

FY 2021-22 Executive Budget Overview Supplementals and General Omnibus

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House Fiscal Agency**

**House Appropriations Committee
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GF/GP Beginning Balances

(Dollars in Millions)

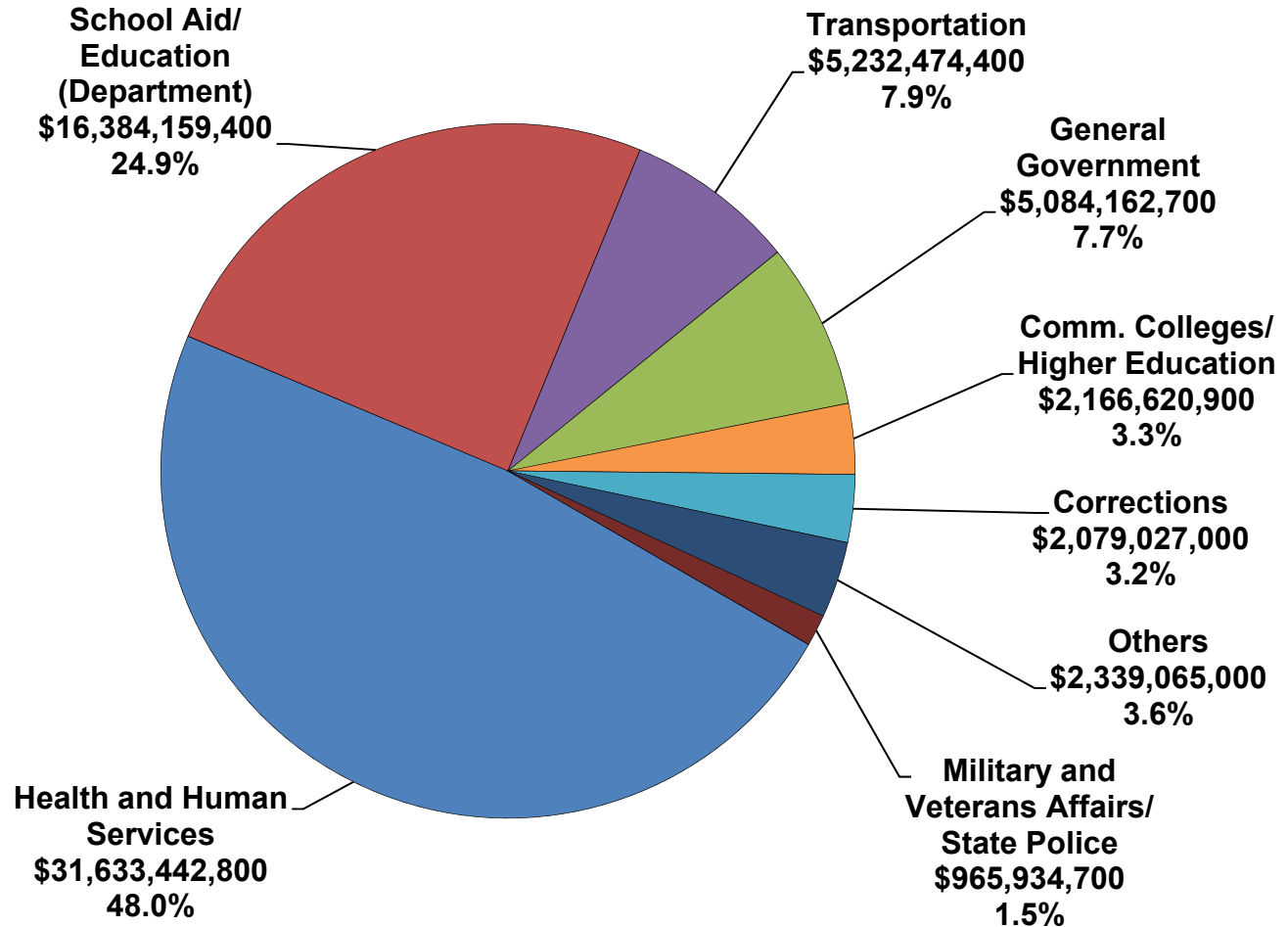
	FY 2020-21	FY 2021-22
GF/GP	\$2,364.2	\$1,999.7

Large Fund Balances – Contributing Factors

- Revised revenue adjustments from the January CREC
- FY 2019-20 budget and caseload lapses
- Medicaid FMAP rate changes

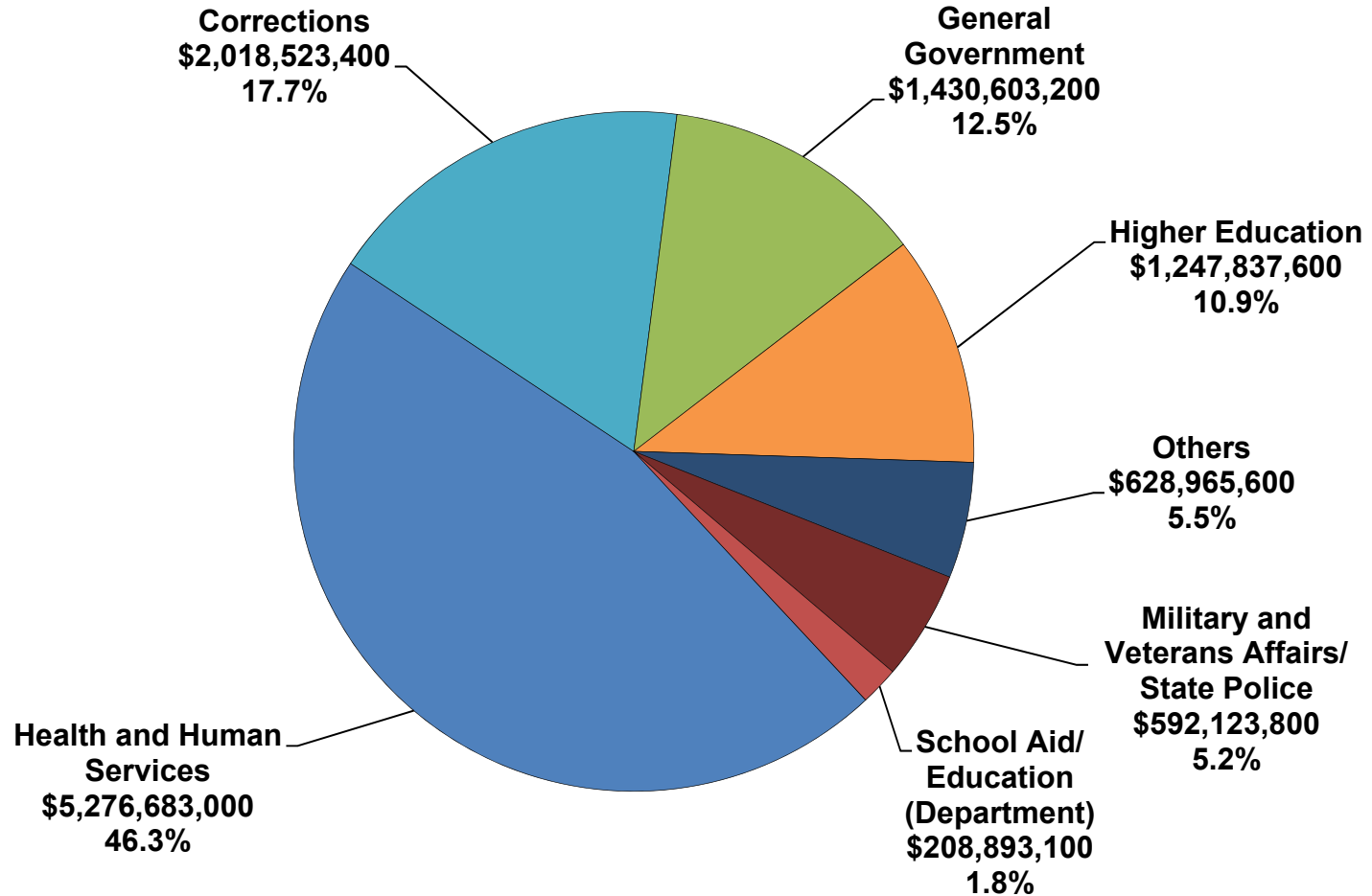
FY 2021-22 Executive Recommendation

Adjusted Gross = \$65,884,886,900



FY 2021-22 Executive Recommendation

General Fund/General Purpose (GF/GP) = \$11,403,629,700



FY 2021-22 Executive Budget Appropriation Changes

(Dollars in Millions)

	Year-to-Date	Executive Rec.	Change	
	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Dollar</u>	<u>Percent</u>
General Fund/General Purpose	\$10,845.5	\$11,403.6	\$558.2	5.1%
State Restricted	<u>24,760.7</u>	<u>25,610.5</u>	<u>849.8</u>	3.4%
Total State-Source Appropriations	\$35,606.2	\$37,014.2	\$1,408.0	4.0%
Federal	\$25,825.7	\$28,358.3	\$2,532.6	9.8%
Local	296.6	297.7	1.1	0.4%
Private	204.8	214.7	10.0	4.9%
Total Adjusted Gross	\$61,933.3	\$65,884.9	\$3,951.6	6.4%

Numbers may not add due to rounding

GF/GP Appropriations

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2020-21</u>	<u>Exec Rec FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>	
Agriculture & Rural Development	\$63,616,800	\$57,883,900	(\$5,732,900)	(9.0%)
Attorney General	41,148,400	41,996,000	847,600	2.1%
Capital Outlay	1,000	0	(1,000)	(100.0%)
Civil Rights	14,792,200	14,357,300	(434,900)	(2.9%)
Community Colleges	0	0	0	--
Corrections	1,809,258,400	2,018,523,400	209,265,000	11.6%
Education	90,067,100	168,893,100	78,826,000	87.5%
Environment, Great Lakes, & Energy	59,443,900	128,700,400	69,256,500	116.5%
Executive Office	7,114,300	7,318,600	204,300	2.9%
Health and Human Services	5,224,838,900	5,276,683,000	51,844,100	1.0%
Higher Education	1,217,835,700	1,247,837,600	30,001,900	2.5%
Insurance & Financial Services	0	0	0	--
Judiciary	201,934,300	208,322,900	6,388,600	3.2%
Labor & Economic Devel. (MSF)	251,367,600	421,143,100	169,775,500	67.5%
Legislative Auditor General	18,324,000	18,598,900	274,900	1.5%
Legislature	170,702,600	177,830,400	7,127,800	4.2%
Licensing & Regulatory Affairs	149,605,600	185,945,900	36,340,300	24.3%
Military & Veterans Affairs	84,280,200	75,594,300	(8,685,900)	(10.3%)
Natural Resources	50,697,300	48,112,500	(2,584,800)	(5.1%)
School Aid	50,964,600	40,000,000	(10,964,600)	(21.5%)
State	12,597,500	12,435,600	(161,900)	(1.3%)
State Police	439,376,600	516,529,500	77,152,900	17.6%
Tech., Mgmt. & Budget: Operations	284,755,500	282,374,500	(2,381,000)	(0.8%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%
Transportation	0	0	0	--
Treasury: Operations	257,432,200	123,914,200	(133,518,000)	(51.9%)
Treasury: Debt Service	113,735,000	99,064,000	(14,671,000)	(12.9%)
Treasury: Revenue Sharing	0	0	0	--
TOTAL GF/GP APPROPRIATIONS	\$10,845,460,300	\$11,403,629,700	\$558,169,400	5.1%

FY 2020-21 Proposed Supplementals

(Dollars in Millions)

	Year-to-Date <u>FY 2020-21</u>	Supplemental <u>FY 2020-21</u>	<u>Percent Change</u>
General Fund/General Purpose	\$10,845.5	(\$50.5)	(0.5%)
State Restricted	24,760.7	334.3	1.4%
Federal	25,825.7	2,614.3	10.1%
Local	296.6	1.8	0.6%
Private	204.8	13.1	6.4%
Total Adjusted Gross	\$61,933.3	\$2,913.0	4.7%

*Numbers do not include IDG transfers
Numbers may not add due to rounding*

Supplementals

The executive proposal includes four FY 2020-21 supplementals totaling \$2,913.6 million Gross (negative \$50.6 million GF/GP):

- Departmental appropriation adjustment requests of \$1,584.5 million Gross (negative \$167.9 million GF/GP) including major program additions (Request 2021-5):
 - \$773.6 million Gross (negative \$714.2 million GF/GP) for caseload cost and E-FMAP adjustments. (DHHS)
 - \$110.0 million Gross (\$43.1 million GF/GP) for continuation of direct care wage increase of \$2.00 per hour. (DHHS)
 - \$300.0 million GF/GP for local bridge replacement. (MDOT)
 - \$80.0 million GF/GP to purchase Venture Michigan Fund II tax vouchers. (DTMB)
 - \$70.0 million GF/GP for city income tax COVID loss relief payments. (Treasury)

Supplementals (Continued)

The executive proposal includes four FY 2020-21 supplementals totaling \$2,913.6 million Gross (negative \$50.6 million GF/GP):

- Education omnibus appropriation increase of \$484.3 million Gross (\$117.3 million GF/GP) for summer learning programs and CARES Act maintenance of effort (MOE) required payback for community colleges and universities. (Request 2021-6)
- Federal COVID relief fund appropriation of \$805.5 million Gross to various departments. (Request 2021-7)
 - \$292.1 million Federal Child Care Development Block grant to fund a Child Care Investment Plan
- Natural Resources Trust Fund projects: \$39.2 million Gross. (Request 2021-8)
- Budget Stabilization Fund (BSF) deposit of \$175.0 million. (Request 2021-5)

Programs Funded in FY 2020-21 and FY 2021-22

The executive proposal includes the following programs funded in both FY 2020-21 supplemental and the FY 2021-22 budget:

- Continuation of direct care wage increase of \$2.00 per hour (DHHS)
 - FY 2020-21 \$110.0 million Gross (\$43.1 million GF/GP)
 - FY 2021-22 \$360.0 million Gross (\$121.4 million GF/GP)
- Futures for Frontliners program (LEO)
 - FY 2020-21 \$21.3 million
 - FY 2021-22 \$39.1 million
- Certified Community Behavioral Health Clinics demonstration program (DHHS)
 - FY 2020-21 \$6.6 million Gross (\$1.2 million GF/GP)
 - FY 2021-22 \$26.5 million Gross (\$5.0 million GF/GP)
- Summer learning programs (School Aid)
 - FY 2020-21 \$60.0 million GF/GP
 - FY 2021-22 \$60.0 million SAF

Current Services Baseline Assumptions

Major GF/GP current services baseline increases proposed in the executive recommendation:

- \$582.4 million Gross (\$1.5 million GF/GP) for traditional Medicaid program E-FMAP rate change/caseload/utilization/inflation financing/actuarial soundness adjustments and risk corridor backout adjustments. (DHHS)
- \$445.9 million Gross (\$44.6 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation financing/actuarial soundness adjustments and risk corridor backout adjustments. (DHHS)
- \$58.5 million GF/GP savings using restricted revenues to backfill GF/GP reductions in Medicaid program. (DHHS)
- \$3.5 million GF/GP for state employee compensation-related costs. (All budgets)

Lawsuit Payments and Legal Costs

Lawsuit payments and legal costs proposed in the executive recommendation include:

- \$91.0 million Gross (\$30.0 million GF/GP) *KB vs. Lyon* lawsuit agreement for estimated children behavioral health service utilization. (DHHS)
- \$40.0 million GF/GP *John Does vs. MDOC* payments of \$25.0 million in FY 2020-21 and \$15.0 million in FY 2021-22. (MDOC)
- \$35.0 million GF/GP for annual debt service costs associated with bond issuance pursuant to Flint Settlement. (LEO)
- Wrongful Imprisonment Fund deposit: FY 2020-21 \$7.0 million and FY 2021-22 \$10.0 million GF/GP. (Request 2021-5) (Treasury)
- \$5.0 million GF/GP one-time funding to support various potential litigation costs on major statewide issues. (DTMB)

GF/GP Ongoing Allocations

Major FY 2021-22 GF/GP program increases in addition to those listed previously include:

- \$29.1 million Gross (\$24.2 million GF/GP) for the first-year phase-in of the juvenile justice raise the age program. (DHHS)
- \$12.0 million GF/GP to the Michigan Indigent Defense Commission for implementation of standard 5. (LARA)
- \$7.7 million GF/GP (\$4.9 million one-time) for a trooper recruit school expected to graduate 50 troopers. (MSP)
- \$6.7 million GF/GP to expand sickle cell disease health services coverage for adults 21 years of age and older. (DHHS)
- \$19.1 million Gross (\$6.3 million GF/GP) to increase the number of MiChoice slots by 1,000. (DHHS)
- \$17.5 million GF/GP (\$15.0 million one-time) additional deposit into the Information Technology Investment Fund (ITIF) for statewide IT projects. (DTMB)

GF/GP One-Time Allocations

Major one-time allocations of GF/GP funding for FY 2021-22 include:

- \$120.0 million for Michigan Reconnect Grant program and authorization for 20.0 FTE positions. Grants are for FY 2021-22 and FY 2022-23. (LEO)
- \$78.0 million to continue implementation of Child Care Investment Plan in FY 2020-21 proposed supplemental. (MDE)
- \$40.0 million for high water infrastructure grants to address flooding, erosion, and changing climate. (EGLE)
- \$25.0 million for Mobility Futures Initiative, a multi-agency effort to advance mobility in the state. (LEO)
- \$20.0 million to enhance Michigan's cyber security defense capabilities against persistent cyber threats. (DTMB)
- \$20.0 million for remediation of newly contaminated properties statewide. (EGLE)
- \$15.0 million to create a fund to respond to dam emergencies. (EGLE)
- \$15.0 million to expand Going Pro employer-based training grants. (LEO)
- \$15.0 million to support deferred maintenance projects at the state's five inpatient psychiatric hospitals and centers. (DTMB)
- \$10.0 million deposit into the Lead Poisoning Prevention Fund to support low-cost loans to homeowners and landlords. (DHHS)

Revenue Sharing Allocations

The executive recommendation for local revenue sharing programs includes:

- \$24.8 million (2.8%) decrease to constitutional revenue sharing based on January 2021 CREC estimates for FY 2020-21 and FY 2021-22.
- \$5.2 million for a 2.0% one-time increase for city, village, and township revenue sharing.
- \$4.5 million for a 2.0% one-time increase for county revenue sharing.
 - \$0.4 million increase to reflect full-year funding for the return of Leelanau County

Fee Sunsets and Increases

Executive proposal for fee sunsets and increases includes:

- Department of Environmental, Great Lakes, and Energy
 - Sunset extensions - current revenue at \$7.8 million
 - Miscellaneous increases - \$5.9 million
 - Impacted fees include Hazardous Waste Site, Land and Water Permit, National Pollutant Discharge Elimination System, Stormwater, and Wastewater Operator Training
- Secretary of State
 - Look-up fee increase - \$19.0 million
- Labor and Economic Opportunity
 - 20% Radiological Health fee increases - \$500,000
- Michigan State Police
 - Traffic Crash Report fee increase - \$300,000

Other Revenue

- Sales and Use Tax exemption on the purchase of feminine hygiene products
 - GF/GP revenue decrease of \$6.5 million

General Fund Balance Sheet

Executive Recommendation General Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
RESOURCES			
Beginning Balance	\$2,364.2	\$1,005.5	\$61.6
Consensus Revenue Estimates: January 2021	10,237.5	10,897.1	11,167.1
Venture Michigan Fund - Voucher Purchase	--	75.0	75.0
Repeal of Feminine Hygiene Products	0.0	(6.5)	(6.5)
Miscellaneous Other Revenue	172.8	(2.6)	0.0
Revenue Sharing	<u>(490.1)</u>	<u>(500.3)</u>	<u>(490.5)</u>
TOTAL RESOURCES	\$12,284.4	\$11,468.2	\$10,806.7
EXPENDITURES			
Appropriations: Ongoing	\$10,265.9	\$10,279.9	\$10,279.9
Base: DHHS caseload	(714.1)	(43.4)	215.5
Base: Other	--	332.2	383.4
Base: Economics	--	3.4	48.4
Executive Investments	--	223.8	223.8
Executive Reductions	--	(20.9)	(20.9)
Executive Proposed Supplementals (net of caseloads)	937.6	--	--
Appropriations: One-time	285.3	591.6	--
GF to School Aid	51.0	40.0	40.0
Supplementals – Current law	243.3	--	--
BSF Deposit	<u>210.0</u>	<u>--</u>	<u>--</u>
TOTAL EXPENDITURES	\$11,278.9	\$11,406.6	\$11,170.1
PROJECTED ENDING BALANCE / (SHORTFALL)	\$1,005.5	\$61.6	(\$363.4)



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