

# **PRELIMINARY REVIEW**

of the

**FY 2021-22**

**Executive Budget  
Recommendation**



**Mary Ann Cleary, Director**  
**February 15, 2021**



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## HFA STAFF LIST



**OVERVIEW OF  
FY 2021-22 EXECUTIVE BUDGET RECOMMENDATION**  
*Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director*

The FY 2021-22 executive budget recommendation incorporates the January 2021 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$10,897.1 million and School Aid Fund (SAF) of \$14,423.7 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2020-21 balances of \$1,005.4 million GF/GP and \$306.7 million SAF. The proposal assumes sales and use tax exemptions on the purchase of feminine hygiene products and the purchase of Venture Michigan Fund II tax vouchers.

The FY 2021-22 budget recommendation includes \$65,884.9 million in adjusted gross appropriations, an increase of \$3,951.6 million, or 6.4%. The table below compares current-year appropriations to the executive proposal.

	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>Adjusted Gross</b>	\$61,933.3	\$65,884.9	\$3,951.6	6.4%
<b>Federal</b>	\$25,825.7	\$28,358.3	\$2,532.6	9.8%
<b>Local/Private</b>	\$501.3	\$512.4	\$11.1	2.2%
<b>Restricted</b>	\$24,760.7	\$25,610.5	\$849.8	3.4%
<b>GF/GP</b>	\$10,845.5	\$11,403.6	\$558.2	5.1%

Of the \$37,014.2 million in state resources recommended for appropriation in FY 2021-22, \$20,731.9 million (56.0% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The executive proposal includes significant adjustments to the current FY 2020-21 budget and FY 2021-22 budget.

The executive proposal includes four recommended FY 2020-21 supplementals totaling \$2,913.5 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 the major program additions (Request 2021-5):
  - \$773.6 million Gross (negative \$714.2 million GF/GP) for caseload cost and E-FMAP adjustments. (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)
- School Aid 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)
- Natural Resources Trust Fund projects: \$39.2 million Gross. (Request 2021-8)
- Budget Stabilization Fund (BSF) deposit of \$175.0 million (Request 2021-5).

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

- Continuation of direct care wage increase of \$2.00 per hour: FY 2020-21 \$110.0 million Gross (\$43.1 million GF/GP) and FY 2021-22 \$360.0 million Gross (\$121.4 million GF/GP). (Request 2021-5) (DHHS)
- Future for Frontliners program: FY 2020-21 \$21.3 million and FY 2021-22 \$39.1 million. (Request 2021-5) (LEO)
- Certified Community Behavioral Health Clinics demonstration program: FY 2020-21 \$6.6 million Gross (\$1.2 million GF/GP) and FY 2021-22 \$26.5 million Gross (\$5.0 million GF/GP). (Request 2021-5) (DHHS)
- Summer learning programs: FY 2020-21 \$60.0 million GF/GP and FY 2021-22 \$60.0 million SAF. (Request 2021-6) (School Aid)

Major GF/GP current services baseline increases in the FY 2021-22 executive recommendation include:

- \$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)

Major GF/GP 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 *Does vs. MDOC* payments of \$25.0 million in FY 2020-21 and \$15.0 million for FY 2021-22. (MDOC)
- \$35.0 million GF/GP for annual debt service costs associated with bond issuance pursuant to Flint Settlement. (LEO)
- \$5.0 million GF/GP one-time funding to support various potential future litigation costs on major statewide issues. (DTMB)
- Wrongful Imprisonment Fund deposit: FY 2020-21 \$7.0 million and FY 2021-22 \$10.0 million GF/GP. (Request 2021-5) (Treasury)

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

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

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

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

Major changes proposed for FY 2021-22 for School Aid and Higher Education funding include:

- \$203.0 million SAF for increases to district foundation allowances ranging from \$82 to \$164 per pupil based on the 2x formula (percentages range from 1.0% to 2.0%).
- \$32.2 million SAF increase to the Great Start Readiness Program (GSRP) for school readiness preschool programs.
- \$200.0 million SAF one-time to for Declining Enrollment grants.
- \$12.5 million SAF increase for Academically At-Risk and Economically Disadvantaged program.
- \$30.2 million SAF savings from reducing cyber school foundation allowances to 80% of the minimum foundation allowance.
- \$29.2 million GF/GP for a one-time 2.0% increase in public university operations.
- \$6.5 million SAF for a one-time 2.0% increase in community college operations.

MPSERS retirement changes included in the executive recommendation for FY 2021-22 include:

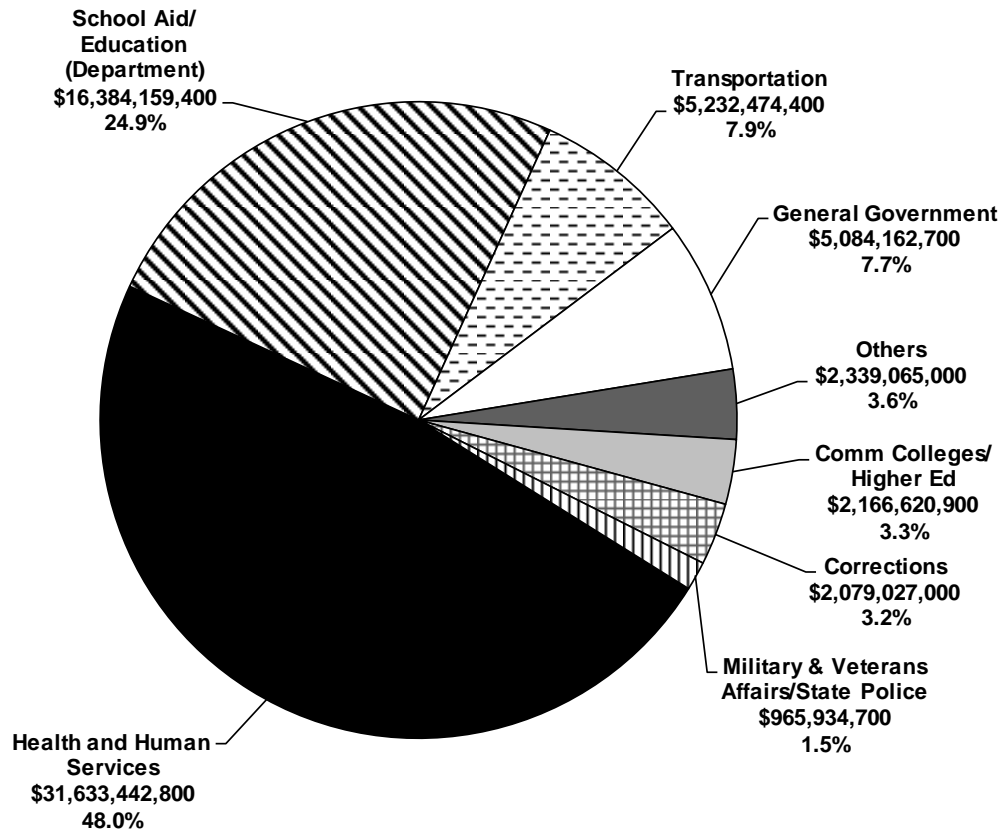
- \$145.3 million school aid increase in the state share of MPSERS UAAL payments mostly related to the reduction in payroll growth assumption from 3.5% to 3.0% under 2018 PA 181.
- \$7.9 million increase in the state share of MPSERS UAAL payments and normal costs for universities and community colleges.

A more detailed summary of major budget changes by individual budget area begins on page 17.

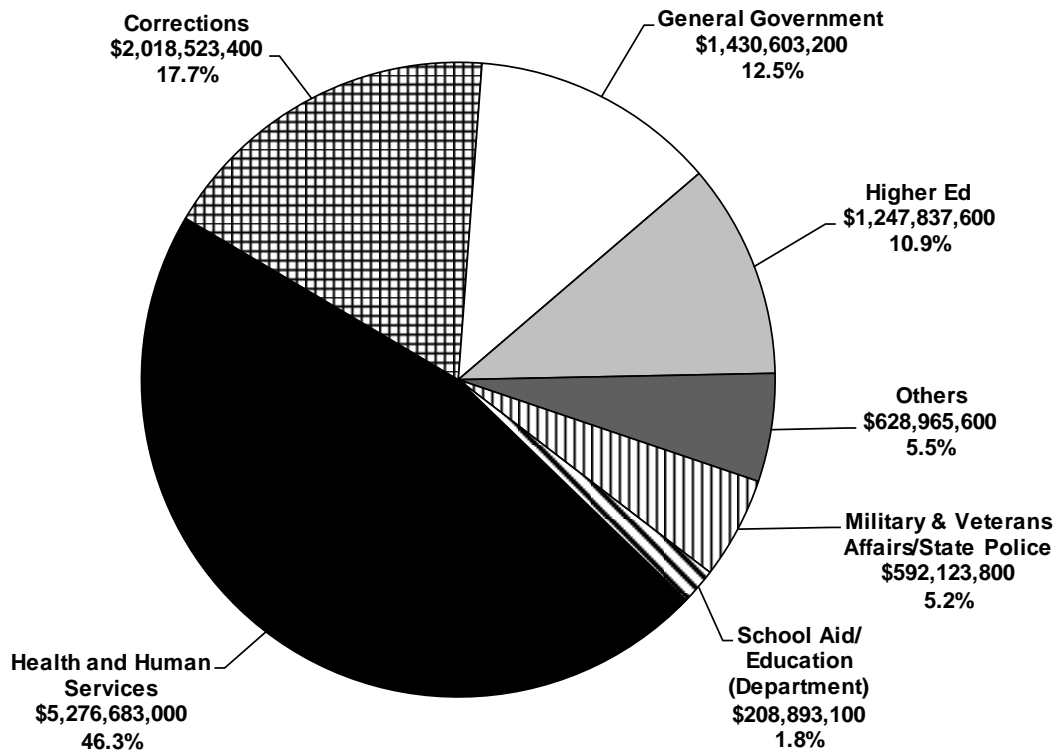
This preliminary review provides a brief summary of the executive recommendation for FY 2021-22. The House Fiscal Agency's full Review and Analysis of the FY 2021-22 Executive Budget Recommendation will be available within two weeks and will contain a more detailed review of major budget and boilerplate changes by budget area.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to contact us if you have questions regarding this information.

**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**





## **CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2021-22 and FY 2022-23 Executive Recommendation**

The executive budget recommendation for FY 2021-22 increases adjusted gross appropriations by \$3,951.6 million (6.4%) from FY 2020-21 year-to-date amounts:

- GF/GP appropriations are increased by \$558.2 million (5.1%)
- State restricted appropriations are increased by \$849.8 million (3.4%)
- Federal appropriations are increased by \$2,532.6 million (9.8%)
- Local and private appropriations are increased by \$11.1 million (2.2%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2021-22 executive budget recommendation is increased by \$1,408.0 million (4.0%) from FY 2020-21 year-to-date amounts.

Projected appropriation amounts for FY 2022-23 under the executive budget (which are presented only for planning purposes) reflect a 2.3% decrease in GF/GP appropriations, a 2.0% decrease in total state spending from state sources, and a 1.4% decrease in adjusted gross appropriations.

**FY 2021-22 and FY 2022-23  
Executive Budget Appropriation Changes  
Millions of Dollars**

	Year-to-Date	Executive	Change Amounts		Executive	Change Amounts	
	FY 2020-21	Recommendation FY 2021-22			Recommendation FY 2022-23		
General Fund/General Purpose	\$10,845.5	\$11,403.6	\$558.2	5.1%	\$11,138.9	(\$264.7)	(2.3%)
State Restricted	<u>24,760.7</u>	<u>25,610.5</u>	<u>849.8</u>	3.4%	<u>25,149.0</u>	<u>(461.6)</u>	(1.8%)
<b>Total State-Source Appropriations</b>	<b>\$35,606.2</b>	<b>\$37,014.2</b>	<b>\$1,408.0</b>	<b>4.0%</b>	<b>\$36,287.9</b>	<b>(\$726.3)</b>	<b>(2.0%)</b>
Federal	\$25,825.7	\$28,358.3	\$2,532.6	9.8%	\$28,155.7	(\$202.6)	(0.7%)
Local	296.6	297.7	1.1	0.4%	297.7	0.0	0.0%
Private	204.8	214.7	10.0	4.9%	214.7	0.0	0.0%
<b>Total Adjusted Gross</b>	<b>\$61,933.3</b>	<b>\$65,884.9</b>	<b>\$3,951.6</b>	<b>6.4%</b>	<b>\$64,956.0</b>	<b>(\$928.9)</b>	<b>(1.4%)</b>

**General Fund/General Purpose (GF/GP):** Unrestricted General Fund revenue available for basic state programs and other purposes determined by the legislature.

**State Restricted:** State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

**State-Source Appropriations:** Appropriations from state-level revenue sources: State Restricted plus GF/GP.

**Federal Funds:** Federal grant or match revenue; generally dedicated to specific programs or purposes.

**Local/Private Funds:** Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

**Adjusted Gross:** Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGs) or intradepartmental transfers (IDTs).

*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.
- (3) Numbers may not add due to rounding.

## RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

Resources used to fund General Fund/General Purpose, School Aid Fund, and Tobacco Settlement / Merit Award Trust Fund expenditures in the Executive Budget Recommendation are reported below.

<b>FY 2020-21 Through FY 2022-23 Executive Recommendation</b>			
<b>General Fund/General Purpose (GF/GP)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b><u>Resources</u></b>			
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>
<b>Total Resources</b>	<b>\$12,284.4</b>	<b>\$11,468.2</b>	<b>\$10,806.7</b>
<b><u>Expenditures</u></b>			
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 Supplemental	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>
<b>Total Expenditures</b>	<b>\$11,278.9</b>	<b>\$11,406.6</b>	<b>\$11,170.1</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$1,005.5</b>	<b>\$61.6</b>	<b>(\$363.4)</b>

*Numbers may not add due to rounding.*

<b>FY 2020-21 Through FY 2022-23 Executive Recommendation</b>			
<b>School Aid Fund (SAF)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b><u>Resources</u></b>			
Beginning Balance	\$1,151.6	\$306.6	\$8.5
Consensus Revenue Estimates: January 2021	14,030.2	14,423.7	14,730.4
Revenue Adjustment (Marihuana)	--	(7.0)	(7.0)
GF/GP Grant	111.0	40.0	40.0
Detroit Public Schools Trust Fund	79.8	72.0	72.0
Lapse Revenue	39.0	0.0	0.0
Federal Aid	<u>1,937.1</u>	<u>1,822.5</u>	<u>1,822.5</u>
<b>Total Resources</b>	<b>\$17,348.7</b>	<b>\$16,657.8</b>	<b>\$16,666.4</b>
<b><u>Expenditures</u></b>			
School Aid: Ongoing	\$15,340.1	\$15,279.9	\$15,367.6
School Aid: Net Baseline Adj	(60.3)	87.8	64.8
School Aid: Investments	--	254.7	254.7
School Aid: Reductions	--	(30.2)	(30.2)
School Aid: One-time	185.0	261.0	--
School Aid: Supplementals	782.8	--	--
Community College	438.4	434.7	440.8
Higher Education	356.1	361.4	362.6
<b>Total Expenditures</b>	<b>\$17,042.1</b>	<b>\$16,649.3</b>	<b>\$16,460.3</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$306.6</b>	<b>\$8.5</b>	<b>\$206.1</b>

Numbers may not add due to rounding.

<b>FY 2021-22 and FY 2022-23 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars</b>		
	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b><u>Resources</u></b>		
Beginning Balance	\$13.7	\$2.6
Tobacco Settlement MSA payment	286.2	271.4
Debt Service on 2006 / 2007 Securitization Bonds (13.34% / 10.77%)	(69.0)	(65.4)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF Repayment	(17.5)	(17.5)
Community District Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
<b>Total Resources</b>	<b>\$66.5</b>	<b>\$44.2</b>
<b><u>Expenditures</u></b>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite Care	4.1	4.1
DHHS: Medicaid Long Term Care	37.2	57.2
Current Services Baseline	20.0	(20.0)
State Police: Criminal Investigations / IT	0.9	0.9
Treasury: Student Financial Services Programs	<u>1.2</u>	<u>1.2</u>
<b>Total Expenditures</b>	<b>\$63.9</b>	<b>\$43.9</b>
<b>Estimated Ending Balance</b>	<b>\$2.6</b>	<b>\$0.3</b>

*Numbers may not add due to rounding.*

## **BUDGET SUMMARY TABLES**

The following pages include seven tables summarizing the executive budget recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- FY 2020-21 year-to-date figures include adjustments through February 11, 2021.
- Some appropriation items in the FY 2020-21 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2021-22 executive budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**TABLE 1  
FY 2021-22 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<b>Department/Budget Area</b>	<b>Gross</b>	<b>IDG/IDT</b>	<b>Adjusted Gross</b>	<b>Federal</b>	<b>Local</b>	<b>Private</b>	<b>State Restricted</b>	<b>GF/GP</b>
Agriculture & Rural Development	\$116,252,300	\$320,000	\$115,932,300	\$13,599,800	\$0	\$71,300	\$44,377,300	\$57,883,900
Attorney General	107,338,800	35,083,600	72,255,200	9,868,400	0	0	20,390,800	41,996,000
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	17,584,100	298,900	17,285,200	2,850,700	0	18,700	58,500	14,357,300
Community Colleges	434,653,600	0	434,653,600	0	0	0	434,653,600	0
Corrections	2,079,027,000	0	2,079,027,000	5,364,100	9,646,100	0	45,493,400	2,018,523,400
Education	531,091,400	0	531,091,400	344,304,100	5,870,300	2,238,500	9,785,400	168,893,100
Environment, Great Lakes, & Energy	906,016,900	3,544,900	902,472,000	171,889,200	0	1,411,200	600,471,200	128,700,400
Executive Office	7,318,600	0	7,318,600	0	0	0	0	7,318,600
Health and Human Services	31,647,234,200	13,791,400	31,633,442,800	22,910,690,100	162,680,200	189,276,500	3,094,113,000	5,276,683,000
Higher Education	1,731,967,300	0	1,731,967,300	122,726,400	0	0	361,403,300	1,247,837,600
Insurance & Financial Services	72,987,600	724,600	72,263,000	1,017,100	0	0	71,245,900	0
Judiciary	319,505,100	1,652,300	317,852,800	6,374,800	7,619,800	1,222,600	94,312,700	208,322,900
Labor & Economic Devel. (MSF)	1,830,177,600	0	1,830,177,600	1,143,364,800	10,900,000	11,267,000	243,502,700	421,143,100
Legislative Auditor General	27,114,600	6,345,200	20,769,400	0	0	0	2,170,500	18,598,900
Legislature	182,943,200	0	182,943,200	0	0	406,000	4,706,800	177,830,400
Licensing & Regulatory Affairs	519,486,400	45,079,800	474,406,600	29,030,900	0	0	259,429,800	185,945,900
Military & Veterans Affairs	217,688,100	101,800	217,586,300	120,015,300	0	640,000	21,336,700	75,594,300
Natural Resources	456,341,400	203,100	456,138,300	91,291,300	0	7,039,200	309,695,300	48,112,500
School Aid	15,853,068,000	0	15,853,068,000	1,822,478,500	0	0	13,990,589,500	40,000,000
State	252,164,300	20,000,000	232,164,300	1,460,000	0	50,100	218,218,600	12,435,600
State Police	773,164,700	24,816,300	748,348,400	80,953,100	4,832,700	35,000	145,998,100	516,529,500
Tech., Mgmt. & Budget: Operations	1,468,199,200	1,057,210,900	410,988,300	5,129,800	2,328,700	134,700	121,020,600	282,374,500
Tech., Mgmt. & Budget: SBA Rent	231,570,600	0	231,570,600	0	0	0	0	231,570,600
Transportation	5,236,519,200	4,044,800	5,232,474,400	1,448,519,000	80,782,000	900,000	3,702,273,400	0
Treasury: Operations	625,135,900	13,073,500	612,062,400	27,361,400	13,032,000	31,000	447,723,800	123,914,200
Treasury: Debt Service	99,064,000	0	99,064,000	0	0	0	0	99,064,000
Treasury: Revenue Sharing	1,367,563,900	0	1,367,563,900	0	0	0	1,367,563,900	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$67,111,178,000</b>	<b>\$1,226,291,100</b>	<b>\$65,884,886,900</b>	<b>\$28,358,288,800</b>	<b>\$297,691,800</b>	<b>\$214,741,800</b>	<b>\$25,610,534,800</b>	<b>\$11,403,629,700</b>

*Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.*

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2021-22 and FY 2022-23 Executive Recommendation Compared with FY 2020-21 Year-to-Date**

<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>		<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>	
Agriculture & Rural Development	\$120,970,600	\$115,932,300	(\$5,038,300)	(4.2%)	\$115,932,300	\$0	0.0%
Attorney General	71,542,800	72,255,200	712,400	1.0%	71,755,200	(500,000)	(0.7%)
Capital Outlay	1,000	0	(1,000)	(100.0%)	0	0	--
Civil Rights	17,737,600	17,285,200	(452,400)	(2.6%)	17,285,200	0	0.0%
Community Colleges	425,667,600	434,653,600	8,986,000	2.1%	434,280,500	(373,100)	(0.1%)
Corrections	2,060,788,400	2,079,027,000	18,238,600	0.9%	2,039,027,000	(40,000,000)	(1.9%)
Education	451,695,700	531,091,400	79,395,700	17.6%	499,191,400	(31,900,000)	(6.0%)
Environment, Great Lakes, & Energy	508,021,500	902,472,000	394,450,500	77.6%	508,172,000	(394,300,000)	(43.7%)
Executive Office	7,114,300	7,318,600	204,300	2.9%	7,318,600	0	0.0%
Health and Human Services	28,712,581,100	31,633,442,800	2,920,861,700	10.2%	31,583,033,600	(50,409,200)	(0.2%)
Higher Education	1,699,925,400	1,731,967,300	32,041,900	1.9%	1,702,584,200	(29,383,100)	(1.7%)
Insurance & Financial Services	72,587,100	72,263,000	(324,100)	(0.4%)	72,263,000	0	0.0%
Judiciary	312,088,400	317,852,800	5,764,400	1.8%	317,088,700	(764,100)	(0.2%)
Labor & Economic Devel. (MSF)	1,684,364,300	1,830,177,600	145,813,300	8.7%	1,608,877,600	(221,300,000)	(12.1%)
Legislative Auditor General	20,463,500	20,769,400	305,900	1.5%	20,769,400	0	0.0%
Legislature	175,739,900	182,943,200	7,203,300	4.1%	177,943,200	(5,000,000)	(2.7%)
Licensing & Regulatory Affairs	437,725,000	474,406,600	36,681,600	8.4%	467,306,600	(7,100,000)	(1.5%)
Military & Veterans Affairs	228,849,700	217,586,300	(11,263,400)	(4.9%)	211,130,300	(6,456,000)	(3.0%)
Natural Resources	469,391,000	456,138,300	(13,252,700)	(2.8%)	453,892,500	(2,245,800)	(0.5%)
School Aid	15,525,164,800	15,853,068,000	327,903,200	2.1%	15,656,828,000	(196,240,000)	(1.2%)
State	234,297,500	232,164,300	(2,133,200)	(0.9%)	232,164,300	0	0.0%
State Police	741,869,900	748,348,400	6,478,500	0.9%	739,147,600	(9,200,800)	(1.2%)
Tech., Mgmt. & Budget: Operations	418,663,500	410,988,300	(7,675,200)	(1.8%)	350,988,300	(60,000,000)	(14.6%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	5,103,407,500	5,232,474,400	129,066,900	2.5%	5,340,635,200	108,160,800	2.1%
Treasury: Operations	745,370,700	612,062,400	(133,308,300)	(17.9%)	622,062,400	10,000,000	1.6%
Treasury: Debt Service	113,735,000	99,064,000	(14,671,000)	(12.9%)	99,064,000	0	0.0%
Treasury: Revenue Sharing	1,341,924,300	1,367,563,900	25,639,600	1.9%	1,375,654,500	8,090,600	0.6%
<b>TOTAL</b>	<b>\$61,933,258,700</b>	<b>\$65,884,886,900</b>	<b>\$3,951,628,200</b>	<b>6.4%</b>	<b>\$64,955,966,200</b>	<b>(\$928,920,700)</b>	<b>(1.4%)</b>



**TABLE 3**  
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS**  
**FY 2021-22 and FY 2022-23 Executive Recommendation Compared with FY 2020-21 Year-to-Date**

<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>		<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>	
Agriculture & Rural Development	\$63,616,800	\$57,883,900	(\$5,732,900)	(9.0%)	\$57,883,900	\$0	0.0%
Attorney General	41,148,400	41,996,000	847,600	2.1%	41,496,000	(500,000)	(1.2%)
Capital Outlay	1,000	0	(1,000)	(100.0%)	0	0	--
Civil Rights	14,792,200	14,357,300	(434,900)	(2.9%)	14,357,300	0	0.0%
Community Colleges	0	0	0	--	0	0	--
Corrections	1,809,258,400	2,018,523,400	209,265,000	11.6%	1,978,523,400	(40,000,000)	(2.0%)
Education	90,067,100	168,893,100	78,826,000	87.5%	90,893,100	(78,000,000)	(46.2%)
Environment, Great Lakes, & Energy	59,443,900	128,700,400	69,256,500	116.5%	53,700,400	(75,000,000)	(58.3%)
Executive Office	7,114,300	7,318,600	204,300	2.9%	7,318,600	0	0.0%
Health and Human Services	5,224,838,900	5,276,683,000	51,844,100	1.0%	5,550,400,600	273,717,600	5.2%
Higher Education	1,217,835,700	1,247,837,600	30,001,900	2.5%	1,217,321,500	(30,516,100)	(2.4%)
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	201,934,300	208,322,900	6,388,600	3.2%	207,558,800	(764,100)	(0.4%)
Labor & Economic Devel. (MSF)	251,367,600	421,143,100	169,775,500	67.5%	199,843,100	(221,300,000)	(52.5%)
Legislative Auditor General	18,324,000	18,598,900	274,900	1.5%	18,598,900	0	0.0%
Legislature	170,702,600	177,830,400	7,127,800	4.2%	172,830,400	(5,000,000)	(2.8%)
Licensing & Regulatory Affairs	149,605,600	185,945,900	36,340,300	24.3%	178,845,900	(7,100,000)	(3.8%)
Military & Veterans Affairs	84,280,200	75,594,300	(8,685,900)	(10.3%)	71,529,300	(4,065,000)	(5.4%)
Natural Resources	50,697,300	48,112,500	(2,584,800)	(5.1%)	46,116,700	(1,995,800)	(4.1%)
School Aid	50,964,600	40,000,000	(10,964,600)	(21.5%)	40,000,000	0	0.0%
State	12,597,500	12,435,600	(161,900)	(1.3%)	12,435,600	0	0.0%
State Police	439,376,600	516,529,500	77,152,900	17.6%	507,328,700	(9,200,800)	(1.8%)
Tech., Mgmt. & Budget: Operations	284,755,500	282,374,500	(2,381,000)	(0.8%)	222,374,500	(60,000,000)	(21.2%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	0	0	0	--	0	0	--
Treasury: Operations	257,432,200	123,914,200	(133,518,000)	(51.9%)	118,914,200	(5,000,000)	(4.0%)
Treasury: Debt Service	113,735,000	99,064,000	(14,671,000)	(12.9%)	99,064,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
<b>TOTAL</b>	<b>\$10,845,460,300</b>	<b>\$11,403,629,700</b>	<b>\$558,169,400</b>	<b>5.1%</b>	<b>\$11,138,905,500</b>	<b>(\$264,724,200)</b>	<b>(2.3%)</b>

**TABLE 4  
GF/GP APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2021-22 GF/GP</u>
Attorney General	\$500,000
Corrections	40,000,000
Education	78,000,000
Environment, Great Lakes, & Energy	75,000,000
Health and Human Services	48,073,600
Higher Education	30,516,100
Labor & Economic Development	221,300,000
Legislature	5,000,000
Licensing & Regulatory Affairs	7,100,000
Military & Veterans Affairs	4,065,000
Natural Resources	1,995,800
School Aid	1,000,000
State Police	15,085,500
Tech., Mgmt. & Budget: Operations	60,000,000
Treasury: Operations	5,000,000
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$592,636,000</b>

**TABLE 5**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2021-22 Executive Recommendation Compared with FY 2020-21 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2020-21</u>	<u>Executive Recommendation FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>	
Agriculture & Rural Development	525.0	526.0	1.0	0.2%
Attorney General	543.4	547.4	4.0	0.7%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	116.0	115.0	(1.0)	(0.9%)
Community Colleges	0.0	0.0	0.0	--
Corrections	13,702.8	13,500.4	(202.4)	(1.5%)
Education	620.5	621.0	0.5	0.1%
Environment, Great Lakes, & Energy	1,424.0	1,466.0	42.0	2.9%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,487.0	15,589.5	102.5	0.7%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	378.5	388.5	10.0	2.6%
Judiciary	513.0	521.0	8.0	1.6%
Labor & Economic Devel. (MSF)	2,579.9	3,096.9	517.0	20.0%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,857.9	1,857.9	0.0	0.0%
Military & Veterans Affairs	1,058.5	1,060.5	2.0	0.2%
Natural Resources	2,352.1	2,360.9	8.8	0.4%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,592.0	0.0	0.0%
State Police	3,599.0	3,654.0	55.0	1.5%
Tech., Mgmt. & Budget: Operations	3,139.0	3,147.0	8.0	0.3%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,824.3	2,942.3	118.0	4.2%
Treasury: Operations	1,934.5	1,934.5	0.0	0.0%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>54,336.6</b>	<b>55,010.0</b>	<b>673.4</b>	<b>1.2%</b>

*\*Includes classified, unclassified, and nonlegislative exempt positions.*

**TABLE 6  
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**

**FY 2021-22 Executive Recommendation**

<b><u>Department/Budget Area</u></b>	<b><u>Spending from State Sources</u></b>	<b><u>State Spending to Local Government Units</u></b>	<b><u>% of State Spending from State Sources as Payment to Locals</u></b>
Agriculture & Rural Development	\$102,261,200	\$8,800,000	8.6%
Attorney General	62,386,800	0	0.0%
Capital Outlay	0	0	--
Civil Rights	14,415,800	0	0.0%
Community Colleges	434,653,600	434,653,600	100.0%
Corrections	2,064,016,800	122,895,500	6.0%
Education	178,678,500	15,627,700	8.7%
Environment, Great Lakes, & Energy	729,171,600	326,521,000	44.8%
Executive Office	7,318,600	0	0.0%
Health and Human Services	8,370,796,000	1,743,164,400	20.8%
Higher Education	1,609,240,900	0	0.0%
Insurance & Financial Services	71,245,900	0	0.0%
Judiciary	302,635,600	148,056,300	48.9%
Labor & Economic Devel. (MSF)	664,645,800	52,863,300	8.0%
Legislative Auditor General	20,769,400	0	0.0%
Legislature	182,537,200	0	0.0%
Licensing & Regulatory Affairs	445,375,700	169,417,400	38.0%
Military & Veterans Affairs	96,931,000	4,136,500	4.3%
Natural Resources	357,807,800	10,491,100	2.9%
School Aid	14,030,589,500	13,873,111,900	98.9%
State	230,654,200	1,343,800	0.6%
State Police	662,527,600	18,253,300	2.8%
Tech., Mgmt. & Budget: Operations	403,395,100	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	231,570,600	0	0.0%
Transportation	3,702,273,400	2,196,144,200	59.3%
Treasury: Operations	571,638,000	238,834,700	41.8%
Treasury: Debt Service	99,064,000	0	0.0%
Treasury: Revenue Sharing	1,367,563,900	1,367,563,900	100.0%
<b>TOTALS APPROPRIATED</b>	<b>\$37,014,164,500</b>	<b>\$20,731,878,600</b>	<b>56.0%</b>

## FY 2021-22 EXECUTIVE BUDGET HIGHLIGHTS Major Changes Proposed

### Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
<b>IDG/IDT</b>	\$324,400	\$320,000	(\$4,400)	(1.4)
<b>Federal</b>	13,129,500	13,599,800	470,300	3.6
<b>Local</b>	0	0	0	-
<b>Private</b>	71,300	71,300	0	0.0
<b>Restricted</b>	44,153,000	44,377,300	224,300	0.5
<b>GF/GP</b>	63,616,800	57,883,900	(5,732,900)	(9.0)
<b>Gross</b>	<b>\$121,295,000</b>	<b>\$116,252,300</b>	<b>(\$5,042,700)</b>	<b>(4.2)</b>
<b>FTEs</b>	525.0	526.0	1.0	0.2

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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Office of Rural Development**

Includes \$175,000 from the state restricted Rural Development Fund to support an FTE position, and related costs, in the new Office of Rural Development. The Office is intended to address several challenges confronting rural communities in Michigan, including economic opportunities, broadband development, housing access, infrastructure issues, and healthcare access. The Governor's supplemental request, described below, would establish the new position in the current year.

#### **End of One-Time CREP Funding**

Eliminates \$4.4 million GF/GP one-time funding for the Conservation Reserve Enhancement Program (CREP) established in the current-year budget to reflect the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture. The \$4.4 million in one-time funding was to provide part of the required 50% non-federal cost-share for capital projects; \$600,000 GF/GP in ongoing funding for education, outreach, and technical assistance, remains in the Environmental stewardship program baseline.

#### **Economic Adjustments**

Reflects net decrease of \$415,700 Gross (\$289,900 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.

### Supplemental Recommendations for FY 2020-21 Appropriations

#### **Office of Rural Development/Rural Development Fund**

Includes \$87,500 GF/GP to establish an Office of Rural Development and related FTE position. The request would also provide \$1.0 million GF/GP for the Rural Development Fund – a fund that supports a grant program targeted for projects that address the expansion and sustainability of land-based industries; that provide worker training related to land based industries; or that support energy, transportation, communications, water and wastewater infrastructure to benefit rural communities. The Rural Development Fund currently receives \$2.0 million each year in state restricted revenue from a non-ferrous metal extraction tax.

#### **COVID-19 Response/Migrant Labor Housing**

Includes \$1.0 million GF/GP, and authorizes 3.0 FTE positions, for COVID-19 response activities including plan review, inspection, and outreach to prevent exposure and spread of COVID-19 to migrant laborers and other agricultural workers.

## Community Colleges

Analyst: Perry Zielak

	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	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	425,667,600	434,653,600	8,986,000	2.1
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$425,667,600</b>	<b>\$434,653,600</b>	<b>\$8,986,000</b>	<b>2.1</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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Community College Operations Increase**

Increases community college operations funding by \$6.4 million School Aid Fund (SAF). This includes a one-time \$6.5 million SAF increase to operations grants for community colleges, a 2.0% increase, which would be distributed through the performance funding formula, and a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.2%. Total funding for operations would be \$331.8 million SAF.

#### **Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment**

Increases funding by \$3.3 million SAF for the state's share of community colleges' UAAL to MPERS, a 3.9% increase, due to changes in payroll growth assumptions. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS would be \$87.2 million SAF.

#### **MPERS Normal Cost Offset**

Decreases funding by \$694,000 SAF for the community colleges' normal cost portion, a 5.6% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$11.7 million SAF.

### Supplemental Recommendations for FY 2020-21 Appropriations

#### **Community College Operations Payment for Maintenance of Effort (MOE) Requirement**

Includes \$12.7 million SAF for community college operations grant funding. The funding partially restores reductions made to operations grants in FY 2019-20, which would meet the MOE requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funding would be conditioned on adopting COVID-19 related polices, such as testing, contract tracing and campus mitigation strategies.

## Corrections

Analyst: Robin R. Risko

	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	196,370,900	5,364,100	(191,006,800)	(97.3)
Local	9,680,600	9,646,100	(34,500)	(0.4)
Private	0	0	0	--
Restricted	45,478,500	45,493,400	14,900	0.0
GF/GP	1,809,258,400	2,018,523,400	209,265,000	11.6
<b>Gross</b>	<b>\$2,060,788,400</b>	<b>\$2,079,027,000</b>	<b>\$18,238,600</b>	<b>0.9</b>
FTEs	13,702.8	13,500.4	(202.4)	(1.5)

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Premium Pay for Front Line Workers – Fund Shift***

Restores \$190.2 million GF/GP that was reduced from the FY 2020-21 budget and replaced with federal Coronavirus Relief Fund revenue. Federal funding was allocated to support premium pay for front-line workers throughout the department, but primarily at correctional facilities. Federal funding has been exhausted and GF/GP needs to be restored for ongoing departmental payroll costs.

#### ***John Does v Department of Corrections Settlement***

Includes \$40.0 million GF/GP to support the final 2 payments of the *John Does v Department of Corrections* settlement agreement. The remaining payments will be made on October 15, 2021 (\$25.0 million) and on October 15, 2022 (\$15.0 million). The case involved approximately 1,300 members that were incarcerated October 2010 through the date of the settlement, March 2020. The lawsuits claimed a variety of injuries including sexual assault and harassment, inappropriate use of segregation, and deprivation of educational and rehabilitative experiences due to the young age of the members. The case settled for \$80.0 million total inclusive of attorney fees and costs.

#### ***Savings from Closure of the Detroit Reentry Center***

Reflects a net reduction of \$10.5 million GF/GP and 202.4 FTE positions resulting from closure of the Detroit Reentry Center on January 9, 2021. The savings amount is a result of reduced costs for operations and administration at the center, and a shift of funding for the prisoner dialysis unit that was transferred to the Woodland Correctional Facility and a shift of funding for the parole violators who were transferred to the Macomb Correctional Facility.

#### ***Funding for Training New Custody Staff***

Includes \$7.4 million GF/GP to train additional corrections officers in an effort to reduce the number of vacant positions and meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. In FY 2019-20, an average of 52 custody staff left the department each month. With the additional funding added to the FY 2020-21 base of \$13.9 million, and with expenditure of carried forward work project account funding from prior years, the department will be able to train an estimated 800 new officers in FY 2021-22.

#### ***Employee Wellness Programming***

Includes \$809,400 GF/GP to support additional employee wellness resources and support services for department employees.

#### ***Administrative Hearing Caseload Increase***

Restores \$204,000 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would be used to support departmental billings for administrative hearings through the LARA Michigan Office of Administrative Hearings and Rules. The number of hearings increased by over 9% from 2019 to 2020.

#### ***Transportation Costs for Prison Industries***

Includes an additional \$72,000 in state restricted funding authorization for Prison Industries Operations to cover increased transportation costs resulting from moving more of MSI-made goods sold to correctional facilities.

**Removal of Current Year One-Time Funding**

Reduces the budget by \$15.0 million GF/GP to reflect removal of one-time funding included in the FY 2020-21 budget. Funding removed was for the third payment of the *John Does v Department of Corrections* settlement agreement.

**Economic Adjustments**

Reflects a net reduction of \$4.7 million Gross (\$3.8 million 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.

**Education (Department)**

Analysts: *Samuel Christensen, Emily Hatch, and Jacqueline Mullen*

	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	343,701,700	344,304,100	602,400	0.2
Local	5,872,100	5,870,300	(1,800)	(0.0)
Private	2,239,300	2,238,500	(800)	(0.0)
Restricted	9,815,500	9,785,400	(30,100)	(0.3)
GF/GP	90,067,100	168,893,100	78,826,000	87.5
<b>Gross</b>	<b>\$451,695,700</b>	<b>\$531,091,400</b>	<b>\$79,395,700</b>	<b>17.6</b>
FTEs	620.5	621	0.5	0.1

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.”

**Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

**One-Time Appropriation – Child Care Investment Plan**

Provides \$78.0 million GF/GP in one-time funding to continue implementing the child care investment plan from the FY 2020-21 Supplemental Recommendation noted below.

**Educator Shortage**

Provides \$2.9 million GF/GP and authorizes 0.5 FTE positions in the Educator Excellence Operations line item and provides MDE three allocations to address educator shortages as follows:

- Allocates \$1.8 million and 0.5 FTE positions to comply with boilerplate Sec. 233 that requires MDE to implement a training program for pupils in grades 9 to 12 who are interested in teaching and are members of groups underrepresented in the teaching profession. Eligible program expenses include, but are not limited to, tuition, stipends, scholarships, books, and transportation.
- Allocates \$800,000 for existing teachers to participate in a competitive grant program that would award up to \$8,000 per teacher to facilitate movement into high demand and critical shortage fields. Educator preparation institutions that participate would create a custom program for teachers to complete in 1 year.
- Allocates \$320,000 to cover the cost of up to 2,000 teaching license renewals for former teachers and requires MDE to reduce the hours of professional learning required for returning teachers.

**Michigan Poet Laureate**

Provides \$100,000 GF/GP to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts.

**Economic Adjustments**

Reflects decreased costs of \$463,000 Gross, including a decrease of \$149,400 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.



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

***Child Care Investment Plan***

Authorizes \$292.1 million federal Child Care Development Block Grant (CCDBG) under the federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to fund a child care investment plan from FY 2020-21 through FY 2022-23. As noted above under Major Budget Changes, in addition to the federal CRRSA authorization, the child care investment plan includes \$78.0 million in one-time GF/GP in FY 2021-22 for a total of \$370.1 million in gross revenue. The total estimated cost of the child care investment plan is \$359.8 million, and includes a work project request with a completion date of September 30, 2023. The plan would include the following components:

- \$157.4 million to increase the child development and care (CDC) entrance income eligibility threshold from 150% to 200% of the federal poverty guidelines from April 1, 2021 to September 30, 2022, and then permanently set the threshold at 160% of the federal poverty guidelines in FY 2022-23.
- \$19.5 million to waive family contribution copays for the CDC program from April 1, 2021 to September 30, 2022.
- \$79.6 million to increase provider reimbursement rates by 10% from April 1, 2021 to September 30, 2023.
- \$44.0 million to pay providers on enrollment rather than attendance from April 1, 2021 to December 31, 2021.
- \$55.0 million to provide business support grants to all child care providers for FY 2020-21 only.
- \$1.5 million to continue providing mental health consultation to child care providers for FY 2021-22 only.
- \$2.8 million to provide MDE with funding for administrative and information technology costs for implementation of the child care investment plan.

**Environment, Great Lakes, and Energy**

*Analyst: Austin Scott*

	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>	\$3,337,700	\$3,544,900	\$207,200	6.2
<b>Federal</b>	171,973,000	171,889,200	(83,800)	(0.1)
<b>Local</b>	0	0	0	--
<b>Private</b>	1,412,800	1,411,200	(1,600)	(0.1)
<b>Restricted</b>	275,191,800	600,471,200	325,279,400	118.2
<b>GF/GP</b>	59,443,900	128,700,400	69,256,500	116.5
<b>Gross</b>	<b>\$511,359,200</b>	<b>\$906,016,900</b>	<b>\$394,657,700</b>	<b>77.2</b>
<b>FTEs</b>	1,424.0	1,466.0	42.0	2.9

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."

**Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

***High Water Infrastructure Grants (One-time)***

Provides \$30.0 million GF/GP for infrastructure grants to address flooding, erosion, and other coastal issues; provides \$10.0 million GF/GP for planning grants to address severe weather impacts and changing climate effects.

***Contaminated Site Cleanup (One-time)***

Includes \$20.0 million GF/GP for the prioritization and remediation of newly contaminated properties statewide that emerge throughout the year.

***Dam Safety Emergency Fund (One-time)***

Adds \$15.0 million GF/GP to create a new fund to respond to dam emergencies where the owner has not adequately maintained their dam.

***MI Clean Water Plan (One-time)***

Appropriates remaining \$290.0 million from the Strategic Water Quality Initiatives Fund to provide grants to local communities for water infrastructure facility projects (\$235.0 million), failing septic system eliminations (\$35.0 million), and public health mitigation projects (\$20.0 million).

**Fee Increases – Land & Water Permits, NPDES Permits, Wastewater Operator Fees, and Hazardous Waste Site Fees**

Proposes to raise rates and eliminate sunsets on fees that support drinking water, stormwater, surface water, and environmental health programs. Increased revenue would support the addition of 37.0 FTE positions and \$5.9 million in restricted authorization.

**Economic Adjustments**

Reflects decreased costs of \$923,600 Gross (\$183,500 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.

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

**Energy Infrastructure Program**

Provides \$4.9 million GF/GP for grants with a 50% match rate to propane storage companies for new storage tanks and \$100,000 GF/GP for grants to local entities for energy infrastructure planning.

**Superfund Cleanup – Spartan Chemical**

Appropriates \$10.0 million in available federal funding to continue remediation and development at the Spartan Chemical site.

**Premcor Remediation Activities**

Appropriates \$5.0 million from the Environmental Response Fund to cleanup petroleum contamination at former Premcor Refining Group gas station sites in accordance with legal settlement. The FY 2021-22 executive budget includes \$29.3 million from the same fund for this ongoing project.

**All General Government**

Analysts: Ben Gielczyk and 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	\$1,099,669,700	\$1,132,012,100	\$32,342,400	2.9
Federal	1,188,435,200	1,190,035,100	1,599,900	0.1
Local	26,297,200	26,260,700	(36,500)	(0.1)
Private	11,950,100	11,907,500	(42,600)	(0.4)
Restricted	2,432,301,600	2,425,356,200	(6,945,400)	(0.3)
GF/GP	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>
FTEs	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.”

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

**Budget Stabilization Fund Deposit**

Includes \$175.0 million GF/GP for a Countercyclical Budget and Economic Stabilization Fund deposit in FY 2020-21.

Summary pages for individual department/agency budgets contained within the current FY 2019-20 General Government appropriations bill follow this page.

**Attorney General**

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>	\$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."

**Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

***Clean Slate Criminal Record Expungement Implementation***

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 FTEs are requested to handle the manual processing of applications to approve or oppose setting aside convictions.

***Address Confidentiality Program***

Includes \$500,000 GF/GP to establish an online system and database for survivors to register and safekeep their 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.

***Economic Adjustments***

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.

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

***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.

## Civil Rights

Analyst: Michael Cnossen

	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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Transfer of Women's Commission to LEO**

Removes \$366,800 GF/GP and 1.0 FTE position to reflect the transfer of the Michigan Women's Commission to the department to the Department of Labor and Economic Opportunity, as ordered under Executive Order 2020-171, to better address women's concerns about economic security and gender pay equity.

#### **Economic Adjustments**

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.

## 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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Executive Office Operations**

Reflects increased costs of \$204,300 GF/GP related to Executive Office staff and other operations.

## 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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Michigan Reconnect Grant Program**

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.

#### **Futures for Frontliners**

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.

#### **Reconnect and Futures for Frontliners Wraparound Services**

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.

#### **Going Pro**

Includes \$15.0 million GF/GP (considered a one-time appropriation) to provide a total of \$43.7 million for Going Pro. Program primarily funds employer-based training grants.

#### **Statewide Pre-Apprenticeship Program**

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.

#### **Housing and Community Development Program**

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.

#### **Child Care Facilitator Pilot Project**

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.

#### **Child Savings Accounts**

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.

**Mobility Futures Initiative**

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:

- \$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
- \$8.0 million to EGLE for electric charging infrastructure and vehicle fleet conversion
- \$2.0 million to MDOT for on-demand service pilots in underserved areas for regional mobility and addressing systemic inequity

**Poverty Task Force – Research and Planning**

Includes \$1.0 million GF/GP (considered a one-time appropriation) for research and planning that would increase effectiveness of state benefit programs.

**Focus: HOPE Grant**

Includes \$1.0 million GF/GP (considered a one-time appropriation) for the nonprofit's workforce, youth development, and community empowerment and advocacy efforts.

**Flint Settlement Debt Service**

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.

**Brownfield Redevelopment Fund Creation and Increase**

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.

**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
- \$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

**Economic Adjustments**

Reflects net decrease of \$2.1 million Gross (\$180,600 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.

**Supplemental Recommendations for FY 2020-21 Appropriations****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's 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.

**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

## 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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Legislative Operations Adjustment**

Reflects increased costs of \$2.6 million Gross (\$2.5 million GF/GP) related to legislative staff and other operations.

#### **Census Tracking**

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.

#### **Independent Citizens Redistricting Commission**

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.

#### **Capitol Security Improvements**

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.

## 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	%
IDG/IDT	\$6,250,400	\$6,345,200	\$94,800	1.5
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,139,500	2,170,500	31,000	1.4
GF/GP	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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Auditor General Operations Increase**

Reflects increased costs of \$400,700 Gross (\$274,900 GF/GP) related to Auditor General Staff and other operations.

**State (Department)**

Analyst: Michael Cnossen

	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>	\$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."

**Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

***Motorcycle Safety Fund Revenue Increase Authorization***

Authorizes \$300,000 Gross (\$0 GF/GP) of additional state restricted revenue to the Motorcycle Safety Fund to reflect increased revenue from an increase in the earmark to the fund from motorcycle registration fees authorized under 2017 PA 115. Revenue from the fund supports the state's motorcycle safety programs.

***Reinstatement Fee Reduction***

Reduces \$1.2 million Gross (\$0 GF/GP) of state restricted fund authorization to reflect anticipated decreases to in revenue from driver reinstatement fees following the elimination of driver responsibility fees and criminal justice reform legislation.

***Economic Adjustments***

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.



## **Technology, Management, and Budget**

Analyst: Michael Cnossen

	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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Advanced Persistent Cyber Threats***

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.

#### ***Information Technology Investment Fund (ITIF)***

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 amount of \$50.0 million GF/GP in FY 2021-22 to support 8 new projects.

#### ***State Psychiatric Facilities Special Maintenance***

Authorizes \$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 fulfill the original request of \$30.0 million for FY 2019-20, of which \$15.0 was appropriated. 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.

#### ***Green Revolving Fund***

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; will 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.

#### ***Legal Services Fund***

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.

#### ***Economic Adjustments***

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.

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

#### ***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 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 negative GF/GP adjustments of \$75.0 million in each year.

## Treasury – Operations/Debt Service

Analyst: Ben Gielczyk

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21		Executive	Amount
<b>IDG/IDT</b>	\$12,905,600	\$13,112,800	\$207,200	1.6
<b>Federal</b>	27,242,500	27,421,800	179,300	0.7
<b>Local</b>	13,215,800	13,059,500	(156,300)	(1.2)
<b>Private</b>	27,500	27,500	0	0.0
<b>Restricted</b>	430,533,700	460,455,000	29,921,300	6.9
<b>GF/GP</b>	210,476,800	265,836,300	55,359,500	26.3
<b>Gross</b>	<b>\$694,401,900</b>	<b>\$779,912,900</b>	<b>\$85,511,000</b>	<b>12.3</b>
<b>FTEs</b>	1,884.5	1,934.5	50.0	2.7

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Debt Service***

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.

#### ***Local First Responder Training and Recruitment Grants***

Includes \$5.0 million GF/GP (considered a one-time appropriation) for a program to support local government efforts in 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.

#### ***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 2021-22.

#### ***Payments in Lieu of Taxes (PILT)***

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.

#### ***Unisys Mainframe Servers Cost Adjustment***

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.

#### ***Information Technology System Support***

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.

#### ***Recreational Marijuana Grants***

Increases by \$6.6 million of restricted Marijuana 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 Marijuana Regulation Fund allocations and are split evenly between counties and other municipalities and distributed proportionately based on the number of marijuana retail stores and microbusinesses within the municipality of county.

#### ***Economic Adjustments***

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.

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

### ***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.

### ***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.

## **Treasury – Revenue Sharing**

*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	1,341,924,300	1,367,563,900	25,639,600	1.9
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$1,341,924,300</b>	<b>\$1,367,563,900</b>	<b>\$25,639,600</b>	<b>1.9</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."

## **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

### ***Constitutional Revenue Sharing***

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.

### ***City, Village, and Township (CVT) Revenue Sharing***

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.

### ***County Revenue Sharing***

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.

## Health and Human Services

Analysts: Kent Dell, Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21		Executive	Amount
IDG/IDT	\$13,829,900	\$13,791,400	(\$38,500)	(0.3)
Federal	20,159,666,800	22,910,690,100	2,751,023,300	13.7
Local	161,422,800	162,680,200	1,257,400	0.8
Private	177,172,500	189,276,500	12,104,000	6.8
Restricted	2,989,480,100	3,094,113,000	104,632,900	3.5
GF/GP	5,224,838,900	5,276,683,000	51,844,100	1.0
<b>Gross</b>	<b>\$28,726,411,000</b>	<b>\$31,647,234,200</b>	<b>\$2,920,823,200</b>	<b>10.2</b>
FTEs	15,487.0	15,589.5	102.5	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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **MEDICAID AND BEHAVIORAL HEALTH**

##### ***Traditional Medicaid Cost Adjustment***

Includes \$582.4 million Gross (\$1.5 million GF/GP) to recognize FY 2020-21 and FY 2021-22 caseload, utilization, and inflation adjustments, an additional 6.2 percentage point increase to the state FMAP provided under the federal Families First Coronavirus Response Act for 1 quarters (E-FMAP) and traditional FMAP cost-sharing adjustments, managed care risk corridor backout adjustments, and actuarial soundness adjustments for medical and behavioral health services in the traditional Medicaid program. FY 2021-22 FMAP is adjusted from 35.92% to 34.52%.

##### ***Healthy Michigan Plan Cost Adjustment***

Includes \$445.9 million Gross (\$44.6 million GF/GP) to recognize FY 2020-21 and FY 2021-22 caseload, utilization, and inflation adjustments, managed care risk corridor backout adjustments, and actuarial soundness adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP).

##### ***Direct Care Wage Increase***

Includes \$356.0 million Gross (\$117.4 million GF/GP) to support a continuation of the \$2 per hour wage increase for direct care workers, which has been implemented for the first 5 months of FY 2020-21.

#### **DEPARTMENTAL ADMINISTRATION**

##### ***Office of Race, Equity, Diversity, and Inclusion Enhancement***

Includes \$2.1 million Gross (\$1.6 million GF/GP) and authorizes 13.0 FTE positions to establish the Office of Race, Equity, Diversity, and Inclusion Enhancement to support department efforts in promoting equity in department-administered services.

##### ***MiSACWIS Maintenance and Operations***

Includes \$2.3 million Gross (\$1.8 million GF/GP) to support increased maintenance and operational costs of the Michigan Statewide Automated Child Welfare Information System.

##### ***CCWIS Module Development and Operations***

Includes a net reduction of \$622,300 Gross (and a net increase of \$203,300 GF/GP) of ongoing funding to replace development funding with maintenance and operational funding for the CCWIS licensing module. Also includes one-time funding of \$16.8 million Gross (\$8.7 million GF/GP) and authorizes 6.0 FTE positions for the development of the CCWIS intake, investigation, and case management modules.

##### ***Economic Adjustments***

Reflects overall net reduction of \$10.7 million Gross (\$4.8 million 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. Amount includes reflected salary and wage increases totaling \$29.0 million Gross (\$13.3 million GF/GP).

## CHILD WELFARE SERVICES

### ***Child Welfare Caseload Adjustments***

Includes a net increase of \$8.4 million Gross (\$11.8 million GF/GP) for child welfare caseload adjustments. Amount includes increasing funding for Child Care Fund by \$9.1 million Gross (\$6.8 million GF/GP) and decreasing foster care funding by \$705,400 Gross (\$1.6 million GF/GP).

### ***Child Welfare FMAP Adjustments***

Includes \$2.9 million GF/GP savings for adjustments to the FMAP match rate from 64.08% to 65.48% and from adjustments and extensions to the enhanced FMAP match rate.

### ***Qualified Residential Treatment Program (QRTP) Third Party Assessments***

Adds \$1.7 million Gross (\$1.2 million GF/GP) to annualize funding to private agencies that was appropriated in FY 2020-21 for third party assessments which determine the level of care and treatment goals for foster care youth that may be candidates for residential care. These assessments are required by the QRTP which was established by the federal Family First Prevention Services Act (FFPSA).

### ***Foster Care QRTP Implementation Savings***

Includes a reduction of \$4.9 million Gross (\$2.4 million GF/GP) based on estimated savings from fewer and shorter placements into residential care because of the implementation of the requirements of the federal FFPSA.

### ***Foster Care Private Agency Residential Rate Increase***

Includes \$18.6 million Gross (\$13.9 million GF/GP) to fund residential rate increases to child caring institutions to help the agencies meet new residential treatment requirements established in the QRTP by the federal FFPSA.

### ***Foster Care Prevention Program***

Includes an increase of \$9.2 million Gross (\$4.8 million GF/GP) and authorizes 18.0 FTE positions to fund child welfare programs that help prevent children being placed into foster care and help keep foster care children in family-like placements. Proposal would add 2 program coordinators and 16 kinship parent support coordinators. The executive budget recommendation assumes a savings of \$5.8 million Gross (\$2.7 million GF/GP) to the foster care system because of this \$9.2 million investment.

### ***Juvenile Justice Raise the Age Implementation***

Adds \$29.1 million Gross (\$24.2 million GF/GP) for the first year phase-in of the Raise the Age program which requires that most 17-year-old offenders be transferred to the juvenile justice system rather than the adult court system.

## PUBLIC ASSISTANCE

### ***Public Assistance Caseload Adjustments***

Includes a net increase of \$1.2 billion Gross (and a net reduction of \$34.2 million GF/GP) to recognize adjustments to FY 2020-21 and FY 2021-22 public assistance caseloads, to include:

- Family Independence Program: reduction of \$33.4 million Gross (\$33.1 million GF/GP)
- Food Assistance Program: increase of \$1.3 billion federal (\$0 GF/GP)
- State Disability Assistance: reduction of \$1.8 million Gross (\$1.4 million GF/GP)
- State Supplementation: increase of \$243,300 GF/GP

### ***Cross-Enrollment Expansion***

Includes \$3.5 million Gross (\$2.0 million GF/GP) and authorizes 6.0 FTE positions, to support efforts to enroll public assistance recipients in all other programs they are eligible for. Funding would support administrative and outreach efforts, as well as changes to MiBridges.

## BEHAVIORAL HEALTH SERVICES

### ***Certified Community Behavioral Health Clinics Demonstration Program***

Includes \$26.5 million Gross (\$5.0 million GF/GP) and authorizes 6.0 FTE positions, to establish 14 integrated behavioral and physical health clinics through a federal CMS demonstration program. Amount would include staffing costs for a Behavioral Health Policy and Operations office to oversee the demonstration program.

### ***KB v. Lyon Lawsuit***

Includes \$91.0 million Gross (\$30.0 million GF/GP) for estimated children behavioral health service utilization increases to implement future policy changes related to the KB v. Lyon lawsuit agreement.

**Autism Navigators**

Includes \$1.0 million GF/GP to move the autism navigator program from the one-time unit into the ongoing behavioral health unit.

**Federal State Opioid Response (SOR) Grant**

Includes \$36.4 million in federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths.

**State Psychiatric Hospital Coronavirus Relief Funds**

Replaces \$22.5 million of one-time federal Coronavirus Relief Funds (CRF) used for eligible state psychiatric hospital costs with a like amount of GF/GP.

**PUBLIC HEALTH AND AGING AND ADULT SERVICES****Initiatives to Reduce Health Disparities**

Includes \$8.4 million Gross (\$5.1 million GF/GP) for new initiatives to reduce health disparities, including increasing use of community-based navigators to facilitate access to health care services, improvements in data sharing and data interoperability of Michigan Health Information Network (MiHIN), and implementation of statewide screening and referral tool for health related social needs; \$5.0 million of the funding is one-time.

**Healthy Moms Healthy Babies Annualization and Home Visit Program Expansion**

Increases funding by \$15.0 million Gross (\$8.0 million GF/GP) to annualize, add federal funding, and expand maternal and infant health and support Healthy Moms Healthy Babies programs, including Medicaid coverage, access to behavioral health care, and home visiting programs for pregnant women, new mothers, and at-risk families; \$7.6 million Gross (\$1.7 million GF/GP) funds FY 2020-21 program adjustments, and \$7.4 million Gross (\$6.3 million GF/GP) expands home visit programs by 1,000 visiting slots, and increases navigators, and mental health and other services.

**Lead Poisoning Prevention Fund**

Provides additional one-time funding of \$10.0 million GF/GP for the Lead Poisoning Prevention Fund to support low-cost loans to homeowners and landlords for lead remediation projects to reduce lead exposure in the home; \$2.0 million GF/GP is the current year one-time appropriation and the program is under development.

**Oral Health Assessment for Children**

Includes \$1.8 million GF/GP to provide oral health assessments free of charge to children entering public school kindergarten who do not have dental insurance, a new program enacted under 2020 PA 261.

**MEDICAL SERVICES****Sickle Cell Disease Coverage**

Includes \$6.7 million GF/GP to expand sickle cell disease health services coverage through CSHCS for adults 21 years and over who age out of the program and are not eligible for Medicaid coverage. Also includes support for the Sickle Cell Disease Association of America, expanded clinical services, and \$50,000 GF/GP for IT modifications.

**ClaimSure Contract Savings**

Recognizes a reduction of \$3.7 million Gross (\$1.2 million GF/GP) resulting from a reduction in incorrect Medicaid payments identified by implementation of the ClaimSure system.

**MI Health Link – PERS**

Recognizes a reduction of \$3.8 million Gross (\$1.2 million GF/GP) resulting from placing program beneficiaries only receiving services from the Personal Emergency Response System (PERS) into a lower rate tier, and realizing the capitation payment cost savings.

**MiChoice Expansion**

Includes \$19.1 million Gross (\$6.3 million GF/GP) to increase the number of MiChoice slots by 1,000 by the end of FY 2021-22.

**Medical Services Restricted Fund Adjustments**

Includes net-zero adjustments, and a net reduction of \$58.5 million GF/GP, to backfill reductions in the Health and Safety Fund and recognize increases in revenues in various other state restricted funds.

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

### **MEDICAID AND BEHAVIORAL HEALTH**

#### ***Traditional Medicaid Cost Adjustments***

Includes an increase of \$229.2 million Gross (reduction of \$676.4 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, and financing adjustments. Total includes \$737.8 million GF/GP savings from an additional 6.2 percentage point increase to the state FMAP provided under the federal Families First Coronavirus Response Act for 3 quarters. Also included is an increase of \$119.9 million Gross (\$42.6 million GF/GP) attributable to managed care risk corridor savings being accrued back to FY 2019-20 and not being assumed for FY 2020-21. (SBO Letter 2021-5)

#### ***Healthy Michigan Plan Cost Adjustments***

Includes an increase of \$321.5 million Gross (\$32.2 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation, and financing adjustments, of which an increase of \$55.2 million Gross (\$5.5 million GF/GP) is attributable to managed care risk corridor savings being accrued back to FY 2019-20 and not being assumed for FY 2020-21. (SBO Letter 2021-5)

#### ***Direct Care Wage Increase***

Includes \$110.0 million Gross (\$43.1 million GF/GP) to continue the \$2.00 per hour direct care wage increase for the rest of the fiscal year. Total annual cost would be \$360.0 million Gross (\$109.8 million GF/GP). (SBO Letter 2021-5)

### **HUMAN SERVICES**

#### ***Child Welfare Caseload Adjustments***

Includes a reduction of \$12.4 million Gross (\$1.5 million GF/GP) for child welfare caseload adjustments. Amount includes reduced funding for foster care by \$17.1 million Gross (\$9.9 million GF/GP) and an increase in Child Care Fund funding by \$3.1 million Gross (\$1.3 million GF/GP). (SBO Letter 2021-5)

#### ***Child Welfare Enhanced FMAP Adjustments***

Includes \$11.7 million GF/GP savings for adjustments to the enhanced FMAP match rate. (SBO Letter 2021-5)

#### ***Family Preservation Programs Federal Grant Funding – FFPSA Transition***

Includes \$15.6 million federal grant funding to help transition family preservation and foster care programs into greater compliance with the requirements of the FFPSA. (SBO Letter 2021-5)

#### ***Foster Care Private Agency Residential Rate Increase***

Adds \$4.2 million Gross (\$3.9 million GF/GP) additional funding for residential rate increases to child caring institutions (CCI) to help the agencies meet new residential treatment requirements established in the QRTP by the federal FFPSA. (SBO Letter 2021-5)

#### ***Homeless Program Boilerplate Revision***

Revises boilerplate Sec. 453 in the FY 2021 DHHS enacted budget related to the homeless program by eliminating the requirement that DHHS maintain the emergency shelter program per diem rates at \$18 per bed night. (SBO Letter 2021-5)

#### ***Coronavirus Relief – Chafee Foster Care Programs***

Appropriates available federal coronavirus relief funding of \$11.5 million for Chafee foster care programs which help foster care children transition to adulthood. (SBO Letter 2021-7)

#### ***Coronavirus Relief – Promoting Safe and Stable Families Program for Foster Care Children***

Appropriates available federal coronavirus relief funding of \$2.0 million for a Promoting Safe and Stable Families grant to fund programs that help support the safety and permanent placement of foster care children. (SBO Letter 2021-7)

### **PUBLIC ASSISTANCE**

#### ***Public Assistance Caseload Adjustments***

Includes a reduction of \$35.9 million Gross (\$35.5 million GF/GP) to recognize adjustments to FY 2020-21 public assistance caseloads, to include:

- Family Independence Program: reduction of \$33.4 million Gross (\$33.5 million GF/GP)
- State Disability Assistance: reduction of \$1.8 million Gross (\$1.4 million GF/GP)
- State Supplementation: reduction of \$676,000 GF/GP (SBO Letter 2021-5)

**Food Assistance Program Reinvestment**

Includes \$5.2 million GF/GP and authorizes 10.0 FTE positions to support penalty payments to the federal government and the implementation of a state corrective action plan intended to address high payment error rates in the Food Assistance Program. (SBO Letter 2021-5)

**BEHAVIORAL HEALTH SERVICES**

**Certified Community Behavioral Health Clinics Demonstration Program**

Includes \$6.6 million Gross (\$1.2 million GF/GP) and authorizes 6.0 FTE positions, to establish 14 integrated behavioral and physical health clinics through a federal CMS demonstration program. Amount would include staffing costs for a Behavioral Health Policy and Operations office to oversee the demonstration program. Amount assumes the demonstration would begin July 1, 2021. (SBO Letter 2021-5)

**Federal State Opioid Response (SOR) Grant**

Includes \$36.4 million federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths. (SBO Letter 2021-5)

**Coronavirus Relief – Mental Health Block Grant**

Appropriates available federal coronavirus relief funding of \$48.0 million for increased mental health block grant funding. (SBO Letter 2021-7)

**Coronavirus Relief – Emergency Behavioral Health Grant**

Appropriates available federal coronavirus relief funding of \$2.9 million for crisis intervention and other recover support services for children and adults with serious mental illness and substance use disorder. (SBO Letter 2021-7)

**Coronavirus Relief – Substance Abuse Prevention and Treatment Block Grant**

Appropriates available federal coronavirus relief funding of \$52.2 million for increased substance abuse prevention and treatment block grant funding. (SBO Letter 2021-7)

**PUBLIC HEALTH AND AGING AND ADULT SERVICES**

**Oral Health Assessment for Children**

Includes \$385,000 GF/GP one-time for database development for a new oral health assessment program for children entering public school kindergarten who do not have dental insurance enacted under 2020 PA 261. (SBO Letter 2021-5)

**Aging Community and Nutrition Services**

Recognizes \$4.5 million of additional federal funds for senior programs including \$1.0 million for senior community services and \$3.5 million for senior nutrition services including congregate meals and home-delivered meals. (SBO Letter 2021-5)

**Coronavirus Relief – Immunization and Vaccines**

Appropriates available federal coronavirus relief funding of \$4.1 million for COVID immunization and vaccine grant support from the Centers for Disease Control and Prevention (CDC). (SBO Letter 2021-7)

**Coronavirus Relief – Senior Nutrition**

Appropriates available federal coronavirus relief funding of \$5.3 million for senior nutrition services including congregate meals and home-delivered meals. (SBO Letter 2021-7)



## Higher Education

Analyst: Perry Zielak

	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	126,026,400	122,726,400	(3,300,000)	(2.6)
Local	0	0	0	--
Private	0	0	0	--
Restricted	356,063,300	361,403,300	5,340,000	1.5
GF/GP	1,217,835,700	1,247,837,600	30,001,900	2.5
<b>Gross</b>	<b>\$1,699,925,400</b>	<b>\$1,731,967,300</b>	<b>\$32,041,900</b>	<b>1.9</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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **University Operations Increase**

Increases university operations funding by \$29.7 million GF/GP. This includes a one-time \$29.2 million GF/GP increase to operations grants for universities, a 2.0% increase, and a \$484,000 GF/GP increase based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.2% or \$590 (set at 4.25% or \$586 in the current year). Total funding for operations would be \$1.5 billion Gross (\$1.2 billion GF/GP).

#### **Michigan State University Extension and AgBioResearch Programs One-Time Funding Increase**

Includes a one-time operations increase for MSU's AgBioResearch program of \$698,700 GF/GP and Extension program of \$602,700 GF/GP, a 2.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$66.4 million GF/GP.

#### **Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment**

Increases funding by \$1.8 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPERS, a 15.4% increase. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPERS would be \$13.5 million SAF.

#### **MPERS Normal Cost Offset**

Increases reimbursement funding provided to universities by \$3.5 million SAF, a 295.0% increase, for the normal cost required to maintain the assumed rate of return for MPERS at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$4.7 million GF/GP.

#### **Tuition Incentive Program**

Decreases Tuition Incentive Program (TIP) by \$3.3 million federal TANF funding, a 4.8% decrease. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The decrease is the net result of a \$2.5 million GF/GP increase to address anticipated program growth in FY 2021-22, and a \$5.8 million reduction through implementation of a program reimbursement rate cap of 2.5 times the average in-district community college tuition rate. Total funding for TIP would be \$65.5 million TANF.

#### **Bay Mills Community College One-Time Pass-through Payment**

Removes \$1.0 million GF/GP in one-time funding to Bay Mills Community College, a tribal college, as a pass-through payment through Lake Superior State University. The payment helps the college offset the costs of educating non-Native American students.

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

### ***University Operations Payment for Maintenance of Effort (MOE) Requirement***

Includes \$57.3 million GF/GP for university operations grant funding. The funding partially restores reductions made to operations grants in FY 2019-20, which would meet the MOE requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funding would be conditioned on adopting COVID-19 related policies, such as testing, contact tracing and campus mitigation strategies.

### **Insurance and Financial Services**

Analyst: Marcus Coffin

	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>	\$728,600	\$724,600	(\$4,000)	(0.5)
<b>Federal</b>	1,017,100	1,017,100	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	71,570,000	71,245,900	(324,100)	(0.5)
<b>GF/GP</b>	0	0	0	--
<b>Gross</b>	<b>\$73,315,700</b>	<b>\$72,987,600</b>	<b>(\$328,100)</b>	<b>(0.4)</b>
<b>FTEs</b>	378.5	388.5	10.0	2.6

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Regulatory Staff Increase***

Includes authorization for 10.0 FTE positions. The department indicated that these positions would be used to fulfill departmental responsibilities related to recently enacted legislation and to respond to increased volumes of activity in health and auto insurance regulation, communication, and consumer services.

#### ***Economic Adjustments***

Reflects decreased costs of \$328,100 Gross (\$0 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.

## Judiciary

Analyst: Robin R. Risko

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21		Executive	Amount
IDG/IDT	\$1,552,800	\$1,652,300	\$99,500	6.4
Federal	6,393,500	6,374,800	(18,700)	(0.3)
Local	7,654,500	7,619,800	(34,700)	(0.5)
Private	1,228,500	1,222,600	(5,900)	(0.5)
Restricted	94,877,600	94,312,700	(564,900)	(0.6)
GF/GP	201,934,300	208,322,900	6,388,600	3.2
<b>Gross</b>	<b>\$313,641,200</b>	<b>\$319,505,100</b>	<b>\$5,863,900</b>	<b>1.9</b>
FTEs	513.0	521.0	8.0	1.6

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Judicial Compensation – Court Fee Fund Adjustment***

Includes \$1.4 million GF/GP to cover a shortfall in the amount of Court Equity Fund revenue available to support payment of salaries for circuit and probate court judges.

#### ***Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers***

Includes \$939,100 GF/GP for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case. SADO provides post-conviction representation of juvenile lifers. There are 66 clients remaining. Most all of these 66 clients are awaiting contested hearings.

#### ***Statewide e-File Implementation***

Includes an additional \$821,800 in Electronic Filing Fee Fund revenue and authorization for an additional 8.0 FTE positions to support continued implementation, operation, and maintenance of the statewide electronic filing system pursuant to 2015 PA 230 - 234. The system will be rolled out to all trial courts starting in 2021.

#### ***Clean Slate – Criminal Record Expungement***

Includes \$605,000 GF/GP to support ongoing costs related to implementation of the Michigan Clean Slate Initiative, which will make criminal record expungement automatic for all people who are eligible. For those with no more than 1 felony or 2 misdemeanors, people would see their records expunged after 7 years of no criminal violations under 2020 PA 187 - 193 of 2020.

#### ***Problem Solving Courts***

Includes \$600,000 GF/GP for support of problem solving courts. The additional funding would be allocated as follows: \$400,000 for Drug Treatment Courts, \$100,000 for Mental Health Courts, and \$100,000 for Veterans Treatment Courts.

#### ***Court of Appeals Operations***

Restores \$547,900 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would allow the Court of Appeals to backfill leadership and support positions at the Court of Appeals office in Detroit, as well as to support information systems for the court.

#### ***State Appellate Defender Office Attorneys***

Restores \$360,700 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would be used to backfill 3.0 public defender positions to help maintain the statutory minimum 25% appellate caseload.

#### ***Pretrial Risk Assessment***

Includes \$325,700 GF/GP for continued improvement of the pretrial risk assessment tool which provides relevant information to judges so they can make evidence-based bond decisions and reduce incarceration rates of low-risk offenders. Funding would support ongoing data analysis and performance benchmarking, education and training, technical assistance on assessing pretrial risk and supervising defendants, and other ongoing efforts.

**Michigan Legal Self-Help Program**

Includes \$200,000 GF/GP to support the Michigan Legal Help program website and centers. The program provides free legal information and assistance to individuals who represent themselves in simple civil legal matters.

**Michigan Justice Training Fund Grant**

Authorizes the Michigan Judicial Institute to receive and expend \$100,000 of Michigan Justice Training grant funding made available by the Michigan Commission on Law Enforcement Standards for training court support personnel.

**Judgeship Changes**

Reflects a savings of \$164,400 GF/GP from elimination of 1.0 district court judgeship in Shiawassee County pursuant to 2012 PA 17. The amount of savings is for the full year, as the effective date of the elimination was January 1, 2021.

**Economic Adjustments**

Reflects a net increase in costs of \$3.3 million Gross (\$3.4 million 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.

**Removal of Current Year One-Time Funding**

Reduces the budget by \$1.8 million GF/GP to reflect removal of one-time funding included in the FY 2020-21 budget. Funding removed includes: \$881,100 for the State Appellate Defender Office to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case, \$600,000 for expansion of problem solving courts, and \$325,700 for pretrial risk assessment.

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

**Statewide e-File Implementation**

Includes an additional \$821,800 in Electronic Filing Fee Fund revenue and authorization for an additional 8.0 FTE positions to support continued implementation, operation, and maintenance of the statewide electronic filing system pursuant to 2015 PA 230 - 234. The system will be rolled out to all trial courts starting in 2021. (Supplemental Request 2021-5)

**Michigan Justice Training Fund Grant**

Authorizes the Michigan Judicial Institute to receive and expend \$45,000 of Michigan Justice Training grant funding made available by the Michigan Commission on Law Enforcement Standards for training court support personnel. (Supplemental Request 2021-5)

**Court Improvement Program Grant Funds**

Authorizes SCAO to receive and expend \$260,000 of Court Improvement Program grant funds under the federal Supporting Foster Youth and Families through the Pandemic Act, Division X of P.L. 116-260. Funding would be used to address needs concerning child welfare cases stemming from the COVID-19 public health emergency, including technology investments and training support to facilitate the use of remote hearings, family support programs to address aspects of the family case plan to avoid case delays, and other related activities. (Supplemental Request 2021-7)

## Licensing and Regulatory Affairs

Analyst: Marcus Coffin

	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	\$46,664,600	\$45,079,800	(\$1,584,800)	(3.4)
Federal	28,823,700	29,030,900	207,200	0.7
Local	0	0	0	--
Private	0	0	0	--
Restricted	259,295,700	259,429,800	134,100	0.1
GF/GP	149,605,600	185,945,900	36,340,300	24.3
<b>Gross</b>	<b>\$484,389,600</b>	<b>\$519,486,400</b>	<b>\$35,096,800</b>	<b>7.2</b>
FTEs	1,857.9	1,857.9	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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Michigan Indigent Defense Standards 1-4 Compliance Costs**

Increases by \$19.4 million GF/GP funding for Michigan Indigent Defense Commission Grants, to cover the approved cost of compliance plans for indigent defense systems' compliance with standards 1-4 in FY 2021-22. The grants are distributed to funding units of district and circuit courts for implementation of approved compliance plans. Total grant costs associated with standards 1-4, including this increase, would total \$136.9 million in FY 2021-22.

#### **Michigan Indigent Defense Standard 5 Compliance Costs**

Includes \$12 million GF/GP for Michigan Indigent Defense Commission Grants, to cover costs that the state will incur related to the fifth indigent defense standard, which provides for the independence of indigent defense systems from the Judiciary. District and circuit court funding units are actively compiling their compliance plans and cost analyses, so this figure is based on estimated compliance costs.

#### **Michigan Saves Green Bank**

Includes \$5.0 million GF/GP (one-time) for a grant to Michigan Saves (a non-profit green bank) to provide credit enhancement tools intended to incentivize lending at lower rates and under better terms for renewable energy and energy efficiency improvements in commercial, residential, and public settings.

#### **Nursing Home Infection Control Surveys**

Includes \$1.1 million GF/GP to fund the continuation of infection control surveys in skilled nursing facilities into FY 2021-22.

#### **Marijuana Regulatory Agency Inspection Activities**

Includes \$648,000 in restricted authorization from the Marijuana Regulation Fund (adult-use) to offset regulation cost increases for inspections of licensees in the adult-use marijuana market.

#### **Economic Adjustments**

Reflects decreased costs of \$1.6 million Gross (\$109,700 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.

### Supplemental Recommendations for FY 2020-21 Appropriations

#### **Underground Natural Gas Storage Inspection Program**

Includes \$200,000 in federal funding to fund activities to inspect, evaluate, and determine the code compliance status of underground natural gas storage operators in Michigan. The award that will support these activities is anticipated to be received in the spring of FY 2020-21 from the federal Department of Transportation.

## **Military and Veterans Affairs**

Analyst: Michael Crossen

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21		Executive	Amount
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	123,626,100	120,015,300	(3,610,800)	(2.9)
Local	0	0	0	--
Private	630,000	640,000	10,000	1.6
Restricted	20,313,400	21,336,700	1,023,300	5.0
GF/GP	81,421,200	75,594,300	(5,826,900)	(7.2)
<b>Gross</b>	<b>\$226,092,500</b>	<b>\$217,688,100</b>	<b>(\$8,404,400)</b>	<b>(3.7)</b>
FTEs	1,061.5	1,063.5	2.0	0.2

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Chesterfield Township Home for Veterans***

Provides \$12.4 million Gross (\$1.5 million GF/GP) to align with increased expenses for the facility's first fiscal year being fully operational.

#### ***Grand Rapids Home for Veterans***

Reduces \$13.4 million Gross (\$7.3 million GF/GP) to reflect decreased expenses of operating the home at the new smaller facility in its first fully operational fiscal year. \$4.1 million GF/GP of one-time funding from FY 2020-21 for the home remains in FY 2021-22 to continue offering services to residents living in the existing facility as they await moving to new living arrangements outside the home.

#### ***National Guard Special Maintenance***

Authorizes \$10.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$30.0 million federal in FY 2021-22.

#### ***Michigan Veterans Trust Fund***

Provides \$1.2 million Gross (\$0 GF/GP) in state restricted funds from the Michigan Veterans Trust Fund and 2.0 FTE positions for the administration and awarding of more emergency relief grants to veterans in anticipation of greater needs as a result of the COVID-19 pandemic.

#### ***Military Retirement***

Provides \$217,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.

#### ***Economic Adjustments***

Reflects increased costs of \$116,100 Gross (\$2,800 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.

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

#### ***National Guard Special Maintenance***

Authorizes \$20.0 million in additional federal revenue from the National Guard Bureau to support 26 maintenance projects at department facilities statewide, for a total of \$40.0 million in federal funds in FY 2020-21.

#### ***Provider COVID Relief Funds for D.J. Jacobetti Home for Veterans***

Authorizes \$27,300 in federal funding from the CARES Act Provider Relief Fund to support costs of health care providers responding to the COVID-19 pandemic.

## **Natural Resources**

Analyst: Austin Scott

	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>	\$203,100	\$203,100	\$0	0.0
<b>Federal</b>	88,453,700	91,291,300	2,837,600	3.2
<b>Local</b>	0	0	0	--
<b>Private</b>	7,439,200	7,039,200	(400,000)	(5.4)
<b>Restricted</b>	322,800,800	309,695,300	(13,105,500)	(4.1)
<b>GF/GP</b>	50,697,300	48,112,500	(2,584,800)	(5.1)
<b>Gross</b>	<b>\$469,594,100</b>	<b>\$456,341,400</b>	<b>(\$13,252,700)</b>	<b>(2.8)</b>
<b>FTEs</b>	2,352.1	2,360.9	8.8	0.4

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."

### **Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations**

#### ***Fish Hatchery Energy Efficiencies (One-time)***

Appropriates \$2.0 million GF/GP for renewable energy projects at state fish hatcheries including installing solar arrays and battery storage.

#### ***Local Marine Patrol Grants***

Eliminates \$1.8 million GF/GP for grants to local law enforcement to enforce no wake zones in an effort to mitigate high water impacts on infrastructure.

#### ***Deer Habitat Partnership Improvement Initiative***

Reduces funding to provide grants through the Deer Habitat Partnership Improvement Initiative by \$245,800 GF/GP.

#### ***Parks and Recreation Division Employee Initiatives***

Adds 8.8 FTE positions and appropriates \$1.5 million in available restricted revenue for division employee recruitment and retention initiatives including increases in work hours and wages. This increase would also fund a new sanitation contract at Interlochen State Park in accordance with EGLE standards.

#### ***Off-road Vehicle Revenue Distribution***

Appropriates an additional \$1.0 million from the Off-road Vehicle Trail Improvement Fund in accordance with statutory distribution requirements.

#### ***Federal – Land and Water Conservation Fund Payments***

Adds \$7.0 million of available federal funding for grants to local units of government to acquire and develop public recreation lands and facilities.

#### ***Parks and Recreation Division Utility Costs***

Appropriates \$625,000 in available restricted revenue to cover HVAC, lighting, electrical, hydro, and telecommunications costs at recreational boating sites and state parks, including Belle Isle State Park.

#### ***Parks and Recreation Division Minimum Wage Increase for Short-term Workers***

Appropriates \$394,300 in available restricted revenue to cover the minimum wage increase scheduled for 2022.

#### ***Economic Adjustments***

Reflects decreased costs of \$1.4 million Gross (\$84,800 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.

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

#### ***Restricted Fund Appropriations to Other State Departments.***

Includes a boilerplate section providing for the appropriation of DNR restricted funds to other state agencies including DTMB, Attorney General, Auditor General, Treasury, and Civil Service Commission.

## School Aid

Analysts: Samuel Christensen, Emily Hatch, and Jacqueline Mullen

	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	1,806,878,500	1,822,478,500	15,600,000	0.9
Local	0	0	0	--
Private	0	0	0	--
Restricted	13,667,321,700	13,990,589,500	323,267,800	2.4
GF/GP	50,964,600	40,000,000	(10,964,600)	(21.5)
<b>Gross</b>	<b>\$15,525,164,800</b>	<b>\$15,853,068,000</b>	<b>\$327,903,200</b>	<b>2.1</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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Foundation Allowance**

Increases by \$203.0 million to provide increases ranging from \$82 to \$164 per pupil using a 2x formula. The Minimum foundation allowance would increase from \$8,111 to \$8,275 (2.0%) and the Target foundation allowance would increase from \$8,529 to \$8,611 (1.0%).

#### **Cyber Schools Foundation Allowance Reduction**

Reduces cyber school foundation allowances to 80.0% of the amount as otherwise calculated. Cyber schools currently receive the Minimum foundation allowance; the reduction would result in a foundation allowance for cybers of \$6,620 per pupil and create an estimated savings of \$30.2 million.

#### **Declining Enrollment**

Provides \$200.0 million School Aid Fund (SAF) for districts for which FY 2020-21 pupil membership (the "superblend") exceeds FY 2021-22 pupil membership. Payments are equal to 70% of the difference in pupils multiplied by the lesser of the district's foundation allowance or the Target foundation allowance.

#### **Out-of-School Learning Opportunities**

Provides \$60.0 million SAF for the program created under the FY 2020-21 Supplemental Recommendation, noted below. Funding is for out-of-school learning opportunities designed to address student learning loss and the academic, social, mental, and physical well-being of students in preschool through grade 12. Provides funding to each intermediate school district (ISD) in proportion to the number of economically disadvantaged students enrolled. Requires ISDs to award funding to in-person summer programs that meet certain criteria.

#### **Great Start Readiness Program (GSRP)**

Increases by \$32.2 million SAF for a total of \$281.8 million SAF for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child from \$7,250 to \$8,275 for a full-day program—an amount equal to the proposed Minimum foundation allowance—and from \$3,625 to \$4,138 for a part-day program. Also increases by \$250,000 GF/GP for a total of \$600,000 GF/GP the appropriation to continue a longitudinal evaluation of children who participate in GSRP.

#### **Michigan Public School Employees Retirement System (MPERS)**

Increases state support for K-12 MPERS costs by \$145.4 million Gross, including a decrease of \$10,000 GF/GP, for a total of \$1.6 billion Gross (\$560,000 GF/GP). The increase is mainly due to the reduction in the payroll growth assumption from 3.5% to 3.0% under 2018 PA 181 and updated actuarial estimates.

#### **At-Risk**

Increases by \$12.5 million SAF for a total of \$534.5 million SAF. In FY 2020-21, the base prorated payment per economically disadvantaged pupil is estimated to equal \$742; under this proposal for FY 2021-22, the prorated payment is estimated to equal \$765. Increases the base payments to districts with state and local revenue greater than the maximum foundation allowance from 30% to 35% of the amount for which they would otherwise be eligible. Provides that a district may use up to 10% of funds to provide evidence-based instruction for PreK instructional and non-instructional services to at-risk pupils.



**Brownfield Redevelopment Reimbursements**

Provides \$7.5 million SAF for reimbursements to ISDs as required under Sec. 15b of the Brownfield Redevelopment Financing Act, 1996 PA 381.

**Eliminated Categorical Grants**

Reduces by \$185.0 million (\$14.0 million GF/GP) by eliminating 23 categorical grant programs, including \$95.0 million SAF for per-pupil payments under Sec. 11d and \$66.0 million SAF for increasing enrollment under Sec. 29a.

**Economic Adjustments**

Reflects a decrease in costs of \$55,100 Gross, including a decrease of \$46,400 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.

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

**Student Recovery**

Provides \$250.0 million SAF for ISDs for programs to address student learning loss and to improve the academic, social, mental, and physical well-being of students. Payments are based on the following: 70% on a weighted calculation of pupils; 20% based on reported special education costs; and 10% based on geographic size. Funds must be targeted toward students most likely to have experienced learning loss.

**Governor's Emergency Education Relief (GEER) Fund**

Appropriates \$125.7 million federal GEER Fund as follows: authorizes \$86.8 million for the Emergency Assistance to Nonpublic Schools (EANS) Program; and provides \$38.9 million for 10 other programs related to responding to the pandemic, mental health supports, childcare, college completion, and other specified purposes.

**Out-of-School Learning Opportunities**

Provides \$60.0 million GF/GP for out-of-school learning opportunities designed to address student learning loss and the academic, social, mental, and physical well-being of students in preschool through grade 12. Provides funding to each ISD in proportion to the number of economically disadvantaged students enrolled. Requires ISDs to award funding to in-person summer programs that meet certain criteria.

**Drinking Water Fixtures**

Provides \$55.0 million SAF for grants to districts and ISDs to replace school drinking fountains with fixtures capable of filtering out impurities. Recipients must install at least 1 fixture per 100 students and staff per building. Awards are capped at \$2,950 per fixture.

## State Police

Analyst: Marcus Coffin

	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	\$24,649,600	\$24,816,300	\$166,700	0.7
Federal	147,037,800	80,953,100	(66,084,700)	(44.9)
Local	4,841,200	4,832,700	(8,500)	(0.2)
Private	1,735,000	35,000	(1,700,000)	(98.0)
Restricted	148,879,300	145,998,100	(2,881,200)	(1.9)
GF/GP	439,376,600	516,529,500	77,152,900	17.6
<b>Gross</b>	<b>\$766,519,500</b>	<b>\$773,164,700</b>	<b>\$6,645,200</b>	<b>0.9</b>
FTEs	3,599.0	3,654.0	55.0	1.5

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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **Public Safety Payroll Fund Shift**

Includes \$47.4 million GF/GP to replace federal Coronavirus Relief Funds that were included in the FY 2020-21 budget to support departmental payroll costs.

#### **Michigan Joint Task Force on Jail and Pretrial Incarceration**

Includes \$10.2 million GF/GP (one-time) to support the Michigan Commission on Law Enforcement Standards in developing and providing training to law enforcement, dispatch, and jail officers, which would include behavioral health crisis intervention and best practices for domestic violence response. This training aligns with recommendations that the task force released to address growing jail populations.

#### **FY 2021-22 Trooper Recruit School**

Includes \$7.7 million GF/GP (\$2.8 million ongoing, \$4.9 million one-time) to support a FY 2021-22 Trooper Recruit School that is projected to graduate 50 troopers. Costs that would be covered include trooper outfitting and training costs.

#### **FY 2020-21 Trooper Recruit School Annualization**

Includes \$4.9 million GF/GP to support salaries, benefits, and administrative costs (IT, fleet, etc.) associated with 50 troopers expected to graduate the FY 2020-21 Trooper Recruit School.

#### **Field Operations Increase**

Includes \$3.2 million GF/GP for expanded contractual services for executive security services provided by the MSP.

#### **Clean Slate for Michigan**

Includes \$1.1 million GF/GP and authorization for 3.0 FTEs for the maintenance of a criminal record expungement system for the implementation of 2020 Public Acts 187-193.

#### **Economic Adjustments**

Reflects increased costs of \$12.7 million Gross (\$10.2 million 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.

### Supplemental Recommendations for FY 2020-21 Appropriations

#### **Clean Slate for Michigan**

Includes \$19.0 million in restricted authorization from the Michigan Set Aside Fund to support the development of criminal record expungement systems in the Departments of Attorney General, Corrections, State Police, and the Judiciary, in accordance with 2020 Public Acts 187-193.

#### **Field Operations Increase**

Includes \$2.4 million GF/GP for expanded contractual services for executive security services provided by the MSP.

## Transportation

Analyst: William E. Hamilton

	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	\$4,063,100	\$4,044,800	(\$18,300)	(0.5)
Federal	1,424,196,100	1,448,519,000	24,322,900	1.7
Local	80,782,000	80,782,000	0	0.0
Private	900,000	900,000	0	0.0
Restricted	3,597,529,400	3,702,273,400	104,744,000	2.9
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$5,107,470,600</b>	<b>\$5,236,519,200</b>	<b>\$129,048,600</b>	<b>2.5</b>
FTEs	2,824.3	2,942.3	118.0	4.2

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."

### Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations

#### **MTF Distribution to Local Road Agencies – Revenue Adjustments**

Includes \$1.8 million Michigan Transportation Fund (MTF) for formula distribution to local road agencies: (\$1.1 billion to county road commissions, \$652.7 million to cities and villages). This is an increase of \$52.8 million as compared to current year, reflecting updated MTF revenue estimates. MTF revenue includes motor fuel and vehicle registration tax revenue, as well as \$600.0 million in Income Tax revenue earmarked to the MTF.

#### **State Trunkline Road and Bridge Construction/Maintenance**

Includes \$1.3 billion for the capital state trunkline road and bridge construction program, a net increase of \$1.5 million. This net increase reflects a decrease in available state restricted State Trunkline Fund (STF) revenue which was offset by increased available federal-aid. State trunkline routine maintenance funding would total \$425.9 million, an increase of \$10.4 million. This increase reflects several factors including increased costs of maintenance materials, and a proposed increase in direct state maintenance forces.

#### **Transportation Economic Development Fund (TEDF) – Target Industries**

Restores \$13.0 million in driver's license fee revenue to the TEDF/Target industries program, bringing funding for this categorical grant program to \$12.9 million. The TEDF program as a whole would total \$41.6 million.

#### **Local Bus Operating Assistance**

Restores \$3.0 million in Comprehensive Transportation Fund support, bringing total state operating assistance for local transit systems \$196.7 million.

#### **Economic Adjustments**

Reflects net decrease of \$2.3 million Gross (\$0 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.

### Supplemental Recommendations for FY 2020-21 Appropriations

#### **Local Bridge Bundling Initiative**

Includes \$300.0 million GF/GP in one-time funding for the replacement or capital rehabilitation of approximately 120 bridges owned by local road agencies. Bridges will be selected for project funding based on several criteria; bridges currently closed to traffic or which are weight-restricted will have funding priority. Local matching funds will not be required; funding from this program will cover 100% of project cost, including design engineering. The Michigan Department of Transportation intends to use innovative contracting methods, including the "bundling" of several bridge projects into a single contract, to maximize efficiencies in design and delivery.

***Federal Coronavirus Relief Package – Transportation Funding***

Includes \$387.1 million in federal funds allocated to Michigan under the federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Funding Includes \$70.0 million in support of local airports (\$68.0 million for primary airports, and \$2.0 million for general aviation airports), \$55.8 million for local public transit programs (\$55.4 million for rural transit systems, and \$339,400 for a program targeted at mobility needs of seniors and persons with disabilities); and \$261.3 million for highway construction programs. The CRRSAA highway program funds will be allocated between state trunkline infrastructure programs, \$196.0 million, and local road agency infrastructure programs, \$65.3 million. Note that approximately \$70.0 million in federal transit funding under CRRSAA is awarded directly to six urban transit systems in Michigan and does not flow through the state appropriations.



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Capital Outlay .....	Perry Zielak
Community Colleges .....	Perry Zielak
Corrections .....	Robin R. Risko
Education (Department) .....	Samuel Christensen; Emily Hatch; Jacqueline Mullen
Environmental Quality .....	Austin Scott
<b>General Government:</b>	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget .....	Michael Clossen
Executive Office/Legislature/Legislative Auditor General/Lottery/	
Michigan Strategic Fund/Talent and Economic Development/Treasury .....	Benjamin Gielczyk
<b>Health and Human Services:</b>	
Child Welfare, Child Support, Community Services .....	Viola Bay Wild
Medicaid, Physical and Behavioral Health .....	Kevin Koorstra
Public Assistance, Field Operations, Medicaid-backup .....	Kent Dell
Public Health and Aging .....	Susan Frey
Higher Education .....	Perry Zielak
Insurance and Financial Services .....	Marcus Coffin
Judiciary .....	Robin R. Risko
Licensing and Regulatory Affairs .....	Marcus Coffin
Military and Veterans Affairs .....	Michael Clossen
Natural Resources .....	Austin Scott
Natural Resources Trust Fund .....	Austin Scott
School Aid .....	Samuel Christensen; Emily Hatch; Jacqueline Mullen
State Police .....	Marcus Coffin
Transportation .....	William E. Hamilton
Unemployment Insurance .....	Marcus Coffin
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Local Finance/Revenue Sharing/Tax Analysis .....	Jim Stansell; Benjamin Gielczyk
Legislative Analysis .....	Rick Yuille
	Edith Best; Jenny McInerney; Emily Smith; Sue Stutzky
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