

REVIEW AND ANALYSIS
OF THE
FY 2022-23
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

February 2022

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February 24, 2022

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2022-23 Executive Budget Recommendation***.

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2022-23 and FY 2023-24. 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 2022-23

Executive Recommendation

OVERVIEW

Budget Overview

Consensus Revenue Estimates

Balance Sheets

Appropriation Summary Tables

FY 2022-23 Executive Recommendation BUDGET OVERVIEW

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

The FY 2022-23 executive budget recommendation incorporates the January 2022 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$12,892.1 million and School Aid Fund (SAF) of \$16,246.6 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2021-22 balances of \$4,257.1 million GF/GP and \$2,877.3 million SAF. The executive recommendation also assumes the restoration of income tax exemptions on retirement income over 4-years and an increase in the earned income tax credit from 6% to 20%.

The FY 2022-23 executive budget recommendation includes \$72,917.6 million in adjusted gross appropriations, an increase of \$2,002.6 million, or 2.8%. The table below compares current-year appropriations to the executive proposal.

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
Adjusted Gross	\$70,915.0	\$72,917.6	\$2,002.6	2.8%
Federal	\$31,323.1	\$30,341.1	(\$982.0)	(3.1%)
Local/Private	\$503.1	\$530.6	\$27.5	5.5%
Restricted	\$26,176.0	\$27,736.6	\$1,560.6	6.0%
GF/GP	\$12,912.7	\$14,309.3	\$1,396.5	10.8%

Of the \$42,045.9 million in state resources recommended for appropriation in FY 2022-23, \$23,158.6 million (55.1% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan’s Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The executive proposal includes significant adjustments to the current FY 2021-22 budget and FY 2022-23 budget.

The budget proposal includes three FY 2021-22 supplementals totaling \$5,699.6 million Gross (\$722.4 million GF/GP and \$1,830.7 million SAF):

- Departmental appropriation adjustments of \$3,049.2 million Gross (\$420.9 million GF/GP) including the following major program additions:
 - \$1,330.5 million Gross (negative \$216.0 million GF/GP) for caseload cost and E-FMAP adjustments. (DHHS)
 - \$500.0 million GF/GP deposit into the Strategic Outreach and Attraction Reserve (SOAR) fund. (LEO)
 - \$500.0 million ARP-SFRF for essential worker “hero pay” program. (Treasury)
 - \$50.0 million GF/GP for constitutional revenue sharing hold harmless payments. (Treasury)
 - \$50.0 million Gross (\$30 million GF/GP) for first responder retention payments. (Treasury)
- School Aid supplemental increase of \$2,553.0 million Gross (\$301.5 million GF/GP and \$1,830.7 million SAF) for educator retention and recruitment programs; a deposit into the school infrastructure fund; great start readiness grants; and infrastructure, technology, equipment and maintenance grants to community colleges and universities.
- Natural Resources Trust Fund projects totaling \$45.6 million Gross. (Supplemental Request 2022-4)
- Budget Stabilization Fund (BSF) deposit of \$51.8 million.

GF/GP current services baseline increases in the FY 2022-23 executive recommendation include:

- \$353.1 million GF/GP for caseload adjustments. (DHHS)
- \$105.1 million GF/GP for state employee compensation-related costs. (All budgets)
- \$49.4 million GF/GP for all other current services baseline costs. (All budgets)

Total investments of \$410.4 million GF/GP for FY 2022-23. Major program increases include:

- \$247.6 million Gross (\$69.8 million GF/GP) for the redesign of Medicaid and Healthy Michigan Plan dental programs. (DHHS)
- \$69.3 million Gross (\$55.0 million GF/GP) for increases to behavioral health capacity and access. (DHHS)
- \$60.0 million Gross (\$21.2 million GF/GP) to increase non-clinical nursing facility staff hourly wages by \$2.35. (DHHS)
- \$33.7 million Gross (\$13.3 million GF/GP) increase to fund an 18% increase in regular maintenance payments to foster parents, adoptive families, and juvenile guardians (DHHS)

One-time allocations total \$2,389.5 million GF/GP for FY 2022-23. Major increases include:

- \$325.0 million for a new state-operated psychiatric hospital campus. (DHHS)
- \$230.0 million for transformational education infrastructure. (LEO)
- \$200.0 million for Michigan regional empowerment program. (LEO)
- \$175.0 million for a statewide judicial case management system. (Judiciary)
- \$150.0 million for critical road and bridge infrastructure. (MDOT)
- \$115.0 million for deposit into the Information Technology Investment Fund (ITIF) for statewide IT projects. (DTMB)
- \$75.0 million for nature, science, and cultural experiences grant program. (MSF)
- \$70.0 million for enterprise-wide special maintenance. (DTMB)
- \$66.0 million for freeway pumphouse backup generators. (MDOT)
- \$60.0 million for priority rail grade separation projects. (MDOT)
- \$55.0 million GF/GP (\$115.0 million Gross) for armory modernization. (DMVA)
- \$50.0 million for food security council investments. (DHHS)
- \$48.0 million for lead line replacement. (EGLE)
- \$40.0 million for minor home repair and plumbing assistance program. (DHHS)

Major increases proposed for FY 2022-23 for School Aid and Higher Education funding include:

- \$580.0 million SAF for increases to district foundation allowances of \$435 per pupil (5.0%).
- \$222.0 million SAF increase to the At-Risk program to fund payments to school districts for eligible students at \$1,051 per pupil (full-funding).
- \$170.0 million for school infrastructure grants.
- \$150.0 million SAF increase for special education costs at 8% above required amount.
- \$150.0 million SAF for grants to ISDs for statewide training of mental health professionals. (TRAILS)
- \$120.0 million SAF for district and ISDs for wraparound services.
- \$100.0 million SAF for Michigan Future Educator Fellowship program.
- \$146.0 million GF/GP increase of 5.0% ongoing and 5.0% one-time for public university operations.
- \$32.4 million SAF increase of 5.0% ongoing and 5.0% one-time for community college operations.

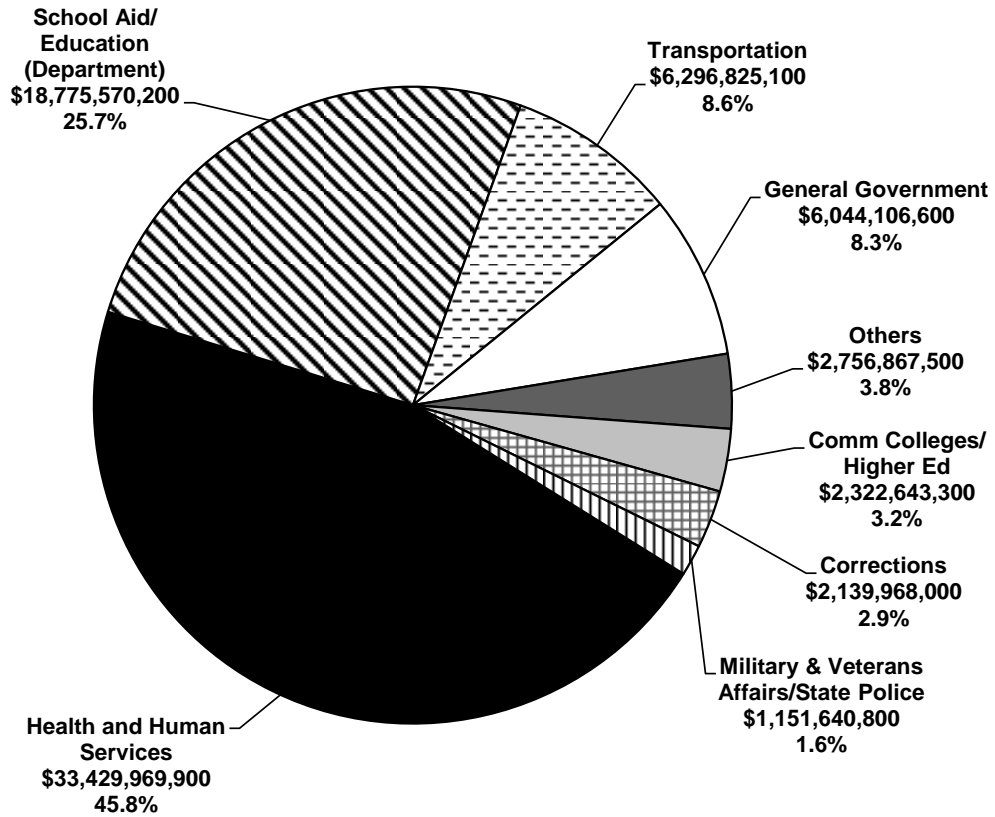
Revenue Sharing changes included in the executive recommendation for FY 2022-23 include:

- \$26.6 million increase of 5.0% ongoing and 5.0% one-time for city, village, and townships (CVTs).
- \$23.2 million increase of 5.0% ongoing and 5.0% one-time for counties.

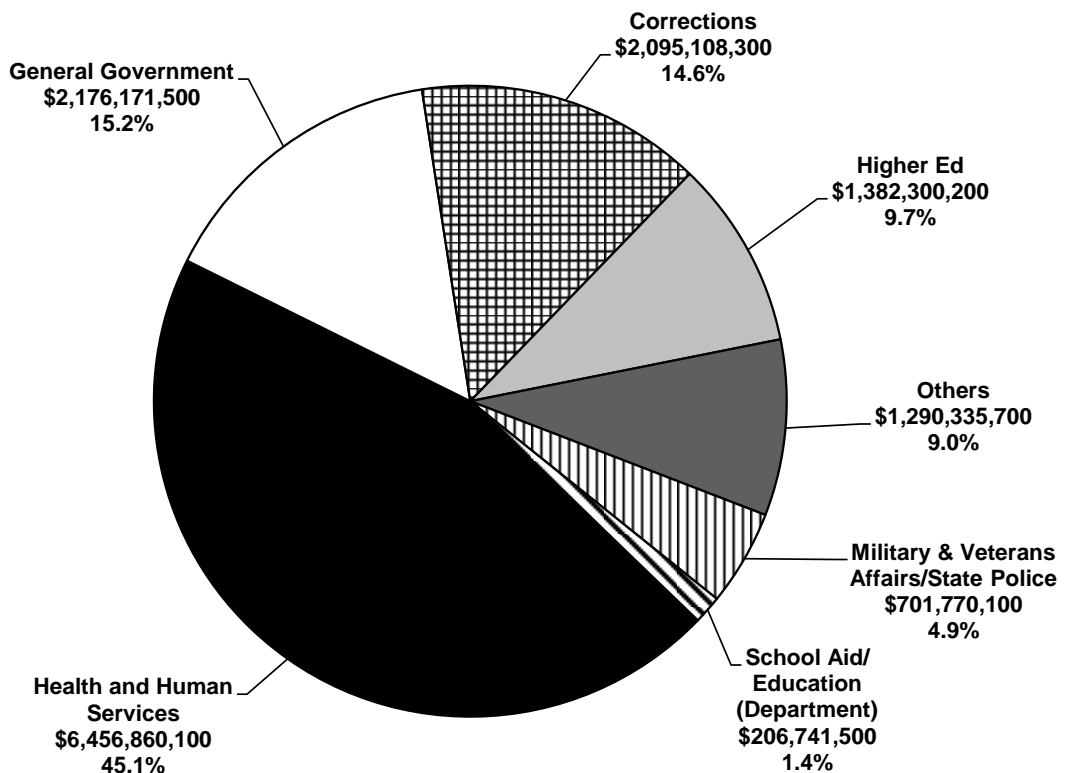
A more detailed summary of major budget changes by individual budget area begins on page 24.

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 questions regarding this information.

**FY 2022-23 Executive Recommendation
Adjusted Gross = \$72,917,591,400**



**FY 2022-23 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$14,309,287,400**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2022 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2022-23 through FY 2023-24 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 3.2% in 2022, 2.1% in 2023, and 0.9% in 2024.

The unemployment rate is expected to be 5.3% in 2022, 4.6% in 2023, and 4.6% in 2024.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2021-22	FY 2022-23	FY 2022-23 Over FY 2021-22		FY 2023-24	FY 2023-24 Over FY 2022-23	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Personal Income Tax	\$7,712.9	\$8,159.9	\$447.0	5.8%	\$8,437.7	\$277.8	3.4%
Sales Tax	1,449.3	1,496.9	47.6	3.3%	1,532.7	35.8	2.4%
Use Tax	1,169.1	1,154.8	(14.3)	(1.2%)	1,153.1	(1.7)	(0.1%)
Business Taxes	1,247.3	1,192.4	(54.9)	(4.4%)	1,285.7	93.3	7.8%
Other Taxes	482.0	490.0	8.0	1.7%	500.0	10.0	2.0%
GF/GP Tax Revenue	\$12,060.6	\$12,494.0	\$433.4	3.6%	\$12,909.2	\$415.2	3.3%
Non-Tax Revenue	389.1	398.1	9.0	2.3%	405.1	7.0	1.8%
Net Total GF/GP Revenue	\$12,449.7	\$12,892.1	\$442.4	3.6%	\$13,314.3	\$422.2	3.3%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to decrease 0.1% in FY 2021-22 before increasing 5.8% in FY 2022-23. Personal income tax revenue is projected to increase by 3.4% in FY 2023-24.

Sales Tax

GF/GP sales tax revenue is estimated to decrease 3.0% in FY 2021-22 before increasing 3.3% in FY 2022-23 and 2.4% in FY 2023-24. 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 decline 6.2% in FY 2021-22, 1.2% in FY 2022-23, and 0.1% in FY 2023-24. The decrease 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 (the single business tax, Michigan business tax, corporate income tax, and insurance company taxes) are expected to decrease 20.3% from \$1,564.4 million in FY 2020-21 to \$1,247.3 million in FY 2021-22 before declining further to \$1,192.4 million in FY 2022-23. Net business taxes are projected to grow to \$1,285.7 million in FY 2023-24.

Other Taxes

Other GF/GP taxes include tobacco, beer and wine, liquor excise, and other taxes dedicated to the general fund. They are projected to decline 2.5% in FY 2021-22 before growing 1.7% in FY 2022-23. They are expected to further increase to \$500.0 million in FY 2023-24.

OVERVIEW

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 3.7% to \$12,060.6 million in FY 2021-22 before increasing 3.6% to \$12,494.0 million in FY 2022-23. GF/GP tax revenue is expected to grow by 3.3% to \$12,909.2 million in FY 2023-24.

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 3.9% to \$12,449.7 million in FY 2021-22, and then increase 3.6% to \$12,892.1 million in FY 2022-23 and 3.3% to \$13,314.3 million in FY 2023-24.

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)**

	FY 2022-23 Over FY 2021-22				FY 2023-24 Over FY 2022-23		
	FY 2021-22	FY 2022-23	Dollar Change	Percent Change	FY 2023-24	Dollar Change	Percent Change
Sales and Use Taxes	\$7,705.6	\$7,794.8	\$89.2	1.2%	\$7,948.8	\$154.0	2.0%
Income Tax Earmark	3,506.3	3,514.4	8.1	0.2%	3,592.6	78.2	2.2%
Lottery and Gaming Revenue	1,507.0	1,492.4	(14.6)	(1.0%)	1,487.5	(4.9)	(0.3%)
Cigarette Tax	318.2	316.5	(1.7)	(0.5%)	306.5	(10.0)	(3.2%)
State Education Tax	2,360.0	2,453.9	93.9	4.0%	2,537.9	84.0	3.4%
Real Estate Transfer Tax	487.5	475.0	(12.5)	(2.6%)	470.0	(5.0)	(1.1%)
Liquor Excise Tax	76.6	77.6	1.0	1.3%	79.6	2.0	2.6%
Other Specific Taxes	117.0	122.0	5.0	4.3%	134.8	12.8	10.5%
Total SAF Revenue	\$16,078.2	\$16,246.6	\$168.4	1.0%	\$16,557.7	\$311.1	1.9%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to decrease 0.1% to \$7,705.6 million in FY 2021-22 before increasing 1.2% to \$7,794.8 million in FY 2022-23 and 2.0% to \$7,948.8 million in FY 2023-24.

Income Tax Earmark

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

Dedicated income tax revenue is forecast to increase 1.3% to \$3,506.3 million in FY 2021-22, 0.2% to \$3,514.4 million in FY 2022-23, and 2.2% to \$3,592.6 million in FY 2023-24.

Lottery and Gaming Revenue

Revenue from the lottery, casino taxes, and taxes on online gaming is projected to total \$1,507.0 million in FY 2021-22, \$1,492.4 in FY 2022-23, and \$1,487.5 million in FY 2023-24.

Cigarette Tax

Approximately 41.6% of cigarette 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 cigarette tax revenue to decrease to \$318.2 million in FY 2021-22, \$316.5 million in FY 2022-23, and \$306.5 million in FY 2023-24.

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 4.2% to \$2,360.0 million in FY 2021-22, 4.0% to \$2,453.9 million in FY 2022-23, and 3.4% to \$2,537.9 million in FY 2023-24.

RET revenue is forecast to decrease to \$487.5 million in FY 2021-22, \$475.0 million in FY 2022-23, and \$470.0 million in FY 2023-24.

Liquor Excise Tax

The school aid fund receives revenue from a 5% tax on liquor. The liquor tax is expected to generate \$76.6 million in FY 2021-22, \$77.6 million in FY 2022-23, and \$79.6 in FY 2023-24.

Other Specific Taxes

Other specific taxes include commercial and industrial facilities taxes, the commercial forest tax, the excise tax on recreational marihuana, and other taxes dedicated to the SAF. They are estimated to be \$117.0 million in FY 2021-22, \$122.0 million in FY 2022-23, and \$134.8 million in FY 2023-24.

Total SAF Revenue

Total SAF revenue is expected to increase 0.2% to \$16,078.2 million in FY 2021-22, 1.0% to \$16,246.6 million in FY 2022-23, and 1.9% to \$16,557.7 million in FY 2023-24.

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 2020-21. The table also shows the proposed appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2021-22, the executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2022-23.

After deposits totalling \$552.5 million, the final BSF fund balance for FY 2020-21 was \$1,382.8 million. For FY 2021-22, no appropriation was contained in the budget, although \$51.8 million has been proposed in supplemental request 2022-2. If appropriated, the estimated fund balance at the end of FY 2021-22 would be \$1,455.3 million. There are no deposits proposed in the executive recommendation for FY 2022-23, which would bring the estimated year-end balance to \$1,477.2 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.

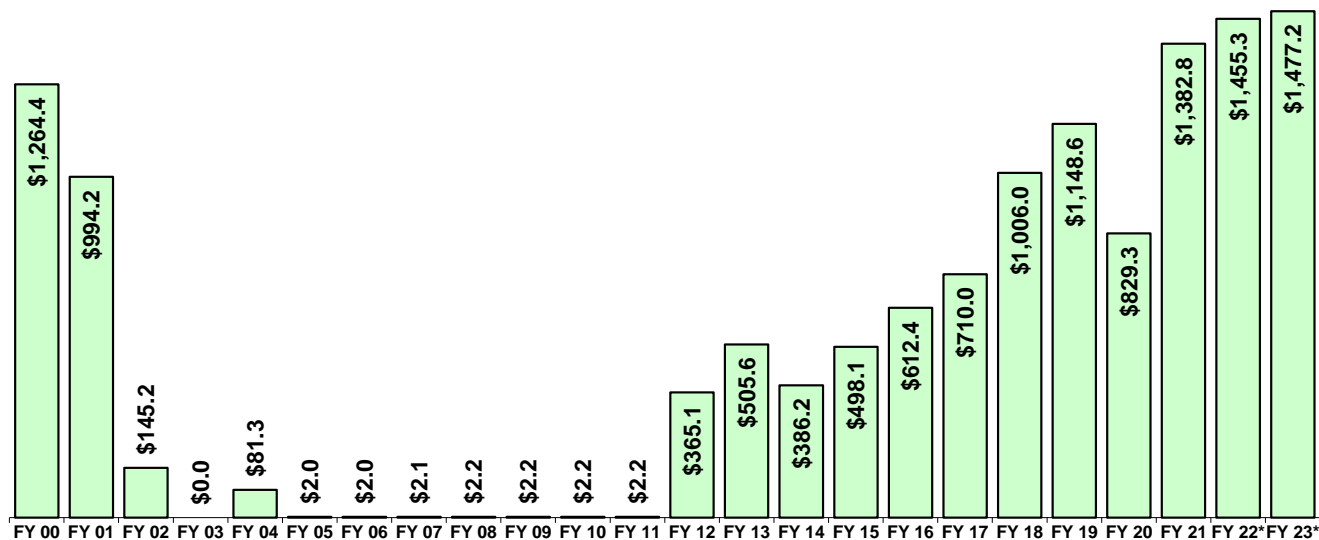
**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
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	552.5	0.0	1.0	1,382.8
2021-22	69.3**	0.0	3.2*	1,455.3
2022-23	17.5**	0.0	4.4*	1,477.2

* HFA Estimate

** FY 2022 proposed supplemental deposit; 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 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Personal Income	CY 2020	CY 2021	CY 2022
Amount	\$530,809	\$558,411	\$560,644
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$50,373.8	\$52,993.2	\$53,205.1
Total Revenue Subject to Revenue Limit	\$38,208.8	\$38,994.2	\$39,907.8
Amount Under (Over) State Revenue Limit	\$12,165.0	\$13,990.0	\$13,297.3

OVERVIEW

Implications of Exceeding the State Revenue Limit

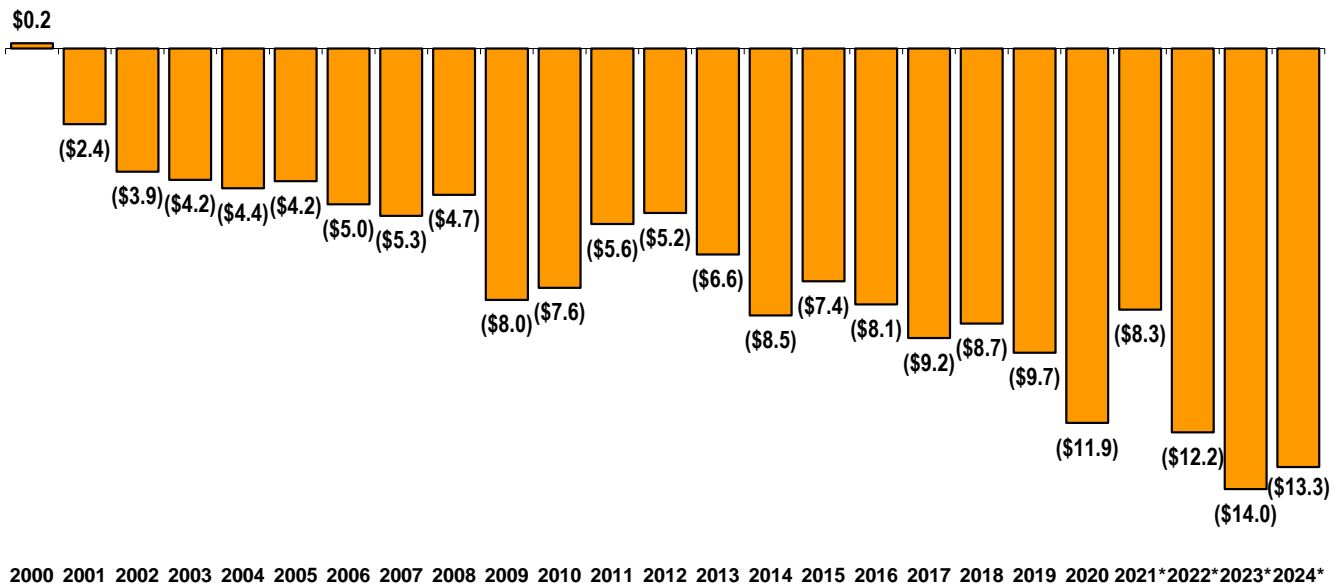
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . 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 2019-20 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$11.9 billion. For FY 2020-21 through FY 2023-24, state revenue is estimated to be below the revenue limit by \$8.3 billion, \$12.2 billion, \$14.0 billion, and \$13.3 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 2021-22 Through FY 2023-24 Executive Recommendation			
General Fund/General Purpose (GF/GP)			
Millions of Dollars			
	FY 2021-22	FY 2022-23	FY 2023-24
Beginning Balance	\$4,257.1	\$2,494.0	\$2.6
<u>Resources</u>			
Consensus Revenue Estimate: January 2022	\$12,449.7	\$12,892.1	\$13,314.3
Lawsuit Settlement Funds (AG/DEQ)	(2.6)	(2.6)	(2.6)
Repeal Retirement Tax - Phase-in	(13.0)	(107.0)	(285.0)
Earned Income Tax Credit Increase (6% to 20%)	0.0	(262.0)	(262.0)
Revenue Sharing: Ongoing	(500.3)	(525.2)	(525.2)
Revenue Sharing: One-Time	<u>0.0</u>	<u>(24.9)</u>	<u>0.0</u>
Total Resources	\$11,933.8	\$11,970.4	\$12,239.5
<u>Expenditures</u>			
Appropriations: Ongoing	\$10,959.0	\$10,959.0	\$10,959.0
Base: Caseload	--	353.1	528.1
Base: Other	--	49.4	49.4
Base: Economics	--	105.2	155.2
Executive Investments	--	385.3	385.3
GF to School Aid	85.4	108.2	67.7
Appropriations: One-Time	733.1	2,349.0	0.0
Supplementals – Current Law	1,145.2	--	--
Proposed Supplemental (2022-2 and 2022-3)	722.4	--	--
Reimburse Locals for Reduction in PPT Revenue (PA 150 of 2021)	--	75.0	--
BSF Deposit	51.8	--	--
Other/Lawsuit Settlements	<u>0.0</u>	<u>77.5</u>	<u>77.5</u>
Total Expenditures	\$13,696.9	\$14,461.7	\$12,222.2
Projected Ending Balance / (Shortfall)	\$2,494.0	\$2.6	\$19.9

Numbers may not add due to rounding.

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FY 2021-22 Through FY 2023-24 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2021-22	FY 2022-23	FY 2023-24
Beginning Balance	\$2,877.3	\$535.8	\$49.9
Resources			
Consensus Revenue Estimates: January 2022	\$16,078.2	\$16,246.6	\$16,557.7
GF/GP Grant	85.4	108.2	67.7
Detroit Public Trust Fund	85.6	72.0	72.0
Proposed Supplemental 2022-3 Additional GF/GP	87.9	0.0	0.0
School Infrastructure Fund	(1,000.0)	170.0	170.0
Federal Aid	<u>2,445.3</u>	<u>2,191.3</u>	<u>2,191.3</u>
Total Resources	\$17,782.4	\$18,788.1	\$19,058.7
Expenditures			
School Aid: Ongoing	\$16,230.5	\$15,906.8	\$17,405.0
January 2022 CREC Baseline Adjustments	(323.7)	96.4	14.8
School Aid: Investments	0.0	1,401.8	18.0
School Aid: One-time	747.6	0.0	0.0
School Aid: Supplemental (2022-3)	2,676.7	951.0	529.0
Higher Education - MOE	0.0	100.0	0.0
Community Colleges	431.4	470.1	461.4
Higher Education	<u>361.4</u>	<u>347.9</u>	<u>347.6</u>
Total Expenditures	\$20,123.9	\$19,274.0	\$18,775.8
Projected Ending Balance / (Shortfall)	\$535.8	\$49.9	\$332.8

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
Beginning Balance	\$30.7	\$32.5
Resources		
Tobacco Settlement MSA Payment	\$303.2	\$285.7
Debt Service on 2006/2007 Securitization Bonds (13.34%/10.77%)	(73.1)	(68.9)
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	\$65.7	\$52.4
Expenditures		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite care	4.1	4.1
DHHS: Medicaid Long Term Care	57.2	57.2
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	\$63.9
Estimated Ending Balance	\$32.5	\$20.9

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

The executive budget recommendation for FY 2022-23 increases adjusted gross appropriations by \$2,002.6 million (2.8%) from FY 2021-22 year-to-date amounts:

- GF/GP appropriations are increased by \$1,396.5 million (10.8%)
- State restricted appropriations are increased by \$1,560.6 million (6.0%)
- Federal appropriations are decreased by \$982.0 million (3.1%)
- Local and private appropriations are increased by \$27.5 million (5.5%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2022-23 executive budget recommendation is increased by \$2,957.2 million (7.6%) from FY 2021-22 year-to-date amounts.

Projected appropriation amounts for FY 2023-24 under the executive budget (which are presented only for planning purposes) reflect a 16.8% decrease in GF/GP appropriations, a 6.6% decrease in total state spending from state sources, and a 3.9% 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 2021-22 year-to-date figures include adjustments through February 9, 2022.
- Some appropriation items in the FY 2021-22 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 2022-23 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 2022-23 and FY 2023-24
Executive Budget Appropriation Changes
Millions of Dollars**

	<u>Year-to-Date FY 2021-22</u>	<u>Executive Recommendation FY 2022-23</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2023-24</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$12,912.7	\$14,309.3	\$1,396.5	10.8%	\$11,903.3	(\$2,406.0)	(16.8%)
State Restricted	<u>26,176.0</u>	<u>27,736.6</u>	<u>1,560.6</u>	6.0%	<u>27,387.1</u>	<u>(349.5)</u>	(1.3%)
Total State-Source Appropriations	\$39,088.7	\$42,045.9	\$2,957.2	7.6%	\$39,290.5	(\$2,755.4)	(6.6%)
Federal	\$31,323.1	\$30,341.1	(\$982.0)	(3.1%)	\$30,235.7	(\$105.4)	(0.3%)
Local	303.0	324.0	21.0	6.9%	324.0	0.0	0.0%
Private	200.2	206.6	6.5	3.2%	206.6	0.0	0.0%
Total Adjusted Gross	\$70,915.0	\$72,917.6	\$2,002.6	2.8%	\$70,056.8	(\$2,860.8)	(3.9%)

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 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022.
- (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 2022-23 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	\$172,165,100	\$326,700	\$171,838,400	\$19,670,900	\$0	\$21,300	\$44,706,400	\$107,439,800
Attorney General	126,888,000	35,954,600	90,933,400	10,101,900	0	0	20,786,700	60,044,800
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	21,601,600	0	21,601,600	2,890,900	0	18,700	58,500	18,633,500
Community Colleges	470,028,400	0	470,028,400	0	0	0	470,028,400	0
Corrections	2,139,968,000	0	2,139,968,000	5,148,400	9,879,500	0	29,831,800	2,095,108,300
Education	419,531,000	0	419,531,000	302,950,800	5,878,600	2,240,400	9,919,700	98,541,500
Environment, Great Lakes, & Energy	1,004,099,200	3,406,400	1,000,692,800	453,641,700	0	1,415,500	327,354,900	218,280,700
Executive Office	7,708,600	0	7,708,600	0	0	0	0	7,708,600
Health and Human Services	33,444,665,900	14,696,000	33,429,969,900	23,617,962,500	183,502,800	179,716,400	2,991,928,100	6,456,860,100
Higher Education	1,852,614,900	0	1,852,614,900	122,426,400	0	0	347,888,300	1,382,300,200
Insurance & Financial Services	80,335,500	736,500	79,599,000	1,017,100	0	0	72,581,900	6,000,000
Judiciary	506,371,900	1,902,300	504,469,600	6,381,500	7,782,600	1,524,200	94,435,300	394,346,000
Labor & Economic Opportunity	2,305,571,500	0	2,305,571,500	1,154,595,000	10,700,000	12,430,700	245,920,400	881,925,400
Legislative Auditor General	28,605,900	6,654,800	21,951,100	0	0	0	2,329,300	19,621,800
Legislature	183,999,900	0	183,999,900	0	0	428,300	4,965,700	178,605,900
Licensing & Regulatory Affairs	513,345,500	47,026,900	466,318,600	29,659,200	0	0	248,065,900	188,593,500
Military & Veterans Affairs	355,266,000	101,800	355,164,200	189,864,300	0	640,000	18,794,900	145,865,000
Natural Resources	534,152,200	203,100	533,949,100	93,630,000	0	7,039,200	337,504,200	95,775,700
School Aid	18,356,039,200	0	18,356,039,200	2,191,243,500	0	0	16,056,595,700	108,200,000
State	256,264,000	20,000,000	236,264,000	1,460,000	0	50,100	221,007,300	13,746,600
State Police	821,979,000	25,502,400	796,476,600	81,804,300	4,904,500	35,000	153,827,700	555,905,100
Tech., Mgmt. & Budget: Operations	1,622,669,100	1,047,125,600	575,543,500	5,217,200	2,331,200	137,400	123,219,300	444,638,400
Tech., Mgmt. & Budget: SBA Rent	231,570,600	0	231,570,600	0	0	0	0	231,570,600
Transportation	6,300,948,900	4,123,800	6,296,825,100	2,026,480,000	85,773,500	900,000	3,903,771,600	279,900,000
Treasury: Operations	789,901,200	11,153,100	778,748,100	24,970,700	13,209,600	31,000	520,945,000	219,591,800
Treasury: Debt Service	100,084,100	0	100,084,100	0	0	0	0	100,084,100
Treasury: Revenue Sharing	1,490,130,200	0	1,490,130,200	0	0	0	1,490,130,200	0
TOTAL APPROPRIATIONS	\$74,136,505,400	\$1,218,914,000	\$72,917,591,400	\$30,341,116,300	\$323,962,300	\$206,628,200	\$27,736,597,200	\$14,309,287,400

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

**TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2022-23 and FY 2023-24 Executive Recommendation Compared with FY 2021-22 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2021-22</u>	<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>		<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>	
Agriculture & Rural Development	\$155,365,300	\$171,838,400	\$16,473,100	10.6%	\$130,338,400	(\$41,500,000)	(24.2%)
Attorney General	73,315,200	90,933,400	17,618,200	24.0%	75,933,400	(15,000,000)	(16.5%)
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	17,535,200	21,601,600	4,066,400	23.2%	17,949,700	(3,651,900)	(16.9%)
Community Colleges	431,417,000	470,028,400	38,611,400	8.9%	461,344,400	(8,684,000)	(1.8%)
Corrections	2,065,873,000	2,139,968,000	74,095,000	3.6%	2,084,968,000	(55,000,000)	(2.6%)
Education	1,928,027,900	419,531,000	(1,508,496,900)	(78.2%)	419,171,000	(360,000)	(0.1%)
Environment, Great Lakes, & Energy	686,225,800	1,000,692,800	314,467,000	45.8%	813,227,000	(187,465,800)	(18.7%)
Executive Office	7,318,600	7,708,600	390,000	5.3%	7,708,600	0	0.0%
Health and Human Services	31,962,609,900	33,429,969,900	1,467,360,000	4.6%	32,835,257,600	(594,712,300)	(1.8%)
Higher Education	1,807,751,200	1,852,614,900	44,863,700	2.5%	1,776,053,200	(76,561,700)	(4.1%)
Insurance & Financial Services	72,263,000	79,599,000	7,336,000	10.2%	73,599,000	(6,000,000)	(7.5%)
Judiciary	318,810,800	504,469,600	185,658,800	58.2%	329,021,600	(175,448,000)	(34.8%)
Labor & Economic Opportunity	3,250,153,600	2,305,571,500	(944,582,100)	(29.1%)	1,699,121,500	(606,450,000)	(26.3%)
Legislative Auditor General	20,769,400	21,951,100	1,181,700	5.7%	21,951,100	0	0.0%
Legislature	186,648,200	183,999,900	(2,648,300)	(1.4%)	183,999,900	0	0.0%
Licensing & Regulatory Affairs	472,156,600	466,318,600	(5,838,000)	(1.2%)	456,975,000	(9,343,600)	(2.0%)
Military & Veterans Affairs	220,750,800	355,164,200	134,413,400	60.9%	220,158,200	(135,006,000)	(38.0%)
Natural Resources	464,138,300	533,949,100	69,810,800	15.0%	485,042,400	(48,906,700)	(9.2%)
School Aid	16,978,110,700	18,356,039,200	1,377,928,500	8.1%	17,966,839,200	(389,200,000)	(2.1%)
State	232,164,300	236,264,000	4,099,700	1.8%	236,264,000	0	0.0%
State Police	836,329,800	796,476,600	(39,853,200)	(4.8%)	787,082,400	(9,394,200)	(1.2%)
Tech., Mgmt. & Budget: Operations	419,888,300	575,543,500	155,655,200	37.1%	374,543,500	(201,000,000)	(34.9%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	5,425,810,700	6,296,825,100	871,014,400	16.1%	6,093,877,100	(202,948,000)	(3.2%)
Treasury: Operations	1,138,162,400	778,748,100	(359,414,300)	(31.6%)	667,261,100	(111,487,000)	(14.3%)
Treasury: Debt Service	99,064,000	100,084,100	1,020,100	1.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,412,735,300	1,490,130,200	77,394,900	5.5%	1,507,442,100	17,311,900	1.2%
TOTAL	\$70,914,965,900	\$72,917,591,400	\$2,002,625,500	2.8%	\$70,056,784,100	(\$2,860,807,300)	(3.9%)

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**TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2022-23 and FY 2023-24 Executive Recommendation Compared with FY 2021-22 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2021-22</u>	<u>Exec. Rec. FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>		<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>	
Agriculture & Rural Development	\$97,366,900	\$107,439,800	\$10,072,900	10.3%	\$65,939,800	(\$41,500,000)	(38.6%)
Attorney General	43,056,000	60,044,800	16,988,800	39.5%	45,044,800	(15,000,000)	(25.0%)
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	14,607,300	18,633,500	4,026,200	27.6%	14,981,600	(3,651,900)	(19.6%)
Community Colleges	0	0	0	--	0	0	--
Corrections	2,005,369,400	2,095,108,300	89,738,900	4.5%	2,040,108,300	(55,000,000)	(2.6%)
Education	102,508,100	98,541,500	(3,966,600)	(3.9%)	98,181,500	(360,000)	(0.4%)
Environment, Great Lakes, & Energy	153,375,400	218,280,700	64,905,300	42.3%	77,585,800	(140,694,900)	(64.5%)
Executive Office	7,318,600	7,708,600	390,000	5.3%	7,708,600	0	0.0%
Health and Human Services	5,448,429,200	6,456,860,100	1,008,430,900	18.5%	5,917,312,600	(539,547,500)	(8.4%)
Higher Education	1,317,821,500	1,382,300,200	64,478,700	4.9%	1,306,008,500	(76,291,700)	(5.5%)
Insurance & Financial Services	0	6,000,000	6,000,000	--	0	(6,000,000)	(100.0%)
Judiciary	209,280,900	394,346,000	185,065,100	88.4%	218,898,000	(175,448,000)	(44.5%)
Labor & Economic Opportunity	1,517,995,600	881,925,400	(636,070,200)	(41.9%)	276,225,400	(605,700,000)	(68.7%)
Legislative Auditor General	18,598,900	19,621,800	1,022,900	5.5%	19,621,800	0	0.0%
Legislature	181,535,400	178,605,900	(2,929,500)	(1.6%)	178,605,900	0	0.0%
Licensing & Regulatory Affairs	184,195,900	188,593,500	4,397,600	2.4%	182,593,500	(6,000,000)	(3.2%)
Military & Veterans Affairs	78,758,800	145,865,000	67,106,200	85.2%	73,250,000	(72,615,000)	(49.8%)
Natural Resources	48,612,500	95,775,700	47,163,200	97.0%	48,419,000	(47,356,700)	(49.4%)
School Aid	85,400,000	108,200,000	22,800,000	26.7%	67,700,000	(40,500,000)	(37.4%)
State	12,435,600	13,746,600	1,311,000	10.5%	13,746,600	0	0.0%
State Police	527,822,500	555,905,100	28,082,600	5.3%	546,510,900	(9,394,200)	(1.7%)
Tech., Mgmt. & Budget: Operations	286,174,500	444,638,400	158,463,900	55.4%	243,638,400	(201,000,000)	(45.2%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	231,570,600	0	0.0%	231,570,600	0	0.0%
Transportation	0	279,900,000	279,900,000	--	0	(279,900,000)	(100.0%)
Treasury: Operations	241,014,200	219,591,800	(21,422,400)	(8.9%)	129,591,800	(90,000,000)	(41.0%)
Treasury: Debt Service	99,064,000	100,084,100	1,020,100	1.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	433,000	0	(433,000)	(100.0%)	0	0	--
TOTAL	\$12,912,744,800	\$14,309,287,400	\$1,396,542,600	10.8%	\$11,903,327,500	(\$2,405,959,900)	(16.8%)

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2022-23 GF/GP</u>
Agriculture & Rural Development	\$41,500,000
Attorney General	15,000,000
Civil Rights	3,651,900
Corrections	55,000,000
Education	360,000
Environment, Great Lakes, & Energy	140,694,900
Health and Human Services	523,087,700
Higher Education	76,291,700
Insurance & Financial Services	6,000,000
Judiciary	175,448,000
Labor & Economic Opportunity	605,700,000
Licensing & Regulatory Affairs	6,000,000
Military & Veterans Affairs	72,615,000
Natural Resources	47,356,700
State Police	9,394,200
Tech., Mgmt. & Budget: Operations	201,000,000
Transportation	279,900,000
Treasury: Operations	90,000,000
TOTAL: ONE-TIME APPROPRIATIONS	\$2,349,000,100

**TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2022-23 Executive Recommendation Compared with FY 2021-22 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2021-22</u>	<u>Executive Recommendation FY 2022-23</u>	<u>Difference FY 2022-23 vs. FY 2021-22</u>	
Agriculture & Rural Development	527.0	537.0	10.0	1.9%
Attorney General	547.4	555.9	8.5	1.6%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	115.0	115.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,500.4	13,514.4	14.0	0.1%
Education	622.5	632.5	10.0	1.6%
Environment, Great Lakes, & Energy	1,467.0	1,543.0	76.0	5.2%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,587.5	15,800.5	213.0	1.4%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	378.5	387.5	9.0	2.4%
Judiciary	524.0	534.0	10.0	1.9%
Labor & Economic Opportunity	2,588.9	2,623.9	35.0	1.4%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,857.9	1,874.9	17.0	0.9%
Military & Veterans Affairs	1,063.5	1,064.5	1.0	0.1%
Natural Resources	2,360.9	2,418.8	57.9	2.5%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,602.0	10.0	0.6%
State Police	3,695.0	3,767.0	72.0	1.9%
Tech., Mgmt. & Budget: Operations	3,147.0	3,183.0	36.0	1.1%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,942.3	3,142.3	200.0	6.8%
Treasury: Operations	1,934.5	1,990.5	56.0	2.9%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	54,540.5	55,375.9	835.4	1.5%

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

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

FY 2022-23 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	\$152,146,200	\$15,800,000	10.4%
Attorney General	80,831,500	0	0.0%
Capital Outlay	0	0	--
Civil Rights	18,692,000	0	0.0%
Community Colleges	470,028,400	470,028,400	100.0%
Corrections	2,124,940,100	124,615,400	5.9%
Education	108,461,200	18,327,700	16.9%
Environment, Great Lakes, & Energy	545,635,600	30,716,000	5.6%
Executive Office	7,708,600	0	0.0%
Health and Human Services	9,448,788,200	1,898,726,500	20.1%
Higher Education	1,730,188,500	0	0.0%
Insurance & Financial Services	78,581,900	0	0.0%
Judiciary	488,781,300	149,059,200	30.5%
Labor & Economic Opportunity	1,127,845,800	252,274,900	22.4%
Legislative Auditor General	21,951,100	0	0.0%
Legislature	183,571,600	0	0.0%
Licensing & Regulatory Affairs	436,659,400	169,417,400	38.8%
Military & Veterans Affairs	164,659,900	4,386,500	2.7%
Natural Resources	433,279,900	10,971,400	2.5%
School Aid	16,164,795,700	15,788,938,300	97.7%
State	234,753,900	1,417,200	0.6%
State Police	709,732,800	19,407,000	2.7%
Tech., Mgmt. & Budget: Operations	567,857,700	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	231,570,600	0	0.0%
Transportation	4,183,671,600	2,384,253,600	57.0%
Treasury: Operations	740,536,800	330,174,900	44.6%
Treasury: Debt Service	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,490,130,200	1,490,130,200	100.0%
TOTALS APPROPRIATED	\$42,045,884,600	\$23,158,644,600	55.1%

FY 2022-23

Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$320,000	\$326,700	\$6,700	2.1
Federal	13,599,800	19,670,900	6,071,100	44.6
Local	0	0	0	--
Private	71,300	21,300	(50,000)	(70.1)
Restricted	44,327,300	44,706,400	379,100	0.9
GF/GP	97,366,900	107,439,800	10,072,900	10.3
Gross	\$155,685,300	\$172,165,100	\$16,479,800	10.6
FTEs	527.0	537.0	10.0	1.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Emergency Management – Preparedness, Readiness, Response	FTE 4.0	4.0
Provides ongoing increase of \$1.6 million GF/GP to the Emergency Management program in order to build capacity to prepare for and respond to emergency events affecting the food supply chain – from animal disease readiness to contamination of food and feed; increases program staffing authorization from 4.0 to 8.0 FTE positions.	Gross \$1,320,700	\$1,600,000
	Federal 447,400	0
	GF/GP \$873,300	\$1,600,000
2. Animal Industry – Animal Welfare/Veterinary Care Program	FTE 62.0	0.0
Includes \$650,000 GF/GP baseline increase to support Michigan licensed animal shelters; specifically, to fund veterinarians and other animal care workers at those shelters.	Gross \$9,623,100	\$1,150,000
	Federal 2,817,600	500,000
	Restricted 7,389,900	0
	GF/GP \$7,317,100	\$650,000
3. Animal Industry – CWD Study	FTE 85.0	6.0
Includes \$500,000 increased federal spending authority in anticipation of USDA grant funding for biological studies of Chronic Wasting Disease (CWD), a neurological disease of deer and other cervids	Gross \$14,172,100	\$1,170,000
	Federal 1,281,100	0
	Private 21,300	0
	Restricted 7,633,100	0
	GF/GP \$5,236,600	\$1,170,000
4. Pesticide Safety/Worker Protection	FTE 85.0	6.0
Increases Pesticide and Plant Pest Management (PPPM) program support by \$1.2 million GF/GP, and program staffing by 6.0 FTE positions, for targeted program to help protect agricultural workers from pesticide exposure. Program elements include education, compliance assistance, and enforcement.	Gross \$14,172,100	\$1,170,000
	Federal 1,281,100	0
	Private 21,300	0
	Restricted 7,633,100	0
	GF/GP \$5,236,600	\$1,170,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Climate Action/Reforestation in Northern Michigan	FTE	9.0	0.0
Recognizes \$5.4 million federal USDA grant funding to support a reforestation project – the planting of 5 million native hardwood trees and conifers – on private and state-owned land in the Northern Lower Peninsula. The additional funding would be included in the ongoing Qualified Forest Program line item.	Gross	\$2,651,700	\$5,400,000
	Federal	0	5,400,000
	Restricted	1,080,100	0
	GF/GP	\$1,571,600	\$0
6. Economic Development for Food and Agriculture Industries	Gross	\$0	\$30,000,000
Includes \$30.0 million GF/GP (one-time) for a new program targeted at supply chain, infrastructure, and workforce issues of Michigan agriculture as affected by the COVID-19 pandemic. The program will also address environmental issues in food processing facilities, and will also support domestic agricultural marketing programs.	GF/GP	\$0	\$30,000,000
7. Office of Rural Development – General Fund Grants	Gross	\$0	\$10,000,000
Includes \$10.0 million GF/GP (one-time) for a new program, administered by the Office of Rural Development, to provide grants to rural communities, related to economic development, workforce development, affordable housing, infrastructure, education, and high-speed internet access.	GF/GP	\$0	\$10,000,000
8. Buy Michigan Campaign	Gross	\$0	\$1,000,000
Includes \$1.0 million GF/GP (one-time) for a campaign to support Michigan-grown agricultural products.	GF/GP	\$0	\$1,000,000
9. Community Support Agriculture Program	Gross	\$0	\$500,000
Includes \$500,000 GF/GP (one-time) to assist in bringing fresh fruits and vegetables to Michigan families facing food insecurity.	GF/GP	\$0	\$500,000
10. Back Out FY 2021-22 One-Time GF/GP	Gross	\$36,055,000	(\$36,055,000)
A number of FY 2021-22 one-time GF/GP appropriation line items were not included in the Governor’s FY 2022-23 funding proposal. Those FY 2021-22 one-time items were: Agricultural Nutrient Best Management Voluntary Practices, \$25.0 million; Agriculture Equine Industry Development Fund deposit, \$3.2 million; Bovine TB Quarantine Producer reimbursement, \$400,000; grants to County Fairs and Expositions, \$1.2 million; Fair Food Network/Double Up Food Bucks, \$1.1 million; Farm Innovation Grants, \$3.2 million; Farm Stress, \$225,000; and local conservation districts, \$1.0 million.	GF/GP	\$36,055,000	(\$36,055,000)
Note that ongoing GF/GP funding for Fair Food Network/Double Up Food Bucks, \$900,000; local conservation districts, \$2.0 million; and grants to County Fairs and Expositions, \$500,000 would be unchanged in the Governor’s proposed budget.			
11. Economic Adjustments	Gross	NA	\$1,714,800
Reflects increased costs of \$1.7 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	IDG	NA	6,700
	Federal	NA	121,100
	Restricted	NA	379,100
	GF/GP	NA	\$1,207,900

Major Boilerplate Changes from FY 2021-22

Sec. 210. Contingency Authorizations/Transfers – REVISED

Increases contingent federal and state spending authority, to \$5.0 million, and \$6.0 million, respectively, that may be transferred into this budget through process defined in Section 393(2) of the Management and Budget Act.

Major Boilerplate Changes from FY 2021-22

Sec. 215. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 216. Report on FTE Positions and Remote Work – DELETED

Deletes reporting requirement on staffing levels in relation to FTE authorization, employees authorized to work remotely, and related cost savings.

Sec. 217. Use of Work Project – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 218. State Administrative Board Transfers – DELETED

Deletes section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 219. Record Retention – DELETED

Deletes section that requires department to retain reports funded from part 1 appropriations and which established record retention guidelines

Sec. 220. Impact of New Legislation – DELETED

Deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 221. Severance Pay Report – DELETED

Deletes new reporting requirements related to severance pay paid to department personnel upon the termination of employment.

Sec. 222. Restrictions on Covid-19 Passport – DELETED

Deletes section that established restrictions on the use of COVID-19 "passports" to document vaccination status.

Sec. 900. Office of Rural Development Grant Program – NEW

Defines the new one-time \$10.0 million GF/GP Office of Rural Development grant program; directs the department to establish a grant program "to support community activities," including enhancing or elevating broadband, housing, infrastructure, education, workforce development and other needs of rural areas in Michigan; authorizes an additional 3.0 FTE (limited term) positions [not included in part 1 line item detail], to administer the program; establishes the program as a work project in accordance with the Management and Budget Act.

Sec. 901. Economic Development for Food and Agriculture Industries – NEW

Defines the new one-time \$30.0 million GF/GP Office of Rural Development grant program; directs the department to establish a grant program "to support the food supply chain from Michigan farms and improve food safety and security in Michigan;" authorizes an additional 8.0 FTE (limited term) positions [not included in part 1 line item detail], to administer the program; establishes the program as work project in accordance with the Management and Budget Act.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	431,417,000	470,028,400	38,611,400	8.9
GF/GP	0	0	0	--
Gross	\$431,417,000	\$470,028,400	\$38,611,400	8.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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.

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
1. Community College Operations Increase	Gross \$328,583,400	\$28,825,000
Includes a net increase of \$28.8 million School Aid Fund (SAF) for community college operations, an 8.8% increase. This includes:	Restricted 328,583,400	28,825,000
	GF/GP \$0	\$0
<ul style="list-style-type: none"> \$32.4 million SAF (\$16.2 million SAF ongoing and \$16.2 million SAF one-time), or 10.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula. Removal of \$3.2 million SAF of FY 2021-22 one-time operations funding. \$306,500 SAF decrease based on FY 2020-21 North American Indian Tuition Waiver program costs reported by institutions. 		
Projected funding increases for individual community colleges would range from 7.9% to 14.2%. Total funding for operations would be \$357.4 million SAF.		
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross \$87,200,000	\$5,400,000
Increases funding by \$5.4 million SAF for the state's share of community colleges' MPERS UAAL, a 6.2% 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 \$92.6 million SAF.	Restricted 87,200,000	5,400,000
	GF/GP \$0	\$0

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
3. MPSERS Offset	Gross	\$1,733,600	\$5,286,400
Increases funding by \$5.3 million SAF for the community colleges' MPSERS offset payment, a 304.9% increase, which assists in offsetting a portion of the contributions owed to MPSERS by community colleges. The increase would equalize the offset for community colleges with the K-12 school district MPSERS offset. Total funding for the MPSERS offset would be \$7.0 million SAF.	Restricted	1,733,600	5,286,400
	GF/GP	\$0	\$0
4. MPSERS Normal Cost Offset	Gross	\$11,700,000	(\$900,000)
Decreases funding by \$900,000 SAF for the community colleges' MPSERS normal cost offset, a 7.7% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPSERS normal cost offset would be \$10.8 million SAF.	Restricted	11,700,000	(900,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2021-22

Sec. 201e. FY 2022-23 One-Time Performance Funding Payment Detail – REVISED

Details the FY 2020-21 one-time operational support payment. Revises language that details the FY 2022-23 one-time performance funding 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. Deletes requirement that the state budget director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements.

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. Also requires colleges to provide current fiscal year budget information to the state budget director. Deletes requirement to submit information to the state budget director. 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. 210g. Bachelor of Science in Nursing Articulation Agreements Reporting – DELETED

Deletes language that requires community colleges seeking articulation agreements with universities on a bachelor of science in nursing to report on the summary of efforts on establishing articulation agreements with public or independent universities.

Sec. 210h. Community College COVID-19 Vaccination Exemption Requirement – DELETED

Deletes language that details exemptions and reporting requirements that community colleges must provide to students if a campus mandatory vaccine policy is implemented.

Major Boilerplate Changes from FY 2021-22

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.

Sec. 226b. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires community colleges to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

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. 226e. Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds language that states a goal is set of 60% of Michigan residents achieve a post-secondary credential, certification or degree by 2030.

Sec. 226g. Campus Advocacy Policy – DELETED

Deletes language that requires community colleges adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

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 performance formula payments are distributed using the formula.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>	
1. Infrastructure, Technology, Equipment, and Maintenance (ITEM) Funding	Gross	\$58,507,600
Includes \$58.5 million GF/GP for ITEM. The funds would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual community college allocations would be distributed based on calculated FY 2020-21 fiscal year equated student (FYES) enrollment.	GF/GP	\$58,507,600

COMMUNITY COLLEGES

**FY 2022-23 Community Colleges Operations Appropriations
Executive Recommendation**

% of Formula:		30%	10%	10%	10%	30%	5%	5%							
FY 2021-22 Indian Tuition Waiver Payment	FY 2021-22 Base Appropriation	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	One-Time Operational Support Payment	FY 2022-23 Appropriation	% Change	
Alpena	\$23,900	\$5,753,300	\$86,306	\$33,844	\$19,850	\$41,774	\$45,741	\$31,583	\$14,384	\$273,500	(10,200)	\$13,700	\$273,500	\$6,314,000	9.3%
Bay de Noc	111,600	5,602,800	84,049	27,020	19,431	41,939	54,869	32,863	14,008	274,200	(1,900)	109,700	274,200	6,260,900	9.6%
Delta	60,100	15,160,500	227,426	60,647	73,006	78,535	214,186	36,042	37,904	727,700	(19,900)	40,200	727,700	16,656,100	9.4%
Glen Oaks	0	2,651,200	39,771	24,191	9,453	29,945	36,460	4,465	6,629	150,900	0	0	150,900	2,953,000	11.4%
Gogebic	52,000	4,873,700	73,111	38,059	11,271	41,693	32,519	20,761	12,185	229,600	(9,500)	42,500	229,600	5,375,400	9.1%
Grand Rapids	198,600	18,773,100	281,619	78,881	106,940	93,361	352,331	32,987	46,936	993,100	(14,200)	184,400	993,100	20,943,700	10.4%
Henry Ford	15,000	22,533,100	338,023	108,645	130,163	90,140	409,156	34,545	56,337	1,167,000	16,300	31,300	1,167,000	24,898,400	10.4%
Jackson	46,200	12,756,200	191,358	52,368	41,221	51,029	140,543	30,495	31,893	538,900	(3,600)	42,600	538,900	13,876,600	8.4%
Kalamazoo Valley	86,100	13,099,900	196,514	70,102	60,425	71,099	209,497	35,782	32,752	676,200	(29,500)	56,600	676,200	14,508,900	10.0%
Kellogg	51,300	10,267,100	154,019	46,551	46,987	60,061	117,975	36,017	25,670	487,300	(24,300)	27,000	487,300	11,268,700	9.2%
Kirtland	6,500	3,358,400	50,380	53,484	15,919	13,435	49,765	28,128	8,397	219,500	16,600	23,100	219,500	3,820,500	13.5%
Lake Michigan	13,100	5,702,700	85,547	25,419	23,153	22,813	83,351	21,193	14,258	275,700	(700)	12,400	275,700	6,266,500	9.6%
Lansing	122,700	32,852,000	492,819	136,702	135,405	150,169	349,510	30,111	82,137	1,376,900	(12,400)	110,300	1,376,900	35,716,100	8.3%
Macomb	23,300	34,276,100	514,182	148,752	133,448	155,709	564,717	33,287	85,697	1,635,800	15,200	38,500	1,635,800	37,586,200	9.6%
Mid-Michigan	153,900	5,184,400	77,772	28,039	20,305	20,739	90,621	23,285	12,962	273,700	(56,300)	97,600	273,700	5,829,400	9.2%
Monroe County	700	4,746,200	71,199	27,463	22,838	18,986	74,181	30,848	11,866	257,400	700	1,400	257,400	5,262,400	10.9%
Montcalm	4,800	3,570,600	53,563	14,284	20,672	14,284	47,520	29,047	8,927	188,300	3,700	8,500	188,300	3,955,700	10.6%
Mott	41,000	16,440,000	246,620	65,765	62,522	65,765	146,708	29,826	41,103	658,300	(12,200)	28,800	658,300	17,785,400	7.9%
Muskegon	57,500	9,289,100	139,348	51,673	34,511	55,544	107,175	32,824	23,225	444,300	(15,500)	42,000	444,300	10,219,700	9.3%
North Central	181,200	3,389,300	50,844	21,496	18,487	31,496	66,323	29,500	8,474	226,600	(17,300)	163,900	226,600	4,006,400	12.2%
Northwestern	251,200	9,567,100	143,518	47,892	31,540	57,719	107,955	27,118	23,920	439,700	(95,700)	155,500	439,700	10,602,000	8.0%
Oakland	33,500	22,211,700	333,202	117,818	135,737	108,287	475,370	31,865	55,534	1,257,800	2,300	35,800	1,257,800	24,763,100	11.3%
Schoolcraft	38,800	13,196,200	197,959	59,029	81,236	70,373	268,588	33,148	32,993	743,300	(17,600)	21,200	743,300	14,704,000	11.1%
Southwestern	34,100	6,979,400	104,699	90,531	19,815	27,920	66,431	26,588	17,450	353,400	(7,000)	27,100	353,400	7,713,300	10.0%
St. Clair County	15,100	7,385,200	110,787	30,597	47,040	49,643	118,605	26,272	18,464	401,400	3,500	18,600	401,400	8,206,600	10.9%
Washtenaw	35,300	13,855,900	207,855	67,584	206,350	75,221	368,423	35,370	34,643	995,400	(11,600)	23,700	995,400	15,870,400	14.2%
Wayne County	15,000	17,593,400	263,922	70,379	80,310	70,379	225,789	27,979	43,987	782,700	(6,400)	8,600	782,700	19,167,400	8.9%
West Shore	20,200	2,585,600	38,787	21,184	10,362	10,343	30,888	17,269	6,465	135,400	1,000	21,200	135,400	2,877,600	10.4%
	\$1,692,700	\$323,654,200	\$4,855,200	\$1,618,400	\$1,618,400	\$1,618,400	\$4,855,200	\$809,200	\$809,200	\$16,184,000	(\$306,500)	\$1,386,200	\$16,184,000	\$357,408,400	9.9%

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2018-2020
Performance completion number	Federal IPEDS	FYs 2018-2020
Performance completion rate	CEPI	FYs 2018-2020
Contact hours	State MCCDI	FY 2021
Administrative	State MCCDI	FYs 2020-2021

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 CORRECTIONS

Analyst: Robin R. Risko

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	5,364,100	5,148,400	(215,700)	(4.0)
Local	9,646,100	9,879,500	233,400	2.4
Private	0	0	0	--
Restricted	45,493,400	29,831,800	(15,661,600)	(34.4)
GF/GP	2,005,369,400	2,095,108,300	89,738,900	4.5
Gross	\$2,065,873,000	\$2,139,968,000	\$74,095,000	3.6
FTEs	13,500.4	13,514.4	14.0	0.1

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 27 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, 2022, the department was responsible for 73,809 offenders: 32,169 prisoners; 30,976 probationers; and 10,664 parolees. From 1 year ago, the total number of offenders decreased by 6,183, or by 7.7%. The number of prisoners decreased by 1,227, or 3.7%. The number of probationers decreased by 2,807, or 8.3%. The number of parolees decreased by 2,149, or 16.8%.

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Electronic Prisoner/Staff Communications	Gross	NA
Includes \$30.0 million in one-time GF/GP to convert the current paper "kite" system to an electronic "kite" system. "Kites" are written requests made by prisoners and submitted to staff. Requests include healthcare services, prescription refills, requests related to prisoner programming, prisoner grievances, requests for information about prisoner accounts, and questions about daily schedules. Currently, over 1 million paper "kites" are sent by prisoners to staff each year. This project would help modernize IT within facilities, improve operations, enhance prisoner access opportunities, and streamline staff tasks. Of the \$30.0 million, \$25.0 million would be used to expand secure Wi-Fi networks at each correctional facility and \$5.0 million would be used to provide prisoners with tablets to use to file requests, perform tasks, and receive communications.	GF/GP	NA
		\$30,000,000
		\$30,000,000

CORRECTIONS

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
2. John and Jane Does v Department of Corrections Settlement		
Includes \$15.0 million in one-time GF/GP to make the last payment of the <i>John and Jane Does v Department of Corrections</i> settlement agreement. The payment will be made on October 15, 2022. 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. It was agreed that the settlement would be paid out in 4 installments.	Gross GF/GP	NA NA
		\$15,000,000 \$15,000,000
3. Live Tracking of Prisoner Movement		
Includes \$10.0 million in one-time GF/GP to support enhancement of the current prisoner movement and tracking system, which would allow staff to proactively monitor prisoner movement, would include the ability to recall data, and would provide automatic alerts for restrictions. Currently, prisoner tracking is a reactive paper printout system requiring manual checks. Live tracking would consist of embedding radio-frequency identification chips into tamper-resistant wrist bands that would be worn by prisoners. The bands would enable staff to track prisoner locations in real time.	Gross GF/GP	NA NA
		\$10,000,000 \$10,000,000
4. Appropriate GF/GP to Replace Revenue Received from Prisoner Telephone Charges		
Includes \$14.8 million GF/GP to replace state restricted Program and Special Equipment Fund revenue. Currently, revenue is derived from fees paid by prisoners for use of telephone services. Prisoners are charged a base per minute call rate and a portion of the revenue collected pays the contract vendor for providing telephone services and a portion of the revenue is deposited into the Program and Special Equipment Fund. According to the contract, \$11.0 million is deposited annually. The funding is used, primarily, to support prisoner education and offender success programs administered by the department. Eliminating fees charged to prisoners would require another funding mechanism to continue financial support for prisoner education and offender success programming.	Gross Restricted GF/GP	\$14,778,900 14,778,900 \$0
		\$0 (14,778,900) \$14,778,900
5. Temporary Nursing Staff Contract Rate Increases		
Includes \$3.7 million GF/GP to cover annual contract rate increases for temporary nursing staff. Temporary nursing contracts are experiencing substantial increases due to market factors driven by supply and demand. Contract rates for RN's have increased between 66% and 95% and contract rates for LPN's have increased between 67% and 92%.	Gross GF/GP	NA NA
		\$3,721,100 \$3,721,100
6. Information Management System Maintenance and Support		
Includes \$1.2 million GF/GP and authorizes an additional 10.0 FTE positions to support development, implementation, and ongoing maintenance of the new Corrections Offender Management System (COMS) and to support HR legacy system replacement for non-offender human resource systems. COMS is used for research and statistical analysis, offender treatment program evaluation, offender population projections, and management of the department's information systems. The non-offender human resource system is used for employee management, training, internal affairs, overtime equalization, personnel transactions, fixed assets, user access security, and litigation support. Additional responsibilities in these areas have pulled staff resources away from program evaluation needs. Additional staff is needed to help re-focus departmental research efforts.	FTE Gross GF/GP	NA NA NA
		10.0 \$1,195,500 \$1,195,500

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
7. Cost Increase for Statewide Security Services	Gross	NA
Includes \$244,400 GF/GP to cover increased costs of security staff provided through a contract with DK Security, which is administered by DTMB. Hourly minimum wage for security staff was increased statewide. The Department of Corrections is responsible for covering increased costs for security staff in parole and probation offices around the state and at the Grandview Plaza headquarters building in downtown Lansing.	GF/GP	NA
		\$244,400
		\$244,400
8. City of Jackson Water and Sewer Rate Increases	Gross	NA
Includes \$212,000 GF/GP to cover costs of a 12% increase in water rates and a 4% increase in sewer rates effective July 2021. The City of Jackson indicates that much of the cost is attributable to lead service line replacements along with deficiencies found by DEGLE in wastewater treatment plant practices. These rate increases will impact the four correctional facilities located in the Jackson area.	GF/GP	NA
		\$212,000
		\$212,000
9. Eliminate Public Works	Gross	\$1,000,000
Eliminates authorization to receive \$1.0 million in state restricted Public Works User Fees. Funding authorization has been included in the budget for quite some time, though user fees have not been collected in many years. Boilerplate section 220 authorizes receipt of public works user fees should the program be utilized.	Restricted	1,000,000
	GF/GP	\$0
		(\$1,000,000)
		(1,000,000)
		\$0
		\$0
10. Eliminate Federal RSAT Fund Source	Gross	\$250,200
Eliminates authorization to receive \$250,200 in federal Residential Substance Abuse Treatment funding. Authorization has been included in the budget for quite some time, though federal funding has not been awarded in many years.	Federal	250,200
	GF/GP	\$0
		(\$250,200)
		(250,200)
		\$0
		\$0
11. Local Corrections Officer Training Fund	Gross	\$100,000
Eliminates the \$100,000 appropriation of state restricted Local Corrections Officer Training Fund revenue which is received by the department from county jails and is used to support the Sheriffs' Coordinating and Training Council. The appropriation is eliminated due to implementation of GASB 84 accounting standards and requirements concerning fiduciary fund activity and reporting by state and local governments. Boilerplate section 306 authorizes the appropriation and enables the department to continue its' responsibilities under the Local Corrections Officer Training Act, 2003 PA 125.	Restricted	100,000
	GF/GP	\$0
		(\$100,000)
		(100,000)
		\$0
		\$0
12. Offender Risk Evaluation Unit	FTE	NA
Includes authorization for 4.0 FTE positions for the department to create an Offender Risk Evaluation Unit as part of the Office of Research and Planning. Funding to support the new unit, \$472,900 GF/GP, would be transferred from the Offender Success Services line item to the Budget and Operations Administration line item.	Gross	NA
	GF/GP	NA
		4.0
		\$0
		\$0
13. Technical Adjustments	Gross	NA
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to more accurately reflect employee counts and to align funding authorization with department operations and activities.	GF/GP	NA
		\$0
		\$0

CORRECTIONS

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
14. Eliminate Current Year One-Time Funding	Gross	\$27,050,000	(\$27,050,000)
Reduces the budget by \$27.1 million GF/GP to reflect elimination of one-time funding included in the FY 2021-22 budget. Eliminated funding includes: \$1.5 million for the Chance for Life program, \$250,000 for Goodwill Flip the Script, \$25.0 million for the third payment of the <i>John and Jane Does v Department of Corrections</i> settlement agreement, and \$300,000 for the Prosperity Region 8 Pilot program.	GF/GP	\$27,050,000	(\$27,050,000)
15. Economic Adjustments	Gross	NA	\$42,122,200
Reflects increased costs of \$42.1 million Gross (\$41.6 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), overtime, longevity, insurance, actuarially required retirement contributions, worker's compensation, building occupancy charges, food, fuel, and utilities, and other economic adjustments.	Federal	NA	34,500
	Local	NA	233,400
	Restricted	NA	217,300
	GF/GP	NA	\$41,637,000

Major Boilerplate Changes from FY 2021-22

Notes:

- 1) The executive revises due dates of reports and the frequency of report submissions in the following current year boilerplate sections: 209, 307, 312, 425, 802, 804, 807, 903, 904, 912, 913, 930, and 1009.
- 2) The executive rearranges and renumbers the following current year boilerplate sections in order to align these sections with appropriation sections: current year section 401 is 319 in executive recommendation; 405 is 814; 407 is 321; 408 is 323; 414 is 325; 419 is 327; 422 is 619; 907 is 430; 1009 is 948; 1011 is 950; and 1013 is 433.
- 3) The executive recommends including a new section of boilerplate, section 248, that lists a standard group of recipients of all reports required by boilerplate. The executive deletes repeated lists of report recipients currently included in roughly 50 sections of boilerplate.

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. (Governor deemed this section unenforceable in FY 2021-22.)

Sec. 210. Contingency Authorization – REVISED

Authorizes up to \$2.5 million in federal contingency funds to be appropriated; authorizes expenditure of funds after legislative transfer to specific line items. Revised to authorize 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 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 report on number of full-time positions authorized compared to 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. 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 State Administrative Board transfers funds. (Governor deemed this section unenforceable in FY 2021-22.)

Major Boilerplate Changes from FY 2021-22**Sec. 219. Prison Telephone Contract and Program and Special Equipment Fund – DELETED**

Requires prisoner telephone service contract to contain a condition that prisoner telephone fees be the same as those applying outside of institutions, except for surcharges needed to meet program and special equipment costs; requires not less than 75% of revenue from fees charged to prisoners to be used for prisoner programming, special equipment, and security projects; authorizes carry forward of unexpended revenue; requires report on revenues and expenditures.

Sec. 221. Receipt and Retention of Reports – DELETED

Requires MDOC to follow federal and state guidelines for short- 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. 223. Severance Pay for Department Officials – DELETED

Requires MDOC to report on any amounts of severance pay agreed to for a department director, deputy director, or other high-ranking department official; requires report to include name of official and amount of severance pay; requires MDOC to maintain an internet site that posts any severance pay in excess of 6 weeks of wages for any former department employee receiving severance pay; requires report on total amount of severance pay remitted and total number of former employees that were remitted severance pay during prior fiscal year; defines “severance pay” to mean compensation that is both payable or paid upon the termination of employment and in addition to either wages or benefits earned during the course of employment or generally applicable retirement benefits.

Sec. 224. COVID-19 Vaccine Protocol – DELETED

Prohibits any department, agency, board, commission, or public officer that receives funding from doing the following: requiring an individual to provide proof of receiving a COVID-19 vaccine as a condition of accessing state services or facilities, except as provided by federal law or as a condition of receiving federal Medicare or Medicaid funding; producing, developing, or issuing a COVID-19 vaccine passport; developing a database or making any existing database publicly available to access an individual's COVID-19 vaccine status by any person, company, or governmental entity; requiring as a condition of employment that an employee or official provide proof that he or she has received a COVID-19 vaccine; subjecting any individual to negative employment consequences, retaliation, or retribution because of their vaccine status. Transmitting proof of vaccine status is not prohibited if the individual provides affirmative consent. Requires exemptions to be provided to the following individuals if a vaccine policy is required due to a federal mandate: individual for whom a physician certifies that a vaccine is or may be detrimental to the individual's health and individual who provides a written statement to the effect that the requirements of the vaccine policy cannot be met because of religious convictions or other consistently held objections to immunization.

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. (*Governor deemed this section unenforceable in FY 2021-22.*)

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

Expresses legislative intent that MDOC maintain a management-to-staff ratio of not more than 1 supervisor for each 8 employees at central office in Lansing and at northern and southern region administration offices.

Sec. 248. Standard List of Report Recipients – NEW

Requires all reports required in boilerplate to be submitted to the Senate and House Appropriations Subcommittees on Corrections, the Senate and House Fiscal Agencies, the Legislative Corrections Ombudsman, and the State Budget Office, unless otherwise noted.

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 MDOC has for retention and improving employee wellness. Revised to delete all reporting details (retains only the requirement to report on staff retention strategies).

CORRECTIONS

Major Boilerplate Changes from FY 2021-22

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 report on process improvements made based on suggestions received; requires MDOC to give noncompensatory recognition to employees whose suggestions are implemented. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 306. Sheriffs' Coordinating and Training Office – REVISED

Lists allowable uses of funding appropriated for Sheriffs' Coordinating and Training Office (e.g., defray costs of continuing education, certification, recertification, decertification, training of local corrections officers, personnel and administrative costs, local corrections officers advisory board). Revised to require MDOC to provide fiduciary oversight of funds received under the Local Corrections Officer Training Act.

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

Requires MDOC to report on maintenance and utility costs, plans for capital improvement and associated costs, status of capital outlay project accounts, and expected future useful life for each correctional facility.

Sec. 313. New Employee Schools – REVISED

Requires MDOC to report on new employee schools, including number of schools that took place and location of each, number of recruits that started, number of recruits that graduated, number of recruits that continued employment with the department, and MDOC strategies to achieve a 5% or lower target corrections officer vacancy rate. Revised to delete reporting on strategies to achieve a 5% or lower target corrections officer vacancy rate; adds requirement that MDOC work to hire and train new corrections officers to address attrition and to decrease overtime costs.

Sec. 314. Staff Overtime Hours – DELETED

Requires MDOC to report on number of overtime hours worked by all custody staff, by facility, including 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. 316. New Custody Staff Training – DELETED

Requires MDOC to target new custody staff training at hiring a minimum of 800 corrections officers to address higher than normal attrition and to decrease overtime costs. *(Governor deemed this section unenforceable in FY 2021-22.)*

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. 402. Offender Success Expenditures – REVISED

Requires MDOC to report on actual prior-year and planned current-year offender success expenditures and allocations; authorizes MDOC to collect cash or in-kind donations to supplement funds for prison education training, supplies, and materials necessary to complete academic- and job skills-related programs. Revised to delete reporting on planned current-year offender success expenditures and allocations; appropriates funds received; authorizes expenditure of funds received.

Sec. 406. Wastewater Operator Certification Program – DELETED

Requires MDOC to conduct a study, in consultation with DEGLE, to determine feasibility of including prisoners nearing earliest release dates in the Wastewater Operator Certification program administered by DEGLE; requires report on feasibility of training and certifying prisoners to become water, drinking water, wastewater, and stormwater operators; if determined to not be feasible, requires report on reasons for infeasibility.

Sec. 413. Public Safety Initiative – REVISED

Requires Genesee County law enforcement agency to report on expenditures made from appropriation; requires report to include purpose for which expenditures were made, amounts of expenditures by purpose, specific services provided, and number of individuals served; authorizes Senate and House Subcommittees on Corrections to request Genesee County law enforcement agency to appear before subcommittees to discuss report. Revised to delete authorization for subcommittees to request Genesee County to appear before subcommittees to discuss report.

Major Boilerplate Changes from FY 2021-22**Sec. 417. Reports on Community Programs – DELETED**

Requires MDOC to report on any new initiatives aimed at controlling prison population growth and for each new initiative program objectives and outcome measures, number of offenders completing program, number of offenders successfully remaining in community 3 years following completion, expenditures, impact on jail utilization, impact on prison admissions, and other information relevant to evaluation of programs.

Sec. 418. State Identification/Birth Certificates/Military Documents for Returning Prisoners – REVISED

Requires MDOC to collaborate with other state entities to develop processes to assist prisoners with obtaining state identification, birth certificates, and military documents if applicable. Revised to require MDOC to establish and maintain policies and procedures that allow prisoners to obtain documents prior to parole or discharge.

Sec. 423. Michigan Restaurant Association - Job Placement – DELETED (See Sec. 424)

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

Sec. 424. Enhanced Food Technology Program – REVISED

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. Revised to require MDOC to collaborate with restaurant industry stakeholders to provide job placement assistance to individuals on probation and parole.

FIELD OPERATIONS ADMINISTRATION**Sec. 603. Curfew Monitoring Program Costs – DELETED**

Requires MDOC to administer curfew monitoring program intended to reduce prison admissions and improve jail utilization; requires MDOC to provide counties with curfew monitoring equipment and administrative oversight for a fee; prohibits access to program for counties with outstanding charges over 60 days.

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, descriptions of programs, comparison with prior year statistics, impact on prison admissions and jail utilization, 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 report on 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 that participated in reentry programs, and number of offenders that participated in substance abuse treatment programs, mental health programs, or both.

Sec. 617. Residential Alternative to Prison Program – REVISED

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for West Michigan probation violator population; lists specific metric goals. Revised to delete list of specific metric goals.

CORRECTIONAL FACILITIES ADMINISTRATION**Sec. 902. Notification of Elimination of Prisoner Programming – DELETED**

Requires MDOC to provide notice of plans to eliminate programming for prisoners at least 30 days prior to program elimination and defines “programming for prisoners” to mean a department core program or career and technical education program.

Sec. 911. Critical Incidents in Prisons – REVISED

Requires MDOC to report within 72 hours of occurrence, any critical incident occurring at a correctional facility; requires MDOC to report annually on number of critical incidents occurring each month by type and severity; defines “critical incidents” to mean prisoner assaults on staff that result in serious physical injury to staff, escapes and attempted escapes, prisoner disturbances that cause facility operation concerns, and unexpected deaths of prisoners. Revised to delete requirement that department report critical incidents within 72 hours of occurrence; deletes definition of “critical incidents”.

Major Boilerplate Changes from FY 2021-22

Sec. 913. Enrollment in and Completion of Various Programming – REVISED

Requires MDOC to focus on providing required programming to prisoners who are past their earliest release date because of not having received the required programming; programming includes violence prevention, assaultive offender, sexual offender, substance abuse treatment, thinking for a change, and any other programming that is required as a condition of parole; expresses legislative intent that prisoners who are required to complete programming be transferred to facilities where programming is available; requires MDOC, to the extent feasible, to consistently provide prisoner programming with the goal of having prisoners complete recommended cognitive programming as early as possible during their sentence; requires MDOC to report on prisoner enrollment and completion of programming, and on plans to address waiting lists for programming. Revised to delete expression of legislative intent that prisoners who are required to complete programming be transferred to facilities where programming is available; deletes requirement that MDOC, to the extent feasible, consistently provide prisoner programming with the goal of having prisoners complete recommended cognitive programming as early as possible during their sentence.

Sec. 920. Female Prisoner Labor and Delivery – DELETED

Requires MDOC to allow female prisoners to have one visitor present during labor and delivery; requires visitors to be immediate family members, legal guardians, spouses, or domestic partners; authorizes MDOC to deny access to visitors if there are safety concerns; authorizes MDOC to conduct criminal background checks on visitors.

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 facility and appropriate records by Auditor General and Legislative Corrections Ombudsman. *(Governor deemed this section unenforceable in FY 2021-22.)*

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 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 potential economic impact of prison closure on community where facility is located.

ONE-TIME APPROPRIATIONS

Sec. 1101. Chance for Life Program – DELETED

Requires funding to be allocated to organization that provides prison-based rehabilitation programming including educational, life skills, and behavioral modification programs; states objective of programming is to offer a progressive transformational program to individuals while in prison, in an effort to prepare them for successful transition back to community; states purpose of organization is to increase community safety by reducing recidivism through providing evidence-based mentoring, employment soft skills training, job placement assistance, and critical thinking skills, mediation, and conflict resolution training.

Sec. 1102. Prosperity Region 8 Pilot Program – DELETED

Requires MDOC to initiate pilot program to provide care management to parolees post-release which may include development of prerelease mental health discharge plans for parolees in Prosperity Region 8.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 EDUCATION (DEPARTMENT)

Analysts: Emily Hatch and Jacqueline Mullen

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,807,625,600	302,950,800	(1,504,674,800)	(83.2)
Local	5,870,300	5,878,600	8,300	0.1
Private	2,238,500	2,240,400	1,900	0.1
Restricted	9,785,400	9,919,700	134,300	1.4
GF/GP	102,508,100	98,541,500	(3,966,600)	(3.9)
Gross	\$1,928,027,900	\$419,531,000	(\$1,508,496,900)	(78.2)
FTEs	622.5	632.5	10.0	1.6

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. One-Time Childcare Funding Removal	Gross \$1,495,863,500	(\$1,495,863,500)
Reflects the one-time nature of \$1.5 billion federal in child care funding included in the FY 2021-22 budget.	Federal 1,495,863,500	(1,495,863,500)
	GF/GP \$0	\$0
2. Removal – Teacher Talent Pipeline	Gross \$10,000,000	(\$10,000,000)
Removes \$10.0 million federal COVID-19 Governor's Emergency Education Relief (GEER) II funds for a grant to an education-related nonprofit organization that supports a teacher talent pipeline through teacher recruitment, training, development and retention. This item was funded as one-time in FY 2021-22.	Federal 10,000,000	(10,000,000)
	GF/GP \$0	\$0
3. Removal – PRIME Schools	FTE 1.0	(1.0)
Removes \$6.0 million GF/GP and authorization for 1.0 FTE position for the SME Education Foundation's Partnership Response in Manufacturing Education (PRIME) initiative. Of the \$6.0 million, at least \$5.8 million was allocated for PRIME and up to \$200,000 and 1.0 FTE for the Department of Education to administer the initiative. This item was funded as one-time in FY 2021-22.	Gross \$6,000,000	(\$6,000,000)
	GF/GP \$6,000,000	(\$6,000,000)
4. Michigan School for the Deaf	Gross \$13,627,000	\$3,000,000
Provides \$3.0 million GF/GP to expand coordination, staff support, and training for the Michigan School for the Deaf.	Federal 7,550,600	0
	Local 5,870,300	0
	Restricted 206,100	0
	GF/GP \$0	\$3,000,000

EDUCATION (DEPARTMENT)

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Before and After School Programs	Gross	\$3,910,000	(\$2,810,000)
Provides \$1.1 million GF/GP for administration of, and supports for, before and after school programs. The majority of funding for before and after school programs is shifted to the School Aid budget for FY 2022-23.	GF/GP	\$3,910,000	(\$2,810,000)
6. Educator Recruitment, Attraction and Administration	FTE	48.0	4.0
Provides \$800,000 GF/GP and authorizes 4.0 FTE positions to fund staff to oversee the administration of educator recruitment and retention programs included in the School Aid budget.	Gross	\$9,458,700	\$800,000
	Federal	3,164,600	0
	Restricted	4,275,500	0
	GF/GP	\$2,018,600	\$800,000
7. Early Childhood Development Administration	FTE	65.0	6.0
Provides \$700,000 GF/GP and authorizes 6.0 FTE positions to support the expansion of the Great Start Readiness Program (GSRP), administration of great start collaboratives and the home visitation program under 32p of the School Aid Act, increased child care staff, and the administration of early childhood programming.	Gross	13,468,700	\$700,000
	Federal	11,308,600	0
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$1,845,500	\$700,000
8. Mental Health Administration	FTE	74.6	1.0
Provides \$200,000 and authorizes 1.0 FTE position to hire MDE staff and support and assist schools receiving mental health funding.	Gross	\$13,724,200	\$200,000
	Federal	\$12,621,800	0
	Restricted	71,700	0
	GF/GP	\$1,030,700	\$200,000
9. One-Time Appropriation – School Board Training Reimbursement	Gross	\$260,000	\$0
Retains \$260,000 GF/GP for school board member training reimbursement.	GF/GP	\$260,000	\$0
10. One-Time Appropriation – Michigan’s Poet Laureate	Gross	\$100,000	\$0
Retains \$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.	GF/GP	\$100,000	\$0
11. Roll Up – TEACH Scholarship	Gross	\$5,000,000	\$0
Includes a net \$0 change to roll the \$5.0 million federal TEACH Scholarship into the Child Development and Care contracted services line item.	Federal	5,000,000	0
	GF/GP	\$0	\$0
12. Economic Adjustments	Gross	NA	\$2,071,900
Reflects increased costs of \$2.1 million Gross (\$619,200 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,308,200
	Local	NA	8,300
	Private	NA	1,900
	Restricted	NA	134,300
	GF/GP	NA	\$619,200

Major Boilerplate Changes from FY 2021-22***Executive Boilerplate Deletions***

In general, the Executive Budget deletes a number of boilerplate sections included in the FY 2021-22 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)
- 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)
- Severance Pay Reporting (Sec. 225)
- Vaccine Passport (Sec. 227)
- Federal Accountability Plans (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Effectiveness Survey (Sec. 235)
- Rural Transportation Report (Sec. 236)
- CDC T.E.A.C.H. Early Childhood Michigan Scholarship Program (Sec. 1004)
- CDC Funding Changes (Sec. 1010)
- Child Mental Health (Sec. 1012)
- CDC Provider Reimbursement Rate Increase (Sec. 1020)
- Child Care Provider Payment Based on Enrollment Rather than Attendance (Sec. 1021)
- Child Care Stabilization Grants (Sec. 1022)
- Support for New and Expanding Child Care Providers (Sec. 1023)
- Temporary Bonus Payment for Child Care Providers (Sec. 1024)
- Copay Waivers (Sec. 1025)
- Bonus Pay for Child Care Workers (Sec. 1026)
- Contracts for Infant and Toddler Slots (Sec. 1027)
- Department Administrative Funding (Sec. 1028)
- Work Project: ARP – Child Care Stabilization (Sec. 1030)
- Work Project: CRRSA – Child Care Stimulus (Sec. 1031)
- Work Project: ARP – Child Care Stimulus (Sec. 1032)
- Work Project: Child Care Award (Sec. 1033)
- Work Project: ARP – Child Care Entitlement (Sec. 1034)

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. 702. Early Literacy Implementation – REVISED

Revises language from “not to exceed” to “not less than” \$1.0 million in reference to funds for the implementation costs associated with early childhood literacy funded under Sec. 35a of the School Aid budget.

Sec. 1001. Before and After School Programs – REVISED

Revises language to appropriate \$500,000 for administrative costs associated with the implementation of before and after school programs as funded under Sec. 32n of the School Aid budget. Previously, the section required MDE to develop a competitive grant program to distribute funding for before and after school programs to eligible entities; defined eligible entities; required department to established amounts for each entity; required funds to be used only for the provision of before and after school programming.

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

Revises so that the only requirement under this section is that the CDC eligibility entrance threshold be set to not more than 200% (currently 185%) of the federal poverty guidelines. Removes specifications regarding number of children, waiting lists, and future decreases in the eligibility entrance threshold.

EDUCATION (DEPARTMENT)

Supplemental Recommendations for FY 2021-22 Appropriations

FY 2021-22
Recommendation

1. Camp Tuhsmeheeta

Provides \$1.3 million private for the renovation of Elm Hall into a nature center at Camp Tuhsmeheeta for students who are blind or visually impaired.

Gross	\$1,300,000
Private	1,300,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2021-22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
	Year-to-Date as of 2/9/22		Amount	%
IDG/IDT	\$3,544,900	\$3,406,400	(\$138,500)	(3.9)
Federal	226,889,200	453,641,700	226,752,500	99.9
Local	0	0	0	--
Private	1,411,200	1,415,500	4,300	0.3
Restricted	304,550,000	327,354,900	22,804,900	7.5
GF/GP	153,375,400	218,280,700	64,905,300	42.3
Gross	\$689,770,700	\$1,004,099,200	\$314,328,500	45.6
FTEs	1,467.0	1,543.0	76.0	5.2

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Community Technical, Managerial, and Financial Support for Lead Line Replacement (One-Time)	Gross	NA	\$48,000,000
Provides \$48.0 million GF/GP for local grants to replace lead service lines and upgrade water treatment facilities; preference for disadvantaged communities.	GF/GP	NA	\$48,000,000
2. Water State Revolving Funds – Federal Infrastructure Act IIJA	Gross	\$120,000,000	\$250,369,900
Appropriates \$250.4 million Gross (\$36.4 million GF/GP) for federal Infrastructure Act funding for local water infrastructure projects. The GF/GP funding is appropriated on a one-time basis to be used as match to access federal funding.	Federal	100,000,000	214,000,000
	Restricted	15,000,000	0
	GF/GP	\$5,000,000	\$36,369,900
3. Oil, Gas, and Mineral Services – Federal Infrastructure Act IIJA	FTE	59.0	2.0
Appropriates \$31.0 million of federal Infrastructure Act funding and authorizes 2.0 FTE positions for remediation of orphaned oil and gas wells.	Gross	\$11,630,900	\$31,000,000
	IDG	220,000	0
	Federal	150,000	31,000,000
	Restricted	6,879,900	0
	GF/GP	\$4,381,000	\$0
4. Environmental Sustainability and Stewardship – Federal Infrastructure Act IIJA	FTE	11.0	5.0
Appropriates \$15.8 million of federal Infrastructure Act funding and authorizes 5.0 FTE positions for energy efficiency projects.	Gross	\$6,224,000	\$15,800,000
	Federal	3,806,700	15,800,000
	Private	140,000	0
	Restricted	2,277,300	0
	GF/GP	\$0	\$0
5. Energy Efficiency Revolving Fund – Federal Infrastructure Act IIJA	Gross	NA	\$7,200,000
Appropriates \$7.2 million of federal Infrastructure Act funding for energy efficiency projects.	Federal	NA	7,200,000
	GF/GP	NA	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
6. High Water Infrastructure Grants (One-Time)	Gross	\$14,325,000	\$20,000,000
Adds \$20.0 million GF/GP for infrastructure grants to address flooding, erosion, and other coastal issues.	GF/GP	\$14,325,000	\$20,000,000
7. Contaminated Site Cleanup (One-Time)	Gross	\$10,000,000	\$10,000,000
Includes \$10.0 million GF/GP for the prioritization and remediation of newly contaminated properties statewide that emerge throughout the year.	GF/GP	\$10,000,000	\$10,000,000
8. Environmental Health	FTE	57.0	7.0
Appropriates \$9.1 million Gross (\$7.4 million GF/GP) and authorizes 7.0 FTE positions to strengthen water supply oversight and support local health departments in monitoring and testing drinking water; also aligns authorization with available federal and restricted funding.	Gross	\$7,351,600	\$9,107,900
	Federal	3,382,000	1,500,000
	Restricted	1,431,000	250,000
	GF/GP	\$2,538,600	\$7,357,900
9. Drinking Water	FTE	68.0	12.0
Appropriates \$1.8 million GF/GP and authorizes 12.0 FTE positions to strengthen water supply oversight and support local health departments in monitoring and testing drinking water.	Gross	\$11,915,600	\$1,799,900
	Federal	6,343,900	0
	Restricted	3,199,100	0
	GF/GP	\$2,372,600	\$1,799,900
10. Air Quality Programs	FTE	187.0	24.0
Appropriates \$4.4 million GF/GP and authorizes 24.0 FTE positions to expand air quality monitoring staff and operations, and to reduce permit review wait times.	Gross	\$30,416,600	\$4,439,800
	Federal	7,493,200	0
	Restricted	14,807,400	0
	GF/GP	\$8,116,000	\$4,439,800
11. Grants and Records Management	FTE	NA	6.0
Appropriates \$2.9 million GF/GP and authorizes 6.0 FTE positions to create new program to digitize and manage departmental grants and records; \$2.0 million GF/GP is appropriated on a one-time basis.	Gross	NA	\$2,935,400
	GF/GP	NA	\$2,935,400
12. Radiological Protection Program – Legacy Cleanups	FTE	12.0	0.0
Appropriates \$175,000 GF/GP to cleanup legacy contaminated sites.	Gross	\$2,035,500	\$175,000
	IDG	1,720,500	0
	Federal	315,000	0
	GF/GP	\$0	\$175,000
13. Environmental Cleanup and Redevelopment Program – Legacy Cleanups	Gross	NA	\$27,600,000
Establishes new program by appropriating \$27.6 million from the Cleanup and Redevelopment Fund to cleanup legacy contaminated sites.	Restricted	NA	27,600,000
	GF/GP	NA	\$0
14. Refined Petroleum Product Program (One-Time) – Legacy Cleanups	FTE	99.0	0.0
Appropriates \$19.2 million from the Refined Petroleum Fund to cleanup legacy contaminated sites.	Gross	\$35,123,600	\$19,170,900
	Federal	2,105,100	0
	Restricted	33,018,500	19,170,900
	GF/GP	\$0	\$0
15. Contaminated Site Investigations, Cleanup, and Revitalization – Legacy Cleanups	FTE	130.0	16.0
Appropriates \$2.4 million from the Cleanup and Redevelopment Fund and authorizes 16.0 FTE positions to cleanup legacy contaminated sites.	Gross	\$19,079,000	\$2,393,100
	Restricted	18,784,400	2,393,100
	GF/GP	\$294,600	\$0
16. Municipal Assistance	FTE	29.0	4.0
Appropriates \$1.4 million Gross (\$0 GF/GP) and authorizes 4.0 FTE positions to increase loan processing staff and access to federal water infrastructure loans for local communities.	Gross	\$5,007,600	\$1,407,700
	Federal	3,272,900	1,200,000
	Restricted	1,734,700	207,700
	GF/GP	\$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
17. Environmental Cleanup Support	Gross	\$30,300,000	(\$29,300,000)
Reduces \$29.3 million from the Environmental Response Fund that is no longer needed to perform contaminated site cleanup at former Premcor Refining Group gas station sites.	Restricted	30,300,000	(29,300,000)
	GF/GP	\$0	\$0
18. Septage Waste Compliance Grants	Gross	\$275,000	(\$150,000)
Reduces \$150,000 from the Septage Waste Program Fund to align appropriation authority with available revenue.	Restricted	275,000	(150,000)
	GF/GP	\$0	\$0
19. Removal of FY 2021-22 One-Time Funding	Gross	\$136,675,100	(\$112,350,100)
Removes \$112.4 million Gross (\$67.4 million GF/GP) for one-time programs included in the FY 2021-22 budget. Programs included the Contaminated Site Emergency Reserve Fund, Dam Safety Emergency Action Fund, Dam Safety Grant Program, Drinking Water Emergency Assistance, Harbor Site Environmental Cleanup, Lead Line Replacement, PFAS Remediation, Sustainable Business Park, Wastewater Retention Basin, Water Infrastructure Improvements for the Nation Act, and Watershed Council Grants; maintains \$10.0 million GF/GP for Contaminated Site Cleanup and \$14.3 million GF/GP for High Water Infrastructure Grants.	Restricted	45,000,100	(45,000,100)
	GF/GP	\$91,675,000	(\$67,350,000)
20. Economic Adjustments	Gross	NA	\$4,729,000
Reflects increased costs of \$4.7 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	61,500
	Federal	NA	1,052,500
	Private	NA	4,300
	Restricted	NA	2,433,300
	GF/GP	NA	\$1,177,400

Major Boilerplate Changes from FY 2021-22

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. (Governor's signing letter stated this section was unenforceable.)

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 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. (Governor's signing letter stated this section was unenforceable.)

Sec. 218. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. (Governor's signing letter stated this section was unenforceable.)

Sec. 219. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Major Boilerplate Changes from FY 2021-22

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. Severance Reporting – DELETED

Requires department to report details of severance pay for certain departmental employees.

Sec. 222. COVID-19 Vaccine Disclosure – DELETED

Prohibits state officials from requiring COVID-19 vaccine disclosure as a condition of receiving state services or developing a vaccine passport.

Sec. 223. Appropriations for Environmental Cleanup Projects – REVISED

Re-appropriates unspent funding from Cleanup and Redevelopment Fund, leaking underground storage tank funding, bottle deposits funding, CMI – Response Activities Fund, brownfield grants and loans, waterfront grants, and Strategic Water Quality Initiatives Fund for expenditure for any site listed in an appropriation act. Revised to add Contaminated Site Cleanup and Renew Michigan Program to the list of re-appropriations; designates unexpended and unencumbered amounts from the Renew Michigan Fund and from FY 2021-22 General Fund appropriations as “appropriated for expenditure.”

Sec. 224. Settlement Fund Revenue Carryforward – REVISED

Authorizes carryforward of up to \$2.5 million of settlement revenues into succeeding fiscal year. Revised to remove the \$2.5 million cap.

Sec. 225. 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. *(Governor’s signing letter stated this section was unenforceable.)*

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. *(Governor’s signing letter stated this section was unenforceable.)*

Sec. 238. Permitting Report – DELETED

Requires a report on the department’s permitting programs including applications, approvals, denials, and backlogs.

Sec. 302. Contaminated Site Investigations Staffing Costs – DELETED

Limits the department to expending not more than 3% of Contaminated Site Investigations appropriation on administration.

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, Emergency Cleanup Support, 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 designate Environmental Cleanup Support and Brownfields Grants as work projects.

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

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.

Major Boilerplate Changes from FY 2021-22**Sec. 351. Superfund Cleanup – DELETED**

Earmarks \$10.0 million of appropriation to be used for contaminated site cleanup at the Spartan Chemical site in Kent County; designates unexpended funding as a work project appropriation.

Sec. 411. Chapaton Treatment Lagoon Report – DELETED

Requires department to report information and materials needed to permit and regulate Chapaton open-air wastewater treatment lagoon in Macomb County.

Sec. 801. Work Project – Renew Michigan Program – NEW

Authorizes unexpended funds appropriated for the Renew Michigan Program to be considered a work project appropriation and carried forward into succeeding fiscal year; program will support environmental cleanup and redevelopment, waste management, and recycling.

Sec. 1001. Work Project – Water State Revolving Funds – NEW

Authorizes unexpended funds appropriated for Water State Revolving Funds to be considered a work project appropriation and carried forward into succeeding fiscal year; program will provide financing of water infrastructure projects.

Sec. 1003. Dam Safety Grant Program – DELETED

Directs expenditure of the Dam Safety Grant Program for projects to mitigate risky dams; requires annual report on program.

Sec. 1004. Dam Safety Emergency Action Fund – DELETED

Directs expenditure of the Dam Safety Emergency Action Fund for EGLE to mitigate risky dams if the dam owner is unwilling or unable to take action; requires annual report on activities of the fund.

Sec. 1005. Water Infrastructure Improvements for the Nation Act – DELETED

Re-establishes the appropriation for the Water Infrastructure Improvements for the Nation program as a work project account; authorizes unspent funds at the end of the fiscal year to be carried forward into the following fiscal year. Funding was originally appropriated in 2017 PA 33.

Sec. 1006. High Water Infrastructure Grants – DELETED

Directs expenditure of funding for High Water Infrastructure Grants for planning and infrastructure grants to local communities for severe weather; caps individual grants at \$500,000 and requires a 20% match.

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. 1008. Prior Grant Awards Not Disqualifying Applicants – DELETED

Prevents grant recipients from being disqualified for future grant awards on account of receiving previous grant awards.

Sec. 1009. PFAS Remediation – DELETED

Directs expenditure of funding for grants to drinking water systems for PFAS contaminant remediation or alternate water system connection costs; requires report on expenditures.

Sec. 1010. Wastewater Retention Basins – DELETED

Directs expenditure of funding for Wastewater Retention Basins to increase the storage capacity of wastewater retention basins for combined sewer overflows and infrastructure in Macomb County.

Sec. 1012. Sustainable Business Park – DELETED

Directs expenditure of funding for Sustainable Business Park to support the infrastructure necessary to develop a sustainable business park to replace the need for new landfills in Kent County.

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.

Sec. 1014. Lead Service Line Replacements – DELETED

Directs expenditure of funding for Lead Service Line Replacements to replace lead service lines and improve drinking water safety in Benton Harbor; designates appropriation as a work project account.

Major Boilerplate Changes from FY 2021-22

Sec. 1015. Contaminated Site Cleanup – DELETED

Directs expenditure of funding for Contaminated Site Cleanup for the prioritization and remediation of newly contaminated properties statewide that do not qualify for other cleanup funding; designates appropriation as a work project account.

Sec. 1016. Contaminated Site Cleanup Contingency Reserve Fund – DELETED

Creates a Contaminated Site Cleanup Contingency Reserve Fund and directs expenditure of fund for the prioritization and remediation of newly contaminated properties statewide that do not qualify for other cleanup funding; requires a legislative transfer for expenditure.

Sec. 1017. Contaminated Site Cleanup Contingency Reserve Fund Transfer – DELETED

Designates \$10.0 million to be transferred into the Contaminated Site Cleanup Contingency Reserve Fund as described in Sec. 1016.

Sec. 1018. Drinking Water Emergency Assistance – DELETED

Directs expenditure of funding for Drinking Water Emergency Assistance to address drinking water systems contamination response and remediation; designates appropriation as a work project account.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>		<u>FY 2021-22 Recommendation</u>
1. Environmental Sustainability and Stewardship	Gross	\$6,500,000
Appropriates \$6.5 million in available restricted revenue to provide grants to public and private applicants for community energy management services, clean energy manufacturing, and energy policy initiatives.	Restricted GF/GP	6,500,000 \$0

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 TOTAL GENERAL GOVERNMENT

Analysts: Viola Bay Wild and Michael Crossen

	FY 2021-22	FY 2022-23	Difference: FY 2022-23 vs. FY 2021-22	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$1,132,012,100	\$1,120,888,100	(\$11,124,000)	(1.0)
Federal	1,894,483,500	1,199,235,700	(695,247,800)	(36.7)
Local	26,260,700	26,240,800	(19,900)	(0.1)
Private	14,332,400	13,096,200	(1,236,200)	(8.6)
Restricted	2,500,444,800	2,629,362,400	128,917,600	5.2
GF/GP	2,653,803,700	2,176,171,500	(477,632,200)	(18.0)
Gross	\$8,221,337,200	\$7,164,994,700	(\$1,056,342,500)	(12.8)
FTEs	10,014.0	10,159.5	145.5	1.5

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22

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. (Governor declared this section unenforceable in FY 2021-22.)

Sec. 210. Countercyclical Budget and Economic Stabilization Fund – RETAINED

Includes no countercyclical budget and economic stabilization fund deposit in FY 2022-23.

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 2021, 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. (Governor declared this section unenforceable in FY 2021-22.)

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. (Governor declared this section unenforceable in FY 2021-22.)

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 2021-22

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. Severance Pay Report – DELETED

Requires department and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for former department or agency employees; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines “severance pay”.

Sec. 224. Purchase of Ownership Interest in a Casino

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation. Revised to be under Treasury.

Sec. 225. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing, or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

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.

Sec. 240. New Program Metrics – DELETED

Requires the State Budget Office to provide a list of new programs and program enhancements that exceed \$500,000; requires use of program-specific measuring metrics in addition to metrics required under Section 447 of the Management and Budget Act. Requires a report on the metrics and performance progress of identified programs by September 30; expresses legislative intent that future program funding increases be based on prior performance.

Supplemental Boilerplate Recommendations for FY 2021-22 Appropriations

Budget Stabilization Fund Deposit

Includes \$51.8 million GF/GP for deposit into Countercyclical Budget and Economic Stabilization Fund in FY 2021-22 as calculated by formula in January 2022 Consensus Revenue Agreement.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 ATTORNEY GENERAL

Analyst: Michael Crossen

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$35,083,600	\$35,954,600	\$871,000	2.5
Federal	9,868,400	10,101,900	233,500	2.4
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,390,800	20,786,700	395,900	1.9
GF/GP	43,056,000	60,044,800	16,988,800	39.5
Gross	\$108,398,800	\$126,888,000	\$18,489,200	17.1
FTEs	547.4	555.9	8.5	1.6

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Prosecuting Attorneys Digital Evidence Storage (One-Time)	FTE 12.0	0.0
Provides \$10.0 million GF/GP to Prosecuting Attorneys Association of Michigan for improvements to computer equipment and data storage capacities to accommodate the growing amount of digital evidence involved in prosecuting cases. Funding would support equipment, software, and server upgrades to help reduce warrant review backlogs, charge and resolve cases faster, and process cases and discovery more efficiently. Funding would also support limited-term staff to expedite processing evidence accumulated during the pandemic.	Gross \$2,217,600	\$10,000,000
	Federal 121,200	0
	Restricted 419,600	0
	GF/GP \$1,676,800	\$10,000,000
2. Job Specialty Court (One-Time)	Gross NA	\$5,000,000
Provides \$5.0 million GF/GP to create a job court pilot program that would offer the option of dismissal of charges for pre-trial defendants who successfully secure and maintain gainful employment. The program would provide supervision and support to participants with the aim of assisting them while diverting prosecutorial caseloads and reducing criminal case backlogs.	GF/GP NA	\$5,000,000
3. Organized Retail Crime Unit	FTE NA	6.5
Provides \$1.1 million GF/GP and 6.5 FTE positions to establish Organized Retail Fraud Unit to respond to the emergence of "smash-and-grab" organized retail crime activity and sales of stolen goods. Unit would work to reduce demand for stolen merchandise, limit opportunities to sell stolen merchandise, and reduce theft opportunities for drug users who are primary repeat offenders.	Gross NA	\$1,115,000
	GF/GP NA	\$1,115,000

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>		<u>Executive Change from YTD</u>
4. Price Gouging Investigations	Gross	NA	\$1,000,000
Provides \$1.0 million GF/GP for the Consumer Protection Division to initiate additional investigations and file consumer protection actions in response to the high level of consumer complaints of price gouging during recent supply chain disruption and rising inflation following the pandemic.	GF/GP	NA	\$1,000,000
5. PACC Online Training	FTE	12.0	2.0
Provides \$410,100 GF/GP and 2.0 FTE positions for training attorneys to expand online training opportunities for prosecution staff to assist them with responding to increased rates of violent crimes over the last two years.	Gross	\$2,217,600	\$410,100
	Federal	121,200	0
	Restricted	419,600	0
	GF/GP	\$1,676,800	\$410,100
6. Removal of Current Year One-Time Funding	Gross	\$1,560,000	(\$1,560,000)
Eliminates \$1.6 million of one-time GF/GP funding appropriated in FY 2021-22:	GF/GP	\$1,560,000	(\$1,560,000)
<ul style="list-style-type: none"> \$1.1 million GF/GP for PACC NextGeneration case management \$500,000 GF/GP for address confidentiality program. 			
7. Economic Adjustments	Gross	NA	\$2,524,100
Reflects increased costs of \$2.5 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	871,000
	Federal	NA	233,500
	Restricted	NA	395,900
	GF/GP	NA	\$1,023,700

Major Boilerplate Changes from FY 2021-22

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

Requires department to submit report upon entering lawsuit against federal government, on estimated costs for participating in lawsuit and purpose of lawsuit.

Sec. 323. PACC Case Management System – DELETED

Requires Prosecuting Attorneys Coordinating Council to continue to fund replacement of council's case and data management system with funds appropriated for NextGen Case and Document Management System.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>	
1. Unemployment Fraud Investigation and Prosecution	Gross	\$4,070,000
Provides \$4.1 million GF/GP to support 12.0 limited-term FTE positions to support additional investigations, prosecution, and recoupment of unemployment insurance funds acquired through claimant fraud, employer fraud, and identity theft. This funding would be used in conjunction with \$9.0 million of state restricted revenue recommended in the Department of Labor and Economic Opportunity budget for expanded unemployment insurance investigation staff.	GF/GP	\$4,070,000

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 CIVIL RIGHTS

Analyst: Michael Crossen

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$298,900	\$0	(\$298,900)	(100.0)
Federal	2,850,700	2,890,900	40,200	1.4
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	14,607,300	18,633,500	4,026,200	27.6
Gross	\$17,834,100	\$21,601,600	\$3,767,500	21.1
FTEs	115.0	115.0	0.0	0.0

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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.

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Complaint Investigation Backlog (One-Time)	FTE 40.0	0.0
Provides \$3.2 million GF/GP to support the restructuring of current complaint investigation processes and 25.0 limited-term FTE positions to help eliminate a backlog of 2,500 complaint cases which accumulated due to the hiring freeze, employee turnover, and retirements. Elimination of backlog would secure additional federal revenues from Department of Housing and Urban Development through closure of housing complaints.	Gross \$6,297,400	\$3,151,900
	IDG 298,900	0
	Federal 2,835,700	0
	Restricted 58,500	0
	GF/GP \$3,104,300	\$3,151,900
2. Indian Boarding School Study (One-Time)	Gross NA	\$500,000
Provides \$500,000 GF/GP to conduct a statewide study of the number of Native American children forced to attend boarding schools to understand impacts of historical federal and state boarding school policies and removal of tribal children. Study would be accomplished through location and preservation of records and interviews with those impacted by the policies. Study would align with goals of Federal Indian Boarding School Initiative.	GF/GP NA	\$500,000
3. ADA FTE Position and Funding Shift	Gross \$298,900	\$0
Provides \$298,900 GF/GP and eliminates same amount of IDG funding to reflect retirement of two health and safety FTE positions supported with IDG funding from DTMB and replacement with two ADA compliance FTE positions that would be supported with GF/GP.	IDG 298,900	(298,900)
	GF/GP \$0	\$298,900

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
4. Removal of Current Year One-Time Funding	Gross	\$250,000	(\$250,000)
Eliminates \$250,000 of one-time GF/GP funding appropriated in FY 2021-22 for discrimination outreach efforts.	GF/GP	\$250,000	(\$250,000)
5. Economic Adjustments	Gross	NA	\$365,600
Reflects increased costs of \$365,600 Gross (\$325,400 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	40,200
	GF/GP	NA	\$325,400

Major Boilerplate Changes from FY 2021-22

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 \$85,000 cap to local and private funds.

Sec. 412. Discrimination Outreach – DELETED

Requires department to conduct outreach efforts to increase public awareness of violent criminal activity primarily motivated by discrimination and ethnic intimidation during COVID-19 pandemic.

Sec. 412. Indian Boarding School Study – NEW

Requires funds for Indian boarding school study to be used to research the number of Native America children forced to attend boarding schools, how they were impacted, to locate and preserve records, to work in concert with Federal Indian Boarding School Initiative, and to interview boarding school survivors and tribal representatives to fully understand immediate and long-term impacts of policies of Native American children removal; requires report to be completed by January 30, 2024.

Sec. 413. Complaint Investigation and Enforcement – NEW

Authorizes unexpended one-time funding appropriated for complaint investigation and enforcement as a work project; account to be used to eliminate complaint investigation and enforcement cases backlog by hiring up to 25.0 limited-term FTE positions.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 EXECUTIVE OFFICE

Analyst: Viola Bay Wild

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	7,318,600	7,708,600	390,000	5.3
Gross	\$7,318,600	\$7,708,600	\$390,000	5.3
FTEs	89.2	89.2	0	0.0

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
1. Executive Office Operations	FTE 89.2	0.0
Reflects increased costs of \$390,000 GF/GP related to Executive Office staff and other operations.	Gross \$7,318,600 GF/GP \$7,318,600	\$390,000 \$390,000

Major Boilerplate Changes from FY 2021-22

There are no major boilerplate changes for FY 2022-23.

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
LABOR AND ECONOMIC OPPORTUNITY**

Analyst: Viola Bay Wild

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,433,813,200	1,154,595,000	(279,218,200)	(19.5)
Local	10,900,000	10,700,000	(200,000)	(1.8)
Private	13,591,900	12,430,700	(1,161,200)	(8.5)
Restricted	273,852,900	245,920,400	(27,932,500)	(10.2)
GF/GP	1,517,995,600	881,925,400	(636,070,200)	(41.9)
Gross	\$3,250,153,600	\$2,305,571,500	(\$944,582,100)	(29.1)
FTEs	2,588.9	2,623.9	35.0	1.4

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Transformational Education Infrastructure Grants	Gross	\$0
Includes \$230.0 million GF/GP one-time funding to establish two grant programs for collaborative efforts among higher education institutions. The Medical Education and Health Care grant (\$100.0 million) would support a collaborative project to improve medical education, health infrastructure and access, and develop cancer research laboratories. The Electrification of the Automotive Industry grant (\$130.0 million) would support increased education opportunities on electric vehicles within a college of engineering and the development of an economic strategy plan for the electric vehicle market.	GF/GP	\$0
		\$230,000,000
2. Regional Empowerment Program	Gross	\$0
Includes \$200.0 million GF/GP one-time funding for a competitive grant program to support the development and growth of regional economies; local communities may use grant funding to complete already planned projects that have local economic impact.	GF/GP	\$0
		\$200,000,000
3. Pure Michigan and ARP – Pure Michigan	Gross	\$40,000,000
Includes an increase of \$5.0 million GF/GP for Pure Michigan. Eliminates \$20.0 million one-time federal funding appropriated in FY 2021-22 for the ARP – Pure Michigan line item.	Federal	20,000,000
	Local	5,000,000
	Private	5,000,000
	GF/GP	\$10,000,000
		(\$15,000,000)
		(20,000,000)
		0
		0
		\$5,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
4. Workforce Development	Gross	NA
Includes \$4.8 million federal MiSTAIR grant funding for improving registered apprenticeship programs.	Federal	NA
	GF/GP	NA
		\$4,754,000
		4,754,000
		\$0
5. Office of Future Mobility and Electrification	Gross	\$0
Provides \$4.0 million GF/GP for the Office of Future Mobility and Electrification to support state efforts to become a leader in the mobility sphere, including the auto industry and the transportation sector. The office would implement the proposed Mobility Futures Initiative requested in the 2022-2 supplemental request.	GF/GP	\$0
		\$4,000,000
		\$4,000,000
6. Bureau of Services for Blind Persons Staff	FTE	113.0
Includes authorization for 3.0 additional FTE positions to provide pre-employment transition services to eligible blind and visually impaired students, to meet federal requirements. Additional staff would be supported with current appropriations.	Gross	\$25,509,200
	Federal	19,201,500
	Local	100,000
	Private	111,800
	Restricted	350,000
	GF/GP	\$5,745,900
		3.0
		\$0
		0
		0
		0
		0
		\$0
7. Michigan State Housing Development Authority (MSHDA) Staffing	FTE	273.0
Includes authorization for 26.0 additional FTE positions to help reach goal of providing an additional 75,000 new or renovated housing units within the next 5 years. Funding for additional FTEs exists within current budget authorization.	Gross	\$46,699,600
	Restricted	46,699,600
	GF/GP	\$0
		26.0
		\$0
		0
		\$0
8. Workforce Development: Talent Retention and Expansion in Key Industries Program	Gross	\$0
Includes \$20.0 million GF/GP one-time funding for employer-led collaboratives to help meet the talent needs of businesses and develop targeted solutions to talent shortages.	GF/GP	\$0
		\$20,000,000
		\$20,000,000
9. Workforce Development: Barrier Removal and Employment Supports	Gross	\$0
Provides \$15.0 million GF/GP one-time funding to support program to remove barriers to employment for low-income, poor, and working poor individuals.	GF/GP	\$0
		\$15,000,000
		\$15,000,000
10. Workforce Development: Young Professionals Plus Program	Gross	\$0
Includes \$15.0 million GF/GP one-time funding for program to help prepare young people for self-sustaining employment.	GF/GP	\$0
		\$15,000,000
		\$15,000,000
11. International Talent Attraction	Gross	\$0
Provides \$15.0 million GF/GP one-time funding for a competitive grant program to attract international businesses to locate corporate headquarters in Michigan.	GF/GP	\$0
		\$15,000,000
		\$15,000,000
12. Attainable Home Ownership and Apprenticeship Program	FTE	0.0
Includes an increase of \$11.0 million GF/GP one-time funding and authorization for 1.0 FTE position for a program to help individuals acquire, renovate, and sell properties in land banks; requires paid apprentices on each renovation site.	Gross	\$0
	GF/GP	\$0
		1.0
		\$11,000,000
		\$11,000,000
13. Statewide Pre-Apprenticeship Program	Gross	\$8,000,000
Includes additional \$2.0 million GF/GP one-time funding for the statewide pre-apprenticeship program to connect unemployed and underemployed individuals in underserved communities with training and resources to become employed.	GF/GP	\$8,000,000
		\$2,000,000
		\$2,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
14. Nature, Science, and Cultural Experiences Grant Program	Gross	\$0	\$75,000,000
Includes \$75.0 million GF/GP one-time funding for a competitive grant program for projects that support Michigan's cultural diversity and natural beauty.	GF/GP	\$0	\$75,000,000
15. Public Sector Employment Marketing Campaign	Gross	\$0	\$10,000,000
Includes \$10.0 million GF/GP one-time funding for a local heroes marketing campaign to highlight the benefits of public sector employment and attract more workers to critical essential jobs.	GF/GP	\$0	\$10,000,000
16. State Historic Preservation Office (SHPO) Grant Program	Gross	NA	\$750,000
Includes \$750,000 federal one-time funding for a SHPO Resilient Lakeshore Heritage Grants Program to award grants for the rehabilitation of eligible rural properties along the great lakes.	Federal	NA	750,000
	GF/GP	NA	\$0
17. Office of Global Michigan – Language Access Program	FTE	11.0	2.0
Includes \$700,000 GF/GP one-time funding to develop a statewide language access program to help individuals who have limited English proficiency have access to services. Includes \$268,700 on-going GF/GP and authorization for 2.0 FTE positions for program.	Gross	\$29,246,400	\$968,700
	Federal	28,769,000	0
	GF/GP	\$477,400	\$968,700
18. Office of Global Michigan – Refugee Services	FTE	11.0	1.0
Includes \$9.6 million federal funding and authorization for 1.0 FTE position to recognize federal grant for refugee services.	Gross	\$29,246,400	\$9,600,000
	Federal	28,769,000	9,600,000
	GF/GP	\$477,400	\$0
19. Construction Trades Training Program for Previous Military Members	Gross	\$0	\$500,000
Includes \$500,000 GF/GP one-time funding to develop a Helmets to Hardhats training program for ex-military, reserve, and National Guard service members to connect them to skilled training opportunities in the construction field.	GF/GP	\$0	\$500,000
20. Michigan Women's Commission	FTE	1.0	0.0
Includes an increase of \$1.1 million Gross (\$0 GF/GP) to provide funding for the commission's initiatives, including the Tri-Share Child Care program. Includes a net-zero technical transfer of \$131,000 GF/GP and authorization for 1.0 FTE position from the unclassified salary line item to the Michigan Women's Commission.	Gross	\$242,600	\$1,100,000
	Federal	0	100,000
	Private	0	1,000,000
	GF/GP	\$242,600	\$0
21. Commissions on Middle Eastern American Affairs and Asian Pacific American Affairs	Gross	\$262,400	\$170,000
Includes \$170,000 GF/GP to fund an increase of \$85,000 GF/GP for each commission.	GF/GP	\$262,400	\$170,000
22. Michigan Community Service Commission	FTE	14.0	0.0
Includes additional \$160,000 private authorization to reflect increased private revenues.	Gross	\$11,831,500	\$160,000
	Federal	10,826,000	0
	Private	44,100	160,000
	GF/GP	\$961,400	\$0
23. Unemployment Benefit Claims Monitoring	Gross	\$4,000,000	(\$4,000,000)
Removes \$4.0 million GF/GP removes \$4.0 million GF/GP that supports a third-party service that provides a proprietary identity document capture and verification solution.	GF/GP	\$4,000,000	(\$4,000,000)

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
24. Michigan Rehabilitation Services	Gross \$134,227,900	\$3,600,000
Includes \$3.6 million federal funding for a multi-year Federal Disability Innovation Fund Grant for career development and job placement for individuals with disabilities.	Federal 108,570,100	3,600,000
	Local 5,300,000	0
	Private 521,500	0
	Restricted 188,300	0
	GF/GP \$19,648,000	\$0
25. State Trade Export Program	Gross NA	\$3,000,000
Includes \$3.0 million federal funding to recognize a federal grant administered by the Michigan Strategic Fund (MSF) for the past nine years. This funding appropriation would authorize the grant program funding within the MSF budget.	Federal NA	3,000,000
	GF/GP NA	\$0
26. Wage and Hour Program – Administrative Hearings Costs	Gross \$3,970,900	\$156,400
Includes an increase of \$156,400 restricted funding for increased expenditures in LEO for administrative hearings and rules expenditures in the LARA budget.	Restricted 3,970,900	156,400
	GF/GP \$0	\$0
27. Technical Budget Adjustments	Gross NA	(\$17,666,000)
Includes a reduction of \$17.7 million Gross (\$5.0 million GF/GP) for technical adjustments to align appropriation authority with available funding estimates.	Federal NA	(17,381,800)
	Local NA	(200,000)
	Restricted NA	(5,039,100)
	GF/GP NA	\$4,954,900
28. MiSTEM	FTE NA	2.0
Includes \$600,000 GF/GP and authorization for 2.0 FTE positions to fund the MiSTEM Advisory Council which provides oversight to the MiSTEM Network. \$300,000 of new funding is transferred from the School Aid budget.	Gross NA	\$600,000
	GF/GP NA	\$600,000
29. Removal of Supplemental FY 2021-22 Appropriations	Gross NA	(\$1,176,324,500)
Includes a reduction of \$1.2 billion Gross (\$1.0 billion GF/GP) to remove FY 2021-22 supplemental funding appropriated in 2021 PA 132 (\$1.0 billion Gross) and 2021 PA 133 (\$176.3 million Gross).		(151,698,400)
	Federal NA	(2,324,900)
	Private NA	(350,200)
	Restricted NA	(\$1,021,951,000)
	GF/GP	
30. Removal of FY 2021-22 One-Time Appropriations	Gross \$364,122,200	(\$364,122,200)
Removes funding for the following one-time appropriations:	Federal 118,750,000	(118,750,000)
• \$2.0 million GF/GP – Child Savings Accounts	Restricted 25,000,000	(25,000,000)
• \$1.8 million GF/GP – College Degree Enhancement Grant	GF/GP \$220,372,200	(\$220,372,200)
• \$1.0 million GF/GP – Construction Career Center Grant		
• \$25.0 million restricted – Legacy Program: Futures for Frontliners		
• \$23.8 million Gross (\$5.0 million GF/GP) – Michigan Career and Technical Institute		
• \$1.0 million GF/GP – Poverty Task Force		
• \$6.0 million GF/GP – Reconnect and Futures for Frontliners Wraparound Services		
• \$660,000 GF/GP – Reentry Employment Support		
• \$100.0 million federal funding – ARP Community Revitalization and Placemaking Grants		
• \$146.9 million GF/GP – Michigan Enhancement Grants		
• \$48.0 million GF/GP – Michigan Infrastructure Grants		
• \$5.0 million GF/GP – Rural Jobs and Capital Investment		
• \$3.0 million GF/GP – Training Center Equipment Grants.		

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
31. Economic Adjustments	Gross	NA
Reflects increased costs of \$9.9 million Gross (\$1.1 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$9,872,500
		6,608,000
		3,700
		2,201,400
		\$1,059,400

Major Boilerplate Changes from FY 2021-22

DEPARTMENT LABOR AND ECONOMIC OPPORTUNITY (LEO)

Sec. 989. 210. Contingency Funds – REVISED

Appropriates \$15.0 million of federal, \$5.0 million of state restricted, \$1.0 million of private, 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 local, and \$5.0 million private.

Sec. 983. Broadband Bonding Prohibition – DELETED

Prohibits 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.

Sec. 989b. UIA Request for Solutions – DELETED

Requires LEO to solicit proposals for solution through the state's procurement process by December 1, 2021. The solution must incorporate proven processes that correctly decipher between valid and fraudulent claims and expedite claims for payment.

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. 1005d. Pure Michigan Promotion – DELETED

Requires Pure Michigan campaign to prioritize sectors of the economy that were disproportionately impacted by the COVID-19 pandemic.

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; 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 land or purchases options on land.

Major Boilerplate Changes from FY 2021-22

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; requires report to 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 to administer the programs; requires report. Revises by eliminating prohibition on 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. 1054. Employment Opportunity Program Funding Distribution – NEW

Appropriates tax capture revenues collected under the employment opportunity program and allows distribution of payments to qualified businesses pursuant to chapter 8F of the Michigan Strategic Fund Act.

LEO – EMPLOYMENT SERVICES

Sec. 1056. MIOSHA Press Release Limitation – DELETED

Prohibits MIOSHA from identifying specific employers by name in communications distributed to the press with respect to violations issued under emergency rules.

Sec. 1069. Healthy Michigan Work Requirement Assistance – DELETED

Authorizes funds appropriated 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; authorizes funds be used to hire additional department field staff to educate impacted Healthy Michigan Plan recipients on requirements and available services, make referrals, assess and address barriers to employment, and manage other caseload-related impacts; requires quarterly report.

Sec. 1077. Unemployment Insurance Agency Branch Offices – DELETED

Requires funds appropriated for UIA to be used to staff unemployment insurance agency branch offices for in-person appointments for claimant services.

Sec. 1079. Interagency Agreement for TANF Funds – DELETED

Requires LEO to provide reporting on the interagency agreement with DHHS for the use of TANF funds; requires report on use of TANF funds by LEO.

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 funding permissive.

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.

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.

Major Boilerplate Changes from FY 2021-22

LEO – ONE-TIME APPROPRIATIONS

Sec. 1094. Nature, Science, and Cultural Experiences Grant Program – NEW

Requires the Michigan Council for Arts and Cultural Affairs to establish a competitive grant program that awards grants for art, science, nature, history, and culture projects that provide an economic benefit to communities and celebrate the state’s cultural diversity and natural beauty.

Sec. 1095. International Talent Attraction Program – NEW

Requires LEO to establish grant program to attract established and start-up businesses to locate or relocate their headquarters to Michigan; requires report.

Sec. 1096. Michigan Regional Empowerment Program – NEW

Requires LEO to establish competitive grant program to fund economic projects that fulfil local strategic priorities and that are already in the planning stage and have a local economic impact; requires report.

Sec. 1098. Transformational Education Infrastructure Grants – NEW

Requires LEO to establish competitive grant program for collaborative efforts among higher education institutions; requires one grant of no less than \$100.0 million to be awarded to improve medical education, health infrastructure and access, and develop cancer research laboratories; requires a second grant of no less than \$130.0 million to be awarded to improve electric vehicle teaching, training, and the development of opportunities in the state; requires report.

Sec. 1099. Attainable Homeownership and Apprenticeship Program – NEW

Requires State Land Bank Authority to establish new program to support acquisition, renovation, and resale of properties in land bank inventories; requires report.

Sec. 1100. Public Sector Employment Marketing Campaign – NEW

Requires LEO to develop a comprehensive statewide marketing campaign to promote public service careers.

Sec. 1101. Talent Retention and Expansion Program – NEW

Requires funding to be used for sector strategies in key industries for the creation of jobs that address talent shortages and may fund employer-led collaboratives.

Sec. 1102. Barrier Removal and Employment Supports – NEW

Requires funding to be used for employment, reemployment, and to remove barriers to employment for at-risk individuals.

Sec. 1103. Young Professionals Plus Program – NEW

Requires funding to be used to provide work experience, career exploration, and career preparedness for individuals ages 14 to 24 from eligible low-income families.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>		<u>FY 2021-22 Recommendation</u>
1. Strategic Outreach and Attraction Reserve Fund (SOAR) Deposit	Gross	\$500,000,000
Includes \$500.0 million GF/GP to deposit into the SOAR Fund. Funding must be appropriated or transferred to the Critical Industry Program and Michigan Strategic Fund Readiness Program.	GF/GP	\$500,000,000
2. Community Development Block Grant – Disaster Recovery	Gross	\$59,898,000
Appropriates \$59.9 million federal funding to recognize special federal disaster recovery funding to help mid-Michigan address the May 2020 flooding disaster.	Federal	59,898,000
	GF/GP	\$0
3. Bureau of Services for Blind Persons Staff	FTE	3.0
Includes authorization for 3.0 additional FTE positions to provide pre-employment transition services to eligible blind and visually impaired students, to meet federal requirements. Additional staff would be supported with current appropriations.	Gross	\$0
	GF/GP	\$0
4. Mobility Futures Initiative	Gross	\$25,000,000
Includes \$25.0 million one-time GF/GP funding for the Mobility Futures Initiative to support state efforts to grow the state’s mobility workforce and industry and develop and commercialize mobility technologies.	GF/GP	\$25,000,000

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>		<u>FY 2021-22 Recommendation</u>	
5. Unemployment Insurance Agency (UIA) Fraud Enforcement		FTE	52.0
Includes \$9.0 million one-time Contingent Fund, Penalty & Interest Account funds to provide enhanced fraud enforcement, including funding 20 additional limited term investigations staff for two years, extending 30 existing limited term staff for another year, and providing additional staff and resources in other relevant divisions.		Gross	\$8,980,000
		Restricted	8,980,000
		GF/GP	\$0
6. Going Pro Fund Source Shift		Gross	\$0
Includes a \$9.5 million fund source shift from GF/GP funding to the Contingent Fund, Penalty and Interest Account for the Going Pro program. Fund adjustment provides additional Contingent Fund, Penalty and Interest Account restricted funding to be available for the UIA fraud enforcement efforts (see item above).		Restricted	9,540,800
		GF/GP	(\$9,540,800)
7. Workers' Compensation Board of Magistrates		FTE	3.0
Includes \$500,000 GF/GP and authorization to hire 3.0 temporary magistrates to help address the increased trial backlog affecting injured workers who have been denied benefits.		Gross	\$500,000
		GF/GP	\$500,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
LEGISLATURE**

Analyst: Viola Bay Wild

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	406,000	428,300	22,300	5.5
Restricted	4,706,800	4,965,700	258,900	5.5
GF/GP	181,535,400	178,605,900	(2,929,500)	(1.6)
Gross	\$186,648,200	\$183,999,900	(\$2,648,300)	(1.4)
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Legislative Operations Adjustment	Gross	\$175,997,100	\$8,002,800
Reflects increased costs of \$8.0 million Gross (\$7.7 million GF/GP) related to legislative employees and other operations.	Private	406,000	22,300
	Restricted	4,706,800	258,900
	GF/GP	\$170,884,300	\$7,721,600
2. Independent Citizens Redistricting Commission (ICRC)	Gross	\$3,108,900	(\$3,108,900)
Removes \$3.1 million GF/GP for the ICRC. The Michigan Constitution requires that the terms of the commissioners expire once the commission has completed its work for a census cycle.	GF/GP	\$3,108,900	(\$3,108,900)
3. Legislative IT Design Special Project	Gross	\$7,542,200	(\$7,542,200)
Removes \$7.5 million GF/GP one-time appropriation for phase two of the IT system upgrade to the legislative computer system.	GF/GP	\$7,542,200	(\$7,542,200)

Major Boilerplate Changes from FY 2021-22

Sec. 616. Independent Citizens Redistricting Commission – DELETED

Requires council administrator to assist in administering compensation, benefits, and other personnel support for members, employees, staff, and consultants of the Independent Citizens Redistricting Commission.

Sec. 617. Independent Citizens Redistricting Commission Reporting – DELETED

Requires a quarterly expenditure and activities report from the Independent Citizens Redistricting Commission.

Major Boilerplate Changes from FY 2021-22

Sec. 618. Legislative IT Design Special Project Work Project – DELETED

Designates appropriation for the legislative IT design special project as a work project account.

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
LEGISLATIVE AUDITOR GENERAL**

Analyst: Viola Bay Wild

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$6,345,200	\$6,654,800	\$309,600	4.9
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,170,500	2,329,300	158,800	7.3
GF/GP	18,598,900	19,621,800	1,022,900	5.5
Gross	\$27,114,600	\$28,605,900	\$1,491,300	5.5
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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.

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Auditor General Operations Increase	Gross \$27,114,600	\$1,491,300
Reflects increased costs of \$1.5 million Gross (\$1.0 million GF/GP) related to auditor general staff and other operations.	IDG 6,345,200	309,600
	Restricted 2,170,500	158,800
	GF/GP \$18,598,900	\$1,022,900

Major Boilerplate Changes from FY 2021-22

Sec. 624. Authorization to Charge and Collect Fees for Subsequent Audit – DELETED

Authorizes the auditor general to charge and collect fees for a subsequent audit conducted pursuant to Section 229; states that fees and charges may not exceed cost of audit; provides for expenditure of funds.

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 2022-23 STATE (DEPARTMENT)

Analyst: Michael Crossen

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			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	218,218,600	221,007,300	2,788,700	1.3
GF/GP	12,435,600	13,746,600	1,311,000	10.5
Gross	\$252,164,300	\$256,264,000	\$4,099,700	1.6
FTEs	1,592.0	1,602.0	10.0	0.6

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Mobile Secretary of State Office Expansion	FTE	916.0	10.0
Provides \$1.1 million GF/GP and 10.0 FTE positions to support staffing of 7 mobile secretary of state office vans to provide easy access of services to rural areas and locations with high concentrations of customers vulnerable to COVID-19.	Gross	\$91,785,500	\$1,067,300
	IDG	20,000,000	0
	Restricted	70,373,000	0
	GF/GP	\$1,412,500	\$1,067,300
2. Enhanced Driver License Increase	Gross	\$10,814,200	\$1,000,000
Authorizes \$1.0 million Gross (\$0 GF/GP) of state restricted enhanced driver license and enhanced personal identification card fee revenue to reflect increased level of customer transactions due to approaching date of federal REAL ID identification requirements for domestic air travel.	Restricted	10,814,200	1,000,000
	GF/GP	\$0	\$0
3. State Contracted Security Costs	Gross	NA	\$300,000
Provides \$300,000 Gross (\$0 GF/GP) to support increased costs statewide of contracted security services at secretary of state branch office locations.	Restricted	NA	300,000
	GF/GP	NA	\$0

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
4. Restricted Revenue Adjustments	Gross	\$2,730,300	(\$2,730,300)
Reduces state restricted revenue authorization by \$2.7 million to reflect a decrease in projected revenues due in part to changes from criminal justice reform legislation:	Restricted	2,730,300	(2,730,300)
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> • \$1.0 million – State Lottery Fund • \$487,600 – Reinstatement Fees • \$396,600 – Vehicle Theft Prevention Fund • \$358,500 – Parking Ticket Court Fines • \$308,200 – Driver Improvement Course Fund • \$163,600 – Child Support Clearance Fees. 			
5. Economic Adjustments	Gross	NA	\$4,462,700
Reflects increased costs of \$4.5 million Gross (\$243,700 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	4,219,000
	GF/GP	NA	\$243,700

Major Boilerplate Changes from FY 2021-22

Sec. 703. Commercial Look-Up Fees – REVISED

Authorizes DOS to sell copies of records 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 department to provide quarterly report on number of records sold and revenue collected. Revised to increase record look-up fee from \$11 to \$15 per record, eliminate requirement to submit report within 15 days of close of quarter, and include number of records sold and revenues collected. **(NOTE: \$4 fee increase for record look-up would generate approximately \$19.0 million annually for deposit into the Transportation Administration Collection Fund (TACF) to address long-term revenue shortfalls. Revenue increase is not reflected under major budget changes as it aims to align revenue with current baseline TACF appropriations.)**

Sec. 703a. Bulk Records Sales – DELETED

Authorizes secretary of state to contract for sale of lists of driver and motor vehicle records and other records maintained under Michigan Vehicle Code in bulk, in addition to those lists distributed at cost or at no cost under this section for purposes permitted by and described in section 208c(3) of the Michigan Vehicle Code; requires secretary of state to require each purchaser of bulk records to execute written purchase contract; permits secretary of state to affix cost of not over \$35 per 1,000 records requested.

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. 718. Full-Time Walk-In Branch Office Services – DELETED

Requires department to maintain “adequate in-person services” as defined in the Michigan Vehicle Code, MCL 257.1a.; defined as “providing in-person service options, without the requirement of an advance appointment, on each day and at each location a secretary of state branch office is open for services in this state”.

Sec. 720. Election Mailings – DELETED

Requires secretary of state, except for under certain conditions, to notify speaker of the house, senate majority leader, and relevant local government clerks of any election-related mailing to 20 percent or more of registered voters in any voting precinct and to provide a copy of planned mailing not later than 14 days before sending mailing.

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.

Major Boilerplate Changes from FY 2021-22

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 2022-23 TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Crossen

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$1,057,210,900	\$1,047,125,600	(\$10,085,300)	(1.0)
Federal	10,129,800	5,217,200	(4,912,600)	(48.5)
Local	2,328,700	2,331,200	2,500	0.1
Private	234,700	137,400	(97,300)	(41.5)
Restricted	121,020,600	123,219,300	2,198,700	1.8
GF/GP	517,745,100	676,209,000	158,463,900	30.6
Gross	\$1,708,669,800	\$1,854,239,700	\$145,569,900	8.5
FTEs	3,147.0	3,183.0	36.0	1.1

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
<p>1. ITIF Legacy IT System Projects (One-Time) Provides a net increase of \$100.0 million GF/GP from FY 2021-22 with \$115.0 one-time GF/GP to Information Technology Investment Fund project portfolio (ITIF) to support new information technology legacy system modernization projects. ITIF would receive \$150.0 million GF/GP total, with recommended ongoing funding of \$35.0 million GF/GP, to support 13 projects including replacement of Unemployment Insurance Agency's automated system (MiDAS).</p>	<p>Gross \$50,000,000 GF/GP \$50,000,000</p>	<p>\$100,000,000 \$100,000,000</p>
<p>2. State Facilities Special Maintenance (One-Time) Provides an additional \$70.0 million in one-time GF/GP for maintenance, demolition, and infrastructure projects for 800 buildings and 5,000 structures that the state owns. With \$28.0 million GF/GP in the current year base, a total of \$98.0 million would be available for special maintenance projects.</p>	<p>Gross \$28,000,000 GF/GP \$28,000,000</p>	<p>\$70,000,000 \$70,000,000</p>
<p>3. State Fleet Electric Vehicles (One-Time) Provides \$10.0 million GF/GP to begin transitioning the state's fleet of 7,000 vehicles to electric vehicles to demonstrate commitment to electric vehicle mobility and clean energy economy.</p>	<p>Gross \$82,017,200 IDG 82,017,200 GF/GP \$0</p>	<p>\$10,000,000 0 \$10,000,000</p>
<p>4. MiLogin Program Augmentation and Stabilization Provides \$5.0 million GF/GP and 8.0 FTE positions to support increased users and adoption of the state's online single sign-on platform following workers' transition to remote work. Executive recommends corresponding \$2.5 million GF/GP increase for FY 2021-22.</p>	<p>FTE 17.0 Gross \$9,693,200 GF/GP \$9,693,200</p>	<p>8.0 \$5,000,000 \$5,000,000</p>

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Michigan Infrastructure Office	FTE	NA
Provides \$5.0 million GF/GP and 5.0 FTE positions to establish a new office that will coordinate efforts across department agencies to help ensure federal funding available to the state from the Infrastructure Investment and Jobs Act is used effectively and efficiently.	Gross	NA
	GF/GP	NA
		5.0
		\$5,000,000
		\$5,000,000
6. Energy Efficiency Revolving Fund (One-Time)	Gross	\$5,000,000
Continues FY 2021-22 one-time \$5.0 million GF/GP funding into FY 2022-23, for a \$0 change in FY 2022-23, for up-front financing of projects at state facilities that achieve energy efficiency or renewable energy; aims for re-investment of resources in new projects on continual basis to establish long-term funding aimed at reducing state's carbon footprint.	GF/GP	\$5,000,000
		\$0
		\$0
7. Cyber Security and Infrastructure Protection Division	FTE	25.0
Provides \$3.1 million GF/GP and 19.0 FTE positions for additional staffing and resources for the state's cybersecurity protection office. FTE positions would be allocated as follows:	Gross	\$14,149,200
	GF/GP	\$14,149,200
		19.0
		\$3,070,200
		\$3,070,200
<ul style="list-style-type: none"> • 9.0 for Governance, Risk, and Compliance Program to perform security accreditation and risk assessments of all enterprise IT systems • 8.0 for security operations to support front-line program for monitoring critical IT systems for threats • 2.0 for security architecture to ensure legacy system replacements and upgrades have adequate security protocols. 		
8. State Office Space Realignment Assessment (One-Time)	Gross	NA
Provides \$1.0 million GF/GP to support office redesign and moving costs over upcoming years as state continues assessment of optimization of state office space and work options following workers' transition to remote work during the pandemic.	GF/GP	NA
		\$1,000,000
		\$1,000,000
9. New Grand Rapids State Police Facility	Gross	\$95,451,500
Provides \$2.0 million Gross (\$0 GF/GP) to support building management and operational costs of the new State Police facility near Grand Rapids which opened in 2021. Costs cover maintaining the building, equipment, and grounds, overseeing building-related security, utilities, and parking, and asset and preventive maintenance planning.	IDG	93,951,500
	GF/GP	\$1,500,000
		2,000,000
		\$2,000,000
		\$0
10. Central Data Analytics Center	Gross	\$2,750,000
Reduces \$750,000 from one-time GF/GP funding in FY 2021-22 to provide an ongoing \$2.0 million GF/GP to support operations of new central data analytics center for research and information sharing among state departments. Funding would enable implementation and operation of data center that was initiated with current year one-time funding.	GF/GP	\$2,750,000
		(\$750,000)
		(\$750,000)
11. Central Procurement IT Solicitation	FTE	104.0
Provides \$473,300 GF/GP and 2.0 FTE positions for new procurement software and to assist state agencies with IT contract development as procurement documents have increased in complexity to ensure data security and safeguarding provisions are properly included.	Gross	\$13,471,100
	IDG	452,900
	Restricted	9,118,300
	GF/GP	\$3,899,900
		0
		0
		\$473,300
		\$473,300
12. Delegated Procurement Support	FTE	173.5
Provides \$872,100 Gross (\$0 GF/GP) and 7.0 FTE positions to support increasing workload in delegated procurement process for contracts under \$500,000 due to increases in delegated authority thresholds.	Gross	\$26,156,400
	IDG	15,751,300
	Restricted	4,946,100
	GF/GP	\$5,459,000
		544,600
		327,500
		\$872,100
		\$872,100
13. DTMB Vehicle Fleet Rate Changes	Gross	\$82,017,200
Provides \$3.6 million in IDG funding to reflect increased vehicle travel and insurance service rate adjustments.	IDG	82,017,200
	GF/GP	\$0
		3,622,500
		\$3,622,500
		\$3,622,500

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
14. LMISI Private Funds Placeholder	Gross \$5,989,900	(\$99,900)
Reduces current year private funding authorization by \$99,900 to provide \$100 to serve as placeholder for legislative contingency authorization transfers of potential private philanthropic grants revenue to programs under the Bureau of Labor Market Information and Strategic Initiatives. The Bureau received \$100,000 in private grant funding for the Data for the American Dream Initiative in FY 2021-22.	Federal 4,943,900	0
	Local 35,000	0
	Private 100,000	(99,900)
	GF/GP \$911,000	\$0
15. Annual IT IDG Baseline Adjustment	Gross \$857,768,000	(\$22,605,100)
Reduces IDG funding authorization by \$22.6 million 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 857,768,000	(22,605,100)
	GF/GP \$0	\$0
16. IT Personnel Transfer to Lottery	FTE 11.0	(11.0)
Transfers \$1.5 million Gross (\$0 GF/GP) and 11.0 FTE positions to Michigan Bureau of State Lottery to organize employees by tasks typically performed by agencies.	Gross \$1,459,300	(\$1,459,300)
	IDG 1,459,300	(1,459,300)
	GF/GP \$0	\$0
17. Building Security Cost Increase and Funding Shift	Gross \$1,500,000	(\$200,000)
Reduces \$1.5 million GF/GP and increases IDG authorization by \$1.3 million to shift funding for FY 2021-22 increased security costs at state-owned facilities to departments for a \$200,000 Gross decrease.	IDG 0	1,300,000
	GF/GP \$1,500,000	(\$1,500,000)
18. 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 \$23,400 GF/GP.	IDG NA	(370,400)
	Restricted NA	393,800
	GF/GP NA	(\$23,400)
19. IT IDG Line Item Consolidation	Gross NA	\$0
Consolidates funding for five IT IDG line items and FTE positions, totaling \$267.8 million, into Information Technology Services line item which would receive all department IT IDG funding of \$829.4 million, for a net \$0 change. Consolidations would reflect delivery of IT services being project-based instead of department-based. Consolidations by line item:	IDG NA	0
	GF/GP NA	\$0
<ul style="list-style-type: none"> • Education Services - \$5.0 million and 33.0 FTE positions • General Services - \$135.8 million and 356.5 FTE positions • Public Protection - \$64.1 million and 162.5 FTE positions • Resources Services - \$21.8 million and 154.5 FTE positions • Transportation Services - \$41.1 million and 99.5 FTE positions. 		
20. Civil Service Commission Transfers	FTE NA	0.0
Transfers \$400,000 Gross (\$152,000 GF/GP) and 7.0 FTE positions for two separate requests to align staffing and funding with agency operations for a net \$0 and 0.0 FTE position change. Transfers include:	Gross NA	\$0
	IDG NA	0
	GF/GP NA	\$0
<ul style="list-style-type: none"> • \$400,000 from Executive Direction to Information Technology Services and Projects • 2.0 FTE positions from Employee Benefits to Executive Direction • 5.0 FTE positions from Human Resources Operations to Information Technology Services and Projects. 		

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
21. Removal of Current Year One-Time Funding	Gross	\$42,050,000
Eliminates \$42.1 million Gross (\$37.1 million GF/GP) of one-time funding appropriated in FY 2021-22:	Federal	5,000,000
	GF/GP	\$37,050,000
		(\$42,050,000)
<ul style="list-style-type: none"> • \$20.0 million GF/GP for advanced cybersecurity threats • \$12.3 million GF/GP for legal services • \$1.7 million GF/GP for PPE stockpile warehouse operations • \$1.0 million GF/GP for business incentive study • \$1.0 million GF/GP for statewide PPE stockpile • \$500,000 GF/GP for Indiana border survey cost study • \$300,000 GF/GP for vendor data tracking • \$250,000 GF/GP for state innovation waiver actuarial study • \$5.0 million federal funding for COVID-19 Office of Accountability. 		
22. Economic Adjustments	Gross	NA
Reflects increased costs of \$11.7 million Gross (\$3.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	6,882,400
	Local	87,400
	Private	2,500
	Restricted	2,600
	GF/GP	NA
		1,477,400
		\$3,243,800

Major Boilerplate Changes from FY 2021-22

Sec. 801. Contingency Funding – REVISED

Appropriates up to \$2.0 million in federal, \$4.0 million in state restricted, \$75,000 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 \$4.0 million in federal, \$8.0 million in state restricted, \$150,000 in local, and \$2.0 million in private contingency funds.

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

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

Sec. 816. Information Technology Investment Fund – NEW

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

Sec. 816. Privatization RFPs – DELETED

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

Sec. 821. Office of Retirement Services Report – DELETED

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

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.

Major Boilerplate Changes from FY 2021-22

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. 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 number 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. RFI for UIA Information System Rebid – DELETED

Requires department to use third-party vendor to compile business requirements to be incorporated into the RFP for rebid of unemployment insurance benefits system.

Sec. 838. Solar Energy Projects Selection Process – DELETED

Authorizes requests for proposals or other arrangements for installation of solar energy projects at state-owned or leased facilities to consider the value of the lifecycle carbon emissions in manufacturing of solar equipment as part of selection process; requires DTMB to report on implementation of this section.

Sec. 840. EPMO Performance Measures – DELETED

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

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. 863. Capital Outlay Rental Increase Approval – DELETED

Requires proposed new or renewal rental spaces or facilities for which the annual base cost is more than \$500,000 to receive approval from the Joint Capital Outlay Subcommittee (JCOS) prior to being approved by the State Administrative Board; waives JCOS approval in emergency situations and requires department to notify JCOS within 5 days after executing agreement.

Sec. 863a. State Building Occupancy and Use Report – DELETED

Requires DTMB to submit report which evaluates office building and space usage by all state departments and develop a projection for future building occupancy; lists additional report requirements including projections of amounts of state-owned and leased buildings, comparisons of past occupancy levels with projected levels, plan for building occupancy efficiency, and projected costs to complete space optimization plan.

Sec. 891. Business Incentive Study – DELETED

Requires one-time appropriated funds for Business Incentive Study to be used to implement Economic Development Incentive Evaluation Act (2018 PA 540).

Sec. 892. Michigan-Indiana Border Survey – DELETED

Requires one-time appropriated funds for Michigan-Indiana Border Survey to be used to conduct a study and cost assessment of administration and remonumentation of Michigan-Indiana border; provides list of costs that must be estimated.

Sec. 893. State Innovation Waiver Actuarial Study – DELETED

Requires DTMB to contract with actuarial firm to conduct study that would support information needs of pursuing a state innovation waiver under Patient Protection and Affordable Care Act; lists requirements for proposed state waiver that information from study must be able to show; requires study to produce economic analysis regarding impact of waiver on health insurance coverage in Michigan.

Major Boilerplate Changes from FY 2021-22

Sec. 894. Statewide PPE Stockpile Procurement – DELETED

Requires one-time appropriated funds for Michigan-Indiana Border Survey to be used to issue request for information to ensure the state has sufficient data regarding optimal PPE needs and subsequently a request for proposal with the purpose of contracting for purchase of PPE and creating state-managed PPE reserve; lists eligibility requirements for contracted vendors.

Sec. 895. Supplier Risk Assessment Program – DELETED

Requires DTMB to maintain a comprehensive supplier risk and information subscription used for the pre-contract risk assessment program described in 2017 PA 107.

Sec. 901. Office Space Realignment Work Project Authorization – NEW

Designates unexpended funds appropriated for space realignment and optimization as a work project account; purpose of project is to assess state facility office space that aligns with workplace planning efforts.

Supplemental Recommendations for FY 2021-22 Appropriations

**FY 2021-22
Recommendation**

1. MiLogin Program Augmentation and Stabilization

Provides \$2.5 million GF/GP to support technical response activities for MiLogin from increased users and adoption of the state's online single sign-on platform. Use of MiLogin platform increased dramatically during state employees' transition to remote work during the pandemic. A corresponding \$5.0 million GF/GP request is included for FY 2022-23.

Gross	\$2,500,000
GF/GP	\$2,500,000

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 TREASURY

Analyst: Viola Bay Wild

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$13,073,500	\$11,153,100	(\$1,920,400)	(14.7)
Federal	436,361,400	24,970,700	(411,390,700)	(94.3)
Local	13,032,000	13,209,600	177,600	1.4
Private	31,000	31,000	0	0.0
Restricted	1,860,026,100	2,011,075,200	151,049,100	8.1
GF/GP	340,511,200	319,675,900	(20,835,300)	(6.1)
Gross	\$2,663,035,200	\$2,380,115,500	(\$282,919,700)	(10.6)
FTEs	1,934.5	1,990.5	56.0	2.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross	\$912,040,500	\$52,544,900
Increases by \$52.5 million of restricted sales tax revenue relative to the FY 2021-22 budget act appropriated amount. Appropriation represents a \$21.0 million decrease from January 2022 CREC estimates for FY 2021-22 payments.	Restricted	912,040,500	52,544,900
	GF/GP	\$0	\$0
2. City, Village, and Township (CVT) Revenue Sharing	Gross	\$266,245,100	\$26,624,600
Includes \$26.6 million of restricted sales tax revenue to provide a 5.0% ongoing and 5.0% one-time increase (10% total) for CVT revenue sharing payments. A CVT would be eligible for a payment equal to 110.0% of its FY 2021-22 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	266,245,100	26,624,600
	GF/GP	\$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
3. County Revenue Sharing	Gross	\$231,516,700	\$23,565,400
Includes \$23.2 million of restricted sales tax revenue to provide a 5.0% ongoing and 5.0% one-time increase (10% total) for all 83 counties. Each county would be eligible to receive 117.3115% of statutory full funding. Includes an additional \$376,000 of restricted sales tax revenue for support for Emmet County, the last remaining county to deplete their local reserve fund, and Leelanau County which became eligible in FY 2021-22. County Incentive Program is increased by \$69,300 restricted sales tax revenue and comprises 17.0% 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	231,516,700	23,565,400
	GF/GP	\$0	\$0
4. General Obligation Debt Service	Gross	\$99,064,000	\$1,020,100
Includes \$1.0 million GF/GP to reflect anticipated increase in debt service costs for Clean Michigan Initiative, Great Lakes Water Quality, and Quality of Life general obligation bonds.	GF/GP	\$99,064,000	\$1,020,100
5. Electric Vehicle and Charging Equipment Rebates	Gross	\$0	\$50,000,000
Includes \$50.0 million GF/GP one-time funding for point-of-sale rebates for electric vehicles and charging equipment. The program would provide rebates of up to \$2,000 for the purchase of a new electric vehicle and up to \$500 for at-home charging equipment. Rebates would be issued on a first-come, first served basis and are expected to complement existing federal and private incentives.	GF/GP	\$0	\$50,000,000
6. Local Transition Support Grants	Gross	\$0	\$40,000,000
Includes \$40.0 million GF/GP one-time funding for a grant program to assist local communities that experienced significant economic impacts from the departure or disinvestment of major employers and their workforce due to the COVID-19 pandemic. No local community recipient shall receive more than \$5.0 million from the grant program.	GF/GP	\$0	\$40,000,000
7. Office of Postsecondary Financial Planning	FTE	NA	5.0
Includes \$2.9 million GF/GP and authorizes 5.0 FTE positions to support the administration of new scholarship programs and to fund additional outreach for student scholarships, including the Reconnect and Educator Recruitment programs.	Gross	NA	\$2,936,100
	GF/GP	NA	\$2,936,100
8. Recreational Marijuana Grants	Gross	\$30,000,000	\$20,580,000
Includes an increase of \$20.6 million of restricted Marijuana Regulation Fund to increase the level of payments to locals based on revenues to the fund. Payments to locals are estimated at \$50.6 million for FY 2022-23. These payments are split evenly between counties and other municipalities and distributed proportionately based on the number of marijuana retail stores and microbusinesses within the municipality or county.	Restricted	30,000,000	20,580,000
	GF/GP	\$0	\$0
9. Tax Program Changes – Support for Retirement Tax Repeal	Gross	NA	\$1,200,000
Includes \$1.2 million restricted one-time funding to administer the proposed plan to restore income tax exemptions on retirement income by 2025.	Restricted	NA	1,200,000
	GF/GP	NA	\$0
10. Flow-Through Entity Tax Administration	FTE	NA	10.0
Includes \$1.4 million GF/GP and authorizes 10.0 FTE positions to provide administrative support to oversee the new flow-through entity tax established in 2021 PA 135.	Gross	NA	\$1,376,900
	GF/GP	NA	\$1,376,900

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
11. Office of Organizational Development	FTE	0.0	5.0
Includes \$751,300 GF/GP and authorizes 5.0 FTE positions to establish an Office of Organizational Development to recruit, develop, and retain an inclusive and diverse workforce within the department.	Gross	\$0	\$751,300
	GF/GP	\$0	\$751,300
12. Michigan Gaming Control Board (MGCB) – Staffing and IT Support	FTE	151.0	25.0
Includes an increase of \$4.8 million restricted funding and authorizes 25.0 FTE positions to MGCB to increase staff and IT support due to increased workload from higher than expected internet gaming activity.	Gross	\$31,297,600	\$4,769,400
	Restricted	31,297,600	4,769,400
	GF/GP	\$0	\$0
13. MGCB – Staff Retention and Professional Development	FTE	151.0	0.0
Includes an increase of \$360,900 restricted funding for initiative to help retain staff through professional development programs.	Gross	\$31,297,600	\$360,900
	Restricted	31,297,600	360,900
	GF/GP	\$0	\$0
14. MGCB – IT Network Speed Increase	FTE	151.0	0.0
Includes an increase of \$330,500 restricted funding to increase network speeds in Detroit MGCB casino offices to support operations, such as surveillance videos and the transfer of large regulatory files.	Gross	\$3,480,200	\$330,500
	Restricted	3,480,200	330,500
	GF/GP	\$0	\$0
15. Responsible Gaming Advertisement Campaign	Gross	NA	\$3,000,000
Includes \$3.0 million restricted one-time funding for advertising to promote responsible gaming, the use of the problem gambling hotline, and outreach to community organizations.	Restricted	NA	3,000,000
	GF/GP	NA	\$0
16. Lottery IT Support Transfer	FTE	0.0	11.0
Includes a net-to-zero technical transfer of 11.0 FTEs into the Lottery budget from DTMB. These employees provide IT services to the Lottery and the funding for these positions is currently paid from the Lottery budget to DTMB through an IDG transfer. Following this proposed transfer of FTEs, the funding would remain in the Lottery budget.	Gross	\$1,459,300	\$0
	Restricted	1,459,300	0
	GF/GP	\$0	\$0
17. Treasury – IT Maintenance	Gross	\$43,687,200	\$1,250,000
Includes an increase of \$1.3 million Gross (\$795,000 GF/GP) for increased ongoing support for two critical systems: the Revenue Sharing and Personal Property Tax IT system and the Motor Fuel and Tobacco Tax system (MiMats).	IDG	407,300	455,000
	Federal	614,300	0
	Restricted	20,887,800	0
	GF/GP	\$21,777,800	\$795,000
18. Other Technical Adjustments	Gross	NA	\$8,310,300
Includes the following technical adjustments:	IDG	NA	(2,518,500)
• Includes \$10.7 million restricted funding for the Convention Facility Development Distribution due to anticipated increased revenue	Federal	NA	(2,542,500)
• Includes \$150,000 GF/GP for the Senior Citizen Cooperative Housing Tax Exemption Program for new facilities entering the program	Restricted	NA	13,221,300
• Reduces federal authorization by \$2.3 million for Michigan Guaranty Agency which monitors and collects federal student loans because a portion was reassigned to the federal agency	GF/GP	NA	\$150,000
• Removes \$4,400 federal funding for an economic adjustment for the Home Heating Assistance Program			
• Eliminates \$288,100 federal funding for the John R. Justice program that provides student loan assistance to public defenders and prosecutors; program is no longer active			
• Shifts \$2.5 million IDG funding for State Agency Collections Fees to restricted funding from Delinquent Tax Collection Fund.			

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
19. FY 2021-22 One-Time Appropriations	Gross	\$44,033,000	(\$44,033,000)
Removes the following one-time GF/GP appropriations included in FY 2021-22:	GF/GP	\$44,033,000	(\$44,033,000)
<ul style="list-style-type: none"> • \$18.0 million – Transportation Administration Support Fund • \$16.0 million – NextGen Infrastructure • \$5.0 million – Local First Responder Recruitment and Training Grants • \$4.6 million – Flow-Through Entity Tax Implementation • \$433,000 – Coronavirus Relief Local Government Grants Reimbursement. 			
20. Removal of Supplemental FY 2021-22 Appropriations	Gross		NA (\$484,000,000)
Includes a reduction of \$484.0 million Gross (\$75.0 million GF/GP) to remove FY 2021-22 supplemental funding appropriated in 2021 PA 132.	Federal GF/GP		NA (409,000,000) NA (\$75,000,000)
21. Economic Adjustments	Gross		\$6,492,900
Reflects increased costs of \$6.5 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG Federal Local Restricted GF/GP		NA NA NA NA NA 143,100 151,800 177,600 4,852,100 \$1,168,300

Major Boilerplate Changes from FY 2021-22

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 million 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. 926. John R. Justice Grant – DELETED

Designates the John R. Justice grant appropriation as a work project appropriation.

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. 949g. Equal Opportunity Program Funding Distribution – NEW

Appropriates tax capture revenues collected under the employment opportunity program and allows distribution of payments to qualified businesses pursuant to chapter 8F of the Michigan Strategic Fund Act.

Sec. 949i. Transportation Administration Support Fund – DELETED

Creates the Transportation Administration Support Fund in the Department of Treasury; requires funds to be carried forward and not lapse; subjects funds to appropriation; specifies that funds appropriated for the fund are to be deposited in the fund.

Major Boilerplate Changes from FY 2021-22

Sec. 949n. NextGen Infrastructure Grant – DELETED

Requires funds appropriated for the NextGen Infrastructure Grant to be deposited in the Emergency 9-1-1 Fund.

Sec. 949n. Foster Futures Scholarship Trust Fund – NEW

Appropriates gifts or donations to the Fostering Futures Scholarship Trust Fund for the program.

Sec. 949o. Local First Responder Recruitment and Training Grants – DELETED

Requires funds appropriated for Local First Responder Recruitment and Training Grants to be used 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.

TREASURY - REVENUE SHARING

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

Specifies distribution of \$266.2 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 102.0% of its FY 2020-21 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 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, 2017 PA 202. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises to reflect eligible payment equal to 110.0% of FY 2021-22 eligible payment and strikes language requiring the eligible unit to dedicate 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 106.6435% of the amount determined pursuant to the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140; requires counties receiving a payment to allocate their FY 2020-21 eligible payment increase 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, 2017 PA 202. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises to increase payments to counties by 10.0% which would represent 117.3115% of statutory full funding. Strikes language requiring the eligible county to dedicate increased funds to unfunded pension liabilities.

Sec. 957. Coronavirus Relief Local Government Grants – DELETED

Requires funds appropriated to be used to make payments to cities, villages, townships, and counties that received a coronavirus relief local government grant in 2020 PA 144 and subsequently returned at least some portion of the grant; the grant must equal the amount returned to the Department of Treasury.

TREASURY – GAMING CONTROL BOARD

Sec. 972. Internet Gaming – NEW

Requires that after required gaming expenditures are made, any remaining funding in the Fantasy Contest Fund, the Internet Gaming Fund, and the Internet Sports Betting Fund are appropriated and shall be deposited into the School Aid Fund.

Sec. 978. Racing Commission Regulatory Changes – REVISED

Requires the Michigan Gaming Control Board (MGCB) to determine the actual regulatory costs of conducting race dates; limits 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 the amount appropriated 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 change the funding to the Internet Gaming Fund and to delete the reporting requirement.

Major Boilerplate Changes from FY 2021-22

TREASURY – ONE-TIME APPROPRIATIONS

Sec. 1200. Electric Vehicle Rebates – NEW

Requires the implementation of an electric vehicle rebate program, including at-home charging equipment for new purchases made after October 1, 2022; requires department to issue rebates on a first come/first served basis and may be up to \$2,000 for an electric vehicle and up to \$500 for at-home charging equipment; includes work project language.

Sec. 1201. Local Community Transition Support – NEW

Requires grant program to aid local communities that experienced significant economic impacts from the departure or disinvestment of major employers and their workforce due to the COVID-19 pandemic; caps amount that can be granted for each grant to no more than \$5.0 million; requires report.

Sec. 1202. Retirement Tax Repeal – NEW

Requires that funding for the retirement income tax reform implementation not be expended unless the Income Tax Act is amended to exempt public pensions and restore tax deductions for private retirement income; includes work project language.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>		<u>FY 2021-22 Recommendation</u>
<i>1. City, Village, and Township (CVT) Revenue Sharing – Hold Harmless</i>	Gross	\$50,000,000
Provides \$50.0 million GF/GP to make payments to cities, villages, and townships to hold them harmless for any overpayment amounts they received because of population losses identified in the 2020 Census. Due to the delay of Census data, updated population data will not be applied to revenue sharing payments until April of 2022 which may require adjustments to future payments. This funding will help offset any future negative adjustments.	GF/GP	\$50,000,000
<i>2. Hero Pay to Essential Workers Program</i>	Gross	\$500,000,000
Includes \$500.0 million funding from ARP – Coronavirus State Fiscal Recovery Funds for payments to eligible essential workers. Eligibility is limited to those performing essential work as defined by the U.S. Treasury federal rule for the American Rescue Plan Act of 2021.	Restricted GF/GP	500,000,000 \$0
<i>3. First Responder Retention</i>	Gross	\$50,000,000
Includes \$50.0 million Gross (\$30.0 million GF/GP) for grants to provide payments to first responders, public safety personnel, law enforcement, and certain corrections staff who performed hazardous duty or work involving physical hardship due to the COVID-19 pandemic; maximum reimbursement shall be \$1,000 per eligible employee.	Restricted GF/GP	20,000,000 \$30,000,000
<i>4. Wrongful Imprisonment Compensation Fund</i>	Gross	\$5,000,000
Includes a \$5.0 million GF/GP deposit into the fund for FY 2021-22.	GF/GP	\$5,000,000
<i>5. Responsible Gaming Advertising Program</i>	Gross	\$3,000,000
Includes \$3.0 million restricted funding for an advertising program to assist problem gamblers and promote responsible gambling and gaming activities.	Restricted GF/GP	3,000,000 \$0

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 HEALTH AND HUMAN SERVICES

Analysts: Sydney Brown, Kent Dell, Susan Frey, and Kevin Koorstra

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22		Executive	Amount
IDG/IDT	\$14,593,500	\$14,696,000	\$102,500	0.7
Federal	23,187,321,000	23,617,962,500	430,641,500	1.9
Local	167,951,100	183,502,800	15,551,700	9.3
Private	172,276,500	179,716,400	7,439,900	4.3
Restricted	2,986,632,100	2,991,928,100	5,296,000	0.2
GF/GP	5,448,429,200	6,456,860,100	1,008,430,900	18.5
Gross	\$31,977,203,400	\$33,444,665,900	\$1,467,462,500	4.6
FTEs	15,587.5	15,800.5	213.0	1.4

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
MEDICAID AND BEHAVIORAL HEALTH – GENERAL		
1. Traditional Medicaid Cost Adjustment	Gross \$16,499,311,900	(\$328,811,600)
Includes a reduction of \$328.8 million Gross (increase of \$194.5 million GF/GP) to recognize caseload, utilization, and inflation adjustments, removing the additional 6.2 percentage point increase to the state FMAP provided under the federal Families First Coronavirus Response Act and associated prohibition on closing Medicaid cases, and traditional FMAP cost-sharing adjustments from FMAP reducing from 65.48% to 64.71%, for medical and behavioral health services in the traditional Medicaid program. Compared to FY 2020-21 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 5.5%.	Federal 11,000,733,400	(660,819,600)
	Local 50,496,500	11,015,900
	Private 7,000,000	0
	Restricted 2,158,300,300	126,451,900
	GF/GP \$3,282,781,700	\$194,540,200
2. Healthy Michigan Plan Cost Adjustment	Gross \$5,767,637,700	(\$372,953,300)
Includes a reduction of \$373.0 million Gross (increase of \$5.2 million GF/GP) to recognize caseload, utilization, and inflation adjustments, and removing prohibition on closing Medicaid cases provided under the federal Families First Coronavirus Response Act for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2020-21 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 3.5%.	Federal 5,172,523,800	(335,019,700)
	Local 2,038,800	0
	Private 200,000	0
	Restricted 539,443,100	(43,097,400)
	GF/GP \$53,432,000	\$5,163,800

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)		Executive Change from YTD
3. Actuarial Soundness	Gross	NA	\$340,745,600
Includes \$340.7 million Gross (\$88.4 million GF/GP) to support an estimated 2.0% to 5.0% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), 2.0% to 2.5% for Medicaid Health plans, Program of All-includes Care for the Elderly (PACE); home- and community-based services; and Integrated Care Organizations (MI Health Link); and 1.0% for Healthy Kids Dental.	Federal	NA	252,356,500
	GF/GP	NA	\$88,389,100
DEPARTMENTAL ADMINISTRATION AND SUPPORT			
4. Warehouse Operations	Gross	\$0	\$3,400,000
Includes \$3.4 million GF/GP to support the stockpiling of medical supplies, including personal protective equipment, in accordance with the Emergency Management Act, 1976 PA 390.	GF/GP	\$0	\$3,400,000
5. CCWIS Development – One-Time	FTE	6.0	(6.0)
Adds \$11.0 million Gross (\$5.2 million GF/GP) for a total of \$27.8 million Gross (\$13.9 million GF/GP) to support the continued development of the Comprehensive Child Welfare Information System (CCWIS) – the replacement system for MISACWIS. This includes the development of the next 3 of the remaining cloud-based modules to be implemented over the course of the next 3 to 4 years.	Gross	\$16,824,200	\$11,001,200
	Federal	8,075,600	5,837,100
	GF/GP	\$8,748,600	\$5,164,100
6. MMIS – CHAMPS Maintenance and Operations	Gross	\$18,000,000	(\$15,850,000)
Retains \$2.2 million GF/GP from FY 2021-22 one-time technology upgrades for system maintenance and operations of CHAMPS, the state Medicaid system. Of the \$2.2 million GF/GP, \$1.8 million remains a one-time appropriation and \$400,000 is included in the MMIS line item as an increase in ongoing appropriations.	Federal	15,850,000	(15,850,000)
	GF/GP	\$2,150,000	\$0
7. Information Technology Contracts – Inflation Adjustments	Gross	NA	\$2,074,800
Includes \$2.1 million Gross (\$1.4 million GF/GP) to adjust for inflationary increases to contractual payments across IT systems.	Federal	NA	712,400
	GF/GP	NA	\$1,362,400
8. Information Technology – Systems Maintenance	Gross	\$261,364,200	\$3,631,200
Includes \$3.6 million Gross (\$2.7 million GF/GP) for department-wide information technology services and projects maintenance costs.	TANF	16,689,000	0
	Federal	190,087,300	882,000
	Private	250,000	0
	Restricted	1,922,300	0
	GF/GP	\$52,415,600	\$2,749,200
9. Economic Adjustments	Gross	NA	\$48,052,300
Reflects increased costs of \$48.1 million Gross (\$21.4 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	102,500
	TANF	NA	7,325,200
	Federal	NA	18,078,200
	Local	NA	280,800
	Private	NA	356,600
	Restricted	NA	470,700
	GF/GP	NA	\$21,438,300
COMMUNITY SERVICES AND OUTREACH			
10. Sexual Assault Evidence Kit (SEAK) Tracking System Adjustment	FTE	0.0	1.0
Reduces funding by \$430,500 Gross (increase of \$369,500 GF/GP) for the Sexual Assault Kit Tracking System. Replaces expired Sexual Assault Tracking Kit Fund with GF to maintain Track Kit software contract.	Gross	\$800,000	(\$430,500)
	Restricted	800,000	(800,000)
	GF/GP	\$0	\$369,500

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
CHILDREN’S SERVICES AGENCY – CHILD WELFARE		
11. Child Welfare Caseload Adjustments	Gross	\$766,140,200
Increases funding for child welfare programs by \$16.4 million Gross (\$18.7 million GF/GP) as follows:	TANF	75,304,600
<ul style="list-style-type: none"> Foster care payments are increased by \$16.8 million Gross (\$12.7 million GF/GP) from 7,958 cases at \$31,552 per year to 7,138 cases at \$41,349 per year. Adoption subsidies is reduced by \$4.1 million Gross (\$10.1 million GF/GP) from 21,877 cases at \$723.92 per month to 21,025 cases at \$732.95 per month. Guardianship assistance payments are increased by \$261,600 Gross (\$250,900 GF/GP) from 1,209 cases at \$687.87 per month to 1,229 cases at \$694.41 per month. The Child Care Fund is increased by \$3.5 million Gross (\$15.8 million GF/GP). 	Federal	209,732,900
	Local	45,745,200
	Private	2,700,000
	GF/GP	\$432,657,500
		\$16,446,300
		2,835,400
		(843,300)
		(4,223,400)
		0
		\$18,677,600
12. Child Welfare FMAP Adjustments	Gross	NA
Includes a \$5.9 million GF/GP increase to offset the decrease in federal funding due to the decrease in federal FMAP match from 65.48% to 64.71%. Also reverses FY22 Enhanced FMAP adjustments for base caseload in applicable child welfare lines.	Federal	NA
	GF/GP	NA
		\$0
		(5,912,300)
		\$5,912,300
13. Federal Title IV-E Administration Decrease	Gross	NA
Includes \$34.9 million GF/GP adjustment to correct an overclaim of federal title IV-E administrative reimbursements identified during FY 2020-21 book closing.	Federal	NA
	GF/GP	NA
		\$0
		(34,945,000)
		\$34,945,000
14. Family Maintenance Payment Increase	Gross	NA
Includes \$33.7 million Gross (\$13.3 GF/GP) to fund an 18% increase in regular maintenance payments to foster parents, adoptive families, and juvenile guardians.	TANF	NA
	Federal	NA
	Local	NA
	GF/GP	NA
		\$33,664,600
		5,846,200
		13,253,500
		1,248,400
		\$13,316,500
15. Residential Rate Increase	Gross	NA
Includes \$10.5 million Gross (\$9.0 million GF/GP) to fund a 5% reimbursement increase to residential child caring institutions as well as a 12% reimbursement increase to private residential juvenile justice providers.	Federal	NA
	GF/GP	NA
		\$10,519,500
		1,543,500
		\$8,976,000
16. Raise the Age Fund Adjustment	Gross	\$9,150,000
Adds \$7.7 million GF/GP to adjust the Raise the Age fund for county incurred service costs based on county budget submissions to DHHS.	G/F/GP	\$9,150,000
		\$7,688,900
17. Child Welfare Day Treatment Pilot Program	FTE	NA
Includes \$2.5 million GF/GP to fund a pilot treatment program targeted to children ages 7-18 who have been expelled or are at risk of being expelled from school with behaviors that threaten the stability of their foster care placement.	Gross	NA
	GF/GP	NA
		1.0
		\$2,480,000
		\$2,480,000
18. Congregate Care Pandemic Relief Grants – One-Time	Gross	NA
Provides \$15.0 million GF/GP for pandemic-related fiscal relief to residential child welfare providers.	GF/GP	NA
		\$15,000,000
		\$15,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
PUBLIC ASSISTANCE		
19. Public Assistance Caseload Adjustments	Gross	NA \$1,148,718,500
Recognizes a \$1.1 billion Gross net increase (\$3.3 million GF/GP net reduction) resulting from adjusted estimates to Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI) caseloads for FY 2021-22 and FY 2022-23. Adjustments include pandemic-related increases to food assistance (P-EBT).	IDG	NA (180,000)
	TANF	NA (3,558,200)
	Federal	NA 1,155,716,600
	GF/GP	NA (\$3,259,900)
<ul style="list-style-type: none"> • FIP: reduction of \$3.7 million Gross (\$0 GF/GP). • FAP: increase of \$1.2 billion Gross (\$0 GF/GP). • SDA: reduction of \$452,800 GF/GP • SSI: reduction of \$2.8 million GF/GP. 		
20. Food Security Council – One-Time	Gross	\$0 \$50,000,000
Includes \$50.0 million GF/GP to support grants to food banks and other charity-based organizations that distribute food, update food distribution facilities, create a new food distribution center in the U.P., information technology updates for the Bridges system, and attempt coordination between primary health care services and food access.	GF/GP	\$0 \$50,000,000
21. Home Repair and Plumbing Assistance Grants – One-Time	Gross	\$0 \$40,000,000
Includes \$40.0 million GF/GP to support grants through local Community Action Agencies to households for minor home repair work, including plumbing repairs.	GF/GP	\$0 \$40,000,000
22. Cross-Enrollment Expansion – One-Time	Gross	\$0 \$2,500,000
Includes \$2.5 million Gross (\$1.3 million GF/GP) to support efforts to enroll public assistance recipients in all other assistance programs that they are eligible for. Funding would support administrative and outreach efforts, as well as changes to the MI Bridges enrollment portal.	Federal	0 1,175,000
	GF/GP	\$0 \$1,325,000
23. Family Independence Program – Young Child Supplements	Gross	\$59,751,700 \$8,308,800
Includes \$8.3 million in TANF block-grant funds to increase monthly FIP distributions by \$100 per child under the age of 6.	TANF	48,722,100 8,308,800
	Restricted	10,121,900 0
	GF/GP	\$907,700 \$0
24. Family Independence Program – Child Support Pass-Through	Gross	\$59,751,700 \$0
Includes \$0 Gross (\$1.1 million GF/GP) to backfill forgone state-share collections of child support for administrative purposes. This would eliminate the remainder of state-share collections to allow those child support collections to pass through to FIP applicable cases.	TANF	48,722,100 0
	Restricted	10,121,900 (1,100,000)
	GF/GP	\$907,700 \$1,100,000
25. Employment Verification Contract Increase	Gross	\$17,595,000 \$5,374,700
Includes \$5.4 million Gross (\$3.2 million GF/GP) to support the employment verification contract with TALX (Equifax). This includes moving the payment rate from a flat-rate to a per-unit rate, and account for increased employment verifications.	IDG	145,400 0
	TANF	3,597,500 3,800
	Federal	6,279,800 2,127,300
	GF/GP	\$7,572,300 \$3,243,600
26. Security Services Contract Increase	Gross	\$17,595,000 \$1,400,000
Includes \$1.4 million Gross (\$783,800 GF/GP) to increase payments to DK Security for infrastructure protection. The increase in funds would be utilized to increase personnel wages from the current hourly minimum of \$12.40 to \$16.00 statewide, with the exception of Detroit, which would see an increase to \$18.00.	IDG	145,400 0
	TANF	3,597,500 264,700
	Federal	6,279,800 351,500
	GF/GP	\$7,572,300 \$783,800

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
27. Migrant Family Independence Specialists	FTE 4,417.5	5.0
Includes \$555,700 Gross (\$277,900 GF/GP) and 5.0 FTE positions to place Migrant Family Independence Specialists at Intercare, Cherry Health, Northwest Michigan Human Services, and Great Lakes Bay health centers. The additional Family Independence Specialists would provide for targeted outreach to migrant populations.	Gross \$471,827,100	\$555,700
	IDG 6,805,700	0
	TANF 52,195,400	0
	Federal 208,849,800	277,800
	GF/GP \$203,976,200	\$277,900
28. Food Assistance Reinvestment – Waived Penalty Period	Gross \$10,985,000	(\$3,551,500)
Reduces penalty payments to the U.S. Department of Agriculture – Food and Nutrition Services by \$3.6 million GF/GP. The USDA waived food assistance distribution error rate-related penalties due to the inability to determine correct error rates in FY 2019-2020, resulting from the COVID-19 pandemic and related mitigation measures.	GF/GP \$10,985,000	(\$3,551,500)
BEHAVIORAL HEALTH SERVICES		
29. Family Support Subsidy Caseloads Adjustments	Gross \$11,832,400	(\$1,637,300)
Reduces \$1.6 million TANF to support an estimated 3,700 family support subsidy cases.	TANF 11,832,400	(1,637,300)
	GF/GP \$0	\$0
30. Opioid Settlement Fund	Gross \$0	\$16,000,000
Includes \$16.0 million of restricted funds from court settlements between the state and opioid manufacturers and distributors. State statute would also be required to create the fund and establish the use of the funds.	Restricted 0	16,000,000
	GF/GP \$0	\$0
31. Behavioral Health Inpatient Capacity	FTE NA	169.0
Includes \$52.5 million GF/GP and authorizes 169.0 FTE positions to increase capacity of state-operated and private purchase psychiatric inpatient beds. Funding for state-operated psychiatric hospitals would be used to staff an additional 56 beds at Hawthorn and Center for Forensic Psychiatry. Funding for private purchase would support the purchase of 60 beds.	Gross NA	\$52,450,000
	GF/GP NA	\$52,450,000
32. New State-Operated Psychiatric Hospital Campus – One-Time	Gross \$0	\$325,000,000
Adds \$325.0 million in one-time GF/GP to construct a new state-operated psychiatric hospital campus in Southeast Michigan to replace Hawthorn and Walter P. Reuther. Campus would have an estimated capacity of 260 total beds, which would be 45 more than the current occupancy of the 2 current facilities.	GF/GP \$0	\$325,000,000
33. Health Homes	FTE 1.0	0.0
Includes \$16.8 million Gross (\$2.5 million GF/GP) to increase the number counties with behavioral health homes from 37 and 42 and the number of counties with opioid health homes from 40 to 49.	Gross \$33,005,400	\$16,832,100
	Federal 29,524,900	14,332,100
	Local 246,900	0
	Restricted 677,300	0
	GF/GP \$2,556,300	\$2,500,000
34. Central Administrative Support for State Psychiatric Hospitals and Centers	FTE NA	8.0
Includes a net increase of \$1.1 million GF/GP and authorizes a net 8.0 FTE positions to increase administrative support for admission and discharges, the Michigan Community Transition Program, and Psychiatric Residential Treatment Facilities.	Gross NA	\$1,087,900
	GF/GP NA	\$1,087,900
35. Occupational Health Clinics	FTE NA	29.0
Adds \$3.6 million Gross (\$3.2 million GF/GP) to establish permanent occupational health clinics at each of the 5 state-operated psychiatric hospitals and centers. The occupational health clinics would manage occupational health issues including workplace safety, infectious disease control, and quality control.	Gross NA	\$3,550,000
	Federal NA	304,000
	GF/GP NA	\$3,246,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
36. State Psychiatric Hospital Pharmacy Cost Increase	Gross	NA	\$436,700
Adds \$436,700 Gross (\$357,700 GF/GP) to support an estimated 5% inflationary increase in pharmacy costs within the state psychiatric hospitals.	Federal	NA	30,600
	Local	NA	32,400
	Restricted	NA	16,000
	GF/GP	NA	\$357,700
37. Continuation of FY 2021-22 Behavioral Health One-Time Funding	Gross	\$11,900,000	\$14,200,000
Includes \$1.0 million GF/GP to continue Jail Diversion Funds at \$15.0 million GF/GP, multicultural integration funding at \$8.6 million GF/GP, and first responder mental health funding at \$2.5 million GF/GP.	Federal	4,400,000	(4,400,000)
	GF/GP	\$7,500,000	\$18,600,000
PUBLIC HEALTH			
38. New Initiatives to Reduce Health Disparities – One-Time	Gross	NA	\$20,000,000
Includes one-time funding of \$20.0 million Gross (\$15.0 million GF/GP) for new initiatives to reduce health disparities, including:	Federal	NA	5,000,000
	GF/GP	NA	\$15,000,000
<ul style="list-style-type: none"> • \$10.0 million Gross (\$5.0 million GF/GP) for Medicaid health plan racial disparities incentive pool. • \$4.2 million GF/GP for expansion of access to Centering Pregnancy sites to reduce racial disparities in pre-term births. • \$4.0 million GF/GP for health education and training to improve birth outcomes for adolescent mothers. • \$1.3 million GF/GP for health care workforce diversification development. • \$500,000 GF/GP for outreach to minority women regarding uterine fibroid disease and health disparities. 			
Sec. 1979 through 1983 are related boilerplate sections.			
39. Michigan Essential Health Provider Program Expansion for Behavioral Health Professionals – One-Time	Gross	\$3,519,600	\$25,000,000
Provides one-time funding of \$25.0 million GF/GP to support behavioral health providers in the repayment of medical education loans in exchange for service in federally designated health professional shortage areas, an expansion of the existing state/federal program. Sec. 1985 is related boilerplate and establishes the funding as a work project.	Federal	1,236,300	0
	Private	855,000	0
	GF/GP	\$1,428,300	\$25,000,000
40. Newborn Screening	Gross	\$17,912,100	\$967,300
Recognizes increased newborn screening fee revenue of \$967,300 from automatic fee adjustment for inflation (4.5%) pursuant to statute, for screening of newborns for genetic conditions.	Restricted	17,912,100	967,300
	GF/GP	\$0	\$0
41. Sexually Transmitted Disease Control and Prevention	Gross	\$6,418,200	\$2,000,000
Increases private funding by \$2.0 million for state and local prevention activities and drug programs related to sexually transmitted infections (STI). Funds are pharmaceutical manufacturer rebates for drug expenditures within this program.	Federal	3,358,100	0
	Private	136,500	2,000,000
	Restricted	2,296,600	0
	GF/GP	\$627,000	\$0
42. Gun Violence Prevention and Reduction – One-Time	Gross	\$0	\$10,000,000
Includes one-time funding of \$10.0 million GF/GP for firearm injury and violence prevention initiatives, including evidence-based programs in schools and communities, training for health, community, and law enforcement workers, development of infrastructure to collect effective data, and evaluation of programs and initiatives. Sec. 1986 is related boilerplate and establishes the funding as a work project.	GF/GP	\$0	\$10,000,000

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
43. Healthy Moms Healthy Babies Expansion for Doula Care Services	Gross \$0	\$1,179,100
Increases funding by \$1.2 million GF/GP for expansion of Healthy Moms Healthy Babies maternal and infant health and support programs to provide professional doula care services for high-risk pregnant women, new mothers, and their families.	GF/GP \$0	\$1,179,100
44. Child and Adolescent Health Care and Centers	Gross \$16,242,700	\$11,000,000
Increases funding by \$11.0 million of local school district revenue originating from the state School Aid Fund for primary health care services to children and youth in clinical and school-based settings, included as a proposed increase in the School Aid budget. Executive also includes additional \$5.0 million adjustment, already shown in the FY 2021-22 year-to-date from supplemental appropriations.	Local 16,242,700	11,000,000
	GF/GP \$0	\$0
45. Public Health Non-GF/GP Funds Adjustments	Gross NA	\$2,964,900
Recognizes \$3.0 million Gross for federal, private, and state restricted funding, including:	Federal NA	1,681,600
<ul style="list-style-type: none"> \$400,000 state restricted revenue for body art facility licensure. \$1.2 million federal funds for AIDS prevention, testing, and care. \$500,000 federal violence prevention funds. \$883,300 private funds for WIC program vendor system. 	Private NA	883,300
	Restricted NA	400,000
	GF/GP NA	\$0
AGING AND ADULT SERVICES		
46. Aging Services	Gross \$126,630,000	\$3,500,000
Recognizes \$3.5 million of additional federal funds available for senior programs including \$1.0 million for senior community services, \$1.5 million for senior nutrition services including congregate meals and home-delivered meals, and \$1.0 million for administration and authorization of funds carried forward from prior fiscal years.	Federal 65,343,900	3,500,000
	Private 1,020,000	0
	Restricted 6,068,700	0
	GF/GP \$54,197,400	\$0
MEDICAL SERVICES		
47. Dementia Care Unit	Gross \$400,000	\$0
Retains \$400,000 GF/GP one-time funding for dementia care and redesignates the funding as ongoing.	GF/GP \$400,000	\$0
48. Dental Program Redesign	Gross NA	\$247,577,100
Includes \$247.6 million Gross (\$69.8 million GF/GP) to consolidate fee-for-service (FFS), Healthy Michigan Plan (HMP), and Healthy Kids (HKD) dental programs into a single, direct contract with dental health plans; and increase reimbursement rates for outpatient and ambulatory surgical facilities. Specifically, rates for outpatient hospitals would increase from \$124.90 to \$829.15, and rates for ambulatory surgical centers would increase from \$81.84 to \$538.95. The intent would be to rebid the Medicaid contract in FY 2022-23 and increase the rates for FFS and HMP dental programs to reach equivalency in dental utilization from the higher reimbursement rate of HKD.	Federal NA	177,730,700
	GF/GP NA	\$69,846,400
49. Hospice Room and Board	Gross \$3,318,000	\$1,682,000
Includes an additional \$1.7 million GF/GP to support room and board costs of Medicaid recipients at hospice residences that are licensed by the state, but not certified for Medicare. Sec. 1856 is related, revised boilerplate. Total appropriations for monthly Medicaid hospice room and board grants would be increased to \$5.0 million GF/GP.	GF/GP \$3,318,000	\$1,682,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
50. Birth Expense Recovery	Gross	NA
Includes \$13.7 million Gross (\$4.9 million GF/GP) to forgo financial reimbursements from fathers of unwed pregnancies, used to partially offset the cost of Medicaid-paid birth expenses.	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$13,745,000
		8,895,000
		0
		\$4,850,000
51. Long-Term Care: Non-Clinical Staff Wage Increase	Gross	\$1,990,930,000
Includes \$60.0 million Gross (\$21.2 million GF/GP) to increase non-clinical nursing facility staff hourly wages by \$2.35.	Federal	1,323,812,100
	Local	6,618,800
	Private	6,100,000
	Restricted	358,142,500
	GF/GP	\$296,256,600
		\$59,989,700
		38,789,700
		0
		0
		0
		\$21,200,000
52. PACE – Site Expansions	Gross	\$198,118,300
Includes \$4.6 million Gross (\$1.6 million GF/GP) for the expansion of enrollment caps at the PACE sites in Wayne County, Traverse City, and the Central Michigan regional site.	Federal	133,489,100
	GF/GP	\$64,629,200
		\$4,673,100
		3,024,000
		\$1,649,100
53. Vaccine Administration – Medicaid Rate Increase	Gross	NA
Includes \$14.1 million Gross (\$4.5 million GF/GP) to increase Medicaid reimbursement rates for non-COVID vaccines up to Medicare reimbursement rates.	Federal	NA
	GF/GP	NA
		\$14,061,200
		9,544,500
		\$4,516,700
54. Restricted Fund Adjustments	Gross	NA
Includes \$27.5 million GF/GP as a net-zero replacement of restricted revenue authorization to recognize a decrease in revenues from the Medicaid Benefits Trust Fund (\$20.0 million), Healthy Michigan Fund (\$2.0 million), and from the Insurance Providers Assessment (\$5.5 million).	Restricted	NA
	GF/GP	NA
		\$0
		(27,527,300)
		\$27,527,300
ONE-TIME APPROPRIATIONS		
55. Remove FY 2021-22 One-Time Appropriations	FTE	6.0
Removes one-time appropriations included in FY 2021-22, including one-time appropriations within 133 PA 2021 (HB 4398). Any of this funding that is retained into FY 2022-23 is noted elsewhere. (*SFRF is federal Coronavirus State Fiscal Recovery Funds).	Gross	\$515,885,100
	SFRF*	41,900,000
	Federal	352,626,800
	GF/GP	\$121,358,300
		(\$515,885,100)
		(41,900,000)
		(352,626,800)
		(\$121,358,300)

Major Boilerplate Changes from FY 2021-22

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2021-22 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 \$290 million.

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.

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes from FY 2021-22

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

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. Deletes notification requirement and report.

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. 237. Conditions on Funding Regarding COVID Information and Requirements – DELETED

Prohibits DHHS from requiring proof of individual COVID-19 vaccination to access state facilities or services, creating a COVID vaccine passport, or providing COVID vaccine status of an individual to any entity or person without the individual's consent. Also prohibits DHHS from requiring proof of COVID vaccination as a condition of certain employment or subjecting an individual to negative employment consequences because of COVID vaccine status, and requires exemptions to any COVID vaccine policy required to be established due to a federal mandate.

Sec. 239. Medicaid Reimbursement for Telemedicine – DELETED

Requires DHHS to reimburse Medicaid telemedicine services the same as if the services involved face-to-face contact between the provider and patient; this applies to the non-facility component of the reimbursement rate.

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

Establishes that appropriations in part 1 shall, to the extent possible, not be expended until all existing work project authorization available for the same purposes is exhausted.

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, and to provide a report by March 1.

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 301. Terminal Leave Payments – DELETED

Requires that spending for terminal leave payments not exceed designated appropriations, unless a legislative transfer of funds from another line item supporting administrative costs is requested and approved.

COMMUNITY SERVICES AND OUTREACH

Sec. 457. Uniform Statewide Sexual Assault Evidence Kit Tracking System – REVISED

Allocates \$369,500 GP/GP to contract for the administration of the Uniform Statewide Sexual Assault Evidence Kit Tracking System; lists requirements of the system; requires report.

Sec. 463. Runaway and Homeless Youth Grants – NEW

Authorizes DHHS to make allocations of TANF revenue only to agencies that report necessary data to the department for the propose of meeting TANF eligibility reporting requirements.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

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. 543. Child Abuse and Neglect Policy for Legal Proceedings – DELETED

Requires DHHS to develop a clear policy that provides children who are victims of abuse or child neglect to provide input in the legal proceedings.

Sec. 575. Kinship Caregiver Advisory Council – NEW

Requires DHHS to allocate \$200,000 to provide support and coordinated services to the kinship advisory council. Requires the establishment of a public awareness campaign to educate the public about kinship caregivers; consult and coordinate with kinship caregiver navigator program to collect data; establish, maintain, and update a list of local support groups and programs to provide services to kinship families; develop methods to promote and improve collaboration between states, counties, agencies, and stakeholders for improved services.

Major Boilerplate Changes from FY 2021-22**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.

BEHAVIORAL HEALTH SERVICES***Sec. 908. Uniform Community Mental Health Credentialing – DELETED***

States that contracts with PIHPs and CMHSPs must work toward implementing section 206b of the Mental Health Code on uniform community mental health services credentialing.

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 Behavioral 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. 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.

PUBLIC HEALTH***Sec. 1148. Human Embryo Constitution Informational Materials – DELETED***

Allocates \$100,000 for informational materials related to Section 27(2)(a) of Article 1 of the State Constitution of 1963 regarding human embryo and embryonic stem cell research.

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. 1222. Essential Local Public Health Services – REVISED

Directs that essential local public health services funds be prospectively allocated to local public health departments for nine state and local cost-shared services, some provided in consultation with Department of Agriculture and Rural Development and Department of Environment, Great Lakes, and Energy; local public health departments are held to contractual standards and spending minimums; requires a report by December 1. States distribution formula required to be used, and that allocations shall not be less than the previous fiscal year. New subsection (4) directs that funding shall be unappropriated if a local health officer has an emergency order under Section 2453 of the Public Health Code in effect as of October 1, 2021; does not apply if a county board of commissioners passes a non-binding resolution to support any such emergency orders. Executive Recommendation revises by deleting subsection (4).

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.

Major Boilerplate Changes from FY 2021-22

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 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 may be expended for a public media campaign regarding publicly funded family planning or pregnancy prevention programs. Funds 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.

Sec. 1347. Use of Funds for Activities Regarding Abortion or Human Embryo Use – DELETED

Prohibits use of state funds for abortion counseling, referrals, or services, or for any activities regarding human cloning or research in which a human embryo is destroyed or discarded.

MEDICAL SERVICES

Sec. 1517. Actuarial Analysis – Specialty Medicaid Managed Care Health Plan – DELETED

Allocates funding to complete an actuarial analysis to assess the creation of a Medicaid managed care plan for children in foster care; provides for the requirements of specialty plan; and requires a report.

Sec. 1615. Encounter Claims Data Integrity – DELETED

Requires the department to provide oversight of Medicaid claims encounter data to ensure 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.

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 section to be permissive.

Sec. 1875. Prior Authorization for Certain Drugs – DELETED

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of HIV or AIDS, epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of January 22, 2021, defines "prior authorization"; and requires DHHS to explore including medications for the treatment of Duchenne Muscular Dystrophy to the list of Medicaid prescriptions not subject to prior authorization.

Sec. 1895. Nursing Home Variable Cost Component – NEW

Requires DHHS to adjust interim variable cost component at 102.5% of the interim rate provided on October 1, 2022, establishes quality assurance supplement formula, and requires DHHS to audit costs to establish a final audited rate.

Supplemental Recommendations for FY 2021-22 Appropriations**FY 2021-22
Recommendation****MEDICAID AND BEHAVIORAL HEALTH – GENERAL****1. Traditional Medicaid Cost Adjustments**

Includes reduction of \$301.4 million Gross (\$480.2 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, and financing adjustments. Total includes \$431.1 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 2 additional quarters, for a total of 3 quarters of enhanced FMAP.

Gross	(\$301,382,800)
Federal	178,798,600
GF/GP	(\$480,181,400)

2. Healthy Michigan Plan Cost Adjustments

Includes an increase of \$87.9 million Gross (\$11.4 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation, and financing adjustments.

Gross	\$87,920,200
Federal	79,093,800
Restricted	(2,535,100)
GF/GP	\$11,361,500

3. Special Medicaid Payment Cost Adjustments

Adds \$108.3 million Gross (\$7.0 million GF/GP) in special Medicaid payment cost adjustments, including provider tax funded supplemental Medicaid payments and physician and dental adjuster payments.

Gross	\$108,336,100
Federal	137,882,900
Local	(3,529,000)
Restricted	(33,025,100)
GF/GP	\$7,007,300

CHILDREN'S SERVICES AGENCY – CHILD WELFARE**4. Child Welfare Caseload Adjustments**

Increases funding for child welfare programs by \$10.1 million Gross (\$9.1 GF/GP) as follows:

- Foster care payments are increased by \$10.3 million Gross (\$9.5 million GF/GP) from 7,958 cases at \$31,552 per year to 7,109 cases at \$40,814 per year.
- Adoption subsidies is increased by \$277,700 Gross (reduction of \$9.6 million GF/GP) from 21,877 cases at \$723.92 per month to 21,528 cases at \$732.95 per month.
- Guardianship assistance payments are increased by \$11,600 Gross (\$2,400 GF/GP) from 1,209 cases at \$687.87 per month to 1,211 cases at \$694.41 per month.
- The Child Care Fund is decreased by \$596,100 Gross (increase of \$9.3 million GF/GP).

Gross	\$10,121,600
TANF	838,500
Federal	8,295,900
Local	(8,139,000)
GF/GP	\$9,126,200

5. Child Welfare E-FMAP Adjustments

Includes \$7.4 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 2 additional quarters, for a total of 3 quarters of enhanced FMAP.

Gross	\$0
Federal	(7,432,300)
GF/GP	\$7,432,300

6. Federal IV-E Administration Decrease

Includes \$32.9 million GF/GP adjustment to correct an overclaim of federal title IV-E administrative reimbursements identified during FY 2020-21 book closing.

Gross	\$0
Federal	(32,908,700)
GF/GP	\$32,908,700

7. Raise the Age Fund Adjustment

Includes a \$7.7 million GF/GP funding increase to adjust the Raise the Age fund for county incurred service costs based on county budget submissions to DHHS.

Gross	\$7,688,900
GF/GP	\$7,688,900

8. Congregate Care Pandemic Relief Grants – One-Time

Provides \$2.0 million GF/GP pandemic related fiscal relief to residential child welfare providers.

Gross	\$2,000,000
GF/GP	\$2,000,000

9. Residential Rate Non-Contracted Rate Increase – One-Time

Provides \$10.8 million GF/GP pandemic related fiscal relief to residential child welfare providers.

Gross	\$10,800,000
GF/GP	\$10,800,000

Supplemental Recommendations for FY 2021-22 Appropriations

**FY 2021-22
Recommendation**

PUBLIC ASSISTANCE

10. Public Assistance Caseload Adjustments

Recognizes a \$1.2 billion Gross net increase (\$1.9 million GF/GP net reduction) resulting from adjusted estimates to Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplemental (SSI) caseloads for FY 2021-22. Adjustments include pandemic-related increases to food assistance (P-EBT).

- FIP: reduction of \$3.7 million Gross (\$0 GF/GP).
- FAP: increase of \$1.2 billion Gross (\$0 GF/GP).
- SDA: reduction of \$253,100 GF/GP.
- SSI: reduction of \$1.7 million GF/GP.

Gross	\$1,150,032,500
TANF	(3,558,200)
Federal	1,155,716,600
Restricted	(180,000)
GF/GP	(\$1,945,900)

BEHAVIORAL HEALTH SERVICES

11. Private Funding Authorization

Adds \$3.8 million of private funding authorization for behavioral health services-related grant awards from the Michigan Health Endowment Fund and Vital Strategies.

Gross	\$3,800,000
Private	3,800,000
GF/GP	\$0

12. Family Support Subsidy Caseloads Adjustments

Reduces \$795,300 TANF to support an estimated 4,000 family support subsidy cases.

Gross	(\$795,300)
TANF	(795,300)
GF/GP	\$0

13. Opioid Settlement Fund

Includes \$16.0 million of restricted funds from court settlements between the state and opioid manufacturers and distributors. State statute would also be required to create the fund and establish the use of the funds. (Technical note: Funds are correctly noted as restricted, as SBO Letter 2022-2 inadvertently requested federal authorization.)

Gross	\$16,000,000
Restricted	16,000,000
GF/GP	\$0

14. Behavioral Health Inpatient Capacity

Includes \$51.2 million GF/GP and authorizes 169.0 FTE positions to increase capacity of state-operated and private purchase psychiatric inpatient beds. Funding for state-operated psychiatric hospitals would renovate Hawthorn and Center for Forensic Psychiatry to open and then operate an additional 56 beds. Funding for private purchase would support the purchase of 60 beds.

FTE	169.0
Gross	\$51,225,000
GF/GP	\$51,225,000

15. Behavioral Health Direct Care Worker Bonus Payment

Includes \$135.0 million GF/GP to provide a one-time bonus payment of \$2,500 to behavioral health workers and state psychiatric hospital direct care staff.

Gross	\$135,000,000
GF/GP	\$135,000,000

16. State Psychiatric Hospital Enhanced FMAP Adjustments

Includes \$1.3 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 2 additional quarters, for a total of 3 quarters of enhanced FMAP.

Gross	\$0
Federal	1,267,200
GF/GP	(\$1,267,200)

17. State Psychiatric Hospital Net \$0 Adjustments

Includes a net \$0 adjustment of federal, restricted, and GF/GP funding across the 5 state psychiatric hospitals and centers to align fund authorizations with estimated costs.

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

PUBLIC HEALTH

18. Rural Health Services

Removes \$1.4 million of federal grant authorization and 1.0 FTE for rural health programs; grants will be awarded directly to Michigan Center for Rural Health at Michigan State University, rather than passing through DHHS budget. Includes 3 federal rural health and hospital program grants.

FTE	(1.0)
Gross	(\$1,380,500)
Federal	(1,380,500)
GF/GP	\$0

Supplemental Recommendations for FY 2021-22 Appropriations	FY 2021-22 Recommendation	
19. Lead Abatement Grant SCHIP Adjustment	Gross	\$0
Includes net \$0 Gross fund shift of \$524,000 from GF/GP to federal for Children's Health Insurance Program (SCHIP) grant funds approved for use for lead abatement in Flint and other high-risk communities since FY 2016-17.	Federal	524,000
	GF/GP	(\$524,000)
20. Sexually Transmitted Disease Control and Prevention	Gross	\$2,000,000
Increases funding by \$2.0 million of private funds for state and local prevention activities and drug programs related to sexually transmitted infections (STI). Funds are pharmaceutical manufacturer rebates for drug expenditures within this program.	Private	2,000,000
	GF/GP	\$0
21. Child and Adolescent Health Care and Centers	Gross	\$3,000,000
Increases funding by \$3.0 million of local school district revenue originating from the state School Aid Fund for primary health care services to children and youth in clinical and school-based settings.	Local	3,000,000
	GF/GP	\$0
22. Public Health Non-GF/GP Funds Adjustments	Gross	\$2,964,900
Recognizes \$3.0 million Gross for federal, private, and state restricted funding, including:	Federal	1,681,600
<ul style="list-style-type: none"> • \$400,000 state restricted revenue for body art facility licensure, under Epidemiology Administration. • \$1.2 million federal funds for AIDS prevention, testing, and care. • \$500,000 federal violence prevention funds. • \$883,300 private funds for WIC program vendor system. 	Private	883,300
	Restricted	400,000
	GF/GP	\$0
23. Public Health Transfers Within DHHS	FTE	5.0
Includes the following net \$0 transfers and increase of FTEs within public health and other parts of the budget to align funding with current department organization:	Gross	\$0
<ul style="list-style-type: none"> • Michigan 2-1-1 funding of \$2.5 million Gross (\$950,000 GF/GP) from Health Policy and Planning to Community Services and Outreach. • One FTE and \$145,200 Gross (\$72,900 GF/G) from Health Policy and Planning to Community Services and Outreach. • Five FTEs and \$279,300 GF/GP from Public Health Administration to Departmental Administration and Management. • Increase Public Health Administration by 5.0 FTEs to reflect actual. • \$170,000 Healthy Michigan Fund from Pregnancy Prevention Program to Family, Maternal, and Child Health Administration. 	Federal	0
	Restricted	0
	GF/GP	\$0
AGING AND ADULT SERVICES		
24. Aging Community and Nutrition Services	Gross	\$3,500,000
Recognizes \$3.5 million of additional federal funds available for senior programs including \$1.0 million for senior community services, \$1.5 million for senior nutrition services including congregate meals and home-delivered meals, and \$1.0 million for administration.	Federal	3,500,000
	GF/GP	\$0
MEDICAL SERVICES		
25. Medicaid Non-Clinical Staff Wage Increase	Gross	\$31,826,800
Includes \$31.8 million Gross (\$10.0 million GF/GP) to increase non-clinical nursing facility staff hourly wages by \$2.35 for approximately half the fiscal year.	Federal	21,826,800
	GF/GP	\$10,000,000
26. Medicaid Tribal Pharmaceutical Payments	Gross	\$6,250,000
Increases \$6.3 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.	Federal	4,200,000
	Private	2,050,000
	GF/GP	\$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
HIGHER EDUCATION**

Analyst: Perry Zielak

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	128,526,400	122,426,400	(6,100,000)	(4.7)
Local	0	0	0	--
Private	0	0	0	--
Restricted	361,403,300	347,888,300	(13,515,000)	(3.7)
GF/GP	1,317,821,500	1,382,300,200	64,478,700	4.9
Gross	\$1,807,751,200	\$1,852,614,900	\$44,863,700	2.5

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. University Operations Increase	Gross \$1,487,758,800	\$143,863,600
Includes a net increase of \$143.9 million GF/GP for university operations, a 9.7% increase. This includes:	Restricted 343,168,300	0
	GF/GP \$1,144,590,500	\$143,863,600

- \$146.0 million GF/GP (\$73.0 million GF/GP ongoing and \$73.0 million GP/GP one-time), or 10.0%, increase to operations grants for universities.
- \$12.7 million GF/GP increase to fund the first year of a four-year phase-in of a \$4,500 funding floor based on fiscal year equated students (FYES).
- Removal of \$14.6 million GF/GP of FY 2021-22 one-time operations funding.
- \$344,700 GF/GP decrease based on FY 2020-21 North American Indian Tuition Waiver program costs reported by institutions.

Attainment of the ongoing and one-time operations increases, labeled operational support payments, would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 5.0% or \$722 (set at 4.2% or \$590 in the current year). Projected funding increases for universities would range from 8.4% to 20.0%. Total funding for operations would be \$1.6 billion Gross (\$1.3 billion GF/GP).

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
2. Michigan State University Extension and AgBioResearch Programs Increase	Gross	\$65,724,200	\$5,856,800
Includes a net increase of \$5.9 million GF/GP total for MSU's AgBioResearch and Extension program funding. This includes an ongoing operations increase for the MSU AgBioResearch program of \$1.7 million GF/GP, a one-time funding increase of \$1.7 million GF/GP, and removal of one-time FY 2021-22 funding of \$349,400 GF/GP. Additionally, the MSU Extension program includes a net increase of \$2.7 million GF/GP comprising an ongoing and one-time operations increase of \$1.5 million GF/GP and the removal of one-time FY 2021-22 funding of \$301,400 GF/GP. These adjustments represent a 10.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$71.6 million GF/GP.	GF/GP	\$65,724,200	\$5,856,800
3. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$13,495,000	(\$13,425,000)
Decreases funding by \$13.4 million School Aid Fund (SAF) for the state's share of the universities' MPERS UAAL contribution, a 99.5% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). The amount needed for the state share was reduced due to the one-time MPERS payment of \$84.7 million GF/GP appropriated in FY 2021-22. Total funding for the state share of MPERS UAAL would be \$70,000 SAF.	Restricted GF/GP	13,495,000 \$0	(13,425,000) \$0
4. MPERS Normal Cost Offset	Gross	\$4,740,000	(\$90,000)
Decreases reimbursement funding provided to universities by \$90,000 SAF, a 1.9% decrease, 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 SAF.	Restricted GF/GP	4,740,000 \$0	(90,000) \$0
5. MPERS UAAL One-Time Payment	Gross	\$84,741,700	(\$84,741,700)
Removes \$84.7 million GF/GP in one-time funding for the state's share of the universities' MPERS UAAL contribution.	GF/GP	\$84,741,700	(\$84,741,700)
6. Tuition Incentive Program	Gross	\$71,300,000	(\$6,100,000)
Decreases Tuition Incentive Program (TIP) by \$6.1 million federal TANF funding, a 8.6% decrease. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The decrease is due to potential cost savings 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 \$65.2 million TANF.	Federal GF/GP	71,300,000 \$0	(6,100,000) \$0
7. Japan Center for Michigan Universities	Gross	\$500,000	(\$500,000)
Removes \$500,000 GF/GP in one-time funding to support operations at the Japan Center for Michigan Universities hosted by Michigan State University.	GF/GP	\$500,000	(\$500,000)

Major Boilerplate Changes from FY 2021-22

Sec. 236h. MPERS One-Time Payment Detail – DELETED

Deletes language detailing the one-time payment for MPERS UAAL contributions to the system for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) and states payments will be distributed no later than December 31, 2021.

Major Boilerplate Changes from FY 2021-22

Sec. 236i. FY 2022-23 One-Time Operational Support Payment Detail – REVISED

Details the one-time operational support payment for FY 2020-21. Revises language to detail the FY 2022-23 one-time operational support payment allocations for each university and the MSU AgBioResearch and Extension programs.

Sec. 236k. \$4,500 Fiscal Year Equated Student (FYES) Funding Floor – NEW

Adds language detailing the four-year implementation of a \$4,500 FYES funding floor for each university below that funding calculation.

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. Requires universities submit information to the state budget director, who would compile and report the data to the House and Senate appropriation subcommittees on higher education and the House and Senate fiscal agencies. Deletes reporting requirement on submission of reports to the state budget director and 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, 2021, or have monthly state payments withheld. Deletes certification requirement to the state budget director.

Sec. 251. Michigan Competitive Scholarship Program Detail – REVISED

Provides for distribution of funds appropriated for State Competitive Scholarships. Specifies grant amount of \$1,000, unless insufficient funds are available, in which case a report is required. Revises award amount from \$1,000 to \$1,200.

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. Revises award amount from \$2,800 to \$2,900 and 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.

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

Requires the Department of Treasury, working with the Michigan College Access Network, the Michigan Association of School Counselors, 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 for students containing various student loan and other financial aid information. Requires universities to post a link to the website on its homepage and directs the Department of Treasury to inform each high school about the website. Deletes references to evaluating financial aid offers and a list of state loan providers.

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 requirements to apply to both one-time and on-going operational support payments for FY 2022-23. Revises tuition restraint cap for universities to the greater of 5.0% or \$722 (currently set at 4.2% or \$590). Deletes legislative intent language that indicates universities that violate the tuition restraint cap shall not receive a capital outlay project authorization in FY 2022-23 and FY 2023-24 and will have its appropriation adjusted.

Major Boilerplate Changes from FY 2021-22**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 2022-23 only. Replaces “performance funding” with “operational support payments and one-time 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 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 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

States legislative intent that funds be allocated for unfunded Indian Tuition Waiver costs at public universities from the General Fund. Requires Department of Civil Rights to report certain information related to the waivers by January 15, 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 1. 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 an \$82,400 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 \$82,400 to \$31,000.

Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$50,000 pass-through payment from Northern Michigan’s North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community 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 \$50,000 to \$87,800.

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 if funds are used for a self-liquidating project.

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 legislative intent 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. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires universities to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

Sec. 275h. Campus Advocacy Policy – DELETED

Deletes legislative intent language that requires universities adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2021-22

Sec. 275h. Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds language that states a goal is set of 60% of Michigan residents achieve a post-secondary credential, certification or degree by 2030.

Sec. 276. Martin Luther King, Jr. – Cesar Chavez – Rosa Parks (KCP) Future Faculty Program – REVISED

Provides for program, funded by allocations from public university appropriations, intended to increase number of academically or economically disadvantaged candidates pursuing faculty teaching careers, and details requirements of unexpended and unencumbered program funds. Adds language to include revenue collected from defaulted fellowship agreements.

Sec. 278. KCP Select Student Support Services Program – REVISED

Provides for program, funded by distinct appropriation for grants to public/independent institutions, intended to develop academically/economically disadvantaged student retention programs. Adds language specifying a two-year award period.

Sec. 279. KCP College/University Partnership Program – REVISED

Provides for program, funded by distinct appropriation for grants to public/independent institutions, intended to increase the number of academically or economically disadvantaged students who transfer from community colleges to baccalaureate institutions. Adds language specifying a two-year award period.

Sec. 280. KCP Visiting Professors Program – REVISED

Provides for program, funded by allocations from public university appropriations, intended to increase the number of instructors to provide role models for academically or economically disadvantaged students, and details requirements of unexpended and unencumbered program funds. Adds language specifying a two-year award period.

Sec. 281a. KCP Reporting Requirements – DELETED

Deletes language that requires public universities to report various data about the six support programs behind the King-Chavez-Parks university programs to the Department of Labor and Economic Opportunity (LEO) by December 15 and requires LEO report the compiled information to the legislature and state budget director by February 15.

Sec. 286b. Bachelor of Science in Nursing Articulation Agreements Reporting – DELETED

Deletes language that requires any university with a bachelor of science in nursing program to report on a summary of efforts on establishing articulation agreements with community colleges.

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 2021-22 Appropriations

**FY 2021-22
Recommendation**

1. Infrastructure, Technology, Equipment, and Maintenance (ITEM) Funding

Includes \$141.5 million GF/GP for ITEM. The funds would allow universities to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual university allocations would be distributed based on calculated FY 2020-21 fiscal year equated student (FYES) enrollment.

Gross	\$141,492,400
GF/GP	\$141,492,400

FY 2022-23 University Operations Appropriations
Executive Recommendation

University	FY 2021-22 Indian Tuition Waiver Payment	*FY 2021-22 Base Appropriation	Total Operational Support Payment	FY 21 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass- through adjustments	Indian Tuition Waiver Adjustment	Total FY23 Indian Tuition Waiver Payment	One-Time Operational Support Payment	FYES Funding Floor Supplemental Payment	Proposed FY 2022-23 Appropriation	Percent Change	Change From FY 2021-22 Total
Central	\$1,964,500	\$87,600,000	\$4,380,000	\$1,762,100	\$31,000	(\$171,400)	\$1,793,100	\$4,380,000	\$0	\$98,153,100	9.6%	\$8,588,600
Eastern	279,700	77,253,700	3,862,700	353,600	-	73,900	353,600	3,862,700	-	85,332,700	10.1%	7,799,300
Ferris	965,800	55,025,500	2,751,300	826,900	-	(138,900)	826,900	2,751,300	-	61,355,000	9.6%	5,363,700
Grand Valley	1,177,200	72,313,500	3,615,700	1,279,300	-	102,100	1,279,300	3,615,700	5,453,300	86,277,500	17.4%	12,786,800
Lake Superior	926,500	13,307,000	665,400	788,800	-	(137,700)	788,800	665,400	-	15,426,600	8.4%	1,193,100
Michigan State	1,932,800	287,331,700	14,366,600	2,046,400	-	113,600	2,046,400	14,366,600	-	318,111,300	10.0%	28,846,800
Michigan Tech	769,300	50,101,600	2,505,100	847,400	-	78,100	847,400	2,505,100	-	55,959,200	10.0%	5,088,300
Northern	1,051,500	47,809,100	2,390,500	1,073,500	87,800	109,800	1,161,300	2,390,500	-	53,751,400	10.0%	4,890,800
Oakland	334,000	53,147,400	2,657,400	355,300	-	21,300	355,300	2,657,400	5,378,200	64,195,700	20.0%	10,714,300
Saginaw Valley	153,900	30,583,800	1,529,200	188,300	-	34,400	188,300	1,529,200	45,000	33,875,500	10.2%	3,137,800
UM-Ann Arbor	1,075,600	321,970,100	16,098,600	837,700	-	(237,900)	837,700	16,098,600	-	355,005,000	9.9%	31,959,300
UM-Dearborn	165,000	26,167,000	1,308,400	246,200	-	81,200	246,200	1,308,400	1,235,400	30,265,400	14.9%	3,933,400
UM-Flint	345,000	23,616,200	1,180,900	384,400	-	39,400	384,400	1,180,900	628,100	26,990,500	12.6%	3,029,300
Wayne State	469,700	202,996,700	10,149,900	353,100	-	(116,600)	353,100	10,149,900	-	223,649,600	9.9%	20,183,200
Western	795,300	111,522,200	5,576,200	599,300	-	(196,000)	599,300	5,576,200	-	123,273,900	9.8%	10,956,400
TOTAL:	\$12,405,800	\$1,460,745,500	\$73,037,900	\$11,942,300	\$118,800	(\$344,700)	\$12,061,100	\$73,037,900	\$12,740,000	\$1,631,622,400	10.8%	158,471,100

Requirements to receive operational support payment for FY 2022-23:

1. Restrain FY 2021-22 resident undergraduate tuition/fee rate increase to 5.0% or \$722 (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

*Does not include one-time funding for FY 2021-22

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
INSURANCE AND FINANCIAL SERVICES**

Analyst: Marcus Coffin

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$724,600	\$736,500	\$11,900	1.6
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	71,245,900	72,581,900	1,336,000	1.9
GF/GP	0	6,000,000	6,000,000	--
Gross	\$72,987,600	\$80,335,500	\$7,347,900	10.1
FTEs	378.5	387.5	9.0	2.4

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Regulatory Staff Increase	FTE	NA
Includes authorization for 9.0 FTE positions, which the department indicated would be used to fulfill departmental responsibilities related to auto no-fault insurance reform, anti-fraud changes, surprise medical billing, health and auto insurance market regulation, and consumer services. Positions that would be filled would be supported with existing department appropriations and are projected to include:	Gross	NA
<ul style="list-style-type: none"> • 1 Departmental Analyst to process provider utilization review appeals under auto no-fault insurance reforms. • 1 Departmental Analyst to review alleged violations of the Insurance Code of 1956. • 1 Auditor to audit title insurance agencies. • 2 Financial Institution Examiners to perform financial examinations of consumer finance entities. • 2 Departmental Analysts to process consumer complaints and inquiries. • 2 Departmental Analysts to review insurance licensee data security programs and insurer self-reported data breaches. 	GF/GP	NA
2. Auto No-Fault Insurance Market Study	Gross	NA
Includes \$5.0 million GF/GP (one-time) to perform a market conduct exam of auto insurance companies to enforce compliance with consumer protection provisions in 2019 PA 21 and 2019 PA 22, colloquially referred to as auto no-fault reform. At present, there are 103 companies that are actively writing auto insurance policies in the state.	GF/GP	NA
		\$5,000,000
		\$5,000,000

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
3. Behavioral Health Parity Health Insurance Market Review	Gross	NA
Includes \$1.0 million GF/GP (one-time) to contract for an industry-wide health insurance market review for compliance with behavioral health parity requirements under the federal Mental Health Parity and Addiction Equity Act and state statute.	GF/GP	NA
		\$1,000,000
		\$1,000,000
4. Technical Adjustments	Gross	NA
Includes net to zero adjustments to numerous lines and state restricted authorizations to align fund sources and line authorizations with projected revenues and expenditures. Also includes an internal net to zero transfer of \$703,500 in state restricted authorization (Insurance Bureau Fund) from the Consumer Services and Protection line to the Insurance Evaluation line to align with departmental regulatory activity.	Restricted	NA
	GF/GP	NA
		\$0
		0
		\$0
5. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.3 million Gross for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA
	Restricted	NA
	GF/GP	NA
		\$1,347,900
		11,900
		1,336,000
		\$0

Major Boilerplate Changes from FY 2021-22

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 210. Contingency Authorization – REVISED

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

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

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2021, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work.

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2021-22.)*

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.

Sec. 221. Severance Pay Reporting – DELETED

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires DIFS to maintain an internet site posting any severance pay in excess of 6 weeks of wages; requires report on total amount of severance pay remitted and number of DIFS employees receiving severance pay in FY 2020-21.

Major Boilerplate Changes from FY 2021-22

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 224. 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. 225. 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 Insurance Code of 1956.

Sec. 301. Health Insurance Rate Filings Report – DELETED

Requires DIFS to submit 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 to not lapse to General Fund; limits appropriations to \$400,000. Revised to remove the \$400,000 cap.

Sec. 303. Fees for Customized Listings – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; requires funds to lapse to appropriate restricted fund accounts and limits amount appropriated to \$400,000. Revised to remove the \$400,000 cap.

Sec. 306. Annual Reports Transmission – DELETED

Requires DIFS to electronically transmit specific annual reports required under the Insurance Code of 1956 and the Banking Code of 1999.

Sec. 307. Financial Institutions Marijuana Evaluation Guidance – DELETED

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

Sec. 308. State or Regional Health Care Claims Database Grant Award Criteria – DELETED

Requires DIFS to consider not-for-profit and Michigan-based status, prior experience collecting and analyzing relevant information, and prior work experiences when awarding any grant for the creation of a state or regional health care claims database utilizing federal funds.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 JUDICIARY

Analyst: Robin R. Risko

	FY 2021-22	FY 2022-23	Difference: FY 2022-23 vs. FY 2021-22	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$1,652,300	\$1,902,300	\$250,000	15.1
Federal	6,374,800	6,381,500	6,700	0.1
Local	7,619,800	7,782,600	162,800	2.1
Private	1,222,600	1,524,200	301,600	24.7
Restricted	94,312,700	94,435,300	122,600	0.1
GF/GP	209,280,900	394,346,000	185,065,100	88.4
Gross	\$320,463,100	\$506,371,900	\$185,908,800	58.0
FTEs	524.0	534.0	10.0	1.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Statewide Judicial Case Management System	Gross	NA
Includes \$175.0 million GF/GP for costs of developing a single, statewide judicial case management system. In the final report of the Trial Court Funding Commission, recommendation 2 was for the state to provide all court technology needs for trial courts, including case and document management services, in order to create a uniform system throughout the state. Currently, there are 242 trial courts using and funding more than 16 case management systems and 150 computer systems. Recommendation 18 from the Michigan Joint Task Force on Jail and Pretrial Incarceration was to standardize criminal justice data collection and reporting. The Supreme Court has recently ordered that local trial courts submit all case data in a uniform manner. The budget proposal is built on the premise that a single, statewide case management system will support data management efforts, reduce staff time and effort in preparing and reporting case data, eliminate duplicative efforts at the local level, improve the validity and accuracy of data, and support consistent implementation of newer technologies among the trial courts.	GF/GP	NA
		\$175,000,000
		\$175,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)		Executive Change from YTD
2. Justice for All Initiative and Self-Help Center Expansion	FTE	NA	2.0
Includes \$300,000 GF/GP and authorization for 2.0 FTE positions for continuing the Justice for All initiative implemented in FY 2021-22. The Justice for All initiative aims to simplify the court system, including court rules, processes, and forms, in order to increase court and community engagement and access to justice. Also includes \$750,000 GF/GP for expanding access to legal self-help centers. Funding would be used to open small, rural virtual self-help centers, support navigator services, and expand access to technology and staff for existing self-help centers. Self-help centers provide free legal information and assistance to individuals who represent themselves in simple civil legal matters.	Gross	NA	\$1,050,000
	GF/GP	NA	\$1,050,000
3. Restoration of Funding Reduced in FY 2020-21	Gross	NA	\$1,005,900
Restores \$1.0 million GF/GP that was reduced from the FY 2020-21 budget. A total of \$2.0 million GF/GP was reduced from that budget, to be achieved primarily from extension of the hiring freeze, a reduction in non-essential travel, and cancellation of leases for office space. Restoring \$1.0 million would support data collection and analysis, technology modernization, and other judicial system process improvements.	GF/GP	NA	\$1,005,900
4. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE	NA	7.0
Includes \$962,900 in ongoing GF/GP and authorization for 7.0 FTE positions for the State Appellate Defender Office (SADO) to ensure continued compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case, and to support other casework and projects of the Juvenile Lifer Unit. SADO provides post-conviction representation of juvenile lifers. As of September 2021, there were 51 clients awaiting resentencing hearings. There are a number of potential resentencing appeals and the unit works to develop comprehensive reentry plans to assist juvenile lifer clients with their return to the community.	Gross	NA	\$962,900
	GF/GP	NA	\$962,900
5. SADO Administration	FTE	56.0	4.0
Includes \$445,100 GF/GP and authorization for 4.0 FTE positions. Funding would support human resource and finance administrations, a program officer for the Criminal Defense Resource Center, and backfilling a position to accommodate increased need for information technology support.	Gross	\$8,982,800	\$445,100
	Federal	570,200	0
	Private	88,400	0
	Restricted	172,400	0
	GF/GP	\$8,151,800	\$445,100
6. SADO Wrongful Prosecution and Administration	FTE	56.0	2.0
Includes \$287,900 GF/GP and authorization for 2.0 FTE positions to continue operations of the Wrongful Prosecution Unit within SADO. Federal grant funding from the U.S. Department of Justice will expire and appropriation of GF/GP would ensure continuation of the unit and its work. The unit reviews and appeals cases that have indicators of actual innocence.	Gross	\$8,982,800	\$287,900
	Federal	570,200	0
	Private	88,400	0
	Restricted	172,400	0
	GF/GP	\$8,151,800	\$287,900
7. Mandatory Continuing Judicial Education	FTE	NA	3.0
Includes \$467,300 GF/GP and authorization for 3.0 FTE positions to implement the Supreme Court's new judicial continuing education requirements required under Administrative Order 2021-7. Requirements go into effect on January 1, 2024, but staffing and information technology architecture need to be in place before the requirements take effect.	Gross	NA	\$467,300
	GF/GP	NA	\$467,300

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)		Executive Change from YTD
8. Judicial Tenure Commission	FTE	8.0	1.0
Includes \$392,800 GF/GP (\$223,000 one-time; \$169,800 ongoing) to support 1.7 contract attorney positions that assist with reducing the grievance/investigation backlog, to support an increased number of hearings, and to support 1.0 additional paralegal position that would assist with non-attorney legal work, which would allow staff attorneys to focus their efforts on investigative duties.	Gross	\$1,583,800	\$392,800
	GF/GP	\$1,583,800	\$392,800
9. Judicial Workload Assessment	Gross	NA	\$225,000
Includes \$225,000 in one-time GF/GP funding to support a contracted judicial workload assessment study which would provide the underlying data for the Supreme Court's Judicial Resources Recommendation that will be issued in 2025.	GF/GP	NA	\$225,000
10. Private Grant Authorization	Gross	\$201,100	\$300,000
Authorizes the State Court Administrative Office (SCAO) to receive an additional \$300,000 in private grant awards. This will align appropriation authority with the amount of grant funding expected to be received in FY 2022-23.	Private	201,100	300,000
	GF/GP	\$0	\$0
11. IDG Funding Authorization	Gross	NA	\$250,000
Authorizes SADO to receive \$250,000 in federal Byrne formula grant funding from the Department of State Police should it become available. (In FY 2021-22, receipt of this funding is authorized in boilerplate section 322.)	IDG	NA	250,000
	GF/GP	NA	\$0
12. Judgeship Changes	Gross	NA	(\$212,100)
Reflects a net savings of \$212,100 GF/GP from the addition of 1.0 circuit court judgeship in Marquette County pursuant to 2021 PA 74, and elimination of 2.0 district court judgeships in Pontiac and Wayne County pursuant to 2012 PA 37.	GF/GP	NA	(\$212,100)
13. Foster Care Review Board	Gross	\$1,360,400	\$0
Includes \$55,000 GF/GP to replace federal Title IV-E funding provided through the Department of Health and Human Services for administrative support of the Foster Care Review Board. DHHS over claimed the amount of its' administrative costs that could be reimbursed with federal Title IV-E funding. The same adjustment is included in Supplemental Request 2022-2 for the FY 2021-22 budget.	Federal	408,800	(55,000)
	GF/GP	\$951,600	\$55,000
14. Eliminate Current Year One-Time Funding	FTE	9.0	(9.0)
Reduces the budget by \$1.9 million GF/GP and 9.0 FTE positions to reflect elimination of one-time funding included in the FY 2021-22 budget. Eliminated funding includes: \$939,100 (7.0 FTE positions) for SADO, \$204,000 for the Judicial Tenure Commission, and \$798,000 (2.0 FTE positions) for the Justice for All Initiative.	Gross	\$1,941,100	(\$1,941,100)
	GF/GP	\$1,941,100	(\$1,941,100)
15. Economic Adjustments	Gross	NA	\$7,675,100
Reflects increased costs of \$7.7 million Gross (\$7.3 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	61,700
	Local	NA	162,800
	Private	NA	1,600
	Restricted	NA	122,600
	GF/GP	NA	\$7,326,400

JUDICIARY

Major Boilerplate Changes from FY 2021-22

GENERAL SECTIONS

Sec. 215. Prohibition of Taking 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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 218. Linking Swift and Sure Sanctions Program to DHHS, DLEO, 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, DLEO, and MDOC programming.

Sec. 218. Standard List of Report Recipients – NEW

Requires all reports required in boilerplate to be submitted to the Senate and House Appropriations Subcommittees on Judiciary, the Senate and House Fiscal Agencies, and the State Budget Office, unless otherwise noted.

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

JUDICIAL BRANCH

Sec. 312. Minors Seeking Court-Issued Waivers of Consent – 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.

ONE-TIME APPROPRIATIONS

Sec. 400. Statewide Judicial Case Management System – NEW

Designates the unexpended appropriation for the Statewide Judicial Case Management System as a work project appropriation; authorizes unencumbered or unallotted funds to be carried forward into the succeeding fiscal year; lists the purpose of the project, the estimated cost of the project, and the estimated completion date of the project.

Supplemental Recommendations for FY 2021-22 Appropriations

**FY 2021-22
Recommendation**

1. Foster Care Review Board

Includes \$55,000 GF/GP to replace federal Title IV-E funding provided through the Department of Health and Human Services for administrative support of the Foster Care Review Board. DHHS over claimed the amount of its' administrative costs that could be reimbursed with federal Title IV-E funding. The same adjustment is proposed in the FY 2022-23 budget.

Gross	\$0
Federal	(55,000)
GF/GP	\$55,000

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2021-22	FY 2022-23	Difference: FY 2022-23 vs. FY 2021-22	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$45,079,800	\$47,026,900	\$1,947,100	4.3
Federal	29,030,900	29,659,200	628,300	2.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	258,929,800	248,065,900	(10,863,900)	(4.2)
GF/GP	184,195,900	188,593,500	4,397,600	2.4
Gross	\$517,236,400	\$513,345,500	(\$3,890,900)	(0.8)
FTEs	1,857.9	1,874.9	17.0	0.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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.

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
1. Marijuana Treatment Research	Gross	\$20,000,000
Removes \$20.0 million of state restricted Marijuana Regulation Fund (adult-use) authorization that supported clinical trials researching the efficacy of marijuana for treatment of medical conditions afflicting veterans and for preventing veteran suicide. Clinical trials were approved by the FDA and sponsored by non-profit organizations or researchers within academic institutions. The Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, required expenditures for this purpose until 2022 or for at least two years. This requirement has been fulfilled.	Restricted	(\$20,000,000)
	GF/GP	\$0
2. Michigan Saves Green Bank	Gross	\$1,500,000
Includes an additional \$3.5 million in one-time GF/GP funding for Michigan Saves, a non-profit green bank, bringing total FY 2022-23 one-time funding for this item to \$5.0 million GF/GP. Funding would be used 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 would include a loan loss reserve fund.	GF/GP	\$3,500,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)		Executive Change from YTD
3. Corporations Online Filing System Modernization	Gross	NA	\$2,343,600
Includes \$2.3 million in one-time state restricted Corporations Fees authorization for modernization of the Corporations Online Filing System. The modernization project would improve system reliability and security, increase online functionality, and simplify the public portal. The system is used to process and store approximately 2.7 million records, of which 1.0 million are for active entities and 1.6 million are for inactive entities.	Restricted	NA	2,343,600
	GF/GP	NA	\$0
4. Nursing Home State Surveyors – Education and Consultation	FTE	NA	10.0
Includes \$1.6 million GF/GP and authorization to hire an additional 10.0 state surveyors to increase the department’s ability to provide education and consultative services to approximately 450 nursing homes across the state. State surveyors have greater flexibility in interactions that they have with licensed facilities compared to federal surveyors, thus additional state surveyors could take a holistic focus on care and services, allowing the state to have an advisory role.	Gross	NA	\$1,580,000
	GF/GP	NA	\$1,580,000
5. Michigan Task Force on Foreign-Trained Medical Professional Licensing	Gross	NA	\$1,000,000
Includes \$1.0 million in one-time state restricted Health Professions Regulatory Fund authorization to cover costs associated with the Michigan Task Force on Foreign-Trained Medical Professional Licensing and to implement the task force’s recommendations. The task force will include a variety of stakeholders focused on proposals to reduce licensure barriers for medical professionals who were trained outside of the United States.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
6. Urban Search and Rescue	Gross	NA	\$1,000,000
Includes an additional \$1.0 million in one-time GF/GP for Urban Search and Rescue, which provides grant funding to the Michigan Mutual Aid Alarm System for costs associated with supervisory and essential functions at incidents where technical rescue expertise and equipment are required for effective rescue operations.	GF/GP	NA	\$1,000,000
7. Marijuana Regulatory Agency Staffing Increase	FTE	34.0	5.0
Includes \$813,700 in state restricted Marijuana Regulation Fund (adult-use) authorization and authorization to hire 5.0 additional Marijuana Regulatory Agency staff. FTE positions would include 3 Regulation Agents, 1 Financial Analyst, and 1 Departmental Analyst. Additional staff would conduct investigations, monitor financial compliance, and review applications in the expanding adult-use sector.	Gross	\$6,482,300	\$813,700
	Restricted	6,482,300	813,700
	GF/GP	\$0	\$0
8. Liquor Control Commission Staffing Increase	FTE	116.0	0.0
Includes \$600,000 in state restricted authorization (\$282,000 from Liquor License Revenue and \$318,000 from the Liquor Purchase Revolving Fund) to be used for hiring additional Liquor Control Commission (LCC) staff. Four departmental analysts would be hired and would function as licensing staff, reviewing and processing application and renewal materials and preparing commission dockets. Additional staff would assist LCC in processing increased filing volumes, facilitating LCC compliance with statutory requirements for timely processing established in the Liquor Control Code.	Gross	\$16,492,000	\$600,000
	Restricted	16,492,000	600,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
9. Public Service Commission Community Education and Outreach	FTE	188.0	2.0
Includes \$282,600 in state restricted authorization for Public Utility Assessments and authorization for 2.0 FTE positions to hire an Outreach and Education Specialist and an Outreach and Education Analyst within the Public Service Commission (PSC). The positions would expand the PSC’s interactions with community organizations and customers, raising public awareness about the PSC and opportunities to participate in PSC processes and proceedings, educating consumers about energy programs and utility assistance, and supporting other PSC community activities (town halls, public hearings, etc.).	Gross	\$33,215,100	\$282,600
	Federal	2,625,800	0
	Restricted	30,589,300	282,600
	GF/GP	\$0	\$0
10. Utility Consumer Representation Increase	Gross	\$750,000	\$100,000
Includes an additional \$100,000 in state restricted Utility Consumer Representation Fund authorization for the Utility Consumer Representation line item, which supports grants administered by the Utility Consumer Participation Board (UCPB) and awarded on an application basis to interest groups for residential consumer advocacy in utility rate cases and other proceedings. In FY 2020-21, the UCPB funded 23 intervenor cases. Additional funding would allow support to be offered for more cases.	Restricted	750,000	100,000
	GF/GP	\$0	\$0
11. Marijuana Regulatory Agency Alignment	FTE	NA	0.0
Includes net to zero adjustments of state restricted funding and FTE position authorization for line items that support Marijuana Regulatory Agency activities. Adjustments are made to reflect changing market trends in the adult-use and medical marijuana sectors. Specific line item changes include:	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • Medical Marijuana Facilities Licensing and Tracking – reduce state restricted Marijuana Regulatory Fund authorization by \$5.3 million and reduce authorization for FTE positions authorization by 49.0. • Medical Marijuana Program – reduce state restricted Marijuana Registry Fund authorization by \$200,000. • Recreational Marijuana Regulation – increase state restricted Marijuana Regulation Fund authorization by \$5.5 million and increase FTE position authorization by 49.0. 			
12. Marijuana Operation and Oversight Grants	Gross	\$3,000,000	\$0
Includes a net to zero fund shift of \$3.0 million in state restricted Marijuana Registry Fund (patient registry cards) to the Marijuana Regulation Fund (adult-use). This shift is necessary due to declining revenues to the Marijuana Registry Fund. The grant funding currently supports grants awarded to counties, on an application basis, for education and outreach under the Michigan Medical Marijuana Act of 2008. Changes included in boilerplate and a technical change to the line item name would allow grants to be used for education and outreach regarding the Michigan Regulation and Taxation of Marijuana Act of 2018, in addition to the Michigan Medical Marijuana Act of 2008.	Restricted	3,000,000	0
	GF/GP	0	\$0
13. Removal of FY 2021-22 One-Time Appropriations	Gross	\$2,350,000	(\$2,350,000)
Removes \$2.4 million in one-time GF/GP funding that was included in the FY 2021-22 budget to support nursing facility infection control surveys, a renewable natural gas study, and Urban Search and Rescue equipment upgrades.	GF/GP	\$2,350,000	(\$2,350,000)

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
14. Technical Adjustments	Gross	NA
Includes numerous net to zero state restricted funding authorization adjustments to align funding with revenue estimates and program expenditures. Also includes the following adjustments:	IDG/IDT	NA
<ul style="list-style-type: none"> • Increases IDG authorization by \$1.1 million for the Michigan Office of Administrative Hearings and Rules line item to reflect anticipated revenues from other departments for administrative hearings. • Reduces state restricted Marihuana Regulatory Fund (medical) authorization by \$10,200 for the Health Facilities Regulation line item. • Internally transfers \$93,400 of state restricted Division on Deafness Fund authorization from the Bureau of Professional Licensing line item to the Health Facilities Regulation line item to reflect transfer of the Deaf Interpreter Program. • Internally shifts \$50,000 of federal funding authorization from the Bureau of Fire Services line item to the Health Facilities Regulation line item to align funding authorization with program expenditures where they are incurred. 	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$1,068,400
		1,078,600
		0
		(10,200)
		\$0
15. Economic Adjustments	Gross	NA
Reflects increased costs of \$6.2 million Gross (\$667,600 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$6,170,800
		868,500
		628,300
		4,006,400
		\$667,600

Major Boilerplate Changes from FY 2021-22

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 210. Contingency Authorization – 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 authorization; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate \$10.0 million in federal, \$25.0 million in state restricted, \$1.0 million in local, and \$500,000 in private contingency authorization.

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

Requires LARA to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2021, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work.

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2021-22.)*

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.

Major Boilerplate Changes from FY 2021-22**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.

Sec. 221. Severance Pay Reporting – DELETED

Requires LARA to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires LARA to maintain an internet site posting any severance pay in excess of 6 weeks of wages; requires report on total amount of severance pay remitted and number of LARA employees receiving severance pay in FY 2020-21.

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 229. 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. 232. Pending Litigation – DELETED

Stipulates that pending litigation related to a licensee must not delay LARA investigations and licensing actions, unless prohibited by law.

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 the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal direct shipments of wine; requires notice to 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 delete language prioritizing enforcement on unlicensed out of state retailers and third-party marketers, to delete requirement for referral of unlicensed out of state retailers and third-party marketers to the attorney general, to delete items in the report, and to delete language requiring notice to out of state entities that illegally shipped wine into Michigan.

Sec. 510. Masking Requirement Prohibition – DELETED

Prohibits LARA from enforcing masking requirements for children under 5 years of age and from taking any licensing or administrative action against licensees for not enforcing such a requirement. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 512. Homeowner Construction Lien Recovery Fund – NEW

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. 803. MIDC Construction Expenses Prohibition – DELETED

Prohibits an MIDC grant from being used by recipient to support construction expenses for new structures. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 901. Medical Marijuana Operation and Oversight Grants – REVISED

Requires LARA to award Medical Marijuana Operation and Oversight Grants to counties; requires LARA to post a listing of available grant funds; requires report submission by counties and LARA pertaining to amounts, recipients, and uses of grants. Revised to allow grants to be expended for adult-use program education and outreach, in addition to current purposes, and to reflect the new funding source for grants.

Sec. 1001. Michigan Saves Appropriation Use – REVISED

Allows PSC to award a \$1.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; authorizes grant funds to be used for a loan loss reserve fund or similar financial instrument. Revised to reflect \$5.0 million appropriation amount.

Major Boilerplate Changes from FY 2021-22

Sec. 1002. PSC Renewable Natural Gas Study – DELETED

Requires the PSC to conduct a study into potential for renewable natural gas development; outlines study requirements; requires PSC to engage stakeholders in development of the study; requires a draft report for stakeholder comment by July 30, 2022, and a final report to specified legislative committees by September 30, 2022.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>		<u>FY 2021-22 Recommendation</u>
1. COVID-19 Survey Activities	Gross	\$625,000
Includes \$625,000 in federal CARES Act funding to offset costs from increased Bureau of Community and Health Systems survey activities related to the COVID-19 pandemic.	Federal	625,000
	GF/GP	\$0
2. Michigan Task Force on Foreign-Trained Medical Professional Licensing	Gross	\$100,000
Includes \$100,000 in one-time state restricted Health Professions Regulatory Fund authorization to cover start-up costs associated with the Michigan Task Force on Foreign-Trained Medical Professional Licensing. The task force will include a variety of stakeholders focused on proposals to reduce licensure barriers for medical professionals who were trained outside of the United States.	Restricted	100,000
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 MILITARY AND VETERANS AFFAIRS

Analyst: Michael Crossen

	FY 2021-22	FY 2022-23	Difference: FY 2022-23 vs. FY 2021-22	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	120,015,300	189,864,300	69,849,000	58.2
Local	0	0	0	--
Private	640,000	640,000	0	0.0
Restricted	21,336,700	18,794,900	(2,541,800)	(11.9)
GF/GP	78,758,800	145,865,000	67,106,200	85.2
Gross	\$220,852,600	\$355,266,000	\$134,413,400	60.9
FTEs	1,063.5	1,064.5	1.0	0.1

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 (DMVA) provides for the operations of the Michigan National Guard in support of military and security needs of the state and federal government. The department, through the Michigan Veterans Affairs Agency, 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 independent Michigan Veterans Facility Authority, which manages and operates the state's three veterans homes.

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Armory Modifications (One-Time)	Gross	\$31,000,000	\$115,000,000
Provides \$115.0 million Gross (\$55.0 million GF/GP) to make physical modifications to all Michigan National Guard armories, most of which were constructed before women were allowed to serve or when their numbers were low, to create equitable accommodations to female servicemembers. Projects would include creating bathroom and shower space, and lactation rooms as required by 2015 Army directive. Funding would also support other armory modernization projects.	Federal	30,000,000	60,000,000
	GF/GP	\$1,000,000	\$55,000,000
2. Selfridge ANG Base Investment (One-Time)	Gross	NA	\$6,100,000
Provides \$6.1 million GF/GP to invest in projects to help position Selfridge Air National Guard Base to be competitive and support next generation aircraft flying missions.	GF/GP	NA	\$6,100,000
3. MVFA Transition Funding (One-Time)	Gross	\$634,100	\$6,000,000
Provides \$6.0 million GF/GP to assist Michigan Veterans' Facility Authority achieve self-sufficiency as an independent administrative authority over Michigan veterans homes while veteran home membership grows, and to maximize federal funding opportunities.	GF/GP	\$634,100	\$6,000,000
4. NG Tuition Assistance Expansion to Dependents	Gross	\$6,515,200	\$5,000,000
Provides \$5.0 million GF/GP to allow transferability of Michigan National Guard Tuition Assistance Program benefits from eligible servicemembers to their dependent children up to age 26. Funding would require statutory change regarding eligible program recipients to implement.	GF/GP	\$6,515,200	\$5,000,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Grand Rapids Home for Veterans Transition Costs (One-Time)	Gross	\$0	\$6,456,000
Provides \$6.5 million Gross (\$4.1 million GF/GP) to continue operating certain portions of the old facility and offer services to accommodate residents remaining in the old facility as they await moving to new living arrangements.	Federal	0	1,831,000
	Restricted	0	560,000
	GF/GP	\$0	\$4,065,000
6. Veterans Suicide Prevention Outreach (One-Time)	Gross	NA	\$1,200,000
Provides \$1.2 million GF/GP to conduct an outreach campaign targeting current and former servicemembers and their families on reducing suicide incidents. The campaign would be part of the Governor's Challenge effort, in partnership with VA Substance Abuse and Mental Health Services Administration, to develop suicide prevention policy.	GF/GP	NA	\$1,200,000
7. Military Retirement	Gross	\$875,000	\$582,000
Provides \$582,000 GF/GP for the Military Retirement System to meet anticipated retirement obligations based on annual actuarial valuation of military retirement pension benefits.	GF/GP	\$875,000	\$582,000
8. Statewide Contracted Security Cost Increase	Gross	NA	\$251,400
Provides \$251,400 GF/GP to support increased costs statewide of contracted security services at Grand Rapids and Chesterfield Township homes for veterans.	GF/GP	NA	\$251,400
9. Veterans Cemetery Feasibility Study	Gross	NA	\$250,000
Provides \$250,000 GF/GP for a professional study to evaluate the need for new state veterans cemetery in northern Michigan, to determine best locations, and to provide preliminary estimates on design, construction, and operational costs.	GF/GP	NA	\$250,000
10. Veterans Homes GF/GP, Medicaid Offset	Gross	\$37,211,000	\$0
Reduces GF/GP by \$6.0 million and increases Title XIX Medicaid federal revenue authorization to align authorization with increased reimbursements from utilization of CMS certified accommodations.	Federal	4,997,700	6,000,000
	GF/GP	\$32,213,300	(\$6,000,000)
11. Removal of FY 2021-22 One-Time Funding	Gross	\$2,500,000	(\$2,500,000)
Eliminates \$2.5 million GF/GP for record consolidation and digitization project. \$6.5 million Gross (\$4.1 million GF/GP) of FY 2021-22 remains for Grand Rapids Home for Veterans transition costs as described under item number 5.	GF/GP	\$2,500,000	(\$2,500,000)
12. Departmentwide Line Item Split	Gross	\$1,803,600	\$0
Reallocates \$1.8 million Gross (\$293,300 GF/GP) of current year Departmentwide line item, which supports cost of travel, equipment, worker's compensation, vehicle liability insurance, rent, training, and safety supplies related to department offices and National Guard facility staff, to Headquarters and Armories and Military Training Sites and Support Facilities line items for \$0 net change.	Federal	1,510,300	0
	GF/GP	\$293,300	\$0
13. Consolidation of MVFA Administration Line Item	Gross	\$634,100	\$0
Reallocates \$634,100 GF/GP to current year Michigan Veterans' Facility Authority line item to Michigan Veterans Homes Administration and Information Technology Services and Projects line items.	GF/GP	\$634,100	\$0
14. Economic Adjustments	Gross	NA	\$2,530,000
Reflects increased costs of \$2.5 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,103,900
	Restricted	NA	203,300
	GF/GP	NA	\$1,222,800

Major Boilerplate Changes from FY 2021-22

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 210. Contingency Authorization – 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 fund authorization; 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 department to provide quarterly report on 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 2021, 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. *(Governor deemed this section unenforceable in FY 2021-22.)*

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

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

Requires department 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 department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 221. Biannual Reporting on Achieving Requirements – REVISED

Requires department to provide biannual reports on status of work projects, financial status, and employment levels. Revised to eliminate requirement to report number of active employees by job classification and departmental branch of service.

Sec. 222. Department Core Services – DELETED

Lists core services of department; requires appropriations to be used for core services.

Sec. 224. Intention to Sell Department Property – DELETED

Requires department to provide a 60-day notice of intent to sell property.

Sec. 224. Standard Report Recipients – NEW

Requires all reports required by boilerplate to be sent to Senate and House appropriations subcommittees with jurisdiction over DMVA budget, Senate and House fiscal agencies, and State Budget Office, unless stated otherwise.

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. 226. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans, and Chesterfield Township Home for Veterans, and permits its use for the purpose designated by private donor. Renumbers as section 451 and revises to add authorization of private donations for Michigan Veterans Homes and Michigan Veterans' Facility Authority.

Major Boilerplate Changes from FY 2021-22

Sec. 227. Severance Pay Report – DELETED

Requires department and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for former department or agency employees; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines “severance pay”.

Sec. 228. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing, or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

Sec. 301. Unclassified Positions – REVISED

Appropriates funding to support unclassified positions; requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions; requires quarterly report listing current unclassified positions with official titles and responsibilities. Revised to eliminate requirement of notifying legislature before submitting requests for additional unclassified positions.

Sec. 303. Michigan Youth Challenge Academy – REVISED

Requires department to maintain proper levels of staffing and resources to operate Michigan Youth Challenge Academy as provided under federal law; lists specific operating requirement and performance metrics. Revised to change graduate target number to be consistent with state’s cooperative agreement with National Guard Bureau instead of 114 students per cohort.

Sec. 304. Military Family Relief Fund – REVISED

Requires DMVA to provide grant funding from Military Family Relief Fund, outreach services to military families of members of reserve component called into active duty, and biannual reports on financial activities of fund. Revised to require reports annually and to include number of applications received, approved, and denied.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible members as defined in 2014 PA 259; states program’s objectives, performance metrics, and reporting requirements. Revised to eliminate graduation and continuing enrollment benchmark goal and information required in annual report, including data on benefits received by spouses and dependent children.

Sec. 406(1). MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, digitize military medical and discharge documents, and assist in processing claims for VA benefits; requires report providing estimate of state’s homeless veterans population. Revised to eliminate veteran outreach goal benchmarks and requirement to continue digitization of veterans records.

Sec. 406(3). MVAA Benefits Counseling Services – REVISED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes a capacity metric of 500 claims per year; requires biannual data on number and type of claims activities. Revised to eliminate minimum number of claims processed annually.

Sec. 406(4). County Veterans Services – REVISED

Requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires biannual reports on number and percentage of CVCs requesting training by MVAA. Revised to eliminate goal of 100% CVCs trained.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide grants to veterans service organizations (VSOs) in a manner consistent with MVAA performance goals and objectives; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, specifies basic parameters of grant agreement, including regional service delivery; requires reports on grant activities. Revised to make numerous revisions to the VSO grant program to reflect the MVAA’s goals for program.

Major Boilerplate Changes from FY 2021-22

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.

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; authorizes up to \$200,000 to be used to cover costs associated with administration and providing technical assistance to counties participating in grant program. Revised to appropriate \$260,000 for administrative costs.

Sec. 451. Michigan Veteran’s Facility Authority – DELETED

Requires Michigan Veterans’ Facility Authority to exercise certain regulatory and governance authority over Michigan veterans homes.

Sec. 452(1)-(3), (10)-(19). Veterans Homes Service and Care Requirements – REVISED

Requires Michigan veterans homes to meet applicable standards of care as provided under listed federal and state legal authorities; specifies standards around issues concerning psychiatric care, monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, and personal funds of residents; requires information on complaint process to be conspicuously posted at home; requires Michigan veterans homes and Michigan Veteran Facility Authority policies to be posted on MVAA website; requires department to report budgeting and quality of care metrics to the legislature, including health and safety issues, status of Centers for Medicare and Medicaid Services (CMS) certification, resident member demographics, upgrades to facilities, and financial status of homes; requires Michigan veterans homes to provide annual or for-cause surveys conducted by entity with oversight over veterans homes to look into potentially serious compliance or patient care issues and to report any corresponding corrective action plans from Michigan veteran homes. Revised to require Michigan veterans homes to post agenda and minutes of public meetings of Michigan Veterans’ Facility Authority Board.

Sec. 453. Veterans Homes CMS Certification Reporting – DELETED

Requires department to report to legislature regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification.

Sec. 464. Non-Fiduciary Member Funds – NEW

Appropriates funds held by state on non-fiduciary basis for members of veterans facility to be used to pay medical expenses, assessments, and other expenses by that member; authorizes private revenue to not lapse at close of fiscal year.

Sec. 601. Record Consolidation and Digitization – DELETED

Requires funding to be used to digitize, index, and store all veterans’ records under control of MVAA and to develop and implement computer platform to provide veterans and organizations that serve them better accessibility and timely delivery of veterans records upon request; requires biannual report on progress made on project; expresses intent of legislature that various veteran service entities have access to service members’ and veterans’ records.

Sec. 602. Suicide Prevention Outreach Work Project Authorization – NEW

Authorizes unexpended funds appropriated for veterans suicide prevention outreach to not lapse at close of fiscal year and carry forward to FY 2025-26 to provide outreach to prevent suicide among service members, veterans, and their families.

Supplemental Recommendations for FY 2021-22 Appropriations	FY 2021-22 Recommendation	
1. Statewide Contracted Security Cost Increase	Gross	\$251,400
Provides \$251,400 GF/GP to support increased costs statewide of contracted security services at Grand Rapids and Chesterfield Township homes for veterans.	GF/GP	\$251,400

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 NATURAL RESOURCES

Analyst: Austin Scott

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22		Executive	Amount
IDG/IDT	\$203,100	\$203,100	\$0	0.0
Federal	91,291,300	93,630,000	2,338,700	2.6
Local	0	0	0	--
Private	7,039,200	7,039,200	0	0.0
Restricted	317,195,300	337,504,200	20,308,900	6.4
GF/GP	48,612,500	95,775,700	47,163,200	97.0
Gross	\$464,341,400	\$534,152,200	\$69,810,800	15.0
FTEs	2,360.9	2,418.8	57.9	2.5

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. State Fish Hatchery Upgrades and Improvements (One-Time)	Gross	NA	\$30,000,000
Appropriates \$30.0 million GF/GP for biosecurity, equipment, and infrastructure updates at state fish hatcheries including expansion of facilities and fish production at the Wolf Lake hatchery in Van Buren County.	GF/GP	NA	\$30,000,000
2. Equipment Lifecycle Replacement (One-Time)	Gross	NA	\$12,421,700
Appropriates \$12.4 million Gross (\$10.9 GF/GP) to replace aging equipment and vehicles in multiple DNR divisions including Fisheries, Forest Resources, and Law Enforcement.	Restricted GF/GP	NA NA	1,550,000 \$10,871,700
3. Great Lakes Research Vessel (One-Time)	Gross	NA	\$4,000,000
Appropriates \$4.0 million GF/GP to replace the aging Lake Michigan Survey Vessel.	GF/GP	NA	\$4,000,000
4. Mass Timber Facility Newberry Customer Service Center (One-Time)	Gross	NA	\$2,000,000
Appropriates \$2.0 million GF/GP for the construction of a facility in Luce County for departmental staff and equipment storage.	GF/GP	NA	\$2,000,000
5. Wildfire Protection	FTE	115.0	0.0
Appropriates \$751,900 GF/GP to expand wildfire prevention and protection by funding staff overtime and vacancies.	Gross	\$15,030,900	\$751,900
	Federal	1,370,200	0
	Restricted	7,212,500	0
	GF/GP	\$6,448,200	\$751,900

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
6. Fisheries Resource Management	FTE	158.0	4.0
Appropriates \$652,800 GF/GP and authorizes 4.0 FTE positions to improve state and tribal relations in the co-management of fisheries.	Gross	\$21,714,000	\$652,800
	Federal	4,382,400	0
	Private	136,700	0
	Restricted	16,653,200	0
	GF/GP	\$541,700	\$652,800
7. Archives of Michigan Digitization (One-Time)	Gross	NA	\$485,000
Appropriates \$485,000 GF/GP to digitize and index decaying physical historical records.	GF/GP	NA	\$485,000
8. Parks and Recreation Division Employee Initiatives	FTE	NA	40.8
Appropriates \$9.2 million in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund and authorizes 40.8 FTE positions for division employee recruitment and retention initiatives, including increases in work hours and wages.	Gross	NA	\$9,159,700
	Restricted	NA	9,159,700
	GF/GP	NA	\$0
9. Off-Road Vehicle Trail Improvements	FTE	NA	13.1
Appropriates an additional \$3.1 million of available restricted revenue and authorizes 13.1 FTE positions to support trail improvement grants and law enforcement across Michigan's ORV system.	Gross	NA	\$3,059,900
	Restricted	NA	3,059,900
	GF/GP	NA	\$0
10. State Parks Improvement Revenue Bonds – Debt Service	Gross	\$1,201,800	(\$1,201,800)
Eliminates \$1.2 million from the Park Improvement Fund as no debt payments are required after FY 2021-22.	Restricted	1,201,800	(1,201,800)
	GF/GP	\$0	\$0
11. Parks and Recreation Division Campsite and Harbor Operations	Gross	NA	\$2,820,000
Appropriates \$2.8 million in available restricted revenue from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund to increase funding for state campsites and harbors.	Restricted	NA	2,820,000
	GF/GP	NA	\$0
12. Pay Increases for Recruitment and Retention of Short-Term Employees	Gross	NA	\$678,800
Appropriates \$678,800 in available federal and restricted revenue to provide pay increases for short-term employees in fisheries, shooting ranges, and cultural centers.	Federal	NA	130,100
	Restricted	NA	548,700
	GF/GP	NA	\$0
13. Marketing and Outreach	FTE	137.3	0.0
Appropriates \$297,800 in available restricted revenue to align spending authorization with available Youth Hunting and Fishing Education and Outreach funding, to support the increased online credit card processing of hunting and fishing licenses, and to support maintenance of the MiConnect Outdoors license sales system.	Gross	\$14,705,400	\$297,800
	Federal	1,721,600	0
	Restricted	12,682,400	297,800
	GF/GP	\$301,400	\$0
14. Wildlife Management	FTE	221.5	0.0
Appropriates \$100,000 in available restricted revenue to align spending authorization with available Pheasant Hunting License fee revenue.	Gross	\$46,042,300	\$100,000
	Federal	25,638,700	0
	Private	315,700	0
	Restricted	15,635,300	100,000
	GF/GP	\$4,452,600	\$0
15. Capital Outlay – State Parks Repair and Maintenance	Gross	\$16,100,000	\$3,100,000
Appropriates \$3.1 million in available restricted revenue from Recreation Passport Fees for state park infrastructure maintenance, renovation, and upgrades.	Restricted	14,600,000	3,100,000
	GF/GP	\$1,500,000	\$0

NATURAL RESOURCES

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
16. Capital Outlay – State Game and Wildlife Area Infrastructure	Gross	NA	\$1,400,000
Establishes new appropriation of \$1.4 million Gross (\$0 GF/GP) for facility improvements and wildlife restoration projects at state game areas.	Federal	NA	1,050,000
	Restricted	NA	350,000
	GF/GP	NA	\$0
17. Capital Outlay – State Boating Infrastructure Maintenance	Gross	\$7,752,500	\$1,100,000
Appropriates \$1.1 million in available federal and Michigan State Waterways funding for facility maintenance and infrastructure projects at state harbors and boating access sites.	Federal	1,075,000	400,000
	Restricted	6,677,500	700,000
	GF/GP	\$0	\$0
18. Capital Outlay – Wetlands Restoration, Enhancement, and Acquisition	Gross	NA	\$1,000,000
Reestablishes appropriation of \$1.0 million from Waterfowl Hunt Stamp revenue to facilitate access for public recreation in wetland areas. This program was last funded in FY 2020-21.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
19. Capital Outlay – Local Boating Infrastructure Maintenance and Improvements	Gross	\$3,322,500	\$300,000
Appropriates \$300,000 in available Michigan State Waterways funding for local grants for facility maintenance and infrastructure projects at publicly-accessible local harbors and boating access sites.	Restricted	3,322,500	300,000
	GF/GP	\$0	\$0
20. Removal of FY 2021-22 One-Time Funding	Gross	\$8,495,800	(\$8,495,800)
Removes \$8.5 million Gross (\$2.5 million GF/GP) for one-time projects included in the FY 2021-22 budget. Projects included Chronic Wasting Disease Testing, Fish Hatchery Energy Efficiencies, and Kalamazoo River Watershed Improvements.	Restricted	6,000,000	(6,000,000)
	GF/GP	\$2,495,800	(\$2,495,800)
21. Economic Adjustments	Gross	NA	\$6,180,800
Reflects increased costs of \$6.2 million Gross (\$897,600 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	758,600
	Restricted	NA	4,524,600
	GF/GP	NA	\$897,600

Major Boilerplate Changes from FY 2021-22

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. *(Governor's signing letter stated this section was unenforceable.)*

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 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. *(Governor's signing letter stated this section was unenforceable.)*

Major Boilerplate Changes from FY 2021-22**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. *(Governor's signing letter stated this section was unenforceable.)*

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. Severance Reporting – DELETED

Requires department to report details of severance pay for certain departmental employees.

Sec. 222. COVID-19 Vaccine Disclosure – DELETED

Prohibits state officials from requiring COVID-19 vaccine disclosure as a condition of receiving state services or developing a vaccine passport.

Sec. 225. Contracts and Grants for Local Governments, Colleges and Universities, Nonprofits – DELETED

Authorizes department to contract with or provide grants to local governments, institutions of higher education, or nonprofits.

Sec. 408. Land Transactions – DELETED

Requires detailed report to legislature on land purchases, sales, and exchanges.

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. If lost revenue does not exceed \$505,000 by February 1 then the department is required to end the discount and allocate remaining funding to the Habitat Improvement Partnership Initiative. Revises lost revenue date to a date to be specified by the department but not before November 15 and replaces the Deer Habitat Initiative with "costs associated with testing for chronic wasting disease that were harvested outside the areas designated as chronic wasting disease surveillance areas where sample collection sites are available" and "provides for the department to implement this change "in a form and manner prescribed by the department."

Sec. 601. Stream Habitat Improvement Grant – 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.

Sec. 602. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with certification process for dams and other water control structures.

Sec. 802. Timber Marking – REVISED

Requires department to report quarterly on number of acres of state forest land marked or treated for timber harvest. Revised to exclude specific reporting requirements.

Sec. 803. Federal Forest Fire Compact Expenditure Authorization – REVISED

Authorizes expenditure of funds for forest fire suppression efforts on federal lands, provided DNR is reimbursed. Revised to add hazard incidents as allowable expenditure.

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.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2021-22

Sec. 1201. Chronic Wasting Disease Testing – DELETED

Directs expenditure of funding for the provision of CWD check stations or drop stations in core CWD areas, management zones, or surveillance areas before the 2022 hunting season.

Sec. 1202. Kalamazoo River Watershed Improvements – Capital Outlay – DELETED

Directs expenditure of funding for Kalamazoo River watershed improvements in accordance with the Kalamazoo River Supplemental Restoration Plan.

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 SCHOOL AID

Analysts: Emily Hatch and Jacqueline Mullen

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,024,478,500	2,191,243,500	166,765,000	8.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	14,868,232,200	16,056,595,700	1,188,363,500	8.0
GF/GP	85,400,000	108,200,000	22,800,000	26.7
Gross	\$16,978,110,700	\$18,356,039,200	\$1,377,928,500	8.1

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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, 293 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.

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
1. Foundation Allowance (Secs. 22a & 22b)	Gross \$9,946,000,000	\$580,000,000
Increases by \$580.0 million Gross to provide a \$435 (5%) increase in the per-pupil foundation allowance. Increases the Target foundation from \$8,700 to \$9,135. Exempts cyber schools from the foundation increase and maintains cyber school foundation allowances at \$8,700.	Restricted 9,946,000,000	579,938,300
	GF/GP \$0	\$61,700
2. School Infrastructure Projects (Sec. 11y) – NEW	Gross \$0	\$171,000,000
Provides \$170.0 million School Infrastructure Fund for education infrastructure projects approved by MDE in coordination with the Department of Technology, Management, and Budget (DTMB). Requires applicants to demonstrate local matching funds based on local revenue generating capacity. Also provides \$1.0 million GF/GP for administration of the program. The School Infrastructure Fund may only be used for aid to local school districts and ISDs, and may not be used to aid PSAs.	Restricted 0	170,000,000
	GF/GP \$0	\$1,000,000
3. TRAILS Program (Sec. 31p) – NEW	Gross \$0	\$150,000,000
Provides \$150.0 million SAF for grants to ISDs for statewide implementation of a TRAILS program that improves youth access to evidence-based mental health services by training school mental health professionals in effective practices.	Restricted 0	150,000,000
	GF/GP \$0	\$0

SCHOOL AID

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
4. Mi Future Educator Fellowship Program (Sec. 27a) – NEW	Gross	\$0
Provides \$100.0 million SAF to offset tuition costs for college students earning their initial teacher certification. Caps awards at the lesser of \$10,000 per academic year or the cost of in-district tuition. Requires grant recipients to agree to work in a Michigan public school or qualifying preschool program for at least 2 years for every year an award was received or repay a proportionate amount of total funds received as a 0% interest loan. Pending available funds, allows applicants to renew their award for up to 3 years.	Restricted	0
	GF/GP	\$0
		\$100,000,000
		100,000,000
		\$0
5. New Teacher Programs (Sec. 27d) – NEW	Gross	\$0
Provides \$50.0 million SAF for programs to expand support for new teachers, improve their instructional practices, and improve teacher retention. Requires MDE to partner with educator preparation programs and districts to provide coaching and cohort support to students and new teachers through at least the first 3 years of a teacher’s service. Also requires MDE to provide grants to districts for mentor stipends and other expenses necessary for mentoring. Allocates \$500,000 for a competitive grant to an ISD or other educational entity to assist MDE with the development of research-based mentor standards, curriculum, and professional learning. Also allocates \$500,000 for a competitive grant to a qualified evaluator to conduct a program evaluation of activities under this section.	Restricted	0
	GF/GP	\$0
		\$50,000,000
		50,000,000
		\$0
6. Before and After School Programs (Sec. 32n) – NEW	Gross	\$0
Provides \$50.0 million GF/GP (\$25.0 million ongoing and \$25.0 million one-time) for competitive grants for before and after school programs. Allocates up to 3% of funding for a nonprofit entity to provide start up grants and assistance for the implementation of high quality out-of-school time learning opportunities. This item was funded in the MDE budget at \$3.9 million GF/GP for FY 2021-22 and is funded at \$1.1 million GF/GP (including \$500,000 for administration) in FY 2022-23.	Restricted	0
	GF/GP	\$0
		\$50,000,000
		0
		\$50,000,000
7. Mental Health Screening Tools (Sec. 31n(12)) – NEW	Gross	\$0
Provides \$25.0 million SAF for districts and ISDs to improve student mental health services by adopting and implementing Health Insurance Portability and Accountability Act compliant tools for conducting mental health screenings, managing referral and consent, care management and coordination, virtual visits, and reporting on outcomes.	Restricted	0
	GF/GP	\$0
		\$25,000,000
		25,000,000
		\$0
8. Cross-System Intervention Approach (Sec. 97b) – NEW	Gross	\$0
Provides \$15.0 million SAF for a public research institution, in collaboration with a national law enforcement foundation, to pilot a cross-system intervention approach to identifying and supporting middle and high school students that are determined to be at risk for violence through a psychiatric or psychological assessment.	Restricted	0
	GF/GP	\$0
		\$15,000,000
		15,000,000
		\$0
9. Mental Health Personnel Capacity Building (Sec. 31n(11)) – NEW	Gross	\$0
Provides \$5.0 million SAF for a partnership between child and adolescent health centers, school districts, and a program that provides statewide capacity building supports to school-based mental health personnel. Requires the program to provide personnel with professional development, same-day consultation with behavioral health clinicians, telehealth evaluations, and resources on managing mental health conditions.	Restricted	0
	GF/GP	\$0
		\$5,000,000
		5,000,000
		\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
10. GSRP Home Pilot (32s) – NEW	Gross	\$0	\$5,000,000
Provides \$5.0 million SAF for an ISD or consortia of ISDs to lead statewide development for a 3-year pilot program that provides high-quality preschool programming in a licensed home-based child care setting. Allows funds to be used for planning, start-up costs, program development, programming costs exceeding the per-slot allotment, and evaluation. Requires a third-party evaluation of the pilot program that includes the viability of scaling the model and achieving improved outcomes for children. Requires licensed home-based childcare programs to be involved at each stage of the pilot.	Restricted	0	5,000,000
	GF/GP	\$0	\$0
11. School Lunch Program (Sec. 31d)	Gross	\$579,838,400	\$359,715,000
Increases the state share of school lunch programs by \$715,000 SAF for a total of \$24.6 million SAF. Also increases federal funding by \$359.0 million for a total of \$915.0 million for child nutrition programs and food distribution programs.	Federal	556,000,000	359,000,000
	Restricted	23,838,400	715,000
	GF/GP	\$0	\$0
12. At-Risk (Sec. 31a)	Gross	\$524,500,000	\$222,000,000
Increases by \$222.0 million SAF for a total of \$746.5 million SAF. Increases the payment per economically disadvantaged student from an estimated prorated payment of \$768 in FY 2021-22 to a fully funded payment of \$1,051 in FY 2022-23. Eliminates \$12.0 million SAF allocation for districts to receive at least the amount they received in the prior year after accounting for declining enrollment. Removes requirement capping certain districts with state and local revenue exceeding the Target foundation allowance at 35% of the amount they would have otherwise received.	Restricted	524,500,000	222,000,000
	GF/GP	\$0	\$0
13. Special Education Cost Reimbursement (Sec. 51f)	Gross	\$90,207,000	\$150,000,000
Increases by \$150.0 million SAF for a total of \$240.2 million SAF to reimburse districts and ISDs for an estimated 8% of total approved special education costs.	Restricted	90,207,000	150,000,000
	GF/GP	\$0	\$0
14. Wraparound Services (Sec. 31o)	Gross	\$240,000,000	(\$120,000,000)
Provides \$120.0 million one-time SAF for districts and ISDs to increase the number of school psychologists, school social workers, school counselors, and school nurses. (This section provided \$240.0 million one-time SAF for districts in FY 2021-22.) For staff hired under this section, provides 100% of funding for the first year, 66% for the second year, 33% for the third year, and requires a recipient district or ISD to fully fund staff after three years of funding.	Restricted	240,000,000	(120,000,000)
	GF/GP	\$0	\$0
15. Year-Round Infrastructure Grants (Sec. 31z)	Gross	\$75,000,000	(\$75,000,000)
Eliminates \$75.0 million Federal Coronavirus State Fiscal Recovery Fund for matching grants for one-time infrastructure costs to districts that commit to operating a year-round, balanced calendar.	Federal	75,000,000	(75,000,000)
	Restricted	0	0
	GF/GP	\$0	\$0
16. Year-Round Instruction Programs (Sec. 31y)	Gross	\$60,000,000	(\$60,000,000)
Eliminates \$60.0 million SAF for per-pupil payments equal to 3% of the foundation allowance for districts that operate year-round, balanced calendars.	Restricted	60,000,000	(60,000,000)
	GF/GP	\$0	\$0
17. ISD Mental Health and Support Services (Sec. 31n(6))	Gross	\$37,800,000	\$50,000,000
Increases by \$50.0 million SAF for a total of \$87.8 million SAF to ISDs for mental health and support services for general education pupils. Increases the initial payment to each ISD from \$575,000 to \$1.3 million and increases the remaining funds, which are allocated on a per-pupil basis, from \$5.6 million to \$13.0 million. Adds that an ISD may contract with 1 or more other ISDs for coordinating the provision of services.	Restricted	37,800,000	50,000,000
	GF/GP	\$0	\$0

SCHOOL AID

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
18. School Safety Grants (Sec. 97)	Gross	\$10,000,000	\$41,000,000
Increases by \$41.0 million Gross (including the elimination of \$2.5 million GF/GP) for a total of \$51.0 million SAF for competitive school safety grants. Removes nonpublic schools as eligible recipients and revises allowable uses as follows: removes school building safety assessments and adds school resource officers. Increases grant caps from \$50,000 to \$250,000 for each school and from \$250,000 to \$1.3 million for each district or ISD. Allocates \$1.0 million for MDE to evaluate the effectiveness of the grants awarded.	Restricted	7,500,000	43,500,000
	GF/GP	\$2,500,000	(\$2,500,000)
19. Great Start Readiness Program (Secs. 32d & 39)	Gross	\$418,470,000	\$33,000,000
Increases by \$33.0 million Gross (including the elimination of \$121.0 million Federal) for a total of \$451.5 million Gross (\$350,000 GF/GP) for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child from \$8,700 to \$9,135 for a full-day program—an amount equal to the proposed foundation allowance—and from \$4,350 to \$4,567.50 for a part-day program.	Federal	121,000,000	(121,000,000)
	Restricted	297,120,000	154,000,000
	GF/GP	\$350,000	\$0
20. Inkster Operating Debt (Sec. 22g)	Gross	\$25,500,000	(\$25,500,000)
Eliminates \$25.5 million SAF for an ISD to pay outstanding operating debt and accrued school bond loan fund interest for a dissolved school district (Inkster).	Restricted	25,000,000	(25,500,000)
	GF/GP	\$0	\$0
21. Special Education (Secs. 51a, 51c, 51d, 53a, 54 & 56)	Gross	\$1,574,696,100	(\$23,500,000)
Reduces by \$23.5 million Gross (\$0 GF/GP) to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2022-23 are \$1.6 billion.	Federal	451,000,000	(33,500,000)
	Restricted	1,123,696,100	10,000,000
	GF/GP	\$0	\$0
22. Michigan Public School Employees Retirement System (MPERS) (Secs. 147a, 147c, & 147e)	Gross	\$1,811,760,000	\$20,261,000
Increases state support for K-12 MPERS costs by \$20.3 million Gross (\$21,000 GF/GP) for a total of \$1.8 billion Gross (\$581,000 GF/GP). Expands the allocation to offset a portion of costs for districts by \$12.1 million Gross (\$31,000 GF/GP) for a total of \$112.1 million Gross (\$31,000 GF/GP) to expand eligible recipients to also include ISDs and district libraries. Does not continue \$140.0 million payment provided in FY 2021-22 for a one-time accelerated reduction in the payroll growth assumption.	Restricted	1,811,200,000	20,240,000
	GF/GP	\$560,000	\$21,000
23. School-Based Health Centers (Sec. 31a(7))	Gross	\$8,000,000	\$11,000,000
Increases by \$11.0 million SAF for a total of \$19.0 million SAF for adolescent health care services.	Restricted	8,000,000	11,000,000
	GF/GP	\$0	\$0
24. Vocational Education Millage Equalization (Sec. 62)	Gross	\$9,190,000	\$10,810,000
Increases by \$10.8 million SAF for a total of \$20.0 million SAF to guarantee a minimum level of revenue per pupil for each vocational education mill levied. Increases per-pupil equalization from \$224,800 to \$263,400.	Restricted	9,190,000	10,810,000
	GF/GP	\$0	\$0
25. Career and Technical Education (CTE) (Sec. 61a)	Gross	\$37,611,300	\$10,000,000
Increases by \$10.0 million SAF for a total of \$47.6 million SAF to reimburse districts and ISDs for vocational education programs.	Restricted	37,611,300	10,000,000
	GF/GP	\$0	\$0
26. Early Childhood Block Grants (Sec. 32p)	Gross	\$13,400,000	\$9,500,000
Increases by \$9.5 million SAF for a total of \$22.9 million SAF for early childhood funding block grants to ISDs and for early childhood programs for children from birth through age 8. Increases the allocation for home visits to at-risk children and their families by \$2.0 million SAF for a total of \$4.5 million SAF. (See Major Boilerplate Changes for Sec. 32p below.)	Restricted	13,400,000	9,500,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
27. Education Assessments (Sec. 104)	Gross	\$35,759,400	\$8,000,000
Increases by \$8.0 million SAF for a total of \$43.8 million Gross (\$0	Federal	6,250,000	0
GF/GP) for reimbursement of costs associated with state student	Restricted	29,509,400	8,000,000
assessment requirements.	GF/GP	\$0	\$0
28. Special Education Task Force Reforms – Early On (Sec. 54d)	Gross	\$14,150,000	\$7,100,000
Increases by \$7.1 million SAF for a total of 21.3 million SAF for grants to	Restricted	14,150,000	7,100,000
ISDs to provide state Early On services programs for children birth to 3	GF/GP	\$0	\$0
years old with developmental delays or disabilities and their families as			
described in the Early On Michigan state plan.			
29. Attendance Recovery (Sec. 25i)	Gross	\$6,000,000	(\$6,000,000)
Eliminates \$6.0 million GF/GP for an attendance recovery program for	Restricted	0	0
all districts that opt in to serve eligible students.	GF/GP	\$6,000,000	(\$6,000,000)
30. Cash-Flow Borrowing (Sec. 11m)	Gross	\$9,500,000	\$900,000
Increases by \$900,000 SAF for a total of \$10.4 million SAF for the	Restricted	9,500,000	900,000
interest costs of inter-fund borrowing between the School Aid Fund and	GF/GP	\$0	\$0
the General Fund to balance the timing of revenue collections and			
required state aid payments.			
31. Genesee Early Childhood Collaborative Enrollment Software and Staff (Sec. 11s(8))	Gross	\$1,384,900	(\$1,384,900)
Eliminates \$1.4 million GF/GP for enrollment software and staff for the	Restricted	0	0
early childhood collaborative under Sec. 11s(7).	GF/GP	\$1,384,900	(\$1,384,900)
32. Isolated District Funding (Sec. 22d)	Gross	\$8,420,000	\$421,000
Increases by \$421,000 SAF for a total of \$8.8 million SAF to increase	Restricted	8,420,000	421,000
the allocations for small, isolated districts; districts with fewer than 10.0	GF/GP	\$0	\$0
pupils per square mile; and districts with greater than 250 square miles			
by 5%.			
33. Renaissance Zone Reimbursements (Sec. 26a)	Gross	\$15,300,000	(\$1,300,000)
Reduces by \$1.3 million SAF for a total of \$14.0 million SAF to reimburse	Restricted	15,300,000	(1,300,000)
districts and ISDs under the Michigan Renaissance Zone Act.	GF/GP	\$0	\$0
34. Promise Zones (Sec. 26c)	Gross	\$13,800,000	\$1,000,000
Increases by \$1.0 million SAF for a total of \$14.8 million SAF for required	Restricted	13,800,000	1,000,000
funds for districts and ISDs with an approved Promise Zone	GF/GP	\$0	\$0
development plan.			
35. Dyslexia Center (Sec. 35b)	Gross	\$250,000	(\$250,000)
Eliminates \$250,000 GF/GP for the Children’s Choice Initiative for a	Restricted	0	0
multisensory structured language education method to improve reading	GF/GP	\$250,000	(\$250,000)
proficiency rates.			
36. Orton-Gillingham (Sec. 35d)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP for grants to districts and ISDs for an	Restricted	0	0
eligible teacher training program (Orton-Gillingham) for children with	GF/GP	\$1,000,000	(\$1,000,000)
dyslexia.			
37. Alliance of Boys and Girls Clubs (Sec. 35e)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million GF/GP for the Michigan Alliance of Boys and	Restricted	0	0
Girls Clubs to provide early literacy and academic support to at-need	GF/GP	\$2,000,000	(\$2,000,000)
youth in Michigan.			

SCHOOL AID

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
38. Chaldean Community Foundation (Sec. 35f)	Gross	\$750,000	(\$750,000)
Eliminates \$750,000 GF/GP for the Chaldean Community Foundation to support and expand early childhood learning opportunities, improve early literacy achievement, increase high school graduation rates for new Americans, and assist with diploma acquisition, skills training, and postsecondary education.	Restricted	0	0
	GF/GP	\$750,000	(\$750,000)
39. Innovative Community Libraries (Sec. 35g)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million SAF for grants to districts that have established innovative community libraries.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$0	\$0
40. Jewish Federation of Metro Detroit (Sec. 35h)	Gross	\$1,700,000	(\$1,700,000)
Eliminates \$1.7 million GF/GP for the Jewish Federation of Metro Detroit to help mitigate the impact of remote learning on students' mental health and physical well-being.	Restricted	0	0
	GF/GP	\$1,700,000	(\$1,700,000)
41. Bilingual Education (Sec. 41)	Gross	\$25,200,000	\$1,275,000
Increases by \$1.3 million SAF for a total of \$26.5 million SAF for services to English language learners (ELLs) that have been administered the WIDA Access or WIDA Alternate Access.	Restricted	25,200,000	1,275,000
	GF/GP	\$0	\$0
42. Mi Alma Exito Educativo (Sec. 41a)	Gross	\$450,000	(\$450,000)
Eliminates \$450,000 GF/GP for Mi Alma for the Exito Educativo after-school program.	Restricted	0	0
	GF/GP	\$450,000	(\$450,000)
43. Conductive Learning (Sec. 55)	Gross	\$250,000	(\$250,000)
Eliminates \$250,000 GF/GP for the Conductive Learning Center at Aquinas College to support ongoing operations.	Restricted	0	0
	GF/GP	\$250,000	(\$250,000)
44. Special Education Millage Incentive (Sec. 56(7))	Gross	\$34,200,000	\$0
Maintains \$34.2 million SAF for payments to eligible ISDs, but increases eligibility cap from \$281 per pupil per mill in average special education revenue to \$296 per pupil per mill.	Restricted	34,200,000	0
	GF/GP	\$0	\$0
45. CTE Equipment Upgrades (Sec. 61c)	Gross	\$7,500,000	\$2,500,000
Increases by \$2.5 million GF/GP for a total of \$10.0 million GF/GP for eligible career education planning districts (CEPDs).	Restricted	0	0
	GF/GP	\$7,500,000	\$2,500,000
46. COOR ISD CTE Program (Sec. 61g)	Gross	\$2,500,000	(\$2,500,000)
Eliminates \$2.5 million SAF for COOR ISD to support its CTE offerings through building retrofitting, equipment purchases, and other necessary expenditures.	Restricted	2,500,000	(2,500,000)
	GF/GP	\$0	\$0
47. MITES Grant (Sec. 67a)	Gross	\$50,000	(\$50,000)
Eliminates \$50,000 GF/GP for the Michigan Industrial Technology Education Society (MITES) to provide industrial and technological education and workforce preparation for students and professional development opportunities and support for teachers.	Restricted	0	0
	GF/GP	\$50,000	(\$50,000)
48. ISD General Operations (Sec. 81)	Gross	\$71,903,600	\$3,595,200
Increases by \$3.6 million SAF for a total of \$75.5 million SAF for payments to ISDs for general operations. Each ISD would receive 105.0% of its FY 2021-22 funding.	Restricted	71,903,600	3,595,200
	GF/GP	\$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
49. K-12 Reporting, Noninstructional Staffing/Spending, and Information Technology (IT) Strategy (Sec. 94c)	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million GF/GP for a vendor to develop a strategy for streamlining the reporting that districts and ISDs must submit under state law; develop recommendations for an annual process to measure noninstructional staffing and spending by districts and ISDs and propose options to optimize noninstructional spending; and recommend an IT strategy and identify a shortlist of IT systems that districts and ISDs can use in transition as existing systems are retired.	Restricted	0	0
	GF/GP	\$1,500,000	(\$1,500,000)
50. Special Education Personnel Task Force (94d)	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million SAF for a task force to develop a comprehensive multi-year plan to attract, prepare, and retain qualified personnel for children with disabilities.	Restricted	1,500,000	(1,500,000)
	GF/GP	\$0	\$0
51. Value-Added Growth Model (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)
52. Navigate 360 (Sec. 97a)	Gross	\$1,947,000	(\$1,947,000)
Eliminates \$1.9 million GF/GP for Michigan Virtual University to support Navigate 360.	Restricted	0	0
	GF/GP	\$1,947,000	(\$1,947,000)
53. MI Learning Channel (Sec. 98d)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million SAF for Northern Michigan University to support the Michigan Learning Channel.	Restricted	2,000,000	(2,000,000)
	GF/GP	\$0	\$0
54. FIRST Robotics (Sec. 99h)	Gross	\$5,323,200	\$0
Maintains \$5.3 million Gross for PreK-12 events hosted by competitive robotics programs, but revises to fully fund with SAF. Strikes nonpublic schools as eligible recipients. Adds that MDE may require a program to provide performance metrics to be considered eligible.	Restricted	4,723,200	\$600,000
	GF/GP	\$600,000	(\$600,000)
55. Women in Technology Foundation (Sec. 99i)	Gross	\$150,000	(\$150,000)
Eliminates \$150,000 GF/GP for the Michigan Council of Women in Technology Foundation to support the girls exploring together information technology clubs.	Restricted	0	0
	GF/GP	\$150,000	(\$150,000)
56. MiSTEM Grants (Sec. 99s)	Gross	\$8,169,300	(\$535,000)
Reduces by \$535,000 Gross (\$300,000 GF/GP) for a total of \$7.6 million SAF for STEM programs. Eliminates \$235,000 Federal allocation to support the activities and programs of the MiSTEM network regions. Also eliminates \$300,000 GF/GP for LEO to support the MiSTEM Network staff (this allocation is moved to the LEO budget for FY 2022-23). Eliminates \$350,000 SAF allocation for fabrication laboratories (Fab Labs).	Federal	235,000	(235,000)
	Restricted	7,634,300	0
	GF/GP	\$300,000	(\$300,000)
57. Online Algebra Tool (Sec. 99t)	Gross	\$2,000,000	(\$2,000,000)
Eliminates \$2.0 million GF/GP for a statewide online algebra tool (Algebra Nation).	Restricted	0	0
	GF/GP	\$2,000,000	(\$2,000,000)
58. Imagine Learning (Sec. 99u)	Gross	\$6,000,000	(\$6,000,000)
Eliminates \$6.0 million GF/GP for a provider (Imagine Learning) for an online mathematics tool and a program that provides explicit, targeted literacy instruction.	Restricted	0	0
	GF/GP	\$6,000,000	(\$6,000,000)
59. Fitness Foundation (Sec. 99w)	Gross	\$400,000	(\$400,000)
Eliminates \$400,000 GF/GP for the Michigan Fitness Foundation to work with MDE to invest in a physical education curriculum.	Restricted	0	0
	GF/GP	\$400,000	(\$400,000)

SCHOOL AID

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
60. Teach for America (Sec. 99x)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP for Teach for America to host a summer training institute in Detroit, recruit teachers into a master teacher fellowship, and retain a committed alumni community.	Restricted	0	0
	GF/GP	\$1,000,000	(\$1,000,000)
61. Project SEARCH (Sec. 99aa)	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million SAF for an ISD that has partnered with Project SEARCH to provide opportunities for high school students with disabilities to train for, gain, and maintain competitive employment.	Restricted	1,500,000	(1,500,000)
	GF/GP	\$0	\$0
62. YMCA Youth in Government (Sec. 99bb)	Gross	\$3,750,000	(\$3,750,000)
Eliminates \$3.8 million GF/GP for the State Alliance of Michigan YMCAs for competitive grants to districts, ISDs, and nonpublic schools for civics and model government programs for grades 6 to 12.	Restricted	0	0
	GF/GP	\$3,750,000	(\$3,750,000)
63. Digital Literacy (Sec. 104f)	Gross	\$500,000	(\$500,000)
Eliminates \$500,000 SAF for an assessment digital literacy preparation program for pupils in grades K-8.	Restricted	500,000	(500,000)
	GF/GP	\$0	\$0
64. Benchmark Assessments (Sec. 104h)	Gross	\$11,500,000	\$0
Maintains \$11.5 million SAF for districts to begin implementation of a benchmark assessment system for the following school year. Expands to include ISDs with enrolled K-8 pupils as eligible recipients. Revises deadline for a recipient district to submit assessment data from 30 days after the last assessment is given to within a timeframe specified by MDE. Also revises the deadline for MDE to report on benchmark data from June 15 to September 25.	Restricted	11,500,000	0
	GF/GP	\$0	\$0
65. Reimbursements to Nonpublic Schools (Sec. 152b)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP to reimburse nonpublic schools for the costs of complying with health, safety and welfare state requirements.	Restricted	0	0
	GF/GP	\$1,000,000	(\$1,000,000)
66. Economic Adjustments	Gross	NA	\$268,200
Reflects increased costs of \$268,200 Gross (\$229,800 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	38,400
	GF/GP	NA	\$229,800

Major Boilerplate Changes from FY 2021-22

Sec. 6. Pupil Membership Definitions – REVISED

Strikes provision that, for the 2020-21 and 2021-22 school years only, allowed instruction by a noncertificated, nonendorsed teacher engaged to teach under Sec. 1233b of the Revised School Code.

Sec. 20m Additional Per-Pupil Calculation for Hold Harmless Districts – REVISED

Revises language to account for districts that will continue to have a calculation under this section for FY 2022-23.

Sec. 21f Virtual Courses – REVISED

Expands the definition for a virtual course provider from a district, ISD, community college, or MVU to also include any other institution or individual that the district pays to provide the course.

Sec. 31m. School Mental Health and Support Services Fund – DELETED

Repeals this section, which established the School Mental Health and Support Services Fund.

Major Boilerplate Changes from FY 2021-22

Sec. 32p. Early Childhood Block Grants – REVISED

Adds a goal for great start collaborative and parent coalitions of increasing the number of eligible children that are enrolled from birth to age 8 in publicly funded programs and services through joint recruitment and enrollment systems. Revises the supports that a local great start system should include by adding family economic self-sufficiency and revising “parent education” to “parent leadership and family engagement.”

Sec. 98a. Extended COVID-19 Learning Plan – DELETED

Repeals this section, which required districts to provide instruction under an extended COVID-19 learning plan for FY 2020-21.

Sec. 98b. Benchmark Reporting Requirements for FY 2021-22 – DELETED

Repeals this section, which required districts to comply with benchmark reporting requirements to receive state aid for FY 2021-22.

Sec. 104g. SAT/PSAT – DELETED

Repeals this section, which required districts to make the SAT and PSAT available in fall 2021 to students who were not able to take the exams in the prior school year or who requested to retake them.

Sec. 107. Adult Education – REVISED

Revises the cap on the percent of participants under subsection (15) (programs that connect adult education participants with employers) that may already have a diploma or certificate from 25% to 15%.

Sec. 147b. MPERS Retirement Obligation Reform Reserve Fund – DELETED

Repeals this section, which established the MPERS Retirement Obligation Reform Reserve Fund.

Sec. 164g. Legal Action Against the State – DELETED

Repeals this section, which establishes a penalty in an amount equal to the amount spent if a district or ISD uses state funding 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

Repeals this section, which establishes a penalty in an amount equal to 5% of total state aid if a district or ISD enters into a collective bargaining agreement that establishes racial or religious preferences, automatically deducts union dues from paychecks, is in conflict with any state or federal transparency laws, or uses a method of compensation that does not comply with Sec. 1250 of the Revised School Code.

Sec. 166. Disciplinary Policy for Abortion Referral – DELETED

Repeals this section, which requires a district or ISD to adopt a disciplinary policy for school officials or staff (except for a parent or legal guardian of the pupil) for making abortion referrals.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>	
<p>1. Retention Bonuses for Teachers, Administrators, and Staff (Sec. 27c) – NEW Provides \$1.5 billion SAF for districts to provide bonuses for each full-time equated teacher, administrator, paraprofessional, and other non-instructional staff member as follows: for all teachers and staff, \$2,000 for employment during the 2022-23 school year and \$2,000 for 2023-24; and, for teachers only, \$3,000 for 2024-25, and \$4,000 for 2025-26. Requires a recipient to either remain employed by the same district or work in a building eligible for schoolwide Title I programs to be eligible for a stipend in following years.</p>	<p>Gross Restricted GF/GP</p>	<p>\$1,500,000,000 1,500,000,000 \$0</p>
<p>2. Mi Future Educator Fellowship Program (Sec. 27a(2)) – NEW Allocates \$150.0 million SAF for the Mi Future Educator Fellowship Program to offset tuition costs for college students earning their initial teacher certification. Caps awards at the lesser of \$10,000 per academic year or the cost of in-district tuition. Requires grant recipients to work in a Michigan public school or qualifying preschool program for at least 2 years for every year an award was received or repay a proportionate amount of total funds received as a 0% interest loan. Pending available funds, allows applicants to renew their award for up to 3 years.</p>	<p>Gross Restricted GF/GP</p>	<p>\$150,000,000 150,000,000 \$0</p>

		FY 2021-22 Recommendation
Supplemental Recommendations for FY 2021-22 Appropriations		
3. Mi Future Educator – Student Teacher Stipend Program (Sec. 27a(3)) – NEW	Gross	\$150,000,000
Allocates \$150.0 million SAF for the Mi Future Educator – Student Teacher Stipend Program for educator preparation programs to pay student teachers up to \$9,600 per semester. Student teachers who are paid by their district are not eligible for this stipend.	Restricted	150,000,000
	GF/GP	\$0
4. Grow Your Own Programs (Sec. 27b) – NEW	Gross	\$150,000,000
Provides \$150.0 million SAF for grants to districts to provide a no-cost pathway for support staff members to become certified teachers. Allowable expenses include tuition and fees, books, testing fees, travel, and a substitute employee salary. Up to 10% of a district’s funds may be used to implement a program to encourage students in grades 6-12 to consider a career in education.	Restricted	150,000,000
	GF/GP	\$0
5. DPSCD Settlement Payment (Sec. 11v) – NEW	Gross	\$94,400,000
Provides \$94.4 million GF/GP for Detroit Public Schools Community District (DPSCD) for literacy-related programs and initiatives. This grant is intended to fulfill a state agreement in the <i>Gary B. v. Whitmer</i> settlement.	Restricted	0
	GF/GP	\$94,400,000
6. Innovative Education Workforce Grants (Sec. 27e) – NEW	Gross	\$75,000,000
Provides \$75.0 million SAF for grants for the development of innovative partnerships between at least one district or ISD and other districts, ISDs, institutions of higher education, or other public, private, or nonprofit organizations to respond to regional workforce needs and increase the number of qualified educator personnel. Caps total grant over 3 years at \$5.0 million per partnership. Requires MDE to award at least one grant for a partnership with a statewide special education organization that improves capacity of special education administration personnel.	Restricted	75,000,000
	GF/GP	\$0
7. Mi Future Educator – Graduate Fellowship (Sec. 27a(4)) – NEW	Gross	\$50,000,000
Allocates \$50.0 million SAF for the Mi Future Educator – Graduate Fellowship to offset tuition costs for individuals earning a school administrator certificate or completing graduate-level training to become a school-based mental health professional or a special education administrative professional. Caps awards at the lesser of \$10,000 per academic year or the cost of in-district tuition. Requires grant recipients to work in a Michigan public school or public preschool program for at least 2 years for every year an award was received, or repay a proportionate amount of total funds received as a 0% interest loan.	Restricted	50,000,000
	GF/GP	\$0
8. New Teacher Programs (Sec. 27d) – NEW	Gross	\$50,000,000
Provides \$50.0 million SAF for programs to expand support for new teachers, improve their instructional practices, and improve teacher retention. Requires MDE to partner with educator preparation programs and districts to provide coaching and cohort support to students and new teachers through at least the first 3 years of a teacher’s service. Also requires MDE to provide grants to districts for mentor stipends and other expenses necessary for mentoring. Allocates \$500,000 for a competitive grant to an ISD or other educational entity to assist MDE with the development of research-based mentor standards, curriculum, and professional learning. Also allocates \$500,000 for a competitive grant to a qualified evaluator to conduct a program evaluation of activities under this section.	Restricted	50,000,000
	GF/GP	\$0
9. Remediation Services (Sec. 23b) – NEW	Gross	\$45,437,800
Provides \$45.4 million Federal ESSER II Fund for summer programs, credit recovery programs, and before and/or after school programs. This re-appropriates federal funds that were appropriated for these purposes in FY 2020-21.	Federal	45,437,800
	Restricted	0
	GF/GP	\$0
10. GSRP Start Up Grants (Sec. 32d(26)) – NEW	Gross	\$30,000,000
Provides \$30.0 million SAF for classroom start up grants to ISDs and consortia of ISDs for new or expanding GSRP classrooms. Eligible expenses include recruiting and retaining licensed classroom personnel, facility improvements, outreach material, and improving providers’ Great Start to Quality Rating. Grants may not exceed \$25,000 for each new or expanded classroom.	Restricted	30,000,000
	GF/GP	\$0

Supplemental Recommendations for FY 2021-22 Appropriations		FY 2021-22 Recommendation
11. Teacher and Support Staff Incentives (Sec. 23c) – NEW	Gross	\$6,618,200
Provides \$6.6 million Federal GEER II Fund for payments to teachers and school staff who provide services for remediation services under Sec. 23b. This re-appropriates federal funds that were appropriated for these purposes in FY 2020-21.	Federal	6,618,200
	Restricted	0
	GF/GP	\$0
12. Oxford Response (Sec. 11w) – NEW	Gross	\$6,000,000
Provides \$6.0 million SAF to a district forced to close a building for at least 20 consecutive days in response to an act of student violence (Oxford Community Schools). Funds may be used for personnel and additional student supports. (See Supplemental Boilerplate Changes for Sec. 11w below.)	Restricted	6,000,000
	GF/GP	\$0
13. Education Workforce Report (Sec. 27f) – NEW	Gross	\$500,000
Provides \$500,000 GF/GP for an association that represents a consortium of urban school districts in Michigan, in partnership with a research consultant, for an analysis of Michigan’s education workforce, including shortages across districts, recommendations, and policies other states have implemented.	Restricted	0
	GF/GP	\$500,000
14. Foundation Allowances (Secs. 22a & 22b)	Gross	(\$256,000,000)
Reduces by \$256.0 million for a total of \$9.7 billion Gross (\$380,600 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted	(256,380,600)
	GF/GP	\$380,600
15. School Lunch Program (Sec. 31d)	Gross	\$375,415,000
Increases the state share of school lunch programs by \$715,000 SAF for a total of \$24.5 million SAF. Also increases federal funding by \$374.7 million for a total of \$915.0 million for child nutrition programs and food distribution programs.	Federal	374,700,000
	Restricted	715,000
	GF/GP	\$0
16. Special Education (Secs. 51a, 51c, 51d, 53a, 54 & 56)	Gross	(\$68,500,000)
Reduces by \$68.5 million SAF to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2021-22 are \$1.5 billion.	Federal	0
	Restricted	(68,500,000)
	GF/GP	\$0
17. PRIME (Sec. 67b)	Gross	(\$6,000,000)
Eliminates \$6.0 million Federal Coronavirus State Fiscal Recovery Fund for the SME Education Foundation’s Partnership Response in Manufacturing Education (PRIME) initiative. This item was included in the MDE budget at \$6.0 million GF/GP in a FY 2021-22 supplemental (2021 PA 133).	Federal	(6,000,000)
	Restricted	0
	GF/GP	\$0
18. Renaissance Zone Reimbursements (Sec. 26a)	Gross	(\$1,300,000)
Reduces by \$1.3 million SAF for a total of \$14.0 million SAF to reimburse districts and ISDs under the Michigan Renaissance Zone Act.	Restricted	(1,300,000)
	GF/GP	\$0
19. Promise Zone Funding (Sec. 26c)	Gross	\$1,000,000
Increases by \$1.0 million SAF for a total of \$14.8 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan.	Restricted	1,000,000
	GF/GP	\$0
20. Wraparound Services (Sec. 31o)	Gross	\$0
Maintains \$240.0 million SAF to increase the number of school psychologists, school social workers, school counselors, and school nurses, but revises to add ISDs as eligible recipients of funding.	Restricted	0
	GF/GP	\$0
21. GSRP Longitudinal Evaluation (Sec. 32d(3))	Gross	\$250,000
Increases by \$250,000 GF/GP for a total of \$600,000 GF/GP for a longitudinal evaluation of children who have participated in GSRP programs. The one-time increase would re-appropriate funding that lapsed in FY 2019-20.	Restricted	0
	GF/GP	\$250,000
22. Bus Driver Safety and School Bus Inspections (Sec. 74)	Gross	\$159,000
Increases by \$159,000 SAF for a total of \$4.0 million SAF for bus driver safety and school bus inspections.	Restricted	159,000
	GF/GP	\$0

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Supplemental Boilerplate Recommendations for FY 2021-22 Appropriations

Sec. 11w Oxford Response – NEW

Waives the 75% attendance requirement under Sec. 101(3)(d) for Oxford Community Schools and counts the days/hours the district closed in response to an act of violence as pupil instruction under Sec. 101. Provides intent that results from summative assessments administered during the 2021-22 school year are not used for retention decisions or educator evaluations for the district.

Sec. 11x School Infrastructure Fund – NEW

Creates the School Infrastructure Fund as a separate account within the School Aid Fund with the purpose of creating a healthy and safe space for every child in order to address inequities that currently exist in school infrastructure funding. Deposits \$1.0 billion SAF into the School Infrastructure Fund. The School Infrastructure Fund may only be used for aid to local school districts and ISDs, and may not be used to aid PSAs.

Sec. 20. Foundation Allowance Calculation – REVISED

Adds language to account for Sec. 20m in the calculation of the state portion of the foundation allowance for Hold Harmless districts.

Sec. 104h. Benchmark Assessments – REVISED

Revises deadline for a recipient district to submit assessment data from 30 days after the last assessment is given to within a timeframe specified by MDE. Also revises deadline for MDE to report on benchmark data from June 15, 2023 to September 30, 2023.

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2021-2022			FY 2022-2023		FY 2023-2024	
		FY 22 2021 PA 48 YTD	Change from YTD	FY 22 Exec Rec Proposed Supplemental	Change from FY 22 YTD	FY 23 Exec Rec	Change from FY 23 Exec Rec	FY 24 Exec Rec
11j	School Bond Redemption Fund	\$111,000,000		\$111,000,000		\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs	\$9,500,000		\$9,500,000	\$900,000	\$10,400,000		\$10,400,000
11s	Flint Declaration of Emergency	\$8,075,100		\$8,075,100		\$8,075,100		\$8,075,100
11s(7)	Flint Early Childhood Collaborative	\$1,000,000		\$1,000,000		\$1,000,000	(\$1,000,000)	\$0
11s(8)	Early Childhood Collaborative Enrollment Software and Staff	\$1,384,900		\$1,384,900	(\$1,384,900)	\$0		\$0
11v	DPSCD Settlement Payment - NEW	\$0	\$94,400,000	\$94,400,000		\$0		\$0
11w	Oxford Response - NEW	\$0	\$6,000,000	\$6,000,000		\$0		\$0
11y	School Infrastructure Projects - NEW	\$0		\$0	\$171,000,000	\$171,000,000	(\$1,000,000)	\$170,000,000
20f	Categorical Offset Payments	\$18,000,000		\$18,000,000		\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,137,400		\$6,137,400		\$6,137,400		\$6,137,400
22a	Foundations: Proposal A Obligation Payment	\$4,742,000,000	(\$222,000,000)	\$4,520,000,000	(\$321,000,000)	\$4,421,000,000	(\$131,000,000)	\$4,290,000,000
22b	Foundations: Discretionary Payment	\$5,204,000,000	(\$34,000,000)	\$5,170,000,000	\$540,000,000	\$5,744,000,000	(\$15,000,000)	\$5,729,000,000
22c	Foundations: Equity Payment	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000
22d	Isolated District Funding	\$8,420,000		\$8,420,000	\$421,000	\$8,841,000		\$8,841,000
22g	Inkster Operating Debt	\$25,500,000		\$25,500,000	(\$25,500,000)	\$0		\$0
22m	Technology Regional Data Hubs	\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000
23b	Federal COVID-19 Remediation Services - NEW	\$0	\$45,437,800	\$45,437,800		\$0		\$0
23c	Federal Summer Program Teacher and Staff Incentives - NEW	\$0	\$6,618,200	\$6,618,200		\$0		\$0
24	Court-Placed Pupils	\$7,650,000		\$7,650,000		\$7,650,000		\$7,650,000
24a	Juvenile Detention Facility Programs	\$1,355,700		\$1,355,700		\$1,355,700		\$1,355,700
25f	Strict Discipline Academy	\$1,600,000		\$1,600,000		\$1,600,000		\$1,600,000
25g	Dropout Recovery Programs	\$750,000		\$750,000		\$750,000		\$750,000
25i	Attendance Recovery	\$6,000,000		\$6,000,000	(\$6,000,000)	\$0		\$0
26a	Renaissance Zone Reimbursement	\$15,300,000	(\$1,300,000)	\$14,000,000	(\$1,300,000)	\$14,000,000		\$14,000,000
26b	PILT Reimbursement	\$4,710,000		\$4,710,000		\$4,710,000		\$4,710,000
26c	Promise Zone Funding	\$13,800,000	\$1,000,000	\$14,800,000	\$1,000,000	\$14,800,000		\$14,800,000
26d	Brownfield Redevelopment Reimbursement	\$7,500,000		\$7,500,000		\$7,500,000		\$7,500,000
27a(2)	Mi Future Educator Fellowship Program - NEW	\$0	\$150,000,000	\$150,000,000	\$100,000,000	\$100,000,000		\$100,000,000
27a(3)	Mi Future Educator Student Teacher Stipend Program - NEW	\$0	\$150,000,000	\$150,000,000		\$0		\$0
27a(4)	Mi Future Educator Graduate Fellowship - NEW	\$0	\$50,000,000	\$50,000,000		\$0		\$0
27b	Grow Your Own Programs - NEW	\$0	\$150,000,000	\$150,000,000		\$0		\$0
27c	Retention Bonuses - NEW	\$0	\$1,500,000,000	\$1,500,000,000		\$0		\$0
27d	New Teacher Programs - NEW	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000		\$50,000,000
27e	Innovative Education Workforce Grants - NEW	\$0	\$75,000,000	\$75,000,000		\$0		\$0
27f	Education Workforce Support - NEW	\$0	\$500,000	\$500,000		\$0		\$0
31a	At-Risk Pupil Support	\$512,500,000		\$512,500,000	\$234,000,000	\$746,500,000		\$746,500,000
31a(7)	School Based Health Centers	\$8,000,000		\$8,000,000	\$11,000,000	\$19,000,000		\$19,000,000
31a(8)	Hearing, Vision, & Dental Screening	\$6,650,000		\$6,650,000		\$6,650,000		\$6,650,000
31a(17)	At-Risk Pupil Hold Harmless	\$12,000,000		\$12,000,000	(\$12,000,000)	\$0		\$0
31d	State School Lunch Programs	\$23,838,400	\$715,000	\$24,553,400	\$715,000	\$24,553,400		\$24,553,400
31d	Federal School Lunch Programs	\$556,000,000	\$374,700,000	\$930,700,000	\$359,000,000	\$915,000,000		\$915,000,000
31f	School Breakfast Program	\$11,900,000		\$11,900,000		\$11,900,000		\$11,900,000
31j	Local Produce in School Meals	\$4,500,000		\$4,500,000		\$4,500,000		\$4,500,000
31n	School Mental Health and Support Services	\$53,900,000		\$53,900,000	\$50,000,000	\$103,900,000		\$103,900,000
31n(11)	School-Based Mental Health Personnel Capacity Building - NEW	\$0		\$0	\$5,000,000	\$5,000,000		\$5,000,000
31n(12)	Mental Health Screening Tools - NEW	\$0		\$0	\$25,000,000	\$25,000,000	(\$25,000,000)	\$0
31o	Wraparound Services	\$240,000,000		\$240,000,000	(\$120,000,000)	\$120,000,000	(\$120,000,000)	\$0
31p	TRAILS - NEW	\$0		\$0	\$150,000,000	\$150,000,000	(\$150,000,000)	\$0
31y	Year-Round Instruction: 3% Foundation Payment	\$60,000,000		\$60,000,000	(\$60,000,000)	\$0		\$0
31z	Year-Round Instruction: Infrastructure Grants - Federal	\$75,000,000		\$75,000,000	(\$75,000,000)	\$0		\$0

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SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2021-2022			FY 2022-2023		FY 2023-2024	
		FY 22 2021 PA 48 YTD	Change from YTD	FY 22 Exec Rec Proposed Supplemental	Change from FY 22 YTD	FY 23 Exec Rec	Change from FY 23 Exec Rec	FY 24 Exec Rec
32d	Great Start Readiness Program - State	\$297,470,000	\$250,000	\$297,720,000	\$154,000,000	\$451,470,000	\$18,000,000	\$469,470,000
32d	Great Start Readiness Program - Federal	\$121,000,000		\$121,000,000	(\$121,000,000)	\$0		\$0
32d(26)	GSRP Classroom Start Up Grants - NEW	\$0	\$30,000,000	\$30,000,000		\$0		\$0
32n	Before and After School Programs - NEW	\$0		\$0	\$50,000,000	\$50,000,000	(\$25,000,000)	\$25,000,000
32p	Early Childhood Block Grants	\$13,400,000		\$13,400,000	\$9,500,000	\$22,900,000		\$22,900,000
32s	GSRP Home Pilot - NEW	\$0		\$0	\$5,000,000	\$5,000,000	(\$5,000,000)	\$0
35a(3)	Early Literacy Teacher Coaches	\$31,500,000		\$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		\$19,900,000
35a(7)	Literacy & Math Essentials	\$6,000,000		\$6,000,000		\$6,000,000		\$6,000,000
35a(8)	Michigan Education Corps	\$3,500,000		\$3,500,000		\$3,500,000	(\$3,500,000)	\$0
35a(10)	PD - Literacy Coaches and Classroom Teachers	\$4,000,000		\$4,000,000		\$4,000,000	(\$4,000,000)	\$0
35b	Children's Choice	\$250,000		\$250,000	(\$250,000)	\$0		\$0
35d	Orton Gilligham Dyslexic Program	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
35e	Boys and Girls Club	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
35f	Chaldean Community Foundation	\$750,000		\$750,000	(\$750,000)	\$0		\$0
35g	Innovative Community Libraries	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
35h	Jewish Federation	\$1,700,000		\$1,700,000	(\$1,700,000)	\$0		\$0
39a(1)	Federal ESSA Grant Funds	\$752,300,000		\$752,300,000		\$752,300,000		\$752,300,000
39a(2)	Other Federal Funding	\$56,500,000		\$56,500,000		\$56,500,000		\$56,500,000
41	English Language Learner Grants	\$25,200,000		\$25,200,000	\$1,275,000	\$26,475,000		\$26,475,000
41a	Mi Alma - Exito Educativo	\$450,000		\$450,000	(\$450,000)	\$0		\$0
51a(1)	Special Education - Federal Reimbursement	\$380,000,000		\$380,000,000	\$10,000,000	\$390,000,000		\$390,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$332,000,000	(\$20,100,000)	\$311,900,000	(\$8,700,000)	\$323,300,000	\$12,000,000	\$335,300,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000		\$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		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$2,900,000	(\$1,400,000)	\$1,500,000	(\$1,400,000)	\$1,500,000		\$1,500,000
51c	Special Ed Headlee Obligation (Durant)	\$733,400,000	(\$47,000,000)	\$686,400,000	(\$23,400,000)	\$710,000,000	\$25,500,000	\$735,500,000
51d	Special Education - Other Federal Grants	\$71,000,000		\$71,000,000		\$71,000,000		\$71,000,000
51f	Special Education Cost Reimbursement	\$90,207,000		\$90,207,000	\$150,000,000	\$240,207,000		\$240,207,000
51g	Remote Learning Library	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000
53a	Special Ed for Court Placed Pupils	\$10,500,000		\$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		\$1,688,000
54b	Special Education Task Force Reforms (MiBLSI)	\$1,600,000		\$1,600,000		\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On	\$14,150,000		\$14,150,000	\$7,100,000	\$21,250,000		\$21,250,000
55	Conductive Learning	\$250,000		\$250,000	(\$250,000)	\$0		\$0
56	Special Ed ISD Millage Equalization	\$40,008,100		\$40,008,100		\$40,008,100		\$40,008,100
56(7)	Special Ed Millage Incentive	\$34,200,000		\$34,200,000		\$34,200,000		\$34,200,000
61a	Career & Tech Ed Programs	\$37,611,300		\$37,611,300	\$10,000,000	\$47,611,300		\$47,611,300
61b	Career & Tech Ed Early/Middle College	\$8,000,000		\$8,000,000		\$8,000,000		\$8,000,000
61c	CTE Equipment Upgrades	\$7,500,000		\$7,500,000	\$2,500,000	\$10,000,000	(\$10,000,000)	\$0
61d	CTE Incentive Payment	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000
61g	COOR ISD CTE Program	\$2,500,000		\$2,500,000	(\$2,500,000)	\$0		\$0
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000		\$9,190,000	\$10,810,000	\$20,000,000		\$20,000,000
65	Detroit PreCollege Engineering	\$400,000		\$400,000		\$400,000		\$400,000
67	Career and College Readiness Tools	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000
67a	MITES	\$50,000		\$50,000	(\$50,000)	\$0		\$0
67b	PRIME - Federal	\$6,000,000	(\$6,000,000)	\$0	(\$6,000,000)	\$0		\$0
74	School Bus Driver Safety Instruction	\$2,025,000	\$159,000	\$2,184,000		\$2,025,000		\$2,025,000
74	School Bus Inspections	\$1,780,800		\$1,780,800	\$38,400	\$1,819,200		\$1,819,200
81	ISD General Operations Support	\$71,903,600		\$71,903,600	\$3,595,200	\$75,498,800		\$75,498,800

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2021-2022			FY 2022-2023		FY 2023-2024	
		FY 22 2021 PA 48 YTD	Change from YTD	FY 22 Exec Rec Proposed Supplemental	Change from FY 22 YTD	FY 23 Exec Rec	Change from FY 23 Exec Rec	FY 24 Exec Rec
94	AP/IB/CLEP Incentive Program	\$1,200,000		\$1,200,000		\$1,200,000		\$1,200,000
94a	Center for Educational Performance and Information	\$18,802,500		\$18,802,500	\$229,800	\$19,032,300		\$19,032,300
94a	Center for Educational Performance and Info - Federal	\$193,500		\$193,500		\$193,500		\$193,500
94c	K-12 Reporting, Noninstructional Staffing/Spending, & IT Strategy	\$1,500,000		\$1,500,000	(\$1,500,000)	\$0		\$0
94d	Special Education Task Force	\$1,500,000		\$1,500,000	(\$1,500,000)	\$0		\$0
95b	Educator and Administrator Evaluations	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
97	School Safety Grants	\$10,000,000		\$10,000,000	\$41,000,000	\$51,000,000	(\$51,000,000)	\$0
97a	Navigate 360	\$1,947,000		\$1,947,000	(\$1,947,000)	\$0		\$0
97b	Cross-System Intervention Approach - NEW	\$0		\$0	\$15,000,000	\$15,000,000	(\$15,000,000)	\$0
98	Michigan Virtual University	\$7,500,000		\$7,500,000		\$7,500,000		\$7,500,000
98d	Michigan Learning Channel	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
99h	FIRST Robotics	\$5,323,200		\$5,323,200		\$5,323,200		\$5,323,200
99i	Women in Technology	\$150,000		\$150,000	(\$150,000)	\$0		\$0
99s(4)	MiSTEM Council and Grants	\$3,050,000		\$3,050,000		\$3,050,000		\$3,050,000
99s(5)	MiSTEM Grants - Math and Science Centers - Federal	\$235,000		\$235,000	(\$235,000)	\$0		\$0
99s(5)(7)	MiSTEM Centers Transition	\$4,584,300		\$4,584,300		\$4,584,300		\$4,584,300
99s(12)	MiSTEM Executive Director	\$300,000		\$300,000	(\$300,000)	\$0		\$0
99t	Algebra Nation	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0		\$0
99u	Imagine Learning	\$6,000,000		\$6,000,000	(\$6,000,000)	\$0		\$0
99w	Michigan Fitness Foundation	\$400,000		\$400,000	(\$400,000)	\$0		\$0
99x	Teach for America	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
99aa	Project SEARCH	\$1,500,000		\$1,500,000	(\$1,500,000)	\$0		\$0
99bb	YMCA Youth In Government	\$3,750,000		\$3,750,000	(\$3,750,000)	\$0		\$0
104	Education Assessments - State	\$29,509,400		\$29,509,400	\$8,000,000	\$37,509,400		\$37,509,400
104	Education Assessments - Federal	\$6,250,000		\$6,250,000		\$6,250,000		\$6,250,000
104f	Digital Literacy Training	\$500,000		\$500,000	(\$500,000)	\$0		\$0
104h	Benchmark Assessments for the Following School Year	\$11,500,000		\$11,500,000		\$11,500,000	(\$11,500,000)	\$0
107	Adult Education	\$30,500,000		\$30,500,000		\$30,500,000		\$30,500,000
147a(1)	MPSERS Cost Offset	\$100,000,000		\$100,000,000	\$12,071,000	\$112,071,000		\$112,071,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains	\$177,460,000		\$177,460,000	(\$5,310,000)	\$172,150,000	(\$7,900,000)	\$164,250,000
147c	MPSERS State Share of Unfunded Liability Payments	\$1,469,000,000		\$1,469,000,000	\$9,500,000	\$1,478,500,000	\$128,400,000	\$1,606,900,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017	\$65,300,000		\$65,300,000	\$4,000,000	\$69,300,000	\$2,800,000	\$72,100,000
152a	Adair - Database Payment	\$38,000,500		\$38,000,500		\$38,000,500		\$38,000,500
152b	Nonpublic School Reimbursement	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
TOTAL APPROPRIATIONS		\$16,978,110,700	\$2,352,980,000	\$19,331,090,700	\$1,377,928,500	\$18,356,039,200	(\$389,200,000)	\$17,966,839,200
REVENUE BY SOURCE								
Federal Aid		\$2,024,478,500	\$420,756,000	\$2,445,234,500	\$166,765,500	\$2,191,243,500	\$0	\$2,191,243,500
School Aid Fund		\$14,796,232,100	\$1,830,724,000	\$16,626,956,100	\$1,018,363,500	\$15,814,595,600	(\$348,700,000)	\$15,465,895,600
Community District Trust Fund/Other Restricted Fund		\$72,000,100	\$0	\$72,000,100	\$170,000,000	\$242,000,100		\$242,000,100
General Fund/General Purpose		\$85,400,000	\$101,500,000	\$186,900,000	\$22,800,000	\$108,200,000	(\$40,500,000)	\$67,700,000
TOTAL REVENUE		\$16,978,110,700	\$2,352,980,000	\$19,331,090,700	\$1,377,928,500	\$18,356,039,200	(\$389,200,000)	\$17,966,839,200

Summary: Executive Budget Recommendation for Fiscal Year 2022-23 STATE POLICE

Analyst: Marcus Coffin

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$24,816,300	\$25,502,400	\$686,100	2.8
Federal	145,331,500	81,804,300	(63,527,200)	(43.7)
Local	4,832,700	4,904,500	71,800	1.5
Private	35,000	35,000	0	0.0
Restricted	158,308,100	153,827,700	(4,480,400)	(2.8)
GF/GP	527,822,500	555,905,100	28,082,600	5.3
Gross	\$861,146,100	\$821,979,000	(\$39,167,100)	(4.5)
FTEs	3,695.0	3,767.0	72.0	1.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. FY 2022-23 Trooper Recruit School	FTE	NA
Includes \$9.2 million GF/GP (\$4.5 million ongoing, \$4.7 million one-time) and authorization for 50.0 FTE positions to support various costs associated with an FY 2022-23 trooper recruit school, which would be projected to graduate 50 troopers. Costs that would be covered by this funding include training materials, patrol vehicles, trooper outfitting, and salaries.	Gross	NA
	GF/GP	NA
		50.0
		\$9,239,800
		\$9,239,800
2. FY 2021-22 Trooper Recruit School Annualization	Gross	NA
Includes \$5.7 million GF/GP to support departmental expenses incurred for troopers that are graduating from trooper recruit school during FY 2021-22. Costs include fleet leasing, IT support, salaries, and benefits.	GF/GP	NA
		\$5,670,800
		\$5,670,800
3. Traffic Stop Data Collection Enhancement	Gross	NA
Includes \$3.7 million GF/GP (one-time) to develop new tracking and documentation systems to facilitate easier review and analysis of data regarding traffic stops made by MSP troopers. Specific changes that would occur with the new systems include increased data collection and development of a benchmarking dashboard. These activities would help to address issues highlighted in the recent Michigan State University Traffic Stop Study.	GF/GP	NA
		\$3,700,000
		\$3,700,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
4. Training and Professional Development	FTE 22.0	0.0
Includes \$3.0 million GF/GP for training and professional development activities within MSP's Professional Development Bureau. Activities would include, but are not limited to, department-led training, seminars, and third-party offerings. Activities would focus on the areas of cultural competency, addressing implicit bias, and decision making. Training opportunities would be available to public-facing enlisted staff (approximately 1,250 personnel), as well as to other department personnel that may benefit from the training.	Gross \$4,500,000 GF/GP \$4,500,000	\$3,000,000 \$3,000,000
5. Fleet Rate Increase	Gross NA	\$2,069,000
Includes an additional \$2.1 million Gross (\$1.9 million GF/GP) for increased costs that MSP remits to the Department of Technology, Management and Budget for its vehicle fleet. Primary factors that are included in the increase are higher costs for insurance premiums, fuel, and maintenance. The MSP fleet currently totals 2,452 vehicles, with 1,171 of those being patrol vehicles.	IDG/IDT NA Local NA Restricted NA GF/GP NA	38,800 33,400 54,500 \$1,942,300
6. Crime Victim Support Program	FTE NA	14.0
Includes \$1.8 million GF/GP and authorization for 14.0 FTE positions to place two full-time Victim Advocates in each of MSP's seven districts. Advocates would collaborate with federal, state, and local agencies to coordinate services and address the needs of crime victims. Victim Advocates would address victim needs in early interactions with criminal justice agencies; specifically, advocates would inform crime victims of their rights, provide social service agency referrals, and assist with the victim compensation process.	Gross NA GF/GP NA	\$1,814,300 \$1,814,300
7. Intelligence Operations Division – Cyber Crime Section Expansion	FTE 209.0	8.0
Includes \$1.1 million GF/GP and authorization for 8.0 FTE positions to hire additional digital forensic analysts within the Intelligence Operations Division. Additional analysts would allow the department to increase its processing of digital evidence, which, in addition to MSP cases, is also received from local law enforcement agencies and the National Center for Missing and Exploited Children.	Gross \$29,003,800 IDG/IDT 100,000 Restricted 2,381,300 GF/GP \$26,522,500	\$1,130,900 0 0 \$1,130,900
8. Trooper Recruitment	Gross NA	\$1,000,000
Includes \$1.0 million GF/GP (one-time) to increase racial, ethnic, and gender diversity in the MSP enlisted ranks through recruitment activities. Funding would be utilized for digital marketing campaigns, recruiting events, and public relations activities.	GF/GP NA	\$1,000,000
9. Removal of FY 2021-22 One-Time Appropriations	Gross \$65,985,500	(\$65,985,500)
Removes \$66.0 million Gross (\$21.0 million GF/GP) in one-time funding that was included in the FY 2021-22 budget to support breathalyzer replacements, contracts and services, emergency and disaster response and mitigation, lawsuit settlements, the Secondary Road Patrol Program, and the FY 2021-22 trooper recruit school.	Federal 45,000,000 GF/GP \$20,985,500	(45,000,000) (\$20,985,500)
10. Removal of FY 2021-22 Boilerplate Authorizations	Gross \$31,688,400	(\$31,688,400)
Removes FY 2021-22 federal and state restricted appropriations authorized in boilerplate. Federal funding that was received included disaster funding from the Federal Emergency Management Agency (FEMA), Next Generation 9-1-1 funding from the Department of Transportation, and community policing funding from the Department of Justice. The state restricted appropriations were for funding from the Disaster and Emergency Contingency Fund used to cover costs associated with flooding in Southeast Michigan in 2021.	Federal 19,378,400 Restricted 12,310,000 GF/GP \$0	(19,378,400) (12,310,000) \$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
11. Technical Adjustments	Gross	NA
Includes \$5.0 million Gross for numerous adjustments to various fund sources (IDG/IDT and state restricted) to align expenditures and revenues. Also includes numerous internal net to zero transfers to align funding and FTE authorization with department activity. Net to zero transfers include the following:	IDG/IDT	\$4,975,300
	Restricted	100,000
	GF/GP	4,875,300
		\$0
<ul style="list-style-type: none"> • Transfers \$2.6 million Gross (\$1.8 million GF/GP) and 16.0 FTE positions from the Post Operations and Training lines to the Professional Development Bureau line. • Transfers all funding (\$1.5 million Gross) from the Accounting Service Center line to the Department Services line to consolidate all financial services operations. • Transfers \$406,500 GF/GP and 3.0 FTE positions from the Post Operations line to the Executive Direction line. • Transfers \$584,300 GF/GP and 3.0 FTE positions from the Post Operations line to the Intelligence Operations line. 		
12. Economic Adjustments	Gross	NA
Reflects increased costs of \$25.9 million Gross (\$21.6 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	\$25,906,700
	Federal	547,300
	Local	851,200
	Restricted	38,400
	GF/GP	2,899,800
		\$21,570,000

Major Boilerplate Changes from FY 2021-22

Sec. 206. Communication with the Legislature – DELETED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 210. Contingency Authorization – REVISED

Appropriates up to \$2.0 million in federal and \$4.0 million in state restricted contingency authorization; authorizes expenditure of funds after legislative transfer to specific line items. Revised to appropriate \$10.0 million in federal, \$4.0 million in state restricted, \$1.0 million in local, and \$200,000 in private contingency authorization.

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

Requires MSP to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2021, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work.

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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2021-22.)*

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.

Major Boilerplate Changes from FY 2021-22**Sec. 221. Severance Pay Reporting – DELETED**

Requires MSP to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires MSP to maintain an internet site posting any severance pay in excess of 6 weeks of wages; requires report on total amount of severance pay remitted and number of MSP employees receiving severance pay in FY 2020-21.

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 225. 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. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 226. Privatization Project Plans – DELETED

Requires submission of a project plan 90 days before beginning any effort to privatize and requires evaluation of plan within 30 months. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 230. Authorization to Expend Private Donations – REVISED

Authorizes MSP to accept monetary and non-monetary donations for purposes designated by the donor; authorizes carry forward of unexpended funds. Revised to allow receive and expend of private revenues in excess of appropriations in part 1 and to require notification of the subcommittees and fiscal agencies within 10 days of an approval.

Sec. 232. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires department to notify data subjects if an unauthorized person accesses their information.

Sec. 233. Officer Evaluation Criteria – DELETED

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting a specified number of citations for an officer. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 234. Payment of Court Judgements – DELETED

Requires MSP to report tentative plans for required payment of court judgements against the department and stipulates required information. *(Governor deemed this section unenforceable in FY 2021-22.)*

Sec. 236. Department Core Services – DELETED

Lists MSP's core services and requires appropriations be expended for core services.

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) report traffic crash report revenues, expenditures, and adequacy; (7) maintain, disseminate, and exchange criminal history and juvenile records; (8) maintain firearms licensure records; (9) report revenues from and expenditures for concealed pistol licensure; (10) provide volumes processed by the Internet Criminal History Access Tool; (11) requires that revenues to the Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund; (12) requires unexpended revenue generated by local State Records Management System Fees to carry forward and not lapse to the general fund. Revised to increase the fee for traffic crash reports in item (5) from \$10 to \$15 per incident and to delete item (9).

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 number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revised to delete items (2) and (3). *(Governor deemed item (2) in this section unenforceable in FY 2021-22.)*

Major Boilerplate Changes from FY 2021-22

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 case clearance rate of 62%; (4) requires MSP to provide training opportunities to local law enforcement partners related to gambling laws, opioid investigations, and other law enforcement issues; (5) requires MSP to maintain staffing to investigate the average annual number of opioid-related investigations by multijurisdictional task forces that occurred in the preceding five fiscal years and requires MSP to enhance investigative and drug interdiction efforts. Revised to delete items (2) through (5). *(Governor deemed items (2) through (5) in this section unenforceable in FY 2021-22.)*

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). *(Governor deemed item (3) in this section unenforceable in FY 2021-22.)*

Sec. 604. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness to respond to the average number of fire investigation services requests that occurred during the preceding five fiscal years and be available for call out. Revised to delete item (2). *(Governor deemed item (2) in this section unenforceable in FY 2021-22.)*

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 regarding critical information key resource threats and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and sets staffing goals; (4) requires MSP to provide digital forensic analysis and establishes case turnaround goal. Revised to delete items (3) and (4). *(Governor deemed items (3) and (4) in this section unenforceable in FY 2021-22.)*

Sec. 702. Specialized Support Teams – REVISED

(1) Requires MSP to provide specialized support services; (2) requires MSP to maintain staffing and resources to provide training to maintain readiness to respond to at least the average annual number of specialty service requests that occurred during the preceding five fiscal years; (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 establishes a goal of 35,000 patrols at state-owned and leased facilities. Revised to delete items (2) through (8). *(Governor deemed items (2) through (8) in this section unenforceable in FY 2021-22.)*

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 legislature for supplemental appropriations; (3) authorizes department to receive and expend additional funds from various sources to provide emergency management training or emergency response activities and requires notification of legislative bodies; limits federal receive and expend under Sec. 704(3) and Sec. 231 to \$45.0 million and state restricted receive and expend under Sec. 704(3) and Sec. 704(7) to \$15.0 million; (4) requires department to maintain partnerships to protect the state from all hazards; (5) requires department to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training; (6) requires department to conduct a minimum of three training sessions to enhance emergency response; (7) appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies upon approval of state budget director and notification of legislature, and requires department to submit report related to expenditures from fund; limits appropriations under Sec. 704(7) and receive and expend under Sec. 704(3) to \$15.0 million; (8) requires authorization for department expenditures from Disaster and Emergency Contingency Fund and requires reporting; (9) allows expenditures from any source during declared disasters and emergencies, upon approval of the state budget director and notification of legislative bodies; (10) requires department to report biannually on assessment of critical infrastructure vulnerabilities. Revised to eliminate receive and expend caps under items (3) and (7) and to delete items (8), (9), and (10). *(Governor deemed item (9) in this section unenforceable in FY 2021-22.)*

Major Boilerplate Changes from FY 2021-22**Sec. 801. Federal Emergency and Disaster Response and Mitigation – DELETED**

Appropriates up to \$300,000,000 in federal authorization for emergency and disaster response and mitigation; authorizes expenditure of funds after legislative transfer to specific line items.

Sec. 802. Secondary Road Patrol Program – Supplemental Support – DELETED

Requires funds appropriated for Secondary Road Patrol Program – Supplemental Support to be distributed proportionately, according to statutory distribution formula, to compensate for revenue loss due to the COVID-19 pandemic.

Sec. 803. Michigan International Speedway Traffic Control – DELETED

Allocates \$300,000 from the Contracts and Services line item for provision of traffic control support at MIS.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>
<p>1. Disaster and Emergency Contingency Fund Includes a \$10.0 million GF/GP deposit to the Disaster and Emergency Contingency Fund to facilitate response activities and assistance for disasters and emergencies.</p>	<p>Gross \$10,000,000 GF/GP \$10,000,000</p>
<p>2. Governors Highway Safety Association Grant Includes \$25,000 in private funding authorization to align grant revenue from the Governors Highway Safety Association to support safe driving initiatives to reduce teen speeding.</p>	<p>Gross \$25,000 Private 25,000 GF/GP \$0</p>

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
TRANSPORTATION**

Analyst: William E. Hamilton

	FY 2021-22	FY 2022-23	Difference: FY 2022-23	
	Year-to-Date as of 2/9/22	Executive	Amount	%
IDG/IDT	\$4,044,800	\$4,123,800	\$79,000	2.0
Federal	1,641,755,300	2,026,480,000	384,724,700	23.4
Local	80,782,000	85,773,500	4,991,500	6.2
Private	900,000	900,000	0	0.0
Restricted	3,702,373,400	3,903,771,600	201,398,200	5.4
GF/GP	0	279,900,000	279,900,000	--
Gross	\$5,429,855,500	\$6,300,948,900	\$871,093,400	16.0
FTEs	2,942.3	3,142.3	200.0	6.8

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Road and Bridge Programs – Federal Revenue Impacts	Gross \$1,240,469,000	\$377,800,000
The Infrastructure Investment and Jobs Act (IIJA), enacted into law November 2021, extended authorization for federal-aid transportation programs through September 30, 2026, and included increases in funding targets for those programs. Michigan's estimated share of federal-aid highway program funding under IIJA would total \$1.6 billion for FY 2022-23, an increase of \$377.8 million as compared to current year (\$283.4 million for the state trunkline capital construction program, and \$94.4 million for the local federal aid construction program).	Federal 1,240,469,000	377,800,000
	GF/GP \$0	\$0

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD															
2. Road and Bridge Programs – State Revenue Impacts																	
<p>Estimated MTF revenue available for distribution to the STF and local road agencies would total \$3,014.8 million, an increase of \$149.7 million as compared to current-year estimates. The amount of available MTF for distribution to the STF and local road agencies is the net amount, after various statutory deductions, of estimated gross MTF revenue. The increase in gross MTF revenue of \$157.4 million, or 4.47% as compared to current-year estimates, primarily reflects increases in estimated revenue from motor fuel taxes, vehicle registration taxes, and certain marijuana excise taxes.</p> <p>The estimated MTF distribution to county road commissions would increase by \$56.3 million, to \$1,226.9 million; the estimated MTF distribution to cities and villages would increase by \$31.4 million, to \$684.0 million. The STF share of the MTF distribution would total \$1,298.6 million, an increase of \$55.2 million as compared to current-year estimates.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">Gross</td> <td style="width: 80%;">\$2,865,100,500</td> <td style="width: 10%;"></td> </tr> <tr> <td>Restricted</td> <td>2,865,100,500</td> <td></td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> <td></td> </tr> </table>	Gross	\$2,865,100,500		Restricted	2,865,100,500		GF/GP	\$0		<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$149,708,900</td> <td style="width: 90%;"></td> </tr> <tr> <td>149,708,900</td> <td></td> </tr> <tr> <td>\$0</td> <td></td> </tr> </table>	\$149,708,900		149,708,900		\$0	
Gross	\$2,865,100,500																
Restricted	2,865,100,500																
GF/GP	\$0																
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149,708,900																	
\$0																	
3. Transit Programs – Federal Revenue Impacts																	
<p>Michigan’s estimated share of federal transit grants under programs administered by the Federal Transit Administration (FTA) would total \$148.2 million, an increase of \$66.2 million as compared to current-year funding. This increase reflects higher program funding targets under IIJA and is reflected as increases to the following programs: transit capital, \$41.0 million; rural area formula (Nonurban operating/capital) grants, \$9.8 million; service initiatives, \$7.7 million; specialized services, \$3.2 million; intercity bus services, \$1.6 million; marine passenger program, \$2.7 million. The budget would also recognize an additional \$227,900 in federal support for MDOT transit program administration.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">Gross</td> <td style="width: 80%;">\$82,050,000</td> <td style="width: 10%;"></td> </tr> <tr> <td>Federal</td> <td>82,050,000</td> <td></td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> <td></td> </tr> </table>	Gross	\$82,050,000		Federal	82,050,000		GF/GP	\$0		<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$66,161,000</td> <td style="width: 90%;"></td> </tr> <tr> <td>66,161,000</td> <td></td> </tr> <tr> <td>\$0</td> <td></td> </tr> </table>	\$66,161,000		66,161,000		\$0	
Gross	\$82,050,000																
Federal	82,050,000																
GF/GP	\$0																
\$66,161,000																	
66,161,000																	
\$0																	
4. Transit Programs – State Revenue Impacts																	
<p>CTF support for transit programs would increase by \$32.7 million. Of this, \$27.0 million would increase CTF support for transit capital; CTF funding in this line provides the required non-federal match for federal-aid grants. CTF support for local bus operating would increase by \$5.0 million, from \$196.7 million to \$201.7 million.</p> <p>This additional CTF revenue is available because of an anticipated \$47.1 million increase in gross CTF revenue, from \$373.9 million in the current year, to \$409.7 million in FY 2022-23. CTF revenue comes from two primary sources: an Act 51 earmark of MTF revenue, and an earmark of “auto-related” sales tax. For FY 2022-23, this baseline revenue would be supplemented by \$35.8 million available from the CTF fund balance as well as miscellaneous CTF revenue sources.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">Gross</td> <td style="width: 80%;">\$257,574,000</td> <td style="width: 10%;"></td> </tr> <tr> <td>Restricted</td> <td>257,574,000</td> <td></td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> <td></td> </tr> </table>	Gross	\$257,574,000		Restricted	257,574,000		GF/GP	\$0		<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$32,705,400</td> <td style="width: 90%;"></td> </tr> <tr> <td>32,705,400</td> <td></td> </tr> <tr> <td>\$0</td> <td></td> </tr> </table>	\$32,705,400		32,705,400		\$0	
Gross	\$257,574,000																
Restricted	257,574,000																
GF/GP	\$0																
\$32,705,400																	
32,705,400																	
\$0																	
5. Rail Programs – Federal Revenue Impacts																	
<p>Includes \$10.0 million increase in federal funds for rail passenger program capital grants administered by the Federal Railroad Administration (FRA). This increase reflects anticipated FRA grants available under IIJA.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">Gross</td> <td style="width: 80%;">\$20,000,000</td> <td style="width: 10%;"></td> </tr> <tr> <td>Federal</td> <td>20,000,000</td> <td></td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> <td></td> </tr> </table>	Gross	\$20,000,000		Federal	20,000,000		GF/GP	\$0		<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$10,000,000</td> <td style="width: 90%;"></td> </tr> <tr> <td>10,000,000</td> <td></td> </tr> <tr> <td>\$0</td> <td></td> </tr> </table>	\$10,000,000		10,000,000		\$0	
Gross	\$20,000,000																
Federal	20,000,000																
GF/GP	\$0																
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10,000,000																	
\$0																	
6. Rail Programs – State Revenue Impacts																	
<p>CTF support for rail operations and infrastructure programs would increase by \$21.5 million. CTF support in this program is used, in part, to support rail passenger service in Michigan, including to provide matching funds needed for FRA capital grants. The increase in CTF support reflects the increase in estimated available CTF revenue for FY 2022-23, as described in <i>Item 4</i> above.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">Gross</td> <td style="width: 80%;">\$78,156,200</td> <td style="width: 10%;"></td> </tr> <tr> <td>Restricted</td> <td>78,156,200</td> <td></td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> <td></td> </tr> </table>	Gross	\$78,156,200		Restricted	78,156,200		GF/GP	\$0		<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$21,494,500</td> <td style="width: 90%;"></td> </tr> <tr> <td>21,494,500</td> <td></td> </tr> <tr> <td>\$0</td> <td></td> </tr> </table>	\$21,494,500		21,494,500		\$0	
Gross	\$78,156,200																
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TRANSPORTATION

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
7. Airport Improvement Programs – Federal Revenue Impacts	Gross	\$106,000,000	\$29,000,000
Recognizes \$135.0 million in federal funds for the Airport Improvement Program (AIP), an ongoing program of federal grant funding for capital improvements at public airports. This program is shown in the state budget under the line item Airport Safety, Protection, and Improvement (ASAP). The budget includes a \$29.0 million increase in federal support as compared to current year, reflecting higher program funding targets under IJJA.	Federal	106,000,000	29,000,000
	GF/GP	\$0	\$0
8. IJJA Airport Infrastructure Grants – Federal Revenue Impacts	Gross	\$0	\$95,000,000
Includes \$95.0 million in spending authority for a new program of federal aid to public airports established under IJJA.	Federal	0	95,000,000
	GF/GP	\$0	\$0
9. Debt Service	Gross	\$253,643,600	(\$28,343,100)
Includes \$225.3 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 is based on anticipated debt service schedules. The budget reflects a shift in the fund sources used for repayment of debt service issued using a pledge of federal revenue – from federal funds to STF.	Federal	50,582,100	(50,582,100)
	Restricted	203,061,500	22,239,000
	GF/GP	\$0	\$0
10. Design and Engineering Services	FTE	1,506.3	156.0
Increases authorized program staffing by 154.0 FTE positions, funded at \$7.1 million, to support increased construction program. Also includes \$1.8 million increase for construction field services support contracts, \$206,000 increase for a local agency construction administration tool, \$475,400 increase for 2.0 FTE positions to assist local road agencies in National Historic Preservation Act compliance.	Gross	\$177,078,900	\$9,575,500
	Federal	23,529,800	0
	Restricted	153,549,100	9,575,500
	GF/GP	\$0	\$0
11. State Trunkline Maintenance	FTE	880.7	22.0
Includes \$13.1 million to recognized increase costs associated with maintenance service and materials. Also increases baseline support by \$2.5 million to authorize a 22.0 FTE staffing increase.	Gross	\$425,881,200	\$15,594,400
	Restricted	425,881,200	15,594,400
	GF/GP	\$0	\$0
12. Transportation Economic Development Fund (TEDF)	Gross	\$41,601,900	\$4,349,100
Includes \$46.0 million for the TEDF program, an increase of \$4.3 million. The increase reflects increase in available TEDF revenue, in part from a \$3.8 million reduction in TEDF-funded debt service, as well as anticipated increase in interest credited to the fund. The TEDF program is a targeted program established and governed by statute, 1987 PA 231.	Restricted	41,601,900	4,349,100
	GF/GP	\$0	\$0
13. One-Time GF/GP – Critical Road and Bridge Infrastructure	Gross	\$0	\$150,000,000
Includes \$150.0 million in one-time GF/GP for critical road and bridge infrastructure.	GF/GP	\$0	\$150,000,000
14. One-Time GF/GP – Freeway Pumphouse Generators	Gross	\$0	\$66,600,000
Includes \$66.6 million in one-time GF/GP for freeway pumphouse backup generators at 164 locations.	GF/GP	\$0	\$66,600,000
15. One-Time GF/GP – Priority Grade Separation Projects	Gross	\$0	\$60,000,000
Includes \$60.0 million in one-time GF/GP for priority rail grade separation projects.	GF/GP	\$0	\$60,000,000
16. One-Time GF/GP – Replace Weather Station Equipment	Gross	\$0	\$3,900,000
Includes \$3.9 million in one-time GF/GP to replace 32 state-owned weather station equipment.	GF/GP	\$0	\$3,900,000

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>	<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
17. Back Out FY 2021-22 One-Time Federal COVID Relief	Gross \$193,236,300	(\$193,236,300)
Removes federal COVID-19 relief funding under the American Rescue Plan Act, included as one-time funding in House Bill 4398, (2021 PA 133).	Federal 193,236,300	(193,236,300)
	GF/GP \$0	\$0
18. Economic Adjustments	Gross NA	\$9,981,600
Reflects increased costs of \$10.0 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2021-22 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	79,000
	Federal NA	1,006,100
	Restricted NA	8,896,500
	GF/GP NA	\$0

Major Boilerplate Changes from FY 2021-22

The Executive Budget deletes a large number of boilerplate sections that had been included in the FY 2021-22 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

Sec. 210. Contingency Authorizations/Transfers – REVISED

Increases contingent federal and state spending authority, to \$200.0 million and \$40.0 million, respectively, that may be transferred into budget through process defined in Section 393(2) of the Management and Budget Act.

Sec. 215. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 216. Report on FTE Positions and Remote Work – DELETED

Deletes reporting requirement on staffing levels in relation to FTE authorization; employees authorized to work remotely; and related cost savings.

Sec. 217. Use of Work Project Balances – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 218. State Administrative Board Transfers – DELETED

Deletes section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. *The Governor's signing letter associated with the FY 2021-22 budget indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 219. Record Retention – DELETED

Deletes section that requires department to retain reports funded from Part 1 appropriations and which established record retention guidelines.

Sec. 220. Impact of New Legislation – DELETED

Deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 221. Severance Pay Report – DELETED

Deletes new reporting requirements related to severance pay paid to department personnel upon the termination of employment.

Major Boilerplate Changes from FY 2021-22

Sec. 395. Authority to Transfer Between Construction/Maintenance – NEW

Authorizes department to transfer up to \$10.0 million from the state trunkline road and bridge construction line item to state trunkline maintenance for certain specified activities. [This section had been included in prior enacted budgets (FYs 2016-17 through FY 2020-21) but was not included in FY 2021-22].

Sec. 1001. Critical Road and Bridge Infrastructure – NEW

Defines the uses of the one-time \$150.0 million GF/GP appropriation for critical road and bridge infrastructure appropriation; directs that funds be expended to support a reconstruction program for high priority roads, selected for inclusion in the program based on any of the following criteria: projects located on roads that are of critical economic importance; projects located on roads with high levels of vehicle traffic that support critical economic corridors; projects intended to increase the useful life of existing roads on key economic corridors; projects on roads that are coordinated with current or future bridge repair or reconstruction projects of critical economic importance. The section also provides for a program progress report due by September 30, 2023.

Sec. 1002. Priority Rail Grade Crossing/Separation Initiative – NEW

Defines the uses of the one-time \$60.0 million GF/GP appropriation for priority rail grade crossing/separation initiative; directs that funds be expended to support a local grant program for the separation of motor vehicle traffic and railroad traffic; provides that grant funds be awarded for any stage of design and construction related to a grade separation project or a project that improves traffic at a rail crossing without a full grade separation. The section establishes project selection criteria: grade separation projects that will eliminate significant blockages or backups; grade separation projects that will have a positive impact on the local economy, safety, and the efficient movement of goods and people. The section also provides for a program progress report due by September 30, 2023.

Supplemental Recommendations for FY 2021-22 Appropriations

FY 2021-22 Recommendation

1. Road and Bridge Programs – IIJA Revenue Increase

As noted above, IIJA, enacted into law November 2021, both extended authorization for federal-aid transportation programs and included increases in funding targets for those programs. Some funding increases impact the current state fiscal year and would be recognized through supplemental appropriations included in State Budget Office request dated February 9, 2022. The request identifies \$475.7 million in additional federal-aid transportation funds as a result of IIJA for recognition in FY 2021-22 state appropriations, including \$316.7 million in federal-aid highway program funds. Of the \$316.7 million in additional federal-aid highway funds, \$237.5 million are designated for state trunkline road and bridge capital construction programs, and \$79.2 million for local federal-aid road construction programs.

Gross	\$316,666,700
Federal	316,666,700
GF/GP	\$0

2. Public Transportation Programs – IIJA Revenue Increase

Of the \$475.7 million in additional FY 2021-22 federal-aid transportation funds available to Michigan under IIJA, \$66.2 million is provided for federal transit grant programs administered by the FTA. The State Budget Office request would recognize increases in the following specific programs: transit capital, \$41.0 million; rural area formula (nonurban operating/capital) grants, \$9.8 million; service initiatives, \$7.7 million; specialized services, \$3.2 million; intercity bus services, \$1.6 million; marine passenger program, \$2.7 million. The budget would also recognize an additional \$227,900 in federal support for MDOT transit program administration.

Gross	\$66,161,000
Federal	66,161,000
GF/GP	\$0

3. IIJA Airport Infrastructure Grants – Federal Revenue Impacts

Includes \$97.8 million Gross in spending authority for a new program of federal aid to public airports established under IIJA; \$92.8 million in federal support plus \$5.0 million in local matching funds.

Gross	\$97,818,500
Federal	92,827,000
Local	4,991,500
GF/GP	\$0

4. Detroit New Center Intermodal Facility

Recognizes a \$10.0 million federal discretionary RAISE grant, awarded November 2021, for the construction of an intermodal facility (combined intercity bus and passenger rail) in the New Center area of Detroit.

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



Mary Ann Cleary, Director
 Kevin Koorstra, Deputy Director
 517.373.8080

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