

REVIEW AND ANALYSIS
OF THE
FY 2021-22
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

February 2021

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February 26, 2021

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2021-22 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2021-22 and FY 2022-23. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by the Agency economist.

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

Specific funding amount in an appropriations bill that establishes spending authorization for a particular program or function.

Boilerplate

Specific language sections in an appropriations bill that direct, limit, or restrict line-item expenditures, express legislative intent, and/or require reports.

Lapse

Appropriated amounts that are unspent or unobligated at the end of a fiscal year; appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project

Account authorized through statutory process that allows appropriated spending authorization from one fiscal year to be utilized for expenditures in a succeeding fiscal year or years for a specific project or purpose.

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

Authority to expend funds for a particular purpose. An appropriation is not a mandate to spend.

Gross: Total of all applicable appropriations in an appropriations bill.

Adjusted Gross: Net amount of gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Interdepartmental Grant (IDG) Revenue

Funds received by one state department from another state department, usually for service(s) provided.

Intradepartmental Transfer (IDT) Revenue

Funds transferred from one appropriations unit to another within the same departmental budget.

Federal Revenue

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

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, or gifts and bequests.

State Restricted Revenue

State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue; at year-end, unexpended restricted revenue generally remains in the restricted fund.

General Fund/General Purpose (GF/GP) Revenue

Unrestricted general fund revenue available to fund basic state programs and other purposes determined by the legislature; unexpended GF/GP revenue lapses to the General Fund at the end of a fiscal year.

MAJOR STATE FUNDS

General Fund

The state's primary operating fund; receives state revenue not dedicated to another state fund.

School Aid Fund (SAF)

A restricted fund that serves as the primary state funding source for K-12 schools and Intermediate School Districts. Constitutionally, SAF revenue may also be used for postsecondary education.

Budget Stabilization Fund

The Countercyclical Economic and Budget Stabilization Fund (also known as the "rainy day fund"); the Management and Budget Act provides guidelines for making deposits into and withdrawals from the fund.

FY 2021-22 Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Appropriation Summary Tables

FY 2021-22 Executive Recommendation BUDGET OVERVIEW

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

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

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

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
Adjusted Gross	\$61,933.3	\$65,884.9	\$3,951.6	6.4%
Federal	\$25,825.7	\$28,358.3	\$2,532.6	9.8%
Local/Private	\$501.3	\$512.4	\$11.1	2.2%
Restricted	\$24,760.7	\$25,610.5	\$849.8	3.4%
GF/GP	\$10,845.5	\$11,403.6	\$558.2	5.1%

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

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

The executive proposal includes four recommended FY 2020-21 supplementals totaling \$2,913.5 million Gross (negative \$50.6 million GF/GP):

- Departmental appropriation adjustment requests of \$1,584.5 million Gross (negative \$167.9 million GF/GP) including major program additions (Request 2021-5):
 - \$773.6 million Gross (negative \$714.2 million GF/GP) for caseload cost and E-FMAP adjustments. (DHHS)
 - \$300.0 million GF/GP for local bridge replacement. (MDOT)
 - \$80.0 million GF/GP to purchase Venture Michigan Fund II tax vouchers. (DTMB)
 - \$70.0 million GF/GP for city income tax COVID loss relief payments. (Treasury)
- School Aid appropriation increase of \$484.3 million Gross (\$117.3 million GF/GP) for summer learning programs and CARES Act maintenance of effort (MOE) required payback for community colleges and universities. (Request 2021-6)
- Federal COVID relief fund appropriation of \$805.5 million Gross to various departments. (Request 2021-7)
- Natural Resources Trust Fund projects: \$39.2 million Gross. (Request 2021-8)
- Budget Stabilization Fund (BSF) deposit of \$175.0 million (Request 2021-5).

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

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

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

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

Major GF/GP lawsuit payments and legal costs proposed in the executive recommendation include:

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

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

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

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

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

OVERVIEW

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

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

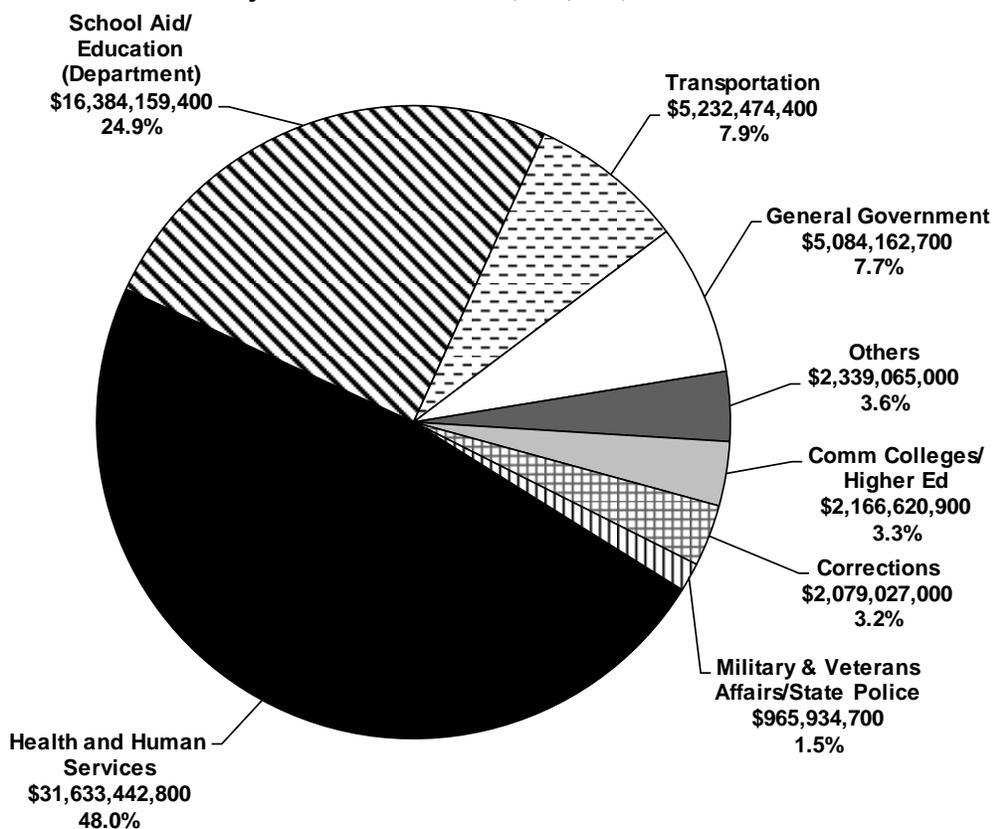
MPSERS retirement changes included in the executive recommendation for FY 2021-22 include:

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

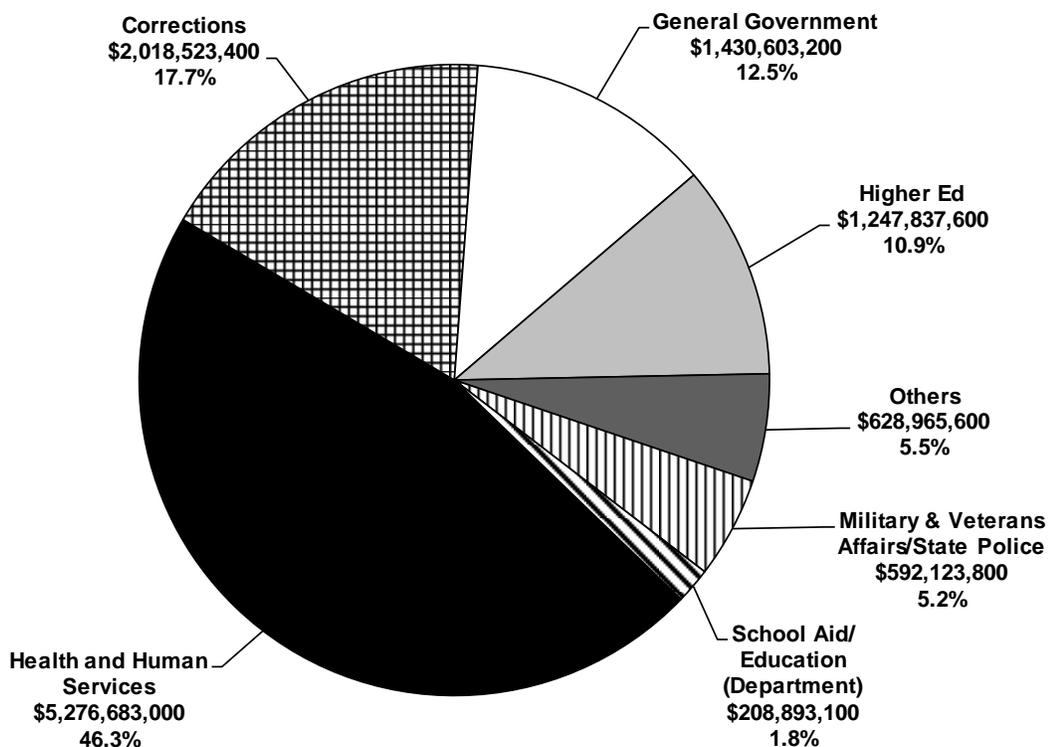
A more detailed summary of major budget changes by individual budget area, including FY 2020-21 supplemental appropriations, begins on page 24.

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 any questions regarding this information.

**FY 2021-22 Executive Recommendation
Adjusted Gross = \$65,884,886,900**



**FY 2021-22 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$11,403,629,700**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2021 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2021-22 through FY 2022-23 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 3.0% in 2021, 2.9% in 2022, and 1.6% in 2023.

The unemployment rate is expected to be 7.1% in 2021, 6.2% in 2022, and 5.4% in 2023.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2020-21	FY 2021-22	FY 2021-22 Over FY 2020-21		FY 2022-23	FY 2022-23 Over FY 2021-22	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Personal Income Tax	\$6,491.3	\$6,952.3	\$461.0	7.1%	\$7,013.8	\$61.5	0.9%
Sales Tax	\$1,274.7	\$1,345.7	\$71.0	5.6%	\$1,371.4	\$25.7	1.9%
Use Tax	\$818.3	\$830.9	\$12.6	1.5%	\$834.0	\$3.1	0.4%
Business Taxes	\$846.2	\$934.7	\$88.5	10.5%	\$1,093.7	\$159.0	17.0%
Other Taxes	\$435.8	\$450.3	\$14.5	3.3%	\$463.2	\$12.9	2.9%
GF/GP Tax Revenue	\$9,866.3	\$10,513.9	\$647.6	6.6%	\$10,776.1	\$262.2	2.5%
Non-Tax Revenue	\$371.3	\$383.2	\$11.9	3.2%	\$391.1	\$7.9	2.1%
Net Total GF/GP Revenue	\$10,237.6	\$10,897.1	\$659.5	6.4%	\$11,167.2	\$270.1	2.5%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to decrease 5.4% in FY 2020-21 before increasing 7.1% in FY 2021-22. Personal income tax revenue is projected to increase by just 0.9% in FY 2022-23, due in part to the income tax trigger, which is estimated to reduce GF/GP personal income tax revenue by \$193.0 million.

Sales Tax

GF/GP sales tax revenue is estimated to decrease 2.5% in FY 2020-21 before increasing 5.6% in FY 2021-22 and 1.9% in FY 2022-23. Expansion of the sales tax base resulting from the Wayfair decision and the inclusion of marketplace facilitators allows for the collection of sales taxes from remote sales.

Use Tax

Use tax revenue is forecast to increase 5.8% in FY 2020-21, 1.5% in FY 2021-22, and 0.4% in FY 2022-23. The minimal growth in GF/GP use tax collections is partially due to the Local Community Stabilization Authority levying a portion of the tax as a replacement for phasing out the personal property tax on eligible manufacturing personal property.

Business Taxes

Net business taxes are expected to decrease from \$1,002.5 million in FY 2019-20 to \$846.2 million in FY 2020-21 before increasing to \$934.7 million in FY 2021-22. Net business taxes are projected to continue growing to \$1,093.7 million in FY 2022-23.

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 4.8% to \$9,866.3 million in FY 2020-21 before increasing 6.6% to \$10,513.9 million in FY 2021-22. GF/GP tax revenue is expected to grow by 2.5% to \$10,776.1 million in FY 2022-23.

Net Total GF/GP Revenue

Net total GF/GP revenue includes both tax revenue and non-tax revenue, which includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to decrease 4.9% to \$10,237.6 million in FY 2020-21, and then increase 6.4% to \$10,897.1 million in FY 2021-22 and 2.5% to \$11,167.2 million in FY 2022-23.

GF/GP REVENUE ESTIMATES
(Millions of Dollars)

	FY 2020-21	FY 2021-22	FY 2021-22 Over FY 2020-21		FY 2022-23	FY 2022-23 Over FY 2021-22	
			Dollar	Percent		Dollar	Percent
			Change	Change		Change	Change
Sales and Use Taxes	\$6,788.7	\$6,948.1	\$159.4	2.3%	\$7,085.5	\$137.4	2.0%
Income Tax Earmark	2,993.0	3,151.5	158.5	5.3%	3,229.8	78.3	2.5%
Lottery and Casinos	1,174.6	1,188.6	14.0	1.2%	1,216.0	27.4	2.3%
Tobacco Taxes	322.3	316.5	(5.8)	(1.8%)	312.5	(4.0)	(1.3%)
State Education Tax	2,237.6	2,273.4	35.8	1.6%	2,314.4	41.0	1.8%
Real Estate Transfer Tax	363.6	371.6	8.0	2.2%	385.3	13.7	3.7%
Liquor Excise Tax	67.6	68.6	1.0	1.5%	70.1	1.5	2.2%
Other Specific Taxes	82.8	105.4	22.6	27.3%	116.8	11.4	10.8%
Total SAF Revenue	\$14,030.2	\$14,423.7	\$393.5	2.8%	\$14,730.4	\$306.7	2.1%

School Aid Fund Revenue by Source**Sales and Use Taxes**

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 1.8% to \$6,788.7 million in FY 2020-21, 2.3% to \$6,948.1 million in FY 2021-22, and 2.0% to \$7,085.5 million in FY 2022-23.

Income Tax Earmark

Approximately 23.8% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to decrease 3.2% to \$2,993.0 million in FY 2020-21 before increasing 5.3% to \$3,151.5 million in FY 2021-22, and 2.5% to \$3,229.8 million in FY 2022-23.

Lottery and Casinos

Lottery and casino revenue is projected to total \$1,174.6 million in FY 2020-21, \$1,188.6 in FY 2021-22, and \$1,216.0 million in FY 2022-23.

Tobacco Taxes

Approximately 38% of gross tobacco tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF tobacco tax revenue to decrease to \$322.3 million in FY 2020-21, \$316.5 million in FY 2021-22, and \$312.5 million in FY 2022-23.

State Education Tax/Real Estate Transfer Tax

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.

Revenue from the SET is expected to increase 2.2% to \$2,237.6 million in FY 2020-21, 1.6% to \$2,273.4 million in FY 2021-22, and 1.8% to \$2,314.4 million in FY 2022-23.

RET revenue is forecast to increase to \$363.6 million in FY 2020-21, \$371.6 million in FY 2021-22, and \$385.3 million in FY 2022-23.

Total SAF Revenue

Total SAF revenue is expected to increase 0.2% to \$14,030.4 million in FY 2020-21, 2.8% to \$14,423.7 million in FY 2021-22, and 2.1% to \$14,730.4 million in FY 2022-23.

OVERVIEW

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, interest earnings, and year-end balances from FY 1990-91 to FY 2019-20. The table also shows the appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2020-21, the executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2021-22, and HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2022-23.

After a \$350.0 million withdrawal, the final BSF fund balance for FY 2019-20 was \$829.3 million. For FY 2020-21, in addition to the \$35.0 million initially appropriated, \$175.0 million was included in the executive recommendation, bringing the estimated fund balance at the end of the year to \$1,061.5 million. There are no deposits proposed in the executive recommendation for FY 2021-22, which results in an estimated year-end balance of \$1,083.5 million. These projections include the impact of 2014 PA 186, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2035-36. Assuming no other deposits or withdrawals and including estimated interest earnings, the ending balance for FY 2022-23 is projected to be \$1,105.6 million.

**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

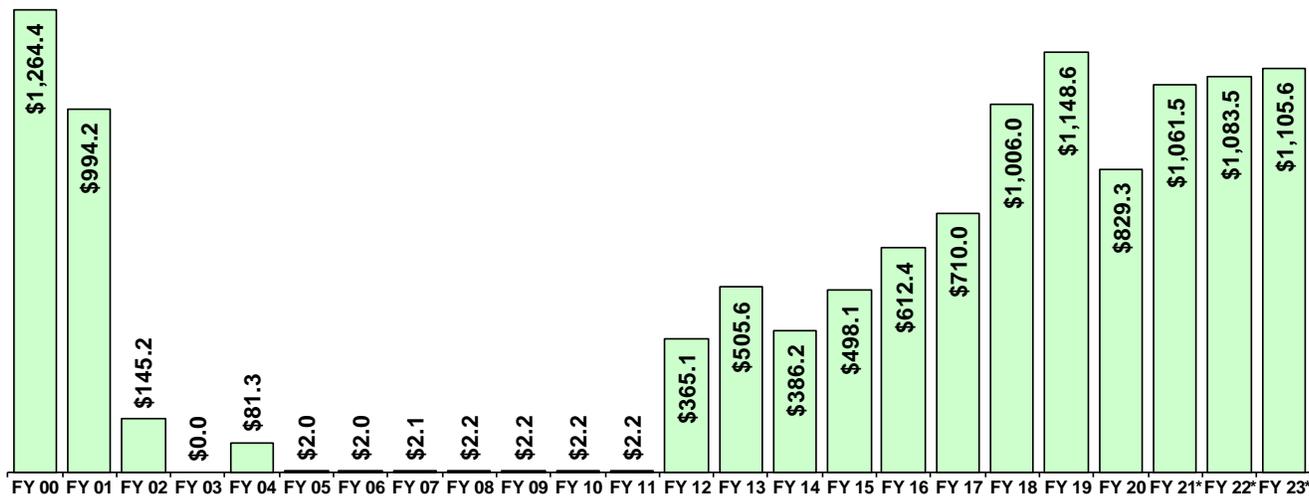
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	282.5	0.0	13.5	1,006.0
2018-19	117.5	0.0	25.1	1,148.6
2019-20	17.5	350.0	13.2	829.3
2020-21	227.5**	0.0	4.7*	1,061.5
2021-22	17.5**	0.0	4.5*	1,083.5
2022-23	17.5**	0.0	4.6*	1,105.6

* HFA Estimate

** FY 2021 actual appropriated deposit; FY 2022 and FY 2023 executive recommendation

Note: Numbers may not add due to rounding.

Budget Stabilization Fund (BSF) Balance (Millions of Dollars)



*Estimated

Compliance with the State Revenue Limit

Consensus estimates of the state revenue limit provided for in Article IX, Section 26, Constitution of the State of Michigan, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the Constitution, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Personal Income	CY 2019	CY 2020	CY 2021
Amount	\$491,632	\$521,130	\$506,017
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$46,655.9	\$49,455.2	\$48,021.0
Total Revenue Subject to Revenue Limit	\$34,135.5	\$35,332.8	\$36,063.3
Amount Under (Over) State Revenue Limit	\$12,520.4	\$14,122.4	\$11,957.7

OVERVIEW

Implications of Exceeding the State Revenue Limit

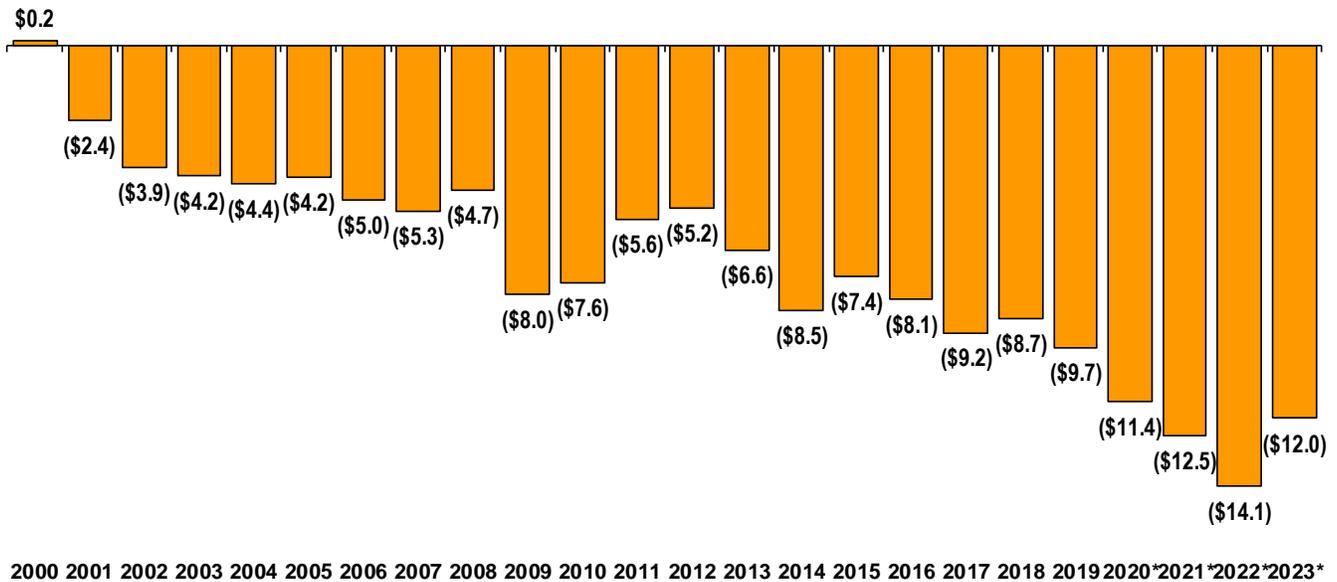
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 2018-19 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$9.7 billion. For FY 2019-20 through FY 2022-23, state revenue is estimated to be even further below the revenue limit—by \$11.4 billion, \$12.5 billion, \$14.1 billion, and \$12.0 billion respectively.

Constitutional Revenue Limit
(Billions of Dollars)



*Consensus Estimates

BALANCE SHEETS

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.

FY 2020-21 Through FY 2022-23 Executive Recommendation			
General Fund/General Purpose (GF/GP)			
Millions of Dollars			
	FY 2020-21	FY 2021-22	FY 2022-23
<u>Resources</u>			
Beginning Balance	\$2,364.2	\$1,005.5	\$61.6
Consensus Revenue Estimates: January 2021	10,237.5	10,897.1	11,167.1
Venture Michigan Fund - Voucher Purchase	--	75.0	75.0
Repeal of feminine hygiene products	0.0	(6.5)	(6.5)
Miscellaneous Other Revenue	172.8	(2.6)	0.0
Revenue Sharing	<u>(490.1)</u>	<u>(500.3)</u>	<u>(490.5)</u>
Total Resources	\$12,284.4	\$11,468.2	\$10,806.7
<u>Expenditures</u>			
Appropriations: Ongoing	\$10,265.9	\$10,279.9	\$10,279.9
Base: DHHS caseload	(714.1)	(43.4)	215.5
Base: Other	--	332.2	383.4
Base: Economics	--	3.4	48.4
Executive Investments	--	223.8	223.8
Executive Reductions	--	(20.9)	(20.9)
Executive Proposed Supplemental	937.6	--	--
Appropriations: One-time	285.3	591.6	--
GF to School Aid	51.0	40.0	40.0
Supplementals – Current law	243.3	--	--
BSF Deposit	<u>210.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	\$11,278.9	\$11,406.6	\$11,170.1
Projected Ending Balance / (Shortfall)	\$1,005.5	\$61.6	(\$363.4)

Numbers may not add due to rounding.

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

Numbers may not add due to rounding.

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

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

- (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

OVERVIEW

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

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

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

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

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2020-21</u>	<u>Exec. Rec. FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>		<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>	
Agriculture & Rural Development	\$120,970,600	\$115,932,300	(\$5,038,300)	(4.2%)	\$115,932,300	\$0	0.0%
Attorney General	71,542,800	72,255,200	712,400	1.0%	71,755,200	(500,000)	(0.7%)
Capital Outlay	1,000	0	(1,000)	(100.0%)	0	0	--
Civil Rights	17,737,600	17,285,200	(452,400)	(2.6%)	17,285,200	0	0.0%
Community Colleges	425,667,600	434,653,600	8,986,000	2.1%	434,280,500	(373,100)	(0.1%)
Corrections	2,060,788,400	2,079,027,000	18,238,600	0.9%	2,039,027,000	(40,000,000)	(1.9%)
Education	451,695,700	531,091,400	79,395,700	17.6%	499,191,400	(31,900,000)	(6.0%)
Environment, Great Lakes, & Energy	508,021,500	902,472,000	394,450,500	77.6%	508,172,000	(394,300,000)	(43.7%)
Executive Office	7,114,300	7,318,600	204,300	2.9%	7,318,600	0	0.0%
Health and Human Services	28,712,581,100	31,633,442,800	2,920,861,700	10.2%	31,583,033,600	(50,409,200)	(0.2%)
Higher Education	1,699,925,400	1,731,967,300	32,041,900	1.9%	1,702,584,200	(29,383,100)	(1.7%)
Insurance & Financial Services	72,587,100	72,263,000	(324,100)	(0.4%)	72,263,000	0	0.0%
Judiciary	312,088,400	317,852,800	5,764,400	1.8%	317,088,700	(764,100)	(0.2%)
Labor & Economic Devel. (MSF)	1,684,364,300	1,830,177,600	145,813,300	8.7%	1,608,877,600	(221,300,000)	(12.1%)
Legislative Auditor General	20,463,500	20,769,400	305,900	1.5%	20,769,400	0	0.0%
Legislature	175,739,900	182,943,200	7,203,300	4.1%	177,943,200	(5,000,000)	(2.7%)
Licensing & Regulatory Affairs	437,725,000	474,406,600	36,681,600	8.4%	467,306,600	(7,100,000)	(1.5%)
Military & Veterans Affairs	228,849,700	217,586,300	(11,263,400)	(4.9%)	211,130,300	(6,456,000)	(3.0%)
Natural Resources	469,391,000	456,138,300	(13,252,700)	(2.8%)	453,892,500	(2,245,800)	(0.5%)
School Aid	15,525,164,800	15,853,068,000	327,903,200	2.1%	15,656,828,000	(196,240,000)	(1.2%)
State	234,297,500	232,164,300	(2,133,200)	(0.9%)	232,164,300	0	0.0%
State Police	741,869,900	748,348,400	6,478,500	0.9%	739,147,600	(9,200,800)	(1.2%)
Tech., Mgmt. & Budget: Operations	418,663,500	410,988,300	(7,675,200)	(1.8%)	350,988,300	(60,000,000)	(14.6%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	5,103,407,500	5,232,474,400	129,066,900	2.5%	5,340,635,200	108,160,800	2.1%
Treasury: Operations	745,370,700	612,062,400	(133,308,300)	(17.9%)	622,062,400	10,000,000	1.6%
Treasury: Debt Service	113,735,000	99,064,000	(14,671,000)	(12.9%)	99,064,000	0	0.0%
Treasury: Revenue Sharing	1,341,924,300	1,367,563,900	25,639,600	1.9%	1,375,654,500	8,090,600	0.6%
TOTAL	\$61,933,258,700	\$65,884,886,900	\$3,951,628,200	6.4%	\$64,955,966,200	(\$928,920,700)	(1.4%)

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

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2020-21</u>	<u>Exec. Rec. FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>		<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>	
Agriculture & Rural Development	\$63,616,800	\$57,883,900	(\$5,732,900)	(9.0%)	\$57,883,900	\$0	0.0%
Attorney General	41,148,400	41,996,000	847,600	2.1%	41,496,000	(500,000)	(1.2%)
Capital Outlay	1,000	0	(1,000)	(100.0%)	0	0	--
Civil Rights	14,792,200	14,357,300	(434,900)	(2.9%)	14,357,300	0	0.0%
Community Colleges	0	0	0	--	0	0	--
Corrections	1,809,258,400	2,018,523,400	209,265,000	11.6%	1,978,523,400	(40,000,000)	(2.0%)
Education	90,067,100	168,893,100	78,826,000	87.5%	90,893,100	(78,000,000)	(46.2%)
Environment, Great Lakes, & Energy	59,443,900	128,700,400	69,256,500	116.5%	53,700,400	(75,000,000)	(58.3%)
Executive Office	7,114,300	7,318,600	204,300	2.9%	7,318,600	0	0.0%
Health and Human Services	5,224,838,900	5,276,683,000	51,844,100	1.0%	5,550,400,600	273,717,600	5.2%
Higher Education	1,217,835,700	1,247,837,600	30,001,900	2.5%	1,217,321,500	(30,516,100)	(2.4%)
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	201,934,300	208,322,900	6,388,600	3.2%	207,558,800	(764,100)	(0.4%)
Labor & Economic Devel. (MSF)	251,367,600	421,143,100	169,775,500	67.5%	199,843,100	(221,300,000)	(52.5%)
Legislative Auditor General	18,324,000	18,598,900	274,900	1.5%	18,598,900	0	0.0%
Legislature	170,702,600	177,830,400	7,127,800	4.2%	172,830,400	(5,000,000)	(2.8%)
Licensing & Regulatory Affairs	149,605,600	185,945,900	36,340,300	24.3%	178,845,900	(7,100,000)	(3.8%)
Military & Veterans Affairs	84,280,200	75,594,300	(8,685,900)	(10.3%)	71,529,300	(4,065,000)	(5.4%)
Natural Resources	50,697,300	48,112,500	(2,584,800)	(5.1%)	46,116,700	(1,995,800)	(4.1%)
School Aid	50,964,600	40,000,000	(10,964,600)	(21.5%)	40,000,000	0	0.0%
State	12,597,500	12,435,600	(161,900)	(1.3%)	12,435,600	0	0.0%
State Police	439,376,600	516,529,500	77,152,900	17.6%	507,328,700	(9,200,800)	(1.8%)
Tech., Mgmt. & Budget: Operations	284,755,500	282,374,500	(2,381,000)	(0.8%)	222,374,500	(60,000,000)	(21.2%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	0	0	0	--	0	0	--
Treasury: Operations	257,432,200	123,914,200	(133,518,000)	(51.9%)	118,914,200	(5,000,000)	(4.0%)
Treasury: Debt Service	113,735,000	99,064,000	(14,671,000)	(12.9%)	99,064,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$10,845,460,300	\$11,403,629,700	\$558,169,400	5.1%	\$11,138,905,500	(\$264,724,200)	(2.3%)

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

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

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

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

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

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

FY 2021-22 Executive Recommendation			
Department/Budget Area	Spending from State Sources	State Spending to Local Government Units	% of State Spending from State Sources as Payment to Locals
Agriculture & Rural Development	\$102,261,200	\$8,800,000	8.6%
Attorney General	62,386,800	0	0.0%
Capital Outlay	0	0	--
Civil Rights	14,415,800	0	0.0%
Community Colleges	434,653,600	434,653,600	100.0%
Corrections	2,064,016,800	122,895,500	6.0%
Education	178,678,500	15,627,700	8.7%
Environment, Great Lakes, & Energy	729,171,600	326,521,000	44.8%
Executive Office	7,318,600	0	0.0%
Health and Human Services	8,370,796,000	1,743,164,400	20.8%
Higher Education	1,609,240,900	0	0.0%
Insurance & Financial Services	71,245,900	0	0.0%
Judiciary	302,635,600	148,056,300	48.9%
Labor & Economic Devel. (MSF)	664,645,800	52,863,300	8.0%
Legislative Auditor General	20,769,400	0	0.0%
Legislature	182,537,200	0	0.0%
Licensing & Regulatory Affairs	445,375,700	169,417,400	38.0%
Military & Veterans Affairs	96,931,000	4,136,500	4.3%
Natural Resources	357,807,800	10,491,100	2.9%
School Aid	14,030,589,500	13,873,111,900	98.9%
State	230,654,200	1,343,800	0.6%
State Police	662,527,600	18,253,300	2.8%
Tech., Mgmt. & Budget: Operations	403,395,100	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	231,570,600	0	0.0%
Transportation	3,702,273,400	2,196,144,200	59.3%
Treasury: Operations	571,638,000	238,834,700	41.8%
Treasury: Debt Service	99,064,000	0	0.0%
Treasury: Revenue Sharing	1,367,563,900	1,367,563,900	100.0%
TOTALS APPROPRIATED	\$37,014,164,500	\$20,731,878,600	56.0%

FY 2021-22

Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22
AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

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

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

Overview

Michigan Department of Agriculture and Rural Development (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Office of Rural Development	FTE 0.0	1.0
Includes \$175,000 from the state restricted Rural Development Fund to support 1.0 FTE position, and related costs, in a new Office of Rural Development. The office is intended to address several challenges confronting rural communities in Michigan, including economic opportunities, broadband development, housing access, infrastructure issues, and healthcare access. As noted below, the governor has requested a supplemental appropriation to establish the new position in the current year.	Gross \$0	\$175,000
	Restricted 0	175,000
	GF/GP \$0	\$0
2. End of One-Time CREP Funding	Gross \$4,400,000	(\$4,400,000)
Eliminates one-time \$4.4 million GF/GP appropriation for the Conservation Reserve Enhancement Program (CREP), a targeted environmental protection program. The \$4.4 million in the current year reflects the state's commitment under an agreement between the state and the U. S. Department of Agriculture and will be used to provide part of the required 50% non-federal cost-share for capital projects; \$600,000 GF/GP in ongoing funding for education, outreach, and technical assistance is retained in the Environmental Stewardship program baseline.	GF/GP \$4,400,000	(\$4,400,000)
3. Information Technology	Gross \$2,068,200	\$254,900
Provides ongoing funding for support and maintenance of licensing and inspection systems.	IDG 3,200	0
	Restricted 205,800	44,900
	GF/GP \$1,859,200	\$210,000

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
4. Laboratory Services	FTE 108.5	0.0
Recognizes a \$600,000 federal Health and Human Services/Food and Drug Administration grant to support integrated food safety system.	Gross \$17,752,400	\$600,000
	IDG 227,800	0
	Federal 2,817,600	600,000
	Restricted 7,389,900	0
	GF/GP \$7,317,100	\$0
5. Michigan Animal Agriculture Alliance	Gross \$3,000,000	(\$1,253,000)
Recommends \$1.7 million GF/GP for a Michigan State University (MSU) animal agriculture research grant program, a reduction of \$1.3 million from current year. The program is administered by MSU's College of Agriculture and Natural Resources under a Memorandum of Understanding with MDARD.	GF/GP \$3,000,000	(\$1,253,000)
6. Technical Fund Source Adjustments	Gross NA	(\$3,900)
Adjusts fund sourcing in some lines to better reflect actual available revenue.	IDGs NA	(3,200)
	Federal NA	(101,800)
	Restricted NA	101,100
	GF/GP NA	\$0
7. Economic Adjustments	Gross NA	(\$415,700)
Reflects net decrease of \$415,700 Gross (\$289,900 GF/GP). Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to actuarially required retirement contributions, worker's compensation, and building occupancy charges, are offset by a reduction in calculated contributions for retiree medical benefits.	IDGs NA	(1,200)
	Federal NA	(27,900)
	Restricted NA	(96,700)
	GF/GP NA	(\$289,900)

Major Boilerplate Changes from FY 2020-21

Specific Standard Sections – DELETED

The executive recommendation did not include some reporting requirements, or certain legislative directives or restrictions on appropriations. Deleted sections are: Sec. 215, regarding staff communications with the legislature; Sec. 216, report on FTE positions and remote work; Sec. 217, establishes restrictions on use of work project balances; Sec.218, regarding transfers between line items within budget; Sec. 219, directs record retention policy; Sec. 220, report on impact of new legislation.

Supplemental Recommendations for FY 2020-21 Appropriations	FY 2020-21 Recommendation
1. Office of Rural Development/Rural Development Fund	FTE 1.0
Includes \$87,500 GF/GP to establish an Office of Rural Development and related FTE position. The supplemental request would also provide \$1.0 million GF/GP for the Rural Development Fund/Grant Program – a program of targeted grants for projects that address the expansion and sustainability of land-based industries, that provide worker training related to land-based industries, or that support energy, transportation, communications, water and wastewater infrastructure to benefit rural communities. Current-year budget includes \$2.0 million from the Rural Development Fund, a state restricted fund that receives revenue from an earmark of a nonferrous metallic minerals extraction tax established in 2012 PA 410. Current-year budget also authorizes 1.0 FTE position.	Gross \$1,087,500 GF/GP \$1,087,500
2. Covid-19 Response/Migrant Labor Housing	FTE 3.0
Includes \$1.0 million GF/GP, and authorizes 3.0 FTE positions, for Covid-19 response activities including plan review, inspection, and outreach to prevent exposure and spread of Covid-19 to migrant laborers and other agricultural workers.	Gross \$1,000,000 GF/GP \$1,000,000

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

Analyst: Perry Zielak

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	425,667,600	434,653,600	8,986,000	2.1
GF/GP	0	0	0	--
Gross	\$425,667,600	\$434,653,600	\$8,986,000	2.1

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

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$325,440,000	\$6,380,000
Increases community college operations funding by \$6.4 million School Aid Fund (SAF). This includes a one-time \$6.5 million SAF increase to operations grants for community colleges, a 2.0% increase, which would be distributed through the performance funding formula, and a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.2%. Total funding for operations would be \$331.8 million SAF.	Restricted	325,440,000	6,380,000
	GF/GP	\$0	\$0
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$83,900,000	\$3,300,000
Increases funding by \$3.3 million SAF for the state's share of community colleges' UAAL to MPERS, a 3.9% increase, due to changes in payroll growth assumptions. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS would be \$87.2 million SAF.	Restricted	83,900,000	3,300,000
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
3. MPSERS Normal Cost Offset	Gross \$12,394,000	(\$694,000)
Decreases funding by \$694,000 SAF for the community colleges' normal cost portion, a 5.6% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPSERS Normal Cost Offset would be \$11.7 million SAF.	Restricted 12,394,000 GF/GP \$0	(694,000) \$0

Major Boilerplate Changes from FY 2020-21

Sec. 201e. One-Time Operational Support Payment Detail – NEW

Adds language detailing the one-time operational support payment allocations for each community college.

Sec. 206. Appropriations Payment Schedule and Reporting Requirements – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges to be paid on the 16th of each month; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community College Data Inventory (MCCDI) data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Adds language stating that payments related to the MPSERS Normal Cost Offset would be distributed in quarterly payments. Deletes requirement that the state budget director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements. Revises MCCDI data reporting date to the first business day of November.

Sec. 207a. MPSERS Offset Appropriation – REVISED

Specifies the purpose and allocation method for the MPSERS offset. Funds to be allocated based on prior-year covered payroll and to be used solely for offsetting a portion of the retirement contributions owed by the receiving college. Adds language specifying that the MPSERS Normal Cost offset would be based on reported quarterly payroll for members in the current fiscal year.

Sec. 208. Self-Liquidating Projects Restriction and Capital Outlay Requirements – DELETED

Deletes language that prohibits community colleges from using state funds for construction or maintenance of a self-liquidating project and deletes requirement that colleges comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay projects and subjects community colleges that fail to comply with JCOS requirements to a penalty of 1% of the operations funding for each violation.

Sec. 209. Transparency Website and Various Reporting Requirements – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the state budget director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website. Deletes reporting requirements around budgeted current fiscal year revenues, in addition to reporting requirements involving career and technical programs, dual enrollment and early middle college programs.

Sec. 209a. Campus Safety Information and Resources Website, Safety Reporting Requirements – REVISED

Requires community colleges to develop a "campus safety information and resources" webpage, which must be linked and displayed on their home webpage. The page must display various safety information and policies, and the schools must certify compliance to the state budget director or have monthly state payments withheld. Deletes language that requires certification to the state budget director.

Sec. 212. Cost Containment and Efficiency Initiatives – DELETED

Deletes language that encourages community colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing.

Sec. 220. Auditor General Performance Audits – DELETED

Deletes language that explicitly authorizes performance audits by the auditor general and requires audited colleges to report audit responses to the legislature, the fiscal agencies, the Auditor General and the state budget director.

Major Boilerplate Changes from FY 2020-21

Sec. 226b. 2020-21 Academic Year and Covid-19 Reporting Requirements – DELETED

Deletes language that requires community colleges to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021 and deletes requirement for community colleges to report information related to online and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

Sec. 226d. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 228. Communication with the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

Sec. 230. Performance Formula Detail and Local Strategic Value Categories – REVISED

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated: 30% proportionate to prior-year base appropriations, 30% based on contact-hour-equated students weighted for health and technology/industrial fields, 10% based on performance completion improvement, 10% based on performance completion number, 10% based on performance completion rate, 5% based on administrative costs, 5% based on meeting certain requirements reflective of providing strategic value to the local community. Lists requirements for the local strategic value categories. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Adds language specifying the one-time operational support payments are distributed using the formula.

Sec. 231. Community Colleges Tuition Restraint Requirement – NEW

Adds language that provides tuition restraint requirements in order to receive the one-time operational support payments for FY 2021-22; community colleges must limit in-district tuition and fee increase to 4.2%. Defines the term “fee” to include the cost of any charges paid by more than half of all resident students. Defines the term “tuition and fee rate” to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the state budget director determines if a community college has satisfied the requirements to receive operational support payments and provides reports to the appropriations subcommittees and the fiscal agencies.

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Community College Operations Payment for Maintenance of Effort (MOE) Requirement

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

Gross	\$12,696,000
Restricted	12,696,000
GF/GP	\$0

FY 2021-22 Community Colleges One-Time Operational Support Payment Appropriations
Executive Recommendation

% of Formula:		30%	10%	10%	10%	30%	5%	5%						
	FY 2020-21 Indian Tuition Waiver Payment	FY 2020-21 Base Appropriation	Performance- Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Operational Support Payment	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2021-22 Appropriation	% Change
Alpena	\$14,200	\$5,753,300	\$34,520	\$12,196	\$7,455	\$16,473	\$17,662	\$12,720	\$5,753	\$106,800	9,700	\$23,900	\$5,884,000	2.0%
Bay de Noc	116,700	5,602,800	33,617	21,167	7,965	16,117	20,286	11,200	5,603	116,000	(5,100)	111,600	5,830,400	1.9%
Delta	47,700	15,160,500	90,963	26,531	26,499	31,162	84,429	12,058	15,161	286,800	12,400	60,100	15,507,400	2.0%
Glen Oaks	0	2,651,200	15,907	17,316	3,446	11,440	14,319	1,543	2,651	66,700	0	0	2,717,900	2.5%
Gogebic	49,600	4,873,700	29,242	7,798	4,316	16,303	12,315	9,867	4,874	84,700	2,400	52,000	5,010,400	1.8%
Grand Rapids	233,900	18,773,100	112,639	37,546	42,436	37,019	180,869	13,767	18,773	443,000	(35,300)	198,600	19,414,700	2.1%
Henry Ford	24,500	22,533,100	135,199	36,053	31,052	36,053	136,747	13,985	22,533	411,600	(9,500)	15,000	22,959,700	1.8%
Jackson	58,000	12,756,200	76,537	24,675	17,154	20,410	55,427	12,889	12,756	219,800	(11,800)	46,200	13,022,200	1.6%
Kalamazoo Valley	63,800	13,099,900	78,600	29,461	21,993	27,674	83,338	14,542	13,100	268,700	22,300	86,100	13,454,700	2.2%
Kellogg	61,600	10,267,100	61,603	22,819	18,730	23,524	50,547	14,033	10,267	201,500	(10,300)	51,300	10,519,900	1.9%
Kirtland	36,400	3,358,400	20,150	12,878	6,518	5,373	18,890	11,058	3,358	78,300	(29,900)	6,500	3,443,200	1.4%
Lake Michigan	8,600	5,702,700	34,216	9,124	9,549	9,124	30,677	6,419	5,703	104,800	4,500	13,100	5,820,600	1.9%
Lansing	158,000	32,852,000	197,112	58,802	55,505	59,602	144,321	12,935	32,852	561,100	(35,300)	122,700	33,535,800	1.6%
Macomb	43,400	34,276,100	205,657	54,842	60,303	62,051	229,372	14,044	34,276	660,500	(20,100)	23,300	34,959,900	1.9%
Mid-Michigan	124,800	5,184,400	31,106	8,295	10,616	14,989	36,972	9,242	5,184	116,400	29,100	153,900	5,454,700	2.7%
Monroe County	500	4,746,200	28,477	11,199	8,964	7,594	28,932	12,529	4,746	102,400	200	700	4,849,300	2.2%
Montcalm	7,100	3,570,600	21,424	9,229	7,721	5,713	15,021	11,806	3,571	74,600	(2,300)	4,800	3,650,000	2.0%
Mott	24,000	16,440,000	98,640	26,304	29,605	26,304	75,300	12,399	16,440	285,000	17,000	41,000	16,766,000	1.8%
Muskegon	73,900	9,289,100	55,735	14,863	13,246	21,907	41,553	13,535	9,289	170,100	(16,400)	57,500	9,516,700	1.6%
North Central	173,400	3,389,300	20,336	8,954	7,211	12,216	20,195	12,121	3,389	84,400	7,800	181,200	3,654,900	2.6%
Northwestern	276,000	9,567,100	57,403	19,590	14,048	22,648	42,376	11,514	9,567	177,100	(24,800)	251,200	9,995,400	1.5%
Oakland	35,100	22,211,700	133,271	43,045	59,046	42,623	167,061	12,810	22,212	480,100	(1,600)	33,500	22,725,300	2.2%
Schoolcraft	40,300	13,196,200	79,177	21,114	34,396	28,079	113,250	14,279	13,196	303,500	(1,500)	38,800	13,538,500	2.3%
Southwestern	37,200	6,979,400	41,877	32,301	9,535	11,167	25,544	9,419	6,979	136,800	(3,100)	34,100	7,150,300	1.9%
St. Clair County	3,400	7,385,200	44,311	12,818	16,889	19,674	44,940	10,697	7,385	156,700	11,700	15,100	7,557,000	2.3%
Washtenaw	32,300	13,855,900	83,136	22,169	79,605	29,784	136,879	13,320	13,856	378,700	3,000	35,300	14,269,900	2.7%
Wayne County	14,900	17,593,400	105,561	42,024	39,303	28,150	103,618	11,108	17,593	347,400	100	15,000	17,955,800	2.0%
West Shore	26,500	2,585,600	15,514	4,197	4,207	4,137	11,089	7,815	2,586	49,600	(6,300)	20,200	2,655,400	1.7%
	\$1,785,800	\$323,654,200	\$1,941,930	\$647,310	\$647,310	\$647,310	\$1,941,930	\$323,655	\$323,655	\$6,473,100	(\$93,100)	\$1,692,700	\$331,820,000	2.0%

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2017-2019
Performance completion number	Federal IPEDS	FYs 2017-2019
Performance completion rate	CEPI	FYs 2017-2019
Contact hours	State MCCDI	FY 2020
Administrative	State MCCDI	FYs 2019-2020

* Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each community college's operations listing in the budget bill

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 CORRECTIONS

Analyst: Robin R. Risko

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	196,370,900	5,364,100	(191,006,800)	(97.3)
Local	9,680,600	9,646,100	(34,500)	(0.4)
Private	0	0	0	--
Restricted	45,478,500	45,493,400	14,900	0.0
GF/GP	1,809,258,400	2,018,523,400	209,265,000	11.6
Gross	\$2,060,788,400	\$2,079,027,000	\$18,238,600	0.9
FTEs	13,702.8	13,500.4	(202.4)	(1.5)

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

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 28 correctional facilities that house felony offenders sentenced to prison. This includes provision of physical and mental health care, education, food service, transportation, and reintegration programming. The department is also responsible for supervision of all parolees and probationers under the department's jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2021, the department was responsible for 79,992 Michigan offenders: 33,396 prisoners, 33,783 probationers, and 12,813 parolees. From 1 year ago, the total number of offenders dropped by 12,702, or by 13.7%. The number of prisoners dropped by 4,593, or 12.1%, the number of probationers dropped by 7,743, or 18.6%, and the number of parolees dropped by 366, or 2.8%.

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
1. Premium Pay for Front Line Workers – Fund Shift	Gross	\$191,000,000	\$0
Restores \$191.0 million GF/GP that was reduced from the FY 2020-21 budget and replaced with federal Coronavirus Relief Fund revenue. Federal funding was allocated to support premium pay for front-line workers throughout the department, but primarily at correctional facilities. Federal funding has been exhausted and GF/GP needs to be restored for ongoing departmental payroll costs.	Federal	191,000,000	(191,000,000)
	GF/GP	\$0	\$191,000,000
2. John Does v Department of Corrections Settlement	Gross	NA	\$40,000,000
Includes \$40.0 million GF/GP to support the final 2 payments of the <i>John Does v Department of Corrections</i> settlement agreement. The remaining payments will be made on October 15, 2021 (\$25.0 million) and on October 15, 2022 (\$15.0 million). The case involved approximately 1,300 members that were incarcerated October 2010 through the date of the settlement, March 2020. The lawsuits claimed a variety of injuries including sexual assault and harassment, inappropriate use of segregation, and deprivation of educational and rehabilitative experiences due to the young age of the members. The case settled for \$80.0 million total inclusive of attorney fees and costs.	GF/GP	NA	\$40,000,000

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
3. Savings from Closure of the Detroit Reentry Center	FTE	202.4	(202.4)
Reflects a net reduction of \$10.5 million GF/GP and 202.4 FTE positions resulting from closure of the Detroit Reentry Center on January 9, 2021. The savings amount is the net amount that results from reduced costs for operations and administration at the center, a shift of funding for the prisoner dialysis unit that was transferred to the Woodland Correctional Facility, and a shift of funding for the parole violators who were transferred to the Macomb Correctional Facility.	Gross	\$10,523,600	(\$10,523,600)
	GF/GP	\$10,523,600	(\$10,523,600)
4. Funding for Training New Custody Staff	Gross	\$13,850,100	\$7,373,700
Includes \$7.4 million GF/GP to train additional corrections officers in an effort to reduce the number of vacant positions and meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. In FY 2019-20, an average of 52 custody staff left the department each month. With \$7.4 million added to the FY 2020-21 base of \$13.9 million, and with expenditure of carried forward work project account funding from prior years, the department will be able to train an estimated 800 new officers in FY 2021-22.	GF/GP	\$13,850,100	\$7,373,700
5. Employee Wellness Programming	Gross	\$1,190,600	\$809,400
Includes \$809,400 GF/GP to support additional employee wellness resources and support services for department employees.	GF/GP	\$1,191,600	\$809,400
6. Administrative Hearing Caseload Increase	Gross	\$3,200,300	\$204,000
Restores \$204,000 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would be used to support departmental billings for administrative hearings through the LARA Michigan Office of Administrative Hearings and Rules. The number of hearings increased by over 9% from 2019 to 2020.	GF/GP	\$3,200,300	\$204,000
7. Transportation Costs for Prison Industries	Gross	NA	\$72,000
Includes an additional \$72,000 in state restricted funding authorization for Prison Industries Operations to cover increased transportation costs resulting from moving more of MSI-made goods sold to correctional facilities.	Restricted	NA	72,000
	GF/GP	NA	\$0
8. Economic Adjustments	Gross	NA	(\$4,696,900)
Reflects a net reduction of \$4.7 million Gross (\$4.6 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	(6,800)
	Local	NA	(34,500)
	Restricted	NA	(57,100)
	GF/GP	NA	(\$4,598,500)
9. Removal of Current Year One-Time Funding	Gross	\$15,000,000	(\$15,000,000)
Reduces the budget by \$15.0 million GF/GP to reflect removal of one-time funding included in the FY 2020-21 budget. Funding removed was for the third payment of the <i>John Does v Department of Corrections</i> settlement agreement.	GF/GP	\$15,000,000	(\$15,000,000)

Major Boilerplate Changes from FY 2020-21

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees and Prisoners – DELETED

Prohibits MDOC from taking disciplinary action against classified civil service employees or prisoners for communicating with legislators or their staff unless the communication is prohibited by law and MDOC is exercising its authority.

Major Boilerplate Changes from FY 2020-21

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$2.5 million in federal contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$10.0 million in federal, up to \$10.0 million in state restricted, up to \$2.0 million in local, and up to \$2.0 million in private contingency funds.

Sec. 216. FTE Positions, Long-Term Vacancies, and Remote Work – DELETED

Requires MDOC to report on the number of FTE positions in pay status by civil service classification, including an accounting of all vacant positions, all vacant and filled corrections officer positions by facility, all vacant healthcare-related positions, and all vacant positions being held open for temporarily non-active employees; requires a report on the number of full-time positions authorized compared to the actual number employed by line item, number of employees authorized to work remotely and number of employees working remotely, estimated cost savings achieved by remote work, and reduced use of office space associated with remote work.

Sec. 217. Coronavirus Relief Fund Appropriations – DELETED

Unappropriates any Coronavirus Relief Fund appropriations for which expenditures have not been incurred as of December 30 and reappropriates them for deposit into the Unemployment Compensation Fund to support costs incurred due to the COVID-19 pandemic.

Sec. 218. State Administrative Board Transfers – DELETED

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

Sec. 221. Receipt and Retention of Reports – DELETED

Requires MDOC to follow federal and state guidelines for short-term and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 222. Report on Policy Changes Made to Implement Public Acts – DELETED

Requires MDOC to report on each specific policy change made by the department to implement a public act affecting the department.

Sec. 225. Expending Available Work Project Authorization – DELETED

Prohibits appropriations that have unexpended work project authorization associated with them, to the extent possible, from being expended until all existing work project authorization for the same purpose is exhausted.

Sec. 239. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at the northern and southern region administration offices.

Sec. 248. Consensus Revenue Estimating Conference (CREC) – DELETED

Requires the Senate and House Fiscal Agencies and the State Budget Director, or the State Treasurer, to establish a projected prisoner population, and a projected number of available beds based on prisoner population, at the May 2021 CREC.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 302. Staff Retention Strategies – REVISED

Requires MDOC to report on staff retention strategies, including how to improve employee engagement, how to improve employee wellness, how to offer additional training and professional development, metrics used by MDOC to measure success of employee wellness programming, mechanisms by which to receive employee feedback, how MDOC considers suggestions made by employees, and steps taken and future plans for retention and improving employee wellness; requires MDOC to establish a Staff Recruitment and Retention Advisory Board to assist the department with shaping and enhancing effectiveness of staff recruiting and retention strategies; requires a status report on establishing the Staff Recruitment and Retention Advisory Board and on the board's initial plans. Revised to strike the listing of information that is to be included in the report and to strike the requirement to establish an advisory board.

Sec. 304. Staff Suggestions – DELETED

Requires MDOC to maintain a staff savings initiative program for employees to submit suggestions for efficiencies for the department; requires MDOC to consider suggestions in a timely manner; requires a report on process improvements made based on suggestions.

Major Boilerplate Changes from FY 2020-21

Sec. 309. Maintenance and Utility Costs at Facilities – DELETED

Requires MDOC to report on maintenance and utility costs and plans for capital improvement costs for each correctional facility; for facilities closed prior to November 1, 2018, requires a list of costs associated with maintenance and upkeep of closed facilities, by facility, and estimated costs of demolition of closed facilities.

Sec. 312. PTSD Outreach and Employee Wellness – DELETED

Requires appropriation to be used for PTSD outreach, treating mental health issues, and providing mental health programming for all department staff; requires \$50,000 to be used for conducting a comprehensive follow-up study to the initial study conducted in FY 2018-19; requires MDOC to report on results of the study and on programs established, level of employee involvement, and expenditures made for employee wellness programming.

Sec. 312. Employee Wellness – NEW

Requires MDOC to maintain employee wellness programming, including programming focused on post-traumatic stress disorder outreach.

Sec. 314. Staff Overtime Hours – DELETED

Requires MDOC to report on the number of overtime hours worked by all custody staff, by facility, including the number of mandatory overtime hours worked, number of voluntary overtime hours worked, reasons for overtime hours worked, and average number of overtime hours worked by active employees.

Sec. 315. 12-Hour Shifts for Corrections Officers – DELETED

Requires MDOC to conduct a survey of corrections officers at all facilities on whether officers want to have 12-hour shifts implemented; requires MDOC to report on the results of the survey.

Sec. 317. New Corrections Officer Training Academy – DELETED

Requires MDOC to report on the status of the new training academy, including a listing of all structures and amenities on-site and expenditure data associated with structures and amenities on-site; lists all amenities the legislature intends for the new academy to have; requires a report on the projected cost of amenities that are listed but not included on-site; requires MDOC to name the facility and to solicit site name ideas from staff.

Sec. 318. Professional Development and Training for Staff – DELETED

Requires MDOC to report on programs that offer professional development and training opportunities for all levels of custody supervisors and first line managers, including an overview of existing programs, and a review of similar programs available in other organizations and in other states.

OFFENDER SUCCESS ADMINISTRATION

Sec. 405. Substance Abuse Testing and Treatment – DELETED

Requires MDOC to report on expenditures for substance abuse testing and treatment services, program objectives, outcome measures, and results, including the impact on offender and programmatic success.

Sec. 408. Recidivism Measurement – REVISED

Requires MDOC to measure recidivism rates of offenders. Revised to require MDOC to measure the reincarceration recidivism rates of offenders based on available data.

Sec. 409. Workforce Development Program – REVISED

Requires MDOC to work with the Department of Labor and Economic Opportunity and local entities to design services and offender success vocational education programs for prisoners in an effort to encourage employment of prisoners upon release from prison; requires a report on the results of the workforce development program. Revised to require MDOC to ensure that the program provides relevant professional development opportunities to prisoners that are high quality, demand driven, locally receptive, and responsive to the needs of the communities where prisoners are expected to reside upon release from prison. Revised to delete the reporting requirement.

Major Boilerplate Changes from FY 2020-21

Sec. 410. Community Corrections Comprehensive Plans and Services – REVISED

Specifies purpose of and requirements for community corrections comprehensive plans (e.g., reduce admissions to prisons, improve utilization of jail facilities, contribute to offender success); lists award criteria for community corrections planning and residential services funds (e.g., trends in prison commitment rates, jail utilization, community corrections program capacity and utilization; impact and outcome of policies and procedures of programs on offender success); limits residential services per diem reimbursement rate to \$55.50; lists allowable uses of program funding for Drunk Driver Jail Reduction and Community Treatment Program (e.g., reimbursing counties for transportation, treatment costs, housing felony drunk drivers during period of assessment for treatment and case planning); provides for reimbursement for housing at a rate of \$43.50 per day per offender for up to five days. Revised to strike purpose of and requirements for community corrections comprehensive plans and listing of award criteria for community corrections planning and residential services funds.

Sec. 411. Comprehensive Corrections Plans – DELETED

Establishes further requirements for comprehensive corrections plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies.

Sec. 417. Reports on Community Programs – DELETED

Requires MDOC to report on program objectives and outcome measures, the number of offenders completing programs, number of offenders successfully remaining in the community 3 years following completion, expenditures, impact on jail utilization, impact on prison admission, and other relevant information on the Drunk Driver Jail Reduction and Community Treatment Program and on any new initiatives aimed at controlling prison population growth.

Sec. 423. Collaboration with Michigan Restaurant Association – DELETED

Requires MDOC to collaborate with the Michigan Restaurant Association on job placement for individuals on probation and parole.

Sec. 424. Enhanced Food Technology Program – NEW

Requires MDOC to maintain the Enhanced Food Technology program that provides on-the-job training in prison kitchens that will lead to food service training credentials recognized by the restaurant industry.

FIELD OPERATIONS ADMINISTRATION

Sec. 602. Electronic Monitoring Contracts – DELETED

Expresses intent of the legislature that MDOC not extend any contracts for electronic monitoring devices, and that a complete review of all providers and technology be conducted to determine efficacy.

Sec. 604. Criminal Justice Reinvestment – REVISED

Requires funding for criminal justice reinvestment to be used for data collection and evidence-based programs designed to reduce recidivism among probationers and parolees; allocates \$600,000 to an organization that provides programming and job training services to county jail inmates to prepare them for employment upon release from jail. Revised to strike the \$600,000 allocation.

Sec. 605. Chance for Life Program – DELETED

Requires MDOC to allocate \$250,000 to issue a request for proposal for a vendor to provide evidence-based mentoring, employment soft skills training, and job placement assistance for offenders released from prison.

Sec. 611. Annual Program Reports – DELETED

Specifies content to be included in reports by MDOC on residential reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs).

Sec. 612. Violators of Parole and Probation – DELETED

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires a report on the number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, and number of offenders who participated in substance abuse treatment programs, mental health programs, or both.

Sec. 613. Placement of Parolees with Chronic Technical Violations – DELETED

Requires MDOC to give priority to placing parolees with chronic technical violations in intensive detention programs that offer specific programming to address behavioral needs and to work on a plan to help assure success of parolees upon release.

Major Boilerplate Changes from FY 2020-21**HEALTH CARE*****Sec. 802. Health Care Timeliness and Expenditures – DELETED***

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment; requires a report on pharmaceutical prescribing practices, including a detailed accounting of expenditures on antipsychotic medications and any changes made to prescription drug formularies.

Sec. 812. Medicaid Utilization by Prisoners – DELETED

Requires MDOC and DHHS to exchange information regarding newly committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires report on utilization of Medicaid benefits for prisoners.

CORRECTIONAL FACILITIES ADMINISTRATION***Sec. 901. Enhanced Food Technology Program – DELETED***

Requires MDOC to expand food technology education program to at least 700 inmates annually; requires inmates participating in the program to complete 408 hours of on-the-job training in a prison kitchen.

Sec. 908. Online High School Diploma and Career Certificate Program – DELETED

Authorizes MDOC to establish a pilot online high school diploma and career certificate program to serve up to 400 inmates through a provider that offers career-based online high school diplomas designed to prepare adult inmates for transition into the workplace.

Sec. 940. Use of State-Owned Facilities – DELETED

Requires for-profit entities using state-owned facilities to pay fair market value for use of facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if facilities were privately owned.

Sec. 942. Auditor General and Corrections Ombudsman Access to Contracted Facilities – DELETED

Requires any contract with a public or private party to operate a facility to house Michigan prisoners to include a provision allowing access to the facility and appropriate records by the Auditor General and the Legislative Corrections Ombudsman.

Sec. 943. Savings from Prison Closures – DELETED

Requires MDOC to report on actual and projected savings achieved by closing correctional facilities, starting with closure of the Pugsley Correctional Facility, which closed in September 2016.

Sec. 944. Economic Impact of Prison Closures – DELETED

Requires MDOC, when planning to close a correctional facility, to consider the potential economic impact of the prison closure on the community where facility is located.

MISCELLANEOUS***Sec. 1011. Religious Cable Programming – DELETED***

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits the addition of channels from costing the state.

Sec. 1013. Faith-Based Reentry Programs – DELETED

Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives.

ONE-TIME APPROPRIATIONS***Sec. 1101. John Does v MDOC Settlement Work Project Designation – NEW***

Designates unexpended funds as a work project appropriation; authorizes funds to carry forward and to be available for the same purpose in the following fiscal year.

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22
EDUCATION (DEPARTMENT)**

Analysts: Samuel Christensen, Emily Hatch, and Jacqueline Mullen

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	343,701,700	344,304,100	602,400	0.2
Local	5,872,100	5,870,300	(1,800)	(0.0)
Private	2,239,300	2,238,500	(800)	(0.0)
Restricted	9,815,500	9,785,400	(30,100)	(0.3)
GF/GP	90,067,100	168,893,100	78,826,000	87.5
Gross	\$451,695,700	\$531,091,400	\$79,395,700	17.6
FTEs	620.5	621.0	0.5	0.1

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

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. One-Time Appropriation – Child Care Investment Plan	Gross NA	\$78,000,000
Provides \$78.0 million GF/GP in one-time funding to continue implementing the child care investment plan from the FY 2020-21 Supplemental Recommendation noted below.	GF/GP NA	\$78,000,000
2. Teacher Recruitment Program	FTE 48.0	0.5
Provides \$2.9 million GF/GP and authorizes 0.5 FTE positions in the Educator Excellence Operations line item and provides MDE three allocations to address teacher recruitment as follows:	Gross \$10,989,700	\$2,895,000
	Federal 4,668,000	0
	Restricted 4,295,100	0
	GF/GP \$2,026,600	\$2,895,000
<ul style="list-style-type: none"> Allocates \$1.8 million and 0.5 FTE positions to comply with boilerplate Sec. 233 that requires MDE to implement a training program for students in grades 9 to 12 who are interested in teaching and are members of groups underrepresented in the teaching profession. Eligible program expenses include, but are not limited to, tuition, stipends, scholarships, books, and transportation. Allocates \$800,000 for existing teachers to participate in a competitive grant program that would award up to \$8,000 per teacher to facilitate movement into high demand and critical shortage fields. Educator preparation institutions that participate would create a custom program for teachers to complete in one year. Allocates \$320,000 to cover the cost of up to 2,000 teaching license renewals for former teachers, and requires MDE to reduce the hours of professional learning required for returning teachers. 		

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
3. Michigan Poet Laureate	FTE	31.0	0.0
Provides \$100,000 GF/GP to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts.	Gross	\$4,956,400	\$100,000
	Restricted	300,000	0
	GF/GP	\$4,656,400	\$100,000
4. Office of Great Start Line Item Roll Up: Child Development and Care Contracted Services and T.E.A.C.H. Early Childhood Michigan Scholarship program	FTE	65.0	0.0
Transfers \$17.4 million of federal funding from two line items, Child Development and Care Contracted Services (\$12.4 million) and T.E.A.C.H. Early Childhood Michigan Scholarship program (\$5.0 million), to the Office of Great Start Operations. Both of these programs were included as individual line items in the FY 2019-20 budget to separate their functions and appropriations from the Office of Great Start Operations.	Gross	\$13,564,300	\$0
	Federal	11,394,400	0
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$1,855,300	\$0
5. Child Development and Care (CDC) – State Matching Fund Decrease	Gross	\$241,622,000	\$0
Replaces \$1.0 GF/GP with a corresponding amount of federal funds for the CDC program's matching funds in order to align GF/GP with the estimated amount needed to draw down the full federal Child Care Development Fund (CCDF) award. This represents an estimate because the final federal allocation for Michigan has not been appropriated at the federal level.	Federal	202,190,700	1,019,600
	GF/GP	\$39,431,300	(\$1,019,600)
6. Economic Adjustments	Gross	NA	(\$599,300)
Reflects decreased costs of \$599,300 Gross, including a decrease of \$149,400 GF/GP, for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	(417,200)
	Local	NA	(1,800)
	Private	NA	(800)
	Restricted	NA	(30,100)
	GF/GP	NA	(\$149,400)

Major Boilerplate Changes from FY 2020-21

Executive Boilerplate Deletions

In general, the executive budget deletes a number of boilerplate sections included in the FY 2020-21 budget. The following list includes all sections proposed to be deleted.

- FTE Vacancies and Remote Work Report (Sec. 216)
- State Administrative Board Transfer (Sec. 218)
- Kindergarten Entry Assessment Participation (Sec. 219)
- Report on Policy Changes Made to Implement Public Acts Affecting Department (Sec. 221)
- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Expending Available Work Project Authorization (Sec. 224)
- Federal Accountability Plans (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Child Protection Law Reporting (Sec. 231)
- College Acceleration Program Report (Sec. 234)
- Due Process Hearings (Sec. 409)
- Felony Conviction Files (Sec. 501)
- Early Childhood Investment Corporation Annual Report (Sec.1003)
- CDC T.E.A.C.H. Early Childhood Michigan Scholarship Program (Sec. 1004)
- CDC Funding Changes (Sec. 1010)
- Educare (Sec. 1101)

Major Boilerplate Changes from FY 2020-21

Sec. 210. Contingency Funds – REVISED

Revises the amount of contingency funds, which must be transferred by the legislature prior to expenditure as follows: revises federal from \$5.0 million to \$10.0 million; revises state restricted from \$400,000 to \$700,000; maintains local at \$250,000; and revises private from \$1.5 million to \$3.0 million.

Sec. 233. Teacher Recruitment Program – REVISED

Revises the requirements MDE must do to implement a training program for students in grades 9 to 12 who are interested in teaching and are members of groups of underrepresented in the teaching profession as follows: revises from creating a process for nomination and admission of students to the program to recruiting districts to make the program available for their students and implementing a competitive grant to support program costs; maintains the requirement to advertise the program; revises to add that MDE would “provide districts with resources” to invite teacher preparation programs in Michigan to participate in the training program; revises to add that the required conferences for students in the program take place in at least three geographically convenient locations from providing no minimum number of locations; revises the recipients of available research and resources from students and postsecondary institutions to districts offering the training program.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED

Revises to increase the entrance income threshold for the CDC program from 150% of the federal poverty guidelines to 200%. (As noted above in Major Budget Changes and below in Supplemental Recommendations, this change would be funded through a combination of FY 2020-21 federal authorization appropriations and FY 2021-22 one-time GF/GP appropriations. The child care investment plan would increase the entrance income threshold from 150% to 200% of the federal poverty guidelines from April 1, 2021 to September 30, 2022, and then permanently set the threshold at 160% of the federal poverty guidelines in FY 2022-23.)

Supplemental Recommendations for FY 2020-21 Appropriations

FY 2020-21 Recommendation

1. Child Care Investment Plan

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

Gross	\$292,115,000
Federal	292,115,000
GF/GP	\$0

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

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
IDG/IDT	\$3,337,700	\$3,544,900	\$207,200	6.2
Federal	171,973,000	171,889,200	(83,800)	(0.1)
Local	0	0	0	--
Private	1,412,800	1,411,200	(1,600)	(0.1)
Restricted	275,191,800	600,471,200	325,279,400	118.2
GF/GP	59,443,900	128,700,400	69,256,500	116.5
Gross	\$511,359,200	\$906,016,900	\$394,657,700	77.2
FTEs	1,424.0	1,466.0	42.0	2.9

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

Overview

The Department of Environment, Great Lakes, and Energy (EGLE) is responsible for managing Michigan's air, land, water, and energy resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. High Water Infrastructure Grants (One-Time)	Gross	NA	\$40,000,000
Provides \$30.0 million GF/GP for infrastructure grants to address flooding, erosion, and other coastal issues; provides \$10.0 million GF/GP for planning grants to address severe weather impacts and changing climate effects.	GF/GP	NA	\$40,000,000
2. Contaminated Site Cleanup (One-Time)	Gross	NA	\$20,000,000
Includes \$20.0 million GF/GP for the prioritization and remediation of newly contaminated properties statewide that emerge throughout the year.	GF/GP	NA	\$20,000,000
3. Dam Safety Emergency Fund (One-Time)	Gross	NA	\$15,000,000
Includes \$15.0 million GF/GP to create a new fund to respond to dam emergencies where the owner has not adequately maintained their dam.	GF/GP	NA	\$15,000,000
4. MI Clean Water Plan (One-Time)	Gross	NA	\$290,000,000
Appropriates remaining funding from the Strategic Water Quality Initiatives Fund to provide grants to local communities for water infrastructure facility projects (\$235.0 million), failing septic system eliminations (\$35.0 million), and public health mitigation projects (\$20.0 million).	Restricted GF/GP	NA NA	290,000,000 \$0
5. Fee Increase – Land and Water Interface Permit Programs	FTE	84.0	35.0
Proposes to raise rates and eliminate sunsets on Land and Water Permit fees that support programs in flood response, dam safety, construction permitting, and great Lakes Shorelands. Increased revenue would support the addition of 25.0 new FTE positions and \$5.3 million in restricted authorization, 10.0 FTE positions would be transferred from the Renewing Michigan's Environment Program.	Gross	\$12,649,600	\$5,317,000
	IDG	1,338,700	0
	Federal	2,099,100	0
	Restricted	2,410,300	5,317,000
	GF/GP	\$6,801,500	\$0

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
6. Fee Increase – Surface Water and Environmental Health	FTE	NA	1.0
Proposes to raise rates and eliminate the sunset on Wastewater Operator Training Fees that support surface water programs in water quality monitoring, pollutant testing, and wastewater toxicity as well as environmental health programs in drinking water monitoring and emergency response. Increased revenue would support the addition of 1.0 FTE position and \$309,400 from the Wastewater Operator Training Fees Fund.	Gross	NA	\$309,400
	Restricted	NA	309,400
	GF/GP	NA	\$0
7. Fee Increase – NPDES Nonstormwater Program	FTE	83.0	15.0
Proposes to raise rates and eliminate the sunset on National Pollutant Discharge Elimination System Fees and Stormwater (NPDES) Fees that support the regulation of hazardous discharges to Michigan waterways. Increased revenue would support the addition of 11.0 new FTE positions and \$194,900 from the NPDES Fees Fund; 4.0 FTE positions would be transferred from the Renewing Michigan’s Environment Program.	Gross	\$13,685,200	\$194,900
	Federal	6,902,400	0
	Restricted	4,305,100	194,900
	GF/GP	\$2,477,700	\$0
8. Fee Increase – Hazardous Waste Management Program	Gross	\$5,851,200	\$100,000
Proposes to raise rates and eliminate the sunset on Hazardous Waste Site Identification Fees that support the processing of new sites for hazardous waste management. Increased revenue would support the addition of \$100,000 from the Environmental Pollution Prevention Fund.	Federal	2,330,400	0
	Restricted	3,520,800	100,000
	GF/GP	\$0	\$0
9. Environmental Cleanup Support – Premcor Settlement	Gross	\$1,000,000	\$29,300,000
Appropriates \$29.3 million from the Environmental Response Fund to cleanup petroleum contamination at former Premcor Refining Group gas station sites in accordance with legal settlement. Supplemental request 2021-5 includes \$5.0 million from the same fund for this ongoing project in FY 2020-21.	Restricted	1,000,000	29,300,000
	GF/GP	\$0	\$0
10. Laboratory Services	FTE	39.0	3.0
Appropriates \$1.5 million in available revenue from the Laboratory Services Fees Fund and authorizes 3.0 FTE positions to expand physical, chemical, and biological testing at environmental and drinking water laboratories.	Gross	\$6,995,400	\$1,450,000
	Restricted	6,995,400	1,450,000
	GF/GP	\$0	\$0
11. Brownfield Grants	Gross	NA	\$1,100,000
Reestablishes the Brownfield Grants appropriation for the remediation and redevelopment of contaminated sites supported by \$1.1 million from the Brownfield Development Fund.	Restricted	NA	1,100,000
	GF/GP	NA	\$0
12. Environmental Support Projects	Gross	\$5,000,000	\$1,000,000
Appropriates \$1.0 million in available revenue from the Settlement Fund for environmental remediation at contaminated sites.	Restricted	5,000,000	1,000,000
	GF/GP	\$0	\$0
13. Oil, Gas, and Mineral Services	FTE	57.0	2.0
Expands the Oil, Gas, and Mineral Services Program by adding 2.0 FTE positions and \$370,000 Gross to recognize the transfer of oversight of underground injection and gas storage wells from the Environmental Protection Agency to EGLE. Interdepartmental support from the Department of Licensing and Regulatory Affairs will provide for partnership between EGLE and the Public Service Commission to regulate gas storage wells.	Gross	\$11,312,600	\$370,000
	IDG	0	220,000
	Federal	0	150,000
	Restricted	6,901,100	0
	GF/GP	\$4,411,500	\$0
14. Scrap Tire Grants	Gross	\$6,500,000	(\$3,000,000)
Reduces scrap tire grant funding from the Scrap Tire Regulatory Fund by \$3.0 million to reflect available restricted revenue. These grants fund the removal of scrap tires from public lands.	Restricted	6,500,000	(3,000,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>																		
15. Removal of FY 2020-21 One-Time Funding																				
Removes \$5.6 million GF/GP for one-time programs included in the FY 2019-20 budget. Programs included the Blanchard Dam study, Cooperative Lakes Monitoring, Madison Heights Environmental Cleanup, Lead and Copper Rule Support, Michigan Geological Survey, Multistate Aquifer Study, Parchment Water Treatment Plant Project, and Watershed Council Grants.	<table border="0" style="width: 100%;"> <tr> <td style="width: 100px;">Gross</td> <td style="text-align: right;">\$5,560,000</td> <td style="text-align: right;">(\$5,560,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$5,560,000</td> <td style="text-align: right;">(\$5,560,000)</td> </tr> </table>	Gross	\$5,560,000	(\$5,560,000)	GF/GP	\$5,560,000	(\$5,560,000)													
Gross	\$5,560,000	(\$5,560,000)																		
GF/GP	\$5,560,000	(\$5,560,000)																		
16. Renewing Michigan's Environment Program																				
Transfers 10.0 FTE positions to Land and Water Interface Permit Programs and 4.0 FTE positions to the NPDES Nonstormwater Program to meet departmental personnel needs.	<table border="0" style="width: 100%;"> <tr> <td style="width: 100px;">FTE</td> <td style="text-align: right;">128.0</td> <td style="text-align: right;">(14.0)</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">\$70,060,200</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">70,060,200</td> <td style="text-align: right;">0</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$0</td> </tr> </table>	FTE	128.0	(14.0)	Gross	\$70,060,200	\$0	Restricted	70,060,200	0	GF/GP	\$0	\$0							
FTE	128.0	(14.0)																		
Gross	\$70,060,200	\$0																		
Restricted	70,060,200	0																		
GF/GP	\$0	\$0																		
17. Economic Adjustments																				
Reflects decreased costs of \$923,600 Gross (\$183,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	<table border="0" style="width: 100%;"> <tr> <td style="width: 100px;">Gross</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(\$923,600)</td> </tr> <tr> <td>IDG</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(12,800)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(233,800)</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(1,600)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(491,900)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(\$183,500)</td> </tr> </table>	Gross	NA	(\$923,600)	IDG	NA	(12,800)	Federal	NA	(233,800)	Private	NA	(1,600)	Restricted	NA	(491,900)	GF/GP	NA	(\$183,500)	
Gross	NA	(\$923,600)																		
IDG	NA	(12,800)																		
Federal	NA	(233,800)																		
Private	NA	(1,600)																		
Restricted	NA	(491,900)																		
GF/GP	NA	(\$183,500)																		

Major Boilerplate Changes from FY 2020-21

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law.

Sec. 209. GF/GP Lapse – REVISED

Requires report of estimated GF/GP appropriation lapses at close of previous year. Revised due date from November 30 to December 31.

Sec. 210. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers of up to \$3.0 million restricted; authorizes expenditure after legislative transfer to specific line items. Revised to include contingency fund transfer authority of \$30.0 million federal, \$5.0 million restricted, and \$500,000 private.

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

Requires department to report quarterly on the number of FTE positions filled, FTE vacancies, the number of employees working remotely, the number of employees authorized to work remotely, estimated cost savings from remote work, and reduction in office space due to working remotely.

Sec. 217. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended.

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 219. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 220. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires the department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 221. Rule Promulgation – DELETED

Requires report on any policy changes made to implement a public act; prohibits department from adopting a rule that applies to a small business if it has a disproportionate economic impact.

Major Boilerplate Changes from FY 2020-21

Sec. 237. Employee Legal Costs Related to Drinking Water Declaration of Emergency – DELETED

Requires department to be responsible for payment of current and former department employees' legal costs from legal actions taken related to drinking water declaration of emergency.

Sec. 305. Refined Petroleum Fund – DELETED

Expresses legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED

Requires list of cleanup sites addressed by Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year.

Sec. 308. Work Projects – Emergency Cleanup Actions and Refined Petroleum Product Cleanup Program – REVISED

Authorizes unexpended funds appropriated for Emergency Cleanup Actions and Refined Petroleum Product Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups. Revised to add funds appropriated for Emergency Cleanup Support.

Sec. 312. Work Project – Environmental Cleanup Support – NEW

Authorizes unexpended funds appropriated for Environmental Cleanup Support to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanup at former Premcor Refining Group gas station sites.

Sec. 315. Environmental Response Fund and Natural Resource Damage Fund Receive and Expend – NEW

Authorizes expenditure of funds from the Environmental Response Fund or Natural Resource Damage Fund upon receipt as outlined by legal decisions; requires a report on this section's preceding fiscal year's expenditures by February 1.

Sec. 401. Land and Water Interface Permit Programs Dam Safety Earmark – REVISED

Earmarks \$350,000 and 2.0 FTE positions from Land and Water Interface Permit Programs for Dam Safety Programs. Revised to exclude FTE positions earmark.

Sec. 902. Scrap Tire Grants Earmark – DELETED

Earmarks \$3.0 million from Scrap Tire Grants for a project in Alpena.

Sec. 1005. Private Well Testing – DELETED

Directs expenditure if funding becomes available for private well testing to local health departments to provide water testing to private well owners; requires report on expenditures.

Sec. 1005. Work Project – Dam Safety Emergency Fund – NEW

Authorizes unexpended funds appropriated for Dam Safety Emergency Fund to be considered work project appropriations and carried forward into succeeding fiscal year; program will address risks and threats to dam safety.

Sec. 1006. Blanchard Dam Bond Inspection and Repair Needs Study – DELETED

Directs expenditure of funding for the Blanchard Dam bond inspection and repair needs study to conduct a study of repair needs and for inspection at Blanchard Dam in Isabella County.

Sec. 1006. High Water Infrastructure Grants – NEW

Directs expenditure of funding for High Water Infrastructure Grants for grants to local communities for severe weather and climate planning (\$10.0 million) and infrastructure (\$30.0 million); caps individual planning grants at \$200,000 and infrastructure grants at \$2.5 million.

Sec. 1007. Cooperative Lakes Monitoring Program – DELETED

Directs expenditure of funding for Cooperative Lakes Monitoring Program to continue the program, which helps volunteers monitor local lake water quality and document changes over time.

Sec. 1007. Work Project – MI Clean Water Plan – NEW

Authorizes unexpended funds appropriated for MI Clean Water Plan to be considered work project appropriations and carried forward into succeeding fiscal year; program will provide local water infrastructure grants.

Sec. 1008. Environmental Cleanup Project (One-Time) – DELETED

Directs expenditure of funding for environmental cleanup project to support demolition costs of an electroplating services building in Madison Heights.

Major Boilerplate Changes from FY 2020-21

Sec. 1009. Lead and Copper Rule Support – DELETED

Directs expenditure of funding for lead and copper rule support for water line replacement in the City of Clare (\$2.5 million) and the City of Burton (\$250,000).

Sec. 1010. Michigan Geological Survey – DELETED

Directs expenditure of funding for Michigan Geological Survey to support basic and applied geological research at Western Michigan University and designates funding as a work project account.

Sec. 1011. Multistate Aquifer Study – DELETED

Directs expenditure of funding for multistate aquifer study for a study of the Michindoh Aquifer in Michigan, Indiana, and Ohio and designates funding as a work project account.

Sec. 1012. Water Treatment Plant Project – DELETED

Directs expenditure of funding for water treatment plant project for contamination remediation at a water treatment plant in Parchment.

Sec. 1013. Watershed Council Grants – DELETED

Directs expenditure of funding for watershed council grants for grants to watershed councils for education, administration, and conservation efforts; caps individual grants at \$40,000; requires report on grant recipients and grant amounts by April 1.

Supplemental Recommendations for FY 2020-21 Appropriations

FY 2020-21 Recommendation

1. Energy Infrastructure Program

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

Gross	\$5,000,000
GF/GP	\$5,000,000

2. Superfund Cleanup – Spartan Chemical

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

Gross	\$10,000,000
Federal	10,000,000
GF/GP	\$0

3. Premcor Remediation Activities

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

Gross	\$5,000,000
Restricted	5,000,000
GF/GP	\$0

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

Analysts: Ben Gielczyk and Michael Crossen

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

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

Overview

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

Major Boilerplate Changes from FY 2020-21

Sec. 206. Disciplinary Action Against State Employees – DELETED

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

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

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

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

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

Sec. 217. Work Project Expenditures – DELETED

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

Sec. 218. State Administrative Board Transfers – DELETED

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

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 221. Fund Sourcing Priorities – DELETED

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

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

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

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

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

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

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

Sec. 235. Federal Funding Contingency Plan – DELETED

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

Sec. 240. New Program Metrics – DELETED

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

Supplemental Recommendations for FY 2020-21 Appropriations

Major Boilerplate Changes

Budget Stabilization Fund Deposit

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

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

Analyst: Michael Crossen

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED

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

Sec. 309a. Prisoner Reimbursements Report – DELETED

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

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

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

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

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

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Clergy Abuse Investigation

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

Gross	\$150,000
GF/GP	\$150,000

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

Analyst: Michael Crossen

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 401. Contingency Funding – REVISED

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

Major Boilerplate Changes from FY 2020-21

Sec. 402. Training and Information Dissemination – REVISED

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

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

Analyst: Ben Gielczyk

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21

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

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

Analyst: Ben Gielczyk

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

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

Overview

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

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

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

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD	
12. Focus: HOPE Grant	Gross	\$0	\$1,000,000
Includes \$1.0 million GF/GP (considered a one-time appropriation) for the nonprofit's workforce, youth development, and community empowerment and advocacy efforts.	GF/GP	\$0	\$1,000,000
13. Brownfield Redevelopment Fund Creation and Increase	Gross	\$50,000	\$1,125,000
Includes \$1.1 million Gross (\$0 GF/GP) to support community development projects authorized under 2012 PA 502. Revenues exists from captured brownfield tax increment finance revenue pursuant to the act. Also transfers \$50,000 in fund source authorization from special project advances for a total authorization of \$1.2 million.	Restricted	50,000	1,125,000
	GF/GP	\$0	\$0
14. Federal Fund Authorization Increases	Gross	NA	\$13,075,000
Includes the following federal fund appropriation authorization increases to reflect new federal awards:	Federal	NA	13,075,000
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • \$6.0 million for Michigan Learning and Education Advancement Program (MiLEAP) to help jobseekers transition from education and training to employment through customized training and support • \$4.0 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) to increase the number of low-income students prepared to enter postsecondary education • \$3.1 million for Workforce Development H-1B grants to reflect two new grants to prepare the workforce for middle- to high-skilled positions currently filled by H-1B workers and to connect employers with skilled healthcare workers in rural communities 			
15. State Historic Preservation Office (SHPO)	Gross	\$0	\$2,100,000
Includes \$2.1 million Gross (\$0 GF/GP) for office operations. Includes \$1.9 million in federal fund sourcing and \$200,000 in new restricted fees and charges as a result of authorization included in 2020 PA 343 which allowed SHPO to collect fees for the historic tax credit program.	Federal	0	1,900,000
	Restricted	0	200,000
	GF/GP	\$0	\$0
16. Michigan Women's Commission Transfer from Civil Rights	FTE	0.0	2.0
Includes \$366,800 GF/GP and authorizes 2.0 FTE positions to reflect the transfer of the Michigan Women's Commission from the Department of Civil Rights to the Department of Labor and Economic Opportunity, as ordered under Executive Order 2020-171. The Women's Commission works to address concerns about economic security and gender pay equity.	Gross	\$0	\$366,800
	GF/GP	\$0	\$366,800
17. Unemployment Insurance Agency Staffing	FTE	736.0	500.0
Includes authorization for an additional 500.0 FTE positions to align with increased federal administrative revenues. Up to 500.0 FTE positions were previously authorized for up to 6 months in 2020 PA 123.	Gross	\$299,363,800	\$0
	Federal	276,626,400	0
	Restricted	22,737,400	0
	GF/GP	\$0	\$0
18. Current Services Baseline Technical Adjustments	Gross	NA	\$1,769,000
Includes \$1.8 million Gross (\$78,100 GF/GP) to accommodate technical adjustments related to defined calculations, federal match requirements, and federal and restricted revenue estimates.	Federal	NA	1,680,400
	Restricted	NA	10,500
	GF/GP	NA	\$78,100
19. Removal of FY 2020-21 One-Time Appropriations	Gross	\$98,788,800	(\$98,788,800)
Removes funding for the following one-time appropriations:	Federal	10,000,000	(10,000,000)
<ul style="list-style-type: none"> • \$30.3 million GF/GP – Michigan Enhancement Grants • \$10.0 million Federal – Coronavirus Relief Fund Grants • \$3.5 million GF/GP – Michigan Stages Survival Grants • \$55.0 million GF/GP – Small Business Survival Grants 	GF/GP	\$88,788,800	(\$88,788,800)

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
20. Executive Direction Reorganization	FTE	NA
Transfers \$1.1 million GF/GP from Workforce Development Programs to Executive Direction and Operations and includes new authorization for 7.0 FTE positions. This request would allow for additional centralized financial staff and flexible funding to support core operations of the department.	Gross	NA
	GF/GP	NA
		7.0
		\$0
		\$0
21. Economics Adjustments	Gross	NA
Reflects net decrease of \$2.1 million Gross (\$180,600 GF/GP). Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to actuarially required retirement contributions, worker's compensation, and building occupancy charges, were offset by a reduction in calculated contributions for retiree medical benefits.	Federal	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		(\$2,133,700)
		(1,680,400)
		(800)
		(271,900)
		(\$180,600)

Major Boilerplate Changes from FY 2020-21

DEPARTMENT LABOR AND ECONOMIC OPPORTUNITY (LEO)

Sec. 980. Contingency Funds – REVISED

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

Sec. 983. Broadband Bonding Prohibition – DELETED

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

Sec. 984. SIGMA System Reporting – DELETED

Requires LEO to use SIGMA to report encumbrances and expenditures.

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

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

LEO – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)

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

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

LEO – MICHIGAN STRATEGIC FUND (MSF)

Sec. 1004. Statutory Reporting Requirements Update – DELETED

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

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

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

Sec. 1009. Land Purchase Provisions – DELETED

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

Major Boilerplate Changes from FY 2020-21**Sec. 1013. Fundraising Activity – DELETED**

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

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

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

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

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

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

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

Sec. 1047. Michigan Enhancement Grants – DELETED

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

Sec. 1048. Michigan Enhancement Grants Grant Agreements – DELETED

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

Sec. 1052. Coronavirus Relief Fund Grants – DELETED

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

LEO – WORKFORCE DEVELOPMENT AND UNEMPLOYMENT**Sec. 1066. Going Pro Administration – REVISED**

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

Sec. 1067. Going Pro Talent Fund – DELETED

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

Major Boilerplate Changes from FY 2020-21

Sec. 1069. Healthy Michigan Work Requirement Assistance – REVISED

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

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

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

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

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

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

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

Sec. 1073. Statewide Pre-Apprenticeship Program – NEW

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

Sec. 1074. Michigan Reconnect Grant Program – DELETED

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

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

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

Sec. 1077. Unemployment Insurance Agency Federal Funds – NEW

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

Sec. 1079. Interagency Agreement for TANF Funds – DELETED

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

LEO – REHABILITATION SERVICES

Sec. 1082. Michigan Rehabilitation Services Report – DELETED

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

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

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

Major Boilerplate Changes from FY 2020-21***Sec. 1084. Michigan Rehabilitation Services Order of Selection and Local Collaboration – REVISED***

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

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

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

Sec. 1086. Centers for Independent Living – REVISED

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

LEO – COMMISSIONS***Sec. 1091. Ethnic Affairs Commissions' Spending – DELETED***

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

Sec. 1092. Office of Global Michigan Report – REVISED

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

LEO – ONE-TIME APPROPRIATIONS***Sec. 1093. Michigan Housing and Community Development Program – NEW***

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

Sec. 1094. Focus: HOPE Grant – NEW

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

Sec. 1095. Child Care Facilitator Project – NEW

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

Sec. 1096. Mobility Futures Initiative – NEW

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

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

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

Sec. 1098. Child Savings Accounts – NEW

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

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 1100. Michigan Reconnect Grant Program – NEW

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

Sec. 1101. Futures for Frontliners – NEW

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

Supplemental Recommendations for FY 2020-21 Appropriations

FY 2020-21 Recommendation

1. Futures for Frontliners

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

Gross	\$21,300,000
GF/GP	\$21,300,000

2. Federal Fund Authorization Increases

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

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

(Supplemental Request 2021-5)

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

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

Analyst: Ben Gielczyk

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21

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

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

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

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

Sec. 618. Capitol Security Improvements – NEW

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

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

Analyst: Ben Gielczyk

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 625. Access to Confidential Information – DELETED

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

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

Analyst: Michael Crossen

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

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

Overview

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

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

Major Boilerplate Changes from FY 2020-21**Sec. 701. Contingency Funding – REVISED**

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

Sec. 703. Record Look-Up Fees – REVISED

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

Sec. 714. Branch Office Closings or Consolidations – DELETED

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

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

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

Sec. 721. Ballot Proposal 2 Cost Report – DELETED

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

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

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

Sec. 722. Legacy Mainframes System Modernization – DELETED

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

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Crossen

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

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

Overview

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

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

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

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
13. State Police Retirement System Supplemental Payments	Gross	\$77,000	(\$27,000)
Reduces supplemental payments by \$27,000 GF/GP as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary.	GF/GP	\$77,000	(\$27,000)
14. Removal of Current Year One-Time Funding	Gross	\$56,855,000	(\$56,855,000)
Eliminates \$56.9 million Gross (\$51.5 million GF/GP) of one-time funding appropriated in FY 2020-21: \$37.2 million for Venture Michigan II voucher purchase, \$14.3 million for statewide broadband, \$2.1 million in state restricted funding for retirement services Customer Relationship Management replacement, and \$3.3 million for the COVID-19 Office of Accountability.	Federal	3,250,000	(3,250,000)
	Restricted	2,100,000	(2,100,000)
	GF/GP	\$51,505,000	(\$51,505,000)
15. SWCAP Adjustment	Gross	NA	\$0
Reallocates fund sourcing associated with annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and decrease of \$212,600 GF/GP.	IDG	NA	10,600
	Restricted	NA	202,000
	GF/GP	NA	(\$212,600)
16. Economic Adjustments	Gross	NA	(\$2,444,100)
Reflects decreased costs of \$2.4 million Gross (\$186,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	(1,711,000)
	Federal	NA	(9,500)
	Local	NA	(9,000)
	Private	NA	100
	Restricted	NA	(527,800)
	GF/GP	NA	(\$186,900)

Major Boilerplate Changes from FY 2020-21

Sec. 801. Contingency Funding – REVISED

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

Sec. 803. Statewide Administrative and Support Services – REVISED

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

Sec. 809. Computer Contracts – REVISED

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

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

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

Sec. 816. Information Technology Investment Fund – NEW

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

Sec. 816. Privatization RFPs – DELETED

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

Major Boilerplate Changes from FY 2020-21**Sec. 821. Office of Retirement Services Report – DELETED**

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

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

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

Sec. 822n. Request for Proposals Website – DELETED

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

Sec. 824. Spatial Information and Technical Services – REVISED

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

Sec. 826. Definition of Information Technology Services – REVISED

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

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

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

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

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

Sec. 830. Enterprise IT Project Reporting – DELETED

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

Sec. 832. Child Support Enforcement System – DELETED

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

Sec. 836. Information Technology Investment Fund Purpose – DELETED

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

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

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

Sec. 840. EPMO Performance Measures – DELETED

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

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

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

Major Boilerplate Changes from FY 2020-21

Sec. 862. Capital Outlay Required Reports – DELETED

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

Sec. 901. Green Revolving Fund – NEW

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

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>	<u>FY 2020-21 Recommendation</u>	
<p>1. Venture Michigan Fund II Voucher Purchase Provides \$80.0 million GF/GP to purchase all remaining tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$150.0 million in FY 2021-22 and FY 2022-23 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount. January revenue estimates assume tax vouchers being claimed in FY 2021-22 and FY 2022-23 and includes related negative GF/GP adjustments of \$75.0 million in each year. (Supplemental Request 2021-5)</p>	<p>Gross GF/GP</p>	<p>\$80,000,000 \$80,000,000</p>
<p>2. Veterans Homes Accounting Services Authorizes receipt of \$600,000 in IDG funding from the Department of Military and Veterans Affairs and 5.0 FTE positions to increase accounting and financial services for the Michigan Veterans Homes. (Supplemental Request 2021-5)</p>	<p>Gross IDG GF/GP</p>	<p>\$600,000 600,000 \$0</p>
<p>3. Office of the Children’s Ombudsman Provides \$100,000 GF/GP to integrate the Complaint Investigation System with Michigan Statewide Child Welfare Information System (MiSACWIS) and the Michigan Vital Records System in an effort to improve the state’s child welfare system and to address findings of a 2019 performance audit of the office by the Office of the Auditor General. (Supplemental Request 2021-5)</p>	<p>Gross GF/GP</p>	<p>\$100,000 \$100,000</p>
<p>4. Special Maintenance Design and Construction Services Provides \$3.5 million GF/GP to the Design and Construction Services Division, corresponding to the amount of user fees collected for management and oversight of capital outlay construction projects in FY 2019-20 that lapsed to the general fund at the close of the fiscal year. Boilerplate in FY 2020-21 and FY 2021-22 authorizes special maintenance user fees to carry forward as they had in prior fiscal years. (Supplemental Request 2021-5)</p>	<p>Gross GF/GP</p>	<p>\$3,545,700 \$3,545,700</p>

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

Analyst: Ben Gielczyk

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

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

Overview

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

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

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

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

Major Boilerplate Changes from FY 2020-21

TREASURY – OPERATIONS

Sec. 901. Contingency Funds – REVISED

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

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

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

Sec. 934. Expending of Authority Revenues – REVISED

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

Sec. 947. Financial Independent Teams – DELETED

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

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

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

Sec. 949i. Recreational Marijuana Revenue Distributions – NEW

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

Sec. 949l. Historic Preservation – DELETED

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

Sec. 949m. Blight Elimination – DELETED

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

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

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

Sec. 949o. Disaster Relief – DELETED

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

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

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

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

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

Major Boilerplate Changes from FY 2020-21**TREASURY - REVENUE SHARING*****Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED***

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

Sec. 955. County Revenue Sharing Payments – REVISED

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

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

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

TREASURY – GAMING CONTROL BOARD***Sec. 978. Racing Commission Regulatory Changes – REVISED***

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

Sec. 979. Millionaire Party Regulation – REVISED

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

TREASURY – ONE-TIME APPROPRIATIONS***Sec. 1201. Local First Responder Recruitment and Training Grants – NEW***

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

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Wrongful Imprisonment Compensation Fund

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

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

2. City Income Tax COVID Loss Relief

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

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

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 HEALTH AND HUMAN SERVICES

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

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
IDG/IDT	\$13,829,900	\$13,791,400	(\$38,500)	(0.3)
Federal	20,159,666,800	22,910,690,100	2,751,023,300	13.6
Local	161,422,800	162,680,200	1,257,400	0.8
Private	177,172,500	189,276,500	12,104,000	6.8
Restricted	2,989,480,100	3,094,113,000	104,632,900	3.5
GF/GP	5,224,838,900	5,276,683,000	51,844,100	1.0
Gross	\$28,726,411,000	\$31,647,234,200	\$2,920,823,200	10.2
FTEs	15,487.0	15,589.5	102.5	0.7

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

Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs and by enforcing child support laws, and funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
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MEDICAID AND BEHAVIORAL HEALTH – GENERAL

1. Traditional Medicaid Cost Adjustment

Includes \$369.8 million Gross (reduces \$68.6 million GF/GP) to recognize FY 2020-21 and FY 2021-22 caseload, utilization, and inflation adjustments, an additional 6.2 percentage point increase to the state FMAP provided under the federal Families First Coronavirus Response Act for 1 quarter (E-FMAP), traditional FMAP cost-sharing adjustments from 64.08% to 65.48%, and managed care risk corridor backout adjustments. Compared to FY 2019-20 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 8.4%.

	Gross	\$15,578,755,100	\$369,808,500
Federal	10,182,299,100		482,539,100
Local	53,347,500		(2,684,800)
Private	4,700,000		0
Restricted	2,209,920,900		(41,417,600)
GF/GP	\$3,128,487,600		(\$68,628,200)

2. Healthy Michigan Plan Cost Adjustment

Includes \$358.9 million Gross (\$35.9 million GF/GP) to recognize FY 2020-21 and FY 2021-22 caseload, utilization, and inflation adjustments, managed care risk corridor backout adjustments, and actuarial soundness adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2019-20 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 14.8%.

	Gross	\$5,176,326,000	\$358,919,200
Federal	4,631,569,200		323,027,300
Local	1,994,400		0
Restricted	487,115,500		0
GF/GP	\$55,646,900		\$35,891,900

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)		Executive Change from YTD
3. Actuarial Soundness	Gross	NA	\$299,600,000
Includes \$299.6 million Gross (\$78.8 million GF/GP) to support an estimated 2.5% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), Medicaid Health plans, and Program of All-includes Care for the Elderly (PACE); 2.0% for home- and community-based services; 5.0% for Integrated Care Organizations (MI Health Link); 1.0% for Healthy Kids Dental, and 15.8% increase for PIHP autism services.	Federal	NA	220,805,900
	GF/GP	NA	\$78,794,100
4. Direct Care Wage Increase	Gross	\$250,000,000	\$110,000,000
Includes \$110.0 million Gross (\$54.7 million GF/GP), for an annual ongoing cost totaling \$360.0 million Gross (\$121.4 million GF/GP), to support a continuation of the temporary \$2 per hour wage increase for direct care workers. Current year funding is only for the first 5 months of FY 2020-21.	Federal	183,333,300	55,310,700
	GF/GP	\$66,666,700	\$54,689,300
DEPARTMENTAL ADMINISTRATION AND SUPPORT			
5. CCWIS Module Development and Operations	FTE	6.0	6.0
Includes a net reduction of \$622,300 Gross (and a net increase of \$203,300 GF/GP) ongoing funding to replace development funding with maintenance and operational funding for the Comprehensive Child Welfare Information System (CCWIS) licensing module. Also includes one-time funding of \$16.8 million Gross (\$8.7 million GF/GP) and authorizes 6.0 FTE positions for the development of the CCWIS intake, investigation, and case management modules. These are the next 3 modules of the 8 remaining cloud-based modules to be implemented over the course of the next 4 to 5 years.	Gross	\$4,389,400	\$16,201,900
	Federal	1,789,400	7,250,000
	GF/GP	\$2,600,000	\$8,951,900
6. MMIS – Home Help Payments	FTE	3.0	0.0
Includes \$21.0 million Gross (\$2.1 million GF/GP) to provide for changes to the Michigan Medicaid Information System (MMIS) to support Home Help payment changes. Changes would allow payments to be processed through CHAMPS rather than the Adult Service Authorized Payment System (ASAP).	Gross	\$116,936,000	\$21,000,000
	Federal	75,787,400	18,900,000
	Private	25,000,000	0
	GF/GP	\$16,148,600	\$2,100,000
7. MiSACWIS Maintenance and Operations	Gross	\$5,647,800	\$2,345,200
Includes \$2.3 million Gross (\$1.8 million GF/GP) to support increased maintenance and operational costs of the Michigan Statewide Automated Child Welfare Information System centralized intake database and CPS technology suite.	IDG/IDT	18,600	0
	TANF	761,700	0
	Federal	3,752,100	508,300
	Restricted	32,800	0
	GF/GP	\$1,082,600	\$1,836,900
8. Office of Race, Equity, Diversity, and Inclusion Enhancement	FTE	0.0	13.0
Includes \$2.1 million Gross (\$1.6 million GF/GP) and authorizes 13.0 FTE positions to establish the Office of Race, Equity, Diversity, and Inclusion Enhancement to support department efforts in promoting equity in department-administered services.	Gross	\$0	\$2,113,900
	Federal	0	507,300
	Restricted	0	21,100
	GF/GP	\$0	\$1,585,500
9. Property Management – Lease Costs	Gross	\$65,065,000	(\$1,074,300)
Includes a reduction of \$1.1 million Gross (\$429,700 GF/GP) to realize the elimination of a lease of a downtown Lansing office, and the relocation of 133 employees.	IDG/IDT	593,500	0
	TANF	10,698,900	0
	Federal	23,107,300	(644,600)
	Private	36,400	0
	Restricted	495,500	0
	GF/GP	\$30,133,400	(\$429,700)

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
10. Economic Adjustments	Gross	NA (\$10,697,600)
Reflects overall net reduction of \$10.7 million Gross (\$4.8 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. Amount includes reflected salary and wage increases totaling \$29.0 million Gross (\$13.3 million GF/GP).	IDG/IDT	NA (38,500)
	TANF	NA (1,399,100)
	Federal	NA (4,275,900)
	Local	NA (38,800)
	Private	NA (52,500)
	Restricted	NA (139,300)
	GF/GP	NA (4,753,500)
CHILD WELFARE SERVICES		
11. Child Welfare Caseload Adjustments	Gross	\$741,444,000 \$8,372,700
Increases funding for child welfare programs by \$8.4 million Gross (\$11.8 million GF/GP) as follows:	Federal	206,119,500 (875,100)
	TANF	79,969,600 (6,154,900)
	Local	46,081,400 3,607,500
	Private	1,208,000 (8,000)
	GF/GP	\$408,065,500 \$11,803,200
<ul style="list-style-type: none"> Foster care payments are reduced by \$705,400 Gross (\$1.6 million GF/GP) from 8,152 cases at \$32,415 per year to 8,394 cases at \$32,800 per year. Adoption subsidies are reduced by \$209,700 Gross (\$6.5 million GF/GP increase) from 22,061 cases at \$728.48 per month to 22,057 cases at \$727.82 per month. The Child Care Fund is increased by \$9.1 million Gross (\$6.8 million GF/GP). Guardianship assistance payments are increased by \$141,400 Gross (\$97,600 GF/GP) from 1,201 cases at \$694.42 per month to 1,224 cases at \$691.00 per month. 		
12. Child Welfare FMAP Adjustments	Gross	NA \$0
Includes \$3.7 million GF/GP savings for adjustments to the FMAP match rate from 64.08% to 65.48% and from adjustments and extensions to the enhanced FMAP match rate.	Federal	NA 3,738,700
	GF/GP	NA (\$3,738,700)
13. Qualified Residential Treatment Program (QRTP) Third Party Assessments	Gross	\$3,410,600 \$1,700,200
Adds \$1.7 million Gross (\$1.2 million GF/GP) to annualize funding to private agencies that was appropriated in FY 2020-21 for third party assessments which determine the level of care and treatment goals for foster care youth that may be candidates for residential care. These assessments are required by the QRTP which was established by the federal Family First Prevention Services Act (FFPSA).	Federal	910,600 453,900
	GF/GP	\$2,500,000 \$1,246,300
14. Foster Care QRTP Implementation Savings	Gross	\$286,630,400 (\$4,917,500)
Includes a reduction of \$4.9 million Gross (\$2.4 million GF/GP) for assumed future savings to foster care payments from fewer and shorter placements into residential care because of the implementation of the requirements of the federal FFPSA.	Federal	109,180,800 (2,520,900)
	TANF	8,075,800 0
	Local	23,881,500 0
	Private	1,208,000 0
	GF/GP	\$144,284,300 (\$2,396,600)
15. Private Child Placing Agency Residential Rate Increase	Gross	NA \$18,570,600
Includes \$18.6 million Gross (\$14.2 million GF/GP) to fund residential rate increases to child caring institutions to help the agencies meet new residential treatment requirements established in the QRTP by the federal FFPSA. \$7.1 million funding was appropriated in FY 2021 for a rate increase beginning April 2021; \$4.2 million increase is to annualize this funding. The remaining \$14.4 million increase would fund the additional estimated cost of the rate increase to comply with QRTP requirements as estimated by a third-party analysis.	Federal	NA 4,354,400
	GF/GP	NA \$14,216,200

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
16. Foster Care Prevention Program Investment	FTE 15.0	18.0
Includes an increase of \$9.2 million Gross (\$4.8 million GF/GP) and authorizes 18.0 FTE positions for child welfare family preservation programs that help prevent children being placed into foster care and help keep foster care children in family-like placements. Proposal would add 2 program coordinators and 16 kinship parent support coordinators.	Gross \$50,812,500	\$9,233,800
	Federal 609,600	4,416,800
	TANF 43,224,000	0
	GF/GP \$6,978,900	\$4,817,000
17. Foster Care Prevention Program Savings	Gross \$286,630,400	(\$5,772,500)
Includes a reduction of \$5.8 million Gross (\$2.7 million GF/GP) for assumed future savings to the foster care system because of the \$9.2 million Gross (\$4.8 million GF/GP) prevention programming investment listed in item above.	Federal 109,180,800	(2,385,200)
	TANF 8,075,800	(157,300)
	Local 23,881,500	(555,000)
	Private 1,208,000	0
	GF/GP \$144,284,300	(\$2,675,000)
18. Juvenile Justice Raise the Age Implementation	Gross NA	\$29,100,000
Includes an increase of \$29.1 million Gross (\$24.2 million GF/GP) for the first year phase-in of the Raise the Age program which requires that most 17-year-old offenders be adjudicated in the juvenile justice system rather than the adult court system.	Federal NA	4,900,000
	GF/GP NA	\$24,200,000
PUBLIC ASSISTANCE		
19. Public Assistance Caseload Adjustments	Gross NA	\$1,236,724,000
Includes a net increase of \$1.2 billion Gross (and a net reduction of \$34.2 million GF/GP) to recognize adjustments to FY 2020-21 and FY 2021-22 public assistance caseloads. This includes changes to retained child support collections resulting from FMAP adjustments, a recognition of the 15% increase to P-EBT benefits, and assumes an extension of the 15% increase to SNAP benefits through the end of FY 2020-21. Caseload changes include:	TANF NA	76,600
	Federal NA	1,271,662,300
	Restricted NA	(796,700)
	GF/GP NA	(\$34,218,200)
<ul style="list-style-type: none"> Family Independence Program: reduction of \$33.4 million Gross (\$33.1 million GF/GP) Food Assistance Program: increase of \$1.3 billion federal (\$0 GF/GP) State Disability Assistance: reduction of \$1.8 million Gross (\$1.4 million GF/GP) State Supplementation: increase of \$243,300 GF/GP 		
20. Home Health and Safety – One-Time	Gross \$0	\$5,000,000
Includes \$5.0 million GF/GP one-time funding to support a pilot program, which would provide home repair grants to single/multiple family residences, in order to correct health and safety issues that prevent participation in home energy efficiency programs.	GF/GP \$0	\$5,000,000
21. Cross-Enrollment Expansion	FTE NA	6.0
Includes \$3.5 million Gross (\$2.0 million GF/GP) and authorizes 6.0 FTE positions, of which \$2.5 million Gross (\$1.3 million GF/GP) and 2.0 FTE positions are one-time, to support efforts to enroll public assistance recipients in all other programs they are eligible for. Funding would support administrative and outreach efforts, as well as changes to the MI Bridges enrollment portal.	Gross NA	\$3,500,000
	Federal NA	1,550,000
	GF/GP NA	\$1,950,000
22. Medical/Psychiatric Evaluations – Lapse Reduction	Gross \$1,420,100	(\$300,000)
Reduces the Medical/Psychiatric Evaluations line item by \$300,000 GF/GP to recognize historic lapse amounts.	TANF 2,000	0
	Federal 732,900	0
	GF/GP \$685,200	(\$300,000)

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
BEHAVIORAL HEALTH SERVICES		
23. Certified Community Behavioral Health Clinics Demonstration Program	FTE	NA
	Gross	NA
Includes \$26.5 million Gross (\$5.0 million GF/GP) and authorizes 6.0 FTE positions, to establish 14 integrated behavioral and physical health clinics through a federal CMS demonstration program. Amount would include staffing costs for a Behavioral Health Policy and Operations office to oversee the demonstration program.	Federal	NA
	GF/GP	NA
		6.0
		\$26,497,300
		21,547,300
		\$4,950,000
24. KB v. Lyon Lawsuit	Gross	NA
Includes \$91.0 million Gross (\$30.0 million GF/GP) for estimated children behavioral health service utilization increases to implement future policy changes related to the KB v. Lyon lawsuit agreement.	Federal	NA
	GF/GP	NA
		\$90,991,800
		60,991,800
		\$30,000,000
25. Autism Navigators	Gross	\$1,025,000
Includes \$1.0 million GF/GP to continue and move the autism navigator program from the one-time unit into the ongoing behavioral health unit.	GF/GP	\$1,025,000
		\$0
		\$0
26. Federal State Opioid Response (SOR) Grant	Gross	\$30,714,700
Includes \$36.4 million in federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths. Federal opioid grant funding also separated out into a separate opioid response activity line item.	Federal	30,714,700
	GF/GP	\$0
		\$36,440,900
		36,440,900
		\$0
27. Family Support Subsidy Caseloads Adjustments	Gross	\$13,650,000
Reduces \$1.8 million TANF to support an estimated 4,300 family support subsidy cases.	TANF	13,650,000
	GF/GP	\$0
		(\$1,817,600)
		(1,817,600)
		\$0
28. State Psychiatric Hospital Pharmacy Cost Increase	Gross	NA
Adds \$490,900 Gross (\$426,200 GF/GP) to support an estimated 5% inflationary increase in pharmacy costs within the state psychiatric hospitals.	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		19,700
		28,700
		16,300
		\$426,200
29. State Psychiatric Hospital Coronavirus Relief Funds	Gross	\$0
Replaces \$22.5 million of one-time federal Coronavirus Relief Funds (CRF) used for eligible state psychiatric hospital costs with a like amount of GF/GP.	Federal	22,500,000
	GF/GP	(\$22,500,000)
		(22,500,000)
		\$22,500,000
POPULATION HEALTH		
30. Initiatives to Reduce Health Disparities	Gross	NA
Includes \$8.4 million Gross (\$5.1 million GF/GP) for new initiatives to reduce health disparities, including increasing use of community-based navigators to facilitate access to health care, improvements in data sharing and interoperability of Michigan Health Information Network, and implementation of statewide screening and referral tool for health related social needs; \$5.0 million Gross (\$2.5 million GF/GP) of the funding is one-time.	Federal	NA
	GF/GP	NA
		3,250,000
		\$8,375,000
		\$5,125,000

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
31. Healthy Moms Healthy Babies Annualization and Home Visit Program Expansion	FTE	0.0	2.0
Annualization and Home Visit Program Expansion	Gross	\$23,531,900	\$15,012,900
	Federal	10,900,400	7,063,000
	GF/GP	\$12,631,500	\$7,949,900
Increases funding by \$15.0 million Gross (\$8.0 million GF/GP) to annualize, add federal funding, and expand Healthy Moms Healthy Babies maternal and infant health and support programs. \$7.6 million Gross (\$1.7 million GF/GP) funds FY 2020-21 program adjustments, and \$7.4 million Gross (\$6.3 million GF/GP) and authorization for 2.0 FTEs expands home visit programs by 1,000 visiting slots to support families with an infant born with substance exposure, and increases navigators, and mental health and other services.			
32. Lead Poisoning Prevention Fund	Gross	\$2,000,000	\$8,000,000
	GF/GP	\$2,000,000	\$8,000,000
Increases one-time GF/GP funding from \$2.0 million to \$10.0 million for the Lead Poisoning Prevention Fund to support low-cost loans to homeowners and landlords for lead remediation projects to reduce lead exposure in the home. Program was first funded in FY 2020-21 and is currently under development.			
33. Public Health Laboratory Fund Shift	Gross	\$26,655,100	\$0
	IDG	995,700	0
	Federal	6,203,700	0
	Restricted	13,790,600	(1,000,000)
	GF/GP	\$5,665,100	\$1,000,000
Includes a net \$0 Gross laboratory services adjustment with a \$1.0 million GF/GP increase offset by state restricted fund reduction of laboratory fee funds, reversing an adjustment made in FY 2019-20 using a fee fund balance.			
34. Vital Records	Gross	\$10,686,700	\$600,000
	Federal	4,408,300	0
	Restricted	5,548,800	(845,900)
	GF/GP	\$729,600	\$1,445,900
Provides increase of \$600,000 Gross for vital records program, including an increase of GF/GP support for the program of \$1.1 million and recognizing reduction of revenue from vital records fees of \$845,900.			
35. Oral Health Assessment for Children	FTE	0.0	1.5
	Gross	\$0	\$1,760,000
	GF/GP	\$0	\$1,760,000
Includes \$1.8 million GF/GP and authorization for 1.5 FTE positions to provide oral health assessments free of charge to children entering public school kindergarten who do not have dental insurance, a new program enacted under 2020 PA 261.			
36. Population Health GF/GP Reductions	Gross	\$525,000	(\$525,000)
	GF/GP	\$525,000	(\$525,000)
Reduces public health funding by \$500,000 for analytical laboratory equipment for PFAS contamination response based on prior-year lapsed funds, and eliminates \$25,000 GF/GP for free family emergency readiness public events in Livingston County funded in FY 2020-21.			
37. Lead Abatement Grant SCHIP Adjustments	Gross	\$32,757,500	\$0
	Federal	19,504,600	494,900
	Private	77,800	0
	Restricted	723,700	0
	GF/GP	\$12,451,400	(\$494,900)
Includes net \$0 Gross fund shift of \$494,900 from GF/GP to federal for lead abatement grant. YTD shown is for Healthy Homes Program line item, of which \$18.2 million is federal Children's Health Insurance Program (SCHIP) funds approved for use for lead abatement in Flint and other high-risk communities since FY 2016-17.			

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
38. Population Health Non-GF/GP Funds Adjustments	FTE	NA
Recognizes \$14.0 million Gross for federal, local, private, and state restricted funding, including:	Gross	NA
	Federal	3,085,000
	Local	900,000
	Private	9,614,500
	Restricted	389,300
	GF/GP	\$0
<ul style="list-style-type: none"> \$9.4 million drug rebate revenue for AIDS Drug Assistance Program and 18.0 FTEs to administer contracts and finance; \$2.4 million federal violence prevention funds; \$900,000 local revenue for child and adolescent health care; \$200,000 net private funds for WIC program vendor system, \$715,000 federal laboratory services grants; \$300,000 restricted EMS licensure program fee revenue; \$89,300 restricted newborn screening fee CPI increase 		18.0
AGING AND ADULT SERVICES AGENCY		
39. Aging Community Services	Gross	\$46,806,100
Recognizes \$1.0 million of additional federal funds for senior community services programs.	Federal	22,980,400
	GF/GP	\$23,825,700
		\$0
40. Aging Meals and Nutrition Services	Gross	\$43,054,200
Recognizes \$3.5 million of additional federal funds for senior nutrition services including congregate meals and home-delivered meals.	Federal	30,157,000
	Private	300,000
	GF/GP	\$12,597,200
		\$0
MEDICAL SERVICES		
41. Sickle Cell Disease Coverage	FTE	NA
Includes \$6.7 million GF/GP to expand sickle cell disease health services coverage through CSHCS for adults 21 years and over who age out of the program and are not eligible for Medicaid coverage. Also includes support for the Sickle Cell Disease Association of America, expanded clinical services, and \$50,000 GF/GP for IT modifications.	Gross	NA
	GF/GP	NA
		2.0
		\$6,650,000
		\$6,650,000
42. ClaimSure Contract Savings	Gross	NA
Recognizes a reduction of \$3.7 million Gross (\$1.2 million GF/GP) resulting from a reduction in incorrect Medicaid payments identified by implementation of the ClaimSure system.	Federal	NA
	Restricted	NA
	GF/GP	NA
		(\$3,744,400)
		(2,509,900)
		0
		(\$1,234,500)
43. MI Health Link - PERS	Gross	\$289,839,600
Recognizes a reduction of \$3.8 million Gross (\$1.2 million GF/GP) resulting from placing program beneficiaries only receiving services from the Personal Emergency Response System (PERS) into a lower rate tier, and realizing the capitation payment cost savings.	Federal	177,464,900
	GF/GP	\$112,374,700
		(\$3,750,000)
		(2,513,600)
		(\$1,236,400)
44. MI Choice Expansion	Gross	\$372,327,100
Includes \$19.1 million Gross (\$6.3 million GF/GP) to increase the number of MI Choice slots by 1,000 by the end of FY 2021-22.	Federal	243,465,800
	Private	500,000
	GF/GP	\$128,361,300
		\$19,125,000
		12,819,500
		0
		\$6,305,500
45. One-Time Medicaid Long-Term Care Rate Increase	Gross	\$2,051,483,200
Includes \$37.5 million Gross (\$9.0 million GF/GP) to provide a one-time Medicaid rate increase to nursing facilities.	Federal	1,330,766,800
	Local	6,618,800
	Private	4,100,000
	Restricted	375,358,200
	GF/GP	\$334,639,400
		\$37,500,000
		25,136,300
		0
		0
		3,363,700
		\$9,000,000
46. Medical Services Restricted Fund Adjustments	Gross	NA
Includes net-zero Gross adjustments, and a net reduction of \$58.5 million GF/GP, to backfill reductions in the Health and Safety Fund and recognize increases in revenues in various other state restricted funds.	Restricted	NA
	GF/GP	NA
		\$0
		58,510,100
		(\$58,510,100)

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
ONE-TIME APPROPRIATIONS		
47. Remove FY 2020-21 One-Time Appropriations	Gross \$406,228,800	(\$406,228,800)
Removes one-time appropriations included in FY 2020-21. Any of this funding that is retained into FY 2021-22 is noted elsewhere. (*CRF is federal Coronavirus Relief Fund).	CRF* 20,550,000	(20,550,000)
	Federal 197,706,200	(197,706,200)
	Private 100,000	(100,000)
	GF/GP \$187,872,600	(\$187,872,600)

Major Boilerplate Changes from FY 2020-21

Executive Boilerplate Deletions

The executive budget recommendation deletes a significant amount of boilerplate language included in the FY 2020-21 budget. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 210. Contingency Fund Appropriations – REVISED

Appropriates federal, state restricted, local, and private contingency funds of up to \$47 million total, available for expenditure when transferred to a line item through the legislative transfer process. Revises to increase maximum amounts for contingency appropriations for a total of up to \$590 million, similar to levels in FY 2018-19.

Sec. 215. Notification of Conflict with Federal Regulation or When Grant Unused – DELETED

Requires DHHS to provide notice if: (a) a legislative objective in the budget or in a bill to amend the Social Welfare Act cannot be implemented due to conflict with federal regulations; or (b) an awarded federal grant cannot or will not be used.

Sec. 222. Notification and Report of Policy Changes – DELETED

Requires written notice of any major policy changes 30 days before implementation, requires policy manual to be available on DHHS website; and requires a report by April 1 on policy changes made to implement new public acts.

Sec. 233. Legislative and State Administrative Board Transfers – DELETED

Allows the legislature, by a concurrent resolution adopted by a majority of the members of each house, to inter-transfer funds if the State Administrative Board transfers funds from an amount appropriated in the DHHS budget.

Sec. 240. Use of Existing Work Project Authorization – DELETED

Establishes that appropriations in part 1 shall, to the extent possible, not be expended in cases where existing work project authorization is available for the same expenditures.

Sec. 258. Education Initiatives Regarding Trauma, Human Trafficking, and Sexual Abuse Prevention – DELETED

Directs DHHS to collaboratively promote and support school and education initiatives including training regarding use of trauma-informed practices and age-appropriate information about human trafficking and sexual abuse prevention.

Sec. 264. DHHS Employee Communication with Legislature – DELETED

Prohibits DHHS from taking disciplinary action against an employee for communicating with a member of the Legislature or his/her staff, unless the communication is prohibited by law and disciplinary action is lawful.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 309. Health Literacy Demonstration Project – DELETED

Requires department to design and implement a web-based intensive information therapy within Medicaid managed care in order to mitigate deficiencies in health literacy through connections between health care providers, beneficiaries and health plans.

COMMUNITY SERVICES AND OUTREACH

Sec. 453. Homeless Programs – REVISED

Requires DHHS to allocate the full amount of appropriated funds for homeless programs, including funding for third-party contracts for emergency shelter services. Revises language to eliminate the \$18.00 per bed night rate requirement.

Major Boilerplate Changes from FY 2020-21**Sec. 462. Trauma Recovery Center Pilots – DELETED**

Provides that if funding becomes available, DHHS shall allocate \$4.0 million to implement 4 trauma recovery center pilot projects.

CHILDREN'S SERVICES - CHILD WELFARE**Sec. 515. Child Protection Services (CPS) Caseworker Home Visit Safety – DELETED**

Prohibits DHHS from denying a CPS caseworker's request to have another worker accompany the CPS caseworker on a home visit if the CPS caseworker believes it unsafe to conduct the home visit alone.

Sec. 517. Title IV-E Appeals Process – DELETED

Requires DHHS to retain the same Title IV-E appeals policy as the existing policy in place in FY 2016-17.

Sec. 518. Supervisory Oversight of CPS Caseworker Reports – DELETED

Requires supervisors to complete an initial read of a CPS caseworker's report and either approve the report or note any needed corrections within 5 business days; requires the caseworker to resubmit a corrected report within 3 business days.

Sec. 527. Private Child Placing Agencies' Adoption Worker Caseloads – DELETED

Requires DHHS to exclude certain case types when calculating the adoption worker caseload for private agencies if approved by the settlement monitor.

Sec. 535. Federal IV-E Claims for Foster Care Payments to Unlicensed Relatives – DELETED

Requires DHHS to create a process to review and approve unlicensed relatives as meeting state licensing standards and to seek Title IV-E claims for payments.

Sec. 558. Child Welfare Training Institute – DELETED

Requires DHHS to provide all necessary training and materials to private agencies so that trained private agency staff can deliver pre-service training to any private agency staff.

Sec. 595. CPS Staff and DHHS/Private Agency Caseload Ratio – DELETED

Requires DHHS to expend the part 1 funding for CPS-caseload staff to hire/employ CPS staff to comply with the Office of the Auditor General 2018 CPS audit; requires that most new foster care cases be placed under a private child placing agency's supervision until the statewide ratio of foster cases is 55% for private agency supervision and 45% for DHHS supervision.

PUBLIC ASSISTANCE**Sec. 603. Public Assistance Benefits Notification – DELETED**

Requires the department to provide timely notification to public assistance program beneficiaries if there will be a decrease in their benefits.

Sec. 609. SSI State Supplementation – REVISED

Prohibits reduction of SSI State Supplementation for recipients in institutional settings during the fiscal year; requires 30-day notice to the Legislature for any proposed reduction to the State Supplementation level. Revises to replace 30-day notification requirement with a notification upon reduction.

Sec. 660. Food Bank Council TANF Eligibility Reporting – DELETED

Requires the Food Bank Council to report data elements needed to establish TANF eligibility.

Sec. 672. Electronic Benefit Transfer Card Abuse Report – REVISED

Requires DHHS to report on efforts to reduce inappropriate use of Bridge Cards by program recipients and retailers. Revises household notification and EBT card issuance requirements for multiple issuances in a one-year period.

Sec. 686. Caseworker Public Assistance Policies – REVISED

Requires DHHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires confirmation of resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$200,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination. Revises to remove phone number collection from Medicaid recipients.

Sec. 687. Application and Case Closure Information – REVISED

Requires DHHS to publish application and case closure information quarterly by program and by county. Revises to change the PATH assessment period from 21 to 10 days.

Major Boilerplate Changes from FY 2020-21

JUVENILE JUSTICE

Sec. 715. Raise the Age Program – NEW

Requires counties to have an approved budget plan in place as a condition of receiving funds from the Raise the Age Fund program. The budget plan must identify types of costs to be reimbursed, estimated costs for each item, and total estimated cost to be reimbursed. County reimbursement shall not exceed total estimated cost in plan.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 809. Pathways to Potential Program – REVISED

States the purposes of the Pathways to Potential Program, including reducing chronic absenteeism and repeat grades; requires the department and participant schools to establish performance objects – based upon a 2-year baseline – before resources are deployed to participant schools; requires the department to report on participant schools and funding allocations by March 1; and details the Legislature’s intent for the department and participating schools to examine any lack of progress and consider any lack of progress in future funding allocations. Subsection (2) defines performance baseline. Revises to replace “reduction of chronic absenteeism” with “increase graduation rates” as a program purpose.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Salvation Army Harbor Light Program – DELETED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

Sec. 927. Uniform Behavior Health Service Provider Audits – DELETED

Requires DHHS to create a uniform community mental health services auditing process for CMHSPs and PIHPs, outlines auditing process requirements, and requires a report.

Sec. 940. Transferring and Withdrawing CMHSP Allocations – REVISED

Requires DHHS to review CMHSP expenditures to identify projected lapses and surpluses, to encourage the board of the CMHSP with a projected lapse to concur with the recommendation to reallocate the lapse to other CMHSPs, and to withdraw funds from a CMHSP if those funds were not expended in a manner approved by DHHS, including for services and programs provided to individuals residing outside of the CMHSP’s geographic region; prohibits a CMHSP from receiving additional funding if the CMHSP transferred out or withdrew funds during current fiscal year; requires CMHSPs to report any proposed reallocations prior to going into effect; requires legislative notification and report. Revises by removing the requirement to withdraw unspent funds if funds were not expended in a manner approved by DHHS.

Sec. 960. Autism Services Cost Containment – DELETED

Requires DHHS to continue to cover all autism services that were covered on January 1, 2019; to restrain costs required DHHS to develop written guidance for standardization; and requires 3-year reevaluations, unless a clinician recommended an earlier reevaluation, and require maintenance of statewide provider trainings, limits practitioners who can perform a diagnostic evaluation and requires evaluations performed by a master’s level practitioner to be reviewed by a second practitioner, provide fidelity reviews and secondary approvals, and prohibit specific providers from providing both evaluation and treatment; requires a report.

Sec. 970. Skill Building Assistance Services – DELETED

Requires DHHS to maintain skill building assistance services policies in effect on October 1, 2018, and requires DHHS to continue to seek federal matching funds for skill building assistance services.

Sec. 977. Recovery High School Grant – DELETED

Allocates \$600,000 in grants to recovery high schools specifically designated for students recovering from a substance use disorder, and prohibits grants from exceeding \$150,000 per high school.

Sec. 978. Recovery Community Organization – DELETED

Allocates \$600,000 in grants to recovery community organizations to offer or expand recovery support center services or recovery community center services to individuals seeking long-term recovery from substance use disorders, and prohibits grants from exceeding \$150,000 per recovery community organization.

Sec. 1005. Health Home Program Expansion – DELETED

Requires DHHS to maintain and expand the number of behavioral health homes in PIHP regions 1, 2, and 8 and to expand the number of opioid health homes in PIHP regions 1, 2, 4, and 9.

Major Boilerplate Changes from FY 2020-21**POPULATION HEALTH*****Sec. 1151. Opioid Addiction Treatment Education Collaboration – DELETED***

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other prescription drug and opioid abuse issues; requires a report by October 1.

Sec. 1183. Emergency Medical Response Service Data Exemption – DELETED

Prohibits DHHS from requiring a medical first response service to submit data to the Michigan emergency medical services information system if the service is located in a county with less than 85,000 population, outlines written reporting required.

Sec. 1303. Contract Restrictions for Family Planning Local Agreements with State Funds – DELETED

Prohibits DHHS from contracting with an organization that provides elective abortions, or abortion counseling or referrals, for services funded with certain state restricted or GF/GP funds. Prohibits an organization under contract with DHHS from subcontracting with an organization that provides elective abortions or abortion counseling or referrals, for services that are to be funded with certain state restricted or GF/GP funds.

Sec. 1304. Prohibit Use of State Funds for Abortion Counseling, Referrals, or Services – DELETED

Prohibits the use by DHHS or its grantees or subcontractors of state restricted or state general funds appropriated in the Family Planning Local Agreements line item or the Pregnancy Prevention Program line items for abortion counseling, referrals, or services.

Sec. 1305. Contract Restrictions and Priorities for Family Planning and Pregnancy Prevention – DELETED

(1) Prohibits DHHS from contracting for family planning and pregnancy prevention services with an entity that engages in abortion activities under PA 360 of 2002, if another entity applies to provide those services that is not already engaged in abortion activities. (2) Requires DHHS to give a higher priority to a) contracting for services in counties where there are currently no contracts for services, before b) contracting for additional services by an entity that engages in abortion activities in a county where there are already services provided by an entity that does not engage in abortion activities.

Sec. 1320. Family Planning and Pregnancy Prevention Media Campaign Messaging – DELETED

States legislative intent that funds that may be expended for a public media campaign regarding publicly funded family planning or pregnancy prevention programs shall not be used to communicate any message that implies or that can be interpreted to mean that abortion is a method of family planning or pregnancy prevention.

MEDICAL SERVICES***Sec. 1501. Electronic Health Records Incentive Program Work Project – DELETED***

Establishes unexpended funds for the electronic health records incentive program as a work project appropriation with the tentative completion date to be September 30, 2025. Provides for the intent that funds also be available to dental providers.

Sec. 1507. Office of Inspector General Medicaid Managed Care Audits – DELETED

Requires the Office of Inspector General to audit and recoup inappropriate or fraudulent payments from Medicaid managed care organizations to providers. Prohibits DHHS from fining, suspending, or disenrolling a Medicaid provider due to the discovery of inappropriate payments, unless authorized by federal or state law.

Sec. 1615. Encounter Claims Data Integrity – REVISED

Requires the department to provide oversight of Medicaid claims encounter data to insure the integrity of actuarial rates; allows the department to request certain information from Medicaid health plans; and provides for the intent that the department conduct annual audits of Medicaid claims and provide for remedial actions to mitigate errors in actuarial rates. Revises to remove language related to information requests from Medicaid health plans, as well as annual audit intent language.

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-payments – REVISED

Establishes the pharmacy dispensing fees based on the medication's standing on the DHHS preferred drug list; requires prescription co-payments for Medicaid recipients not enrolled in the Healthy Michigan Plan or with an income less than 100% of the federal poverty level of \$1 for generic drugs and \$3 for brand-name drugs; requires prescription co-payments for Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level of \$4 for generic drugs and \$8 for brand-name drugs. Revises to replace "customary cash charge" with "submitted dispensing fee", and makes various technical changes.

Major Boilerplate Changes from FY 2020-21

Sec. 1625. Medicaid Managed Care Pharmacy Benefits Managers – REVISED

Prohibits DHHS, beginning February 1, 2021, from entering into any contracts with a Medicaid managed care organization that relies on a pharmacy benefits manager that does not: 1) utilize a pharmacy reimbursement methodology of the National Average Drug Acquisition Cost plus a professional dispensing fee comparable to the Medicaid fee-for-service dispensing fees for pharmacies with not more than 7 retail outlets (and lists reimbursements when an ingredient does not have a National Average Drug Acquisition Cost listed); 2) reimburse for valid claims at the rate in effect at the time of original claim; 3) agree to transparent “pass-through” pricing, 4) agree to not create new fees or increase fees above inflation, and 5) agree to not terminate existing contracts for the sole reason of the additional professional dispensing fee. Revises to remove implementation date, and modifies the reimbursement methodology.

Sec. 1646. Nursing Facility Quality Measure Initiative Program – DELETED

Requires DHHS to continue a nursing facility quality measure initiative program financed through the nursing facility QAAP and establishes distribution criteria; requires report on program effectiveness.

Sec. 1792. Health Plan Pharmaceutical Encounter Data Report – DELETED

Requires DHHS to evaluate pharmacy encounter data through the first 2 quarters of the fiscal year and to provide a report on the findings.

Sec. 1803. Portable X-Ray and Ultrasound Provider Type – DELETED

Requires DHHS to maintain Medicaid rules to allow for billing and establish reimbursement for transportation charges related to portable x-ray services and requires policies be effective October 1 of the current fiscal year.

Sec. 1804. Identification of Medicaid Beneficiaries Who Are Veterans – REVISED

Requires DHHS to work with the federal government’s public assistance reporting information system to identify Medicaid recipients who are veterans and may be eligible for federal veteran’s health care benefits, lists specific performance outcomes to be reported to the legislature and revise the wording in the public assistance application from “veteran” to “served in the military”. Revises to make language regarding the utilization of the public assistance reporting information system permissive, and removes legislative reporting requirements.

Sec. 1876. Medicaid Coverage of Deflazacort – DELETED

Requires DHHS to include the corticosteroid deflazacort on the Medicaid health plan common formula.

Sec. 1880. Single Preferred Drug List Report and Rate Setting – DELETED

Requires DHHS to submit a report on estimated and actual expenditures and savings incurred from the single preferred drug list, requires DHHS to make any relevant adjustments to the rates to Medicaid managed care organizations to occur outside of the May caseload consensus.

Sec. 1881. Risk Corridor Financial Reconciliation – DELETED

Identifies savings assumptions from the 2-way risk corridor for Medicaid managed care organizations, requires a report and requires DHHS to make any relevant adjustments to the rates to Medicaid managed care organizations to occur outside of the May caseload consensus, and states intent that a 2-way risk corridor will not be in effect next fiscal year.

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

MEDICAID AND BEHAVIORAL HEALTH – GENERAL

1. Traditional Medicaid Cost Adjustments

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

Gross	\$229,181,900
Federal	905,536,100
GF/GP	(\$676,354,200)

Supplemental Recommendations for FY 2020-21 Appropriations**FY 2020-21
Recommendation****2. Healthy Michigan Plan Cost Adjustments**

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

Gross	\$321,523,300
Federal	289,371,000
GF/GP	\$32,152,300

3. Direct Care Wage Increase

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

Gross	\$110,000,000
Federal	66,881,500
GF/GP	\$43,118,500

4. Special Medicaid Payment Cost Adjustments

Includes \$272.2 million Gross (reduction of \$17.6 million GF/GP) in special Medicaid payment cost adjustments, including provider tax funded supplemental Medicaid payments and physician and dental adjuster payments. (SBO Letter 2021-5)

Gross	\$272,154,400
Federal	257,828,400
Local	(4,254,200)
Restricted	36,213,600
GF/GP	(\$17,633,400)

HUMAN SERVICES**5. Child Welfare Caseload Adjustments**

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

Gross	(\$12,418,400)
Federal	(5,463,800)
TANF	(6,600,800)
Local	1,139,500
Private	(8,000)
GF/GP	(\$1,485,300)

6. Child Welfare Enhanced FMAP Adjustments

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

Gross	\$0
Federal	11,716,500
GF/GP	(\$11,716,500)

7. Family Preservation Programs Federal Grant Funding – FFPSA Transition

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

Gross	\$15,622,000
Federal	15,622,000
GF/GP	\$0

8. Bureau of Community Services and Outreach (BCSO)

Includes 4.0 FTE authorizations for the BCSO. The new positions would be funded by existing appropriations. (SBO Letter 2021-5)

FTE	4.0
Gross	\$0
GF/GP	\$0

9. Homeless Program Per Diem

Includes a net \$0 reappropriation to remove the specific \$18.00 per night rate in current boilerplate section 453. (SBO Letter 2021-5)

Gross	\$0
Federal	0
GF/GP	\$0

10. Foster Care Private Agency Residential Rate Increase

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

Gross	\$4,208,100
Federal	309,600
GF/GP	\$3,898,500

11. Federal Minority Health Grant

Adds \$450,000 federal funding for a new Federal Minority Health Grant to be administered by the Children's Trust Fund (CTF). Also provides \$100,000 federal funding to the CTF for an increase to the Community-Based Child Abuse Prevention grant. (SBO Letter 2021-5)

Gross	\$550,000
Federal	550,000
GF/GP	\$0

12. MISEP Settlement Monitor Contract Increase

Includes \$110,000 Gross (\$92,900 GF/GP) to fund the increased cost of the Settlement Monitor contract. (SBO Letter 2021-5)

Gross	\$110,000
Federal	17,100
GF/GP	\$92,900

		FY 2020-21 Recommendation
Supplemental Recommendations for FY 2020-21 Appropriations		
13. Adoption Subsidies Federal Funding Reduction	Gross	(\$976,700)
Includes a reduction of \$976,700 federal funding for the adoption subsidies program for medical subsidies as these costs will no longer be supported by capped federal funding. (SBO Letter 2021-5)	Federal	(976,700)
	GF/GP	\$0
14. Technical Funding Shifts	Gross	\$0
Includes technical funding shifts within various line items for a net zero funding change. (SBO Letter 2021-5)	Federal	0
	GF/GP	\$0
15. Coronavirus Relief – Chafee Foster Care Programs	Gross	\$11,544,000
Appropriates available federal coronavirus relief funding of \$11.5 million for Chafee foster care programs which help foster care children transition to adulthood. (SBO Letter 2021-7)	Federal	11,544,000
	GF/GP	\$0
16. Coronavirus Relief – Promoting Safe and Stable Families Program for Foster Care Children	Gross	\$1,995,000
Appropriates available federal coronavirus relief funding of \$2.0 million for a Promoting Safe and Stable Families grant to fund programs that help support the safety and permanent placement of foster care children. (SBO Letter 2021-7)	Federal	1,995,000
	GF/GP	\$0
PUBLIC ASSISTANCE		
17. Public Assistance Caseload Adjustments	Gross	(\$35,857,600)
Includes a reduction of \$35.9 million Gross (\$35.5 million GF/GP) to recognize adjustments to FY 2020-21 public assistance caseloads, to include:	Federal	76,600
<ul style="list-style-type: none"> • Family Independence Program: reduction of \$33.4 million Gross (\$33.5 million GF/GP) • State Disability Assistance: reduction of \$1.8 million Gross (\$1.4 million GF/GP) • State Supplementation: reduction of \$676,000 GF/GP (SBO Letter 2021-5) 	Restricted	(397,500)
	GF/GP	(\$35,536,700)
18. Food Assistance Program Reinvestment	FTE	10.0
Includes \$5.2 million GF/GP and authorizes 10.0 FTE positions to support penalty payments to the federal government and the implementation of a state corrective action plan intended to address high payment error rates in the Food Assistance Program. (SBO Letter 2021-5)	Gross	\$5,192,100
	GF/GP	\$5,192,100
BEHAVIORAL HEALTH SERVICES		
19. Family Support Subsidy Caseloads Adjustments	Gross	(\$992,100)
Reduces \$992,100 TANF to support an estimated 4,600 family support subsidy cases. (SBO Letter 2021-5)	TANF	(992,100)
	GF/GP	\$0
20. Certified Community Behavioral Health Clinics Demonstration Program	FTE	6.0
Includes \$6.6 million Gross (\$1.2 million GF/GP) and authorizes 6.0 FTE positions, to establish 14 integrated behavioral and physical health clinics through a federal CMS demonstration program. Amount would include staffing costs for a Behavioral Health Policy and Operations office to oversee the demonstration program. Amount assumes the demonstration would begin July 1, 2021. (SBO Letter 2021-5)	Gross	\$6,555,000
	Federal	5,330,000
	GF/GP	\$1,225,000
21. Federal State Opioid Response (SOR) Grant	Gross	\$36,440,900
Includes \$36.4 million federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths. (SBO Letter 2021-5)	Federal	36,440,900
	GF/GP	\$0
22. State Psychiatric Hospital Enhanced FMAP Adjustments	Gross	\$0
Includes \$2.5 million GF/GP savings for adjustments to the enhanced FMAP match rate. (SBO Letter 2021-5)	Federal	2,534,300
	GF/GP	(\$2,534,300)
23. Marijuana Regulatory Fund Adjustment	Gross	\$59,700
Adds \$59,700 of restricted Marijuana Regulatory Funds based on anticipated revenue collections. (SBO Letter 2021-5)	Restricted	59,700
	GF/GP	\$0

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
24. Coronavirus Relief – Mental Health Block Grant	Gross	\$47,969,000
Appropriates available federal coronavirus relief funding of \$48.0 million for increased mental health block grant funding. (SBO Letter 2021-7)	Federal	47,969,000
	GF/GP	\$0
25. Coronavirus Relief – Emergency Behavioral Health Grant	Gross	\$2,860,000
Appropriates available federal coronavirus relief funding of \$2.9 million for crisis intervention and other recover support services for children and adults with serious mental illness and substance use disorder (SBO Letter 2021-7)	Federal	2,860,000
	GF/GP	\$0
26. Coronavirus Relief – Substance Abuse Prevention and Treatment Block Grant	Gross	\$52,228,000
Appropriates available federal coronavirus relief funding of \$52.2 million for increased substance abuse prevention and treatment block grant funding. (SBO Letter 2021-7)	Federal	52,228,000
	GF/GP	\$0
POPULATION HEALTH		
27. Oral Health Assessment for Children	Gross	\$385,000
Includes \$385,000 GF/GP one-time funding for database development for a new oral health assessment program for children entering public school kindergarten who do not have dental insurance enacted under 2020 PA 261. (SBO Letter 2021-5)	GF/GP	\$385,000
28. Lead Abatement Grant SCHIP Adjustments	Gross	\$0
Includes net \$0 Gross fund shift of \$1.0 million from GF/GP to federal for lead abatement grant, federal Children’s Health Insurance Program (SCHIP) funds approved for use for lead abatement in Flint and other high-risk communities since FY 2016-17. (SBO Letter 2021-5)	Federal	1,048,000
	GF/GP	(\$1,048,000)
29. Population Health Non-GF/GP Funds Adjustments	FTE	18.0
Recognizes \$18.7 million Gross for federal, local, private, and state restricted funding, including (SBO Letter 2021-5):	Gross	\$18,740,200
<ul style="list-style-type: none"> • \$9.4 million drug rebate revenue for AIDS Drug Assistance Program and 18.0 FTEs to administer contracts and finance; • \$2.4 million federal violence prevention funds; • \$4.9 million local revenue for child and adolescent health care; • \$1.0 million private funds for WIC program vendor system, • \$715,000 federal laboratory services grants; • \$300,000 restricted EMS licensure program fee revenue. 	Federal	3,085,000
	Local	4,900,000
	Private	10,455,200
	Restricted	300,000
	GF/GP	\$0
30. Coronavirus Relief – Immunization and Vaccines	Gross	\$4,121,400
Appropriates available federal coronavirus relief funding of \$4.1 million for COVID immunization and vaccine grant support from the Centers for Disease Control and Prevention (CDC). (SBO Letter 2021-7)	Federal	4,121,400
	GF/GP	\$0
AGING AND ADULT SERVICES AGENCY		
31. Aging Community and Nutrition Services	Gross	\$4,500,000
Recognizes \$4.5 million of additional federal funds for senior programs including \$1.0 million for senior community services and \$3.5 million for senior nutrition services including congregate meals and home-delivered meals. (SBO Letter 2021-5)	Federal	4,500,000
	GF/GP	\$0
32. Coronavirus Relief – Senior Meals and Nutrition	Gross	\$5,303,700
Appropriates available federal coronavirus relief funding of \$5.3 million for senior nutrition services including congregate meals and home-delivered meals. (SBO Letter 2021-7)	Federal	5,303,700
	GF/GP	\$0
MEDICAL SERVICES		
33. Tribal Pharmacy Administration	Gross	\$1,500,000
Includes \$1.5 million Gross (\$0 GF/GP) for IT changes to administer recent program changes to the tribal pharmacy rates. Private funding would come from revenues collected by the tribal health providers. (SBO Letter 2021-5)	Federal	1,350,000
	Private	150,000
	GF/GP	\$0

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>	
34. Technical Funding Shifts		Gross	\$0
Includes technical funding shifts within Medical Services Administration line items for a net zero funding change. (SBO Letter 2021-5)		Federal	0
		GF/GP	\$0
35. Health and Safety Fund		Gross	\$0
Revises down anticipated Health and Safety Fund revenues by \$1.4 million and offsets with a like amount of GF/GP. Funding is used to support Disproportionate Share Hospital (DSH) payments. (SBO Letter 2021-5)		Restricted	(1,389,900)
		GF/GP	\$1,389,900
36. Civil Monetary Penalty Revenues		Gross	\$2,000,000
Revises up anticipated Civil Monetary Penalty revenues by \$2.0 million and offsets with a like amount of GF/GP. Funding is uses within the Long-Term Care Services line. (SBO Letter 2021-5)		Private	2,000,000
		GF/GP	\$0
37. Medicaid Pharmaceutical Rebates		Gross	\$42,000,000
Increases \$42.0 million federal to process Medicaid pharmaceutical claims before federal pharmaceutical rebates are incurred. (SBO Letter 2021-5)		Federal	42,000,000
		GF/GP	\$0
38. Medicaid Tribal Pharmaceutical Payments		Gross	\$5,500,000
Increases \$5.5 million Gross (\$0 GF/GP) to support reimbursement increases to tribal health providers for pharmaceutical services provided to non-tribal Medicaid recipients. Private funding would come from revenues collected by the tribal health providers. (SBO Letter 2021-5)		Federal	5,000,000
		Private	500,000
		GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 HIGHER EDUCATION

Analyst: Perry Zielak

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	126,026,400	122,726,400	(3,300,000)	(2.6)
Local	0	0	0	--
Private	0	0	0	--
Restricted	356,063,300	361,403,300	5,340,000	1.5
GF/GP	1,217,835,700	1,247,837,600	30,001,900	2.5
Gross	\$1,699,925,400	\$1,731,967,300	\$32,041,900	1.9

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

Overview

The Higher Education budget, contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. University Operations Increase	Gross \$1,473,667,300	\$29,698,700
Increases university operations funding by \$29.7 million GF/GP. This includes a one-time \$29.2 million GF/GP increase to operations grants for universities, a 2.0% increase, and a \$484,000 GF/GP increase based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.2% or \$590 (set at 4.25% or \$586 in the current year). Total funding for operations would be \$1.5 billion Gross (\$1.2 billion GF/GP).	Restricted 343,168,300	0
	GF/GP \$1,130,499,000	\$29,698,700
2. Michigan State University Extension and AgBioResearch Programs One-Time Funding Increase	Gross \$65,073,400	\$1,301,400
Includes a one-time operations increase for MSU's AgBioResearch program of \$698,700 GF/GP and Extension program of \$602,700 GF/GP, a 2.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$66.4 million GF/GP.	GF/GP \$65,073,400	\$1,301,400

HIGHER EDUCATION

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
3. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$11,695,000	\$1,800,000
	Restricted	11,695,000	1,800,000
	GF/GP	\$0	\$0
Increases funding by \$1.8 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPERS, a 15.4% increase. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPERS would be \$13.5 million SAF.			
4. MPERS Normal Cost Offset	Gross	\$1,200,000	\$3,540,000
	Restricted	1,200,000	3,540,000
	GF/GP	\$0	\$0
Increases reimbursement funding provided to universities by \$3.5 million SAF, a 295.0% increase, for the normal cost required to maintain the assumed rate of return for MPERS at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$4.7 million GF/GP.			
5. Tuition Incentive Program	Gross	\$68,800,000	(\$3,300,000)
	Federal	68,800,000	(3,300,000)
	GF/GP	\$0	\$0
Decreases Tuition Incentive Program (TIP) by \$3.3 million federal TANF funding, a 4.8% decrease. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The decrease is the net result of a \$2.5 million increase to address anticipated program growth in FY 2021-22, and a \$5.8 million reduction through implementation of a program reimbursement rate cap of 2.5 times the average in-district community college tuition rate. Total funding for TIP would be \$65.5 million TANF.			
6. Bay Mills Community College One-Time Pass-through Payment	Gross	\$1,000,000	(\$1,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
Removes \$1.0 million GF/GP in one-time funding to Bay Mills Community College, a tribal college, as a pass-through payment through Lake Superior State University. The payment helps the college offset the costs of educating non-Native American students.			

Major Boilerplate Changes from FY 2020-21

Sec. 236i. One-Time Operational Support Payment Detail – NEW

Adds language detailing the one-time operational support payment allocations for each university, along with one-time appropriations for MSU's AgBioResearch and Extension programs.

Sec. 245. Transparency Website and Various Reporting Requirements – REVISED

Requires each university to post on its website specified data on budget, revenue, expenditures, and employee compensation, as well as university performance data, information on transfer policies and opportunities for high school students to earn college credit, collective bargaining agreements, benefit plans, and audits. Deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance. Deletes reporting requirements about institutional positions in addition to reporting on career and technical programs, dual enrollment and early middle college programs.

Sec. 245a. Campus Safety Information and Resources, Safety Reporting Requirements – REVISED

Requires universities to develop a "campus safety information and resources" webpage, which must be linked and displayed on their home webpage. The page must display various safety information and policies, and the schools must certify compliance to the state budget director by October 1, 2020, or have monthly state payments withheld. Deletes certification requirement to the state budget director.

Sec. 252. Tuition Grant Program Detail – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$2,800, unless insufficient funds are available, in which case a report is required. Deletes language that specifies that the \$4.8 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program.

Major Boilerplate Changes from FY 2020-21***Sec. 256. Tuition Incentive Program Detail – REVISED***

Specifies criteria for Tuition Incentive Program (TIP) eligibility; provides for award conditions and limits under Phases I (associate degree and certificate programs) and II (third and fourth years toward bachelor's degree) of the program. Includes new language that states the program will cover tuition and fees that do not exceed 2.5x the in-district community college tuition per-credit rate of the previous academic year.

Sec. 259. Department of Treasury Financial Aid Information Program – DELETED

Deletes legislative intent language that instructs the Department of Treasury to launch an aggressive information campaign about state scholarships and the eligibility requirements.

Sec. 260. Student Loan and Financial Aid Website – REVISED

Requires the Department of Treasury, working with the Michigan College Access Network, the Michigan Association of State Universities (MASU), the Michigan Community College Association (MCCA), and Michigan Independent Colleges and Universities (MICU) to the extent possible, create a website containing various student loan and other financial aid information. Requires universities to post a link to the website on its homepage. Deletes list of loan servicers and student loan information. Adds information on the federal public service loan forgiveness program.

Sec. 261. University of Michigan's Douglas Lake Biological Station – DELETED

Deletes legislative intent language that designates the University of Michigan's Douglas Lake Biological Station as a unique research resource and aims to protect the lake area.

Sec. 265. Performance Funding Tuition and Fees Restraint Requirement – REVISED

Provides tuition restraint requirements in order to receive performance funding increase. Revises requirement to apply to one-time operational support payments for FY 2021-22. Revises tuition restraint cap for universities to the greater of 4.2% or \$590. Revises reporting date from October 1 to the last business day of August. Deletes legislative intent language that indicates universities that violate the tuition restraint cap shall not receive a capital outlay project authorization in FY 2020-21, FY 2021-22, and FY 2022-23 and will have its appropriation adjusted.

Sec. 265a. Performance Funding Formula Detail and Additional Requirements – REVISED

Includes requirements for a university to receive the performance funding increase. Revises language specifying funding applies to FY 2021-22 only. Replaces "performance funding" with "operational support payments." Revises reporting date from October 1 to the last business day of August. Deletes language detailing the performance formula and revises to state that universities receive one-time operational support payments as an across-the-board funding increase proportional to each university's share of total operations funding from the prior fiscal year. Deletes legislative intent language about allocating more funding based on performance metrics in future years.

Sec. 265e. Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds – DELETED

Deletes legislative intent language that encourages universities to use a portion of operations funding for sexual assault prevention, campus safety, and student mental health programs.

Sec. 268. North American Indian Tuition Waiver Reporting Requirements – REVISED

Requires Department of Civil Rights to report certain information related to the waivers, and requires universities and tribal colleges receiving waiver pass-through funding to provide data under guidelines and procedures developed by the Department of Civil Rights by January 15. Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the General Fund.

Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$79,700 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$79,700 to \$82,380.

Sec. 270. Bay Mills Community College North American Indian Tuition Waiver Funding – DELETED

Deletes language that specifies a \$0 pass-through payment from Lake Superior State's North American Indian Tuition Waiver appropriation to Bay Mills Community College for costs of Indian Tuition Waiver Program and requires the institution to report waiver information specified under Sec. 268 to the Department of Civil Rights.

Sec. 270b. Bay Mills Community College Non-Native Students Pass-Through Payment – DELETED

Deletes language that specifies a \$1.0 million pass-through payment from Lake Superior State University to Bay Mills Community College for the costs of educating non-Native American students and that requires Bay Mills to comply with various reporting requirements to the Center for Educational Performance and Information (CEPI) or the state treasurer will have LSSU withhold payments of the pass-through.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2020-21

Sec. 271a. Union-Related Activities Prohibition – DELETED

Deletes legislative intent language that prohibits universities from knowingly and directly using state funds to offer instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union.

Sec. 274. Embryonic Stem Cell Research Reporting – DELETED

Deletes legislative intent language that requires universities conducting research using human embryonic stem cells to report to the Department of Health and Human Services regarding compliance with federal guidelines and stem cell lines derived by university.

Sec. 275a. Self-liquidating Projects Restriction and Capital Outlay Reporting – DELETED

Deletes language that prohibits use of state funds for self-liquidating projects and requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction.

Sec. 275d. Communication with the Legislature – DELETED

Deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature.

Sec. 275f. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes language that requires universities to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 275g. 2020-21 Academic Year and Covid-19 Reporting Requirements – DELETED

Deletes language that requires universities to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021 and that requires universities to report information related to online and COVID-19 fees, along with COVID-19 mitigation strategies and related data by November 1, 2020.

Sec. 275i. Students with Dependent Children Data Reporting Requirement – DELETED

Deletes language that requires public universities to collect data on students with dependent children, such as the number of enrolled students with dependents, programs and resources available, and the barriers preventing students from completing a degree.

Sec. 291. Auditor General University Performance Audits – DELETED

Deletes language that permits the Office of Auditor General to conduct performance audits of public universities.

Supplemental Recommendations for FY 2020-21 Appropriations

FY 2020-21
Recommendation

1. University Operations Payment for Maintenance of Effort (MOE) Requirement

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

Gross	\$57,304,000
GF/GP	\$57,304,000

**FY 2021-22 University One-Time Operational Support Payment Appropriations
Executive Recommendation**

University	FY 2020-21 Indian Tuition Waiver Payment	FY 2020-21 Base Appropriation	Total Operational Support Payment	Indian Tuition Waiver Adjustment	*Total FY22 Indian Tuition Waiver Payment	Proposed FY 2021-22 Appropriation	Percent Change	
Central	\$1,964,500	\$87,600,000	\$1,752,000	\$0	\$1,964,500	\$91,316,500	2.0%	89,564,500
Eastern	301,500	77,253,700	1,545,100	(21,800)	279,700	79,078,500	2.0%	77,533,400
Ferris	908,800	55,025,500	1,100,500	57,000	965,800	57,091,800	2.1%	55,991,300
Grand Valley	1,177,200	72,313,500	1,446,300	-	1,177,200	74,937,000	2.0%	73,490,700
Lake Superior	945,100	13,307,000	266,100	(18,600)	926,500	14,499,600	1.7%	14,233,500
								-
Michigan State	1,604,000	287,331,700	5,746,600	328,800	1,932,800	295,011,100	2.1%	289,264,500
Michigan Tech	693,600	50,101,600	1,002,000	75,700	769,300	51,872,900	2.1%	50,870,900
Northern	1,060,600	47,809,100	956,200	(9,100)	1,051,500	49,816,800	1.9%	48,860,600
Oakland	266,100	53,147,400	1,062,900	67,900	334,000	54,544,300	2.1%	53,481,400
Saginaw Valley	219,500	30,583,800	611,700	(65,600)	153,900	31,349,400	1.8%	30,737,700
								-
UM-Ann Arbor	961,000	321,970,100	6,439,400	114,600	1,075,600	329,485,100	2.0%	323,045,700
UM-Dearborn	167,800	26,167,000	523,300	(2,800)	165,000	26,855,300	2.0%	26,332,000
UM-Flint	348,200	23,616,200	472,300	(3,200)	345,000	24,433,500	2.0%	23,961,200
Wayne State	462,200	202,996,700	4,059,900	7,500	469,700	207,526,300	2.0%	203,466,400
Western	841,700	111,522,200	2,230,400	(46,400)	795,300	114,547,900	1.9%	112,317,500
								-
TOTAL:	\$11,921,800	\$1,460,745,500	\$29,214,700	\$484,000	\$12,405,800	\$1,502,366,000	2.0%	1,473,151,300

Requirements to receive operational support payment for FY 2021-22:

1. Restrain FY 2021-22 resident undergraduate tuition/fee rate increase to 4.2% or \$590 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

Requirements to avoid a 10% reduction in operations funding:

1. Submit Sec. 274c & 274d Title IX reports
2. Comply with various Title IX requirements listed in Sec. 265b

*Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each university's operations listing in the budget bill.

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22
INSURANCE AND FINANCIAL SERVICES**

Analyst: Marcus Coffin

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$728,600	\$724,600	(\$4,000)	(0.5)
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	71,570,000	71,245,900	(324,100)	(0.5)
GF/GP	0	0	0	--
Gross	\$73,315,700	\$72,987,600	(\$328,100)	(0.4)
FTEs	378.5	388.5	10.0	2.6

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

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Regulatory Staff Increase	FTE	NA
Includes authorization for 10.0 FTE positions, which the department has indicated would be used to fulfill departmental responsibilities related to recently enacted legislation addressing no-fault auto insurance reform, anti-fraud changes, and surprise medical billing. The FTE positions would also be used to address increased volumes of activity in health and auto insurance regulation, communication, and consumer services. Positions that would be filled are projected to include:	Gross	NA
	GF/GP	NA
		10.0
		\$0
		\$0

- 1 Call Center Operator
- 1 Insurance Property and Casualty Filing Analyst
- 1 Education and Outreach Analyst
- 2 Insurance Medical Claims Analysts
- 2 Insurance Examiners
- 3 Insurance Fraud Investigators

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
2. Technical Adjustments	Gross	NA
Includes two net-zero adjustments within the budget to align appropriations with departmental regulatory activities:	Restricted	NA
	GF/GP	NA
<ul style="list-style-type: none"> Internally transfers \$2.4 million in restricted authorization and 10.0 FTE positions from the Insurance Evaluation line item to the Consumer Services and Protection line item. Decreases restricted authorization from the Insurance Bureau Fund by \$2.0 million while increasing restricted authorization from Insurance Licensing and Regulation Fees by \$2.0 million, to align with regulatory activity. DIFS indicated that the volume of insurance licensing has increased over the last several fiscal years, resulting in increased revenue to the Insurance Licensing and Regulation Fund. 		\$0 0 \$0
3. Economic Adjustments	Gross	NA
Reflects decreased costs of \$328,100 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), overtime increases, increased longevity, higher actuarially required retirement contributions, increased building occupancy charges, decreases in other employee retirement costs, decreases in worker's compensation, and other economic adjustments.	IDG/IDT	NA
	Restricted	NA
	GF/GP	NA
		(\$328,100) (4,000) (324,100) \$0

Major Boilerplate Changes from FY 2020-21

Sec. 206. Communication with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law.

Sec. 207. Out-of-State Travel – REVISED

Stipulates conditions when DIFS may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revised to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained in the report.

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to adjust appropriation amounts to \$1.0 million in federal and \$5.0 million in state restricted contingency funds.

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

Requires DIFS to submit a quarterly report on FTE staffing and a semiannual report on remote work and associated metrics.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds.

Sec. 219. Retention of Reports – DELETED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

Major Boilerplate Changes from FY 2020-21

Sec. 222. *Television and Radio Production Expenditure Report* – DELETED

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

Sec. 223. *Insurance Bureau Fund Use* – DELETED

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

Sec. 301. *Health Insurance Rate Filings Report* – DELETED

Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included.

Sec. 302. *Conservatorship and Insurance Liquidation Funds* – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and not to lapse to the General Fund; limits appropriations under the section and Sec. 303 to \$300,000. Revised to eliminate the cap on appropriations under this section and section 303.

Sec. 303. *Fees for Customized Listings* – REVISED

Permits DIFS to provide customized listings of non-confidential information to interested parties and to charge reasonable fees; states that funds lapse to appropriate restricted fund accounts and limits amount appropriated under this section and Sec. 302 to \$300,000. Revised to eliminate the cap on appropriations under this section and section 302.

Sec. 304. *Out-of-Network Billing Complaints Report* – DELETED

Requires DIFS to submit a report on out-of-network billing complaints; delineates information to be included.

Sec. 305. *Anti-Fraud Unit Report* – DELETED

Requires DIFS to provide a mid-year update to the Anti-Fraud Unit report required under section 6303 of 1956 PA 218.

Sec. 306. *Consumer Services Complaints Report* – DELETED

Requires DIFS to submit a report regarding the amount of consumer complaints received, the process for handling complaints, and complaint outcomes.

Sec. 307. *Financial Institutions Marijuana Evaluation Guidance* – DELETED

Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marijuana industry.

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 JUDICIARY

Analyst: Robin R. Risko

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

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

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the number of judgeships.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Judicial Compensation – Court Fee Fund Adjustment	Gross	NA	\$0
Includes \$1.4 million GF/GP to cover a shortfall in the amount of Court Fee Fund revenue available to support payment of salaries for circuit and probate court judges.	Restricted	NA	(1,358,600)
	GF/GP	NA	\$1,358,600
2. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE	NA	7.0
	Gross	NA	\$939,100
Includes \$939,100 GF/GP for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case. SADO provides post-conviction representation of juvenile lifers. There are 57 clients awaiting contested hearings.	GF/GP	NA	\$939,100
3. Statewide e-File Implementation	FTE	12.0	8.0
	Gross	\$10,220,600	\$821,800
Includes an additional \$821,800 in Electronic Filing Fee Fund revenue and authorization for an additional 8.0 FTE positions to support continued implementation, operation, and maintenance of the statewide electronic filing system pursuant to 2015 PA 230 - 234. The system will be rolled out to all trial courts starting in 2021.	Restricted	10,220,600	821,800
	GF/GP	\$0	\$0

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
4. Clean Slate – Criminal Record Expungement	Gross	NA
Includes \$605,000 GF/GP to support ongoing costs related to implementation of the Michigan Clean Slate Initiative, which will make criminal record expungement automatic for all people who are eligible. For those with no more than 1 felony or 2 misdemeanors, people would see their records expunged after 7 years of no criminal violations under 2020 PA 187 - 193.	GF/GP	NA
		\$605,000
		\$605,000
5. Problem Solving Courts	Gross	\$19,091,900
Includes \$600,000 GF/GP for support of problem solving courts. The additional funding would be allocated as follows: \$400,000 for Drug Treatment Courts, \$100,000 for Mental Health Courts, and \$100,000 for Veterans Treatment Courts.	GF/GP	\$19,091,900
		\$600,000
		\$600,000
6. Court of Appeals Operations	Gross	\$25,252,500
Restores \$547,900 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would allow the Court of Appeals to backfill leadership and support positions at the Court of Appeals office in Detroit, as well as to support information systems for the court.	GF/GP	\$25,252,500
		\$547,900
		\$547,900
7. State Appellate Defender Office Attorneys	Gross	NA
Restores \$360,700 of GF/GP that was reduced from the FY 2020-21 budget as part of statewide budget reductions. Funding would be used to backfill 3.0 public defender positions to help maintain the statutory minimum 25% appellate caseload.	GF/GP	NA
		\$360,700
		\$360,700
8. Pretrial Risk Assessment	FTE	NA
Includes \$325,700 GF/GP for continued improvement of the pretrial risk assessment tool which provides relevant information to judges so they can make evidence-based bond decisions and reduce incarceration rates of low-risk offenders. Funding would support ongoing data analysis and performance benchmarking, education and training, technical assistance on assessing pretrial risk and supervising defendants, and other ongoing efforts.	Gross	NA
	GF/GP	NA
		\$325,700
		\$325,700
9. Michigan Legal Self-Help Program	Gross	NA
Includes \$200,000 GF/GP to support the Michigan Legal Help program website and centers. The program provides free legal information and assistance to individuals who represent themselves in simple civil legal matters.	GF/GP	NA
		\$200,000
		\$200,000
10. Michigan Justice Training Fund Grant	Gross	NA
Authorizes the Michigan Judicial Institute to receive and expend \$100,000 of Michigan Justice Training grant funding made available by the Michigan Commission on Law Enforcement Standards for training court support personnel.	IDG	NA
	GF/GP	NA
		\$100,000
		100,000
		\$0
11. Judgeship Changes	Gross	NA
Reflects a savings of \$164,400 GF/GP from elimination of 1.0 district court judgeship in Shiawassee County pursuant to 2012 PA 17. The amount of savings is for the full year, as the effective date of the elimination was January 1, 2021.	GF/GP	NA
		(\$164,400)
		(\$164,400)

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>		<u>Executive Change from YTD</u>
12. Economic Adjustments	Gross	NA	\$3,334,900
Reflects a net increase in costs of \$3.3 million Gross (\$3.4 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	(500)
	Federal	NA	(18,700)
	Local	NA	(34,700)
	Private	NA	(5,900)
	Restricted	NA	(28,100)
	GF/GP	NA	\$3,422,800
13. Removal of Current Year One-Time Funding	FTE	8.0	(8.0)
Reduces the budget by \$1.8 million GF/GP to reflect removal of one-time funding included in the FY 2020-21 budget. Funding removed includes: \$881,100 for the State Appellate Defender Office to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case, \$600,000 for expansion of problem solving courts, and \$325,700 for pretrial risk assessment.	Gross	\$1,806,800	(\$1,806,800)
	GF/GP	\$1,806,800	(\$1,806,800)

Major Boilerplate Changes from FY 2020-21

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law and the judicial branch is exercising its authority.

Sec. 216. Input on Foster Care Cases – DELETED

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings.

Sec. 217. Changes to Foster Care Family Service Plans – DELETED

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans.

Sec. 218. Linking Swift and Sure Sanctions Program to DHHS, LEO, and MDOC Programming – DELETED

Requires SCAO to identify programs within the Departments of Health and Human Services, Labor and Economic Opportunity, and Corrections that have programmatic connections with Swift and Sure Sanctions program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to provide guidance to courts participating in the Swift and Sure Sanctions program of available DHHS, LEO, and MDOC programming.

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

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

Sec. 312. Parental Rights Restoration Act – DELETED

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act, and the total number of petitions granted.

Sec. 316. Pretrial Risk Assessment – DELETED

Requires SCAO to continue to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on the status of the program, including an assessment of the effectiveness of the tool, plans to expand use of the tool, and details on expenditures and allocations.

Sec. 403. Oral Fluid Testing Pilot Program – DELETED

Requires SCAO to allocate \$100,000 of funding appropriated for expansion of problem-solving courts to create a pilot program in a veterans treatment court, mental health treatment court, or both, that investigates the effectiveness of oral fluid testing to determine compliance with required mental health medications or requirements.

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Statewide e-File Implementation

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

FTE	8.0
Gross	\$821,800
Restricted	821,800
GF/GP	\$0

2. Michigan Justice Training Fund Grant

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

Gross	\$45,000
IDG	45,000
GF/GP	\$0

3. Court Improvement Program Grant Funds

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

Gross	\$260,000
Federal	260,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21	Executive	Amount	%
IDG/IDT	\$46,664,600	\$45,079,800	(\$1,584,800)	(3.4)
Federal	28,823,700	29,030,900	207,200	0.7
Local	0	0	0	--
Private	0	0	0	--
Restricted	259,295,700	259,429,800	134,100	0.1
GF/GP	149,605,600	185,945,900	36,340,300	24.3
Gross	\$484,389,600	\$519,486,400	\$35,096,800	7.2
FTEs	1,857.9	1,857.9	0.0	0.0

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

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and marijuana. Units within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Michigan Indigent Defense Commission Grants Standards 1-4	Gross	\$117,467,400	\$19,350,000
Includes an additional \$19.4 million GF/GP for Michigan Indigent Defense Commission grants, to fund the state's projected share of indigent defense costs in FY 2021-22 (\$136.9 million). MIDC grants are distributed to district and circuit court funding units; this funding supports the implementation of compliance plans to meet approved indigent defense standards 1-4.	Restricted	200,000	0
	GF/GP	\$117,267,400	\$19,350,000
2. Michigan Indigent Defense Commission Grants Standard 5	Gross	\$117,467,400	\$12,000,000
Includes an additional \$12.0 million GF/GP for Michigan Indigent Defense Commission grants, to fund the state's estimated share of compliance costs for approved indigent defense standard 5. The standard was approved in October 2020, and pertains to the independence of indigent criminal defense services from the judiciary.	Restricted	200,000	0
	GF/GP	\$117,267,400	\$12,000,000
3. Michigan Saves Green Bank	Gross	\$1,000,000	\$4,000,000
Increases the current one-time appropriation for Michigan Saves by \$4.0 million GF/GP (one-time), to bring total FY 2021-22 one-time funding for Michigan Saves to \$5.0 million GF/GP. The funding would provide \$5.0 million for a Public Service Commission grant award to Michigan Saves (a non-profit green bank) to offer credit enhancement tools intended to incentivize lending at lower rates and under better terms for renewable energy and energy efficiency improvement loans to commercial, residential, and public entities. Such credit enhancement tools include a loan loss reserve fund.	GF/GP	\$1,000,000	\$4,000,000

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)		Executive Change from YTD
4. Nursing Home Infection Control Surveys	Gross	NA	\$1,100,000
Includes \$1.1 million GF/GP (one-time) to continue infection control surveys of skilled nursing facilities through FY 2021-22. The funding would support the state licensing group, which conducts infection control surveys for facilities applying to DHHS to become a COVID Care and Recovery Center or a COVID Relief Facility, for state licensed providers that aren't federally certified, and as requested by providers, DHHS, local health departments, and the federal government. Specifically, the funding would be used to cover costs associated with 8 current staff and to hire additional limited-term health care surveyors and support staff, to continue infection control survey activities through September 2022.	GF/GP	NA	\$1,100,000
5. Marijuana Regulatory Agency Inspection Activities	Gross	\$6,736,200	\$648,000
Includes \$648,000 in restricted authorization from the Marihuana Regulation Fund (adult-use) to support costs associated with hiring 6 additional inspectors (including 2 fire inspectors) to regulate licensees in the adult-use industry. The funding would be used to support costs incurred for additional staff, including salaries, fringe benefits, and IT. Hiring 6 additional inspectors would increase the total number of active inspectors in the sector from 16 to 22.	FTE Restricted GF/GP	34.0 6,736,200 \$0	0.0 648,000 \$0
6. Marijuana Social Equity Program	Gross	NA	\$500,000
Includes \$500,000 in restricted authorization from the Marihuana Regulation Fund (adult-use) which would be used to increase access to capital to address social equity issues in the adult-use marijuana market. The funding would be utilized to provide low-interest and no-interest loans and grants to individuals and entities seeking to enter or expand in the adult-use marijuana industry.	Restricted GF/GP	NA NA	500,000 \$0
7. Underground Natural Gas Storage Safety Program	Gross	NA	\$352,500
Includes \$352,500 in federal authorization from the Department of Transportation, to reflect a grant that the state is receiving to operate the Underground Natural Gas Storage Inspection Program, which inspects, evaluates, and monitors the code compliance status of underground natural gas storage operators in the state. There are 6 intrastate operators that would be regulated under the program and these operators have approximately 31 facilities and 1,230 wells. Regulation would include complete storage program inspections and annual inspections of ongoing construction, maintenance, and other field activities.	Federal GF/GP	NA NA	352,500 \$0
8. Local Indigent Defense Reimbursement	Gross	\$200,000	\$100,000
Includes an additional \$100,000 in state restricted authorization from Local Indigent Defense Reimbursements, to reflect increased revenues from the reimbursements. Local court funding units are required to remit 20% of the revenue received from partially indigent collections to the state. The funding is utilized for Michigan Indigent Defense Commission grants.	Restricted GF/GP	200,000 \$0	100,000 \$0

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
9. Technical Adjustments	Gross	NA (\$1,398,400)
Includes numerous adjustments to state restricted authorizations and federal and IDG/IDT funding, to align fund sources with projected revenues and expenditures. Also includes the following:	IDG/IDT	NA (1,376,100)
	Federal	NA 25,500
	Restricted	NA (47,800)
	GF/GP	NA \$0
<ul style="list-style-type: none"> Internal net-zero adjustment to designate \$1.0 million GF/GP for Urban Search and Rescue as one-time funding (the funding is currently classified as ongoing). Internal net-zero transfer to allocate \$9.3 million Gross from the Bureau of Community and Health Systems Administration line item to the Adult Foster Care and Camps Licensing and Regulation, Health Facilities Regulation, and Nurse Aide Program line items. 		
10. Economic Adjustments	Gross	NA (\$1,555,300)
Reflects decreased costs of \$1.6 million Gross (\$109,700 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), overtime increases, increased longevity, higher actuarially required retirement contributions, increases in building occupancy charges, decreases in other employee retirement costs, decreases in worker's compensation, and other economic adjustments.	IDG/IDT	NA (208,700)
	Federal	NA (170,800)
	Restricted	NA (1,066,100)
	GF/GP	NA (\$109,700)

Major Boilerplate Changes from FY 2020-21

Sec. 206. Communication with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law.

Sec. 207. Out-of-State Travel – REVISED

Stipulates conditions when LARA may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revised to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained in the report.

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$1.0 million in federal, \$1.5 million in state restricted, \$200,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to adjust appropriation amounts to \$10.0 million in federal, \$25.0 million in state restricted, \$1.0 million in local, and \$500,000 in private contingency funds.

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

Requires LARA to submit a quarterly report on FTE staffing and a semiannual report on remote work and associated metrics.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds.

Sec. 219. Retention of Reports – DELETED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year.

Major Boilerplate Changes from FY 2020-21

Sec. 227. Employee Performance Monitoring Process – DELETED

Expresses legislative intent that LARA establish a consistent employee performance monitoring process and requires a report on planned or implemented changes to that process and the number of evaluations performed.

Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Revised to eliminate requirement that the MLCC refer identified unlicensed entities to the Attorney General, modify report requirements, and to eliminate notification requirements.

Sec. 504. Homeowner Construction Lien Recovery Fund – DELETED

Appropriates unexpended funds in the Homeowner Construction Lien Recovery Fund for payments of court-ordered construction lien judgments entered prior to the repeal of the fund on August 23, 2010.

Sec. 516. Marihuana Social Equity Program – NEW

Requires funds appropriated for the Marihuana Social Equity Program be expended on expanding access to affordable capital to address social equity in the marijuana industry and requires funds be used to leverage additional private contributions to provide low- and no-interest loans and grants.

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Underground Natural Gas Storage Inspection Program

Includes \$200,000 in federal authorization from the Department of Transportation, to reflect a grant that the state is receiving to operate the Underground Natural Gas Storage Inspection Program, which would inspect, evaluate, and monitor the code compliance status of underground natural gas storage operators in the state. There are 6 intrastate operators that would be regulated under the program and these operators have approximately 31 facilities and 1,230 wells. Regulation would include complete storage program inspections and annual inspections of ongoing construction, maintenance, and other field activities. The award is expected to be received from the federal government during spring of FY 2020-21; the amount requested reflects partial-year costs.

Gross	\$200,000
Federal	200,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 MILITARY AND VETERANS AFFAIRS

Analyst: Michael Crossen

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

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

Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the Michigan Veterans Facility Authority, which manages and operates the three state veterans homes.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Chesterfield Township Home for Veterans	Gross \$8,590,000	\$12,394,700
Provides \$12.4 million Gross (\$1.5 million GF/GP) to align with increased expenses for the facility's first fiscal year being fully operational.	Federal 1,100,000	8,525,000
	Restricted 375,000	2,340,000
	GF/GP \$7,115,000	\$1,529,700
2. Grand Rapids Home for Veterans	Gross \$42,753,700	(\$13,375,400)
Reduces \$13.4 million Gross (\$7.3 million GF/GP) to reflect decreased expenses of operating the home at the new smaller facility in its first fully operational fiscal year. \$4.1 million GF/GP of one-time funding from FY 2020-21 for the home remains in FY 2021-22 to continue offering services to 29 residents living in the existing facility as they await moving to new living arrangements outside the home.	Federal 14,865,000	(3,409,000)
	Restricted 5,915,000	(2,640,000)
	GF/GP \$21,973,700	(\$7,326,400)
3. National Guard Special Maintenance	Gross \$20,000,000	\$10,000,000
Authorizes \$10.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$30.0 million federal in FY 2021-22.	Federal 20,000,000	10,000,000
	GF/GP \$0	\$0
4. Michigan Veterans Trust Fund	Gross \$2,400,000	\$1,247,200
Provides \$1.2 million in state restricted funds from the Michigan Veterans Trust Fund and authorizes 2.0 FTE positions for the administration and awarding of more emergency relief grants to veterans in anticipation of greater needs as a result of the COVID-19 pandemic and to support planned partnerships with outside veteran support programs. From the \$1.2 million increase, \$1.0 million is recommended for grants and \$227,200 is recommended for administration.	FTE 6.0	2.0
	Restricted 2,400,000	1,247,200
	GF/GP \$0	\$0

MILITARY AND VETERANS AFFAIRS

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
5. Military Retirement	Gross	\$658,000	\$217,000
Provides \$217,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.	GF/GP	\$658,000	\$217,000
6. Morale, Welfare, and Recreation Restricted Fund	Gross	\$0	\$100,000
Authorizes \$100,000 state restricted from a new Morale, Welfare, and Recreation (MWR) Fund created in boilerplate to receive fees for use of recreation equipment at Camp Grayling and to support a new MWR program that will provide recreational activities for National Guard members and their families.	Restricted	0	100,000
	GF/GP	\$0	\$0
7. Equipment Testing Project Fees	Gross	\$0	\$100,000
Authorizes the department to expend \$100,000 in state restricted funds collected from private companies that pay to test equipment at state military facilities. Funds will support maintenance costs of the training ranges. Funding for Test Project Fees was previously \$50,000 in FY 2019-20 and \$0 in FY 2020-21.	Restricted	0	100,000
	GF/GP	\$0	\$0
8. Commander's Cottage Rental Fees	Gross	\$0	\$25,000
Authorizes \$25,000 state restricted for the department to expend funds collected from rental fees for the new Commander's Cottage, paid by the Commander to live there, for maintenance of the building.	Restricted	0	25,000
	GF/GP	\$0	\$0
9. Authorization for Private MVAA Donations	Gross	\$0	\$10,000
Authorizes \$10,000 of private funding for the MVAA to receive private donations without the need for legislative contingency fund transfer approval.	Private	0	10,000
	GF/GP	\$0	\$0
10. Michigan Veterans Homes Information Technology Transfer	Gross	\$1,409,400	\$0
Transfers \$1.4 million Gross (\$105,000 GF/GP) from the department to the independent Michigan Veterans Facility Authority to support IT needs of the Michigan Veterans Homes and to align with the budget structure established in FY 2020-21.	Federal	560,300	0
	Restricted	744,100	0
	GF/GP	\$105,000	\$0
11. Billeting Fund Reductions	Gross	\$1,460,400	(\$84,000)
Reduces \$84,000 state restricted from the Billeting Fund to align with revenue and expenditure projections. Revenue in the fund is collected by fees and surcharges paid by military and civilian personnel utilizing Michigan National Guard transient quarters and used to support operations of transient quarters facilities.	Restricted	1,460,400	(84,000)
	GF/GP	\$0	\$0
12. Removal of Current Year One-Time Funding	Gross	\$19,155,000	(\$19,155,000)
Eliminates \$19.2 million Gross (\$250,000 GF/GP) of one-time funding items appropriated in FY 2020-21:	Federal	18,905,000	(18,905,000)
<ul style="list-style-type: none"> • \$18.9 million federal – Camp Grayling National Guard Readiness Training Center • \$250,000 GF/GP – Veterans benefits eligibility study 	GF/GP	\$250,000	(\$250,000)
13. Economic Adjustments	Gross	NA	\$116,100
Reflects increased costs of \$116,100 Gross (\$2,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	178,200
	Restricted	NA	(64,900)
	GF/GP	NA	\$2,800

Major Boilerplate Changes from FY 2020-21

Sec. 206. Disciplinary Action Against State Employees – DELETED

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

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds.

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

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

Sec. 217. Work Project Expenditures – DELETED

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

Sec. 218. State Administrative Board Transfers – DELETED

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

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

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

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 225. Court Settlements Report – DELETED

Requires department to report tentative plans for required payment of any court judgment against department and details regarding timing and budget impact the payment will have on department.

Sec. 309. Test Project Fees – NEW

Creates the test project fees revolving account to be under the control of the department to collect fees generated by the test project program; requires funds appropriated from the account to support operations of the test project program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year.

Sec. 310. Morale, Welfare, and Recreation Fund – NEW

Creates the Morale, Welfare, and Recreation (MWR) Fund to receive money generated from operation of the MWR program; requires the department to be administrator of the fund for auditing purposes; requires funds appropriated from the fund to support operations of the MWR program; authorizes money in the fund to carry forward and not lapse at the close of the fiscal year.

Sec. 311. Commander's Cottage Rental Fees – NEW

Creates the rental fees revolving account to be under the control of the department to collect rental fees for the Commander's Cottage, the commander's residence; requires funds appropriated from the account to support operations of the program; authorizes money in the account to carry forward and not lapse at the close of the fiscal year.

Sec. 404. MVAA Private Donations – NEW

Authorizes receipt of private donations to the MVAA in excess of funds appropriated in part 1 and permits expenditure of those funds for the purpose designated by the donor, if specified; requires the department to give notification of receipt of a donation within 14 calendar days, including the amount of the donation and purpose for which the funds will be expended, if known.

Sec. 409. Interagency Agreement with Department of Health and Human Services – DELETED

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement.

Major Boilerplate Changes from FY 2020-21

Sec. 410. County Veterans Service Fund – REVISED

Requires funds appropriated for County Veteran Service Fund to be deposited into County Veteran Service Fund created in 2018 PA 210; stipulates funds are available for expenditure to support county veterans’ services grants. Revised to allocate \$200,000 from the fund to be used to cover costs associated with administration and providing technical assistance to counties participating in the grant program.

Sec. 411. Veterans Cemetery – DELETED

Requires MVAA to conduct a needs, feasibility, and cost assessment of establishing and maintaining a new veterans cemetery; requires assessment to consider availability of federal funds for its determinations; requires MVAA to report findings of assessment by end of fiscal year.

Sec. 451. Board of Managers and Michigan Veteran’s Facility Authority – DELETED

Requires Board of Managers and Michigan Veterans’ Facility Authority to exercise certain regulatory and governance authority over Michigan veterans homes.

Sec. 453. CMS Quality of Care Standards – DELETED

Requires the department to ensure the quality of care at state’s veterans homes is sufficient to meet or exceed the quality of care standards for the Centers for Medicare and Medicaid Services (CMS); requires a biannual report showing evidence that the quality of care has met or exceeded CMS certification standards.

Sec. 601. Veterans Benefits Eligibility Study – DELETED

Requires funding to be used for a study on creating, implementing, and evaluating a program that identifies Medicaid beneficiaries who are veterans and support them in exploring their eligibility for USDVA-VHA health care benefits; requires department to report findings of study, including recommendations on strategies to use to identify veterans who are Medicaid beneficiaries, eligible for USDVA-VHA health care benefits, but who aren’t aware or have not taken steps to seek USDVA-VHA health care services.

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
1. National Guard Special Maintenance	Gross	\$20,000,000
Authorizes \$20.0 million in additional federal revenue from the National Guard Bureau to support maintenance projects at armories statewide, for a total of \$40.0 million in federal funds in FY 2020-21.	Federal	20,000,000
	GF/GP	\$0
2. Morale, Welfare, and Recreation (MWR) Restricted Fund	Gross	\$50,000
Authorizes \$50,000 state restricted from a new Morale, Welfare, and Recreation Fund created in boilerplate to receive fees for use of recreation equipment at Camp Grayling and to support a new MWR program that will provide recreational activities for National Guard members and their families.	Restricted	50,000
	GF/GP	\$0
3. Provider Relief Funds for D.J. Jacobetti Home for Veterans	Gross	\$27,300
Authorizes \$27,300 in federal funding from the CARES Act Provider Relief Fund to support costs of health care providers responding to the COVID-19 pandemic.	Federal	27,300
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 NATURAL RESOURCES

Analyst: Austin Scott

	FY 2020-21	FY 2021-22	Difference: FY 2021-22	
	Year-to-Date as of 2/11/21		Executive	Amount
IDG/IDT	\$203,100	\$203,100	\$0	0.0
Federal	88,453,700	91,291,300	2,837,600	3.2
Local	0	0	0	--
Private	7,439,200	7,039,200	(400,000)	(5.4)
Restricted	322,800,800	309,695,300	(13,105,500)	(4.1)
GF/GP	50,697,300	48,112,500	(2,584,800)	(5.1)
Gross	\$469,594,100	\$456,341,400	(\$13,252,700)	(2.8)
FTEs	2,352.1	2,360.9	8.8	0.4

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

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Fish Hatchery Energy Efficiencies (One-Time)	Gross	NA	\$1,995,800
Appropriates \$2.0 million GF/GP for renewable energy projects at state fish hatcheries including installing solar arrays and battery storage.	GF/GP	NA	\$1,995,800
2. Local Marine Patrol Grants	Gross	\$1,750,000	(\$1,750,000)
Eliminates \$1.8 million GF/GP for grants to local law enforcement to enforce no wake zones in an effort to mitigate high water impacts on infrastructure.	GF/GP	\$1,750,000	(\$1,750,000)
3. Deer Habitat Partnership Improvement Initiative	Gross	\$445,800	(\$245,800)
Eliminates GF/GP support for grants awarded through the Deer Habitat Partnership Improvement Initiative.	Restricted	200,000	0
	GF/GP	\$245,800	(\$245,800)
4. Federal – Land and Water Conservation Fund Payments	Gross	\$6,000,000	\$7,000,000
Appropriates \$7.0 million of available federal funding for grants to local units of government to acquire and develop public recreation lands and facilities.	Federal	6,000,000	7,000,000
	GF/GP	\$0	\$0
5. Off-road Vehicle Revenue Distribution	Gross	NA	\$1,000,000
Appropriates an additional \$1.0 million of available revenue from the Off-road Vehicle Trail Improvement Fund for trail ORV programs and administration in accordance with statutory distribution requirements, bringing ORV Trail Improvement funding to \$9.5 million for FY 2021-22.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
6. Parks and Recreation Division Employee Initiatives	FTEs	NA	8.8
Appropriates \$1.5 million in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund and authorizes 8.8 FTE positions for division employee recruitment and retention initiatives, including increases in work hours and wages. This increase would also fund a new sanitation contract at Interlochen State Park in accordance with EGLE standards.	Gross	NA	\$1,486,400
	Restricted	NA	1,486,400
	GF/GP	NA	\$0

NATURAL RESOURCES

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
7. Parks and Recreation Division Utility Costs	Gross	NA	\$625,000
Appropriates \$625,000 in available restricted revenue from the Michigan State Waterways Fund, and Park Improvement Fund to cover HVAC, lighting, electrical, hydro, and telecommunications costs at recreational boating sites and state parks, including Belle Isle State Park.	Restricted	NA	625,000
	GF/GP	NA	\$0
8. Parks and Recreation Division Minimum Wage Increase for Short-term Workers	Gross	NA	\$394,300
Appropriates \$394,300 in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund to cover the minimum wage increase scheduled for 2022.	Restricted	NA	394,300
	GF/GP	NA	\$0
9. Parks and Recreation Division Search Software	Gross	NA	\$320,000
Appropriates \$320,000 in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund to upgrade and maintain software used by the public to search state parks, state recreation areas, and state forest campgrounds.	Restricted	NA	320,000
	GF/GP	NA	\$0
10. Parks and Recreation Division Camping and Harbor Reservation System Costs	Gross	NA	\$175,000
Appropriates \$175,000 in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund to pay vendor for increased transactions processed by DNR's camping and harbor reservation system.	Restricted	NA	175,000
	GF/GP	NA	\$0
11. State Parks Improvement Revenue Bonds – Debt Service	Gross	\$1,201,300	\$500
Appropriates \$500 in available Park Improvement Fund revenue to align spending authorization with debt service schedule.	Restricted	1,201,300	500
	GF/GP	\$0	\$0
12. Capital Outlay Authorization Alignment	Gross	NA	(\$3,425,000)
Reduces restricted fund authorization for ongoing capital outlay projects by \$3.4 million to align spending authorization with available revenue. Affected appropriations include Local Boating Infrastructure Maintenance and Improvements, State Boating Infrastructure Maintenance, and State Parks Repair and Maintenance.	Restricted	NA	(3,425,000)
	GF/GP	NA	\$0
13. Capital Outlay One-Time Projects	Gross	\$11,000,000	(\$11,000,000)
Eliminates restricted fund authorization for one-time capital outlay projects funded in FY 2020-21. Projects included Fish Hatchery Infrastructure Investments, Forest Development Infrastructure, Mass Timber Facility Newberry Customer Service Center, and Wetlands Enhancements.	Restricted	11,000,000	(11,000,000)
	GF/GP	\$0	\$0
14. Removal of FY 2020-21 One-Time Funding	Gross	\$8,400,000	(\$8,400,000)
Removes \$8.4 million Gross (\$2.5 million GF/GP) for one-time projects included in the FY 2020-21 budget. Projects included Forest Fire Equipment Acquisition, Forest Investments, Milliken Visitors Center, and Shooting Range Enhancements.	Federal	4,000,000	(4,000,000)
	Private	400,000	(400,000)
	Restricted	1,500,000	(1,500,000)
	GF/GP	\$2,500,000	(\$2,500,000)
15. Economic Adjustments	Gross	NA	(\$1,428,900)
Reflects decreased costs of \$1.4 million Gross (\$84,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	(162,400)
	Restricted	NA	(1,181,700)
	GF/GP	NA	(\$84,800)

Major Boilerplate Changes from FY 2020-21**Sec. 206. Disciplinary Action Against State Employees – DELETED**

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law.

Sec. 209. GF/GP Lapse – REVISED

Requires report of estimated GF/GP appropriation lapses at close of previous year. Revised due date from November 30 to December 31.

Sec. 210. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers of up to \$5.0 million restricted; authorizes expenditure after legislative transfer to specific line items. Revised to include contingency fund transfer authority of \$3.0 million federal, \$10.0 million restricted, and \$1.0 million private.

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

Requires department to report quarterly on the number of FTE positions filled, FTE vacancies, the number of employees working remotely, the number of employees authorized to work remotely, estimated cost savings from remote work, and reduction in office space due to working remotely.

Sec. 217. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended.

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 219. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 220. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires the department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 221. Game and Fish Protection Fund Appropriations – REVISED

Lists appropriations to other state departments from Game and Fish Protection Fund. Revised to provide for the appropriation of additional DNR restricted funds to other state agencies including DTMB, Attorney General, Auditor General, Treasury, and Civil Service Commission. Revision also included for FY 2020-21 in supplemental request 2021-5.

Sec. 408. Land Transactions – DELETED

Requires detailed report to legislature on land purchases, sales, and exchanges.

Sec. 409. Report on Portage Restaurant – DELETED

Requires department to report on current and planned future use of Portage Restaurant at Presque Isle State Harbor in Presque Isle County.

Sec. 410. Report on Use of Lands Acquired Since January 2019 – DELETED

Requires department to report on lands acquired since January 2019 and their respective planned uses; report is due November 1, 2020.

Sec. 506. USDA Wildlife Services Deer Harvesting – DELETED

Encourages United States Department of Agriculture Wildlife Services to harvest all deer during targeted removal required under Enhanced Wildlife Biosecurity Program.

Sec. 507. Antlerless Deer License Discounts – REVISED

Permits department to discount antlerless deer licenses in the northeast Lower Peninsula to achieve deer management objectives; earmarks up to \$505,000 of funding for wildlife management to supplant lost revenue that would otherwise be collected from full-price antlerless deer licenses sold in the northeast Lower Peninsula; permits department to terminate the license discount once lost revenue reaches \$505,000. Revised to allow funding to be used for chronic wasting disease testing under certain conditions.

Sec. 601. Stream Habitat Improvement Grants – DELETED

Appropriates \$758,000 to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat improvement projects.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2020-21

Sec. 602. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with certification process for dams and other water control structures.

Sec. 603. Fish Hatcheries Report – DELETED

Requires annual report on fish hatcheries.

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Authorizes snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails.

Sec. 902. Marine Safety Grants – DELETED

Requires report on Marine Safety Grant Program; requires report to include watercraft registration revenues, revenues and expenditures of Marine Safety Fund, grant distribution methodology, and list of grant awards by county.

Sec. 1002. Deer Habitat Improvement Partnership Initiative Earmark – DELETED

Earmarks \$145,800 from the Deer Habitat Improvement Partnership Initiative to provide grants through the Northern Lower Peninsula Deer Private Land Assistance Network.

Sec. 1003. Local Marine Patrol Grants – DELETED

Directs expenditure of funding for Local Marine Patrol Grants for grants to local law enforcement to enforce no wake zones in an effort to mitigate high water impacts on infrastructure; limits individual grants to not more than \$100,000.

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 SCHOOL AID

Analysts: Samuel Christensen, Emily Hatch, and Jacqueline Mullen

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,806,878,500	1,822,478,500	15,600,000	0.9
Local	0	0	0	--
Private	0	0	0	--
Restricted	13,667,321,700	13,990,589,500	323,267,800	2.4
GF/GP	50,964,600	40,000,000	(10,964,600)	(21.5)
Gross	\$15,525,164,800	\$15,853,068,000	\$327,903,200	2.1

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

Overview

The School Aid budget makes appropriations to the state's 537 local school districts, 292 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Foundation Allowance (Secs. 22a & 22b)	Gross \$9,447,000,000	\$203,000,000
Increases by \$203.0 million to provide increases ranging from \$82 to \$164 per pupil using a 2x formula. The minimum foundation allowance would increase from \$8,111 to \$8,275 (2.0%) and the state maximum guaranteed foundation allowance would increase from \$8,529 to \$8,611 (1.0%).	Restricted 9,446,302,400	202,835,100
	GF/GP \$697,600	\$164,900
2. Cyber Schools Foundation Allowance Reduction (Secs. 22a & 22b)	Gross NA	(\$30,200,000)
Reduces cyber school foundation allowances to 80% of the minimum foundation allowance for an estimated savings of \$30.2 million. For FY 2021-22, the cyber foundation allowance would be \$6,620.	Restricted NA	(30,200,000)
	GF/GP NA	\$0
3. Declining Enrollment (Sec. 29b) – NEW	Gross \$0	\$200,000,000
Provides \$200.0 million SAF for payments to districts for which their FY 2020-21 pupil membership calculation (the "superblend") exceeds their FY 2021-22 membership blend. Payments are equal to 70% of the difference in pupils multiplied by the lesser of the district's foundation allowance or the Target foundation allowance.	Restricted 0	200,000,000
	GF/GP \$0	\$0
4. Out-of-School Learning Opportunities (Sec. 35g) – NEW	Gross \$0	\$60,000,000
Provides \$60.0 million SAF for out-of-school learning opportunities designed to address student learning loss and the academic, social, mental, and physical well-being of students in preschool through grade 12. Provides funding to each ISD in proportion to the number of economically disadvantaged students enrolled. Requires funding to go toward eligible, in-person summer programs. (See FY 2020-21 Supplemental Recommendations for Sec. 35g below.)	Restricted 0	60,000,000
	GF/GP \$0	\$0

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Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
5. Great Start Readiness Program (Sec. 32d)	Gross	\$249,950,000	\$32,450,000
Increases by \$32.5 million Gross (\$250,000 GF/GP) for a total of \$282.4 million Gross (\$600,000 GF/GP) for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child from \$7,250 to \$8,275 for a full-day program—an amount equal to the proposed minimum foundation allowance—and from \$3,625 to \$4,138 for a part-day program. Increases the appropriation to continue a longitudinal evaluation of children who participate in GSRP by \$250,000 GF/GP to \$600,000 GF/GP for FY 2021-22 only. The one-time increase would re-appropriate funding from FY 2019-20 that lapsed due to the timing of a transition to a new contract for the study. Adds that the \$2.0 million SAF allocation for training educators in programs implementing new criteria may also be used for approved child assessment tools. (See Major Boilerplate Changes for Sec. 32d below.)	Restricted	249,600,000	32,200,000
	GF/GP	\$350,000	\$250,000
6. At-Risk Pupil Support (Sec. 31a)	Gross	\$522,000,000	\$12,500,000
Increases by \$12.5 million SAF for a total of \$534.5 million SAF. Prorated payments are expected to increase from \$742 to \$784 per economically disadvantaged pupil. Revises allocation to a district with state and local revenue exceeding the Target foundation allowance for both the current and prior year from 30% to 35% of the amount for which it would otherwise be eligible. Provides that a district may use up to 10% of funds to provide evidence-based PreK instructional and non-instructional services to at-risk pupils. Adds that a district that is eligible to use up to 20% of funds for school security may also use funds for school community liaison personnel and requires the school security or liaison personnel to connect parents and community partners to the community.	Restricted	522,000,000	12,500,000
	GF/GP	\$0	\$0
7. Per-Pupil Payment (Sec. 11d)	Gross	\$95,000,000	(\$95,000,000)
Eliminates \$95.0 million SAF for payments to districts based on 50% of districts' FY 2019-20 membership blend and 50% of their FY 2020-21 membership blend as it would have been calculated in a non-pandemic year. Payments for this section are estimated at \$65 per pupil.	Restricted	95,000,000	(95,000,000)
	GF/GP	\$0	\$0
8. Flint Declaration of Emergency (Sec. 11s)	Gross	\$8,075,100	\$0
Maintains appropriation of \$8.1 million Gross (\$3.1 million GF/GP), but revises allocations as follows: reduces by \$400,000 SAF the allocation for early intervention services for children between 3-5 years of age and increases by \$400,000 SAF the allocation for interventions and supports for students in grades K-12. Strikes requirement that Genesee ISD ensure that all eligible children who are under 4 years old as of September 1, 2016 are evaluated at least twice annually.	Restricted	5,000,100	0
	GF/GP	\$3,075,000	\$0
9. Genesee Early Childhood Collaborative (Sec. 11s(7)) – NEW	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for an early childhood collaborative that serves students in Genesee County. Requires the collaborative to continue the expansion of early childhood services in response to the drinking water declaration of emergency. This item was funded as one-time in the MDE budget for FY 2020-21.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
10. Isolated District Funding (Sec. 22d)	Gross	\$7,000,000	\$140,000
Increases by \$140,000 SAF for a total of \$7.1 million SAF to increase allocations under this section by 2%.	Restricted	7,000,000	140,000
	GF/GP	\$0	\$0
11. Court-Placed Pupils (Sec. 24)	Gross	\$7,150,000	\$500,000
Increases by \$500,000 SAF for a total of \$7.7 million SAF for reimbursements to districts for added costs of educating court-placed pupils in a local juvenile detention facility.	Restricted	7,150,000	500,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
12. Attendance Recovery (Sec. 25i)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million GF/GP for an attendance recovery program for all districts that opt in to serve eligible students.	Restricted	0	0
	GF/GP	\$2,000,000	(\$2,000,000)
13. Virtual Learning Support Grants (Sec. 25j)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million SAF for ISDs to address student needs associated with virtual instruction.	Restricted	2,000,000	(2,000,000)
	GF/GP	\$0	\$0
14. Promise Zone Funding (Sec. 26c)	Gross	\$9,700,000	\$4,100,000
Increases by \$4.1 million SAF for a total of \$13.8 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan.	Restricted	9,700,000	4,100,000
	GF/GP	\$0	\$0
15. Brownfield Redevelopment Reimbursements (Sec. 26d) – NEW	Gross	\$0	\$7,500,000
Provides \$7.5 million SAF for reimbursements to ISDs as required under Sec. 15b of the Brownfield Redevelopment Financing Act, 1996 PA 381, MCL 125.2665b.	Restricted	0	7,500,000
	GF/GP	\$0	\$0
16. Increasing Enrollment (Sec. 29a)	Gross	\$66,000,000	(\$66,000,000)
Eliminates \$66.0 million SAF for payments to districts for which their FY 2020-21 membership blend as it would have normally been calculated in a non-pandemic year exceeds their FY 2020-21 pupil membership calculation (the "superblend").	Restricted	66,000,000	(66,000,000)
	GF/GP	\$0	\$0
17. Student Meal Debt Forgiveness (Sec. 31k)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million SAF for payments to reimburse districts that have forgiven all outstanding student meal debt.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$0	\$0
18. Literacy and Math Essentials (Sec. 35a(7))	Gross	\$4,000,000	\$2,000,000
Increases by \$2.0 million SAF for a total of \$6.0 million SAF the allocation to Gogebic-Ontonagon ISD, in partnership with an association that represents ISD administrators, to implement the following: literacy essentials training modules; professional learning of these modules; regional lead literacy coaches to facilitate professional learning for early literacy coaches; and principals literacy training. Adds a fifth requirement to implement job-embedded professional learning opportunities for math teachers through mathematics instructional coaching.	Restricted	4,000,000	2,000,000
	GF/GP	\$0	\$0
19. Michigan Education Corps (Sec. 35a(8))	Gross	\$2,773,000	(\$2,773,000)
Eliminates \$2.8 million GF/GP to the Michigan Education Corps for the PreK Reading Corps and the K3 Reading Corps.	Restricted	0	0
	GF/GP	\$2,773,000	(\$2,773,000)
20. Federal Grants (Sec. 39a)	Gross	\$804,200,000	\$4,600,000
Increases federal grants under Every Student Succeeds Act (ESSA) by \$3.1 million and adds a \$1.5 million federal grant for addressing priority substance abuse treatment, prevention, and mental health needs for a total of \$808.8 million.	Federal	804,200,000	4,600,000
	Restricted	0	0
	GF/GP	\$0	\$0
21. Bilingual Education (Sec. 41)	Gross	\$13,000,000	\$260,000
Increases by \$260,000 SAF for a total of \$13.3 million SAF for services to English language learners (ELLs) that have been administered the WIDA Access or WIDA Alternate Access.	Restricted	13,000,000	260,000
	GF/GP	\$0	\$0
22. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	\$1,525,296,100	\$46,500,000
Increases by \$46.5 million Gross (\$0 GF/GP) to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2021-22 are \$1.6 billion.	Federal	446,000,000	5,000,000
	Restricted	1,079,296,100	41,500,000
	GF/GP	\$0	\$0

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Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
23. Special Education Cost Reimbursement (Sec. 51f)	Gross	\$60,207,000	\$1,200,000
Increases by \$1.2 million SAF for a total of \$61.4 million SAF to reimburse districts and ISDs for an estimated 2.0% of total approved special education costs. Districts and ISDs are also reimbursed under Sec. 51c for a portion of total approved special education costs and total approved special education transportation costs as mandated by the <i>Durant</i> court case.	Restricted	60,207,000	1,200,000
	GF/GP	\$0	\$0
24. ISD General Operations Support (Sec. 81)	Gross	\$69,138,000	\$1,383,000
Increases by \$1.4 million SAF for a total of \$70.5 million SAF for payments to ISDs for general operations. Each ISD would receive 102.0% of its FY 2020-21 funding.	Restricted	69,138,000	1,383,000
	GF/GP	\$0	\$0
25. Center for Educational Performance and Information (CEPI) (Sec. 94a)	Gross	\$17,042,400	\$2,000,000
Increases by \$2.0 million GF/GP for a total of \$19.0 million Gross (\$18.8 million GF/GP) to support the operations of CEPI and for the P-20 longitudinal data system. (See Economic Adjustments below, which reflects an additional reduction of \$46,400 GF/GP for CEPI.) (See Major Boilerplate Changes for Sec. 94a below.)	Federal	193,500	0
	Restricted	0	0
	GF/GP	\$16,848,900	\$2,000,000
26. Statewide Evaluation Tool (Sec. 95b)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million GF/GP for a model value-added growth and projection analytics system.	Restricted	0	0
	GF/GP	\$2,000,000	(\$2,000,000)
27. Michigan Learning Channel (Sec. 98d)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million SAF to Northern Michigan University to support the Michigan Learning Channel to help bridge equity gaps in K-12 education linked to distance learning.	Restricted	2,000,000	(2,000,000)
	GF/GP	\$0	\$0
28. FIRST Robotics (Sec. 99h)	Gross	\$4,700,000	\$0
Maintains \$4.7 million appropriation, but revises to fully fund with SAF. Revises to provide funding only to districts and ISDs for participation in PreK-12 events hosted by competitive robotics programs; strikes nonpublic schools as eligible recipients.	Restricted	4,400,000	300,000
	GF/GP	\$300,000	(\$300,000)
29. Teacher Retention Payment (Sec. 99z)	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million SAF for payments to first-year teachers who complete the school year as a full-time teacher at their district.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
30. Education Assessments (Sec. 104)	Gross	\$37,259,400	(\$1,500,000)
Reduces by \$1.5 million SAF for a total of \$35.8 million Gross (\$0 GF/GP). Eliminates \$1.5 million SAF allocation for statewide implementation of the Michigan Kindergarten Entry Observation (MKEO) tool.	Federal	6,250,000	0
	Restricted	31,009,400	(1,500,000)
	GF/GP	\$0	\$0
31. Adult Education (Sec. 107)	Gross	\$30,000,000	\$0
Maintains appropriation of \$30.0 million SAF, but revises the funding amount for each ISD to be calculated as follows: 60% based on the prosperity region's proportion of total state population between ages 18-24 that are not high school graduates; 35% based on the region's proportion of total state population ages 25 and older that are not high school graduates; and 5% based on the region's proportion of total state population ages 18 and older that are lacking basic English proficiency. Implements a 25% cap on the number of participants that may already have a high school diploma or equivalency certificate and provides intent that the cap continue to be lowered annually until it reaches 0%. (See Major Boilerplate Changes for Sec. 107 below.)	Restricted	30,000,000	0
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
32. Michigan Public School Employees' Retirement System (MPERS) (Secs. 147a, 147c, & 147e)	Gross	\$1,526,406,000	\$145,354,000
Increases total state support for K-12 MPERS costs by \$145.4 million Gross, including a decrease of \$10,000 GF/GP, for a total of \$1.7 billion Gross (\$560,000 GF/GP). The increase is mainly due to a reduction in the payroll growth assumption from 3.5% to 3.0% under 2018 PA 181 and updated actuarial estimates.	Restricted	1,525,836,000	145,364,000
	GF/GP	\$570,000	(\$10,000)
33. Eliminated Categorical Grants	Gross	\$7,250,100	(\$7,250,100)
Reduces by \$7.3 million GF/GP by eliminating 14 categorical grant programs and contracts.	Restricted	0	0
	GF/GP	\$7,250,100	(\$7,250,100)
<ul style="list-style-type: none"> • Sec. 35b – Dyslexia Center (\$250,000 GF/GP) • Sec. 35d – Orton-Gillingham (\$500,000 GF/GP) • Sec. 35e – Alliance of Boys and Girls Clubs (\$1.0 million GF/GP) • Sec. 35f – Chaldean Community Foundation (\$500,000 GF/GP) • Sec. 55 – Conductive Learning (\$250,000 GF/GP) • Sec. 67a – MITES (\$50,000 GF/GP) • Sec. 94b – LAUNCH MI (\$100 GF/GP) • Sec. 99i – Women in Technology (\$150,000 GF/GP) • Sec. 99t – Online Algebra Tool (\$1.0 million GF/GP) • Sec. 99u – Imagine Learning (\$1.5 million GF/GP) • Sec. 99w – Fitness Foundation (\$400,000 GF/GP) • Sec. 99x – Teach for America (\$1.0 million GF/GP) • Sec. 104(16) – Return to Learn Study (\$150,000 GF/GP) • Sec. 104f – Digital Literacy (\$500,000 GF/GP) 			
34. Other Major Cost Adjustments	Gross	\$589,044,000	\$12,194,400
Revises the following to reflect updated cost estimates:	Federal	550,000,000	6,000,000
<ul style="list-style-type: none"> • Sec. 11m – Reduces cash flow borrowing by \$1.9 million SAF to \$9.5 million SAF. • Sec. 31d – Increases state school lunch costs by \$694,400 SAF to \$23.8 million SAF. • Sec. 31d – Increases federal school lunch costs by \$6.0 million to \$556.0 million. • Sec. 31f – Increases state school breakfast costs by \$7.4 million SAF to \$11.9 million SAF. 	Restricted	39,044,000	6,194,400
	GF/GP	\$0	\$0
35. Economic Adjustments	Gross	NA	(\$55,100)
Reflects a decrease in costs of \$55,100 Gross, including a decrease of \$46,400 GF/GP, for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	(8,700)
	GF/GP	NA	(\$46,400)

Major Boilerplate Changes from FY 2020-21

Sec. 4. Definitions – REVISED

Removes the Test Assessing Secondary Completion (TASC) by CTS/McGraw Hill as an eligible high school equivalency test.

Sec. 6. Pupil Membership Definitions – REVISED

Revises pupil membership calculation back to a 90/10 blend after FY 2020-21 used a "superblend" (75% of the prior-year membership blend plus 25% of the current-year blend).

Major Boilerplate Changes from FY 2020-21

Sec. 18. Spending, Financial Reporting, and Audit Requirements – REVISED

Clarifies that the audit report that must be posted on a district's or ISD's website is the financial audit (i.e., not the pupil audit). Revises deadlines for financial audit reports and financial data back to November dates after they were postponed by one month for FY 2020-21 only. Revises deadline for MDE to submit an itemized list of allocations to any association(s) from "October 1, 2020, and annually thereafter" to "annually."

Sec. 19. State and Federal Reporting Requirements – REVISED

Adds requirement that districts submit to CEPI information regarding completion of early middle college credentials and postsecondary credits obtained in any college acceleration program.

Sec. 31j. Locally Grown Produce in Schools – REVISED

Revises from permitting recipients to retain up to 10% of funds and MDE up to 6% of funds for administration to permitting project partners to retain 1% of funds per partner and MDE up to 10% of funds. Project partners may use funds for data collection, outreach, and training. Strikes requirement that MDE must work in conjunction with districts and sponsors of child care centers to develop application scoring criteria. Revises requirement that a recipient provide calendars or monthly menus to requiring a recipient to retain monthly menus.

Sec. 31m. School Mental Health and Support Services Fund – REVISED

Revises to require money in the School Mental Health and Support Services Fund to lapse to the School Aid Fund at the close of the fiscal year.

Sec. 32d. Great Start Readiness Program – REVISED

Revises one of the pathways for eligibility as a lead teacher (currently, that the teacher has a valid teaching certificate with an early childhood endorsement) as follows: clarifies that the teaching certificate be from Michigan and adds a lower elementary endorsement option.

Removes provisions for FY 2020-21 only, which include: an expansion from 250% of Federal Poverty Guidelines (FPG) to 400% FPG for the threshold at which ISDs must charge families tuition; a waiver from required hours, days, and weeks; and a waiver from household income eligibility thresholds.

Sec. 54d. Special Education Task Force Reforms: Early On – REVISED

Adds requirement that a grant recipient expend funds before June 30 of the fiscal year following the fiscal year in which funds were received.

Sec. 61b. Career and Technical Education (CTE) Early Middle Colleges – REVISED

Adds that CTE early middle college and CTE dual enrollment programs must be state-approved to receive funding. Expands requirements for ISDs to be an eligible fiscal agent by adding the following: report the total number of college credits a student earned at the time of high school graduation; and report each award outcome attained by a student.

Revises from requiring a regional strategic plan to rank career clusters by median wage to requiring a ranking by annual job openings.

Revises eligibility criteria for a CTE program by requiring a college credit agreement with at least 1 postsecondary institution and revising the list of potential student outcomes to the following: an associate degree, 60 college credits, professional certification, Michigan early Middle College Association certificate, or participation in a registered apprenticeship.

Sec. 91a. Cessation of a Pilot ISD Schools of Choice Program – DELETED

Repeals this section, which requires districts to continue enrolling pupils enrolled in a district under a pilot ISD schools of choice program under former Sec. 91 even if the program ceases to exist or if the school district ceases to participate.

Sec. 91c. Participation in Interscholastic Competition – DELETED

Repeals this section, which prohibits pupils enrolled in a district under a pilot ISD schools of choice program under former Sec. 91 from participating in interscholastic athletic competition for one semester.

Sec. 94a. Center for Educational Performance and Information (CEPI) – REVISED

Adds "where additional state or federal laws require it" to several requirements for CEPI. Strikes provision that the purpose of data sets that link teachers to student information is to allow districts to assess individual teacher impact on student performance and consider student growth factors in teacher and principal evaluation systems.

The above boilerplate revisions are also made for the FY 2020-21 supplemental (see below.)

Major Boilerplate Changes from FY 2020-21

Sec. 98a. *Extended COVID-19 Learning Plan* – DELETED

Repeals this section, which requires districts to provide instruction under an extended COVID-19 learning plan for FY 2020-21. Provides requirements for the learning plans.

Sec. 99s. *MiSTEAM Network* – REVISED

Re-brands the MiSTEM Network to MiSTEAM Network to account for an additional focus on the arts. Also revises MiSTEM Advisory Council to MI-STEM Council to align with Executive Order 2019-13.

Sec. 101. *Eligibility to Receive State Aid* – REVISED

Removes provisions for FY 2020-21 only, which include a waiver from the 75% daily attendance threshold and a waiver from required hours and days of pupil instruction.

Sec. 104g. *SAT/PSAT* – DELETED

Deletes the requirement for FY 2020-21 only that districts make the SAT and PSAT available in fall 2020 to students who were not able to take the exams during the FY 2019-20 year.

Sec. 105. *Schools of Choice Within ISDs* – REVISED

Removes provisions for FY 2020-21 only, which revise the deadlines for districts to accept applications for nonresident enrollment, notify parents, and enroll nonresident applicants from the end of the first week of school to October 13, 2020.

Removes provision that allows a pupil enrolled as a nonresident pupil in the 1995-96 school year and enrolled continuously each school year to continue to enroll in the district without requiring application for enrollment under this section.

Sec. 105b. *ISD Pilot Schools of Choice Program* – DELETED

Repeals this section, which exempts an ISD that operates a pilot schools of choice program and its constituent districts from Sec. 105.

Sec. 105c. *Schools of Choice Among Contiguous ISDs* – REVISED

Removes provisions for FY 2020-21 only, which revise the deadlines for districts to accept applications for nonresident enrollment, notify parents, and enroll nonresident applicants from the end of the first week of school to October 13, 2020.

Sec. 107. *Adult Education* – REVISED

Adds that an adult education or state-approved technical center program also collaborate with an approved MI Training Connect training program. Strikes provision that a program that links highly prepared participants with adult education programming and commercial driver license courses does not need to enroll participants in at least one state-approved technical course.

Sec. 147b. *MPSERS Retirement Obligation Reform Reserve Fund* – REVISED

Revises to require money in the MPSERS Retirement Obligation Reform Reserve Fund to lapse to the School Aid Fund at the close of the fiscal year.

Sec. 164g. *Legal Action Against the State* – DELETED

Deletes a penalty in an amount equal to the amount spent if a district or ISD uses funds appropriated under this act to pay for an expense relating to any legal action initiated by the district or ISD against the state.

Sec. 164h. *Collective Bargaining Agreement Penalty* – DELETED

Deletes a penalty equal to 5% of total state aid if a district or ISD enters into a collective bargaining agreement that does any of the following: establishes racial and religious preferences for employees; automatically deducts union dues from employee compensation; is in conflict with any state or federal laws regarding district transparency; or has a method of compensation that does not comply with the requirements of Sec. 1250 of the Revised School Code, MCL 380.1250.

Sec. 166. *Disciplinary Policy for Abortion Referral* – DELETED

Deletes the requirement that a district adopt a disciplinary policy for school officials or staff (except for a parent or legal guardian) who refer a pupil for an abortion or assist a pupil in obtaining an abortion.

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Major Boilerplate Changes from FY 2020-21

Sec. 166b. Nonpublic Pupils – REVISED

Revises requirements for a district enrolling pupils under this section as follows: strikes requirement that a district provide MDE course enrollments by each participant using local coding and the school codes for the exchange of data (SCED); adds requirement that a district provide MDE an indication of each course for which pupils enrolled under this section represent greater than 50% of all participants in the course; strikes requirement that a district provide MDE identification of each course teacher or mentor.

The above boilerplate revisions are also made for the FY 2020-21 supplemental (see below.)

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
1. Foundation Allowances (Secs. 22a & 22b)	Gross	(\$69,000,000)
Reduces by \$69.0 million to a total of \$9.4 billion Gross (\$697,600 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted GF/GP	(69,000,000) \$0
2. Student Recovery (Sec. 35p) – NEW	Gross	\$250,000,000
Provides \$250.0 million SAF to ISDs for programs to address student learning loss and to improve the academic, social, mental, and physical well-being of students. Payments are based on the following: 70% on a weighted calculation of pupils that provides additional weights to economically disadvantaged students and students who are English language learners; 20% based on reported special education costs; and 10% based on the ISD's geographic size. Funds must be targeted toward students who are most likely to have experienced learning loss.	Restricted GF/GP	250,000,000 \$0
3. Governor's Emergency Education Relief (GEER) Fund (Sec. 39c) – NEW	Gross	\$125,658,900
Provides \$125.7 million federal GEER fund as follows: authorizes \$86.8 million for the Emergency Assistance to Nonpublic Schools (EANS) Program; and provides \$38.9 million for 10 other programs related to responding to the pandemic, mental health supports, childcare, college completion, and other specified purposes.	Federal Restricted GF/GP	125,658,900 0 \$0
4. Out-of-School Learning Opportunities (Sec. 35g) – NEW	Gross	\$60,000,000
Provides \$60.0 million GF/GP for out-of-school learning opportunities designed to address student learning loss and the academic, social, mental, and physical well-being of students in preschool through grade 12. Provides funding to each ISD in proportion to the number of economically disadvantaged students enrolled. Requires funding to go toward eligible, in-person summer programs.	Restricted GF/GP	0 \$60,000,000
5. Drinking Water Fixture Grants (Sec. 31p) – NEW	Gross	\$55,000,000
Provides \$55.0 million SAF for districts and ISDs to replace school drinking fountains with fixtures capable of filtering out lead and other impurities. Awards grants of up to \$2,950 per fixture and requires at least 1 fixture per 100 students and staff per building.	Restricted GF/GP	55,000,000 \$0
6. Cash Flow Borrowing (Sec. 11m)	Gross	(\$2,700,000)
Reduces by \$2.7 million SAF to a total of \$8.7 million SAF to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.	Restricted GF/GP	(2,700,000) \$0
7. Court-Placed Pupils (Sec. 24)	Gross	\$500,000
Increases by \$500,000 SAF for a total of \$7.7 million SAF for reimbursements to districts for added costs of educating court-placed pupils in a local juvenile detention facility.	Restricted GF/GP	500,000 \$0
8. Promise Zone Funding (Sec. 26c)	Gross	\$1,600,000
Increases by \$1.6 million SAF for a total of \$11.3 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan.	Restricted GF/GP	1,600,000 \$0

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
9. Increasing Enrollment (Sec. 29a)	Gross	(\$16,000,000)
Reduces by \$16.0 million SAF for a total of \$50.0 million SAF for payments to districts for which their FY 2020-21 membership blend as it would have normally been calculated in a non-pandemic year exceeds their FY 2020-21 pupil membership calculation (the "superblend").	Restricted	(16,000,000)
	GF/GP	\$0
10. School Lunch Programs (Sec. 31d)	Gross	\$694,400
Increases by \$694,400 SAF for a total of \$23.8 million SAF for the state share of school lunch programs as required by the <i>Durant</i> settlement.	Restricted	694,400
	GF/GP	\$0
11. School Breakfast Programs (Sec. 31f)	Gross	\$7,400,000
Increases by \$7.4 million SAF for a total of \$11.9 million SAF for reimbursements to districts for the cost of providing breakfast.	Restricted	7,400,000
	GF/GP	\$0
12. Federal Grants (Sec. 39a)	Gross	\$4,600,000
Increases federal grants under Every Student Succeeds Act (ESSA) by \$3.1 million and adds a \$1.5 million federal grant for addressing priority substance abuse treatment, prevention, and mental health needs for a total of \$808.8 million.	Federal	4,600,000
	Restricted	0
	GF/GP	\$0
13. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	(\$3,400,000)
Reduces by \$3.4 million SAF to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2020-21 are \$1.5 billion.	Federal	0
	Restricted	(3,400,000)
	GF/GP	\$0

Supplemental Boilerplate Recommendations for FY 2020-21 Appropriations

Sec. 6. Pupil Membership Definitions – REVISED

Reinstates, for FY 2020-21 only, a provision allowing instruction by a noncertified, nonendorsed teacher engaged to teach under Sec. 1233b of the Revised School Code. (Originally, this provision was removed beginning in FY 2020-21.)

Sec. 21f. Virtual Courses – REVISED

Adds that, for the 2020-21 school year only, a provider of a virtual course includes any institution or individual the district pays to provide that course.

Sec. 94a. Center for Educational Performance and Information (CEPI) – REVISED

Adds "where additional state or federal laws require it" to several requirements for CEPI. Strikes provision that the purpose of data sets that link teachers to student information is to allow districts to assess individual teacher impact on student performance and consider student growth factors in teacher and principal evaluation systems.

Sec. 166b. Nonpublic Pupils – REVISED

Revises requirements for a district enrolling pupils under this section as follows: strikes requirement that a district provide MDE course enrollments by each participant using local coding and the school codes for the exchange of data (SCED); adds requirement that a district provide MDE an indication of each course for which pupils enrolled under this section represent greater than 50% of all participants in the course; strikes requirement that a district provide MDE identification of each course teacher or mentor.

Sec. 167. Immunization Process – REVISED

Waives, for FY 2020-21 only, the requirement that MDE withhold 5% of funds if a district or ISD does not comply with reporting pupil immunization status under this section.

SCHOOL AID LINE ITEM SUMMARY

Sec.	FY 2019-2020			FY 2020-2021		FY 2021-2022	
	FY 20 PA 162 of 2019 YTD	Proposed Supplemental Change From YTD	FY 20 Exec Rec Proposed	Change from FY 20 YTD	FY 21 Exec Rec	Change from FY 21 Exec Rec	FY 22 Exec Rec
11j	School Bond Redemption Fund		\$111,000,000		\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs		\$66,000,000		\$66,000,000		\$66,000,000
11s	Flint Declaration of Emergency		\$8,075,100		\$8,075,100		\$8,075,100
20f	Categorical Offset Payments		\$18,000,000		\$18,000,000		\$18,000,000
21h	Partnership Model Districts		\$6,000,000		\$6,000,000		\$6,000,000
22a	Foundations: Proposal A Obligation Payment		\$4,943,000,000	(\$21,000,000)	\$4,922,000,000	(\$104,000,000)	\$4,839,000,000
22b	Foundations: Discretionary Payment	\$18,000,000	\$4,556,000,000		\$4,574,000,000	(\$18,000,000)	\$4,813,000,000
22d	Isolated District Funding		\$7,000,000		\$7,000,000		\$7,000,000
22m	Technology Regional Data Hubs		\$2,200,000		\$2,200,000		\$2,200,000
22q	Reorganization and Cooperative Activities Grants - NEW		\$0		\$0		\$0
24	Court-Placed Pupils		\$7,150,000		\$7,150,000		\$7,150,000
24a	Juvenile Detention Facility Programs		\$1,355,700		\$1,355,700		\$1,355,700
25f	Strict Discipline Academy		\$1,600,000		\$1,600,000		\$0
25g	Dropout Recovery Programs		\$750,000		\$750,000		\$0
26a	Renaissance Zone Reimbursement		\$15,300,000		\$15,300,000		\$15,300,000
26b	PILT Reimbursement		\$4,641,100		\$4,641,100		\$4,641,100
26c	Promise Zone Funding		\$8,400,000	(\$1,000,000)	\$7,400,000	\$1,300,000	\$9,700,000
31a	At-Risk Pupil Support		\$510,000,000		\$510,000,000	\$69,800,000	\$579,800,000
31a(7)	School Based Health Centers		\$8,000,000		\$8,000,000		\$8,000,000
31a(8)	Hearing and Vision Screening		\$5,150,000		\$5,150,000		\$5,150,000
31a(16)	At-Risk Pupil Hold Harmless		\$12,000,000		\$12,000,000	(\$9,800,000)	\$2,200,000
31d	State School Lunch Programs		\$23,144,000		\$23,144,000		\$23,144,000
31d	Federal School Lunch Programs		\$537,200,000		\$537,200,000	\$12,800,000	\$550,000,000
31f	School Breakfast Program		\$4,500,000		\$4,500,000		\$4,500,000
31j	Local Produce in School Meals - NEW		\$0		\$0	\$1,000,000	\$1,000,000
31k	Student Meal Debt Forgiveness - NEW		\$0		\$0	\$1,000,000	\$1,000,000
31n	School Mental Health and Support Services		\$31,300,000		\$31,300,000		\$31,300,000
32d	Great Start Readiness Program		\$249,950,000		\$249,950,000	\$35,500,000	\$285,450,000
32p	Early Childhood Block Grants		\$13,400,000		\$13,400,000		\$13,400,000
32s	Pre-Kindergarten Education Program - NEW		\$0		\$0	\$42,000,000	\$42,000,000
35a(4)	Early Literacy Teacher Coaches		\$31,500,000		\$31,500,000		\$31,500,000
35a(5)	Early Literacy Added Instructional Time		\$19,900,000		\$19,900,000		\$19,900,000
35a(7)	Literacy Essentials		\$1,000,000		\$1,000,000	\$3,000,000	\$4,000,000
35a(8)	Early Literacy - Michigan Education Corps - NEW		\$0		\$0	\$2,000,000	\$2,000,000
35a(9)	Summer School Literacy Intervention Grants		\$5,000,000		\$5,000,000	(\$5,000,000)	\$0
35c	Multisensory Education		\$300,000		\$300,000	(\$300,000)	\$0
39a(1)	Federal ESSA Grant Funds		\$725,600,000		\$725,600,000	\$23,600,000	\$749,200,000
39a(2)	Other Federal Funding	\$10,000,000	\$49,100,000		\$59,100,000	\$5,900,000	\$55,000,000
41	English Language Learner Grants		\$13,000,000		\$13,000,000	\$5,000,000	\$18,000,000
51a(1)	Special Education - Federal Reimbursement		\$370,000,000		\$370,000,000	\$5,000,000	\$375,000,000
51a(2)	Special Ed ISD Foundation and Costs		\$297,800,000	(\$2,100,000)	\$295,700,000	\$10,200,000	\$308,000,000
51a(3)	Special Ed ISD Hold Harmless Payment		\$1,000,000		\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes		\$2,200,000		\$2,200,000		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$200,000	\$2,900,000		\$3,100,000	\$200,000	\$3,100,000
51c	Special Ed Headlee Obligation (Durant)	\$2,500,000	\$689,100,000		\$691,600,000	\$29,500,000	\$718,600,000
51d	Special Education - Other Federal Grants		\$61,000,000		\$61,000,000	\$10,000,000	\$71,000,000
51f	Special Education Cost Reimbursement		\$60,207,000		\$60,207,000	\$60,000,000	\$120,207,000
53a	Special Ed for Court Placed Pupils		\$10,500,000		\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf		\$1,688,000		\$1,688,000		\$1,688,000

SCHOOL AID LINE ITEM SUMMARY

Sec.	FY 2019-2020			FY 2020-2021		FY 2021-2022	
	FY 20 PA 162 of 2019 YTD	Proposed Supplemental Change From YTD	FY 20 Exec Rec Proposed	Change from FY 20 YTD	FY 21 Exec Rec	Change from FY 21 Exec Rec	FY 22 Exec Rec
54b	Special Education Task Force Reforms (MiBLSI)		\$1,600,000		\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On		\$7,150,000		\$7,150,000		\$7,150,000
54e	PLAY Project - Autism Intervention		\$350,000		\$350,000		\$0
56	Special Ed ISD Millage Equalization		\$40,008,100		\$40,008,100		\$40,008,100
61a	Career & Tech Ed Programs		\$37,611,300		\$37,611,300		\$37,611,300
61b	Career & Tech Ed Early/Middle College		\$8,000,000		\$8,000,000		\$8,000,000
61d	CTE Incentive Payment		\$5,000,000		\$5,000,000		\$5,000,000
62	ISD Career & Tech Ed Millage Equalization		\$9,190,000		\$9,190,000		\$9,190,000
65	Detroit PreCollege Engineering		\$400,000		\$400,000		\$400,000
67	Career and College Readiness Tools		\$3,000,000		\$3,000,000		\$3,000,000
74	School Bus Driver Safety Instruction		\$2,025,000		\$2,025,000		\$2,025,000
74	School Bus Inspections		\$1,747,900		\$1,747,900	\$41,600	\$1,789,500
81	ISD General Operations Support		\$69,138,000		\$69,138,000	\$2,074,200	\$71,212,200
94	AP/IB/CLEP Incentive Program		\$1,000,000		\$1,000,000		\$1,000,000
94a	Center for Educational Performance and Information		\$16,457,200		\$16,457,200	\$391,700	\$16,848,900
94a	Center for Educational Performance and Info - Federal		\$193,500		\$193,500		\$193,500
97	School Safety Grants		\$10,000,000		\$10,000,000	(\$10,000,000)	\$0
97a	District Infrastructure Upgrade Grants - NEW		\$0		\$0	\$40,000,000	\$40,000,000
98	Michigan Virtual University		\$6,312,500		\$6,312,500		\$6,312,500
98a	Professional Development Grants - NEW		\$0		\$0	\$5,000,000	\$5,000,000
98b	Teacher Cadet Programs - NEW		\$0		\$0	\$1,500,000	\$1,500,000
98c	Classroom Materials and Supplies - NEW		\$0		\$0	\$25,000,000	\$25,000,000
99h	FIRST Robotics		\$4,700,000		\$4,700,000		\$4,700,000
99s(2)(3)	MISTEM Council and Grants		\$3,050,000		\$3,050,000		\$3,050,000
99s(4)	MISTEM Grants - Math and Science Centers - Federal		\$235,000		\$235,000		\$235,000
99s(4)(6)	MISTEM Centers Transition		\$4,584,300		\$4,584,300		\$4,584,300
99s(11)	MISTEM Executive Director		\$300,000		\$300,000		\$300,000
104	Education Assessments - State		\$32,009,400		\$32,009,400		\$32,009,400
104	Education Assessments - Federal		\$6,250,000		\$6,250,000		\$6,250,000
107	Adult Education		\$30,500,000		\$30,500,000		\$30,500,000
147a(1)	MPSERS Cost Offset		\$100,000,000		\$100,000,000		\$100,000,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains		\$172,069,000		\$172,069,000	\$8,137,000	\$180,206,000
147c	MPSERS State Share of Unfunded Liability Payments		\$1,030,900,000		\$1,030,900,000	\$188,900,000	\$1,219,800,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017		\$42,571,000		\$42,571,000	\$8,829,000	\$51,400,000
152a	Adair - Database Payment		\$38,000,500		\$38,000,500		\$38,000,500
TOTAL APPROPRIATIONS			\$15,177,263,600	\$6,600,000	\$15,183,863,600	\$745,873,500	\$15,923,137,100
REVENUE BY SOURCE							
Federal Aid			\$1,749,578,500	\$10,000,000	\$1,759,578,500	\$57,300,000	\$1,806,878,500
School Aid Fund			\$13,287,765,000	(\$3,800,000)	\$13,283,965,000	\$670,093,500	\$13,957,858,500
MPSERS Retirement Obligation Reform Reserve Fund			\$1,900,000	\$0	\$1,900,000	(\$1,900,000)	\$0
Community District Trust Fund/Other Restricted Fund			\$75,400,100	\$400,000	\$75,800,100	\$3,000,000	\$78,400,100
General Fund/General Purpose			\$62,620,000	\$0	\$62,620,000	\$17,380,000	\$80,000,000
TOTAL REVENUE			\$15,177,263,600	\$6,600,000	\$15,183,863,600	\$745,873,500	\$15,923,137,100

Summary: Executive Budget Recommendation for Fiscal Year 2021-22 STATE POLICE

Analyst: Marcus Coffin

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$24,649,600	\$24,816,300	\$166,700	0.7
Federal	147,037,800	80,953,100	(66,084,700)	(44.9)
Local	4,841,200	4,832,700	(8,500)	(0.2)
Private	1,735,000	35,000	(1,700,000)	(98.0)
Restricted	148,879,300	145,998,100	(2,881,200)	(1.9)
GF/GP	439,376,600	516,529,500	77,152,900	17.6
Gross	\$766,519,500	\$773,164,700	\$6,645,200	0.9
FTEs	3,599.0	3,654.0	55.0	1.5

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

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Public Safety Payroll – Fund Shift	Gross \$45,500,000	\$0
Restores \$45.5 million GF/GP that was reduced from the FY 2020-21 budget and replaced with federal Coronavirus Relief Fund revenue. Federal funding was allocated to support payroll costs during the COVID-19 pandemic. Federal funding has been exhausted and GF/GP needs to be restored for ongoing departmental payroll costs.	Federal 45,500,000 GF/GP \$0	(45,500,000) \$45,500,000
2. Michigan Joint Task Force on Jail and Pretrial Incarceration (One-Time)	Gross \$4,200,000	\$6,000,000
Includes an additional \$6.0 million GF/GP, bringing total funding for implementing the task force's recommendations regarding behavioral health crisis response training and services/support for crime victims (recommendations 7 and 17) to \$10.2 million GF/GP. Funding would be utilized to develop and deliver training to law enforcement officers, jail officers, and dispatch personnel.	GF/GP \$4,200,000	\$6,000,000
3. FY 2020-21 Trooper Recruit School Annualization	Gross NA	\$4,914,100
Includes \$4.9 million GF/GP to support departmental expenses incurred for troopers that are graduating from trooper recruit school during FY 2020-21. Costs include fleet leasing, IT support, salaries, and benefits.	GF/GP NA	\$4,914,100
4. FY 2021-22 Trooper Recruit School One-Time Costs	Gross NA	\$4,885,500
Includes \$4.9 million GF/GP to support one-time costs associated with the FY 2021-22 trooper recruit school, which is projected to graduate 50 troopers. Costs that would be covered by this funding include training and trooper outfitting.	GF/GP NA	\$4,885,500

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)		Executive Change from YTD
5. Post Operations Increase	Gross	NA	\$3,200,000
Includes \$3.2 million GF/GP for increased levels of contractual services that the MSP provides for executive security.	GF/GP	NA	\$3,200,000
6. FY 2021-22 Trooper Recruit School	FTE	NA	50.0
Includes \$2.8 million GF/GP and authorization for 50.0 FTE positions to support various costs associated with an FY 2021-22 trooper recruit school, which is projected to graduate 50 troopers. Costs would include salaries, training materials, patrol cars, and trooper outfitting.	Gross	NA	\$2,793,300
	GF/GP	NA	\$2,793,300
7. Clean Slate for Michigan	FTE	NA	3.0
Includes \$1.1 million GF/GP and authorization for 3.0 FTE positions for maintenance and activities related to an automated system for the expungement of criminal records. The expungements are occurring due to legislation enacted in 2020 (2020 PAs 187-193). The funding would be used to support 3 positions within the Criminal Justice Information Center to process manual expungements and to cover maintenance costs associated with the systems.	Gross	NA	\$1,050,000
	GF/GP	NA	\$1,050,000
8. State Emergency Operations Center Information Technology	Gross	NA	\$407,000
Includes \$407,000 GF/GP to offset increased costs related to IT for the State Emergency Operations Center. The costs are associated with all of the following: hosting, Geographic Information System maintenance and licensing, video displays and servers, and emergency notification systems.	GF/GP	NA	\$407,000
9. MCOLES Information and Tracking Network Contract Increase	Gross	NA	\$358,000
Includes a \$358,000 increase in state restricted authorization from the Marijuana Regulatory Fund (medical) to offset contractual cost increases for system maintenance and support for the MCOLES Information and Tracking Network (MITN). The MITN is a central system that allows law enforcement agencies, academies, and training providers to fulfill statutory reporting requirements.	Restricted	NA	358,000
	GF/GP	NA	\$0
10. MCOLES Staffing Enhancement	FTE	17.0	2.0
Includes \$306,500 in state restricted authorization from the Marijuana Regulatory Fund (medical) and authorization for 2.0 FTE positions to allow MCOLES to hire 2 additional employees to work on law enforcement training, licensure, and investigations.	Gross	\$8,536,900	\$306,500
	Federal	250,000	0
	Restricted	7,970,400	306,500
	GF/GP	\$316,500	\$0
11. Michigan Public Safety Communications System Leases	Gross	NA	(\$157,500)
Includes a \$157,500 GF/GP decrease to reflect the consolidation of funding for the Michigan Public Safety Communications System within the Department of Technology, Management and Budget. The funding reflects rent obligations on 5 radio facilities that were funded through the MSP budget that will now be within the DTMB budget.	GF/GP	NA	(\$157,500)
12. Public Safety Officers Benefit Program Restructure	FTE	1.0	0.0
Includes a net-zero restructure of the Public Safety Officers Benefit Program by appropriating funds to a Public Safety Officers Benefit Fund line item instead of to the program line item. Boilerplate would be included directing the GF/GP appropriation to be deposited to the restricted fund. This would allow for a fund balance to accrue and would provide flexibility for the payment of future program benefits. Authorization for 1.0 FTE position would be transferred to the Standards and Training/Justice Training Grants line item.	Gross	\$302,800	\$0
	GF/GP	\$302,800	\$0

STATE POLICE

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
13. Removal of FY 2020-21 One-Time Appropriation	Gross	\$3,509,100	(\$3,509,100)
Removes \$3.5 million GF/GP in one-time funding that was included in the FY 2020-21 budget to support two 60- person attrition schools, for a projected total of 120 graduates.	GF/GP	\$3,509,100	(\$3,509,100)
14. Removal of FY 2020-21 Boilerplate Appropriations	Gross	\$28,434,000	(\$28,434,000)
Removes FY 2020-21 federal, private, and state restricted appropriations authorized in boilerplate. Federal funding that was received included disaster assistance funds from the Department of Homeland Security and National Telecommunications and Information Administration grants from the Department of Transportation. The state restricted appropriation was for funding from the Disaster and Emergency Contingency Fund used to cover costs associated with flooding in the Upper Peninsula in 2018. The private appropriation was for donations the state received to support COVID-19 response efforts.	Federal	22,934,000	(22,934,000)
	Private	1,700,000	(1,700,000)
	Restricted	3,800,000	(3,800,000)
	GF/GP	\$0	\$0
15. Technical Adjustments	Gross	NA	\$2,102,200
Includes numerous adjustments to various fund sources (federal, IDG/IDT, and state restricted) to align expenditures and revenues and includes numerous internal transfers to align funding and FTE authorization with department activity. Changes include, but are not limited to, the following (transfers are all internal and net-zero, unless otherwise noted):	IDG/IDT	NA	64,600
	Federal	NA	2,333,900
	Restricted	NA	(296,300)
	GF/GP	NA	\$0
<ul style="list-style-type: none">• Transfers \$1 million Gross and 3.0 FTE positions from the Grants and Community Services line item to the Office of School Safety line item.• Transfers \$1 million in federal authorization for Special Traffic Enforcement Program Grants from the Grants and Community Services line item to the Post Operations line item.• Transfers \$784,200 Gross and 6.0 FTE positions from the Post Operations line item to the Intelligence Operations line item for narcotics investigations.• Transfers \$450,500 Gross and 3.0 FTE positions from the Investigative Services line item to the Intelligence Operations line item to coordinate the Missing Persons Unit.• Transfers a total of \$423,300 Gross and 1.0 FTE position from the Department Services, Criminal Justice Information Center, and Intelligence Operations line items to the Mobile Office and System Support line.	Gross	NA	\$12,729,200
	IDG/IDT	NA	102,100
	Federal	NA	15,400
	Local	NA	(8,500)
	Restricted	NA	550,600
GF/GP	NA	\$12,069,600	

Major Boilerplate Changes from FY 2020-21

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Major Boilerplate Changes from FY 2020-21**Sec. 218. State Administrative Board Transfers – DELETED**

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds.

Sec. 219. Retention of Reports – DELETED

Requires MSP to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires MSP to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 223. Department Core Services – DELETED

Lists MSP's core services and requires appropriations be expended for core services.

Sec. 224. Post Closure or Consolidation – DELETED

Requires MSP to notify listed recipients not less than 90 days before recommending closure or consolidation of any MSP post and to include a state impact study.

Sec. 225. Privatization Project Plans – DELETED

Requires submission of a project plan 90 days before beginning any effort to privatize and requires evaluation of the plan within 30 months.

Sec. 230. Receive and Expend Authorization for Federal Revenues – REVISED

Authorizes MSP to expend federal revenues received in excess of appropriations; requires MSP to report prior to expending excess federal revenues; limits receive and expend authorization under this section and Sec. 704(3) to \$45.0 million. Revised to delete receive and expend cap and to delete requirement for notification prior to expenditure.

Sec. 231. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires MSP to notify data subjects if an unauthorized person accesses their information.

Sec. 232. Officer Evaluation Criteria – DELETED

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting of a specified number of citations for an officer.

Sec. 233. Payment of Court Judgements – DELETED

Requires MSP to report tentative plans for required payment of court judgements against the department and stipulates required information.

Sec. 234. Coronavirus Relief Funds Reappropriation – DELETED

Reappropriates CRF funds that are unexpended on December 30 for deposit into the Unemployment Compensation Fund to support COVID-19 emergency costs.

Sec. 402. Criminal Justice Information Center – REVISED

Requires MSP to: (1) maintain criminal justice information systems in support of public safety and law enforcement communities; (2) conduct at least 30 outreach activities targeted to criminal justice agencies and to report on these activities; (3) compile crime statistics; (4) compile and evaluate traffic crash reports; (5) provide traffic crash reports for \$10 per incident or an extract of electronic traffic crash data for \$0.25 per incident; (6) maintain, disseminate, and exchange criminal history and juvenile records; (7) maintain firearms licensure records; (8) report revenues from and expenditures for concealed pistol licensure; (9) provide volumes processed by the Internet Criminal History Access Tool. (10) Requires that revenues to the Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund. (11) Requires unexpended revenue generated by local State Records Management System Fees carry forward and not lapse to the general fund. Revised to delete the requirement for 30 outreach activities in item (2), to increase the fee for traffic crash reports in item (5) from \$10 to \$15 per incident, and to adjust the due date for the report in item (8).

Sec. 403. Forensic Science – REVISED

Requires MSP to provide forensic testing and DNA analysis services to aid in criminal investigations and to maintain accreditation of laboratories; stipulates turnaround times for forensic science services; requires MSP to provide data on turnaround times, staffing levels, and backlogged cases. Revised to delete the turnaround time requirement for forensic science services.

Major Boilerplate Changes from FY 2020-21

Sec. 404. Biometrics and Identification – REVISED

Requires MSP to manage specified identification databases and provide data on submissions to the Automated Fingerprint Identification System database; requires MSP to maintain staffing and resources to achieve an average 28-day wait time for polygraph examinations, with a goal of an average 15-day wait time; requires MSP to post changes to protocols for retention and purging of DNA records. Revised to make a technical correction, remove a goal for electronic submissions of prints, and to delete the requirement regarding staffing and wait times for polygraph examinations.

Sec. 501. Commission on Law Enforcement Standards – REVISED

Stipulates MCOLES' responsibilities and requires maintenance of proper staffing and resources to update standards within 120 days of the enactment date of new legislation. Revised to delete requirement to maintain staffing and resources to update standards within 120 days of new legislation.

Sec. 502. Public Safety Officers Benefit Fund – NEW

Requires that GF/GP appropriated for the Public Safety Officers Benefit Fund be deposited to the Public Safety Officers Benefit Fund and appropriates all funds within the Public Safety Officers Benefit Fund.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

(1) Stipulates MSP troopers shall not be prohibited from responding to criminal or emergency situations and shall make every effort to protect residents; (2) requires MSP to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol, with a minimum of 40,000 in distressed cities; (3) requires MSP to report the number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revised to delete items (2) and (3).

Sec. 602. Criminal Investigations – REVISED

(1) Requires MSP to identify and apprehend criminals through investigations; (2) requires maintenance of a specified number of investigation hours; (3) requires MSP to meet or exceed a case clearance rate of 62%; (4) requires MSP to provide four training opportunities to local law enforcement partners related to gambling or opioid investigations; (5) requires MSP to increase opioid-related investigations by 20% and work toward enhancing drug-interdiction efforts. Revised to delete items (2) through (5).

Sec. 603. Tobacco Tax Fraud Investigations – REVISED

(1) Requires MSP to provide prevention and suppression of organized untaxed tobacco smuggling; (2) requires submission of report pertaining to tobacco tax enforcement activities and expenditures; (3) requires MSP to dedicate a minimum of 16,600 hours to tobacco tax enforcement. Revised to delete item (3).

Sec. 604. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness for a specified number of requests for fire investigation services. Revised to delete item (2).

Sec. 701. Intelligence and Special Operations – REVISED

(1) Requires MSP to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MSP to provide timely and accurate information to partners and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to increase completion of computer crimes cases; (4) requires MSP to provide digital forensic analysis and states case turnaround goal. Revised to delete items (3) and (4).

Sec. 702. Specialized Support Teams – REVISED

(1) Requires MSP to provide for specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to at least the number of specialty service requests received in FY 2010-11; (3) requires canine unit to be available for call out 100% of the time; (4) requires bomb squad unit to be available for call out 100% of the time; (5) requires emergency support teams to be available for call out 100% of the time; (6) requires marine services team to be available for call out 100% of the time; (7) requires aviation services to be available for call out 100% of the time, unless prohibited by weather or mechanical breakdown; (8) requires maintenance of adequate levels of staffing and resources to provide security services at state Capitol Building and surrounding buildings, and requires a minimum of 35,000 patrols at state-owned and leased facilities. Revised to delete items (2) through (7) and make a technical change.

Sec. 703. Commercial Vehicle Regulation and Enforcement – REVISED

(1) Requires MSP to maintain commercial vehicle and enforcement activities; (2) requires MSP to meet inspection goals consistent with the federal motor carrier assistance program; (3) authorizes revenues collected under the Motor Carrier Act of 1933 to be expended and to be carried forward. Revised to delete item (2).

Major Boilerplate Changes from FY 2020-21**Sec. 704. Emergency Management and Homeland Security – REVISED**

(1) Requires MSP to coordinate emergency and disaster response activities of governmental units. (2) Authorizes expenditure of appropriated funds to call upon state agencies or departments to protect life or property or to protect health or safety of any area under a state of emergency or disaster, requires report to state budget director and submission of recommendations to the legislature for supplemental appropriations. (3) Authorizes MSP to expend additional funds from various sources to provide emergency management training or emergency response activities and requires notification of the legislature; limits federal receive and expend authorization under Sec. 704(3) and Sec. 230 to \$45.0 million and state restricted receive and expend authorization under Sec. 704(3) and Sec. 704(7) to \$15.0 million. (4) Requires MSP to maintain partnerships to protect the state from all hazards. (5) Requires MSP to maintain staffing and resources to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain the State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training. (6) Requires MSP to conduct a minimum of three training sessions to enhance emergency response. (7) Appropriates amounts necessary from Disaster and Emergency Contingency Fund (DECF) to cover costs related to disasters and emergencies; limits appropriations under Sec. 704(7) and receive and expend authorization under Sec. 704(3) to \$15.0 million. (8) Requires state budget director approval and legislative notification for expenditures from the DECF and requires reports on expenditures. (9) Authorizes MSP to expend funds from any line item in order to respond to an emergency or disaster, with the approval of the state budget director and legislative notification. (10) Requires MSP to report biannually on assessment of critical infrastructure vulnerabilities. Revised to remove caps on federal and state restricted receive and expend authorization in items (3) and (7) and deletes items (5), (8), (9) and (10).

Sec. 1001. FY 2021-22 Appropriation – DELETED

Expresses legislative intent that FY 2021-22 appropriations are anticipated to be the same as FY 2020-21 appropriations, except adjustments for changes in caseloads, federal fund match rates, economic factors, and available revenue.

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
1. Clean Slate for Michigan	Gross	\$19,000,000
Includes \$19.0 million in restricted authorization from the Michigan Set Aside Fund for costs incurred in developing systems for the expungement of criminal records (pursuant to 2020 PAs 187-193) in the Departments of Attorney General, Corrections, State Police, and the Judiciary. MSP will act as the coordinating agency for this development.	Restricted	19,000,000
	GF/GP	\$0
2. Post Operations Increase	Gross	\$2,400,000
Includes \$2.4 million GF/GP for increased levels of contractual services that the MSP provides for executive security.	GF/GP	\$2,400,000

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

Analyst: William E. Hamilton

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$4,063,100	\$4,044,800	(\$18,300)	(0.5)
Federal	1,424,196,100	1,448,519,000	24,322,900	1.7
Local	80,782,000	80,782,000	0	0.0
Private	900,000	900,000	0	0.0
Restricted	3,597,529,400	3,702,273,400	104,744,000	2.9
GF/GP	0	0	0	--
Gross	\$5,107,470,600	\$5,236,519,200	\$129,048,600	2.5
FTEs	2,824.3	2,942.3	118.0	4.2

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

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. State Trunkline Road and Bridge Construction	Gross \$1,327,133,800	\$1,511,200
Appropriation for the state trunkline capital construction program would total \$1.3 billion, a net increase of \$1.5 million. An anticipated increase in available federal-aid is partially offset by a decrease of \$24.3 million in available state restricted STF revenue: Available STF revenue reflects the STF share of estimated MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act. Available STF revenue also reflects uses of STF revenue, including debt service and increased state trunkline maintenance costs.	Federal 822,327,100	28,921,700
	Local 30,003,500	0
	Restricted 474,803,200	(27,410,500)
	GF/GP \$0	\$0

The reduction in restricted revenue also reflects a \$3.0 million reduction in the appropriation of Blue Water Bridge Fund revenue, from \$7.1 million to \$4.1 million for Blue Water Bridge capital projects.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)		Executive Change from YTD
2. State Trunkline Maintenance	FTE	760.7	118.0
Includes \$425.9 million STF for state trunkline routine maintenance, a baseline increase of \$10.5 million, exclusive of position transfers and economics. Specific increases include: \$3.5 million for an additional 76.0 FTE positions in permanent direct state maintenance forces, reducing use of temporary winter maintenance employees accordingly; \$2.9 million and 42.0 FTE positions to reestablish direct maintenance forces in Monroe County; and \$4.1 million to reflect increased costs of maintenance materials.	Gross	\$405,641,800	\$10,508,800
	Restricted	405,641,800	10,508,800
	GF/GP	\$0	\$0
3. MTF to Local Road Agencies	Gross	\$1,770,488,600	\$52,841,100
The estimated MTF distribution to local road agencies (county road commissions, and cities and villages) would total \$1.8 billion, \$52.8 million more than the current year. This reflects the Act 51 distribution of estimated MTF revenue from motor fuel and vehicle registration taxes as well as local road agency share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act.	Restricted	1,770,488,600	52,841,100
	GF/GP	\$0	\$0
4. Local Bridge Program	Gross	\$27,000,100	\$812,500
Includes \$27.8 million for the local bridge program, a program that receives funding from an Act 51 earmark of MTF revenue equal to one-half cent of the motor fuel tax on gasoline. The increase reflects an increase in estimated gasoline tax revenue as compared to the current-year estimate. Although not specifically recognized in the budget, the program is also allocated a share of local federal aid.	Restricted	27,000,100	812,500
	GF/GP	\$0	\$0
Note that as described further below, the Governor has proposed a one-time current-year supplemental appropriation of \$300.0 million GF/GP for the repair or replacement of approximately 120 critical bridges owned by local road agencies.			
5. Debt Service	Gross	\$215,096,300	\$38,547,300
Includes \$253.6 million for debt service on previously issued bonds – bonds issued under a pledge of state restricted revenue or in anticipation of federal grants. The appropriation reflects anticipated debt service schedules. Increased STF debt service is offset, in part, by a reduction in debt service on bonds issued using a pledge of federal revenue.	Federal	55,180,900	(4,598,800)
	Restricted	159,915,400	43,146,100
	GF/GP	\$0	\$0
6. Transportation Economic Development Fund (TEDF)	Gross	\$28,794,500	\$12,807,400
Includes \$41.6 million for the TEDF program, an increase of \$12.8 million. The increase primarily reflects the restoration of \$13.0 million to the TEDF/Target Industries categorical program; the current-year budget had redirected \$13.0 million in driver's license fee revenue from the TEDF to the state General Fund. The TEDF program is a targeted program established and governed by statute, 1987 PA 231.	Restricted	28,794,500	12,807,400
	GF/GP	\$0	\$0
7. Local Bus Transit	Gross	\$193,750,000	\$3,000,000
Provides \$196.7 million in state operating assistance to local transit systems, an increase of \$3.0 million CTF. The current-year budget included a \$3.0 million CTF reduction as part of an agreement to shift \$18.0 million in auto-related sales tax from the CTF to cover a deficit in the Transportation Administration Collection Fund in the Department of State budget.	Restricted	193,750,000	3,000,000
	GF/GP	\$0	\$0

TRANSPORTATION

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
8. Rail Operations and Infrastructure	Gross \$98,738,000	\$5,618,200
Includes \$104.4 million for state rail programs including capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. Increased CTF support reflects estimated increase in available CTF revenue.	Federal 20,000,000	0
	Local 100,000	0
	Private 100,000	0
	Restricted 78,538,000	5,618,200
	GF/GP \$0	\$0
9. Intercity Services	Gross \$7,260,000	\$800,000
Increases CTF support by \$800,000 for program that supports intercity bus service in Michigan. Increased CTF support reflects estimated increase in available CTF revenue.	Federal 4,500,000	0
	Local 160,000	0
	Private 800,000	0
	Restricted 1,800,000	800,000
	GF/GP \$0	\$0
10. Marine Passenger	Gross \$928,000	\$84,000
Increases state restricted CTF support to \$512,000 reflecting increase in available CTF revenue. This program provides capital grants for marine passenger (ferry) service in Michigan, specifically for ferries that provide service to Beaver Island and to islands on the St. Mary's River in the eastern Upper Peninsula.	Local 500,000	0
	Restricted 428,000	84,000
	GF/GP \$0	\$0
11. Airport Improvement Program (AIP)	Gross \$121,076,500	\$500,000
Includes \$121.6 million for program of federal aid for capital improvements to eligible local public airports in the state. The increase reflects an increase in estimated available State Aeronautics Fund revenue. In this line item, State Aeronautics Fund is used to provide matching funds for federal AIP grants.	Federal 106,000,000	0
	Local 12,508,500	0
	Restricted 2,568,000	500,000
	GF/GP \$0	\$0
12. Detroit Metropolitan Wayne County Airport	Gross \$4,303,000	\$897,000
Increases Qualified Airport Fund support by \$897,000 reflecting revenue estimates. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted 4,303,000	897,000
	GF/GP \$0	\$0
13. Economic Adjustments	Gross NA	(\$2,254,600)
Reflects net decrease of \$2.3 million Gross (\$0 GF/GP). Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to actuarially required retirement contributions, worker's compensation, and building occupancy charges, are offset by a reduction in calculated contributions for retiree medical benefits.	IDGs NA	(18,300)
	Federal NA	(315,500)
	Restricted NA	(1,920,800)
	GF/GP NA	\$0

Major Boilerplate Changes from FY 2020-21

Legislative Directives, Restrictions, and Reporting Requirements – DELETED

The executive does not retain a number of boilerplate sections that established legislative directives to the department, made restrictions on the use of appropriations, or established reporting requirements. Deleted sections are: Sec. 215, regarding staff communications with the legislature; Sec. 216, report on FTE positions and remote work; Sec. 217, establishes restrictions on use of work project balances; Sec. 218, regarding transfers between line items within budget; Sec. 219, concerning record retention; Sec. 220, report on impact of new legislation; Sec. 270, regarding remanufactured parts; Sec. 301(2), regarding hearings for setting bridge tolls; Sec. 305, regarding rental of space in public transportation facilities; Sec. 308, report on real estate holdings and sales; Sec. 309, report on employee accountability systems; Sec. 313(3), report on State Infrastructure Bank; Sec. 319, signs for rest area maintenance reporting; Sec. 328, report on FOIA compliance and costs; Sec 353, review of contractor payment process; Sec. 357, local federal aid project review timeliness; Sec. 375, prohibition on reimbursement for groundbreaking ceremonies; Sec. 376, prohibition on study of billboards and driver behavior; Sec. 377, restrictions on employment of former director; Sec. 378, report on international hazardous materials routing; Sec. 381, required use of E-Verify system; Sec. 382, timeliness of final cost settlement of local federal aid projects; Sec. 383(4), restriction on the state airfleet transport of legislators; Sec. 386, use of toll credits; Sec. 387, Posting of traffic study results; Sec. 389, reporting on long-term obligations; Sec. 390, report on restricted fund balances; Sec. 391, prohibits department from motor fuel quality testing; Sec. 393, best practices in public transportation; Sec. 394, requires road preservation as top priority; Sec. 399, requires 10% minimum for capital preventive maintenance; Sec. 505, requires the department to host meetings on state and federal grant opportunities; Sec. 601, requires documentation of warranty projects; Sec. 612, report on incentive/disincentive contracts; Sec. 613, report on construction project design and engineering cost; Sec. 660, use of alternative road surface materials; Sec. 661, innovative material stakeholder group; Sec. 703, rail abandonment notice; Sec. 704, report on rail operations and infrastructure program obligations; Sec. 719, estimated transit cost per rider/use of ride-sharing companies; Sec. 720, farebox recovery target; Sec. 752, required meeting with rail industry trade group; Sec. 753, guidelines for marine passenger grant program.

Supplemental Recommendations for FY 2020-21 Appropriations

FY 2020-21 Recommendation

1. Local Bridge Bundling Initiative

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

Gross	\$300,000,000
GF/GP	\$300,000,000

2. Federal Coronavirus Relief Package – Transportation Funding

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

Gross	\$387,074,400
Federal	387,074,400
GF/GP	\$0



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