amount of reimbursements received under State Correctional Facility Reimbursement Act, amount paid to department to conduct investigations in determining reimbursements, and amount credited to general fund from reimbursements.

**Sec. 320. Lawsuit Settlement Notification and Adherence to State Laws – DELETED**

Requires department to notify of lawsuit settlements with a fiscal impact for the state of \$2.0 million or more; prohibits department from entering a lawsuit that is contrary to state laws; requires department to enforce state laws.

**Sec. 321. Attorney General Presentation on Federal Lawsuits – DELETED**

Requires department to submit notification upon entering lawsuit against federal government and estimated costs for participating in the lawsuit.

**Supplemental Recommendations for FY 2020-21 Appropriations**

**FY 2020-21  
Recommendation**

**1. Clergy Abuse Investigation**

Provides \$150,000 GF/GP to support increased costs of document management services, including the review and retention of hundreds of thousands of paper and electronic records secured in partnership with the Michigan State Police, to investigate allegations of sexual assault by clergy members of the Catholic church going back to 1950. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$150,000</b>
GF/GP	\$150,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF CIVIL RIGHTS**



**Analyst: Michael Crossen**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$299,800	\$298,900	(\$900)	(0.3)
Federal	2,868,200	2,850,700	(17,500)	(0.6)
Local	0	0	0	--
Private	18,700	18,700	0	0
Restricted	58,500	58,500	0	0
GF/GP	14,792,200	14,357,300	(434,900)	(2.9)
<b>Gross</b>	<b>\$18,037,400</b>	<b>\$17,584,100</b>	<b>(\$453,300)</b>	<b>(2.5)</b>
FTEs	110.0	109.0	(1.0)	(0.9)

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Transfer of Women's Commission to LEO</b>	FTE 2.0	(1.0)
Removes \$366,800 GF/GP and 1.0 FTE position to reflect the transfer of the Michigan Women's Commission from the department to the Department of Labor and Economic Opportunity, as ordered under Executive Order 2020-171, to address concerns about economic security and gender pay equity.	<b>Gross \$3,159,200</b> GF/GP \$3,159,200	<b>(\$366,800)</b> (\$366,800)
<b>2. Economic Adjustments</b>	<b>Gross NA</b>	<b>(\$86,500)</b>
Reflects decreased costs of \$86,500 Gross (\$68,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA Federal NA GF/GP NA	(900) (17,500) (\$68,100)

**Major Boilerplate Changes from FY 2020-21**

**Sec. 401. Contingency Funding – REVISED**

Appropriates up to \$1.0 million in federal and up to \$375,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$2.0 million in federal contingency funds and up to \$750,000 in private contingency funds.

**Major Boilerplate Changes from FY 2020-21**

***Sec. 402. Training and Information Dissemination – REVISED***

Authorizes department to receive and expend local and private funds, up to a combined total of \$85,000, pertaining to employer training, publication and sale of informational material, copy and witness fees, mediation activities, workshops and seminars, and related staffing costs. Revised to eliminate cap of \$85,000.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
EXECUTIVE OFFICE**



**Analyst: Ben Gielczyk**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	7,114,300	7,318,600	204,300	2.9
<b>Gross</b>	<b>\$7,114,300</b>	<b>\$7,318,600</b>	<b>\$204,300</b>	<b>2.9</b>
FTEs	89.2	89.2	0.0	0.0

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the executive budget.

<b><u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u></b>	<b><u>FY 2020-21 YTD (as of 2/11/21)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>1. Executive Office Operations</b>	FTE 89.2	0.0
Reflects increased costs of \$204,300 GF/GP related to Executive Office staff and other operations.	<b>Gross \$7,114,300</b>	<b>\$204,300</b>
	GF/GP \$7,114,300	\$204,300

**Major Boilerplate Changes from FY 2020-21**

There are no major boilerplate changes for FY 2021-22.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY**



Analyst: Ben Gielczyk

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,138,389,800	1,143,364,800	4,975,000	0.4
Local	10,900,000	10,900,000	0	0.0
Private	11,317,800	11,267,000	(50,800)	(0.4)
Restricted	272,389,100	243,502,700	(28,886,400)	(10.6)
GF/GP	251,367,600	421,143,100	169,775,500	67.5
<b>Gross</b>	<b>\$1,684,364,300</b>	<b>\$1,830,177,600</b>	<b>\$145,813,300</b>	<b>8.7</b>
FTEs	2,579.9	3,096.9	517.0	20.0

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Labor and Economic Opportunity (LEO) engages in economic development; community growth and development; affordable housing, tourism; job creation, retention, and training; and workforce development and preparedness. LEO includes the Michigan Strategic Fund (MSF)/Michigan Economic Development Corporation (MEDC), Bureau of Employment Relations, Bureau of Services for Blind Persons, Michigan Occupational Safety & Health Administration (MIOSHA), Workforce Development, Michigan Rehabilitation Services, Office of Global Michigan, Unemployment Insurance Agency (UIA), Workers' Disability Compensation Agency, State Land Bank, and Michigan State Housing Development Authority (MSHDA).

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Michigan Reconnect Program</b>	FTE 12.0	8.0
Includes \$120.0 million GF/GP (considered a one-time appropriation) and authorizes 20.0 FTE positions to provide Reconnect programming for FY 2021-22 and FY 2022-23. Reconnect provides a last-dollar scholarship to individuals over the age of 25 with a high school diploma seeking an associate degree or Pell-eligible skill certificate.	<b>Gross \$30,000,000</b>	<b>\$90,000,000</b>
	Restricted 30,000,000	(30,000,000)
	GF/GP \$0	\$120,000,000
<b>2. Futures for Frontliners</b>	<b>Gross \$0</b>	<b>\$39,100,000</b>
Includes \$39.1 million GF/GP (considered a one-time appropriation) to support existing frontliner population and an expansion of the program to include workers who are newly employed between November 1, 2020 and January 31, 2021, in industries disproportionately impacted by COVID-19.	GF/GP \$0	\$39,100,000
<b>3. Reconnect and Futures for Frontliners Wraparound Services</b>	<b>Gross \$0</b>	<b>\$6,000,000</b>
Includes \$6.0 million GF/GP (considered a one-time appropriation) to provide services to single parents participating in the programs. Services could include childcare, personalized advising, tutoring, career counseling, and assistance with transition to a 4-year program.	GF/GP \$0	\$6,000,000
<b>4. Flint Settlement Debt Service</b>	<b>Gross \$0</b>	<b>\$35,000,000</b>
Includes \$35.0 million GF/GP for annual debt service costs associated with anticipated bond issuance pursuant to the Flint Settlement. Payments would continue for the planned 30-year term of the bond issuance.	GF/GP \$0	\$35,000,000



<b><u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2020-21 YTD (as of 2/11/21)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>5. Going Pro</b>	<b>Gross</b>	<b>\$28,670,700</b>	<b>\$15,000,000</b>
Includes \$15.0 million GF/GP (considered a one-time appropriation) to provide a total of \$43.7 million for Going Pro, of which \$28.7 million is ongoing. Program primarily funds employer-based training grants.	Restricted	9,540,800	0
	GF/GP	\$19,129,900	\$15,000,000
<b>6. Statewide Pre-Apprenticeship Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
Includes \$3.0 million GF/GP for a statewide pre-apprenticeship program that would connect individuals that are unemployed or underemployed with training and resources to advance careers in the building and construction trades.	GF/GP	\$0	\$3,000,000
<b>7. Housing and Community Development Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000,000</b>
Includes \$10.0 million GF/GP (considered a one-time appropriation) for deposit in MSHDA's Housing and Community Development Fund. The fund supports development and coordination of public and private resources to meet low-income household affordable housing needs and revitalize downtowns. The fund last received an appropriation as part of the National Mortgage Settlement in 2012.	GF/GP	\$0	\$10,000,000
<b>8. Child Care Facilitator Pilot Project</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$1,200,000</b>
Includes \$2.2 million GF/GP (considered a one-time appropriation) to continue childcare facilitator pilot project established in FY 2020-21 with \$1.0 million appropriation serving three locations. Program is administered by LEO in consultation with MDE. Program utilizes both state and business support.	GF/GP	\$1,000,000	\$1,200,000
<b>9. Child Savings Accounts</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,000,000</b>
Provides \$2.0 million GF/GP (considered a one-time appropriation) to allocate \$1.0 million for grants to organizations that can deploy funds to build child savings account program to improve financial literacy, boost educational attainment for low-income children, and support wealth building in low-income families and \$1.0 million for two pilot programs (rural and urban) where funds are used as matching grants for family contributions or to match philanthropic or community donations to child savings accounts.	GF/GP	\$0	\$2,000,000
<b>10. Mobility Futures Initiative</b>	<b>Gross</b>	<b>\$0</b>	<b>\$25,000,000</b>
Includes \$25.0 million GF/GP (considered a one-time appropriation) for a multi-agency effort to advance mobility initiatives in the state. The initiative would be centrally coordinated through LEO's Office of Future Mobility and Electrification and involve the Departments of Environment, Great Lakes, and Energy (EGLE) and Transportation (MDOT). Of the total, the funds would be allocated as follows:	GF/GP	\$0	\$25,000,000
<ul style="list-style-type: none"> <li>\$15.0 million to LEO for long-term planning, innovative technology deployment, electric charging infrastructure, new economic sector development, and workforce training and credentialing in emerging industries</li> <li>\$8.0 million to EGLE for electric charging infrastructure and vehicle fleet conversion</li> <li>\$2.0 million to MDOT for on-demand service pilots in underserved areas for regional mobility and addressing systemic inequity</li> </ul>			
<b>11. Poverty Task Force – Research and Planning</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Includes \$1.0 million GF/GP (considered a one-time appropriation) for research and planning that would increase effectiveness of state benefit programs.	GF/GP	\$0	\$1,000,000
<b>12. Focus: HOPE Grant</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Includes \$1.0 million GF/GP (considered a one-time appropriation) for the nonprofit's workforce, youth development, and community empowerment and advocacy efforts.	GF/GP	\$0	\$1,000,000

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>13. Brownfield Redevelopment Fund Creation and Increase</b>	<b>Gross</b>	<b>\$50,000</b>	<b>\$1,125,000</b>
Includes \$1.1 million Gross (\$0 GF/GP) to support community development projects authorized under 2012 PA 502. Revenues exist from captured brownfield tax increment finance revenue pursuant to the act. Also transfers \$50,000 in fund source authorization from special project advances for a total authorization of \$1.2 million.	Restricted	50,000	1,125,000
	GF/GP	\$0	\$0
<b>14. Federal Fund Authorization Increases</b>	<b>Gross</b>	<b>NA</b>	<b>\$13,075,000</b>
Includes the following federal fund appropriation authorization increases to reflect new federal awards:	Federal	NA	13,075,000
<ul style="list-style-type: none"> <li>\$6.0 million for Michigan Learning and Education Advancement Program (MiLEAP) to help jobseekers transition from education and training to employment through customized training and support</li> <li>\$4.0 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) to increase the number of low-income students prepared to enter postsecondary education</li> <li>\$3.1 million for Workforce Development H-1B grants to reflect two new grants to prepare the workforce for middle- to high-skilled positions currently filled by H-1B workers and to connect employers with skilled healthcare workers in rural communities</li> </ul>	GF/GP	NA	\$0
<b>15. State Historic Preservation Office (SHPO)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,100,000</b>
Includes \$2.1 million Gross (\$0 GF/GP) for office operations. Includes \$1.9 million in federal fund sourcing and \$200,000 in new restricted fees and charges as a result of authorization included in 2020 PA 343 which allowed SHPO to collect fees for the historic tax credit program.	Federal	0	1,900,000
	Restricted	0	200,000
	GF/GP	\$0	\$0
<b>16. Michigan Women's Commission Transfer from Civil Rights</b>	FTE	0.0	2.0
Includes \$366,800 GF/GP and authorizes 2.0 FTE positions to reflect the transfer of the Michigan Women's Commission from the Department of Civil Rights to the Department of Labor and Economic Opportunity, as ordered under Executive Order 2020-171. The Women's Commission works to address concerns about economic security and gender pay equity.	<b>Gross</b>	<b>\$0</b>	<b>\$366,800</b>
	GF/GP	\$0	\$366,800
<b>17. Unemployment Insurance Agency Staffing</b>	FTE	736.0	500.0
Includes authorization for an additional 500.0 FTE positions to align with increased federal administrative revenues. Up to 500.0 FTE positions were previously authorized for up to 6 months in 2020 PA 123.	<b>Gross</b>	<b>\$299,363,800</b>	<b>\$0</b>
	Federal	276,626,400	0
	Restricted	22,737,400	0
	GF/GP	\$0	\$0
<b>18. Current Services Baseline Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,769,000</b>
Includes \$1.8 million Gross (\$78,100 GF/GP) to accommodate technical adjustments related to defined calculations, federal match requirements, and federal and restricted revenue estimates.	Federal	NA	1,680,400
	Restricted	NA	10,500
	GF/GP	NA	\$78,100
<b>19. Removal of FY 2020-21 One-Time Appropriations</b>	<b>Gross</b>	<b>\$98,788,800</b>	<b>(\$98,788,800)</b>
Removes funding for the following one-time appropriations:	Federal	10,000,000	(10,000,000)
<ul style="list-style-type: none"> <li>\$30.3 million GF/GP – Michigan Enhancement Grants</li> <li>\$10.0 million Federal – Coronavirus Relief Fund Grants</li> <li>\$3.5 million GF/GP – Michigan Stages Survival Grants</li> <li>\$55.0 million GF/GP – Small Business Survival Grants</li> </ul>	GF/GP	\$88,788,800	(\$88,788,800)
<b>20. Executive Direction Reorganization</b>	FTE	NA	7.0
Transfers \$1.1 million GF/GP from Workforce Development Programs to Executive Direction and Operations and includes new authorization for 7.0 FTE positions. This request would allow for additional centralized financial staff and flexible funding to support core operations of the department.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0

<b><u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u></b>	<b><u>FY 2020-21 YTD (as of 2/11/21)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>21. Economics Adjustments</b>	<b>Gross</b>	<b>NA (\$2,133,700)</b>
Reflects net decrease of \$2.1 million Gross (\$180,600 GF/GP).	Federal	(1,680,400)
Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to	Private	(800)
actuarially required retirement contributions, worker's compensation, and building occupancy charges, were offset by a reduction in calculated	Restricted	(271,900)
contributions for retiree medical benefits.	GF/GP	(\$180,600)

**Major Boilerplate Changes from FY 2020-21**

**DEPARTMENT LABOR AND ECONOMIC OPPORTUNITY (LEO)**

**Sec. 980. Contingency Funds – REVISED**

Appropriates \$15.0 million of federal contingency funds, \$5.0 million of state restricted contingency funds, \$1.0 million of private contingency funds, and \$1.0 million of local contingency funds. Revises contingency fund authorizations to \$30.0 million federal, \$10.0 million state restricted, \$2.0 million private, and \$2.0 million local.

**Sec. 983. Broadband Bonding Prohibition – DELETED**

Prohibits Department of Labor and Economic Opportunity (LEO), the Michigan Strategic Fund (MSF), and the Michigan State House Development Authority (MSHDA) from issuing or refinancing bonds or using any funds for broadband construction, expansion, repairs, or upgrades.

**Sec. 984. SIGMA System Reporting – DELETED**

Requires LEO to use SIGMA to report encumbrances and expenditures.

**Sec. 989. Update of Workers' Compensation Administrative Code – DELETED**

States intent of the legislature that the workers' compensation agency annually update R 418.10101 to R 418.101504 of the Michigan Administrative Code as required under the Worker's Disability Compensation Act.

**LEO – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)**

**Sec. 990. Michigan State Housing Development Authority Annual Report – DELETED**

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs.

**LEO – MICHIGAN STRATEGIC FUND (MSF)**

**Sec. 1004. Statutory Reporting Requirements Update – DELETED**

Requires MSF to provide information included in the MSF Act annual activities report to Legislature by March 15.

**Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – DELETED**

Requires MSF to provide a report of prior-year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15.

**Sec. 1009. Land Purchase Provisions – DELETED**

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development agency; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers. If land or options on land are purchased, the section requires a report that lists all properties purchased, all options on land purchased, the location of the land purchased, and the purchase price if the fund purchases options on land or land by March 15.

**Sec. 1013. Fundraising Activity – DELETED**

Prohibits MEDC staff involved in fundraising from being party to grant award, incentives, or tax abatement decisions.

**Sec. 1033. Film and Digital Media Office Status Report – DELETED**

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Grants – REVISED***

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Revises by eliminating prohibition on part 1 appropriation being used to support administration of the program.

### ***Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – DELETED***

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

### ***Sec. 1047. Michigan Enhancement Grants – DELETED***

Specifies one-time appropriation in part 1 for Michigan Enhancement Grants shall be awarded to the following: (1) ERecording Commission (\$600,000), (2) Western Upper Peninsula Workforce Development Retirement Shortfall (\$1.1 million), (3) Holy Cross Services (\$1.0 million), (4) Rural Jobs Investment Fund (\$1.5 million), (5) McLaren – Cheboygan (\$3.0 million), (6) McLaren – Greenlawn (\$5.0 million), (7) Michigan Center for Civic Education (\$220,000), (8) Naval Museum Infrastructure Grant (\$200,000), (9) Governor Warner Historic Mansion Renovation (\$85,000), (10) Sloan Museum (\$1.0 million), (11) Langley Covered Bridge (\$750,000), (12) North Flint Food Market (\$506,800), (13) Helmets to Hardhats (\$250,000), (14) United Methodist Community House (\$1.0 million), (15) Michigan Aerospace Manufacturers Association (\$500,000), (16) Pershing High School Military Training (\$300,000), (17) Detroit Public Schools Air Filters (\$250,000), (18) Kent County Youth Sex Offender Diversion Program (\$75,000), (19) Statewide Pre-apprenticeship Program (\$3.0 million), (20) US 131 Interchange Kalamazoo County Planning and Design (\$1.8 million); (21) UCAN Addiction Recovery (\$200,000), (22) Amity Foundation (\$750,000), (23) Grand Traverse County Railway Improvements (\$500,000), (24) Chippewa County Railway Improvements (\$200,000), (25) Alcona County Railway Improvements (\$300,000), (26) Gaylord/Otsego County Railway Improvements (\$154,000), (27) Arenac County Railway Improvements (\$41,000), (28) Bay County Railway Improvements (\$94,000), (29) Gratiot County Railway Improvements (\$211,000), (30) Forest Road Roundabout (\$1.7 million), (31) Child Care Pilot Project (\$1.0 million), (32) Allegan County Bridge Repairs (\$3.0 million), and (33) Van Andel Institute (\$1.0 million).

### ***Sec. 1048. Michigan Enhancement Grants Grant Agreements – DELETED***

Requires MSF to execute a grant agreement with certain requirements for each Michigan Enhancement Grant awarded; requires quarterly updates on grant status; requires recipients to respond to reasonable requests.

### ***Sec. 1052. Coronavirus Relief Fund Grants – DELETED***

Specifies one-time appropriation in part 1 for Coronavirus Relief Fund Grants shall be awarded to the following for eligible expenses: (1) Wolverine Human Services (\$2.4 million), Spectrum Human Services (\$1.9 million), Orchard's Children Services (\$81,900), Oakland Family Services (\$77,100), Ennis Center (\$85,800), Hospital UV Air Cleaner Grant Program (\$2.0 million), Michigan Tech COVID Testing Facility (\$400,000), and Rapid COVID Testing (\$3.0 million).

## **LEO – WORKFORCE DEVELOPMENT AND UNEMPLOYMENT**

### ***Sec. 1066. Going Pro Administration – REVISED***

Requires Going Pro to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Going Pro to be used for matching funds when federal funds requiring a match become available. The intent of the funds is increasing the skill level of employees in skilled trades and to address in-demand talent needs in Michigan. Revises to eliminate legislative notification related to program goal, solution, or guidance changes. Adds language authorizing up to \$250,000 to be used for award to national, nonprofit program that connects National Guard, reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry.

### ***Sec. 1067. Going Pro Talent Fund – DELETED***

Authorizes funds appropriated for Going Pro in part 1 to be deposited into the Going Pro Talent Fund. States that if the funds are deposited, they are considered available for expenditure under the Going Pro Talent Fund Act.

### ***Sec. 1069. Healthy Michigan Work Requirement Assistance – REVISED***

Allows funds appropriated in part 1 for Workforce Development Program to be used for employment and training-related services and to assist Healthy Michigan plan recipients to secure and maintain training and employment. Provides that funds may be used to hire additional department field staff to educate impacted Healthy Michigan plan recipients on the requirements and available services, make referrals, assess and address barriers to employment, and manage other caseload-related impacts. Requires quarterly report. Revises by striking reporting requirement.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 1070. Dropout Support and Career Training Grant – DELETED***

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures.

### ***Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – DELETED***

Requires \$3.8 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program.

### ***Sec. 1072. High School Equivalency-to-School Program Guidelines – DELETED***

Stipulates that \$250,000 appropriated in part 1 for the program are to be used to cover the cost of a high school equivalency test free of charge to individuals meeting certain requirements. Requires LEO to develop procedures, provide program information, provide full-year cost estimate, and provide a report.

### ***Sec. 1073. Statewide Pre-Apprenticeship Program – NEW***

Requires funds appropriated in part 1 for the Statewide Pre-Apprenticeship Program to be awarded to a nonprofit with demonstrated effectiveness in the administration of an apprenticeship readiness program that increases the state's building trades and construction talent pool; requires program to enroll Michigan residents with the goal of achieving employment in the building trades and construction industry; requires program to prioritize economically distressed communities and target residents from underrepresented populations.

### ***Sec. 1074. Michigan Reconnect Grant Program – DELETED***

Provides requirements for the Michigan Reconnect grant program; requires the department to allocate 10.0 FTE positions for navigators who provide support services and 2.0 FTE positions for oversight and implementation of the program.

### ***Sec. 1075. Unemployment Insurance Agency Claimants and Trust Fund Reporting – REVISED***

Requires the department to provide a monthly report that provides 4-week average number of unique claimants, 4-week average number of eligible claimants with certification, 4-week average number of claims paid, total amount of standard unemployment insurance payments paid for the month, total amount of unemployment insurance tax generated for the quarter, and balance of the Michigan unemployment trust fund at the end of the quarter. Revises to make report quarterly.

### ***Sec. 1077. Unemployment Insurance Agency Federal Funds – NEW***

Authorizes appropriation and expenditure of USDOL federal funds received in excess of the gross appropriation in part 1 for the Unemployment Insurance Agency; requires notification to State Budget Director and legislative subcommittees prior to expenditure.

### ***Sec. 1079. Interagency Agreement for TANF Funds – DELETED***

Requires LEO to extend into an interagency agreement with DHHS for the use of TANF funds. Requires report on use of TANF funds by LEO.

## **LEO – REHABILITATION SERVICES**

### ***Sec. 1082. Michigan Rehabilitation Services Report – DELETED***

Requires annual status and outcome report on efforts taken to remedy and improve the MRS.

### ***Sec. 1083. Michigan Rehabilitation Services Funding for Disabled Agricultural Workers – REVISED***

Allocates \$50,000 from MRS appropriation line item along with federal matching funds for vocational rehabilitation services to disabled agricultural workers; requires report. Revises to strike \$50,000 allocation and make allocation permissive.

### ***Sec. 1084. Michigan Rehabilitation Services Order of Selection and Local Collaboration – REVISED***

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services; requires legislative notification if program is at risk of implementing an order of selection. States legislative intent that LEO coordinate with MRS, Michigan Works!, local technology and trade schools, local community mental health, and other local entities to fully utilize available MRS program space regardless of eligibility criteria. Revises to remove legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

### ***Sec. 1085. Job Development and Community Employment-Related Contracts – DELETED***

Allocates \$6.1 million of MRS funding for service authorizations with accredited, community-based rehabilitation organizations for job development and employment-related services.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 1086. Centers for Independent Living – REVISED***

Requires that all funds appropriated within the Independent Living appropriation line item be used to support Centers for Independent Living in underserved areas and to build capacity; requires report. Revises to remove limit of \$5.5 million on funds appropriated that may be used to leverage federal funds.

## **LEO – COMMISSIONS**

### ***Sec. 1091. Ethnic Affairs Commissions' Spending – DELETED***

Requires expenditure of appropriated funds by the commissions to directly relate to mission statements.

### ***Sec. 1092. Office of Global Michigan Report – REVISED***

Requires Office of Global Michigan to report on activities of office; stipulates reporting requirements. Revises to reflect activities of the office.

## **LEO – ONE-TIME APPROPRIATIONS**

### ***Sec. 1093. Michigan Housing and Community Development Program – NEW***

Requires part 1 appropriation to be deposited into the Michigan Housing and Community Development Fund; designates all funds in the fund as appropriated and available for expenditure for statutory purposes.

### ***Sec. 1094. Focus: HOPE Grant – NEW***

Permits part 1 appropriation to be awarded for education and workforce development programming, early childhood education, youth development, food assistance, or community empowerment and advocacy.

### ***Sec. 1095. Child Care Facilitator Project – NEW***

Requires part 1 appropriation to be awarded for the project; requires LEO to administer program in consultation with the Michigan Department of Education.

### ***Sec. 1096. Mobility Futures Initiative – NEW***

Requires funds appropriated in part 1 to support a multi-agency program to invest in mobility and electrification industries, infrastructure, and workforce opportunities. Requires LEO Office of Future Mobility and Electrification to coordinate efforts with EGLE and MDOT; allocates specific amounts to LEO (\$15.0 million), EGLE (\$8.0 million), and MDOT (\$2.0 million) for specific purposes; requires report.

### ***Sec. 1097. Reconnect and Futures for Frontliners Wraparound Services – NEW***

Requires part 1 appropriation to be expended by LEO to provide childcare, broadband access, transportation, or other services enrolled in Michigan Reconnect or Futures for Frontliners to remove barriers to employment and improve student success.

### ***Sec. 1098. Child Savings Accounts – NEW***

Requires funds to be expended in partnership with philanthropic and nonprofit organizations to support recommendations of the Michigan Poverty Task Force; authorizes up to \$1.0 million to be allocated as grants to organizations able to demonstrate ability to deploy funds to build child savings account programs to improve financial literacy, boost educational attainment for low-income children, and support wealth building in low-income families; authorizes up to \$1.0 million to support matching grant pilot programs that utilize family contributions, philanthropic, or community donations to child savings accounts with one award to a rural community and one award to an urban community.

### ***Sec. 1099. Poverty Task Force – Research and Planning – NEW***

Requires part 1 appropriation to be used for implementation of the recommendations of the Michigan Poverty Task Force, including conducting research and planning related to the effectiveness of state benefits programs.

### ***Sec. 1100. Michigan Reconnect Grant Program – NEW***

Requires part 1 appropriation to be expended according to statutory requirements; designates unexpended funds as work project.

### ***Sec. 1101. Futures for Frontliners – NEW***

Requires funds appropriated in part 1 to be used for last-dollar tuition costs, mandatory fees, and contact hours at community colleges for Michigan residents that are eligible frontline workers. Requires funds to be used to expand the eligible population to include individuals who became newly unemployed between November 1, 2020, and January 31, 2021, in industries disproportionately impacted by COVID-19; designates unexpended funds as work project.

**Supplemental Recommendations for FY 2020-21 Appropriations**

**FY 2020-21  
Recommendation**

**1. Futures for Frontliners**

Includes \$21.3 million GF/GP to support Futures for Frontliners costs in both FY 2020-21 and future fiscal years. The program provides last-dollar support for tuition-free access for an associate degree or certificate for frontline workers who do not have a college degree. Of the total, an estimated \$9.6 million would support expansion of the eligible population of frontliners to those newly unemployed between November 1, 2020 and January 31, 2021 in industries disproportionately impacted by COVID-19. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$21,300,000</b>
GF/GP	\$21,300,000

**2. Federal Fund Authorization Increases**

Includes the following federal fund appropriation authorization increases to reflect new federal awards:

- \$6.0 million for Michigan Learning and Education Advancement Program (MiLEAP) to help jobseekers transition from education and training to employment through customized training and support
- \$4.0 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) to increase the number of low-income students prepared to enter postsecondary education
- \$1.8 million for Workforce Development H-1B grants to reflect two new grants to prepare the workforce for middle- to high-skilled positions currently filled by H-1B workers and to connect employers with skilled healthcare workers in rural communities

(Supplemental Request 2021-5)

<b>Gross</b>	<b>\$11,762,600</b>
Federal	11,762,600
GF/GP	\$0

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
LEGISLATURE**



Analyst: Ben Gielczyk

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	406,000	6,000	1.5
Restricted	4,637,300	4,706,800	69,500	1.5
GF/GP	170,702,600	177,830,400	7,127,800	4.2
<b>Gross</b>	<b>\$175,739,900</b>	<b>\$182,943,200</b>	<b>\$7,203,300</b>	<b>4.1</b>

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Legislative Operations Adjustment</b>	<b>Gross \$172,250,500</b>	<b>\$2,583,800</b>
Reflects increased costs of \$2.6 million Gross (\$2.5 million GF/GP) related to legislative staff and other operations.	Private 400,000	6,000
	Restricted 4,637,300	69,500
	GF/GP \$167,213,200	\$2,508,300
<b>2. Census Tracking</b>	<b>Gross \$340,000</b>	<b>(\$340,000)</b>
Removes \$340,000 GF/GP that supported one-time costs related to equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan.	GF/GP \$340,000	(\$340,000)
<b>3. Independent Citizens Redistricting Commission</b>	<b>Gross \$3,149,400</b>	<b>(\$40,500)</b>
Reduces by \$40,500 GF/GP to reflect constitutionally-required appropriation. The Michigan Constitution requires the appropriation of an amount equal to not less than 25% of the GF/GP budget for the Secretary of State for Independent Citizens Redistricting Commission operations.	GF/GP \$3,149,400	(\$40,500)
<b>4. Capital Security Improvements</b>	<b>Gross \$0</b>	<b>\$5,000,000</b>
Provides \$5.0 million GF/GP (considered a one-time appropriation) to provide enhanced security measures at the Michigan State Capitol Building. Funding would support security staffing, infrastructure improvements, and equipment, which may include x-ray machines, magnetometers, and video and audio equipment necessary to implement a weapons ban.	GF/GP \$0	\$5,000,000



**Major Boilerplate Changes from FY 2020-21**

***Sec. 613. Senate Census Tracking/Reapportionment Work Project – DELETED***

Provides that funds appropriated in part 1 are work project appropriations; the purpose of the funds is to purchase equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan; estimated cost of the project is \$170,000; tentative completion date is September 30, 2025.

***Sec. 614. House of Representatives Census Tracking/Reapportionment Work Project – DELETED***

Provides that funds appropriated in part 1 are work project appropriations; the purpose of the funds is to purchase equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan; estimated cost of the project is \$170,000; tentative completion date is September 30, 2025.

***Sec. 618. Capitol Security Improvements – NEW***

Requires funds appropriated in part 1 for Capitol Security Improvements to be used for security staffing; infrastructure improvements; and equipment, including, but not limited to, x-ray machines, magnetometers, and video and audio equipment necessary to implement a weapons ban.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
LEGISLATIVE AUDITOR GENERAL**



**Analyst: Ben Gielczyk**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$6,250,400	\$6,345,200	\$94,800	1.5
<b>Federal</b>	0	0	0	--
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	2,139,500	2,170,500	31,000	1.4
<b>GF/GP</b>	18,324,000	18,598,900	274,900	1.5
<b>Gross</b>	<b>\$26,713,900</b>	<b>\$27,114,600</b>	<b>\$400,700</b>	<b>1.5</b>

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Auditor General Operations Increase</b>	<b>Gross \$26,713,900</b>	<b>\$400,700</b>
Reflects increased costs of \$400,700 Gross (\$274,900 GF/GP) related to Auditor General Staff and other operations.	IDG 6,250,400	94,800
	Restricted 2,139,500	31,000
	GF/GP \$18,324,000	\$274,900

**Major Boilerplate Changes from FY 2020-21**

**Sec. 625. Access to Confidential Information – DELETED**

Specifies legislative intent that the Auditor General be authorized to access and examine confidential information of each branch, department, office, board, commission, agency, authority, and institution of the state subject to the same duty of confidentiality imposed by law on the entity providing the confidential information.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF STATE**



**Analyst: Michael Cossen**

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	50,100	50,100	0	0.0
<b>Restricted</b>	220,189,900	218,218,600	(1,971,300)	(0.9)
<b>GF/GP</b>	12,597,500	12,435,600	(161,900)	(1.3)
<b>Gross</b>	<b>\$254,297,500</b>	<b>\$252,164,300</b>	<b>(\$2,133,200)</b>	<b>(0.8)</b>
<b>FTEs</b>	1,592.0	1,592.0	0.0	0.0

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the secretary of state, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Motorcycle Safety Fund</b>	<b>Gross</b>	<b>\$1,800,000</b>	<b>\$300,000</b>
Authorizes an additional \$300,000 of state restricted Motorcycle Safety Fund revenue to reflect an increase in an earmark to the fund from motorcycle registration fees authorized under 2017 PA 115. Revenue from the fund supports grants to local governments and schools for motorcycle safety training.	Federal	300,000	0
	Restricted	1,500,000	300,000
	GF/GP	\$0	\$0
<b>2. Reinstatement Fee Reduction</b>	<b>Gross</b>	<b>\$4,704,300</b>	<b>(\$1,204,300)</b>
Reduces state restricted fund authorization by \$1.2 million to reflect an anticipated decrease in revenue from driver reinstatement fees following the elimination of driver responsibility fees and other criminal justice reform legislation.	Restricted	4,704,300	(1,204,300)
	GF/GP	\$0	\$0
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,228,900)</b>
Reflects decreased costs of \$1.2 million Gross (\$161,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	(1,067,000)
	GF/GP	NA	(\$161,900)

**Major Boilerplate Changes from FY 2020-21**

**Sec. 701. Contingency Funding – REVISED**

Appropriates up to \$2.0 million in federal, \$2.5 million in state restricted, \$25,000 in local, and \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$2.0 million in federal, \$7.5 million in state restricted, \$50,000 in local, and \$100,000 in private contingency funds.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 703. Record Look-Up Fees – REVISED***

Authorizes DOS to sell copies of records, at \$11 per record, for various conveyances and to use revenue to finance expenses; requires revenue balance at fiscal year-end to be credited to Transportation Administration Collection Fund; requires DOS to provide quarterly report on number of records sold and revenue collected. Revised to increase the record look-up fee from \$11 to \$15 per record.

### ***Sec. 714. Branch Office Closings or Consolidations – DELETED***

Requires legislature to be notified in writing at least 180 days prior to closing a branch office or 60 days prior to relocating a branch outside of its current local unit of government; notification to include analyses of branch transactions and revenue, citizen impact, and savings and costs.

### ***Sec. 717. Accept Gifts to Support Department Activities – REVISED***

Authorizes DOS to accept non-monetary gifts to support licensing, regulation, and safety functions; prohibits acceptance if conditioned on future state spending; requires report. Revised to delete “nonmonetary” and to authorize revenue received to be expended for departmental functions relating to licensing, regulation, or safety.

### ***Sec. 721. Ballot Proposal 2 Cost Report – DELETED***

Requires DOS to submit quarterly report on all expenditures associated with establishing Independent Citizens Redistricting Commission and its role as secretary of commission as required by Constitutional amendment approved under Ballot Proposal 2 of 2018.

### ***Sec. 721a. Ballot Proposal 3 Cost Report – DELETED***

Requires DOS to submit quarterly report on all expenditures associated with implementing changes and new procedures and purchasing equipment needed for implementing same-day registration and no-reason absentee voting as required by Constitutional amendment approved under Ballot Proposal 3 of 2018.

### ***Sec. 722. Legacy Mainframes System Modernization – DELETED***

Authorizes DOS to spend funds to modernize legacy mainframe systems; requires report of modernization project detailing costs and various updates on project.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, BUDGET**



**Analyst: Michael Crossen**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$1,024,720,900	\$1,057,210,900	\$32,490,000	3.2
<b>Federal</b>	8,389,300	5,129,800	(3,259,500)	(38.9)
<b>Local</b>	2,337,700	2,328,700	(9,000)	(0.4)
<b>Private</b>	134,600	134,700	100	0.1
<b>Restricted</b>	123,046,400	121,020,600	(2,025,800)	(1.6)
<b>GF/GP</b>	516,326,100	513,945,100	(2,381,000)	(0.5)
<b>Gross</b>	<b>\$1,674,955,000</b>	<b>\$1,699,769,800</b>	<b>\$24,814,800</b>	<b>1.5</b>
<b>FTEs</b>	3,139.0	3,147.0	8.0	0.3

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Technology, Management, and Budget (DTMB) is the centralized service agency for the executive branch. Its responsibilities include information technology services and project support for state departments and agencies; state facility and lease management; the state motor vehicle fleet; state purchasing and procurement; state retirement systems; internal audit; state budget development and monitoring; and state accounting and financial control systems. Autonomous units within DTMB include the following: State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Administrative Board, and the Office of Children's Ombudsman.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<p><b>1. Advanced Persistent Cyber Security Threats</b> Provides \$20.0 million GF/GP in one-time funding to invest in a variety of tools and measures, such as emergency response, threat intelligence, and vulnerability assessments, to enhance Michigan's cyber security defense capabilities against persistent and sophisticated threats from hostile countries and actors.</p>	<p><b>Gross</b> NA <b>GF/GP</b> NA</p>	<p><b>\$20,000,000</b> \$20,000,000</p>
<p><b>2. Information Technology Investment Fund (ITIF)</b> Provides \$17.5 million GF/GP (\$15.0 million one-time funding) for the department's portfolio of information technology legacy system modernization projects for a total funding amount of \$50.0 million GF/GP in FY 2021-22 to support 8 new projects.</p>	<p><b>Gross</b> \$32,500,000 <b>GF/GP</b> \$32,500,000</p>	<p><b>\$17,500,000</b> \$17,500,000</p>
<p><b>3. State Psychiatric Facilities Special Maintenance</b> Maintains \$15.0 million GF/GP in one-time funding to the Enterprisewide Special Maintenance program to support deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers. This request would fulfil the original request of \$30.0 million, of which \$15.0 was appropriated in FY 2020-21. The psychiatric hospitals include the Walter Reuther Psychiatric Hospital in Westland, the Kalamazoo Psychiatric Hospital in Kalamazoo, the Caro Center in Caro, the Center for Forensic Psychiatry in Ann Arbor, and the Hawthorn Center in Northville.</p>	<p><b>Gross</b> \$15,000,000 <b>GF/GP</b> \$15,000,000</p>	<p><b>\$0</b> \$0</p>

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>	
<b>4. Green Revolving Fund</b>	<b>Gross</b>	<b>NA</b>	<b>\$5,000,000</b>
Provides \$5.0 million GF/GP in one-time funding to capitalize a fund for providing up-front financing for projects at state facilities that achieve energy efficiency or renewable energy; would allow for the re-investment of resources in new projects on a continuous basis to establish a long-term funding project aimed at reducing the state's carbon footprint.	GF/GP	NA	\$5,000,000
<b>5. Legal Services Fund</b>	<b>Gross</b>	<b>NA</b>	<b>\$5,000,000</b>
Provides \$5.0 million GF/GP in one-time funding to support various potential future litigation costs on major statewide issues not unique to a single agency. Funding in prior years has been supported with balances in work project accounts, the last of which will expire in FY 2020-21.	GF/GP	NA	\$5,000,000
<b>6. SIGMA Data Storage</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,650,000</b>
Provides \$1.7 million GF/GP to support ongoing operational costs related to data storage for SIGMA, the state's centralized accounting and enterprise resource planning tool. These ongoing costs are currently supported from work project funding authorized for SIGMA implementation which will expire this year.	GF/GP	NA	\$1,650,000
<b>7. Office of the Children's Ombudsman</b>	<b>Gross</b>	<b>\$1,931,400</b>	<b>\$200,000</b>
Provides \$200,000 GF/GP to fill a vacant position and support ongoing costs for the office's computerized complaint system to address findings of a 2019 performance audit of the office by the Office of the Auditor General. Initial funding of \$100,000 GF/GP is being requested in FY 2020-21 to integrate the Complaint Investigation System with MiSACWIS and the Michigan Vital Records System in an effort to improve the state's child welfare system.	GF/GP	\$1,931,400	\$200,000
<b>8. Veterans Homes Accounting Services</b>	<b>Gross</b>	<b>\$25,279,200</b>	<b>\$1,051,900</b>
Authorizes receipt of \$1.1 million in IDG funding from the Department of Military and Veterans Affairs and 8.0 FTE positions to increase accounting and financial services for the Michigan Veterans Homes.	IDG	14,750,800	1,051,900
	Restricted	5,042,700	0
	GF/GP	\$5,485,700	\$0
<b>9. Public Safety Officer Survivor Benefits</b>	<b>Gross</b>	<b>NA</b>	<b>\$43,000</b>
Provides \$43,000 GF/GP to support costs of providing up to five years of health care insurance for the surviving spouse and dependents of public safety officers who have died in the line of duty in accordance with 2016 PA 284.	GF/GP	NA	\$43,000
<b>10. Defined Contribution Deferred Compensation Funding</b>	<b>Gross</b>	<b>\$25,451,200</b>	<b>\$400,000</b>
Provides \$400,000 of state restricted Deferred Compensation funds to support services associated with administering the state's Defined Contribution plans.	Restricted	25,374,200	400,000
	GF/GP	\$77,000	\$0
<b>11. MPSCS Police Radio Leases</b>	<b>Gross</b>	<b>\$48,505,600</b>	<b>\$157,500</b>
Reflects the transfer of \$157,500 GF/GP from the Michigan State Police (MSP) to the Michigan Public Safety Communication System (MPSCS) to support radio leases for MSP and other public safety agencies.	Local	2,281,500	0
	GF/GP	\$46,224,100	\$157,500
<b>12. FY 2021-22 IT IDG Baseline Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$33,138,500</b>
Authorizes \$33.1 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Technology Service appropriation lines are prorated by department based on their total IT budget.	IDG	NA	33,138,500
	GF/GP	NA	\$0
<b>13. State Police Retirement System Supplemental Payments</b>	<b>Gross</b>	<b>\$77,000</b>	<b>(\$27,000)</b>
Reduces supplemental payments by \$27,000 GF/GP as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary.	GF/GP	\$77,000	(\$27,000)

<b><u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2020-21 YTD (as of 2/11/21)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>14. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$56,855,000</b>	<b>(\$56,855,000)</b>
Eliminates \$56.9 million Gross (\$51.5 million GF/GP) of one-time funding appropriated in FY 2020-21: \$37.2 million for Venture Michigan II voucher purchase, \$14.3 million for statewide broadband, \$2.1 million in state restricted funding for retirement services Customer Relationship Management replacement, and \$3.3 million for the COVID-19 Office of Accountability.	Federal	3,250,000	(3,250,000)
	Restricted	2,100,000	(2,100,000)
	GF/GP	\$51,505,000	(\$51,505,000)
<b>15. SWCAP Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Reallocates fund sourcing associated with annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and decrease of \$212,600 GF/GP.	IDG	NA	10,600
	Restricted	NA	202,000
	GF/GP	NA	(\$212,600)
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,444,100)</b>
Reflects decreased costs of \$2.4 million Gross (\$186,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	(1,711,000)
	Federal	NA	(9,500)
	Local	NA	(9,000)
	Private	NA	100
	Restricted	NA	(527,800)
	GF/GP	NA	(\$186,900)

#### **Major Boilerplate Changes from FY 2020-21**

##### **Sec. 801. Contingency Funding – REVISED**

Appropriates up to \$2.0 million in federal, \$4.0 million in state restricted, \$75,000 in local, and up to \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$4.0 million in federal, \$8.0 million in state restricted, \$150,000 in local, and \$100,000 in private contingency funds.

##### **Sec. 803. Statewide Administrative and Support Services – REVISED**

Provides for receipt and expenditure of funds for various administrative and support services provided to state departments and agencies. Revised to include project oversight among services authorized for receipt and expenditure of funds and universities and community colleges among entities that may receive support services; authorizes unexpended fee revenue collected to carry forward at the close of the fiscal year.

##### **Sec. 809. Computer Contracts – REVISED**

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$250,000, individually or in aggregate. Revised to raise reporting threshold from \$250,000 to \$500,000.

##### **Sec. 815. Special Maintenance, Remodeling, and Additions for State Agencies – NEW**

Appropriates federal and restricted funds earned based on initiatives undertaken with the funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the State Budget Director to determine the appropriate manner for implementing this section; requires the department to notify the legislature within 10 days of effectuating appropriations authorized under this section.

##### **Sec. 816. Information Technology Investment Fund – NEW**

Appropriates federal and restricted funds earned based on initiatives undertaken with the funds appropriated for enterprisewide information technology investments; requires the State Budget Director to determine the appropriate manner for implementing this section.

##### **Sec. 816. Privatization RFPs – DELETED**

Requires RFP issued for purpose of privatization to include all factors to be used in evaluating and determining price.

##### **Sec. 821. Office of Retirement Services Report – DELETED**

Requires the Office of Retirement Services (ORS) to produce a report on the Judges Retirement System, Military Retirement System, Michigan Public School Employees' Retirement System, State Employees' Retirement System, and State Police Retirement System showing tables and charts of the annual required contribution flow per fiscal year and a justification if the payroll growth assumption is maintained at or above 0% for any pension or OPEB plan; requires additional items to be reported for the Michigan Public School Employees' Retirement System; requires ORS to post the most recent year's CAFR for each plan.

## **Major Boilerplate Changes from FY 2020-21**

### ***Sec. 822d. Report on Fee Rate Schedules – DELETED***

Requires a report on fee and rate schedules used by state departments and agencies for services to include changes in fees and rates and an explanation of the factors used to justify increased changes.

### ***Sec. 822n. Request for Proposals Website – DELETED***

Requires DTMB to establish a request for proposals website that is searchable by department and agency.

### ***Sec. 824. Spatial Information and Technical Services – REVISED***

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; requires report of fund sources and expenditures. Revised to delete reporting requirement.

### ***Sec. 826. Definition of Information Technology Services – REVISED***

Defines “information technology services” as services involving all aspects of managing and processing information, including certain IT management and support items and services. Revised to replace server management with cloud services support and management including infrastructure, platform, and software as a service; replaces planning and budget management with procurement and contract management.

### ***Sec. 828. IT-Related Appropriations and Expenditures – REVISED***

Requires detailed quarterly report on funding and expenditures for IT services and projects. Revised to require report for the first and third quarter and extends time permitted to submit the report from 30 to 45 calendar days after each fiscal quarter.

### ***Sec. 829. Life-Cycle of Hardware and Software – DELETED***

Requires report that analyzes and makes recommendations on the life-cycle of IT hardware and software.

### ***Sec. 830. Enterprise IT Project Reporting – DELETED***

Requires quarterly report on active and closed IT projects throughout all executive branch departments with information on schedule, budget, cost, project changes, project success scores, and numbers of completed projects that have exceeded their initial schedule and budget estimates.

### ***Sec. 832. Child Support Enforcement System – DELETED***

Requires DTMB to notify the legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in the event of penalties being imposed.

### ***Sec. 836. Information Technology Investment Fund Purpose – DELETED***

Requires funds appropriated for Information Technology Investment Fund to be used for modernization of state IT systems and integrate state system interfaces to improve customer service.

### ***Sec. 838. Performance Targets in State Procurement Contracts – DELETED***

Requires department to develop policies and procedures that will require all new procurement contracts to include performance-related liquidated damages or performance targets with incentives.

### ***Sec. 840. EPMO Performance Measures – DELETED***

Requires development and use of metrics for activities related to funds appropriated to Enterprise Portfolio Management Office.

### ***Sec. 841. Connecting Michigan Communities Broadband Expansion Grants – DELETED***

Requires funds to be awarded as grants to areas underserved by broadband internet providers; prohibits awarding of grants for use in areas that have received funding assistance for broadband; prohibits awarding of grants to public entities for establishing a broadband network; prohibits awarding more than \$5.0 million to any one project or applicant; requires a competitive selection process for awarding of grants; provides criteria and priorities for determining award selection; lists information required on grant applications; requires DTMB to post award notifications with information on each grant on its website; establishes criteria for delineation of unserved areas within census blocks; requires grant recipients to submit reports including details on expenditures, service benchmarks, and project progress.

### ***Sec. 862. Capital Outlay Required Reports – DELETED***

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee and fiscal agencies with status of each planning or construction project financed by SBA.



**Major Boilerplate Changes from FY 2020-21**

***Sec. 901. Green Revolving Fund – NEW***

Creates the Green Revolving Fund within Treasury; authorizes Treasury to receive money or other assets for deposit into the fund and to credit interest and earnings into the fund; provides carry-forward authorization for unexpended funds at close of fiscal year; states that funds appropriated for the Green Revolving Fund are deposited into the fund; describes department’s responsibilities in administering the fund; directs money saved by projects from the fund to be deposited to the fund and appropriates those funds.

**Supplemental Recommendations for FY 2020-21 Appropriations**

**FY 2020-21 Recommendation**

***1. Venture Michigan Fund II Voucher Purchase***

Provides \$80.0 million GF/GP to purchase all remaining tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$150.0 million in FY 2021-22 and FY 2022-23 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount. January revenue estimates assume tax vouchers being claimed in FY 2021-22 and FY 2022-23 and includes related negative GF/GP adjustments of \$75.0 million in each year. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$80,000,000</b>
GF/GP	\$80,000,000

***2. Veterans Homes Accounting Services***

Authorizes receipt of \$600,000 in IDG funding from the Department of Military and Veterans Affairs and 5.0 FTE positions to increase accounting and financial services for the Michigan Veterans Homes. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$600,000</b>
IDG	600,000
GF/GP	\$0

***3. Office of the Children’s Ombudsman***

Provides \$100,000 GF/GP to integrate the Complaint Investigation System with Michigan Statewide Child Welfare Information System (MiSACWIS) and the Michigan Vital Records System in an effort to improve the state’s child welfare system and to address findings of a 2019 performance audit of the office by the Office of the Auditor General. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$100,000</b>
GF/GP	\$100,000

***4. Special Maintenance Design and Construction Services***

Provides \$3.5 million GF/GP to the Design and Construction Services Division, corresponding to the amount of user fees collected for management and oversight of capital outlay construction projects in FY 2019-20 that lapsed to the general fund at the close of the fiscal year. Boilerplate in FY 2020-21 and FY 2021-22 authorizes special maintenance user fees to carry forward as they had in prior fiscal years. (Supplemental Request 2021-5)

<b>Gross</b>	<b>\$3,545,700</b>
GF/GP	\$3,545,700

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF TREASURY**



**Analyst: Ben Gielczyk**

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$13,112,800	\$13,073,500	(\$39,300)	(0.3)
<b>Federal</b>	27,421,800	27,361,400	(60,400)	(0.2)
<b>Local</b>	13,059,500	13,032,000	(27,500)	(0.2)
<b>Private</b>	28,900	31,000	2,100	7.3
<b>Restricted</b>	1,789,352,600	1,815,287,700	25,935,100	1.4
<b>GF/GP</b>	371,167,200	222,978,200	(148,189,000)	(39.9)
<b>Gross</b>	<b>\$2,214,142,800</b>	<b>\$2,091,763,800</b>	<b>(\$122,379,000)</b>	<b>(5.5)</b>
<b>FTEs</b>	1,934.5	1,934.5	0.0	0.0

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the department.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$851,870,300</b>	<b>\$15,431,800</b>
Increases by \$15.4 million of restricted sales tax revenue relative to the FY 2020-21 budget act appropriated amount. Appropriation reflects January 2020 CREC estimate for FY 2021-22 which represents a \$24.8 million (2.8%) decrease from January 2020 CREC estimate for FY 2020-21.	Restricted	851,870,300	15,431,800
	GF/GP	\$0	\$0
<b>2. City, Village, and Township (CVT) Revenue Sharing</b>	<b>Gross</b>	<b>\$261,024,600</b>	<b>\$5,220,500</b>
Includes \$5.2 million of restricted sales tax revenue (designated a one-time appropriation) to provide a 2.0% increase for CVT Revenue Sharing payments. A CVT would be eligible for a payment equal to 102.0% of its FY 2020-21 eligible payment. Removes requirement that a CVT allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act.	Restricted	261,024,600	5,220,500
	GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>3. County Revenue Sharing/County Incentive Program</b>	<b>Gross</b>	<b>\$226,529,400</b>	<b>\$4,987,300</b>
Includes a one-time appropriation of \$4.5 million of restricted sales tax revenue (designated a one-time appropriation) to provide a 2.0% increase for 82 eligible counties. Includes an additional \$447,800 of restricted sales tax revenue to reflect full-year funding for the return of Leelanau County to state revenue sharing payments after exhausting its revenue sharing reserve fund in 2021. Each county would be eligible to receive 106.6435% of statutory full funding. County Incentive Program comprises 18.8% of the County Revenue Sharing/County Incentive Program total. Removes requirement that a county allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act.	Restricted	226,529,400	4,987,300
	GF/GP	\$0	\$0
<b>4. General Obligation Bond Debt Service</b>	<b>Gross</b>	<b>\$113,735,000</b>	<b>(\$14,671,000)</b>
Reduces by \$14.7 million GF/GP to reflect anticipated debt service costs for Clean Michigan Initiative, Great Lakes Water Quality, and Quality of Life general obligation bonds.	GF/GP	\$113,735,000	(\$14,671,000)
<b>5. Local First Responder Training and Recruitment Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
Includes \$5.0 million GF/GP (considered a one-time appropriation) for a program to support local government efforts related to recruitment, training, and professional development and support for first responders. Eligible first responders would include law enforcement officers, firefighters, emergency medical technicians, paramedics and local government corrections officers. Grants would be awarded on a competitive basis based on need of first responder recruitment and training.	GF/GP	\$0	\$5,000,000
<b>6. Wrongful Imprisonment Compensation Fund</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>\$7,000,000</b>
Increases by \$7.0 million GF/GP to provide a \$10.0 million GF/GP deposit into the fund for FY 2021-22. Funds support statutorily-required payments to those deemed to have been wrongfully imprisoned and eligible for compensation from the state under 2016 PA 363.	GF/GP	\$3,000,000	\$7,000,000
<b>7. Payments in Lieu of Taxes</b>	<b>Gross</b>	<b>\$27,992,200</b>	<b>\$2,183,200</b>
Includes \$2.2 million Gross (\$1.8 million GF/GP) to adjust PILT appropriation to accommodate additional land purchases and millage increases. Appropriation would provide full funding for PILT programs (Purchased Lands, Swamp and Tax Reverted, and Commercial Forest Reserve) pursuant to statute.	Private	28,900	2,100
	Restricted	5,806,200	406,600
	GF/GP	\$22,157,100	\$1,774,500
<b>8. Unisys Mainframe Servers Cost Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,600,000</b>
Includes \$2.6 million GF/GP for increased costs for IT mainframe and other system maintenance costs. Mainframe supports individual income tax system and Treasury collection systems.	GF/GP	NA	\$2,600,000
<b>9. Information Technology System Support</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,000,000</b>
Includes \$2.0 million GF/GP to support licensing, maintenance, and other costs associated with replacing the legacy collections systems (individual income tax, garnishment, and collections). System replacement costs are funded with Information Technology Innovation Fund and existing work project resources.	GF/GP	NA	\$2,000,000

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>		<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>10. Recreational Marihuana Grants to Local Units</b>	<b>Gross</b>	<b>\$23,400,000</b>	<b>\$6,600,000</b>
Increases by \$6.6 million of restricted Marihuana Regulation Fund to adjust the level of payments to locals based on revenues to the fund. Payments to locals are estimated at \$30.0 million for FY 2021-22. These payments comprise 30% of the Marihuana Regulation Fund allocations and are split evenly between counties and other municipalities and distributed proportionately based on the number of marihuana retail stores and microbusinesses within the municipality of county.	Restricted	23,400,000	6,600,000
	GF/GP	\$0	\$0
<b>11. Senior Citizen Cooperative Housing Tax Exemption Program</b>	<b>Gross</b>	<b>\$10,771,700</b>	<b>\$500,000</b>
Increases by \$500,000 GF/GP to accommodate two new facilities (Detroit and Farmington) expected to enter the program in FY 2021-22. Program provides property tax exemption for housing owned and operated by nonprofit organization or association for elderly, disabled, mentally ill, developmentally disabled, or physically disabled, and must consist of eight or more residential units. State reimburses local unit of government for real and/or personal property taxes exempted.	GF/GP	\$10,771,700	\$500,000
<b>12. Dual Enrollment Payments</b>	<b>Gross</b>	<b>\$2,332,600</b>	<b>\$167,400</b>
Increases by \$167,400 GF/GP to accommodate cost increase estimated at January CREC. Funding supports tuition costs of eligible nonpublic school students enrolled in postsecondary institutions.	GF/GP	\$2,332,600	\$167,400
<b>13. Other Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,998,000)</b>
Includes the following technical adjustments:	Federal	NA	2,000
• Removes \$2.0 million Gross part 1 appropriation for Compulsive Gaming Prevention Fund in MGCB and transfers to a boilerplate appropriation. Transfer is required pursuant to statute.	Restricted	NA	(2,000,000)
• Restores \$2,000 Federal economic increase in Home Heating Assistance to keep funding level unchanged for FY 2021-22	GF/GP	NA	\$0
<b>14. FY 2020-21 COVID-19 Appropriations</b>	<b>Gross</b>	<b>\$156,325,000</b>	<b>(\$156,325,000)</b>
Removes following one-time appropriations included in FY 2020-21:	Restricted	4,025,000	(4,025,000)
• \$45.0 million – Employee Assistance Fund	GF/GP	\$152,300,000	(\$152,300,000)
• \$2.5 million – Teacher COVID-19 Grants			
• \$4.0 million – Gaming Case Handling and Information Processing System			
• \$800,000 – Blight Removal Grants			
• \$24.0 million – Flooding Disaster Relief Grants			
• \$5.0 million – Historic Preservation			
• \$2.0 million – School District Debt Relief Support			
• \$20.0 million – School Support Staff COVID-19 Grants			
• \$53.0 million – Teacher COVID-19 Grants			
<b>15. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,075,200)</b>
Reflects net decrease of \$1.1 million Gross (\$259,900 GF/GP). Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to actuarially required retirement contributions, worker's compensation, and building occupancy charges, were offset by a reduction in calculated contributions for retiree medical benefits.	IDG	NA	(39,300)
	Federal	NA	(62,400)
	Local	NA	(27,500)
	Restricted	NA	(686,100)
	GF/GP	NA	(\$259,900)

## **Major Boilerplate Changes from FY 2020-21**

### **TREASURY – OPERATIONS**

#### ***Sec. 901. Contingency Funds – REVISED***

Appropriates up to \$500,000 of federal, \$10.0 million of state restricted, \$100,000 of local, and \$20,000 of private contingency funds; authorizes expenditures after legislative transfer to specific line items. Revises to increase to \$1.0 of federal, \$200,000 of local, and \$40,000 of private contingency funds.

#### ***Sec. 921. Revenue Bulletins, Notices, and Administrative Rules Notices – REVISED***

Requires the department to notify the legislature on any revenue bulletins, administrative rules involving tax administration or collection, or notices interpreting changes in law. Revised to require legislative notification no later than 5 business days after posting rather than the same day of posting.

#### ***Sec. 934. Expending of Authority Revenues – REVISED***

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Revises to eliminate reporting requirement.

#### ***Sec. 947. Financial Independent Teams – DELETED***

Stipulates that the financial independence teams shall cooperate with the Financial Responsibility Section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts.

#### ***Sec. 949b. Good Jobs for Michigan Program Distributions – NEW***

Authorizes tax capture revenues collected pursuant to written agreements under the Good Jobs for Michigan Program that are transferred from the General Fund to the Good Jobs for Michigan Fund to be appropriated to authorized businesses and the Michigan Strategic Fund for administrative expenses pursuant to statute.

#### ***Sec. 949i. Recreational Marijuana Revenue Distributions – NEW***

Authorizes revenue collected under the Michigan Regulation and Taxation of Marijuana Act to be appropriated and distributed pursuant to the act.

#### ***Sec. 949l. Historic Preservation – DELETED***

Prohibits funds appropriated in part 1 from being expended unless Senate Bill 54 is enacted into law. Requires funds appropriated to be used for implementation of the bill.

#### ***Sec. 949m. Blight Elimination – DELETED***

Requires funds appropriated in part 1 for Blight Removal Grants to be awarded to projects in redevelopment ready communities certified by MEDC. Individual grants would be capped at \$200,000 with priority given to projects that pose an immediate public safety or health risk.

#### ***Sec. 949n. School District Debt Relief Support – DELETED***

Provides that funding appropriated in part 1 for School District Debt Relief Support must be awarded at the discretion of the state treasurer to eligible school districts; defines eligible school districts; caps awards at \$1.0 million.

#### ***Sec. 949o. Disaster Relief – DELETED***

Provides that funds appropriated in part 1 be provided to the following: Midland/Gladwin Flooding (\$15.0 million); Arenac County Flooding (\$500,000); Houghton/Baraga Flooding (\$4.0 million); Newaygo County Flooding (\$400,000); Ionia County Flooding (\$164,000); and Ecorse River Watershed Flooding (\$3.0 million).

#### ***Sec. 949p. Teacher COVID-19 Grants – DELETED***

Requires \$53.0 million appropriation to be distributed as equal payments to eligible K-12 classroom teachers who teach in a public school or nonprofit nonpublic school; caps payments at \$500 per FTE teacher; authorizes the department to retain up to 0.5% for administration.

#### ***Sec. 949q. School Support Staff COVID-19 Grants – DELETED***

Requires \$20.0 million appropriation to be distributed as equal payments to eligible school support staff; caps payments at \$250 per FTE school support staff; authorizes the department to retain up to 0.5% for administration.

## **Major Boilerplate Changes from FY 2020-21**

### **TREASURY - REVENUE SHARING**

#### ***Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED***

Specifies distribution of \$261.0 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 100.0% of its FY 2019-20 eligible payment. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Requires eligible CVTs to allocate an amount equal to their FY 2020-21 eligible payment increase (no increase was received) to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises to reflect eligible payment equal to 102.0% of FY 2020-21 eligible payment and strikes language requiring the eligible unit to dedicated increased funds to unfunded pension liabilities.

#### ***Sec. 955. County Revenue Sharing Payments – REVISED***

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 104.5619% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Requires counties receiving a payment to allocate their FY 2020-21 eligible payment increase (no increase was received) to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises to increase payments to counties by 2.0% which would represent 106.6435% of statutory full funding. Strikes language requiring the eligible county to dedicate increased funds to unfunded pension liabilities.

#### ***Sec. 956. Financially Distressed Cities, Villages, and Townships – REVISED***

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding and grants must be used for specific projects or services that move the CVT toward financial stability. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Revises to strike use of grants for unfunded liabilities and debt obligations.

### **TREASURY – GAMING CONTROL BOARD**

#### ***Sec. 978. Racing Commission Regulatory Changes – REVISED***

Requires the Michigan Gaming Control Board (MGCB) to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts.

#### ***Sec. 979. Millionaire Party Regulation – REVISED***

Appropriates amount not to exceed \$3.0 million to the MGCB from the State Lottery Fund to support regulation and licensing of millionaire parties pursuant to Executive Order 2012-4; requires report. Revises to delete the reporting requirement.

### **TREASURY – ONE-TIME APPROPRIATIONS**

#### ***Sec. 1201. Local First Responder Recruitment and Training Grants – NEW***

Provides that funds appropriated in part 1 for Local First Responder Recruitment and Training Grants are to support local efforts to expand recruitment, improve training, and provide additional professional development and support to first responders; defines first responders and applicant; requires department to establish application process; caps grants at \$100,000 for recruitment and \$100,000 for training programs.

**Supplemental Recommendations for FY 2020-21 Appropriations**

**FY 2020-21  
Recommendation**

**1. Wrongful Imprisonment Compensation Fund**

Increases by \$7.0 million GF/GP to provide a \$10.0 million GF/GP deposit into the fund for FY 2020-21. (Supplemental Request 2021-5)

**Gross**            **\$7,000,000**  
**GF/GP**            **\$7,000,000**

**2. City Income Tax COVID Loss Relief**

Includes \$70.0 million GF/GP to provide grants to the 24 cities that levy an income tax. Grants will be awarded based on the proportion of city income tax collected in FY 2018-19 and be capped at \$25.0 million. Funds would provide replacement revenues for lost city income tax due to high unemployment and remote work. Unemployment benefits are not subject to the city income tax and employees working remotely outside of the city are not subject to the city income tax. (Supplemental Request 2021-5)

**Gross**            **\$70,000,000**  
**GF/GP**            **\$70,000,000**