

# **PRELIMINARY REVIEW**

of the

**FY 2023-24**

**Executive Budget  
Recommendation**



**Mary Ann Cleary, Director**  
**February 10, 2023**



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## OVERVIEW OF FY 2023-24 EXECUTIVE BUDGET RECOMMENDATION

*Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director*

The FY 2023-24 executive budget recommendation incorporates the January 2023 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$15,092.2 million and School Aid Fund (SAF) of \$17,846.0 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2022-23 balances of \$5,352.7 million GF/GP and \$4,213.7 million SAF.

The executive recommendation also assumes changes to the following tax revenues; the restoration of income tax exemptions on retirement income over 4-years (\$233.0 million), an increase in the earned income tax credit from 6% to 30% (\$385.0 million) and earmarks of corporate income tax revenue (\$565.0 million). The executive recommendation also includes the following new tax policy changes: onshoring clean energy supply chain tax credit (capped at \$200.0 million), a sales and use tax exemption on the purchase of electrical vehicles (\$48.0 million over two years), and a child care educator income tax credit (\$24.0 million annually).

The FY 2023-24 executive budget recommendation includes \$79,382.9 million in adjusted gross appropriations, an increase of \$1,638.1 million, or 2.1%. The table below compares current-year appropriations to the executive proposal.

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
<b>Adjusted Gross</b>	\$77,744.8	\$79,382.9	\$1,638.1	2.1%
<b>Federal</b>	\$31,392.3	\$32,678.2	\$1,286.0	4.1%
<b>Local/Private</b>	\$538.9	\$522.9	(\$15.9)	(3.0%)
<b>Restricted</b>	\$28,856.1	\$31,373.6	\$2,517.5	8.7%
<b>GF/GP</b>	\$16,957.6	\$14,808.1	(\$2,149.5)	(12.7%)

Of the \$46,181.7 million in state resources recommended for appropriation in FY 2023-24, \$24,884.0 million (53.9% 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 both the current FY 2022-23 enacted budget via supplemental requests and the FY 2023-24 budget.

The budget proposal includes five FY 2022-23 supplementals totaling \$5,764.8 million Gross (\$499.2 million GF/GP and \$848.0 million SAF):

- Departmental appropriation adjustments of \$3,097.5 million Gross (\$119.1 million GF/GP) including the following:
  - \$1,548.9 million Gross (negative \$515.2 million GF/GP) for caseload cost and E-FMAP adjustments. (DHHS) (2023-2)
  - \$1,548.4 million Gross (634.3 million GF/GP) for additional appropriations spread over 17 departments and the Legislature. (2023-2)
- School Aid supplemental increase of \$1,245.8 million Gross (\$180.1 million GF/GP and \$922.9 million SAF) for school aid, community colleges and higher education. In addition, the proposal includes deposits into the MPSERS reserve fund (\$500.0 million), school consolidation and infrastructure fund (\$500.0 million) and educator fellowship fund (\$25.0 million). (2023-3)
- Natural Resources Trust Fund projects totaling \$23.3 million Gross. (2023-4)
- Federal Coronavirus State Fiscal Recovery Funds (SFRF) totaling \$752.0 million federal SFRF. (2023-5)
- Various federal COVID-19 grants totaling \$446.2 million. (2023-6)
- Budget Stabilization Fund (BSF) deposit of \$200.0 million. (2023-3)

GF/GP current services baseline increases in the FY 2023-24 executive recommendation include:

- \$232.0 million GF/GP for caseload adjustments. (DHHS and MDE)
- \$68.8 million GF/GP for all other current services baseline costs. (All budgets)
- \$8.1 million GF/GP for state employee compensation-related costs. (All budgets)

Total investments of \$683.9 million GF/GP for FY 2023-24. Major department increases include:

- \$341.9 million (50.0%) including increases for existing programs and funding new programs within DHHS.
- \$121.3 million (17.7%) increase for operations and scholarships for universities and students.
- \$45.7 million (6.7%) for program increases in LARA.
- \$37.9 million (5.5%) for EGLE programs, with much of the increase earmarked for lead service line replacements.

One-time allocations total \$1,904.1 million GF/GP for FY 2023-24. Total increases for departments include:

- \$554.1 million (29.1%) for LEO.
- \$412.0 million (21.6%) for EGLE.
- \$303.0 million (15.9%) for MDOT.
- \$236.1 million (12.4%) for DHHS.
- \$158.2 million (8.3%) for DTMB.

Major increases proposed for FY 2023-24 for School Aid and Community College funding include:

- \$900.0 million deposit into school aid budget stabilization fund.
- \$614.0 million for increases to district foundation allowances of \$458 per pupil (5.0%).
- \$300.0 million for professional development and curriculum and training supports.
- \$245.0 million school consolidation incentive grants.
- \$160.0 million for expanded breakfast and lunch programs.
- \$150.0 million electric bus grants.
- \$94.4 million for literacy initiatives in Detroit Public Schools.
- \$90.7 million for Great Start Readiness program (GSRP).
- \$79.5 million increase for special education costs.
- \$64.7 million increase to the At-Risk program.
- \$13.6 million increase of 4.0% ongoing for community college operations.

Revenue Sharing changes included in the executive recommendation for FY 2023-24 include:

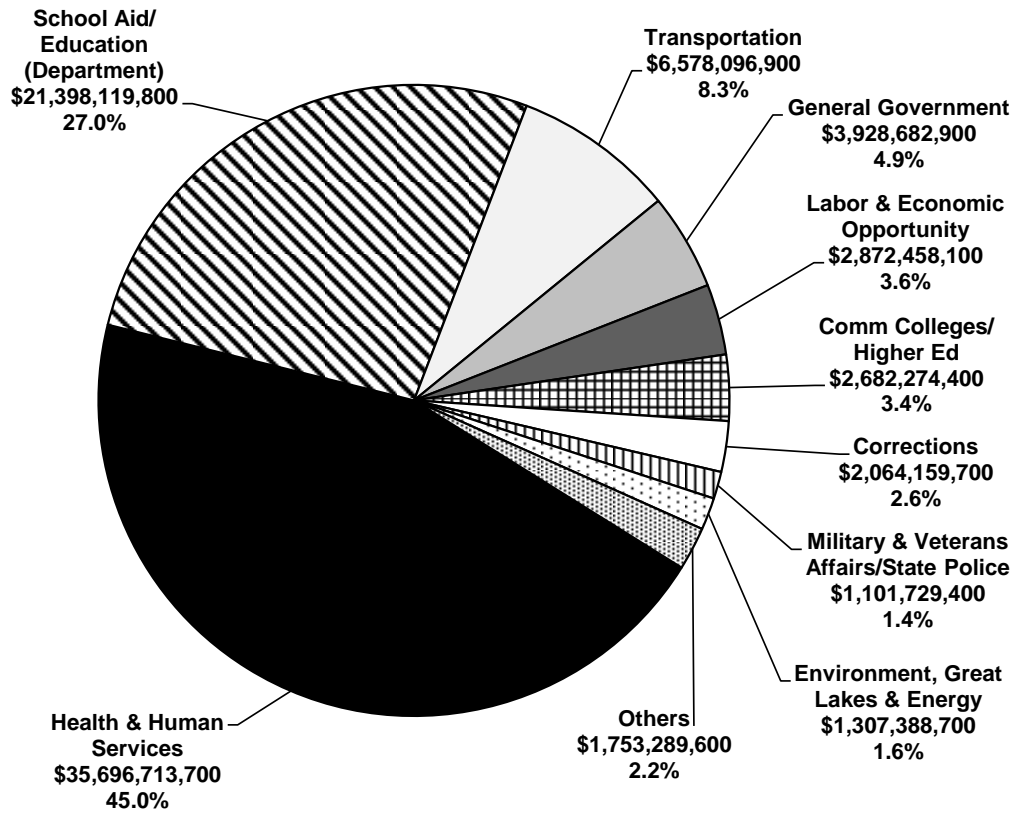
- \$28.0 million increase, 5.0% ongoing and 5.0% one-time for city, village, and townships (CVTs).
- \$24.3 million increase, 5.0% ongoing and 5.0% one-time for counties.
- \$36.6 million for local public safety initiatives added to revenue sharing distributions, 2.0% ongoing and 5.0% one-time.

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

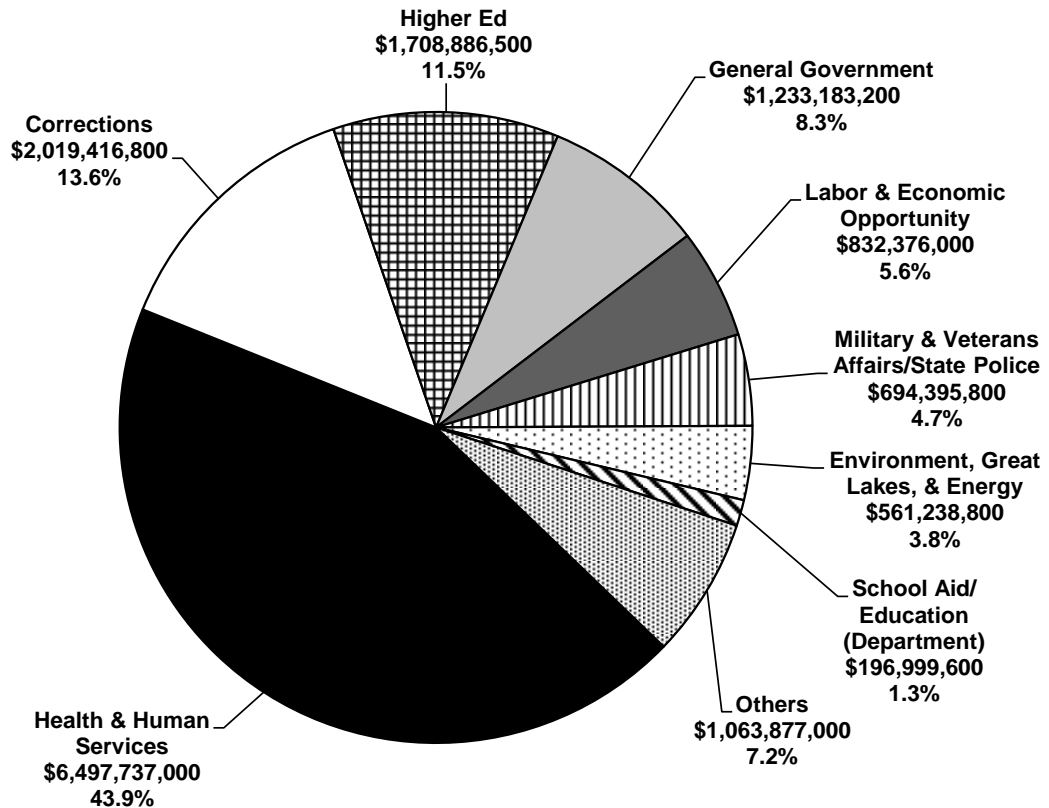
This preliminary review provides a brief summary of the FY 2023-24 Executive Budget Recommendation. The House Fiscal Agency's full Review and Analysis of the FY 2023-24 Executive Budget Recommendation will be available within two weeks and will contain a more detailed review of major budget and boilerplate 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 2023-24 Executive Recommendation  
Adjusted Gross = \$79,382,913,200**



**FY 2023-24 Executive Recommendation  
General Fund/General Purpose (GF/GP) = \$14,808,110,700**



## **CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2023-24 and FY 2024-25 Executive Recommendation**

The executive budget recommendation for FY 2023-24 increases adjusted gross appropriations by \$1,638.1 million (2.1%) from FY 2022-23 year-to-date amounts:

- GF/GP appropriations are decreased by \$2,149.5 million (-12.7%)
- State restricted appropriations are increased by \$2,517.5 million (8.7%)
- Federal appropriations are decreased by \$1,286.0 million (4.1%)
- Local and private appropriations are decreased by \$15.9 million (-3.0%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2023-24 executive budget recommendation is increased by \$368.0 million (0.8%) from FY 2022-23 year-to-date amounts.

Projected appropriation amounts for FY 2024-25 under the executive budget (which are presented only for planning purposes) reflect a 12.9% decrease in GF/GP appropriations, a 8.4% decrease in total state spending from state sources, and a 4.9% decrease in adjusted gross appropriations.



**FY 2023-24 and FY 2024-25  
Executive Budget Appropriation Changes  
Millions of Dollars**

	<u>Year-to-Date</u>	<u>Executive</u>	<u>Change Amounts</u>		<u>Executive</u>	<u>Change Amounts</u>	
	<u>FY 2022-23</u>	<u>FY 2023-24</u>			<u>Recommendation</u>		
General Fund/General Purpose	\$16,957.6	\$14,808.1	(\$2,149.5)	(12.7%)	\$12,903.7	(\$1,904.4)	(12.9%)
State Restricted	<u>28,856.1</u>	<u>31,373.6</u>	<u>2,517.5</u>	8.7%	<u>29,383.9</u>	<u>(1,989.7)</u>	(6.3%)
<b>Total State-Source Appropriations</b>	<b>\$45,813.7</b>	<b>\$46,181.7</b>	<b>\$368.0</b>	<b>0.8%</b>	<b>\$42,287.6</b>	<b>(\$3,894.1)</b>	<b>(8.4%)</b>
Federal	\$31,392.3	\$32,678.2	\$1,286.0	4.1%	\$32,687.2	\$9.0	0.0%
Local	310.5	289.1	(21.3)	(6.9%)	289.1	0.0	0.0%
Private	228.4	233.8	5.4	2.4%	228.8	(5.0)	(2.1%)
<b>Total Adjusted Gross</b>	<b>\$77,744.8</b>	<b>\$79,382.9</b>	<b>\$1,638.1</b>	<b>2.1%</b>	<b>\$75,492.8</b>	<b>(\$3,890.1)</b>	<b>(4.9%)</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 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023.
- (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 2022-23 Through FY 2024-25 Executive Recommendation</b>			
<b>General Fund/General Purpose (GF/GP)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Beginning Balance</b>	<b>\$6,546.5</b>	<b>\$1,984.5</b>	<b>\$12.0</b>
<b><u>Resources</u></b>			
Consensus Revenue Estimate: January 2023	\$14,777.9	\$15,092.2	\$15,545.5
Earmark of CIT	(560.0)	(565.0)	(600.0)
Repeal Retirement Tax - Phase-in	(39.0)	(175.0)	(340.0)
Earned Income Tax Credit (6% to 30%)	(385.0)	(385.0)	(385.0)
Child Care Educators Income Tax Credit	--	(24.0)	(24.0)
Onshoring Clean Energy Supply Chain Tax Credit	--	(200.0)	--
EV Sales Tax Credit	--	(48.4)	--
Local Government Reimbursement Fund	(75.0)	(75.0)	(75.0)
Miscellaneous Adjustments	(21.1)	(21.7)	(21.7)
Revenue Sharing (Ongoing and One-Time)	<u>(530.5)</u>	<u>(614.7)</u>	<u>(562.3)</u>
<b>Total Resources</b>	<b>\$13,167.3</b>	<b>\$12,983.4</b>	<b>\$13,537.5</b>
<b><u>Expenditures</u></b>			
Appropriations: Ongoing	\$11,964.1	\$12,854.3	\$12,854.3
GF to SAF (Ongoing and One-Time)	112.0	73.7	49.5
Appropriations: One-Time	3,229.8	1,880.1	--
E-FMAP/Caseload Savings	(515.2)	--	--
Supplementals - Current Law	1,701.8	--	--
Proposed Supplementals (2023-2 and 2023-3)	814.4	--	--
BSF Deposit	200.0	--	--
Other/Lawsuits/Audit/Legal	<u>222.5</u>	<u>147.8</u>	<u>127.8</u>
<b>Total Expenditures</b>	<b>\$17,729.4</b>	<b>\$14,955.9</b>	<b>\$13,031.6</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$1,984.5</b>	<b>\$12.0</b>	<b>\$517.7</b>

*Numbers may not add due to rounding.*

Note: The Executive recommendation assumes a deposit of \$800.0 million from the Corporate Income Tax into the Strategic Outreach Attraction Reserve (SOAR) Fund in FY 2021-22. The above revenue numbers do not reflect an \$800.0 million deposit into the Michigan Taxpayer Rebate Fund in HB 4001 (CR-1). The repeal of the retirement tax does not include estimates for police and fire pension treatment.

<b>FY 2022-23 Through FY 2024-25 Executive Recommendation</b>			
<b>School Aid Fund (SAF)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Beginning Balance</b>	<b>\$4,609.2</b>	<b>\$2,343.3</b>	<b>\$224.3</b>
<b><u>Resources</u></b>			
Consensus Revenue Estimates: January 2023	\$17,635.1	\$17,846.0	\$18,257.6
GF/GP Grant	146.7	101.5	77.3
Detroit Public Trust Fund	72.0	72.0	72.0
MPSER Reserve Fund	140.4	--	--
MPSER Reserve Fund deposit	(925.0)	--	--
Consolidation/Infrastructure Fund deposit	(500.0)	--	--
Educator Scholar Fellowship Fund	(25.0)	245.0	--
School Aid Budget Stabilization Fund	--	(900.0)	--
Federal Aid	<u>2,667.0</u>	<u>2,253.0</u>	<u>2,199.0</u>
<b>Total Resources</b>	<b>\$19,211.2</b>	<b>\$19,617.5</b>	<b>\$20,605.9</b>
<b><u>Expenditures</u></b>			
Appropriations: Ongoing	\$17,719.1	\$19,145.5	\$18,814.2
January 2023 CREC Baseline Adjustments	78.5	--	--
Appropriations: One-Time	1,883.6	1,746.0	92.0
Supplemental: Current Law	12.2	--	--
Proposed Supplemental (2023-3) K-12	912.3	--	--
Higher Education	448.6	492.7	451.3
Community Colleges	347.9	352.3	351.9
Proposed Supplemental (2023-3) CC	<u>74.9</u>	<u>--</u>	<u>--</u>
<b>Total Expenditures</b>	<b>\$21,477.1</b>	<b>\$21,736.5</b>	<b>\$19,709.4</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$2,343.3</b>	<b>\$224.3</b>	<b>\$1,120.8</b>

Numbers may not add due to rounding.

<b>FY 2023-24 and FY 2024-25 Executive Recommendation</b>		
<b>Tobacco Settlement / Merit Award Trust Fund</b>		
<b>Millions of Dollars</b>		
	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Beginning Balance</b>	<b>\$50.9</b>	<b>\$50.6</b>
<b><u>Resources</u></b>		
Tobacco Settlement MSA Payment	\$298.9	\$296.8
Debt Service on 2006/2007 Securitization Bonds (13.34%/10.77%)	(72.1)	(71.6)
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>\$62.4</b>	<b>\$60.8</b>
<b><u>Expenditures</u></b>		
Attorney General: Operations	\$0.4	\$0.4
DHHS: Aging Respite care	4.0	4.0
DHHS: Medicaid Long Term Care	57.2	57.2
State Police: Criminal Investigations/IT	0.1	0.1
Treasury: Student Financial Services Programs	<u>1.0</u>	<u>1.0</u>
<b>Total Expenditures</b>	<b>\$62.7</b>	<b>\$62.7</b>
<b>Estimated Ending Balance</b>	<b>\$50.6</b>	<b>\$48.7</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 2023-24 year-to-date figures include adjustments through February 8, 2023.
- Some appropriation items in the FY 2022-23 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 2023-24 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 2023-24 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	\$189,833,000	\$327,000	\$189,506,000	\$19,660,400	\$0	\$21,300	\$45,219,200	\$124,605,100
Attorney General	116,398,400	36,235,500	80,162,900	10,063,800	0	0	20,773,100	49,326,000
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	29,460,000	0	29,460,000	2,890,900	0	18,700	58,500	26,491,900
Community Colleges	492,593,200	0	492,593,200	0	0	0	492,593,200	0
Corrections	2,064,159,700	0	2,064,159,700	5,143,500	9,793,900	0	29,805,500	2,019,416,800
Education	506,608,000	0	506,608,000	364,589,100	5,856,000	2,791,300	10,072,000	123,299,600
Environment, Great Lakes, & Energy	1,311,421,800	4,033,100	1,307,388,700	440,830,300	0	1,360,700	303,958,900	561,238,800
Executive Office	8,699,000	0	8,699,000	0	0	0	0	8,699,000
Health and Human Services	35,711,390,600	14,676,900	35,696,713,700	25,803,271,500	154,718,100	190,660,700	3,050,326,400	6,497,737,000
Higher Education	2,189,681,200	0	2,189,681,200	128,526,400	0	0	352,268,300	1,708,886,500
Insurance & Financial Services	74,147,900	732,100	73,415,800	1,017,100	0	0	72,398,700	0
Judiciary	354,734,800	1,902,300	352,832,500	6,751,300	0	1,523,900	95,152,600	249,404,700
Labor & Economic Devel. (MSF)	2,872,458,100	0	2,872,458,100	1,168,548,800	10,700,000	12,539,200	848,294,100	832,376,000
Legislative Auditor General	29,750,200	6,921,900	22,828,300	0	0	0	2,421,600	20,406,700
Legislature	186,873,600	0	186,873,600	0	0	445,400	5,164,300	181,263,900
Licensing & Regulatory Affairs	600,471,200	46,897,200	553,574,000	30,004,200	0	0	256,838,700	266,731,100
Military & Veterans Affairs	240,404,100	101,800	240,302,300	134,445,400	0	100,000	14,213,400	91,543,500
Natural Resources	584,163,900	202,600	583,961,300	100,409,600	0	7,289,200	356,126,400	120,136,100
School Aid	20,891,511,800	0	20,891,511,800	2,253,043,500	0	0	18,564,768,300	73,700,000
State	262,740,400	20,000,000	242,740,400	1,460,000	0	50,100	223,392,000	17,838,300
State Police	887,671,500	26,244,400	861,427,100	87,849,400	4,904,800	35,000	165,785,600	602,852,300
Tech., Mgmt. & Budget: Operations	1,624,781,600	1,082,389,000	542,392,600	4,699,000	2,334,700	137,400	134,180,300	401,041,200
Tech., Mgmt. & Budget: SBA Rent	236,570,600	0	236,570,600	0	0	0	0	236,570,600
Transportation	6,582,449,900	4,353,000	6,578,096,900	2,090,121,400	85,773,500	16,800,000	4,082,402,000	303,000,000
Treasury: Operations	776,493,800	11,097,300	765,396,500	24,921,800	15,038,100	33,200	533,941,900	191,461,500
Treasury: Debt Service	100,084,100	0	100,084,100	0	0	0	0	100,084,100
Treasury: Revenue Sharing	1,713,474,900	0	1,713,474,900	0	0	0	1,713,474,900	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$80,639,027,300</b>	<b>\$1,256,114,100</b>	<b>\$79,382,913,200</b>	<b>\$32,678,247,400</b>	<b>\$289,119,100</b>	<b>\$233,806,100</b>	<b>\$31,373,629,900</b>	<b>\$14,808,110,700</b>

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

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2023-24 and FY 2024-25 Executive Recommendation Compared with FY 2022-23 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>		<u>Exec. Rec. FY 2024-25</u>	<u>Difference FY 2024-25 vs. FY 2023-24</u>	
Agriculture & Rural Development	\$187,388,400	\$189,506,000	\$2,117,600	1.1%	\$137,006,000	(\$52,500,000)	(27.7%)
Attorney General	82,318,400	80,162,900	(2,155,500)	(2.6%)	80,162,900	0	0.0%
Capital Outlay	487,400,000	0	(487,400,000)	(100.0%)	0	0	--
Civil Rights	21,601,600	29,460,000	7,858,400	36.4%	26,710,000	(2,750,000)	(9.3%)
Community Colleges	529,758,000	492,593,200	(37,164,800)	(7.0%)	451,293,200	(41,300,000)	(8.4%)
Corrections	2,124,968,000	2,064,159,700	(60,808,300)	(2.9%)	2,060,859,700	(3,300,000)	(0.2%)
Education	420,581,000	506,608,000	86,027,000	20.5%	500,775,300	(5,832,700)	(1.2%)
Environment, Great Lakes, & Energy	725,247,900	1,307,388,700	582,140,800	80.3%	895,388,700	(412,000,000)	(31.5%)
Executive Office	8,533,600	8,699,000	165,400	1.9%	8,699,000	0	0.0%
Health and Human Services	33,423,606,800	35,696,713,700	2,273,106,900	6.8%	35,335,757,300	(360,956,400)	(1.0%)
Higher Education	2,016,635,700	2,189,681,200	173,045,500	8.6%	2,139,281,200	(50,400,000)	(2.3%)
Insurance & Financial Services	73,599,000	73,415,800	(183,200)	(0.2%)	73,415,800	0	0.0%
Judiciary	481,603,400	352,832,500	(128,770,900)	(26.7%)	348,032,500	(4,800,000)	(1.4%)
Labor & Economic Devel. (MSF)	4,689,486,200	2,872,458,100	(1,817,028,100)	(38.7%)	2,318,358,100	(554,100,000)	(19.3%)
Legislative Auditor General	21,951,100	22,828,300	877,200	4.0%	22,828,300	0	0.0%
Legislature	189,847,000	186,873,600	(2,973,400)	(1.6%)	186,873,600	0	0.0%
Licensing & Regulatory Affairs	492,807,500	553,574,000	60,766,500	12.3%	541,674,000	(11,900,000)	(2.1%)
Military & Veterans Affairs	362,264,200	240,302,300	(121,961,900)	(33.7%)	227,302,300	(13,000,000)	(5.4%)
Natural Resources	535,279,700	583,961,300	48,681,600	9.1%	529,202,800	(54,758,500)	(9.4%)
School Aid	19,642,816,400	20,891,511,800	1,248,695,400	6.4%	18,906,170,800	(1,985,341,000)	(9.5%)
State	235,196,700	242,740,400	7,543,700	3.2%	242,740,400	0	0.0%
State Police	818,203,400	861,427,100	43,223,700	5.3%	855,436,800	(5,990,300)	(0.7%)
Tech., Mgmt. & Budget: Operations	556,443,500	542,392,600	(14,050,900)	(2.5%)	372,382,600	(170,010,000)	(31.3%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	236,570,600	5,000,000	2.2%	236,570,600	0	0.0%
Transportation	6,125,325,100	6,578,096,900	452,771,800	7.4%	6,469,719,600	(108,377,300)	(1.6%)
Treasury: Operations	1,593,205,400	765,396,500	(827,808,900)	(52.0%)	756,659,700	(8,736,800)	(1.1%)
Treasury: Debt Service	100,084,100	100,084,100	0	0.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,567,121,100	1,713,474,900	146,353,800	9.3%	1,669,431,300	(44,043,600)	(2.6%)
<b>TOTAL</b>	<b>\$77,744,843,800</b>	<b>\$79,382,913,200</b>	<b>\$1,638,069,400</b>	<b>2.1%</b>	<b>\$75,492,816,600</b>	<b>(\$3,890,096,600)</b>	<b>(4.9%)</b>

**TABLE 3**  
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS**  
**FY 2023-24 and FY 2024-25 Executive Recommendation Compared with FY 2022-23 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>		<u>Exec. Rec. FY 2024-25</u>	<u>Difference FY 2024-25 vs. FY 2023-24</u>	
Agriculture & Rural Development	\$122,989,800	\$124,605,100	\$1,615,300	1.3%	\$72,105,100	(\$52,500,000)	(42.1%)
Attorney General	51,429,800	49,326,000	(2,103,800)	(4.1%)	49,326,000	0	0.0%
Capital Outlay	109,000,000	0	(109,000,000)	(100.0%)	0	0	--
Civil Rights	18,633,500	26,491,900	7,858,400	42.2%	23,741,900	(2,750,000)	(10.4%)
Community Colleges	0	0	0	--	0	0	--
Corrections	2,080,108,300	2,019,416,800	(60,691,500)	(2.9%)	2,016,116,800	(3,300,000)	(0.2%)
Education	99,591,500	123,299,600	23,708,100	23.8%	117,566,900	(5,732,700)	(4.6%)
Environment, Great Lakes, & Energy	98,835,800	561,238,800	462,403,000	467.8%	149,238,800	(412,000,000)	(73.4%)
Executive Office	8,533,600	8,699,000	165,400	1.9%	8,699,000	0	0.0%
Health and Human Services	6,242,365,800	6,497,737,000	255,371,200	4.1%	6,261,614,700	(236,122,300)	(3.6%)
Higher Education	1,540,221,000	1,708,886,500	168,665,500	11.0%	1,658,886,500	(50,000,000)	(2.9%)
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	370,774,900	249,404,700	(121,370,200)	(32.7%)	244,604,700	(4,800,000)	(1.9%)
Labor & Economic Devel. (MSF)	2,940,839,900	832,376,000	(2,108,463,900)	(71.7%)	278,276,000	(554,100,000)	(66.6%)
Legislative Auditor General	19,621,800	20,406,700	784,900	4.0%	20,406,700	0	0.0%
Legislature	184,453,000	181,263,900	(3,189,100)	(1.7%)	181,263,900	0	0.0%
Licensing & Regulatory Affairs	213,822,400	266,731,100	52,908,700	24.7%	260,331,100	(6,400,000)	(2.4%)
Military & Veterans Affairs	142,465,000	91,543,500	(50,921,500)	(35.7%)	78,543,500	(13,000,000)	(14.2%)
Natural Resources	94,404,000	120,136,100	25,732,100	27.3%	67,877,600	(52,258,500)	(43.5%)
School Aid	124,200,000	73,700,000	(50,500,000)	(40.7%)	49,500,000	(24,200,000)	(32.8%)
State	12,679,300	17,838,300	5,159,000	40.7%	17,838,300	0	0.0%
State Police	572,709,200	602,852,300	30,143,100	5.3%	596,862,000	(5,990,300)	(1.0%)
Tech., Mgmt. & Budget: Operations	425,538,400	401,041,200	(24,497,200)	(5.8%)	242,831,200	(158,210,000)	(39.4%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	236,570,600	5,000,000	2.2%	236,570,600	0	0.0%
Transportation	91,250,000	303,000,000	211,750,000	232.1%	0	(303,000,000)	(100.0%)
Treasury: Operations	1,061,440,500	191,461,500	(869,979,000)	(82.0%)	171,461,500	(20,000,000)	(10.4%)
Treasury: Debt Service	100,084,100	100,084,100	0	0.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
<b>TOTAL</b>	<b>\$16,957,562,200</b>	<b>\$14,808,110,700</b>	<b>(\$2,149,451,500)</b>	<b>(12.7%)</b>	<b>\$12,903,746,900</b>	<b>(\$1,904,363,800)</b>	<b>(12.9%)</b>



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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2023-24 GF/GP</u>
Agriculture & Rural Development	\$52,500,000
Civil Rights	2,750,000
Corrections	3,300,000
Education	5,732,700
Environment, Great Lakes, & Energy	412,000,000
Health and Human Services	236,060,600
Higher Education	50,000,000
Judiciary	4,800,000
Labor & Economic Development	554,100,000
Licensing & Regulatory Affairs	6,400,000
Military & Veterans Affairs	13,000,000
Natural Resources	52,258,500
School Aid	24,000,000
State Police	5,990,300
Tech., Mgmt. & Budget: Operations	158,210,000
Transportation	303,000,000
Treasury: Operations	20,000,000
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$1,904,102,100</b>

**TABLE 5**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2023-24 Executive Recommendation Compared with FY 2022-23 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Executive Recommendation FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>	
Agriculture & Rural Development	537.0	543.0	6.0	1.1%
Attorney General	549.5	584.4	34.9	6.4%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	115.0	155.0	40.0	34.8%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,514.4	13,196.0	(318.4)	(2.4%)
Education	627.5	640.5	13.0	2.1%
Environment, Great Lakes, & Energy	1,516.0	1,581.0	65.0	4.3%
Executive Office	96.2	96.2	0.0	0.0%
Health and Human Services	15,690.5	15,834.5	144.0	0.9%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	390.5	390.5	0.0	0.0%
Judiciary	537.0	588.0	51.0	9.5%
Labor & Economic Devel. (MSF)	2,593.9	2,622.9	29.0	1.1%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,879.9	1,891.9	12.0	0.6%
Military & Veterans Affairs	1,063.5	1,083.5	20.0	1.9%
Natural Resources	2,418.8	2,546.5	127.7	5.3%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,608.0	16.0	1.0%
State Police	3,757.0	3,832.0	75.0	2.0%
Tech., Mgmt. & Budget: Operations	3,167.0	3,216.0	49.0	1.5%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	3,056.3	3,224.3	168.0	5.5%
Treasury: Operations	1,978.5	2,013.5	35.0	1.8%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>55,080.5</b>	<b>55,647.7</b>	<b>567.2</b>	<b>1.0%</b>

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

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

**FY 2023-24 Executive Recommendation**

<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture & Rural Development	\$169,824,300	\$10,800,000	6.4%
Attorney General	70,099,100	0	0.0%
Capital Outlay	0	0	--
Civil Rights	26,550,400	0	0.0%
Community Colleges	492,593,200	492,593,200	100.0%
Corrections	2,049,222,300	123,453,600	6.0%
Education	133,371,600	18,717,700	14.0%
Environment, Great Lakes, & Energy	865,197,700	252,091,000	29.1%
Executive Office	8,699,000	0	0.0%
Health and Human Services	9,548,063,400	1,793,062,800	18.8%
Higher Education	2,061,154,800	0	0.0%
Insurance & Financial Services	72,398,700	0	0.0%
Judiciary	344,557,300	150,634,500	43.7%
Labor & Economic Devel. (MSF)	1,680,670,100	73,024,900	4.3%
Legislative Auditor General	22,828,300	0	0.0%
Legislature	186,428,200	0	0.0%
Licensing & Regulatory Affairs	523,569,800	242,917,400	46.4%
Military & Veterans Affairs	105,756,900	4,178,000	4.0%
Natural Resources	476,262,500	10,892,100	2.3%
School Aid	18,638,468,300	17,032,348,500	91.4%
State	241,230,300	1,794,300	0.7%
State Police	768,637,900	40,441,500	5.3%
Tech., Mgmt. & Budget: Operations	535,221,500	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	236,570,600	0	0.0%
Transportation	4,385,402,000	2,604,854,000	59.4%
Treasury: Operations	725,403,400	318,700,600	43.9%
Treasury: Debt Service	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,713,474,900	1,713,474,900	100.0%
<b>TOTALS APPROPRIATED</b>	<b>\$46,181,740,600</b>	<b>\$24,883,979,000</b>	<b>53.9%</b>



## FY 2023-24 EXECUTIVE BUDGET HIGHLIGHTS

### Major Changes Proposed

#### Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
<b>IDG/IDT</b>	\$326,700	\$327,000	\$300	0.0
<b>Federal</b>	19,670,900	19,660,400	(10,500)	(0.1)
<b>Local</b>	0	0	0	--
<b>Private</b>	21,300	21,300	0	0.0
<b>Restricted</b>	44,706,400	45,219,200	512,800	1.1
<b>GF/GP</b>	122,989,800	124,605,100	1,615,300	1.3
<b>Gross</b>	<b>\$187,715,100</b>	<b>\$189,833,000</b>	<b>\$2,117,900</b>	<b>1.1</b>
<b>FTEs</b>	537.0	543.0	6.0	1.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

#### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

##### **Food and Agriculture Supply Chain Investment**

Requests \$37.5 million GF/GP (one-time) to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution, and processing facilities; implementation of advanced technologies.

##### **MI Climate Smart Farming**

Requests \$10.0 million GF/GP (one-time) to assist Michigan farmers in implementing regenerative agriculture practices to reduce soil disturbance, maximize crop diversity, sequester carbon, and reduce sediment and nutrient runoff.

##### **Emerging Contaminates in Food and Agriculture**

Requests \$6.2 million GF/GP (ongoing) to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries.

##### **Northern Michigan Herd Protection Management**

Requests \$5.0 million GF/GP (one-time) to protect herds and wildlife in Alcona, Alpena, Montmorency, Oscoda and Presque Isle counties from Bovine Tuberculosis; in order to protect livestock from Bovine Tuberculosis and maintain Michigan's "split state" status with the U. S. Department of Agriculture.

##### **Economic Adjustments**

Reflects net decrease in estimated costs of \$232,500 Gross (\$175,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

#### Supplemental Recommendations for FY 2022-23 Appropriations

##### **Emergency Management**

Requests \$8.0 million GF/GP (one-time); baseline GF/GP funding for Emergency Management is \$2.5 million.

##### **Fair Food Network – Double-Up Food Bucks**

Requests \$15.5 million GF/GP (one-time); ongoing/baseline GF/GP funding is \$900,000.

## Community Colleges

Analyst: Perry Zielak

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	81,200,000	0	(81,200,000)	(100.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	448,558,000	492,593,200	44,035,200	9.8
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$529,758,000</b>	<b>\$492,593,200</b>	<b>(\$37,164,800)</b>	<b>(7.0)</b>

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

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

Includes a net increase of \$13.2 million SAF for community college operations, a 3.9% increase. This includes:

- \$13.6 million SAF, or 4.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$413,700 SAF decrease based on FY 2021-22 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$205. Projected funding increases for individual community colleges would range from 2.3% to 5.7%. Total funding for operations would be \$354.4 million SAF.

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

Increases funding by \$13.2 million SAF for the state's share of community colleges' MPERS UAAL, a 14.3% increase. 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 \$105.8 million SAF.

#### **MPERS Offset**

Increases funding by \$5.5 million SAF for the community colleges' MPERS offset payment, a 314.7% increase, which assists in offsetting a portion of the contributions owed to MPERS by community colleges. The increase would equalize the offset for community colleges with the K-12 school district MPERS offset. Total funding for the MPERS offset would be \$7.2 million SAF.

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

Increases funding by \$12.2 million SAF for the community colleges' MPERS normal cost offset, a 113.0% increase, due to lowering the assumed rate of return from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPERS normal cost offset would be \$23.0 million SAF.

#### **Removal of One-Time Funding**

Removes \$81.2 million federal Coronavirus State Fiscal Recovery Fund through the removal of 4 one-time projects: Michigan Associate Degree in Nursing to Bachelor of Science in Nursing Completion Grant program (\$56.0 million federal), Community College Academic Catch-up program (\$10.0 million federal), Michigan Center for Adult College Success (\$9.2 million federal), and Michigan Reconnect Program Short-Term Training Grants (\$6.0 million federal).

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Infrastructure, Technology, Equipment, and Maintenance (ITEM)**

Includes \$58.7 million SAF for ITEM. The funds would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual community college allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.

***Student Wellness Fund***

Includes \$16.1 million SAF of one-time funding for the creation of the student wellness fund. The funds would allow community colleges to identify and address student wellness and mental health needs through campus support services. Individual community college allocations would be distributed based on calculated FY 2021-22 FYES enrollment.

## Corrections

Analyst: Robin R. Risko

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	5,148,400	5,143,500	(4,900)	(0.1)
Local	9,879,500	9,793,900	(85,600)	(0.9)
Private	0	0	0	--
Restricted	29,831,800	29,805,500	(26,300)	(0.1)
GF/GP	2,080,108,300	2,019,416,800	(60,691,500)	(2.9)
<b>Gross</b>	<b>\$2,124,968,000</b>	<b>\$2,064,159,700</b>	<b>(\$60,808,300)</b>	<b>(2.9)</b>
FTEs	13,514.4	13,196.0	(318.4)	(2.4)

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

#### ***Savings from Prison Closures***

Reflects a total savings of \$48.9 million GF/GP and a reduction of 427.4 FTE positions resulting from the closure of the Michigan Reformatory in Ionia (\$33.2 million; 281.8 FTE positions) and the closure of the south side of the Gus Harrison Correctional Facility (\$15.7 million; 145.6 FTE positions). Closure for both facilities was completed in November 2022. There were no staff layoffs resulting from the closures. Partial funding will be retained to cover costs of utilities and maintenance of the closed sites.

#### ***Medication Assisted Treatment***

Includes \$15.6 million GF/GP and 78.0 FTE positions to enable the department to treat up to 1,600 inmates with opioid use disorder using Medication Assisted Treatment. Funding would be used to establish treatment clinics at 4 prison sites. Clinics would operate 5 days per week, would include 21.5 staff positions each, and would have the capacity to treat up to 400 prisoners. Staff would include nurses, qualified mental health professionals, recovery coaches, and corrections officers. Prisoners would be treated while incarcerated and would also be provided with one shot right before release from prison into the community.

#### ***Prisoner Healthcare Services Contract Adjustment***

Includes \$10.7 million GF/GP to cover increased costs of the prisoner healthcare services contract with Grand Prairie. In addition to standard inflationary adjustments, the contract is being renegotiated due to recent increased medical costs. The contract covers onsite medical and behavioral health care, specialty care, and pharmaceutical costs.

#### ***Body-Worn Cameras***

Includes a total of \$7.1 million GF/GP (\$3.8 million ongoing; \$3.3 million one-time) and 8.0 FTE positions to develop and implement policies and training plans for purchasing and utilizing body-worn cameras for frontline staff in correctional facilities. Funding would be used for hardware, licensing, storage, and warranty costs.

#### ***PREA and Harassment Investigations Division***

Includes \$3.3 million GF/GP and 23.0 FTE positions for the department to create a Prison Rape Elimination Act (PREA) and Harassment Investigations Division within the department to investigate all reported allegations of sexual abuse of prisoners and allegations of discriminatory harassment and retaliation in the workplace. The total number of investigations has averaged 1,674 per year for the last four years. Investigations take roughly 15 hours of staff time per case and currently are conducted by facility staff including inspectors and front-line supervisors.

#### ***Hepatitis C Treatment for Prisoners***

Includes \$1.7 million GF/GP to cover increased costs of providing Hepatitis C treatment for prisoners. The department currently treats 10 cases per week with the existing appropriation of \$8.8 million. The department has experienced an increase in the number of prisoners requiring treatment each week and has a backlog of prisoners needing treatment. Funding would allow the department to treat an additional 104 cases at an average treatment cost of \$16,235 per prisoner.



***Rebidding of Offender Success Contracts***

Includes \$725,000 GF/GP to cover the anticipated increase in contract costs for offender success services provided by community partners. Contracts will be rebid in FY 2023-24 and costs are expected to increase due to inflation. Services provided include housing for returning offenders, job placement, social supports, and behavioral and mental health support.

***Eliminate Current Year One-Time Funding***

Reduces the budget by \$40.0 million GF/GP to reflect elimination of one-time funding included in the FY 2022-23 budget.

***Economic Adjustments***

Reflects a net savings of \$11.1 million Gross (\$11.0 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2022-23 Appropriations**

***Recruitment and Retention Payments***

Includes \$23.1 million GF/GP to support recruitment and retention payments for qualifying departmental employees under the terms of a letter of understanding agreed to between the employees' union and the Office of the State Employer. Employees continuously employed for 13 pay periods, starting January 8, 2023, would receive a one-time payment of \$3,000. New employees who are continuously employed for 13 pay periods would receive a one-time payment of \$1,500.

***Federal Revenue for Substance Use Disorder Treatment Services***

Includes authorization for the department to receive \$250,000 in federal Residential Substance Abuse Treatment funding from the U.S. Department of Justice. Funding would be used to provide medication-assisted treatment to offenders with substance use disorder.

## Education (Department)

Analyst: Noel Benson

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	302,950,800	364,589,100	61,638,300	20.3
Local	5,878,600	5,856,000	(22,600)	(0.4)
Private	2,240,400	2,791,300	550,900	24.6
Restricted	9,919,700	10,072,000	152,300	1.5
GF/GP	99,591,500	123,299,600	23,708,100	23.8
<b>Gross</b>	<b>\$420,581,000</b>	<b>\$506,608,000</b>	<b>\$86,027,000</b>	<b>20.5</b>
FTEs	627.5	640.5	13.0	2.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Child Development and Care**

Provides \$73.5 million federal to maintain child care investments set to expire in FY 2023-24, including maintaining eligibility at 200% of the federal poverty line and making payments based on enrollment rather than attendance.

#### **Child Care TANF Financing**

Provides \$12.0 million GF/GP as a replacement for TANF funds that were utilized for state match and MOE purposes.

#### **Family and Community Engagement**

Provides \$5.5 million (\$5.0 million GF/GP ongoing; \$482,700 GF/GP one-time) and authorizes 6.0 FTE positions to develop trainings, coaching, resource development, translation services, and related activities and to hire a coordinator and coach at 10 literacy hubs across the state to create a family and community engagement division.

#### **E-rate Special Construction Matching Fund**

Provides \$5.0 million GF/GP in one-time funding to reimburse up to 10% of out-of-pocket costs for local schools and libraries approved for funding through the federal E-rate program to expand access to broadband internet.

#### **Retention of FY 2022-23 One-Time Appropriations**

Maintains \$250,000 GF/GP one-time funding for Michigan's Poet Laureate (\$100,000 GF/GP) and School Board Training Reimbursement (\$150,000 GF/GP).

#### **School Supports Administration**

Provides \$756,500 GF/GP and authorizes 2.0 FTE positions to administer funding for school consolidation, infrastructure, and the MI Healthy Climate Plan; \$303,700 GF/GP and authorizes 2.0 FTE positions to provide statewide guidance and supports for math education; \$160,000 GF/GP and authorizes 1.0 FTE position for school policy support at MDE and health related supports at MDHHS; \$151,900 GF/GP and authorizes 2.0 FTE position to provide additional support and guidance to schools for mental health programs; and \$200,000 federal (\$100,000 one-time) to offset costs for Head Start staff who are now required to submit background checks.

#### **TEACH Scholarship Roll Up**

Includes a net \$0 change to roll the \$5.0 million federal TEACH Scholarship into the Child Development and Care contracted services line item.

#### **Economic Adjustments**

Reflects decreased costs of \$86,700 Gross (increase of \$31,700 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Child Development and Care Public Assistance**

Provides \$4.6 million GF/GP as matching dollars to continue drawing additional federal child care and development block grant dollars.

## Environment, Great Lakes, and Energy

Analyst: Austin Scott

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
<b>IDG/IDT</b>	\$3,406,400	\$4,033,100	\$626,700	18.4
<b>Federal</b>	287,641,700	440,830,300	153,188,600	53.3
<b>Local</b>	0	0	0	--
<b>Private</b>	1,415,500	1,360,700	(54,800)	(3.9)
<b>Restricted</b>	337,354,900	303,958,900	(33,396,000)	(9.9)
<b>GF/GP</b>	98,835,800	561,238,800	462,403,000	467.8
<b>Gross</b>	<b>\$728,654,300</b>	<b>\$1,311,421,800</b>	<b>\$582,767,500</b>	<b>80.0</b>
<b>FTEs</b>	1,516.0	1,581.0	65.0	4.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Lead Service Line Replacement**

Provides \$225.8 million GF/GP (\$200.0 million one-time) and authorizes 1.0 FTE position for lead service line replacement and ongoing technical assistance in the most underprivileged ten percent of Michigan communities.

#### **Environmental Justice Contaminated Site Clean-up (One-Time)**

Authorizes \$100.0 million GF/GP for air quality and contaminated site remediation in disadvantaged communities.

#### **Renewable Ready Communities (One-Time)**

Authorizes \$40.0 million GF/GP for grants to communities to establish wind, solar, and energy storage facilities.

#### **Water State Revolving Funds – Federal Infrastructure Act IIJA**

Appropriates \$280.5 million Gross (\$30.5 million GF/GP) for federal Infrastructure Act funding for local water infrastructure projects. The GF/GP funding is appropriated on a one-time basis to be used as match to access federal funding.

#### **Dam Risk Reduction Program (One-Time)**

Authorizes \$25.0 million GF/GP to expand access through Michigan waterways by removing dams that are not integral to invasive species mitigation, power generation, or public safety.

#### **Economic Adjustments**

Reflects decreased costs of \$1.4 million Gross (\$318,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Environmental Sustainability and Stewardship**

Appropriates \$267.0 million Gross (\$5.1 million GF/GP) for greenhouse gas reduction, technical assistance to disadvantaged communities for energy initiatives, climate action planning, local recycling initiatives, qualifying residential energy efficiency upgrade rebates, and environmental justice programs.

#### **Executive Direction**

Appropriates \$2.2 million Gross (\$414,800 GF/GP) to create the MI Healthy Climate Corps program for climate initiatives with non-profit organizations; the GF/GP funding is to be used as match to access federal funding.

#### **Solid Waste Management Program**

Appropriates \$775,000 Gross (\$500,000 GF/GP) to support permitting, staff training, and engagement with stakeholders through the Coal Combustion Residuals Permitting Program.

#### **ARP – Michigan Clean Fleet Initiative**

Appropriates \$45.0 million Gross (\$0 GF/GP) to convert motor vehicle fleets to electric vehicles and clean fuels.

## **All General Government**

Analysts: Viola Bay Wild and Michael Crossen

	<b>FY 2022-23 Year-to-Date as of 2/8/23</b>	<b>FY 2023-24 Executive</b>	<b>Difference: FY 2023-24 vs. FY 2022-23</b>	
			<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$1,120,888,100	\$1,156,643,700	\$35,755,600	3.2
<b>Federal</b>	44,640,700	44,035,500	(605,200)	(1.4)
<b>Local</b>	15,540,800	17,372,800	1,832,000	11.8
<b>Private</b>	665,500	684,800	19,300	2.9
<b>Restricted</b>	2,433,041,500	2,633,406,600	200,365,100	8.2
<b>GF/GP</b>	2,113,984,600	1,233,183,200	(880,801,400)	(41.7)
<b>Gross</b>	<b>\$5,728,761,200</b>	<b>\$5,085,326,600</b>	<b>(\$643,434,600)</b>	<b>(11.2)</b>
<b>FTEs</b>	7,498.2	7,673.1	174.9	2.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Supplemental Recommendations for FY 2022-23 Appropriations**

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

Includes \$200.0 million GF/GP for a Countercyclical Budget and Economic Stabilization Fund deposit in FY 2022-23.

Summary pages for individual department/agency budgets contained within the current FY 2022-23 General Government appropriations bill follow this page.

The summary for the Department of Labor and Economic Opportunity can be found on pages 43–45.

## Attorney General

Analyst: Michael Cnossen

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$35,954,600	\$36,235,500	\$280,900	0.8
Federal	10,101,900	10,063,800	(38,100)	(0.4)
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,786,700	20,773,100	(13,600)	(0.1)
GF/GP	51,429,800	49,326,000	(2,103,800)	(4.1)
<b>Gross</b>	<b>\$118,273,000</b>	<b>\$116,398,400</b>	<b>(\$1,874,600)</b>	<b>(1.6)</b>
FTEs	549.5	584.4	34.9	6.4

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Job Court**

Provides \$5.0 million GF/GP and 5.0 FTE positions to continue the job court pilot program initiated in FY 2022-23 that would offer the option of dismissal of charges for selected pre-trial defendants charged with low-level, non-assaultive crimes who successfully secure and maintain gainful employment and complete the one-year program course. The program provides supervision and support to participants with the aim of assisting them while diverting prosecutorial caseloads, reducing criminal case backlogs, and reducing costs of incarceration.

#### **Conviction Integrity Unit**

Provides \$1.0 million GF/GP and 6.0 FTE positions to the Conviction Integrity Unit that investigates prisoner claims of innocence to determine whether new evidence is sufficient to recommend that a court set aside a wrongful conviction or exonerate a prisoner. Funding would help offset the removal of a \$550,000 federal grant from the Bureau of Justice Assistance that assisted with postconviction testing of DNA evidence.

#### **Address Confidentiality Program Staffing**

Provides \$486,400 GF/GP and 2.0 FTE positions to establish the Address Confidentiality Program as authorized under the Address Confidentiality Program Act, 2020 PA 301. The program is designed to conceal the addresses of victims of stalking, domestic violence, sexual assault, human trafficking, and other activities that threaten personal harm so that they cannot be located through public records. The program provides a substitute address and free mail forwarding.

#### **Economic Adjustments**

Reflects decreased costs of \$304,400 Gross (\$100,200 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **PAAM – Prosecutors Extradition Reimbursements (One-Time)**

Provides \$1.0 million GF/GP to be used by Prosecuting Attorneys Association of Michigan (PAAM) to reimburse local units of government for expenses incurred extraditing offenders that flee the state to avoid prosecution.

#### **PACC – Prosecuting Attorneys Digital Evidence Storage (One-Time)**

Provides \$10.0 million GF/GP to PAAM for improvements to computer equipment and data storage capacities to accommodate the growing amount of body camera recordings and digital evidence involved in prosecuting cases. Funding would be distributed by grants to local prosecutors for cloud or server-based storage. Funding would also support limited-term staff to expedite processing evidence accumulated during the pandemic.

#### **PACC – Juvenile Life Without Parole Resentencing Cases**

Provides \$3.2 million GF/GP to provide grants to local prosecutors to support costs of resentencing cases in which juveniles were sentenced to life without parole, ruled to violate the Michigan Constitution by the Michigan Supreme Court in July of 2022. Funds would support contract employees, office equipment, and expert witnesses.

## Civil Rights

Analyst: Michael Cnossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,890,900	2,890,900	0	0.0
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	18,633,500	26,491,900	7,858,400	42.2
<b>Gross</b>	<b>\$21,601,600</b>	<b>\$29,460,000</b>	<b>\$7,858,400</b>	<b>36.4</b>
FTEs	115.0	155.0	40.0	34.8

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

#### ***Complaint Investigation and Enforcement***

Provides \$5.7 million GF/GP and 34.0 FTE positions to establish three additional enforcement teams to assist in reducing a backlog of discrimination complaint cases that accrued following the pandemic and state hiring freeze and to reduce the average complaint investigation completion time to six to nine months on an ongoing basis.

#### ***Disparate Impact Investigation and Enforcement***

Provides \$1.6 million GF/GP to investigate complaints regarding policies, procedures, rules, or other systems that appear fair but have a disparate impact on people according to federally and state-protected classes such as race, religion, color, national origin, age, sex, disability, criminal record, and others. The funding would support one manager, six investigators, a paralegal, and a secretary.

#### ***Disabled Digital Access Rights Transition Plan (One-Time)***

Provides a total of \$3.0 million GF/GP, with \$2.8 million designated as one-time funding, to contract with vendors to implement a digital accessibility training module to provide ongoing training for state employees to comply with federal and state disability rights laws regarding digital access, such as captioning, screen readers, and other technology that provides access for individuals with disabilities. \$294,100 of this amount would be ongoing support for 2.0 FTE positions to administer the training program.

#### ***DEI Summit and Research***

Provides \$161,000 GF/GP and 1.0 FTE position to initiate a Diversity, Equity, and Inclusion summit focusing on health equity and strategies for reducing health disparities with a focus on maternal and infant health.

#### ***ALPACT – Police and Community Trust***

Provides \$316,300 GF/GP and 1.0 FTE position to support the Advocates and Leaders for Police and Community Trust (ALPACT) program and to expand the program into the upper peninsula. ALPACT promotes partnerships between police units and community leaders with the aim of building trust by facilitating communication and cooperation.

#### ***Michigan Alliance Against Hate Crimes***

Provides \$574,400 GF/GP and 2.0 FTE positions to provide additional support to the Michigan Alliance Against Hate Crimes (MIAAHC). MIAAHC is a department-led, statewide coalition of law enforcement agencies with community and civil rights organizations and educators that help identify and address hate crimes and bias incidents and provide victim support services.

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

Reflects decreased costs of (\$51,000) GF/GP for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Executive Office**

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	8,533,600	8,699,000	165,400	1.9
<b>Gross</b>	<b>\$8,533,600</b>	<b>\$8,699,000</b>	<b>\$165,400</b>	<b>1.9</b>
FTEs	96.2	96.2	0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

**Executive Office Operations**

Reflects increased costs of \$165,400 GF/GP related to Executive Office staff and other operations.

## Legislature

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	428,300	445,400	17,100	4.0
Restricted	4,965,700	5,164,300	198,600	4.0
GF/GP	184,453,000	181,263,900	(3,189,100)	(1.7)
<b>Gross</b>	<b>\$189,847,000</b>	<b>\$186,873,600</b>	<b>(\$2,973,400)</b>	<b>(1.6)</b>
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Legislative Operations Adjustment**

Reflects net increase of \$196,600 Gross (reduction of \$19,100 GF/GP) related to legislative employees and other operations and property management costs.

#### **Independent Citizens Redistricting Commission (ICRC)**

Removes \$3.2 million GF/GP one-time FY 2022-23 supplemental funding for the ICRC for additional legal costs. The Michigan Constitution requires that the terms of the commissioners expire once the commission has completed its work for a census cycle.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Capitol Security Improvements**

Includes \$5.0 million GF/GP to enhance capitol security and to support infrastructure improvements and security equipment, including x-ray machines, metal detectors, and video equipment to help implement the weapons ban at the state capitol.

## Legislative Auditor General

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$6,654,800	\$6,921,900	\$267,100	4.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,329,300	2,421,600	92,300	4.0
GF/GP	19,621,800	20,406,700	784,900	4.0
<b>Gross</b>	<b>\$28,605,900</b>	<b>\$29,750,200</b>	<b>\$1,144,300</b>	<b>4.0</b>
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

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

Reflects increased costs of \$1.1 million Gross (\$784,900 GF/GP) related to Auditor General staff and other operations.



**State (Department)**

Analyst: Michael Cnossen

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			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>	221,007,300	223,392,000	2,384,700	1.1
<b>GF/GP</b>	12,679,300	17,838,300	5,159,000	40.7
<b>Gross</b>	<b>\$255,196,700</b>	<b>\$262,740,400</b>	<b>\$7,543,700</b>	<b>3.0</b>
<b>FTEs</b>	1,592.0	1,608.0	16.0	1.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

***Implementation of Ballot Proposals 1 and 2 of 2022***

Provides \$4.7 million GF/GP and 3.0 FTE positions to support costs related to implementing the state constitutional amendments approved by voters as Ballot Proposals 1 and 2 of 2022. An additional \$11.5 million GF/GP is recommended in FY 2022-23 to implement the ballot proposals. FY 2023-24 funding would be allocated as follows:

- Proposal 1 - \$138,600 and 1.0 FTE position for an information technology (IT) developer to accommodate changes in receiving and reporting electronic filings of annual financial disclosure reports
- Proposal 2 - \$2.5 million to fund local clerks' postage costs for absent-voter applications and ballots; \$1.8 million for security video recording data and maintenance of ballot drop boxes; \$277,200 and 2.0 FTE positions for ongoing department administration and oversight of the changes.

***Enforcement Division Staffing Increase***

Provides \$447,500 GF/GP and 3.0 FTE positions to the Legal Services unit to address increasing cases of fraud and abuse related to property crimes, crimes against individuals, and election fraud by enhancing the department's resources to investigate and enforce laws and regulations.

***Postage and Mailing Service Rate Increase***

Provides \$600,000 Gross (\$0 GF/GP) to reflect increased United States Postal Service rates made effective in January 2023 and the corresponding increase in DTMB mailing service rates.

***Mobile Branch Office Staffing***

Provides \$1.2 million Gross (\$0 GF/GP) and 10.0 FTE positions to support staffing of 7 mobile secretary of state office vans to provide easy access of services to rural areas and locations with high concentrations of customers with barriers to visiting branch offices in-person.

***Economic Adjustments***

Reflects increased costs of \$53,800 Gross ((\$600) GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2022-23 Appropriations**

***Implementation of Ballot Proposals 1 and 2 of 2022***

Provides \$11.5 million GF/GP to support costs related to implementing the state constitutional amendments approved by voters as Ballot Proposals 1 and 2 of 2022. FY 2022-23 funding would be allocated as follows:

- Proposal 1 - \$250,000 for an IT developer to accommodate changes in receiving and reporting electronic filings of annual financial disclosure reports
- Proposal 2 - \$10.0 million to purchase and install approximately 2,000 ballot drop boxes and security cameras; \$2.6 million for 5 IT developers to develop software and update the Qualified Voter File to accommodate early voting, a permanent absentee voter list, military postmark dates, ballot tracking, and other changes.

## Technology, Management, and Budget

Analyst: Michael Cnossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$1,047,125,600	\$1,082,389,000	\$35,263,400	3.4
<b>Federal</b>	5,217,200	4,699,000	(518,200)	(9.9)
<b>Local</b>	2,331,200	2,334,700	3,500	0.2
<b>Private</b>	137,400	137,400	0	0.0
<b>Restricted</b>	123,219,300	134,180,300	10,961,000	8.9
<b>GF/GP</b>	657,109,000	637,611,800	(19,497,200)	(3.0)
<b>Gross</b>	<b>\$1,835,139,700</b>	<b>\$1,861,352,200</b>	<b>\$26,212,500</b>	<b>1.4</b>
<b>FTEs</b>	3,167.0	3,216.0	49.0	1.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **State Facilities Maintenance (One-Time)**

Provides an additional \$100.0 million in one-time GF/GP for maintenance, demolition, and infrastructure projects for 800 buildings and 5,000 state-owned structures. With \$28.0 million GF/GP in the current year base, a total of \$128.0 million would be available for deferred special maintenance projects.

#### **ITIF Legacy IT System Projects (One-Time)**

Provides \$41.2 million GF/GP of one-time funding to the Information Technology Investment Fund project portfolio (ITIF) to support new information technology legacy system modernization projects. ITIF would receive \$76.2 million GF/GP total, with recommended ongoing funding of \$35.0 million GF/GP. The FY 2023-24 recommended projects list includes \$40.5 million for an expansion of the system supporting the state's city income tax collection service to accommodate inclusion of the City of Flint and 22 other cities, should they elect to participate.

#### **State Fleet Electric Vehicles (One-Time)**

Provides \$10.0 million GF/GP to begin transitioning the state's fleet of 7,000 vehicles to electric vehicles to demonstrate the state's commitment to electric vehicle mobility and clean energy economy.

#### **ORS IT Database Modernization (One-Time)**

Provides \$11.8 million Gross (\$0 GF/GP) in state restricted Pension Trust Fund revenue to complete the modernization of the Clarety transactional database used by the Office of Retirement Services to serve members of the state's retirement system.

#### **Economic Adjustments**

Reflects decreased costs of (\$1.4 million) Gross ((\$96,500) GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Federal Programs Match Funding (One-Time)**

Sets aside \$350.0 million GF/GP to leverage major funding opportunities available from recent federal legislation including, but not limited to, the Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and the Inflation Reduction Act. Other appropriate state resources must be used before use of these funds. Funds will be allocated at the discretion of an interagency evaluation committee formed by the Michigan Infrastructure Office in collaboration with the State Budget Director.

#### **IIJA State and Local Cybersecurity Grant Program (One-Time)**

Provides \$31.5 million Gross (\$7.6 million GF/GP) to support a new State and Local Cybersecurity Grant Program in accordance with the IIJA for activities which include operating a cybersecurity planning committee, developing or revising a federally approved cybersecurity plan, and administration of grant awards. \$23.9 million would be appropriated from the federal Infrastructure Investment and Jobs Act Fund.

## Treasury – Operations/Debt Service

Analyst: Viola Bay Wild

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$11,153,100	\$11,097,300	(\$55,800)	(0.5)
<b>Federal</b>	24,970,700	24,921,800	(48,900)	(0.2)
<b>Local</b>	13,209,600	15,038,100	1,828,500	13.8
<b>Private</b>	31,000	33,200	2,200	7.1
<b>Restricted</b>	493,553,600	533,941,900	40,388,300	8.2
<b>GF/GP</b>	1,161,524,600	291,545,600	(869,979,000)	(74.9)
<b>Gross</b>	<b>\$1,704,442,600</b>	<b>\$876,577,900</b>	<b>(\$827,864,700)</b>	<b>(48.6)</b>
<b>FTEs</b>	1,978.5	2,013.5	35.0	1.8

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

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

Includes \$2.1 million Gross (\$1.7 million GF/GP) increase in PILT payments for property tax payments to local units of government for state lands owned by the Department of Natural Resources to align payments with current property tax estimates.

#### **Recreational Marihuana Grants to Locals**

Includes \$21.2 million restricted funding to align grant payments to local governments with the expected increase in revenues.

#### **Qualified Heavy Equipment Rental Personal Property Tax Implementation**

Includes \$3.4 million restricted funding for the administration of new program (\$400,000) and for estimated tax refunds (\$3.0 million) under new program established in 2022 PA 35 which exempted the personal property tax on heavy equipment rentals and imposed a 2.0% tax on the rental price of heavy equipment. From the revenues generated by the 2.0% tax, 90.0% is to be distributed to eligible local tax collecting units.

#### **Attainable and Workforce Housing Program Administration**

Includes \$655,000 GF/GP and 4.0 FTE authorizations for the oversight and administration of tax credit programs to be established under the newly enacted Attainable Housing Facilities Act, Residential Housing Facilities Act, and the expansion of the Neighborhood Enterprise Zone Act (PAs 236, 237, and 238 of 2022).

#### **Office of Revenue and Tax Administration (ORTA)**

Increases funding by \$594,500 GF/GP and includes 3.0 FTE authorizations for ORTA to provide increased support for analytical activities and administration of grant programs.

#### **School Bond Loan System**

Includes \$171,000 GF/GP and 1.0 FTE authorization to help administer an updated IT system and application process. The FY 2023-24 executive recommendation proposes that the Information Technology and Investment Fund (ITIF) in the DTMB budget allocate \$1.0 million GF/GP to update the School Bond Qualification and Loan Program application process for local school district school bond loan requests.

#### **City Income Tax Administration Program Expansion**

Includes \$1.9 million local funding and 5.0 FTE authorizations for the administration of a proposed expansion of the city income tax administration program. The FY 2023-24 executive recommendation proposes that the ITIF in the DTMB budget allocate \$40.5 million GF/GP to improve the program's IT system to be able to expand the program on a voluntary basis to the 23 cities that currently levy city income taxes. Currently, the City of Detroit is the only city that uses the administration program. This increased funding and additional FTE authorizations would support the program expansion.

#### **Office of Security and Data Risk Management**

Transfers \$2.2 million current restricted funding and 15.0 FTE authorizations within the department to a new Office of Security and Data Risk Management to enhance the ability to secure confidential taxpayer information and protect against cybersecurity attacks.

**Michigan Gaming Control Board (MGCB)**

Includes \$2.2 million restricted funding and 16.0 FTE authorizations for increased responsibilities related to the regulation of internet gaming and sports betting activities. New FTE authorizations would primarily be for regulation officers, auditors, and financial and department analysts positions.

**MGCB Information Technology Accounts Receivable System**

Includes \$2.0 million restricted funding for an upgraded accounts receivable system to provide more accurate and efficient invoicing and payment collections.

**Michigan State Lottery**

Includes \$1.0 million restricted funding to increase support for Lottery's efforts to sell and promote products through both online and retail outlets.

**Presidential Primary**

Adds \$20.0 million GF/GP for the Michigan presidential primary election and includes funding for additional related costs of Proposal 2 of 2022. In past presidential primary elections, the state has provided funding to local clerks for the costs of this primary.

**Removal of One-Time Municipal and Michigan State Police (MSP) Pension Support Funding**

Removes \$750.0 million GF/GP FY 2022-23 funding for local municipal pension principal payment grants and \$100.0 million GF/GP for a one-time deposit into the MSP retirement system.

**Economic Adjustments**

Reflects reduced costs of \$804,200 Gross (increase of \$32,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2022-23 Appropriations**

**Qualified Heavy Equipment Rental Personal Property Tax Implementation**

Includes \$3.4 million restricted funding for the administration of program (\$400,000) and for estimated tax refunds (\$3.0 million) under new program established in 2022 PA 35 which exempts the personal property tax on heavy equipment rentals and imposes a 2.0% tax on the rental price of heavy equipment. From the revenues generated by the 2.0% tax, 90.0% is to be distributed to eligible local tax collecting units.

**Tax Program Changes – Support for Retirement Tax Repeal**

Includes \$900,000 GF/GP one-time funding to administer the proposed plan to restore income tax exemptions on retirement income.

**Tax Program Changes – Earned Income Tax Credit (EITC)**

Includes \$925,000 GF/GP one-time funding for the implementation of the proposed amendments to the EITC. Funding would support customer service, processing services, and managing correspondence to taxpayers.

**Attainable and Workforce Housing Program Administration**

Includes \$1.4 million GF/GP and 4.0 FTE authorizations for the oversight and administration of tax credit programs to be established under the newly enacted Attainable Housing Facilities Act, Residential Housing Facilities Act, and the expansion of the Neighborhood Enterprise Zone Act (PAs 236, 237, and 238 of 2022). Of the new funding, \$445,000 would provide partial year funding for the 4.0 FTE authorizations and \$929,000 would fund enhancements to the existing ELITES IT system.

**Treasury – Revenue Sharing**

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,567,121,100	1,713,474,900	146,353,800	9.3
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$1,567,121,100</b>	<b>\$1,713,474,900</b>	<b>\$146,353,800</b>	<b>9.3</b>
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as “one-time.”

**Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

**Constitutional Revenue Sharing**

Includes increase of \$61.9 million restricted sales tax revenue relative to the FY 2022-23 budget act appropriated amount. Appropriation represents a \$5.9 million decrease from January 2023 CREC estimates for FY 2022-23 payments.

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

Includes additional \$47.5 million of restricted sales tax revenue for CVT revenue sharing. Of the funding, \$28.0 million would support a 5.0% ongoing and 5.0% one-time increase (10% total) for CVT revenue sharing payments, and \$19.6 million would support new program to fund CVT public safety initiatives. For the non-public safety payments, a CVT would be eligible for a payment equal to 110.0% of its FY 2022-23 eligible payment. The public safety initiatives payments would support a 7.0% increase in new funding (2.0% ongoing and 5.0% one-time) from FY 2022-23 ongoing payments and would fund local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements.

**County Revenue Sharing**

Includes additional \$41.4 million of restricted sales tax revenue. Of the funding, \$25.4 million would support a 5.0% ongoing and 5.0% one-time increase (10% total) for all 83 counties, and \$17.0 million would support county public safety initiatives. Each county would be eligible to receive 123.1485% of statutory full funding. Includes an additional \$503,600 of restricted sales tax revenue for support for Emmet County, which re-entered the revenue sharing program in FY 2022-23. The public safety initiatives payments would support a 7.0% increase in new funding (2.0% ongoing and 5.0% one-time) from FY 2022-23 ongoing payments and would fund local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements. The County Incentive Program is increased by \$91,800 restricted sales tax revenue.

## Health and Human Services

Analysts: Victoria Amponsah, Sydney Brown, Kent Dell, and Kevin Koorstra

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$14,696,000	\$14,676,900	(\$19,100)	(0.1)
<b>Federal</b>	23,693,049,100	25,803,271,500	2,110,222,400	8.9
<b>Local</b>	170,002,300	154,718,100	(15,284,200)	(9.0)
<b>Private</b>	185,596,800	190,660,700	5,063,900	2.7
<b>Restricted</b>	3,132,592,800	3,050,326,400	(82,266,400)	(2.6)
<b>GF/GP</b>	6,242,365,800	6,497,737,000	255,371,200	4.1
<b>Gross</b>	<b>\$33,438,302,800</b>	<b>\$35,711,390,600</b>	<b>\$2,273,087,800</b>	<b>6.8</b>
<b>FTEs</b>	15,690.5	15,834.5	144.0	0.9

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### BEHAVIORAL AND HEALTH SERVICES

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

Includes a net-increase of \$335.8 million Gross (\$52.2 million GF/GP) to support actuarial soundness, caseload, utilization, inflation, and financing adjustments for the Traditional Medicaid program. The FY 2023-24 FMAP is 64.94% (increase of 0.23% from FY 2022-23), with a first quarter, pandemic-related enhancement of 1.5% of additional E-FMAP.

##### **Healthy Michigan Plan (HMP) Cost Adjustments**

Includes a net-increase of \$441.5 million Gross (\$77.8 million GF/GP) to support actuarial soundness, caseload utilization, and inflation adjustments for the Healthy Michigan Plan program.

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

Adds \$305.1 million Gross (\$111.2 million GF/GP) to provide a \$1.50 per hour increase for direct care workers within the behavioral health, physical health, and aging services. Amount also includes adding additional non-direct care staff employed at long-term care facilities, which costs \$90.0 million Gross (\$31.7 million GF/GP).

#### DEPARTMENT ADMINISTRATION AND INFORMATION TECHNOLOGY

##### **Comprehensive Child Welfare Information System (CCWIS)**

Includes \$11.8 million Gross (\$7.2 million GF/GP), of which \$6.9 million Gross (\$3.5 million GF/GP) on a one-time basis. CCWIS will replace the Michigan Statewide Child Welfare Information System (MiSACWIS) with the implementation of 9 cloud-based modules over the course of 3 to 5 years. Currently, 1 module is complete and 3 modules are in development.

##### **Economic Adjustments**

Reflects a net cost reduction of \$8.5 million Gross (\$4.2 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

#### CHILDREN'S SERVICES AGENCY – CHILD WELFARE

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

Decreases funding for child welfare programs by \$31.1 million Gross (\$22.8 million GF/GP) for FY 2023-24 based on current caseload projections for Adoption Subsidies, Child Care Fund, and Foster Care Payments. Amount also includes \$499,500 GF/GP savings from changes in the FY 2023-24 FMAP up to 64.94% and with a first quarter, pandemic-related enhancement of 1.5% of additional E-FMAP.

##### **Task Force for Juvenile Justice Reform Recommendations**

Includes \$32.8 million Gross (\$32.2 million GF/GP) to implement recommendations from the Task Force on Juvenile Justice Reform. Recommendations include a proposed statutory change to increase the Child Care Fund reimbursement rate from 50% to 75% for community-based juvenile justice services. Also includes an additional 12.0 FTEs for Bay Pines and Shawono juvenile facilities.

**Family Maintenance Payment Increase**

Includes \$19.3 million Gross (\$7.8 million GF/GP) to fund an 8% increase to daily maintenance payments for foster parents, adoptive parents, and juvenile guardians. The increase would put Michigan's daily maintenance payment above the national average.

**Foster Care Respite Services**

Includes \$15.1 million GF/GP to implement a statewide foster care respite network to provide temporary, occasional relief to existing foster parents with the goal of keep existing foster homes open. Funding will be used for daily rate payments to licensed and closed foster homes for short-term respite services as well as for the creation of six specialized caregiver support contracts.

**PUBLIC ASSISTANCE****Public Assistance Caseload Adjustments**

Includes an increase of \$1.1 billion Gross (\$12.4 million GF/GP) to support estimated public assistance program caseloads for FY 2022-23 and FY 2023-24. Increased costs are largely driven by an increase in federally-funded Supplemental Nutrition Assistance Program (SNAP) revenues for Food Assistance Program (FAP) cases.

**BEHAVIORAL HEALTH SERVICES****Multicultural Integration**

Includes \$8.6 million GF/GP on a one-time basis for multicultural integration programming. Program also received one-time funding of \$8.6 million in FY 2022-23.

**First Responder Mental Health Funding**

Includes \$5.0 million GF/GP on a one-time basis for first responder mental health supports. Program also received one-time funding of \$10.0 million in FY 2022-23.

**PUBLIC HEALTH AND AGING SERVICES****Racial Disparity Task Force Initiatives**

Includes \$58.0 million Gross (\$52.5 million GF/GP) and authorizes 15.0 FTE positions to support community health services targeted to assist high health disparity regions within the state, including neighborhood health grants, mobile health units, community zone sites, IT and data collection improvements, and sickle cell anemia programming. Amount includes \$17.0 million Gross (\$12.0 million GF/GP) on a one-time basis.

**Healthy Homes Program Expansion for Drinking Water Quality**

Increases healthy homes funding by \$122.5 million GF/GP and adds 45.0 FTE to support lead investigations and abatements, and community-based testing and water distribution. Amount includes one-time funding of \$100.0 million GF/GP to replace filters, faucets, and plumbing and to support data sharing infrastructure.

**Essential Local Public Health Services Increase**

Adds \$30.0 million GF/GP to provide local health departments ongoing support with statutorily-mandated essential local public health services.

**Community Violence Prevention Initiative**

Adds a total of \$10.8 million Gross (\$5.8 million GF/GP) to increase ongoing violence prevention funding by \$800,000 GF/GP to establish an Office of Community Violence Services and to include one-time funding of \$10.0 million Gross (\$5.0 million GF/GP) to reduce firearm related injuries and fatalities and to support community-based organizations that provide community violence intervention services.

**Population Health - Healthy Moms Healthy Babies**

Includes \$10.0 million GF/GP for grants to local Michigan Perinatal Quality Collaboratives, which aims to improve health outcomes for mothers and babies.

**HEALTH SERVICES****Medicaid Reimbursement Rate Increases**

Includes \$120.7 million Gross (\$32.7 million GF/GP) for reimbursement rate increases for Medicaid services including, professional services, laboratory, anesthesia, durable medical equipment, and traumatic brain injury.

**Children’s Special Health Care Services Expansion**

Includes \$4.0 million Gross (\$3.3 million GF/GP) for an expansion of the Children’s Special Health Care Services (CSHCS) program to allow eligible recipients to remain enrolled until the age of 26.

**Medicaid Recuperative Care Benefit Inclusion**

Includes \$5.0 million Gross (\$2.2 million GF/GP) to add recuperative care as a Medicaid-covered benefit for Medicaid recipients experiencing homelessness. Recuperative care would include acute and post-acute care for individuals who do not require hospitalization.

**Health Services – Healthy Moms, Healthy Babies**

Includes \$58.3 million Gross (\$22.4 million GF/GP) to support hospital-based maternal health incentives through the Alliance for Innovation in Maternal Health (AIM), eliminate a 5-year waiting period for legally residing immigrant children and pregnant women, CenteringPregnancy care model sites, and include a Medicaid eligibility benefit that would cover only family-planning services (known as, Plan First!).

**Medicaid Ambulance Rates**

Adds \$13.9 million Gross (\$3.5 million GF/GP) to keep Medicaid ambulance rates aligned with a recent Medicare rate increase.

**Medicare Buy-In Compliance**

Includes \$11.1 million GF/GP to comply with the federally mandated inclusion of Medicare Part B premium reimbursements for Medicaid recipients that are eligible for both Medicare and traditional Medicaid (dual-eligible).

**Transitional Costs for Medicaid Nursing Home Reimbursement Change**

Includes \$110.0 million Gross (\$102.0 million GF/GP) on a one-time basis in temporary financial assistance for nursing facilities as Medicaid reimbursements move away from a cost settlement reimbursement model to more of an acuity-based model. Amount includes \$10.0 million Gross (\$2.0 million GF/GP) for IT changes related to the reimbursement model change.

**Supplemental Recommendations for FY 2022-23 Appropriations**

**Traditional Medicaid Cost Adjustments**

Includes a net-increase of \$179.9 million Gross (reduction of \$562.8 million GF/GP) for traditional Medicaid caseload, cost, utilization, and financing adjustments. Adjustment includes \$672.9 million in GF/GP savings from the continuation of enhanced FMAP of 6.2% in quarters 1 and 2, 5.0% in quarter 3, and 2.5% in quarter 4. Gross increase is primarily associated with revising the assumed eligibility redetermination date from October 1, 2022 to April 1, 2023.

**Healthy Michigan Plan (HMP) Cost Adjustments**

Includes an increase of \$714.2 million Gross (\$71.4 million GF/GP) to Healthy Michigan Plan caseload, cost, and utilization adjustments. Increase is primarily associated with revising the assumed eligibility redetermination date from October 1, 2022 to April 1, 2023.

**Medicaid Electronic Visit Verification**

Includes \$14.2 million GF/GP from federal financial FMAP penalties from noncompliance with electronic visit verification implementation requirements.

**CHILDREN’S SERVICES AGENCY – CHILD WELFARE**

**Child Welfare Caseload Adjustments**

Decreases funding for child welfare programs by \$25.3 million Gross (\$13.5 million GF/GP) for FY 2022-23 based on current caseload projections for Adoption Subsidies, Child Care Fund, and Foster Care Payments.

**Child Welfare E-FMAP Adjustment**

Includes \$12.2 million GF/GP savings from the continuation of enhanced FMAP of 6.2% in quarters 1 and 2, 5.0% in quarter 3, and 2.5% in quarter 4. GF/GP savings are offset with a like amount of federal E-FMAP reimbursements.

**Foster care Education Pilot Program**

Includes \$1.7 million in federal funding to establish a scholarship program in partnership with state universities to provide tuition stipends, field placements, and cover other educational expenses for students seeking a Bachelor of Social Work or Master of Social Work. In exchange, students are obligated to work for Michigan child welfare agencies for one year.



## **PUBLIC ASSISTANCE**

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

Includes \$773.5 million Gross (\$8.8 million GF/GP) for public assistance caseload adjustments. In particular, the Food Assistance Program is adjusted by \$762.7 million federal.

### ***Public Assistance Coronavirus State Fiscal Recovery Programs***

Includes \$115.0 million federal state fiscal recovery funds for 3 public assistance-related programs, \$50.0 million for energy-related housing renovations of low-time renters and homeowners, \$25.0 million for pre-weatherization, and \$40.0 million for water shutoff protection.

## **PUBLIC HEALTH AND AGING SERVICES**

### ***Public Health American Rescue Plan Funds***

Provides \$174.4 million federal funds to improve public health workforce and infrastructure, expand emergency response efforts, strengthen sexually transmitted disease prevention and control program, and support immunization and vaccine efforts.

### ***Aging Services Federal Funds***

Includes \$1.8 million federal funds for long-term ombudsman services, and senior access to fresh fruits and vegetables.

## **HEALTH SERVICES**

### ***Medicaid Ambulance Rates***

Adds \$10.4 million Gross (\$2.3 million GF/GP) to keep Medicaid ambulance rates aligned with a recent Medicare rate increase.

### ***Pediatric Hospital Staffing***

Includes \$2.8 million GF/GP for hospital pediatric staffing in response to RSV and other diseases.

### ***Nursing Home Workforce***

Includes \$67.0 million federal state fiscal recovery funds for nursing home workforce development grant funding for nonprofit training organizations and nursing homes.

### ***Medicaid Home- and Community-Based Supplemental Programming***

Includes \$268.8.0 million in state restricted authorization to supplement current Medicaid home- and community-based services. Funding available through section 9817 of the federal American Rescue Plan Act that increased Medicaid reimbursements by 10%, which are then appropriated as state restricted funds to supplement existing home- and community-based services.

## Higher Education

Analyst: Perry Zielak

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	128,526,400	128,526,400	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	347,888,300	352,268,300	4,380,000	1.3
GF/GP	1,540,221,000	1,708,886,500	168,665,500	11.0
<b>Gross</b>	<b>\$2,016,635,700</b>	<b>\$2,189,681,200</b>	<b>\$173,045,500</b>	<b>8.6</b>

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **University Operations Increase**

Includes a net increase of \$68.9 million GF/GP for university operations, a 4.5% increase. This includes:

- \$61.2 million GF/GP increase to operations grants for universities, with all universities receiving a 4.0% increase.
- \$7.3 million GF/GP increase to fund the second year of a three-year phase-in of a \$4,500 funding floor based on fiscal year equated students (FYES).
- \$376,000 GF/GP increase based on FY 2021-22 North American Indian Tuition Waiver program costs reported by institutions.

Attainment of the operations increase and FYES floor funding would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.5% or \$676 (set at 5.0% or \$722 in the current year). Projected funding changes for universities would range from 3.7% to 9.1%. Total funding for operations would be \$1.6 billion Gross (\$1.3 billion GF/GP).

#### **Michigan State University Extension and AgBioResearch Programs Increase**

Includes a total increase of \$2.7 million GF/GP for MSU's AgBioResearch and Extension program funding. This includes an ongoing operations increase for the MSU AgBioResearch program of \$1.5 million GF/GP and an ongoing operations increase of \$1.3 million GF/GP for the MSU Extension program. These adjustments represent a 4.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$71.1 million GF/GP.

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

Removes \$70,000 School Aid Fund (SAF) for the state's share of the universities' MPERS UAAL contribution, a 100.0% decrease. The state's share is the difference between the calculated UAAL 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). Due to an one-time FY 2021-22 MPERS deposit, the amount needed for the state share was reduced due to no institution being above the payroll contribution cap based on projections from the Office of Retirement Services.

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

Increases reimbursement funding provided to universities by \$4.5 million SAF, a 95.7% increase, due to lowering the assumed rate of return for MPERS from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$9.1 million SAF.

#### **Michigan Achievement Scholarship**

Includes a net increase of \$100.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, a 40.0% increase, which is the funding source for Michigan Achievement Scholarships. The deposit includes a \$50.0 million GF/GP ongoing and a \$50.0 million GF/GP one-time deposit into the fund. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. After a total \$350.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, total funding for Michigan Achievement Scholarships would be \$350.0 million restricted.

***Michigan Competitive Scholarship***

Decreases funding for Michigan Competitive Scholarships by \$3.0 million GF/GP. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the anticipated phase-out of the scholarship program as students awards increase under the new Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$26.9 million Gross (\$2.9 million GF/GP).

**Supplemental Recommendations for FY 2022-23 Appropriations**

***Infrastructure, Technology, Equipment, and Maintenance (ITEM)***

Includes \$141.5 million GF/GP for ITEM. The funds would allow public universities to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual university allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.

***Student Wellness Fund***

Includes \$38.9 million GF/GP of one-time funding for the creation of the student wellness fund. The funds would allow public universities to identify and address student wellness and mental health needs through campus support services. Individual university allocations would be distributed based on calculated FY 2021-22 FYES enrollment.

## Insurance and Financial Services

Analyst: Marcus Coffin

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$736,500	\$732,100	(\$4,400)	(0.6)
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	72,581,900	72,398,700	(183,200)	(0.3)
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$74,335,500</b>	<b>\$74,147,900</b>	<b>(\$187,600)</b>	<b>(0.3)</b>
FTEs	390.5	390.5	0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Economic Adjustments**

Reflects decreased net costs of \$187,600 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Insulin Prescription Drug Market Study**

Includes \$500,000 GF/GP to conduct a study assessing Michigan's insulin market and opportunities to reduce the cost of insulin. The study would collect information and data from insurers, pharmacy benefit managers, pharmacies, and other entities involved in the manufacture and distribution of insulin products.

## Judiciary

Analyst: Robin R. Risko

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$1,902,300	\$1,902,300	\$0	0.0
<b>Federal</b>	6,340,300	6,751,300	411,000	6.5
<b>Local</b>	7,782,600	0	(7,782,600)	(100.0)
<b>Private</b>	1,524,200	1,523,900	(300)	0.0
<b>Restricted</b>	95,181,400	95,152,600	(28,800)	0.0
<b>GF/GP</b>	370,774,900	249,404,700	(121,370,200)	(32.7)
<b>Gross</b>	<b>\$483,505,700</b>	<b>\$354,734,800</b>	<b>(\$128,770,900)</b>	<b>(26.6)</b>
<b>FTEs</b>	537.0	588.0	51.0	9.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

#### ***Statewide Judicial Case Management System***

Includes a total of \$12.5 million GF/GP and 16.0 FTE positions for continued support of the statewide judicial case management system. Of the total, \$6.0 million would be used to support staff and other operating costs as trial courts transition to the system, and \$6.5 million would be used to offset user fee revenue that was previously paid by the trial courts that have already transitioned to the system.

#### ***Statewide Court Data Transparency Project***

Includes \$4.5 million in one-time GF/GP to support costs of improving data collection, reporting and analysis, and publication of court data through a public portal.

#### ***SADO MAACS Attorney Compensation***

Includes \$3.2 million GF/GP and 1.0 FTE position to create a cost-share grant program to support counties that increase pay rates for appellate counsel for indigent offenders that are assigned through the Michigan Appellate Assigned Counsel System. New rates would be consistent with rates adopted under Michigan Indigent Defense Commission standards.

#### ***Juvenile Justice Task Force Recommendations***

Includes a total of \$2.6 million GF/GP and 16.0 FTE positions to support recommendations #2 and #3 made by the Task Force on Juvenile Justice Reform. Of the total, \$2.0 million and 13.0 FTE positions would be used to create a Juvenile Justice Services Division within the State Court Administrative Office, and \$556,900 and 3.0 FTE positions would be used to expand the role of the State Appellate Defender's Office to include appellate defense for juvenile justice cases.

#### ***Resentencing of Juvenile Lifers***

Includes a total of \$2.6 million GF/GP and 18.0 FTE positions for the State Appellate Defender Office to ensure continued compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case (\$958,100 GF/GP and 7.0 FTE positions) and the Michigan Supreme Court rulings on the *People v. Parks*, *People v. Poole*, and *People v. Stovall* cases (\$1.6 million GF/GP and 11.0 FTE positions). Because mandatory life sentences without the possibility of parole for most juveniles, including 18-year-olds, convicted of certain offenses were ruled to be unconstitutional and life sentences for juveniles convicted of second-degree murder were ruled unconstitutional, resentencing of offenders is required. Resentencing hearings are required to take place before a judge, not a jury, and the appellate court is required to review trial court decisions in these cases for potential abuse of discretion. There are over 30 clients still waiting for resentencing hearings under the U.S. Supreme Court ruling and roughly 350 inmates eligible for resentencing hearings under the state court rulings.

#### ***District Court Judges' Salary Adjustments***

Includes \$504,900 GF/GP to cover costs of increased salaries for district court judges as required by 2022 PA 177. Public Act 177 requires an increase in compensation for district court judges to equal the compensation of probate court judges, effective October 1, 2022. Funding would also cover associated retirement and social security costs.

#### ***Supreme Court Security***

Includes \$415,000 GF/GP and 2.0 FTE positions to support costs of providing additional security for supreme court justices.

**Justice for All Initiative**

Includes \$475,000 GF/GP for continuing the Justice for All initiative implemented in the FY 2021-22 budget. The Justice for All initiative aims to simplify the court system, court rules, processes, and forms in order to increase court and community engagement and access to justice. Funding would be used for process improvements, pilot programs, training court personnel, and community outreach.

**Eliminate Current Year One-Time Funding**

Reduces the budget by \$151.4 million GF/GP and 7.0 FTE positions to reflect elimination of one-time funding included in the FY 2022-23 budget. Eliminated funding includes: \$150.0 million for Statewide Judicial Case Management System, \$962,900 (7.0 FTE positions) for SADO, \$249,300 for the Judicial Tenure Commission, and \$225,000 for judicial workload assessment.

**Economic Adjustments**

Reflects increased costs of \$2.7 million Gross (\$2.8 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2022-23 Appropriations****State Court Administrative Office**

Includes \$1.0 million GF/GP and 6.5 FTE positions to support recommendation #2 of the Task Force on Juvenile Justice Reform, which would create a Juvenile Justice Services Division within the State Court Administrative Office. The new division would coordinate implementation of risk and needs screening and assessment tools, provide technical assistance and quality assurance, and assist with coordination and development of statewide juvenile justice policies, funding, data collection, and reporting.

**Indigent Civil Legal Assistance**

Includes \$1.0 million GF/GP to offset a reduction in state restricted State Court Fund revenue. Under statute, 23% of State Court Fund revenues are allocated for grants to legal aid organizations to provide legal assistance and representation to indigent people involved in civil litigation. The State Court Fund receives revenue from various motion fees, justice system fees, civil filing fees, and service fees paid on child support payments.

**Resentencing of Juvenile Lifers**

Includes \$785,800 GF/GP and 5.5 FTE positions to ensure compliance with the recent Michigan Supreme Court rulings on the *People v. Parks*, *People v. Poole*, and *People v. Stovall* cases. Mandatory life sentences without the possibility of parole for 18-year-old offenders and life sentences for youthful offenders convicted of second-degree murder were ruled unconstitutional. Under these decisions, roughly 350 inmates are eligible for resentencing hearings.

**District Court Judges' Salary Adjustments**

Includes \$495,700 GF/GP to cover costs of increased salaries for district court judges as required by 2022 PA 177. Public Act 177 requires an increase in compensation for district court judges to equal the compensation of probate court judges, effective October 1, 2022. Funding would also cover associated retirement and social security costs.

## **Labor and Economic Opportunity**

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,459,595,000	1,168,548,800	(291,046,200)	(19.9)
Local	10,700,000	10,700,000	0	0.0
Private	12,430,700	12,539,200	108,500	0.9
Restricted	265,920,600	848,294,100	582,373,500	219.0
GF/GP	2,940,839,900	832,376,000	(2,108,463,900)	(71.7)
<b>Gross</b>	<b>\$4,689,486,200</b>	<b>\$2,872,458,100</b>	<b>(\$1,817,028,100)</b>	<b>(38.7)</b>
FTEs	2,593.9	2,622.9	29.0	1.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**

#### ***Strategic Outreach and Attraction Reserve (SOAR) Fund***

Recognizes \$500.0 million Gross for SOAR to be used to attract business projects and expansions to the state. Allocation to SOAR was proposed in HB 4001, but has yet to take effect.

#### ***Reconnect Program***

Includes \$10.2 million GF/GP to reflect current cost estimates of program; funding would total \$65.2 million with increase.

#### ***Revitalization and Placemaking Program***

Allocates \$50.0 million restricted funding to establish a grant program for the rehabilitation of vacant, underused, and blighted structures and to help develop traditional downtown infrastructure. Investment program would continue for 10 years under proposed statutory changes.

#### ***Pure Michigan***

Reduces Pure Michigan program funding by \$15.0 million federal coronavirus state fiscal recovery fund.

#### ***Michigan State Housing Development Authority (MSHDA) Staffing***

Includes authorization for 20.0 additional FTE positions to administer housing and rental assistance programs; additional staff would be supported with current appropriations.

#### ***Housing and Community Development Program – MSHDA***

Allocates \$50.0 million restricted funding to expand access to affordable housing and revitalize downtown areas.

#### ***Michigan Regional Empowerment Program***

Includes \$200.0 million GF/GP one-time funding for a competitive grant program for regional economic development projects that would support the growth and development of regional economies.

#### ***Insulin Affordability and Manufacturing Attraction***

Includes \$150.0 million GF/GP one-time funding to attract manufacturing facilities to produce low-cost interchangeable biosimilar insulin or other insulin products to help lower the costs of insulin in the state.

#### ***Community Downtown Economic Development Program***

Includes \$100.0 million GF/GP one-time funding for a competitive grant program to support community development and placemaking projects in downtown areas.

#### ***Student Wraparound Services and Basic Needs Supports***

Includes \$30.0 million GF/GP one-time funding for public colleges and universities and tribal colleges for wraparound services to provide support to students and help improve graduation and completion rates.

#### ***College Success Fund***

Includes \$25.0 million GF/GP one-time funding for competitive grants to higher education institutions to adopt national best practices to help improve student retention and completion rates.

***Talent Retention and Expansion in Key Industries Program***

Includes \$20.0 million GF/GP one-time funding for employer-led collaboratives to help meet the talent needs of businesses and develop targeted solutions to talent shortages.

***Child Savings Accounts***

Includes \$10.0 million GF/GP one-time funding for additional child savings account pilot programs in the state.

***Outdoor Recreation Business Development***

Includes \$10.0 million GF/GP one-time funding to provide support for outdoor recreation businesses, including outdoor retailers, supply companies, and service providers.

***Removal of One-Time Strategic Outreach and Attraction Reserve Fund Deposit***

Removes \$846.1 million GF/GP FY 2022-23 funding for a one-time deposit into the SOAR fund.

***Removal of Supplemental Funding***

Removes \$873.0 million Gross (\$633.0 million GF/GP) appropriated in 2023 PA 1 for various one-time funding projects.

***Removal of Enacted Budget One-Time Appropriations***

Removes \$1.2 billion GF/GP funding appropriated in FY 2022-23 budget for various one-time projects.

***Economic Adjustments***

Reflects reduced costs of \$1.5 million Gross (\$50,400 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2022-23 Appropriations**

***Tri-Share Child Care Program***

Unappropriates and reappropriates funding for the Tri-Share Child Care program in order to revise boilerplate language to allow funding to be allocated for new hubs, as long as existing hubs receive needed support.

***Workforce Development Programs***

Includes \$7.5 million additional federal funding for workforce development programs.

***Wage and Hour Outreach and Education Program***

Includes \$1.8 million Gross (\$1.5 million GF/GP) and 2.0 FTE authorizations for an education and outreach program to workers and employers concerning minimum wage and other employment laws.

***Michigan Community Service Commission***

Includes \$7.3 million federal funding to support the AmeriCorps program in the state.

***Strategic Outreach and Attraction Reserve (SOAR) Fund***

Recognizes \$500.0 million Gross for SOAR to be used to attract business projects and expansions to the state. Allocation to SOAR was proposed in HB 4001, but has yet to take effect.

***Revitalization and Placemaking Program***

Allocates \$50.0 million restricted funding for a grant program for the rehabilitation of vacant, underused, and blighted structures and to help develop traditional downtown place-based infrastructure. Investment program would continue for 10 years under proposed statutory changes.

***Housing and Community Development Program – MSHDA***

Allocates \$50.0 million restricted funding to expand access to affordable housing and revitalize downtown areas.

***Global Epicenter of Mobility – Detroit***

Includes \$5.0 million federal funding for the Office of Future Mobility and Electrification to support the mobility industry.



**Office of Global Michigan**

Includes \$7.0 million federal funding for services to specific Ukrainian populations and other non-Ukrainian individuals.

**State Digital Equity Planning Grant**

Includes \$1.3 million federal funding to develop a state digital equity plan in order to qualify for additional federal funding.

**Community Development Block Grant – Disaster Recovery**

Appropriates \$7.9 million federal disaster recovery funding to help mid-Michigan address the severe storms in June 2021.

**Special Events and National Convention Attraction**

Includes \$10.0 million GF/GP to be used to promote Michigan as a destination for special events such as national conventions, conferences, or major sporting events.

**ARP – Electric Vehicle (EV) Charging Infrastructure**

Includes \$65.0 million federal coronavirus state fiscal recovery fund to expand access to EV charging stations.

**ARP – Going Pro**

Includes \$35.0 million federal coronavirus state fiscal recovery fund to further expand employer training grants in program.

**ARP – Michigan Reconnect Expansion to 21**

Includes \$140.0 million federal coronavirus state fiscal recovery fund to temporarily expand program to eligible students over 21 years old whose education was interrupted by the pandemic.

**ARP – Reconnect Bachelor's Degree Pathway**

Includes \$75.0 million federal coronavirus state fiscal recovery fund to help eligible students whose college career was interrupted by the pandemic to provide a way to earn a bachelor's degree.

**ARP – Michigan Main Street Recovery Initiative**

Includes \$135.0 million federal coronavirus state fiscal recovery fund for grants to small businesses affected by the pandemic.

**ARP – Pure Michigan**

Includes \$15.0 million federal coronavirus state fiscal recovery fund for the Pure Michigan program.

**ARP – Retraining and Retooling Fund**

Includes \$35.0 million federal coronavirus state fiscal recovery fund to provide small manufacturers with matching grants, technical assistance, and support for helping workers to earn credentials.

**ARP – Migratory Agriculture Worker Housing**

Includes \$15.0 million federal coronavirus state fiscal recovery fund for housing needs for migratory workers in the food and agriculture industry.

**ARP – Attainable Homeownership and Apprenticeship Program**

Includes \$10.0 million federal coronavirus state fiscal recovery fund for a program to help individuals acquire, renovate, and sell properties in land banks; requires paid apprentices on each renovation site.

**ARP – EDA Statewide Planning Grant**

Includes \$1.0 million federal funding for a grant for statewide planning efforts to improve local economic economies.

## Licensing and Regulatory Affairs

Analyst: Marcus Coffin

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$47,026,900	\$46,897,200	(\$129,700)	(0.3)
Federal	29,659,200	30,004,200	345,000	1.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	249,325,900	256,838,700	7,512,800	3.0
GF/GP	213,822,400	266,731,100	52,908,700	24.7
<b>Gross</b>	<b>\$539,834,400</b>	<b>\$600,471,200</b>	<b>\$60,636,800</b>	<b>11.2</b>
FTEs	1,879.9	1,891.9	12.0	0.6

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Michigan Indigent Defense Commission (MIDC) Grants Standard 8 Compliance Costs**

Includes \$42.2 million GF/GP for costs incurred by district and circuit court funding units for compliance with MIDC Standard 8, which pertains to attorney compensation. District and circuit court funding units receive grants to implement plans to ensure compliance with approved MIDC standards.

#### **MIDC Grants Existing Standards Funding Increase**

Includes an additional \$29.8 million GF/GP for costs incurred by district and circuit court funding units for continued compliance with MIDC standards 1, 2, 3, 4, and 5 and the indigency standard. Standards 1, 2, 3, 4, and 5 relate to education and training of defense counsel, timing and location of attorney-client interviews, defense investigations and experts, presence of counsel at first appearance and other trial stages, and indigent defense system independence from the judiciary, respectively.

#### **Low Carbon Energy Infrastructure Enhancement and Development**

Removes \$25.0 million GF/GP that supported grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing low carbon energy facilities.

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

Includes \$5.0 million GF/GP (one-time) to provide a grant to the Michigan Saves green bank which would be used to leverage private loans for clean energy and green projects.

#### **Cannabis Regulatory Agency Reference Laboratory**

Includes \$4.4 million of state restricted funding authorization (\$1.6 million ongoing; \$2.8 million one-time) and 5.0 FTE positions to construct and staff a reference laboratory that would provide assistance for CRA regulatory activities, investigations, and inspections.

#### **Economic Adjustments**

Reflects decreased net costs of \$1.3 million Gross (\$104,300 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **Bureau of Construction Codes Homeowners Construction Lien Recovery Fund**

Includes \$335,000 of state restricted funding authorization from the Homeowners Construction Lien Recovery Fund to address a backlog of consumer complaints against residential builders and maintenance and alteration contractors received by the BCC.

#### **Industrial Hemp Program**

Includes \$300,000 of state restricted funding authorization from the Industrial Hemp Licensing and Registration Fund to support LARA's regulation of hemp processor/handlers.

## Military and Veterans Affairs

Analyst: Michael Cnossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$101,800	\$101,800	\$0	0.0
<b>Federal</b>	200,364,300	134,445,400	(65,918,900)	(32.9)
<b>Local</b>	0	0	0	--
<b>Private</b>	640,000	100,000	(540,000)	(84.4)
<b>Restricted</b>	18,794,900	14,213,400	(4,581,500)	(24.4)
<b>GF/GP</b>	142,465,000	91,543,500	(50,921,500)	(35.7)
<b>Gross</b>	<b>\$362,366,000</b>	<b>\$240,404,100</b>	<b>(\$121,961,900)</b>	<b>(33.7)</b>
<b>FTEs</b>	1,063.5	1,074.5	11.0	1.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Selfridge Air National Guard Base**

Provides \$10.0 million GF/GP to undertake infrastructure improvements at Selfridge Air National Guard base to be nationally competitive to attract next-generation aircraft flying missions.

#### **MVFA Veterans Homes Operating Budget Adjustments**

Provides \$12.4 million Gross (\$10.9 million GF/GP) to align funding with ongoing operational costs of the state's three veterans homes as operating costs stabilize and reflect anticipated occupancy levels at the new facilities for the Chesterfield Township Home for Veterans and the Grand Rapids Home for Veterans. \$3.0 million of this amount is designated as one-time funding and would support the Grand Rapids Home for Veterans.

#### **MVAA Veterans Suicide Prevention**

Provides \$1.2 million GF/GP to conduct an outreach campaign targeting current and former servicemembers and their families on reducing suicide incidents. The campaign would be part of Governor's Challenge effort, in partnership with VA Substance Abuse and Mental Health Services Administration, to develop suicide prevention policy.

#### **Federal NG Bureau Unallowable Costs Backfill**

Provides \$569,200 GF/GP to cover costs for military leave and firefighter's compensatory time that are no longer eligible for federal reimbursement under the federal National Guard Bureau's cooperative agreement.

#### **Selfridge Facilities Personnel Increase**

Provides \$1.5 million Gross (\$269,000 GF/GP) and 13.0 FTE positions for facilities operations and maintenance staff at Selfridge Air National Guard Base. The increased authorization would bring personnel counts to the full state personnel authorized amount under the National Guard Bureau's cooperative agreement.

#### **MVAA VA Claims Assistance Positions**

Provides \$750,000 GF/GP and 5.0 FTE positions to hire additional veteran service officers to accommodate an increased demand for claims assistance as a result of the enactment of the federal Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act which extends VA health care and benefits to approximately 100,000 Michigan veterans exposed to burn pits, Agent Orange, and other toxic substances.

#### **Economic Adjustments**

Reflects decreased costs of (\$819,200) Gross ((\$335,900) GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### **SSG Parker Gordon Fox Suicide Prevention Federal Grant Program**

Provides \$750,000 Gross (\$0 GF/GP) in federal funds authorized under the VA Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program. Grants are awarded to eligible entities that provide outreach for suicide prevention services. The Funding would build off of work initiated from the \$1.2 million FY 2022-23 appropriation for suicide prevention outreach being done through the Governor's Challenge initiative.

## Natural Resources

Analyst: Austin Scott

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$203,100	\$202,600	(\$500)	(0.2)
Federal	93,630,000	100,409,600	6,779,600	7.2
Local	0	0	0	--
Private	7,039,200	7,289,200	250,000	3.6
Restricted	340,206,500	356,126,400	15,919,900	4.7
GF/GP	94,404,000	120,136,100	25,732,100	27.3
<b>Gross</b>	<b>\$535,482,800</b>	<b>\$584,163,900</b>	<b>\$48,681,100</b>	<b>9.1</b>
FTEs	2,418.8	2,546.5	127.7	5.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### ***Belle Isle Park Infrastructure (One-Time)***

Appropriates \$43.0 million GF/GP for physical plant renovations, maintenance, and safety upgrades at Belle Isle Park in Wayne County.

#### ***Invasive Species Prevention and Control***

Provides \$11.9 million GF/GP and authorizes 12.0 FTE positions to establish a team to address invasive species and habitat deterioration; \$5.8 million GF/GP is appropriated on a one-time basis.

#### ***Nature Awaits***

Appropriates \$4.0 million GF/GP for grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system.

#### ***Wildfire Protection and Technology***

Provides \$3.7 million GF/GP and authorizes 22.0 FTE positions to expand state firefighting personnel and equipment.

#### ***General Law Enforcement***

Appropriates \$3.5 million GF/GP for pay increases to Conservation Officers to approach compensation rates of comparable law enforcement personnel, including the Michigan State Police.

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

Reflects decreased costs of \$646,400 Gross (\$41,300 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### ***Brandon Road Lock and Dam***

Appropriates \$64.0 million GF/GP as Michigan's share of nonfederal match for the planning and construction of the Brandon Road Interbasin Project to block invasive carp from Lake Michigan; \$8.0 million was appropriated from Michigan Infrastructure Fund for this multistate project in 2020 PA 150.

#### ***State Game and Wildlife Area Infrastructure***

Provides \$2.3 million GF/GP for the repair or removal of the damaged Net River Dam in Baraga County.

#### ***State Parks***

Appropriates \$1.3 million Gross (\$800,000 GF/GP) to fund initial operations at the forthcoming Flint State Park (\$800,000 GF/GP) and to replace Belle Isle Park revenue lost due to the relocation of the grand prix race (\$450,000 from the Park Improvement Fund).

#### ***Office of Public Lands***

Provides \$1.7 million in restricted funding to support the current sales and expansion of the carbon offset credit program.

## School Aid

Analysts: Jacqueline Mullen and Noel Benson

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,524,243,500	2,253,043,500	(271,200,000)	(10.7)
Local	0	0	0	--
Private	0	0	0	--
Restricted	16,966,472,900	18,564,768,300	1,598,295,400	9.4
GF/GP	124,200,000	73,700,000	(50,500,000)	(40.7)
<b>Gross</b>	<b>\$19,614,916,400</b>	<b>\$20,891,511,800</b>	<b>\$1,276,595,400</b>	<b>6.5</b>

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Foundation Allowance**

Increases by \$614.0 million to increase the Target foundation allowance by \$458 to \$9,608, a 5.0% increase.

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

Reduces cyber school foundation allowances to 80% of the Target foundation, or \$7,687 per pupil, creating an estimated cost savings of \$42.0 million.

#### **Early Literacy**

Increases funding for early literacy programs by \$328.2 million Gross, including: \$300.0 million School Aid Fund (SAF) for improving literacy instructional practices; an increase of \$10.5 million SAF for a total of \$42.0 million SAF for early literacy coaches; an increase of \$14.5 million SAF for a total of \$34.4 million SAF for added instructional time; \$1.2 million SAF for regional early literacy hubs; and \$2.0 million Federal Coronavirus State Fiscal Recovery (CSFR) Fund for literacy hub parent outreach.

#### **School Safety**

Provides \$318.0 million Gross (\$18.0 million GF/GP) for per-pupil payments over two fiscal years to districts, ISDs, and nonpublic schools to improve student safety. This section also provided a one-time appropriation of \$168.0 million Gross (\$18.0 million GF/GP) for districts and nonpublic schools (did not include ISDs) in FY 2022-23.

#### **Per-Pupil Mental Health Grant**

Provides \$300.0 million SAF over two fiscal years for per-pupil payments to districts for activities to improve student mental health. This section also provided a one-time appropriation of \$150.0 million SAF in FY 2022-23.

#### **Service Consolidation Grants**

Provides \$245.0 million School Consolidation and Infrastructure Fund for grants to districts and ISDs to support the initial costs of consolidating services identified in an ISD feasibility study.

#### **Universal School Breakfast and Lunch**

Provides \$160.0 million SAF to provide free school lunch and breakfast for all PreK-12 students when combined with other available federal and state funding. Also appropriates an additional \$1.0 million SAF to forgive outstanding student meal debt.

#### **MI Clean School Bus Grants**

Provides \$150.0 million SAF for matching grants to districts, ISDs, or district-contracted school bus companies to support 70% to 90% of the cost to purchase low or no greenhouse gas emission buses.

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

Increases by \$90.5 million Gross (including the elimination of \$83.0 million Federal) for a total of \$542.6 million SAF for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child in line with the Target foundation increase, from \$9,150 to \$9,608 for a full-day program and from \$4,575 to \$4,804 for a part-day program. Also increases the eligibility threshold from 250% of the federal poverty guidelines to 300% and increases the allocation for transportation from \$10.0 million to \$28.0 million.

**Special Education Foundation Allowances**

Provides \$79.9 million SAF to reduce the amount of a special education pupil's foundation allowance that counts toward special education costs from 25% to 12.5%.

**At-Risk**

Increases by \$64.7 million SAF for a total of \$812.2 million SAF to continue to fully fund payments at 11.5% of the Target foundation allowance. Payments would be \$1,105 per economically disadvantaged student.

**Partnership Model Districts Supplemental Funding**

Provides \$36.0 million SAF over three fiscal years for supplemental funding for partnership districts to improve student achievement and district financial stability.

**Mathematics Teaching and Learning**

Provides \$30.0 million SAF for grants to districts and ISDs to support mathematics education through capacity building, instructional materials, math recovery specialists, and personalized support programs.

**Mentoring Grants**

Provides \$25.0 million SAF for grants to districts for mentoring to support and retain new teachers, school counselors, and administrators. Allowable expenditures include: stipends and training for mentors; books, materials, professional learning expenses, and other resources; and staffing costs to cover time dedicated to mentoring. Includes a \$500,000 competitive grant to assist MDE with the development of research-based mentor standards, curriculum, and professional learning. Also includes a \$500,000 competitive grant to conduct a program evaluation.

**Before and After School Programs**

Provides \$25.0 million Federal CSFR Fund for competitive grants for before and after school programs and summer school programs. Requires at least 60% of funding to go to community-based organizations. This section also provided a one-time appropriation of \$25.0 million Federal CSFR Fund in FY 2022-23.

**School-Based Health Center Facility Upgrades**

Provides \$25.0 million SAF for school-based health centers to modernize medical equipment, improve security and patient safety measures, invest in new patient-centered technologies, and renovate physical space.

**Three-Year-Old GSRP Pilot Program**

Provides \$18.0 million Federal CSFR Fund over three years to Clinton County RESA for a three-year-old preschool program pilot to provide services to children who meet the eligibility criteria for GSRP. This section also provided a one-time appropriation of \$2.2 million SAF in FY 2022-23.

**Rural Educator Credentialing Hub Pilot**

Provides \$15.0 million SAF for a grant to an educator preparation institution to, in conjunction with a consortium of other institutions and rural districts, pilot a rural educator credentialing hub to support prospective educators through certifications and career experiences.

**Free Application for Federal Student Aid (FAFSA) Completion Challenge**

Provides \$15.0 million SAF for districts to improve FAFSA completion rates. Provides payments of \$50 per 12th grade student and an additional \$50-\$100 per 12th grade student who submits the FAFSA (depending on date submitted).

**Adult Education Innovation Programs**

Provides \$15.0 million SAF for districts, ISDs, and community colleges to provide programs to improve enrollment in and completion of adult basic education programs.

**Countercyclical Budget and Foundation Stabilization Fund Deposit**

Creates the Countercyclical Budget and Foundation Stabilization Fund to be used when proration of payments is required under Sec. 296. Deposits \$900.0 million SAF into the fund.

**Economic Adjustments**

Reflects reduced costs of \$45,200 Gross, including a reduction of \$43,700 GF/GP, for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

## **Supplemental Recommendations for FY 2022-23 Appropriations**

### ***MI Healthy Schools Grant Program***

Provides \$300.0 million SAF for competitive grants to schools to lower energy costs and improve health outcomes at school facilities.

### ***MI Kids Back on Track Program***

Provides \$300.0 million SAF for per-pupil payments to districts to implement a MI Kids Back on Track plan to address unfinished learning. Requires districts to provide a 100% funding match.

### ***GSRP Start Up and Expansion Grants***

Provides a total of \$135.0 million Gross (\$0 GF/GP) as follows: \$75.0 million Federal CSFR Fund for grants of \$75,000 to GSRP programs that expand to 5 days a week and add additional weeks to the program year; \$50.0 million SAF for grants of up to \$25,000 for each new or expanded GSRP classroom; and \$10.0 million Federal CSFR Fund for a multi-year statewide awareness campaign.

### ***Detroit Public Schools Community District (DPSCD) Settlement Payment***

Provides \$94.4 million SAF for DPSCD for literacy-related programs and initiatives. This grant is intended to fulfill a state agreement in the *Gary B. v. Whitmer* settlement.

### ***Early Childhood Workforce Project***

Provides \$50.0 million Federal CSFR Fund to assess early childhood workforce needs; promote clear career pathways; align professional development, certificates, and degrees; develop alternative training programs; and pilot recruitment and retention projects.

### ***Talent Together Coalition***

Provides \$25.0 million SAF for per-pupil payments to ISDs and consortia of ISDs to partner with an eligible nonprofit to support teacher recruitment and retention, teacher certification programs, school leader development programs, and other activities to support educator talent efforts.

### ***Fund Deposits***

Deposits an additional \$500.0 million SAF into the MPSERS Obligation Reform Reserve Fund for a total of \$925.0 million; \$500.0 million SAF into the School Consolidation and Infrastructure Fund; and \$25.0 million SAF into the Educator Fellowship Public Programs Fund.

## State Police

Analyst: Marcus Coffin

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$25,502,400	\$26,244,400	\$742,000	2.9
<b>Federal</b>	81,804,300	87,849,400	6,045,100	7.4
<b>Local</b>	4,904,500	4,904,800	300	0.0
<b>Private</b>	35,000	35,000	0	0.0
<b>Restricted</b>	158,750,400	165,785,600	7,035,200	4.4
<b>GF/GP</b>	572,709,200	602,852,300	30,143,100	5.3
<b>Gross</b>	<b>\$843,705,800</b>	<b>\$887,671,500</b>	<b>\$43,965,700</b>	<b>5.2</b>
<b>FTEs</b>	3,757.0	3,832.0	75.0	2.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### ***In-Service Training***

Includes \$18.2 million GF/GP and 7.0 FTEs to support in-service training activities as a requirement for law enforcement licensure.

#### ***FY 2023-24 Trooper Recruit School***

Includes \$9.0 million GF/GP (\$4.2 million ongoing; \$4.8 million one-time) and 50.0 FTEs to support an FY 2023-24 trooper recruit school that is projected to graduate 50 troopers. Costs that would be covered include trooper outfitting and training costs.

#### ***FY 2022-23 Trooper Recruit School Annualization***

Includes \$4.5 million GF/GP to support salaries, benefits, and administrative costs (IT, fleet, etc.) associated with 50 troopers expected to graduate the FY 2022-23 trooper recruit school.

#### ***Michigan Justice Training Fund***

Includes an additional \$4.2 million in state restricted funding authorization from the Michigan Justice Training Fund, which supports FTE-based grants to law enforcement agencies for training licensed law enforcement officers and application-based grants for training criminal justice staff (includes law enforcement, corrections, prosecution, criminal defense, and inter-disciplinary training).

#### ***Gun Violence Prevention***

Includes \$1.9 million GF/GP (\$725,000 ongoing; \$1.2 million one-time) to establish 5 National Integrated Ballistic Information Network testing locations. The testing locations would process firearms evidence and enter it into the national database, which would improve law enforcement coordination.

#### ***Crime Victim Support Program***

Includes \$1.9 million GF/GP and 14.0 FTEs to place two full-time crime victim advocates within each of MSP's seven districts. Advocates would collaborate with federal, state, and local agencies to coordinate services and address the needs of crime victims.

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

Reflects increased costs of \$24.8 million Gross (\$21.5 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2022-23 Appropriations

#### ***Strategic Training Initiatives***

Includes \$50.4 million GF/GP to support new construction projects and upgrades to MSP training facilities that are utilized by MSP personnel and other first responders.



## Transportation

Analyst: William E. Hamilton

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
<b>IDG/IDT</b>	\$4,123,800	\$4,353,000	\$229,200	5.6
<b>Federal</b>	2,026,480,000	2,090,121,400	63,641,400	3.1
<b>Local</b>	85,773,500	85,773,500	0	0.0
<b>Private</b>	16,800,000	16,800,000	0	0.0
<b>Restricted</b>	3,905,021,600	4,082,402,000	177,380,400	4.5
<b>GF/GP</b>	91,250,000	303,000,000	211,750,000	232.1
<b>Gross</b>	<b>\$6,129,448,900</b>	<b>\$6,582,449,900</b>	<b>\$453,001,000</b>	<b>7.4</b>
<b>FTEs</b>	3,056.3	3,224.3	168.0	5.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

#### **Michigan Bridge Bundling Initiative**

Requests \$200.0 million GF/GP (one-time) for program to replace or rehabilitate bridges identified as in serious or critical condition. Supporting budget documents indicate that there are 15 to 35 eligible bridges under local road agency jurisdiction, with six eligible bridges on the state trunkline system. The request follows on a FY 2021 bridge bundling initiative that used federal COVID-19 relief funds to reconstruct or rehabilitate eligible bridges under local jurisdiction.

#### **Intermodal Capital Investment Grants**

Requests \$160.0 million Gross (\$100.0 million GF/GP) in one-time funding to address capital needs related to rail, marine, intercity, and local public transportation. The state restricted Comprehensive Transportation Fund (CTF) would provide the \$60.0 million balance.

#### **MI Contracting Opportunity**

Requests \$3.0 million GF/GP to enhance participation of socially or economically disadvantaged groups in contracting and supply for transportation programs.

#### **MTF to Local Road Agencies**

Recognizes \$2.0 billion in Michigan Transportation Fund (MTF) for distribution to local road agencies (county road commission, cities/villages), an increase of \$39.0 million as compared to current year budget. Both the current year and FY 2023-24 figures are based on MTF revenue estimates; actual distributions will be based on actual revenue.

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

Proposes \$15.0 million CTF increase in state operating assistance to 78 public transit agencies in Michigan, bringing total CTF funding to \$216.7 million. Budget also recognizes \$121.6 million in federal capital grants available for transit program – an increase of \$43.6 million from current year. The increase reflects anticipated federal aid for Michigan transit programs.

#### **Economic Adjustments**

Reflects net decrease in estimated costs of \$84,800 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.





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