

**STATE OF MICHIGAN
FISCAL YEAR 2020-21**

Appropriations Summary and Analysis



Mary Ann Cleary, Director

NOVEMBER 2020

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November 2020

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

This ***FY 2020-21 Appropriations Summary and Analysis*** summarizes the FY 2020-21 state budget. A *Glossary*, following the table of contents, explains terms used throughout this report to describe Michigan's budget. The *Budget Overview* provides information on resources used and major funding changes in the FY 2020-21 year-to-date budget; summary tables of appropriated funds and fund sources are also included. *Budget Detail* pages note enacted major budget and boilerplate changes for each budget area.

When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the total amount of funding included in the state budget (including spending from federal sources).

State Spending from State Sources (State Restricted plus GF/GP) is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

General Fund/General Purpose (GF/GP) is the amount to use when measuring unrestricted state resources available for legislative allocation to various state programs.

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Kathryn Bateson, Administrative Assistant. 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 further information.

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GLOSSARY

Frequently Used State Budget Terms

STATE BUDGET TERMS

Line Item

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

Boilerplate

Specific language sections in an appropriation bill which 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 which 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 appropriation 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 appropriation 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, unused 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; unused 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 2020-21 Budget Detail

OVERVIEW

**Budget Overview
Consensus Revenue Estimates
FY 2020-21 Balance Sheets
Summary Tables**

OVERVIEW

**FY 2020-21
BUDGET OVERVIEW**

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

The budget overview highlights the components that have contributed to the fiscal year (FY) 2020-21 appropriations.

The year-to-date (YTD) state budget for FY 2020-21 incorporates the August 2020 Consensus Revenue Estimating Conference (CREC) revenue estimates. In addition to those estimates, the budget assumes the following major funding sources for the General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) budgets:

- Beginning balances of \$1,613.9 million GF/GP and \$869.4 million SAF.
- Continued use of tobacco settlement revenue of \$78.4 million from the new Community District Education Trust Fund.

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Enacted	<i>Difference: FY 2020-21 vs. FY 2019-20</i>	
			<i>Amount</i>	<i>%</i>
Adjusted Gross	\$58,455.5	\$61,564.8	\$3,109.3	5.3%
Federal	\$23,371.0	\$25,706.1	\$2,335.1	10.0%
Local/Private	\$410.8	\$499.7	\$88.9	21.6%
Restricted	\$24,297.5	\$24,756.9	\$459.4	1.9%
GF/GP	\$10,376.1	\$10,602.1	\$226.0	2.2%

Of the \$35,359.1 million in state resources (restricted plus GF/GP) appropriated for FY 2020-21, \$19,837.8 million (56.1% 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 FY 2020-21 budget includes both program reductions and increases compared to the FY 2019-20 budget, as well as federal Coronavirus Relief Funds (CRF) allocations.

Major FY 2020-21 reductions or savings of GF/GP funding totaling \$255.0 million include:

- \$87.7 million in program reductions and fund shifts within the Department of Health and Human Services (DHHS).
- \$99.6 million in Health Plan savings achieved from changes in DHHS Medicaid programs.
- \$31.0 million in reductions and contract savings within the Department of Corrections.
- \$9.3 million in reductions to several programs within the Department of Technology, Management, and Budget (DTMB).

Major FY 2020-21 GF/GP program increases totaling \$241.5 million include:

- \$76.9 million of various increases within DHHS budget including \$12.6 million for Healthy Moms, Healthy Babies program.
- \$33.5 million in various enhancement grants within the Department of Labor and Economic Opportunity.
- \$24.0 million for disaster relief. (Treasury)
- \$15.0 million increase for psychiatric hospital maintenance. (DTMB)
- \$14.3 million increase for expansion of broadband throughout the State. (DTMB)

FY 2020-21 federal CRF allocations of \$259.0 million include:

- \$146.0 million payroll offset in the Department of Corrections and Michigan State Police.
- Fund shifts \$113.0 million to continue direct care wage increases for an additional three months and hazard pay for teachers and school support staff.

Major FY 2020-21 School Aid funding changes include:

- \$99.0 million for payments to districts estimated \$65 per-pupil basis.
- \$66.0 million in grants to districts with increasing enrollment.
- \$10.6 million for various grant programs.

The FY 2020-21 enacted budget bills (SB 927 and HB 5396) include FY 2019-20 supplemental appropriations. These adjustments include:

- \$319.6 million Gross increase (\$24.7 million GF/GP reduction) as part of the estimated DHHS-related caseload adjustments from the August CREC.
- Fund shift of \$168.9 million reducing GF/GP allocations and replacing it with SAF in K-12 budget.
- Unappropriates \$123.0 million of federal CRF funds to match actual expenditures and for reappropriations in FY 2020-21 budget.

A more detailed summary of major budget changes by individual budget area begins on page 22.

CONSENSUS REVENUE ESTIMATES

Jim Stansell, Senior Economist

This section describes the August 2020 Consensus Revenue Estimating Conference revenue projections, adjusted for changes enacted, for GF/GP and SAF revenue for FY 2019-20 and FY 2020-21.

For Michigan:

- Wage and salary employment is expected to decrease 8.8% in CY 2020 before increasing 3.8% in CY 2021.
- The unemployment rate is expected to decline from 11.7% in CY 2020 to 9.0% in CY 2021.
- Personal income is expected to increase 2.2% in CY 2020 before declining 2.0% CY 2021.

General Fund/General Purpose Revenue by Source

Individual Income Tax

- GF/GP individual income tax revenue is expected to decrease 5.7% in FY 2019-20 and 9.1% in FY 2020-21 as the enhanced federal support to those receiving unemployment benefits expires by the end of CY 2020.

Sales and Use Taxes

- GF/GP sales and use tax revenue is estimated to decline at a 2.6% rate to \$1,977.0 million in FY 2019-20. In FY 2020-21, sales and use tax revenue is estimated to further decline by 3.7% to \$1,904.7 million.

Net Business Taxes

- Net business taxes are comprised of the Single Business Tax (SBT), the Michigan Business Tax (MBT), the corporate income tax (CIT), and insurance taxes, all of which accrue to the General Fund.
- Net business taxes are estimated to be \$755.9 million in FY 2019-20, a decline of 25.4%. In FY 2020-21, net business taxes are expected to further decrease to \$649.3 million.

GF/GP Tax Revenue

- GF/GP tax revenue in FY 2019-20 is expected to decrease by 7.0% to \$9,975.2 million before dipping further to \$9,185.6 million in FY 2020-21.

Net GF/GP Revenue

- Total net GF/GP revenue includes tax revenue and non-tax revenue.
- Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.
- Net GF/GP revenue in FY 2019-20 is expected to decrease to \$10,296.8 million before declining further to \$9,536.7 million in FY 2020-21, a drop of 7.4%.

GF/GP REVENUE ESTIMATES
(Millions of Dollars)

	FY 2019-20	FY 2020-21	FY 2020-21 Over FY 2019-20	
			Change	
Individual Income Tax	\$6,836.8	\$6,211.8	(\$625.0)	(9.1%)
Sales and Use Taxes	1,977.0	1,904.7	(72.3)	(3.7%)
Net Business Taxes	755.9	649.3	(106.6)	(14.1%)
Other Taxes	405.5	419.8	14.3	3.5%
GF/GP Tax Revenue	\$9,975.2	\$9,185.6	(\$789.6)	(7.9%)
Non-Tax Revenue	321.6	351.1	29.5	9.2%
Net GF/GP Revenue	\$10,296.8	\$9,536.7	(\$760.1)	(7.4%)

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)

Revenue	FY 2019-20	FY 2020-21	FY 2020-21 Over FY 2019-20	
			Change	
Sales and Use Taxes	\$6,573.0	\$6,525.3	(\$47.7)	(0.7%)
Individual Income Tax Earmark	3,042.7	2,889.9	(152.8)	(5.0%)
Lottery and Casinos	1,191.4	1,139.6	(51.8)	(4.3%)
Cigarette Tax	327.7	314.9	(12.8)	(3.9%)
State Education Tax	2,155.9	2,163.0	7.1	0.3%
Real Estate Transfer Tax	300.6	325.0	24.4	8.1%
Liquor Excise and Specific Taxes	123.1	144.2	21.1	17.1%
Net SAF Revenue	\$13,714.4	\$13,501.9	(\$212.5)	(1.5%)

School Aid Fund Revenue by Source

Sales and Use Taxes

- Combined sales and use tax revenue dedicated to the SAF is forecast to decline to \$6,573.0 million in FY 2019-20 and \$6,525.3 million in FY 2020-21, a decrease of 0.7%.

Income Tax

- House Bill 4125 (2020 PA 75) restored the earmark to approximately 23.81% of gross income tax revenue.
- SAF dedicated income tax revenue is forecast to be \$3,042.7 million in FY 2019-20 before declining to \$2,889.9 million in FY 2020-21.

Lottery/Casinos

- Lottery and casino revenue to the SAF is projected to increase to \$1,191.4 million in FY 2019-20 before dipping to \$1,139.6 million in FY 2020-21.

Cigarette Tax

- Approximately 41.3% of cigarette tax revenue is dedicated to the SAF.
- The demand for tobacco products is expected to decline over the duration of the forecast, leading to total SAF tobacco tax revenue of \$327.7 million in FY 2019-20 and \$314.9 million in FY 2020-21.

OVERVIEW

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.
- SET revenue is expected to increase to \$2,155.9 million in FY 2019-20 and \$2,163.0 million in FY 2020-21.
- RET is forecast to decrease to \$300.6 million in FY 2019-20 before increasing to \$325.0 million in FY 2020-21.

Net SAF Revenue

- Net SAF revenue represents revenue available for expenditure each year; it includes tax changes but does not include any GF/GP transfers, federal funds, or year-end balances.
- Net SAF revenue is expected to increase 1.2% to \$13,714.4 million in FY 2019-20 but then decline 1.5% to \$13,501.9 million in FY 2020-21.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1999-2000 to FY 2018-19, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2019-20 and FY 2020-21. Deposits include appropriations as well as the provisions enacted in 2014 PA 186, which amended the Michigan Trust Fund Act to require annual \$17.5 million deposits of tobacco settlement revenue to the BSF from FY 2014-15 through FY 2034-35.

The final BSF balance was \$1,048.6 million for FY 2018-19, which included a deposit of 100.0 million in addition to the required \$17.5 million of tobacco settlement revenue. For FY 2019-20, no additional deposit was appropriated to the BSF beyond the required \$17.5 million of tobacco settlement revenue, although a \$350.0 withdrawal was authorized.

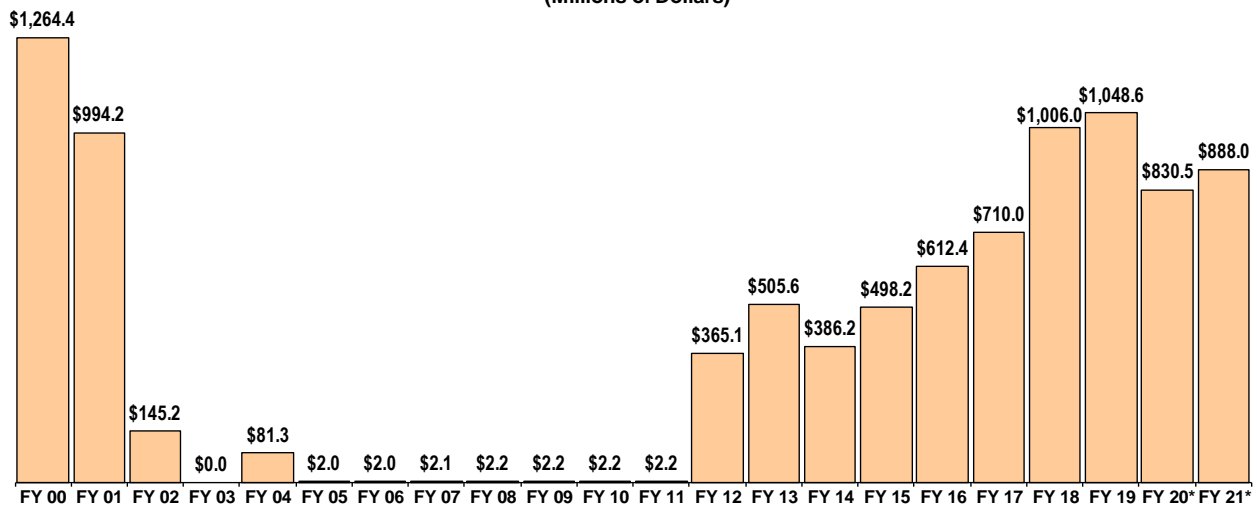
FY 2020-21 deposit includes the required \$17.5 million of tobacco settlement revenue and a \$35.8 million appropriation in the enacted budget. Additionally, boilerplate was added to appropriate 100% of the GF/GP lapses recorded as part of the state book-closing process for the 2019-20 fiscal year. At this time, the amount of the deposit is unknown.

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

Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
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	498.2
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	1,048.6
2019-20*	17.5	350.0	14.4	830.5
2020-21*	53.3	0.0	4.2	888.0

*Note: Numbers may not add due to rounding.
HFA estimates.

**BUDGET STABILIZATION FUND (BSF) BALANCE
(Millions of Dollars)**



OVERVIEW

Compliance with the State Revenue Limit

HFA estimates of the state revenue limit provided for in Article IX, Section 26, of the *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 2019-20</u>	<u>FY 2020-21</u>
Personal Income	CY 2018	CY 2019
Amount	\$484,030	\$502,540
X Limit Ratio	9.49%	9.49%
State Revenue Limit	\$45,934.4	\$47,691.0
Total Revenue Subject to Revenue Limit	\$33,773.0	\$33,096.2
Amount (Under) Over State Revenue Limit	(\$12,161.4)	(\$14,594.8)

Implications of Exceeding the State Revenue Limit

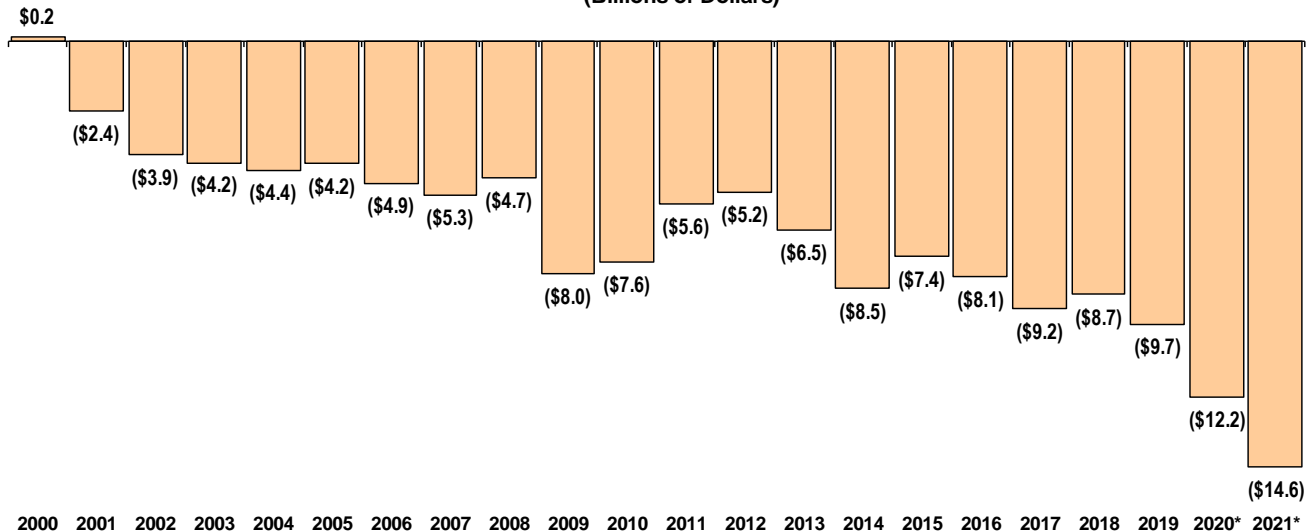
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... 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.

For both FY 2019-20 and FY 2020-21, state revenue is estimated to be substantially below the revenue limit by roughly \$12.1 billion and \$14.6 billion, respectively.

**CONSTITUTIONAL REVENUE LIMIT
(Billions of Dollars)**



*FY 2020 and FY 2021 are consensus estimates

FY 2020-21 BALANCE SHEETS

The balance sheets below summarize estimated General Fund/General Purpose, School Aid Fund, and Merit Award Trust Fund revenues, expenditures, and balance amounts for FY 2020-21 based on the year-to-date state budget.

FY 2020-21 GENERAL FUND/GENERAL PURPOSE BALANCE SHEET (Millions of Dollars)

Estimated Beginning Fund Balance	\$1,613.9
Revenues	
August 2020 consensus revenue estimate	\$9,536.7
Venture Michigan Fund (purchase vouchers)	75.0
Restricted fund balance transfers	13.0
LPRF reduction (PA 126)	(15.0)
Other Miscellaneous	5.6
Revenue sharing to local units of government	(490.1)
Total Estimated Revenues	\$9,125.2
Expenditures	
Enacted appropriations: ongoing	\$10,297.2
Enacted appropriations: one-time	254.0
General Fund to School Aid	51.0
Deposit to BSF	35.8
State Psych DSH penalty	62.8
Total Estimated Expenditures	\$10,700.7
Estimated Ending Fund Balance	\$38.3

OVERVIEW

**FY 2020-21 SCHOOL AID FUND BALANCE SHEET
(Millions of Dollars)**

Estimated Beginning Fund Balance	\$869.4
Revenues	
August 2020 consensus revenue estimate	\$13,501.9
General Fund/General Purpose grant	51.0
Community District Education Trust Fund	78.4
Federal aid	1,806.9
Total Estimated Revenues	\$15,438.2
Expenditures	
Enacted appropriations: School Aid ongoing	\$15,354.1
Enacted appropriations: School Aid one-time	171.6
Enacted appropriations: Community Colleges	425.7
Enacted appropriations: Higher Education	356.1
Total Estimated Expenditures	\$16,307.4
Estimated Ending Fund Balance	\$0.2

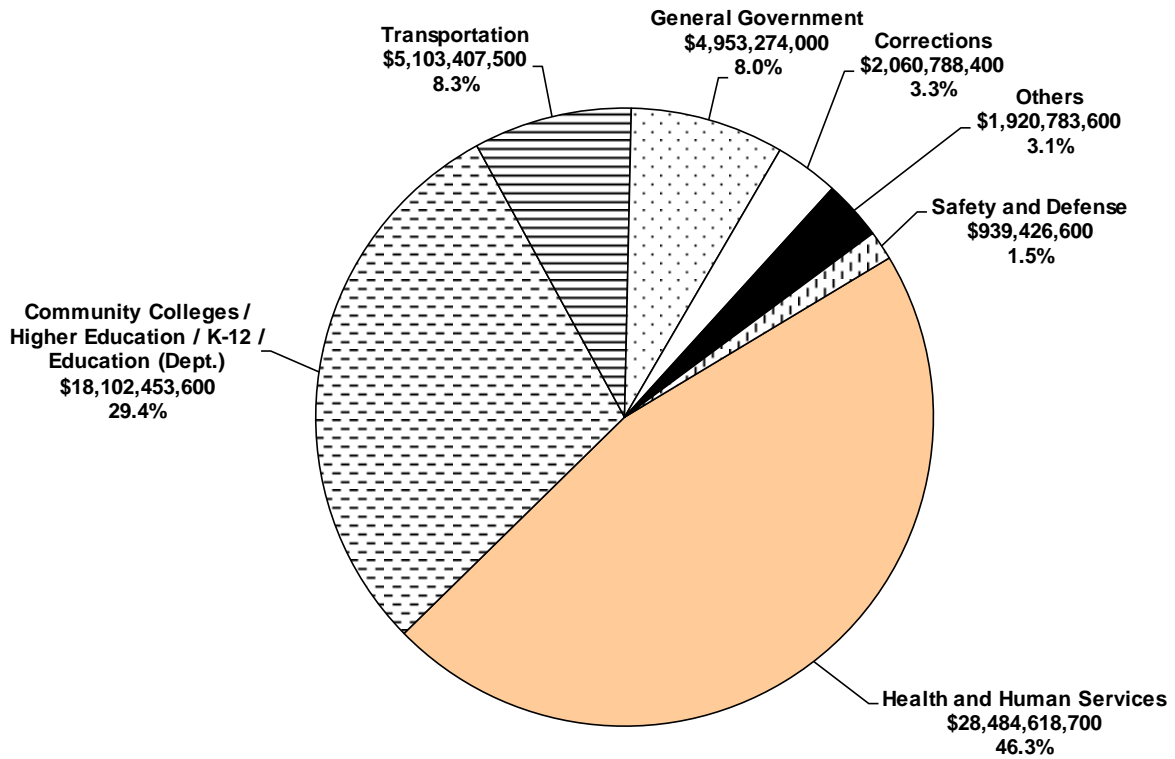
FY 2020-21 MERIT AWARD TRUST FUND BALANCE SHEET
(Millions of Dollars)

Estimated Beginning Fund Balance	\$0.7
Revenues	
Annual tobacco settlement payment due to Michigan	\$274.5
Debt service payments for prior securitization	(66.2)
Deposit to 21 st Century Jobs Fund	(75.0)
Repayment to Budget Stabilization Fund for Detroit settlement payment	(17.5)
Transfer to Community District Education Trust Fund	(72.0)
Interest	0.1
Total Estimated Net Revenues	\$43.9
Expenditures	
Attorney General: Administration	\$0.5
Community Health: Medicaid base funding	37.2
Community Health: Aging – Respite care	4.1
State Police: Tobacco settlement enforcement	0.8
Treasury: Tuition Incentive Program administration	1.2
Total Estimated Expenditures	\$43.8
Estimated Ending Fund Balance	\$0.8

OVERVIEW

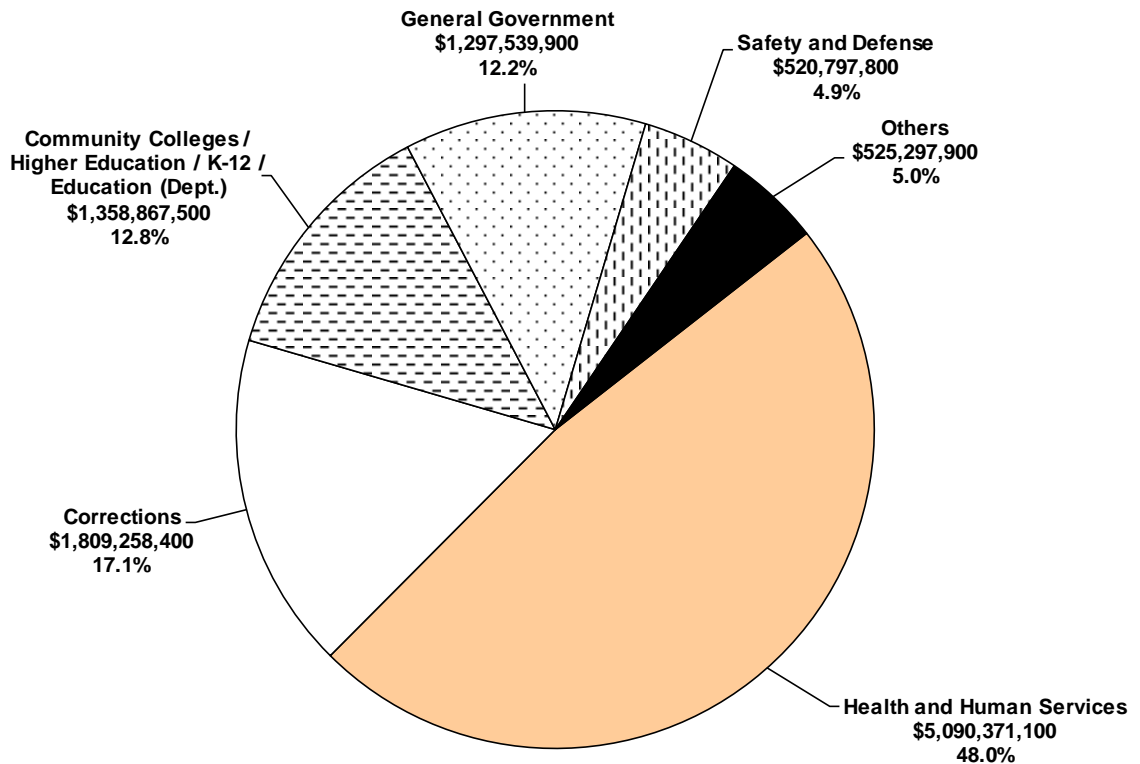
FY 2020-21 Year-to-Date Adjusted Gross Appropriations

Total: \$61,564,752,400

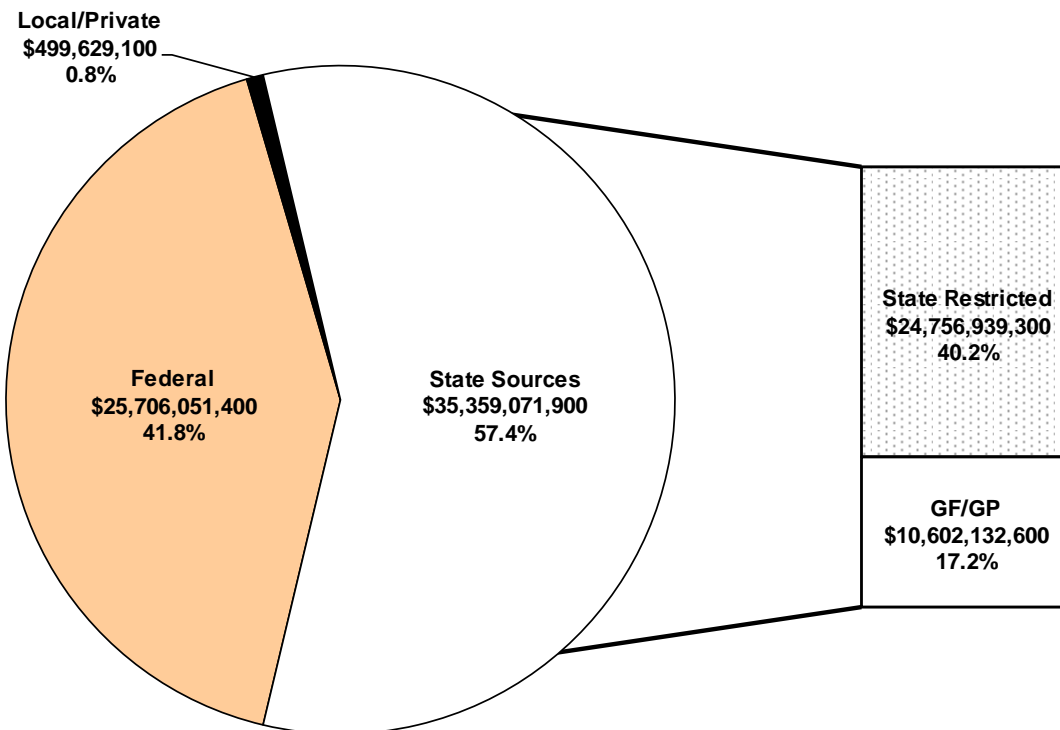


FY 2020-21 Year-to-Date General Fund/General Purpose (GF/GP) Appropriations

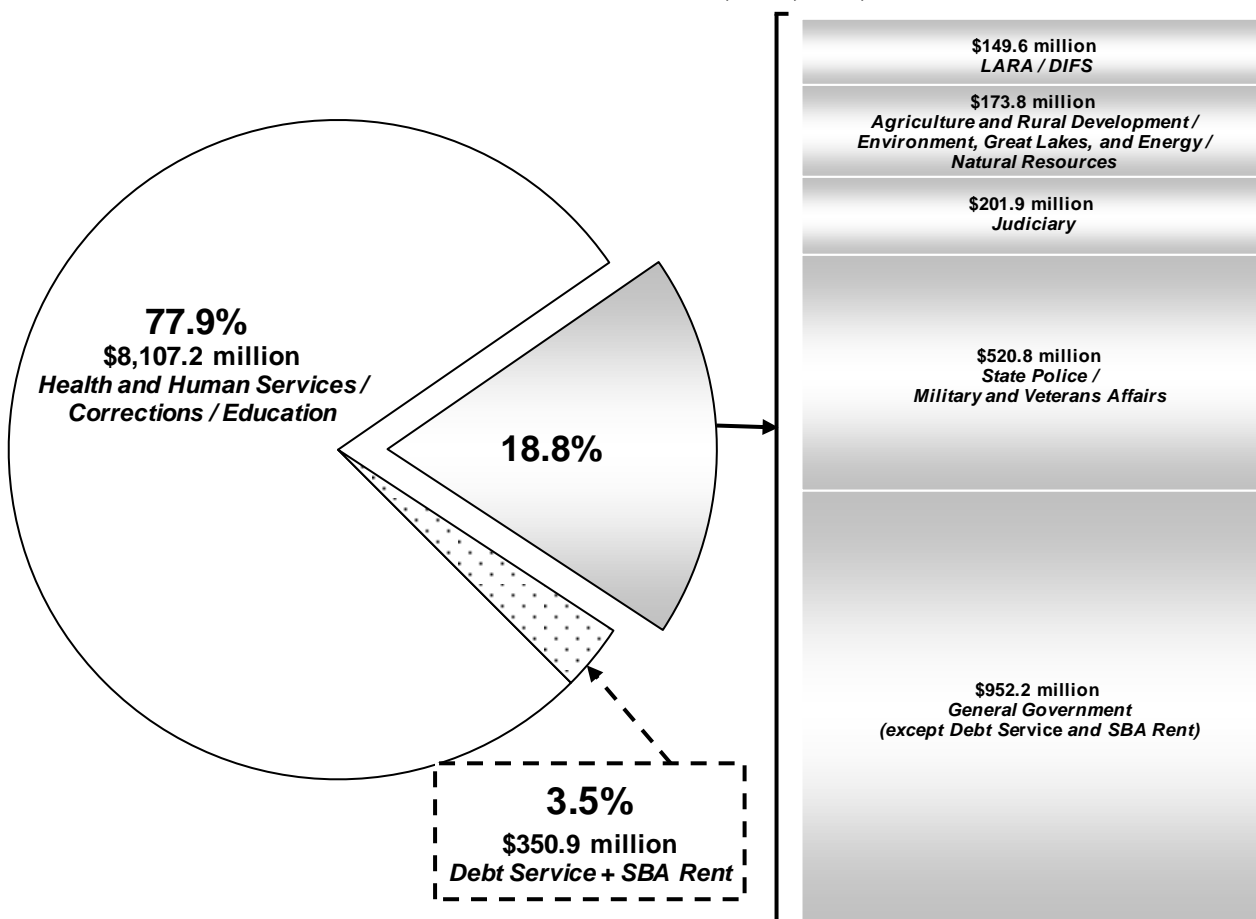
Total: \$10,602,132,600



FY 2020-21 Year-to-Date Adjusted Gross Sources = \$61,564,752,400



FY 2020-21 Year-to-Date GF/GP Distribution = \$10,602,132,600



SUMMARY TABLES

In the following tables, FY 2019-20 YTD (as of 2/6/2020) and FY 2020-21 appropriations as enacted.

Table 1 (page 15) details the FY 2020-21 appropriations by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted (to avoid double counting), gross appropriations of \$62,759.9 million reduce to \$61,564.8 million in adjusted gross appropriations.

Table 2 (page 16) and **Table 3** (page 17) compare FY 2019-20 YTD appropriations to FY 2020-21 enacted appropriations

Adjusted Gross Appropriations increase from \$58,455.5 million in FY 2019-20 to \$61,564.8 million in FY 2020-21, an increase of \$3,109.2 million or 5.3%.

GF/GP Appropriations decrease from \$10,376.1 million in FY 2019-20 to \$10,602.1 million in FY 2020-21, a increase of \$226.0 million or 2.2%.

Table 4 (page 18) compares the number of authorized Full-Time Equated (FTE) Positions (classified and unclassified) from FY 2019-20 to FY 2020-21. An increase of 217.5 FTEs is shown in Table 4—from 54,119.1 in FY 2019-20 to 54,336.6 in FY 2020-21. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 (page 19) shows FY 2020-21 State Spending from State Sources Paid to Local Governments and compares enacted payments to local units of government to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2020-21 budget provides for \$19,837.8 million in state spending to local units of government, 56.1% of the estimated \$35,359.1 million in state spending from state resources—well above the constitutional requirement.

TABLE 1
FY 2020-21 ENACTED APPROPRIATIONS 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 and Rural Development	\$121,295,000	\$324,400	\$120,970,600	\$13,129,500	\$0	\$71,300	\$44,153,000	\$63,616,800
Attorney General	106,828,600	35,285,800	71,542,800	9,906,100	0	0	20,488,300	41,148,400
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	18,037,400	299,800	17,737,600	2,868,200	0	18,700	58,500	14,792,200
Community Colleges	425,667,600	0	425,667,600	0	0	0	425,667,600	0
Corrections	2,060,788,400	0	2,060,788,400	196,370,900	9,680,600	0	45,478,500	1,809,258,400
Education	451,695,700	0	451,695,700	343,701,700	5,872,100	2,239,300	9,815,500	90,067,100
Environment, Great Lakes, and Energy	511,359,200	3,337,700	508,021,500	171,973,000	0	1,412,800	275,191,800	59,443,900
Executive Office	7,114,300	0	7,114,300	0	0	0	0	7,114,300
Health and Human Services	28,498,448,600	13,829,900	28,484,618,700	20,066,172,200	161,422,800	177,172,500	2,989,480,100	5,090,371,100
Higher Education	1,699,925,400	0	1,699,925,400	126,026,400	0	0	356,063,300	1,217,835,700
Insurance and Financial Services	73,315,700	728,600	72,587,100	1,017,100	0	0	71,570,000	0
Judiciary	313,641,200	1,552,800	312,088,400	6,393,500	7,654,500	1,228,500	94,877,600	201,934,300
Labor and Economic Opportunity (MSF)	1,625,864,300	0	1,625,864,300	1,138,389,800	10,900,000	11,317,800	272,389,100	192,867,600
Legislative Auditor General	26,713,900	6,250,400	20,463,500	0	0	0	2,139,500	18,324,000
Legislature	175,739,900	0	175,739,900	0	0	400,000	4,637,300	170,702,600
Licensing and Regulatory Affairs	484,389,600	46,664,600	437,725,000	28,823,700	0	0	259,295,700	149,605,600
Military and Veterans Affairs	226,092,500	101,800	225,990,700	123,626,100	0	630,000	20,313,400	81,421,200
Natural Resources	469,594,100	203,100	469,391,000	88,453,700	0	7,439,200	322,800,800	50,697,300
School Aid	15,525,164,900	0	15,525,164,900	1,806,878,500	0	0	13,667,321,700	50,964,700
State	254,297,500	20,000,000	234,297,500	1,460,000	0	50,100	220,189,900	12,597,500
State Police	738,085,500	24,649,600	713,435,900	124,103,800	4,841,200	35,000	145,079,300	439,376,600
Tech., Mgmt. and Budget: Operations	1,440,134,400	1,024,720,900	415,413,500	5,139,300	2,337,700	134,600	123,046,400	284,755,500
Tech., Mgmt. and Budget: SBA Rent	231,570,600	0	231,570,600	0	0	0	0	231,570,600
Transportation	5,107,470,600	4,063,100	5,103,407,500	1,424,196,100	80,782,000	900,000	3,597,529,400	0
Treasury: Operations	710,983,500	13,112,800	697,870,700	27,421,800	13,059,500	28,900	447,428,300	209,932,200
Treasury: Debt Service	113,735,000	0	113,735,000	0	0	0	0	113,735,000
Treasury: Revenue Sharing	1,341,924,300	0	1,341,924,300	0	0	0	1,341,924,300	0
TOTAL APPROPRIATIONS	\$62,759,877,700	\$1,195,125,300	\$61,564,752,400	\$25,706,051,400	\$296,550,400	\$203,078,700	\$24,756,939,300	\$10,602,132,600

OVERVIEW

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2020-21 Enacted Appropriations Compared with FY 2019-20 YTD

<u>Department/Budget Area</u>	<u>FY 2019-20 YTD as of 2/6/20</u>	<u>FY 2020-21 Enacted</u>	<u>FY 2020-21 vs. FY 2019-20 Difference</u>	
Agriculture and Rural Development	\$110,101,800	\$120,970,600	\$10,868,800	9.9%
Attorney General	71,609,800	71,542,800	(67,000)	(0.1%)
Capital Outlay	0	0	0	--
Civil Rights	16,089,800	17,737,600	1,647,800	10.2%
Community Colleges	414,719,000	425,667,600	10,948,600	2.6%
Corrections	2,042,261,300	2,060,788,400	18,527,100	0.9%
Education	419,783,700	451,695,700	31,912,000	7.6%
Environment, Great Lakes, and Energy	611,489,200	508,021,500	(103,467,700)	(16.9%)
Executive Office	7,114,300	7,114,300	0	0.0%
Health and Human Services	26,344,227,000	28,484,618,700	2,140,391,700	8.1%
Higher Education	1,691,395,000	1,699,925,400	8,530,400	0.5%
Insurance and Financial Services	71,339,700	72,587,100	1,247,400	1.7%
Judiciary	309,561,800	312,088,400	2,526,600	0.8%
Labor and Economic Opportunity (MSF)	1,307,357,100	1,625,864,300	318,507,200	24.4%
Legislative Auditor General	19,867,400	20,463,500	596,100	3.0%
Legislature	175,490,100	175,739,900	249,800	0.1%
Licensing and Regulatory Affairs	391,060,300	437,725,000	46,664,700	11.9%
Military and Veterans Affairs	203,963,300	225,990,700	22,027,400	10.8%
Natural Resources	438,488,200	469,391,000	30,902,800	7.0%
School Aid	15,177,263,600	15,525,164,900	347,901,300	2.3%
State	230,393,000	234,297,500	3,904,500	1.7%
State Police	728,625,100	713,435,900	(15,189,200)	(2.1%)
Tech., Mgmt. and Budget: Operations	372,341,100	415,413,500	43,072,400	11.6%
Tech., Mgmt. and Budget: SBA Rent	246,570,600	231,570,600	(15,000,000)	(6.1%)
Transportation	5,017,433,700	5,103,407,500	85,973,800	1.7%
Treasury: Operations	577,161,300	697,870,700	120,709,400	20.9%
Treasury: Debt Service	104,335,000	113,735,000	9,400,000	9.0%
Treasury: Revenue Sharing	1,355,474,600	1,341,924,300	(13,550,300)	(1.0%)
TOTAL APPROPRIATIONS	\$58,455,516,800	\$61,564,752,400	\$3,109,235,600	5.3%

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2020-21 Enacted Appropriations Compared with FY 2019-20

<u>Department/Budget Area</u>	<u>FY 2019-20 YTD as of 2/6/20</u>	<u>FY 2020-21 Enacted</u>	<u>FY 2020-21 vs. FY 2019-20 Difference</u>	
Agriculture and Rural Development	\$55,979,900	\$63,616,800	\$7,636,900	13.6%
Attorney General	41,736,300	41,148,400	(587,900)	(1.4%)
Capital Outlay	0	0	0	--
Civil Rights	13,195,700	14,792,200	1,596,500	12.1%
Community Colleges	0	0	0	--
Corrections	1,980,137,900	1,809,258,400	(170,879,500)	(8.6%)
Education	87,212,000	90,067,100	2,855,100	3.3%
Environment, Great Lakes, and Energy	168,577,400	59,443,900	(109,133,500)	(64.7%)
Executive Office	7,114,300	7,114,300	0	0.0%
Health and Human Services	4,769,278,700	5,090,371,100	321,092,400	6.7%
Higher Education	1,207,949,300	1,217,835,700	9,886,400	0.8%
Insurance and Financial Services	150,000	0	(150,000)	(100.0%)
Judiciary	201,443,600	201,934,300	490,700	0.2%
Labor and Economic Opportunity (MSF)	142,308,300	192,867,600	50,559,300	35.5%
Legislative Auditor General	17,790,300	18,324,000	533,700	3.0%
Legislature	170,576,000	170,702,600	126,600	0.1%
Licensing and Regulatory Affairs	111,606,400	149,605,600	37,999,200	34.0%
Military and Veterans Affairs	73,247,500	81,421,200	8,173,700	11.2%
Natural Resources	46,985,000	50,697,300	3,712,300	7.9%
School Aid	62,620,000	50,964,700	(11,655,300)	(18.6%)
State	13,451,200	12,597,500	(853,700)	(6.3%)
State Police	475,701,700	439,376,600	(36,325,100)	(7.6%)
Tech., Mgmt. and Budget: Operations	247,003,600	284,755,500	37,751,900	15.3%
Tech., Mgmt. and Budget: SBA Rent	246,570,600	231,570,600	(15,000,000)	(6.1%)
Transportation	25,000,000	0	(25,000,000)	(100.0%)
Treasury: Operations	106,141,800	209,932,200	103,790,400	97.8%
Treasury: Debt Service	104,335,000	113,735,000	9,400,000	9.0%
Treasury: Revenue Sharing	0	0	0	--
TOTAL APPROPRIATIONS	\$10,376,112,500	\$10,602,132,600	\$226,020,100	2.2%

OVERVIEW

TABLE 4
AUTHORIZED FULL-TIME EQUATED (FTE) POSITIONS*
FY 2020-21 Enacted Compared with FY 2019-20

<u>Department/Budget Area</u>	<u>FY 2019-20 YTD as of 2/6/20</u>	<u>FY 2020-21 Enacted</u>	<u>FY 2020-21 vs. FY 2019-20 Difference</u>	
Agriculture and Rural Development	514.0	525.0	11.0	2.1%
Attorney General	542.4	543.4	1.0	0.2%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	116.0	116.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,794.3	13,702.8	(91.5)	(0.7%)
Education	620.5	620.5	0.0	0.0%
Environment, Great Lakes, and Energy	1,422.0	1,424.0	2.0	0.1%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,438.0	15,487.0	49.0	0.3%
Higher Education	0.0	0.0	0.0	--
Insurance and Financial Services	368.5	378.5	10.0	2.7%
Judiciary	509.0	513.0	4.0	0.8%
Labor and Economic Opportunity (MSF)	2,565.9	2,579.9	14.0	0.5%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing and Regulatory Affairs	1,849.9	1,857.9	8.0	0.4%
Military and Veterans Affairs	933.5	1,058.5	125.0	13.4%
Natural Resources	2,340.1	2,352.1	12.0	0.5%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,592.0	0.0	0.0%
State Police	3,583.0	3,599.0	16.0	0.4%
Tech., Mgmt. and Budget: Operations	3,132.0	3,139.0	7.0	0.2%
Tech., Mgmt. and Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,824.3	2,824.3	0.0	0.0%
Treasury: Operations	1,884.5	1,934.5	50.0	2.7%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE POSITIONS	54,119.1	54,336.6	217.5	0.4%

* Includes classified, unclassified, and nonlegislative exempt positions. Represents authorized/estimated positions, not necessarily actual positions funded.

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2020-21 Enacted Appropriations

<u>Department/Budget Area</u>	<u>Spending From State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending From State Sources as Payment to Locals</u>
Agriculture and Rural Development	\$107,769,800	\$8,800,000	8.2%
Attorney General	61,636,700	0	0.0%
Civil Rights	14,850,700	0	0.0%
Community Colleges	425,667,600	425,667,600	100.0%
Corrections	1,854,736,900	123,330,800	6.6%
Education	99,882,600	0	0.0%
Environment, Great Lakes, and Energy	334,635,700	0	0.0%
Executive Office	7,114,300	0	0.0%
Health and Human Services	8,079,851,200	1,673,960,400	20.7%
Higher Education	1,573,899,000	0	0.0%
Insurance and Financial Services	71,570,000	0	0.0%
Judiciary	296,811,900	146,925,300	49.5%
Labor and Economic Opportunity (MSF)	465,256,700	39,115,200	8.4%
Legislative Auditor General	20,463,500	0	0.0%
Legislature	175,339,900	0	0.0%
Licensing and Regulatory Affairs	408,901,300	137,967,400	33.7%
Military and Veterans Affairs	101,734,600	4,136,500	4.1%
Natural Resources	373,498,100	0	0.0%
School Aid	13,718,286,400	13,546,289,200	98.7%
State	232,787,400	1,041,800	0.4%
State Police	584,455,900	15,899,900	2.7%
Tech., Mgmt. and Budget: Operations	407,801,900	0	0.0%
Tech., Mgmt. and Budget: SBA Rent	231,570,600	0	0.0%
Transportation	3,597,529,400	2,125,342,100	59.1%
Treasury: Operations	657,360,500	247,351,800	37.6%
Treasury: Debt Service	113,735,000	0	0.0%
Treasury: Revenue Sharing	1,341,924,300	1,341,924,300	100.0%
TOTALS	\$35,359,071,900	\$19,837,752,300	56.1%

FY 2020-21

Budget Detail

AGRICULTURE AND RURAL DEVELOPMENT

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 1)**

Analyst: William E. Hamilton

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$1,315,700	\$324,400	(\$991,300)	(75.3)
Federal	12,636,400	13,129,500	493,100	3.9
Local	0	0	0	--
Private	101,800	71,300	(30,500)	(30.0)
Restricted	41,383,700	44,153,000	2,769,300	6.7
GF/GP	55,979,900	63,616,800	7,636,900	13.6
Gross	\$111,417,500	\$121,295,000	\$9,877,500	8.9
FTEs	514.0	525.0	11.0	2.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

1. Information Technology (Licensing and Inspection System)
Includes \$225,000 Gross (\$210,000 GF/GP) to support ongoing maintenance and hosting costs of recent licensing and inspection system upgrades (Phase I). These upgrades were funded through a \$5.0 million GF/GP appropriation within both the FY 2018-19 and FY 2019-20 Department of Technology, Management, and Budget budgets.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
FTE	0.0	1.0
Gross	\$1,812,800	\$225,000
IDG	3,200	0
Restricted	187,600	15,000
GF/GP	\$1,622,000	\$210,000

The FTE position, which is included in the Executive Direction line item, is identified as a "data architect" position to assist in management of the data warehouse connected with the licensing and inspection system upgrade project.

2. Food Safety and Quality Assurance
Includes \$700,000 restricted revenue, and authorizes 5.0 FTE positions, for food safety inspection program related to production and sales of legal marihuana consumables. Includes an unspecified \$205,000 GF/GP baseline increase.

FTE	98.0	5.0
Gross	\$17,124,500	\$905,000
Federal	2,659,100	0
Restricted	5,616,600	700,000
GF/GP	\$8,848,800	\$205,000

3. Milk Safety and Quality Assurance
Includes an unspecified \$144,300 GF/GP baseline increase.

FTE	36.0	0.0
Gross	\$5,510,700	\$144,300
Federal	192,300	0
Restricted	224,500	0
GF/GP	\$5,093,900	\$144,300

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
4. Animal Disease Prevention and Response	FTE	61.0	1.0
Includes \$76,900 GF/GP increase and authorizes 1.0 FTE position for increased cervid facility regulatory functions required under 2019 amendments (2019 PA 132) to the Animal Industry Act.	Gross	\$9,465,100	\$76,900
	Federal	619,000	0
	Private	30,500	0
	Restricted	220,300	0
	GF/GP	\$8,595,300	\$76,900
	Gross	\$25,000	(\$10,000)
5. Indemnification – Livestock Depredation	GF/GP	\$25,000	(\$10,000)
Reduces funding to \$15,000 GF/GP for program that reimburses eligible livestock producers for animals lost to depredation by wildlife, a program authorized under the Wildlife Depredations Indemnification Act (Public Act 487 of 2012).			
6. Michigan Animal Agriculture Alliance	Gross	\$0	\$3,000,000
Includes \$3.0 million GF/GP for a Michigan State University (MSU) animal industry research grant program.	GF/GP	\$0	\$3,000,000
7. Pesticide Plant Pest Management (PPPM)/Animal Feed Safety	FTE	88.0	0.0
Includes an unspecified \$200,000 GF/GP baseline reduction to PPPM. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, below.]	Gross	\$15,162,100	(\$200,000)
	Federal	1,703,500	0
	Private	21,300	0
	Restricted	7,805,400	0
	GF/GP	\$5,631,900	(\$200,000)
8. Industrial Hemp Licensing/Regulatory Program	FTE	4.5	1.0
Includes 5.5 FTE positions and \$1.0 million Gross (\$0 GF/GP) to support the department's industrial hemp licensing and regulatory functions under 2018 amendments (2018 PA 641) to Michigan's Industrial Hemp Research and Development Act. This represents a net increase of 1.0 FTE authorization, and \$711,900 Gross over the current year budget. Ongoing funding and FTE authorization in Laboratory and Pesticide and Plant Pest Management divisions replace one-time support in the current year budget.	Gross	\$360,000	\$711,900
	Restricted	210,000	861,900
	GF/GP	\$150,000	(\$150,000)
9. Feed and Fertilizer Audit Program	FTE	0.0	4.0
Includes \$504,000 in restricted revenue, and authorizes 4.0 new FTE positions, in the Pesticide and Plant Pest Management division. The positions and funding would establish an audit function for compliance with tonnage reporting requirements required under the Feed Law, as recodified under 2015 PA 83, and 2015 amendments (2015 PA 118) to fertilizer regulatory sections of the Natural Resources and Environmental Protection Act.	Gross	\$0	\$504,000
	Restricted	0	504,000
	GF/GP	\$0	\$0

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change	
10. Conservation Reserve Enhancement Program (CREP)	Gross	\$0	\$5,000,000
Includes \$5.0 million GF/GP as the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture.	GF/GP	\$0	\$5,000,000
<p>CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. CREP provides enhanced incentives to qualified producers and land owners in priority watershed areas to implement specific conservation practices designed to prevent soil erosion and improve water quality and wildlife habitat. Farmers and other landowners who agree to enroll eligible parcels in the program for 15 years receive cost-share assistance in establishing riparian buffers, field windbreaks, filter strips, wetland restoration, shallow-water wildlife areas, controlled livestock access, and other prescribed conservation practices. The federal program also provides annual rental payments to program participants for land enrolled in the program. [These federal funds are paid directly to program participants and are not reflected in the MDARD budget.]</p> <p>Of the \$5.0 million in state funds, \$4.4 million, identified as one-time, would be used to provide part of the 50% required non-federal cost-share for capital projects; \$600,000 is identified as ongoing for education, outreach, and technical assistance.</p> <p>State support is necessary for program participants to access federal funds – an estimated \$250.0 million in direct federal payments over a period of up to 15 years. The one-time funding would be established as a work project in boilerplate.</p>			
11. Qualified Forest Program	FTE	9.0	0.0
Reduces GF/GP support by \$150,000; recognizes \$300,000 additional restricted Private Forestland Development Fund revenue; does not include \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund.	Gross	\$3,478,400	(\$847,300)
	IDG	997,300	(997,300)
	Restricted	780,100	300,000
	GF/GP	\$1,701,000	(\$150,000)
12. Laboratory Services	FTE	41.0	0.0
Includes an unspecified \$90,000 GF/GP baseline reduction. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, above.]	Gross	\$7,226,900	(\$90,000)
	IDG	223,800	0
	Federal	1,119,600	0
	Restricted	1,228,400	0
	GF/GP	\$4,655,100	(\$90,000)
13. Fair Food Network/Double Up Food Bucks	Gross	\$1,000,000	(\$100,000)
Includes \$900,000 for a program that increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits by providing a dollar-for-dollar match of up to \$20 per day to buy fresh fruits and vegetables at participating grocery stores and farmer's markets.	GF/GP	\$1,000,000	(\$100,000)

Note that in addition to the \$1.0 million GF/GP appropriation in FY 2019-20, supplemental appropriation bill, Senate Bill 690, enacted act 2020 PA 123, included \$1.0 million in federal Covid Relief Fund revenue for this program.

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
14. Food and Agriculture Investment Program	Gross	\$4,000,000	(\$1,529,400)
Includes \$2.5 million GF/GP for program that provides grants for agri-business development projects.	GF/GP	\$4,000,000	(\$1,529,400)
Note that in July 2020, Executive Order 2020-155 reduced FY 2019-20 spending authority in this line item by \$3.0 million.			
15. Michigan Craft Beverage Council	FTE	3.0	0.0
Eliminates \$3,700 GF/GP support.	Gross	\$940,100	(\$3,700)
	Restricted	936,400	0
	GF/GP	\$3,700	(\$3,700)
16. County Fairs, Shows, and Expositions Grants	Gross	\$0	\$500,000
Includes \$500,000 GF/GP for line item that provides grants to county fairs, shows, and expositions.	GF/GP	\$0	\$500,000
17. Farm Stress Program - Eliminate One-Time Program	Gross	\$500,000	(\$500,000)
Removes \$500,000 GF/GP one-time item that had been included in the current year budget through supplemental appropriation act (2019 PA 154).	GF/GP	\$500,000	(\$500,000)
18. Economic Adjustments	Gross	NA	\$1,812,700
Reflects increased costs of \$1.8 million Gross (\$1.3 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	6,000
	Private	NA	0
	Federal	NA	133,800
	Restricted	NA	418,500
	GF/GP	NA	\$1,254,400

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 215. Communication with the Legislature – REVISED

Includes language that prohibits, under specific circumstances, the department from taking disciplinary action against an employee for communicating with a legislator or legislative staff.

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

Requires a quarterly report on staffing levels in relation to FTE authorization; employees authorized to work remotely; related cost savings.

Sec. 217. Work Project Limits – NEW

Requires that work project balances be exhausted before expenditure from part 1 appropriations.
(Governor's signing letter states this section is unenforceable.)

Sec. 218. State Administrative Board Transfers – NEW

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget.
(Governor's signing letter states this section is unenforceable.)

AGRICULTURE AND RURAL DEVELOPMENT

Major Boilerplate Changes from FY 2019-20

Sec. 219. Record Retention – NEW

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

Sec. 220. Impact of New Legislation – NEW

Requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 458. Michigan Animal Agriculture Alliance – NEW

Directs the department to work with animal industry representatives and state research universities in establishing and funding an animal agriculture research grant program.

Sec. 901. Conservation Reserve Enhancement Program – NEW

Provides for statutory work project status for the \$4.4 million one-time CREP appropriation.

**COMMUNITY COLLEGES
Summary of FY 2020-21 Enacted
Public Act 165 of 2020 (Senate Bill 927, Article 2)**

Analyst: Perry Zielak

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	414,719,000	425,667,600	10,948,600	2.6
GF/GP	0	0	0	--
Gross	\$414,719,000	\$425,667,600	\$10,948,600	2.6

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

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

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$73,100,000	\$10,800,000
	Restricted	73,100,000	10,800,000
	GF/GP	\$0	\$0

Increases funding by \$10.8 million School Aid Fund (SAF) for the state's share of community colleges' UAAL to MPERS, a 14.8% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. 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 \$83.9 million SAF.

2. MPERS Normal Cost Offset	Gross	\$12,212,000	\$182,000
	Restricted	12,212,000	182,000
	GF/GP	\$0	\$0

Increases funding by \$182,000 SAF for the community colleges' normal cost portion, a 1.5% increase, which would cover the cost to lower the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$12.4 million SAF.

COMMUNITY COLLEGES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
3. North American Indian Tuition Waiver Funding	Gross	\$1,819,100	(\$33,400)
Reduces funding by \$33,400 SAF for the North American Indian Tuition Waiver (ITW) program. Funding was adjusted to match each community college's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each community college's operations funding line. Total ITW program funding would be \$1.8 million SAF.	Restricted	1,819,100	(33,400)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 201a. FY 2020-21 Appropriations – DELETED

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$98.5 million.

Sec. 201c. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED

Deletes language that specified FY 2019-20 individual community college allocations, stated that a community college must comply with all the requirements of the CARES Act, and required community colleges that were found not to be in compliance with the act to return the funds allocated or have future appropriations withheld.

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

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community Colleges Data Inventory (MCCDI) data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data, as required. Changes reporting date for MCCDI from first business day of November to the first business day of December for FY 2020-21 only.

Sec. 209. Transparency Website and 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 benefit plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Changes reporting date on current fiscal year data from November 15 to December 15 for FY 2020-21 only. Deletes requirement to report dual enrollment programs and high school college credit data to the Center for Educational Performance and Information (CEPI).

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes language that requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) to report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 222. Community College Annual Financial Audit and Reporting – REVISED

Requires colleges to submit audited financial statements to CEPI before November 15. CEPI will then provide the information to various state agencies. Changes reporting date to submit audits from November 15 to December 15 for FY 2020-21 only.

Major Boilerplate Changes from FY 2019-20

Sec. 223. North American Indian Tuition Waiver Reporting Requirements – REVISED

Requires community colleges to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds reporting requirement for tribal institutions that receive program funding to report tuition waiver data to the Department of Civil Rights.

Sec. 226a. Student Loan and Financial Aid Website – NEW

Adds language that requires each community college to post a link on their homepage to the website created by the Department of Treasury containing various student loan and other financial aid information.

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

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

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

Adds 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. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds legislative intent language that sets a goal of 60% of Michigan residents to obtain a post-secondary credential, certification or degree by 2030.

Sec. 229. Veterans and Active Soldiers Notice on Applications and Tuition and Fee Rates – REVISED

States each community college is expected to include in its application for admission a specific question as to whether the applicant is a current or former member of the armed forces. Urges colleges to work with various organizations to review the issue of in-district tuition for veterans. Adds requirement that community colleges provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

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. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Revises formula to change the weighted student contact hour category from 25% to 30% and removes the lowest taxable value colleges category. States the formula does not apply to fiscal year 2020-21.

COMMUNITY COLLEGES

**FY 2020-21 Community College Operations Appropriations
Enacted Summary**

% of Formula:		30%	10%	10%	10%	30%	5%	5%								
New Money:		\$0	\$0	\$0	\$0	\$0	\$0	\$0								
	FY 2019-20 Indian Tuition Waiver Payment	FY 2019-20 Base	Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Performance Funding	FY 2019 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2020-21 Appropriation	% Change	
Alpena	\$19,300	\$5,772,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,200	(5,100)	\$14,200	\$5,767,500	(0.1%)	
Bay de Noc	137,900	5,740,700	0	0	0	0	0	0	0	0	116,700	(21,200)	\$116,700	\$5,719,500	(0.4%)	
Delta	40,900	15,201,400	0	0	0	0	0	0	0	0	47,700	6,800	\$47,700	\$15,208,200	0.0%	
Glen Oaks	1,200	2,652,400	0	0	0	0	0	0	0	0	0	(1,200)	\$0	\$2,651,200	0.0%	
Gogebic	59,900	4,933,600	0	0	0	0	0	0	0	0	49,600	(10,300)	\$49,600	\$4,923,300	(0.2%)	
Grand Rapids	240,300	19,013,400	0	0	0	0	0	0	0	0	233,900	(6,400)	\$233,900	\$19,007,000	(0.0%)	
Henry Ford	41,600	22,574,700	0	0	0	0	0	0	0	0	24,500	(17,100)	\$24,500	\$22,557,600	(0.1%)	
Jackson	46,700	12,802,900	0	0	0	0	0	0	0	0	58,000	11,300	\$58,000	\$12,814,200	0.1%	
Kalamazoo Valley	56,000	13,155,900	0	0	0	0	0	0	0	0	63,800	7,800	\$63,800	\$13,163,700	0.1%	
Kellogg	79,400	10,346,500	0	0	0	0	0	0	0	0	61,600	(17,800)	\$61,600	\$10,328,700	(0.2%)	
Kirtland	34,600	3,393,000	0	0	0	0	0	0	0	0	36,400	1,800	\$36,400	\$3,394,800	0.1%	
Lake Michigan	11,300	5,714,000	0	0	0	0	0	0	0	0	8,600	(2,700)	\$8,600	\$5,711,300	0.0%	
Lansing	153,900	33,005,900	0	0	0	0	0	0	0	0	158,000	4,100	\$158,000	\$33,010,000	0.0%	
Macomb	36,000	34,312,100	0	0	0	0	0	0	0	0	43,400	7,400	\$43,400	\$34,319,500	0.0%	
Mid-Michigan	140,100	5,324,500	0	0	0	0	0	0	0	0	124,800	(15,300)	\$124,800	\$5,309,200	(0.3%)	
Monroe County	900	4,747,100	0	0	0	0	0	0	0	0	500	(400)	\$500	\$4,746,700	0.0%	
Montcalm	5,700	3,576,300	0	0	0	0	0	0	0	0	7,100	1,400	\$7,100	\$3,577,700	0.0%	
Mott	13,400	16,453,400	0	0	0	0	0	0	0	0	24,000	10,600	\$24,000	\$16,464,000	0.1%	
Muskegon	77,300	9,366,400	0	0	0	0	0	0	0	0	73,900	(3,400)	\$73,900	\$9,363,000	0.0%	
North Central	177,900	3,567,200	0	0	0	0	0	0	0	0	173,400	(4,500)	\$173,400	\$3,562,700	(0.1%)	
Northwestern	246,700	9,813,800	0	0	0	0	0	0	0	0	276,000	29,300	\$276,000	\$9,843,100	0.3%	
Oakland	23,700	22,235,400	0	0	0	0	0	0	0	0	35,100	11,400	\$35,100	\$22,246,800	0.1%	
Schoolcraft	67,000	13,263,200	0	0	0	0	0	0	0	0	40,300	(26,700)	\$40,300	\$13,236,500	(0.2%)	
Southwestern	39,700	7,019,100	0	0	0	0	0	0	0	0	37,200	(2,500)	\$37,200	\$7,016,600	(0.0%)	
St. Clair	8,500	7,393,700	0	0	0	0	0	0	0	0	3,400	(5,100)	\$3,400	\$7,388,600	(0.1%)	
Washtenaw	31,000	13,886,900	0	0	0	0	0	0	0	0	32,300	1,300	\$32,300	\$13,888,200	0.0%	
Wayne County	8,500	17,601,900	0	0	0	0	0	0	0	0	14,900	6,400	\$14,900	\$17,608,300	0.0%	
West Shore	19,800	2,605,400	0	0	0	0	0	0	0	0	26,500	6,700	\$26,500	\$2,612,100	0.3%	
	\$1,819,200	\$325,473,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,785,800	(\$33,400)	\$1,785,800	\$325,440,000	0.0%	

Component	Source	Years
Performance improvement	CEPI	FYs 2016-2018
Performance completion number	Federal IPEDS	FYs 2016-2018
Performance completion rate	CEPI	FYs 2016-2018
Contact hours	State MCCDI	FY 2019
Administrative	State MCCDI	FYs 2018-2019

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

DEPARTMENT OF CORRECTIONS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 2)

Analyst: Robin R. Risko

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	5,323,700	196,370,900	191,047,200	3588.6
Local	11,687,200	9,680,600	(2,006,600)	(17.2)
Private	0	0	0	--
Restricted	45,112,500	45,478,500	366,000	0.8
GF/GP	1,980,137,900	1,809,258,400	(170,879,500)	(8.6)
Gross	\$2,042,261,300	\$2,060,788,400	\$18,527,100	0.9
FTEs	13,794.3	13,702.8	(91.5)	(0.7)

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 29 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 department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of October 1, 2020, the department was responsible for 83,637 Michigan offenders: 34,353 prisoners, 36,048 probationers, and 13,236 parolees. From 1 year ago, the total number of offenders dropped by 9,839, or by 10.5%. The number of prisoners dropped by 3,837, or 10.0%, the number of probationers dropped by 5,919, or 14.1%, and the number of parolees dropped by 83, or 0.6%.

Major Budget Changes from FY 2019-20 YTD Appropriations**1. John Does v Department of Corrections Settlement**

Includes \$15.0 million GF/GP for the second payment to be made on October 15, 2020 as agreed to in the *John Does v Department of Corrections* settlement. The case involved approximately 1,300 members that were incarcerated October 2010 through the date of the settlement. 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. The remaining payments will be made on October 15, 2021 (\$25.0 million) and on October 15, 2022 (\$15.0 million).

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$25,000,000	\$15,000,000
GF/GP	\$25,000,000	\$15,000,000

2. Coronavirus Relief Funds for Payroll

Includes \$191.0 million of federal Coronavirus Relief Funds and reduces GF/GP by a like amount. Funding will be allocated to support payroll costs for frontline workers throughout the department, but primarily at correctional facilities.

	NA	\$0
Gross	NA	\$0
Federal	NA	191,000,000
GF/GP	NA	(\$191,000,000)

CORRECTIONS

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
3. Funding for Training New Custody Staff	Gross	\$9,491,100	\$4,000,000
Includes \$4.0 million GF/GP to train additional corrections officers in an effort to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. At least 50 custody staff are projected to retire each month in the next year. With the additional funding added to the FY 2019-20 base of \$9.5 million, and with expenditure of carried forward work project account funding from prior years, the department will be able to train an estimated 700 new officers in FY 2020-21.	GF/GP	\$9,491,100	\$4,000,000
4. Corizon Health Care Contract Adjustment	Gross	NA	\$3,239,500
Includes \$3.2 million GF/GP to cover costs of required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals. FY 2020-21 will be the last year of the 5-year contract.	GF/GP	NA	\$3,239,500
5. City of Jackson Water Rate Increase	Gross	NA	\$575,500
Includes \$575,500 GF/GP to cover costs of a water rate increase in the City of Jackson. The water rate increase is a result of changes in the state's lead and copper rules and will impact the four correctional facilities located in the Jackson area.	GF/GP	NA	\$575,500
6. Employee Wellness Enhancements	Gross	NA	\$500,000
Includes \$500,000 GF/GP for additional employee wellness resources and support services for all department employees.	GF/GP	NA	\$500,000
7. Green Oaks Training Facility	FTE	NA	1.0
Reflects the transfer of \$109,200 GF/GP and 1.0 FTE position from DHHS to MDOC to provide continued maintenance services at the Green Oaks facility in Whitmore Lake. MDOC is taking over operations of the facility, which will be refurbished and utilized as the new Corrections Officer Training Academy.	Gross	NA	\$109,200
	GF/GP	NA	\$109,200
8. Removal of Current Year One-Time Funding	Gross	\$15,033,900	(\$15,033,900)
Reduces the budget by \$15.0 million GF/GP to reflect removal of one-time funding included in the FY 2019-20 budget. Funding removed includes \$10.5 million for new custody staff training and \$4.6 million for electronic tether replacement.	GF/GP	\$15,033,900	(\$15,033,900)
9. Closure of Detroit Reentry Center	Gross	\$30,561,100	(\$12,300,000)
Reduces the budget by \$12.3 million GF/GP to reflect savings from the partial year closure of the Detroit Reentry Center. The center will close in January 2021.	GF/GP	\$30,561,100	(\$12,300,000)
10. Relocation of the Special Alternative Incarceration Program	FTE	120.0	(92.5)
Reflects full-year savings of \$10.0 million GF/GP and a reduction of 92.5 FTE positions from relocation of the Special Alternative Incarceration program from Camp Cassidy Lake in Chelsea to the Cooper Street Correctional Facility in Jackson.	Gross	\$14,325,300	(\$10,046,700)
	Restricted	102,100	0
	GF/GP	\$14,223,200	(\$10,046,700)
11. PIHPs for Substance Use Services for Parolees	Gross	NA	(\$7,000,000)
Reflects a savings of \$7.0 million GF/GP from elimination of the department's substance use disorder treatment network in communities and, instead, utilization of PIHPs to provide substance use disorder treatment to Medicaid-eligible parolees.	GF/GP	NA	(\$7,000,000)

CORRECTIONS

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
12. Lake County Residential Reentry Program	Gross	NA	(\$4,000,000)
Reflects a savings of \$4.0 million GF/GP from closure of the Lake County Residential Reentry Program, which was a short-term reentry program for parolees providing specific programming aimed at reducing behaviors that might result in failure while on parole.	GF/GP	NA	(\$4,000,000)
13. Administrative Savings	Gross	NA	(\$2,510,000)
Reflects a savings of \$2.5 million GF/GP to be achieved through administrative efficiencies in the following program areas:	GF/GP	NA	(\$2,510,000)
<ul style="list-style-type: none"> • Field Operations Administration (\$800,000) • Clinical Complexes (\$610,000) • Community Corrections (\$300,000) • Offender Success Services (\$300,000) • Goodwill Flip the Script (\$250,000) • Residential Probation Diversions (\$250,000) 			
14. Detroit Detention Center Adjustment for New Contract	Gross	\$11,412,200	(\$2,287,700)
Reflects a reduction of \$2.3 million of local revenue received from the City of Detroit for operation of the Detroit Detention Center. MDOC operates the facility for the city and the city pays MDOC. The reduction from the current year base of \$11.4 million reflects estimated costs for FY 2020-21 under the new contract agreement.	Local	11,412,200	(2,287,700)
	GF/GP	\$0	\$0
15. Hepatitis C	Gross	\$11,000,700	(\$2,190,000)
Reduces funding for Hepatitis C treatment for prisoners by \$2.2 million GF/GP.	GF/GP	\$11,000,700	(\$2,190,000)
16. Criminal Justice Reinvestment	Gross	\$5,498,400	(\$2,000,000)
Reduces funding for the Criminal Justice Reinvestment line item by \$2.0 million GF/GP.	GF/GP	\$5,498,400	(\$2,000,000)
17. Chance for Life Programming	Gross	NA	\$0
Transfers \$250,000 GF/GP from the Enhanced Food Technology Program line item to the Criminal Justice Reinvestment line item to be used for the department to select a vendor to provide evidence-based mentoring, employment soft skills training, and job placement assistance for offenders released from prison.	GF/GP	NA	\$0
18. Technical Adjustments	Gross	NA	\$0
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made to more accurately reflect employee counts and where expenditures occur.	GF/GP	NA	\$0
19. Economic Adjustments	Gross	NA	\$52,471,200
Reflects a net increase in costs of \$52.5 million Gross (\$51.8 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, and food, fuel, and utility costs. Note: \$5.6 million of the increase will cover employee-related costs resulting from pre-shift staff line-up meetings, which will be reinstated starting October 1, 2020, according to a new agreement between the state and the Michigan Corrections Organization.	Federal	NA	47,200
	Local	NA	281,100
	Restricted	NA	366,000
	GF/GP	NA	\$51,776,900

CORRECTIONS

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

GENERAL SECTIONS

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

Prohibits MDOC from taking disciplinary action against employees or prisoners for communicating with legislators or their staff. Revised to stipulate prohibition against taking disciplinary action unless the communication is prohibited by law and MDOC is exercising its authority as provided by law.

Sec. 215. Businesses in Deprived and Depressed Communities Compete for Contracts – NEW

Requires MDOC director, to the extent possible, to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts; requires MDOC director to strongly encourage firms with which the department contracts to subcontract with certified businesses in deprived and depressed communities.

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

Requires MDOC to report on the number of FTE positions in pay status by civil service classification, including an accounting of all vacant positions, all vacant and filled corrections officer positions by facility, all vacant healthcare-related positions, and all positions that are being held open for temporarily non-active employees. Revised to add to reporting requirement all of the following: comparison of 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. 217. Coronavirus Relief Fund Appropriations – NEW

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

Sec. 218. State Administrative Board Transfers – NEW

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

Sec. 221. Receipt and Retention of Reports – NEW

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

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

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

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 MDOC receives employee feedback, how to consider suggestions made by employees, and steps taken and future plans for retention and improving employee wellness. Revised to include requirement that MDOC establish a Staff Recruitment and Retention Advisory Board to assist MDOC with shaping and enhancing effectiveness of staff recruiting and retention strategies; requires a status report on establishing the board and on the board's initial plans.

Major Boilerplate Changes from FY 2019-20

Sec. 303. Staff Departures – REVISED

Requires MDOC to report on employee departures, including number of corrections officers and number of years they worked for the department. Revised reporting requirement to include a chart showing the distribution of employee departures based on specified ranges of years of service; a summary of the primary reasons for departures by ranges of years of service; and a distinction between employee departures by recruits in-training at the academy, recruits in-training at a facility, and employees who have been on the job.

Sec. 310. Strategic Plan Reporting – REVISED

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development. Revised to require a report that details progress being made toward achieving strategic plan, updates on relevant strategic plan objectives, and key stats on efforts to decrease overall recidivism rate.

Sec. 312. PTSD Outreach and Employee Wellness – REVISED

Requires \$50,000 from the Budget and Operations Administration line item to be used for PTSD outreach and employee wellness programming; requires MDOC to work with the Michigan Corrections Organization and department employees to determine strategies for treating mental health issues and implementing mental health programming for employees; requires a report on strategies and goals, programs, prevalence of PTSD and other psychological issues among corrections officers that are exacerbated by the environment, and expenditures. Revised to require \$50,000 to be spent on conducting a comprehensive follow-up study to the initial study that was conducted in FY 2018-19; requires MDOC to report on results of the study and on programs, level of employee involvement, and expenditures for employee wellness programming.

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

Expresses intent of the legislature that once staffing vacancy rates improve to a sufficient level, corrections officers will be allowed the option of working 12-hour shifts. Revised to require MDOC to conduct a survey of all corrections officers at all facilities on whether officers want to have 12-hour shifts implemented; requires MDOC to report on results of the survey.

Sec. 316. Handgun Requalification – DELETED

Requires \$200,000 from the New Custody Staff Training line item to be used for handgun requalification for corrections officers wanting to be requalified.

Sec. 316. New Custody Staff Training – NEW

Requires MDOC to target training at hiring a minimum of 700 corrections officers to address higher than normal attrition.

Sec. 317. Study on Location for Corrections Officer Training Academy – DELETED

Requires MDOC, in cooperation with DTMB, to conduct a study to find a suitable location for a corrections officer training academy; requires a minimum of four locations to be studied, including the former Riverside and Ojibway Correctional Facilities; requires the new academy to have classrooms, offices, a gymnasium, a cafeteria, lodging, an outdoor training area, and a firearm range; requires a report on results of the study, including projected costs.

Sec. 317. New Corrections Officer Training Academy – NEW

Requires MDOC to report on the status of the new training academy including a list of all the structures and amenities and expenditure data associated with the structures and amenities; lists amenities the legislature intends for the new academy to have and requires a report on the amount of money associated with an amenity not included on site; requires MDOC to name the facility and to solicit ideas for names from staff.

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

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

CORRECTIONS

Major Boilerplate Changes from FY 2019-20

OFFENDER SUCCESS ADMINISTRATION

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

Specifies purpose of and requirements for community corrections comprehensive plans (e.g., reduce admissions to prisons, improve utilization of jail facilities, contribute to offender success); lists award criteria for community corrections planning and residential services funds (e.g., trends in prison commitment rates, jail utilization, community corrections program capacity and utilization; impact and outcome of policies and procedures of programs on offender success); limits residential probation diversions per diem reimbursement rate to \$52.50. Revised to consolidate this section with current language section 416, which specifies uses of drunk driver jail reduction and community treatment program funding, and to change the residential probation diversions per diem reimbursement rate from \$52.50 to \$55.50.

Sec. 419. Offender Data Reports – RETAINED (UNENFORCEABLE)

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security level by facility, prison facility capacities, and parolee and probationer populations; requires MDOC to provide monthly electronic mail reports on end-of-the month prisoner, probationer, and parolee populations, operating capacities at facilities, number of beds in closed housing units by facility, populations in county jails, prisoner intakes, returns, and exits, prisoners classified as past their earliest release dates, and parole board activity. (*Governor's signing letter states requirement to provide weekly electronic mail reports is unenforceable.*)

FIELD OPERATIONS ADMINISTRATION

Sec. 603. Curfew Monitoring Program Costs – REVISED

Requires tether participants to reimburse MDOC for program costs; authorizes MDOC to require community service work as a means of payment; provides for a community tether program for counties to be used to reduce prison admissions and improve local jail utilization; authorizes MDOC to provide counties with tether equipment for a fee; prohibits access to the program for counties with outstanding charges over 60 days. Revised to delete requirement that tether participants reimburse MDOC for program costs, and delete authorization for MDOC to require community service work as a means of payment. (Deletions are made in order for language to be consistent with recently enacted legislation.)

Sec. 605. Chance for Life – NEW

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

Sec. 611. Annual Program Reports – DELETED

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

HEALTH CARE

Sec. 802. Health Care Timeliness and Expenditures – REVISED

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment. Revised to consolidate this section with current language section 816, which requires a report on pharmaceutical expenditures and prescribing practices, including a detailed accounting of expenditures on antipsychotic medications and any changes made to prescription drug formularies.

CORRECTIONAL FACILITIES ADMINISTRATION

Sec. 902. Notification of Elimination of Prisoner Programming – NEW

Requires MDOC to provide notice of plans to eliminate programming for prisoners at least 1 month prior to program elimination and defines "programming for prisoners".

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

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

Sec. 945. Notification of Facility Closures, Consolidations, or Relocations – NEW

Requires MDOC to provide notice of plans to close, consolidate, or relocate any correctional facility in the state at least 1 month prior to the effective date of the closure, consolidation, or relocation.

Major Boilerplate Changes from FY 2019-20

Sec. 945. Investment in Communities After Facility Closure – NEW

Expresses intent of the legislature that MDOC consult with the legislature and other appropriate state agencies to develop a framework to provide investment in communities that have formerly operational state correctional facilities that have been closed; requires framework to include plans to ensure that vacant state correctional facilities do not become a nuisance or danger to the community.

FY 2019-20 Supplemental Boilerplate Items

Article 14, House Bill 5396 (S-1) CR-1

Sec. 301. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for hazard/premium pay for front line workers, by \$13.4 million.

EDUCATION (DEPARTMENT)

**DEPARTMENT OF EDUCATION
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 3)**

Analyst: Samuel Christensen

IDG/IDT	FY 2019-20 YTD	FY 2020-21	Difference: Enacted	
	as of 2/6/20	Enacted	From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	315,342,100	343,701,700	28,359,600	9.0
Local	5,893,400	5,872,100	(21,300)	(0.4)
Private	2,036,200	2,239,300	203,100	10.0
Restricted	9,300,000	9,815,500	515,500	5.5
GF/GP	87,212,000	90,067,100	2,855,100	3.3
Gross	\$419,783,700	\$451,695,700	\$31,912,000	7.6
FTEs	620.5	620.5	0.0	0.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

1. Child Development and Care (CDC) – Entrance Eligibility Threshold Increase

Provides \$27.6 million in federal funding to increase the entrance eligibility threshold from 130% of the federal poverty guidelines (\$34,060 for a family size of four in FY 2020-21) to 150% of the federal poverty guidelines (\$39,300 for a family size of four) beginning January 1, 2021. This represents three quarters of the estimated annual cost of \$36.8 million. (See Boilerplate Changes for Sec. 1009)

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$217,000,000	\$27,622,000
Federal	176,970,900	27,622,000
GF/GP	\$40,029,100	\$0

2. CDC – Background Checks (Licensing and Regulatory Affairs (LARA))

Provides \$1.3 million federal Child Care Development Fund (CCDF) for LARA to continue to provide federally required background checks for any employee working at a child care facility.

Gross	\$29,072,800	\$1,300,000
Federal	29,072,800	1,300,000
GF/GP	\$0	\$0

3. CDC – FY 2020-21 Caseload Consensus

Reduces appropriation by \$3.0 million federal to align with May 2020 consensus caseload estimates and consensus cost per case estimates

Gross	\$217,000,000	(\$3,000,000)
Federal	176,970,900	(3,000,000)
GF/GP	\$40,029,100	\$0

EDUCATION (DEPARTMENT)

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
4. CDC – Unroll a portion of funding for T.E.A.C.H Early Childhood Michigan Scholarship from CDC Contracted Services	Gross	\$1,250,000	\$0
Transfers \$3.8 million of federal funding from the Child Development and Care Contracted Services line item to the T.E.A.C.H. Early Childhood Michigan Scholarship Program line item. \$3.8 million of the T.E.A.C.H. line item had been previously transferred to the CDC Contracted Services line item through the administrative transfer process during the FY 20 budget.	Federal	1,250,000	0
	GF/GP	\$0	\$0
5. CDC – State Matching Fund Decrease	Gross	\$217,000,000	\$0
Replaces \$597,800 GF/GP with a corresponding amount of federal funds for the CDC program's matching funds in order to align GF/GP with the estimated amount needed to draw down the full federal CCDF award. This represents an estimate because the final federal allocation for Michigan has not been appropriated at the federal level.	Federal	176,970,900	597,800
	GF/GP	\$40,029,100	(\$597,800)
6. Special Education Remote Learning Library	Gross	\$9,153,000	\$1,500,000
Provides \$1.5 million GF/GP in the Special Education Operations line item for an association for administrators of special education services to develop and make available content for special education students, teachers, and others. Other eligible uses of funds include the following: development of assessment tools, in collaboration with MDE, to measure the needs of students with special education needs in remote learning environments and the effectiveness of various education methods and tools; and the identification of any available federal funds for research related to special education in remote learning.	Federal	8,561,200	0
	Private	11,100	0
	Restricted	45,900	0
	GF/GP	\$435,800	\$1,500,000
7. State Aid to Libraries	Gross	\$12,067,700	\$1,000,000
Increases state aid to libraries by \$1.0 million GF/GP to a total of \$13.1 million.	GF/GP	\$12,067,700	\$1,000,000
8. Educare – One-Time	Gross	NA	\$1,000,000
Provides \$1.0 million GF/GP for MDE to award to an early childhood collaborative that serves students in Genesee County to continue the expansion of early childhood services because of a drinking water declaration of emergency.	GF/GP	NA	\$1,000,000
9. Camp Tuhsmeheeta Maintenance and Upkeep	Gross	\$298,000	\$202,000
Increases by \$202,000 private funds for maintenance and upkeep of facilities. MDE has indicated that the camp would need to replace buildings at a higher cost without additional maintenance funding.	Private	298,000	202,000
	GF/GP	\$0	\$0
10. Michigan Online Educator Certification System (MOECS) IT System Maintenance and Support	Gross	\$4,651,000	\$200,000
Increases by \$200,000 Certification Fees in the Information Technology Services and Projects line item to fund contracted staff at the Department of Technology Management, and Budget (DTMB) for ongoing support and enhancements of MDE's MOECS, which allows teachers to access their certification data, apply for certificates and endorsements, and renew their certificates.	Federal	2,533,400	0
	Restricted	712,500	200,000
	GF/GP	\$1,405,100	\$0
11. Michigan School for the Deaf and Blind	Gross	\$13,515,900	\$112,800
Increases Student Insurance Revenue authorization by \$112,800 to be able to fully draw down federal Medicaid reimbursement for the Michigan School for the Deaf and Blind.	Federal	7,529,200	0
	Local	5,893,400	0
	Restricted	93,300	112,800
	GF/GP	\$0	\$0

EDUCATION (DEPARTMENT)

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change	
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>				
12. Teacher Recruitment Program		Gross	\$0	\$100
Provides a \$100 placeholder in the Educator Excellence Operations line item for boilerplate Sec. 233 to require MDE to implement a training program for pupils in grades 9 to 12 who are interested in teaching and are members of groups underrepresented in the teaching profession.		Restricted	0	100
		GF/GP	\$0	\$0
13. Departmentwide GF/GP Reductions		Gross	NA	(\$800,000)
Reflects \$800,000 GF/GP reduction of departmentwide operations by between 2% to 4% but excludes reductions for certain required payments (i.e. Worker's Compensation, Renaissance Zone payments) or matching funds (i.e. CDC public assistance).		GF/GP	NA	(\$800,000)
14. Economic Adjustments		Gross	NA	\$2,775,400
Reflects increased costs of \$2.8 million Gross (\$752,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		Federal	NA	1,840,100
		Local	NA	(21,300)
		Private	NA	1,100
		Restricted	NA	202,600
		GF/GP	NA	\$752,900

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

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

Requires MDE to report quarterly on the following: number of full-time equated (FTE) positions in pay status by civil service classification; comparison by line item of the number FTE positions authorized from funds in part 1 to the actual number of FTE positions employed by MDE at the end of the reporting period. Additionally, by April 1 of the current fiscal year and semiannually thereafter, MDE shall report the following information: number of employees that were engaged in remote work in 2020; number of employees authorized to work remotely and the actual number of those working remotely in the current reporting period; estimated net cost savings achieved by remote work; and reduced use of office space associated with remote work.

Sec. 218. State Administrative Board Transfers – NEW

Permits the legislature, through a concurrent resolution adopted by a majority of the members elected in each house, to intertransfer funds within this article for MDE, board, commission, officer, or institution, if the state administrative board, acting under section 3 of the 1921 PA 2, MCL 17.3, transfers funds from an amount appropriated under this act.

Sec. 221 Report on Policy Changes Made to Implement Public Acts Affecting Department – NEW

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

Sec. 224. Expending Available Work Project Authorization – NEW

Prohibits appropriations in part 1 from being expended until all existing work project authorization available for the same purposes is exhausted, to the extent possible.

Major Boilerplate Changes from FY 2019-20

Sec. 225. Grant Application Penalty – DELETED

Requires MDE to comply with the grant application penalty in section 17c of the State School Aid Act 1979, 1979 PA 94, MCL 388.1617c. Reduces state funding for state board/superintendent operations, unclassified positions, and grant and contract operations by 2.5% if the MDE fails to comply.

Sec. 227. Timely Data – DELETED

Requires MDE to provide data requested by the legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Sec. 229. Contract Notifications – REVISED

Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form. Revises to remove the requirement that MDE notify the above entities before entering into a contract that exceeds \$1.0 million.

Sec. 234. College Acceleration Program Report – NEW

Requires MDE to complete a study by May 1, 2020 regarding the issues of school enrollment, performance, and outcomes related to college acceleration programs for at least the following entities: international baccalaureate (IB), advanced placement (AP), dual or concurrent enrollment, early or middle college high schools, and career and technical education (CTE). The study shall include at least the following: number of students participating in each type of college acceleration program; number of higher education credits earned; number of credits successfully transferred into Michigan higher education institutions; degree attainment status of students and time-to-degree for students; and percentage of incomplete credits or courses.

Sec. 235. Association Report – DELETED

Requires MDE to compile a report by December 1, 2019, that includes an itemized list of allocations paid by the department to any association or consortium consisting of associations in the immediately preceding fiscal year. The report must include the recipient or recipients, the amount allocated, and the purpose for which the money was distributed.

Secs. 236, 237, & 238. Department Administrative Reserve Fund 1, 2, & 3 – DELETED

Describes the Department Administrative Reserve Funds in MDE that required that funds in the reserve fund cannot be expended unless a legislative transfer request is issued by the SBO.

Sec. 325. Federal and Private Grants – DELETED

Requires MDE to notify the legislature within 10 days of receiving a federal or private grant appropriated in part 1 under federal and private grants line.

Sec. 502. Student Teaching Credits – DELETED

Requires MDE to authorize teacher preparation institutions to provide alternative programs in which one-quarter of all student teaching credits can be earned through substitute teaching and requires the substitute teaching to occur in a single classroom setting for at least 15 consecutive school days to count toward this requirement.

Sec. 1003. Early Childhood Investment Corporation Annual Report – REVISED

Requires MDE to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2019-20 by February 15. Report must detail the amounts of grants awarded, grant recipients, activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process. Revises to specify that MDE shall instead provide the report on all contracts for the early childhood comprehensive systems planning rather than on only one of the entities, ECIC, that receives funding for these contracts.

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

Requires MDE to set the entrance income threshold for the CDC program at 130% of the federal poverty guidelines. Revises to maintain the current entrance income threshold at 130% of the federal poverty guidelines for the CDC program from October 1 to December 31, and to increase the entrance income threshold to 150% of the federal poverty guidelines from January 1 to September 30.

EDUCATION (DEPARTMENT)

FY 2019-20 Supplemental Appropriation Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

1. Child Care Supports

Revises appropriation of federal Coronavirus Relief Funds from \$125.0 million for Child Care Rate Reductions to \$115.0 million for Child Care Supports, which represents a net \$10.0 million reduction and the approximate amount expended on the original Child Care Rate Reduction. The new Child Care Supports continues the rate reduction stipend but additionally requires MDE to allocate funds as follows: to reimburse for school age children receiving the child care subsidy during the school day, if the children are enrolled in a virtual education program when virtual learning is the only option; to allow for an increase of up to 60 absence hours for all children receiving the child care subsidy; and to provide for one additional round of the Child Care Relief Fund.

		Appropriation Change
Gross		(\$10,000,000)
Federal		(10,000,000)
GF/GP		\$0

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 351. Child Care Supports

Requires appropriation to be used by the department to provide child care rate reduction stipends as an add-on to the Child Care Relief Fund grant to reduce child care costs to families; authorizes licensed child care providers that received grants from the Child Care Relief Fund to be eligible to receive a rate reduction stipend for each of the months of June, July, and August; requires department to reimburse providers up to 30% of the tuition amount charged for each child cared for; requires providers receiving child care rate reduction stipends to reduce their rates by the rate reimbursement percentage described in the section; requires providers to reduce the monthly billed amount by the amount received for each child; requires the department to take reasonable steps to distribute the stipend within 15 business days of receiving an application unless the provider fails to meet requirements, and to provide notice and information on how to apply for the stipend; requires providers to maintain all billing and refund records for auditing purposes; requires the department to allocate funds for additional child supports specified in the section and to award on a first come first serve basis; designates the appropriation as a work project appropriation; defines licensed providers.

REPEALERS

Sec. 800. Repealers

Repeals section 301 of 2020 PA 123 and replaces it with section 351 of this article.

DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 4)

Analyst: Austin Scott

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$3,176,600	\$3,337,700	\$161,100	5.1
Federal	175,269,900	171,973,000	(3,296,900)	(1.9)
Local	0	0	0	--
Private	1,201,800	1,412,800	211,000	17.6
Restricted	266,440,100	275,191,800	8,751,700	3.3
GF/GP	168,577,400	59,443,900	(109,133,500)	(64.7)
Gross	\$614,665,800	\$511,359,200	(\$103,306,600)	(16.8)
FTEs	1,422.0	1,424.0	2.0	0.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Oil, Gas, and Mineral Services Replaces \$3.9 million of restricted funding with \$4.0 million GF/GP for a Gross increase of \$100,000 for oil, gas, and mineral services. This program regulates oil and natural gas exploration, mineral mining, and orphan well closure.	FTE 57.0 Gross \$11,011,900 Restricted 10,863,000 GF/GP \$148,900	0.0 \$100,000 (3,900,000) \$4,000,000
2. Lead and Copper Rule Support – Clare and Burton Adds \$2.5 million GF/GP for water line replacement in the City of Clare and \$250,000 GF/GP for water line replacement in the City of Burton.	Gross NA GF/GP NA	\$2,750,000 \$2,750,000
3. Environmental Cleanup Project (One-time) – Madison Heights Includes \$600,000 GF/GP to support demolition costs of an electroplating services building in Madison Heights.	Gross NA GF/GP NA	\$600,000 \$600,000
4. Watershed Council Grants Adds \$600,000 GF/GP for grants to watershed councils for education, administration, and conservation efforts.	Gross NA GF/GP NA	\$600,000 \$600,000
5. Michigan Geological Survey Appropriates \$500,000 GF/GP for the Michigan Geological Survey at Western Michigan University.	Gross NA GF/GP NA	\$500,000 \$500,000
6. Multistate Aquifer Study Includes \$500,000 GF/GP for a study of the Michindoh Aquifer in Michigan, Indiana, and Ohio.	Gross NA GF/GP NA	\$500,000 \$500,000

ENVIRONMENT, GREAT LAKES, AND ENERGY

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
7. Water Treatment Plant Project – Parchment	Gross	NA	\$450,000
Adds \$450,000 GF/GP for contamination remediation at a water treatment plant in Parchment.	GF/GP	NA	\$450,000
8. Land and Water Interface Permit Programs	FTE	82.0	2.0
Appropriates an additional \$350,000 GF/GP and 2.0 FTE positions to the Dam Safety Program. The goal of the program is to reduce and prevent unplanned or uncontrolled releases of water from dams.	Gross	\$12,037,700	\$350,000
	IDG	1,296,900	0
	Federal	2,098,700	0
	Restricted	2,359,400	0
	GF/GP	\$6,282,700	\$350,000
9. Cooperative Lakes Monitoring Program	Gross	NA	\$150,000
Includes \$150,000 GF/GP to continue the department’s contract for the cooperative lakes monitoring program. The purpose of the program is to help volunteers monitor local lake water quality and document changes over time.	GF/GP	NA	\$150,000
10. Environmental Permit Review Committee – Administrative Hearings Officers	Gross	\$396,000	\$500,000
Adds \$500,000 Gross (\$129,000 GF/GP) to Administrative Hearings Officers for increased environmental permit reviews.	IDG	0	3,900
	Private	0	1,000
	Restricted	396,000	366,100
	GF/GP	\$0	\$129,000
11. Blanchard Dam Bond Inspection and Repair Needs Study	Gross	NA	\$10,000
Appropriates \$10,000 GF/GP for a study to inspect and assess repair needs of Blanchard Dam in Isabella County.	GF/GP	NA	\$10,000
12. Mapping and Other Support	Gross	\$4,300,000	(\$300,000)
Reduces funding for GIS mapping of contaminated sites and groundwater flow, including PFAS sites by \$300,000 GF/GP.	GF/GP	\$4,300,000	(\$300,000)
13. Information Technology Services and Projects	Gross	\$9,679,200	(\$225,000)
Decreases funding for computer operations, systems development, and design projects by \$225,000 GF/GP.	IDG	111,900	0
	Federal	1,838,700	0
	Restricted	7,250,500	0
	GF/GP	\$478,100	(\$225,000)
14. Office of the Great Lakes	FTE	12.0	0.0
Reduces funding for the Office of the Great Lakes by \$75,000 GF/GP. The Office coordinates Great Lakes protection programs and serves as Michigan’s primary information source on Great Lakes issues.	Gross	\$2,263,100	(\$75,000)
	Federal	815,600	0
	Restricted	506,600	0
	GF/GP	\$940,900	(\$75,000)
15. Scrap Tire Grants – Alpena	Gross	\$3,500,000	\$3,000,000
Authorizes \$3.0 million from the Scrap Tire Regulatory Fund to expand the Scrap Tire Market Development Grant Program, targeted to Alpena.	Restricted	3,500,000	3,000,000
	GF/GP	\$0	\$0
16. Renew Michigan Program	Gross	\$68,500,000	\$500,000
Restores \$500,000 of restricted funding for the Renew Michigan Program to return funding to \$69.0 million. In FY 2019-20, the governor vetoed a \$500,000 earmark for the Michigan Geological Survey which reduced program funding to \$68.5 million. The program supports environmental remediation at non-petroleum contaminated sites, recycling, and solid waste management; it is funded by an income tax earmark.	Restricted	68,500,000	500,000
	GF/GP	\$0	\$0

ENVIRONMENT, GREAT LAKES, AND ENERGY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
17. Environmental Workshops and Conferences – Environmental Support	FTE	31.0	0.0
	Gross	\$4,659,000	\$335,900
Adds \$335,900 of private funding to the Environmental Support appropriation for environmental outreach through EGLE-sponsored workshops and conferences. This appropriation is named Communications and Community Outreach in FY 2019-20 and provides funding for departmental communications and public affairs.	Federal	2,200	0
	Private	364,100	335,900
	Restricted	1,457,800	0
	GF/GP	\$2,834,900	\$0
18. Efficiency and Renewable Energy Revolving Loan Fund – Environmental Sustainability and Stewardship	Gross	NA	\$250,000
Recognizes the transfer of \$250,000 from the Efficiency and Renewable Energy Revolving Loan Fund from LARA to EGLE in accordance with Executive Order 2019-6 which transitioned the department from DEQ to EGLE.	Restricted	NA	250,000
	GF/GP	NA	\$0
19. Removal of FY 2019-20 One-Time Funding	Gross	\$120,000,100	(\$120,000,100)
Removes \$120.0 million GF/GP for drinking water initiatives included in the FY 2019-20 budget. Initiatives included Drinking Water Revolving Fund loan forgiveness, lead and copper rule implementation, PFAS and emerging contaminant remediation, and grants for the development of asset management plans.	Restricted	100	(100)
	GF/GP	\$120,000,000	(\$120,000,000)
20. Technical Adjustments	Gross	NA	\$243,900
Increases the EGLE budget by \$243,900 Gross (\$8,000 GF/GP) to align appropriations with available restricted and federal funding and further align appropriations with departmental transition from DEQ to EGLE.	IDG	NA	69,300
	Federal	NA	(4,323,900)
	Private	NA	(127,500)
	Restricted	NA	4,618,000
	GF/GP	NA	\$8,000
21. Economic Adjustments	Gross	NA	\$6,453,700
Reflects increased costs of \$6.5 million Gross (\$1.4 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	87,900
	Federal	NA	1,027,000
	Private	NA	1,600
	Restricted	NA	3,917,700
	GF/GP	NA	\$1,419,500

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

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

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

Sec. 217. Expending Available Work Project Authorization – NEW

Advises the department not to expend appropriations in part 1 until existing work project authorization for the same purpose has been expended.

ENVIRONMENT, GREAT LAKES, AND ENERGY

Major Boilerplate Changes from FY 2019-20

Sec. 218. State Administrative Board Transfers – NEW

Allows the legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers funds appropriated in part 1.

Sec. 219. Receipt and Retention of Reports – NEW

Requires the department to receive and retain copies of all reports funded in part 1.

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

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. 238. Fee and Fund Source Report – DELETED

Requires the department to report information detailing activities related to fees and fund sources on its public website.

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

Authorizes unexpended funds appropriated for Emergency Cleanup Actions, Environmental Cleanup and Redevelopment Program, 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 with a tentative completion date of September 30, 2022. Revised to exclude the Environmental Cleanup and Redevelopment Program.

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

Earmarks \$350,000 and 2.0 FTE positions from Land and Water Interface Permit Programs in part 1 for Dam Safety Programs.

Sec. 410. Lake Erie Report – REVISED

Requires the department to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement; requires the report to include estimated cost of removal of total phosphorus per pound at four major wastewater treatment plants, description of grants awarded, description of work that has commenced on issue of dissolved reactive phosphorus, expected objectives and outcomes of that work, list of parties involved in that effort, and description of efforts and outcomes aimed at total phosphorus reduction for River Raisin watershed. Revised to add November 1 report due date.

Sec. 601. Public Service Commission Memorandum of Understanding – DELETED

Requires the department to enter into a memorandum of understanding with the Public Service Commission to outline responsibilities of the Office of Climate and Energy.

Sec. 901. Volkswagen Settlement Receive and Expend – NEW

Authorizes expenditure of funds from the Volkswagen Environmental Mitigation Trust upon receipt as outlined in the state's mitigation plan; requires a report on the trust's preceding fiscal year's expenditures by February 1.

Sec. 902. Scrap Tire Grants Earmark – NEW

Earmarks \$3.0 million from Scrap Tire Grants in part 1 for a project in Alpena.

Sec. 1001. Lead and Copper Rule Implementation – DELETED

Directs expenditure of funding for grants for asset management plan creation, water distribution system materials inventories, and public education awareness campaigns related to drinking water contaminants including lead; requires a report on expenditures.

Sec. 1002. PFAS and Emerging Contaminants – DELETED

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

Sec. 1003. Drinking Water Revolving Fund Loan Forgiveness – DELETED

Directs expenditure of funding for grants for drinking water infrastructure upgrades included in community asset management plans; requires a report on expenditures.

Sec. 1004. Affordability and Planning – DELETED

Directs expenditure of funding for affordability and planning to communities to enhance their respective asset management plans, develop sustainable water rate plans, or develop watershed plans; requires a report on expenditures.

Sec. 1005. Private Well Testing – REVISED

Directs expenditure of funding for private well testing to local health departments to provide water testing to private well owners; requires a report on expenditures. Revised to make section dependent upon "if funds become available."

Major Boilerplate Changes from FY 2019-20

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

Directs expenditure of funding for the Blanchard Dam bond inspection and repair needs study in part 1 to conduct a study of repair needs and for inspection at Blanchard Dam in Isabella County.

Sec. 1007. Cooperative Lakes Monitoring Program – NEW

Directs expenditure of funding for Cooperative Lakes Monitoring Program in part 1 to continue the program which helps volunteers monitor local lake water quality and document changes over time.

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

Directs expenditure of funding for environmental cleanup project (one-time) in part 1 to support demolition costs of an electroplating services building in Madison Heights.

Sec. 1009. Lead and Copper Rule Support – NEW

Directs expenditure of funding for lead and copper rule support in part 1 for water line replacement in the City of Clare (\$2.5 million) and the City of Burton (\$250,000).

Sec. 1010. Michigan Geological Survey – NEW

Directs expenditure of funding for the Michigan Geological Survey in part 1 to support basic and applied geological research at Western Michigan University and designates the funding as a work project account.

Sec. 1011. Multistate Aquifer Study – NEW

Directs expenditure of funding for the multistate aquifer study in part 1 for a study of the Michindoh Aquifer in Michigan, Indiana, and Ohio and designates the funding as a work project account.

Sec. 1012. Water Treatment Plant Project – NEW

Directs expenditure of funding for the water treatment plant project in part 1 for contamination remediation at a water treatment plant in Parchment.

Sec. 1013. Watershed Council Grants – NEW

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

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 401. Volkswagen Environmental Mitigation Trust Agreement

Authorizes the department to receive and expend funding from the Volkswagen Environmental Mitigation Trust Agreement to provide support for activities outlined in the state's mitigation plan; requires a report on expenditures incurred.

GENERAL GOVERNMENT TOTALS

GENERAL GOVERNMENT TOTALS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analysts: Ben Gielczyk and Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$1,024,134,300	\$1,099,669,700	\$75,535,400	7.4
Federal	1,002,960,800	1,185,185,200	182,224,400	18.2
Local	21,437,000	26,297,200	4,860,200	22.7
Private	6,943,100	11,950,100	5,007,000	72.1
Restricted	2,342,240,100	2,432,301,600	90,061,500	3.8
GF/GP	1,110,223,100	1,297,539,900	187,316,800	16.9
Gross	\$5,507,938,400	\$6,052,943,700	\$545,005,300	9.9
FTEs	9,922.0	9,994.0	72.0	0.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 the Michigan Strategic Fund/Michigan Economic Development Corporation, Michigan State Housing Development Authority, Employment Services, Unemployment Insurance Agency, Michigan Rehabilitation Services, and Workforce Development). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2020-21 General Government appropriations bill follow this page.

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 204. Internet Availability of Required Reports – REVISED

Requires departments to use the internet to fulfill reporting requirements; authorizes transmission of reports via email. Revises to require reports to be placed on an internet site.

Major Boilerplate Changes from FY 2019-20

Sec. 206. Disciplinary Action Against State Employees – REVISED

Prohibits departments from taking disciplinary action against state civil service employees for communicating with legislators or their staff. Revises to stipulate disciplinary action is permissible if the communication is prohibited by law and the department is exercising its authority in taking disciplinary action as provided by law.

Sec. 210. Countercyclical Budget and Economic Stabilization Fund (BSF) – REVISED

Provides BSF calculations for pay-in and pay-out as required by Section 352 of the Management and Budget Act. States that no funds are deposited in the Countercyclical Budget and Economic Stabilization Fund in FY 2019-20. Revises calculation tables; includes a deposit of \$35.0 million GF/GP and an amount equal to 100% of the FY 2019-20 GF/GP lapses as a FY 2020-21 BSF deposit.

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

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 reports by April 1, and semiannually thereafter, that specifies the number of employees engaged in remote work in 2020, number of employees authorized to work remotely and the actual number working remotely, estimated net cost savings from remote work, and the reduced use of office space associated with remote work.

Sec. 217. Work Project Expenditures – REVISED

Prohibits appropriations in part 1 from being expended in cases where existing work project authorization is available for the same expenditures. Revises by adding “to the extent possible” to the prohibition of spending appropriations prior to the exhaustion of work project authorization.

Sec. 218. State Administrative Board Transfers – NEW

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

Sec. 219. Reporting Requirement Penalties – DELETED

Requires departments and agencies to provide all reports by the indicated due date and to provide information requested by a member of the legislature, his or her staff, or the House and Senate fiscal agencies in a timely manner. Indicates that if the report is not provided by the required due date or a request for information is not received within 30 days of the request date, state funds appropriated in part 1 shall be reduced by 5%. Authorizes departments and agencies to request a waiver if chairs of the subcommittees on general government are notified.

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

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

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

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

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – RETAINED (UNENFORCEABLE)

Requires departments to report on 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.

(Governor’s signing letter states this section is unenforceable.)

Sec. 237. Information Technology Project Guidance – REVISED

Requires information technology projects funded by appropriations in part 1 to utilize information technology project management best practices and services as defined or recommended by the Enterprise Portfolio Management Office of DTMB and comply with the requirements of the State Unified Information Technology Environment (SUITE) methodology as it applies to all information technology project management processes. Revises by renumbering the section and transferring it to General Sections to apply to all departments and agencies in Article 5.

DEPARTMENT OF ATTORNEY GENERAL
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$34,373,000	\$35,285,800	\$912,800	2.7
Federal	9,713,700	9,906,100	192,400	2.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,159,800	20,488,300	328,500	1.6
GF/GP	41,736,300	41,148,400	(587,900)	(1.4)
Gross	\$105,982,800	\$106,828,600	\$845,800	0.8
FTEs	542.4	543.4	1.0	0.2

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

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

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Elder Abuse Task Force

Authorizes \$387,500 GF/GP to support three investigators to serve the Elder Abuse Task Force, a joint initiative between the department, Michigan Supreme Court, legislature, and other organizations, to implement changes recommended by previous task forces to prevent elder abuse, neglect, and exploitation and to support abuse victims. Previous task forces are the 1998 Supreme Court Task Force on Guardianships and Conservatorships and the 2007 Governor's Task Force on Elder Abuse.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
FTE	NA	3.0
Gross	NA	\$387,500
GF/GP	NA	\$387,500

2. Ok2Say Transfer to State Police

Reduces \$1.5 million Gross (\$1.0 million GF/GP), and 2.0 FTE positions to reflect the transfer of administrative and promotional functions of the Ok2Say multimedia student safety reporting hotline to the Michigan State Police (MSP). MSP currently staffs and operates the hotline call center.

FTE	2.0	(2.0)
Gross	\$1,472,300	(\$1,481,000)
Restricted	472,300	(469,600)
GF/GP	\$1,000,000	(\$1,011,400)

GENERAL GOVERNMENT: ATTORNEY GENERAL

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
3. Public Safety Initiative			
	FTE	1.0	0.0
Reduces \$21,100 GF/GP for additional prosecutorial services to reduce the backlog of outstanding warrants in Saginaw, Flint, Pontiac, and Wayne County due to more than sufficient funding being available for the number of outstanding warrants and cases.	Gross	\$906,200	(\$21,100)
	GF/GP	\$906,200	(\$21,100)
4. Technical Adjustment from Ad Board Transfer			
Removes \$4,300 Gross (\$500 GF/GP) by eliminating 43 \$100 line item placeholders remaining after Administrative Board Resolution 2019-12 consolidated unrolled line items.	Gross	\$4,300	(\$4,300)
	IDG	2,300	(2,300)
	Federal	200	(200)
	Restricted	1,300	(1,300)
	GF/GP	\$500	(\$500)
5. Discretionary Spending Reductions			
Reduces \$648,000 GF/GP to reflect departmentwide savings in costs towards discretionary personnel contracts, and travel expenses, and aligns funding with expenses. Reductions are as follows: \$305,900 for the department operations line; \$269,800 for sexual assault law enforcement due to the availability of prior year funding to support the program; \$40,700 for Prosecuting Attorneys Coordinating Council; and \$31,600 for child support enforcement.	Gross	NA	(\$648,000)
	GF/GP	NA	(\$648,000)
6. GF Fund Shift – Attorney General’s Operations Fund			
Appropriates available state restricted Attorney General’s Operations Fund revenue to offset a corresponding GF/GP reduction. The Attorney General Operations Fund receives a portion of fees collected by the Friend of the Court Michigan State Disbursement Unit. Fee revenue is authorized to be used to support department operation costs.	Gross	\$766,200	\$0
	Restricted	766,200	352,000
	GF/GP	\$0	(\$352,000)
7. Economic Adjustments			
Reflects increased costs of \$2.6 million Gross (\$1.1 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	Gross	NA	\$2,612,700
	IDG	NA	915,100
	Federal	NA	192,600
	Restricted	NA	447,400
	GF/GP	NA	\$1,057,600

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor’s signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 308. Appropriation of Litigation Expense Reimbursements – NEW

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

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

Requires department to notify of lawsuit settlements with a fiscal impact for the state of \$5.0 million or more; prohibits department from entering into a lawsuit that is contrary to state laws; requires department to enforce state laws. Revises dollar amount of settlement size requiring notification to \$2.0 million.

GENERAL GOVERNMENT: ATTORNEY GENERAL

Major Boilerplate Changes from FY 2019-20

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

Requires department to submit notification upon entering lawsuit against federal government and estimated costs for participating in the lawsuit; requires attorney general to appear before House and Senate subcommittees on General Government within 30 days from a request of the chairperson of either subcommittee. Revises by eliminating requirement for attorney general to appear before the subcommittees.

Sec. 322. Department Initiatives Quarterly Expenditure Report – NEW

Requires department to submit quarterly expenditure reports by line item and fund source for the following initiatives and activities: Catholic Church Investigation, Elder Abuse Task Force, Conviction Integrity Unit, Opioid Litigation, Hate Crimes Unit, Michigan State University Investigation, PFAS Contamination, Human Trafficking, and Robocall Enforcement.

**DEPARTMENT OF CIVIL RIGHTS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)**

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$298,500	\$299,800	\$1,300	0.4
Federal	2,816,900	2,868,200	51,300	1.8
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	13,195,700	14,792,200	1,596,500	12.1
Gross	\$16,388,300	\$18,037,400	\$1,649,100	10.1
FTEs	116.0	116.0	0.0	0.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Museums Support	Gross	\$0
Includes \$1.5 million GF/GP to support the Arab American National Museum in Dearborn, the Charles H. Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills with \$500,000 each.	GF/GP	\$1,500,000
2. Discretionary Reductions	Gross	(\$250,000)
Reduces \$250,000 GF/GP to reflect cost savings from two vacant positions and decreased travel expenses.	GF/GP	(\$250,000)
3. Economic Adjustments	Gross	\$399,100
Reflects increased costs of \$399,100 Gross (\$346,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	1,300
	Federal	51,300
	GF/GP	\$346,500

GENERAL GOVERNMENT: CIVIL RIGHTS

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 402. Training and Information Dissemination – REVISED

Authorizes department to receive and expend local and private funds pertaining to employer training, publication and sale of informational material, copy and witness fees, mediation activities, workshops and seminars, and related staffing costs. Revises to cap authorized revenues between local and private sources to \$85,000.

Sec. 411. Museums Support – NEW

Allocates \$500,000 each to the Arab American National Museum in Dearborn, the Charles H. Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills from \$1.5 million appropriated for Museums Support.

**EXECUTIVE OFFICE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)**

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	7,114,300	7,114,300	0	0.0
Gross	\$7,114,300	\$7,114,300	\$0	0.0
FTEs	89.2	89.2	0.0	0.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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.

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Operational Adjustments

There are no changes to the Executive Office for FY 2020-21.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$7,114,300	\$0
GF/GP	\$7,114,300	\$0

Major Boilerplate Changes from FY 2019-20

There are no major boilerplate changes for FY 2020-21.

LEGISLATURE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,514,100	4,637,300	123,200	2.7
GF/GP	170,576,000	170,702,600	126,600	0.1
Gross	\$175,490,100	\$175,739,900	\$249,800	0.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, Property Management, and the Independent Citizens Redistricting Commission. 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 2019-20 YTD Appropriations

1. Legislative Operations Adjustment

Reflects increased costs of \$123,200 Gross (\$0 GF/GP) related to legislative staff and other operations.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$172,127,300	\$123,200
Private	400,000	0
Restricted	4,514,100	123,200
GF/GP	\$167,213,200	\$0

2. Independent Citizens Redistricting Commission

Reduces Independent Citizens Redistricting Commission operations by \$213,400 GF/GP, for a total of \$3.1 million GF/GP. The Michigan Constitution requires an appropriation of not less than 25% of the GF/GP budget for the Secretary of State for Independent Citizens Redistricting Commission operations. The appropriation reflects 25% of Secretary of State GF/GP appropriations.

Gross	\$3,362,800	(\$213,400)
GF/GP	\$3,362,800	(\$213,400)

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
3. <i>Senate and House of Representatives Census Tracking/Reapportionment</i>	Gross	NA
	GF/GP	\$340,000
		\$340,000

Includes \$340,000 GF/GP, split evenly between the Senate and House of Representatives, for costs associated with census tracking and reapportionment. Costs may include equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan.

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor’s signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

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

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

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

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

Sec. 616. Independent Citizens Redistricting Commission – NEW

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

LEGISLATIVE AUDITOR GENERAL
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$6,068,400	\$6,250,400	\$182,000	3.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,077,100	2,139,500	62,400	3.0
GF/GP	17,790,300	18,324,000	533,700	3.0
Gross	\$25,935,800	\$26,713,900	\$778,100	3.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Auditor General Operations Adjustments	Gross	\$25,935,800	\$778,100
Reflects increased costs of \$778,100 Gross (\$533,700 GF/GP) related to Auditor General staff and other operations.	IDG	6,068,400	182,000
	Restricted	2,077,100	62,400
	GF/GP	\$17,790,300	\$533,700

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Major Boilerplate Changes from FY 2019-20

Sec. 626. Michigan Department of Transportation Contract Consultant Performance Audit – DELETED

Requires Auditor General to conduct a performance audit of MDOT use and procurement of contract consultants for evaluating construction material specifications and availability.

Sec. 627. Operations Work Project Language – NEW

Provides work project authorization for unexpended funds related to Field Operations. The purpose of the work project is to conduct the state of Michigan Comprehensive Annual Financial Report. The total estimated cost is \$3.0 million and the tentative completion date is September 30, 2025.

DEPARTMENT OF STATE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Crossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			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	215,431,700	220,189,900	4,758,200	2.2
GF/GP	13,451,200	12,597,500	(853,700)	(6.3)
Gross	\$250,393,000	\$254,297,500	\$3,904,500	1.6
FTEs	1,592.0	1,592.0	0.0	0.0

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of State 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 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Enhanced Driver License Fee Fund Shift	Gross	NA	\$0
Reduces GF/GP by \$663,200 and replaces it with a corresponding amount of state restricted funding from the Enhanced Driver License and Enhanced Official State Personal Identification Card Fund.	Restricted	NA	663,200
	GF/GP	NA	(\$663,200)
2. Branch Office Savings	Gross	\$91,450,900	(\$870,000)
Reduces \$870,000 GF/GP to reflect cost savings from fewer in-person customer transactions at secretary of state branch offices because of the availability of online services and appointments.	IDG	20,000,000	0
	Restricted	69,086,900	0
	GF/GP	\$2,364,000	(\$870,000)
3. Information Technology Savings	Gross	\$38,625,700	(\$130,000)
Reduces \$130,000 GF/GP to reflect information technology cost reductions and cost savings gained through the implementation of the vehicle portion of the Customer Automotive Records System (CARS), the department's modernized computer system.	Restricted	37,026,000	0
	GF/GP	\$1,599,700	(\$130,000)
4. Economic Adjustments	Gross	NA	\$4,904,500
Reflects increased costs of \$4.9 million Gross (\$809,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	4,095,000
	GF/GP	NA	\$809,500

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 701. Contingency Funding – REVISED

Appropriates up to \$2.0 million in federal, \$2.5 million in state restricted, \$25,000 in local, and \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$500,000 in federal, and \$500,000 in state restricted contingency funds.

FY 2019-20 Supplemental Appropriation Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

**Appropriation
Change**

1. Help America Vote Act

Includes authorization to receive \$13.9 million in federal funding for improvement of administration of elections for federal office. Funding includes \$12.1 million in Election Security Grants appropriated by Congress in the Consolidated Appropriations Act, 2020 and authorization for \$1.8 million, which is the remaining balance of interest earned on prior Help America Vote Act funding. The \$12.1 million in grant funding will support enhancements to the Qualified Voter File voter registration database, risk limiting auditing, voter registration security, network upgrades for local clerks, and other election security purposes. The \$1.8 million from interest earned on prior HAVA funds will support maintenance and upgrades to the Qualified Voter File.

Gross	\$13,909,000
Federal	13,909,000
GF/GP	\$0

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 601. Help America Vote Act

Designates the unexpended funds as a work project appropriation; specifies that the purpose of the project is to provide election security improvements to the election system, equipment, and processes used in federal elections in support of local and county elections officials; requires quarterly reports on the status of the monthly process for eliminating deceased voters from the Qualified Voter File; prohibits funding from being used for statewide ballot application or absentee ballot mailings; authorizes funding to be used for grants to local and county election clerks for mailing-related expenses; requires the secretary of state to use information from returned mail from previous ballot application mailings for Qualified Voter File maintenance.

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$950,488,800	\$1,024,720,900	\$74,232,100	7.8
Federal	4,968,400	5,139,300	170,900	3.4
Local	2,321,200	2,337,700	16,500	0.7
Private	131,100	134,600	3,500	2.7
Restricted	117,916,800	123,046,400	5,129,600	4.4
GF/GP	493,574,200	516,326,100	22,751,900	4.6
Gross	\$1,569,400,500	\$1,671,705,000	\$102,304,500	6.5
FTEs	3,132.0	3,139.0	7.0	0.2

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as “one-time.”
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state’s retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children’s Ombudsman.

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Venture Michigan Fund II Voucher Purchase	Gross	NA
Provides \$37.2 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$7.5 million in FY 2020-21 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.	GF/GP	\$37,200,000

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
2. State Psychiatric Facilities Special Maintenance	Gross	NA	\$15,000,000
Authorizes \$15.0 million of one-time GF/GP to the Enterprisewide Special Maintenance program to support deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers. Funds would be distributed to the following facilities: Walter Reuther Psychiatric Hospital in Westland, Kalamazoo Psychiatric Hospital in Kalamazoo, Caro Center in Caro, Center for Forensic Psychiatry in Ann Arbor, and Hawthorn Center in Northville.	GF/GP	NA	\$15,000,000
3. Retirement Services Customer Relationship Management	Gross	NA	\$2,500,000
Authorizes \$2.5 million of state restricted Pension Trust Funds to support the replacement of the existing Customer Relationship Management System used by the Office of Retirement Services (ORS) and its ongoing maintenance. Of the \$2.5 million, \$2.1 million is recommended as one-time funding to develop and implement the system and \$400,000 is recommended as ongoing funding to maintain the system.	Restricted	NA	2,500,000
	GF/GP	NA	\$0
4. Retirement Services Financial Reporting Compliance	Gross	NA	\$400,000
Authorizes \$400,000 of state restricted Pension Trust Funds to allow ORS to comply with updated Government Accounting and Standards Board auditing and actuarial requirements and to administer increased reporting standards related to the Military Retirement System becoming a prefunded system under a qualified trust.	Restricted	NA	400,000
	GF/GP	NA	\$0
5. State Police Retirement System Supplemental Payments	Gross	\$10,000	(\$5,000)
Reduces \$5,000 of GF/GP that was used for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2020-21 is \$77,000 for 20 beneficiaries, a decrease of \$5,000 GF/GP from FY 2019-20.	GF/GP	\$10,000	(\$5,000)
6. FY 2020-21 IT IDG Baseline Adjustment	FTE	1,460.5	2.0
Authorizes \$59.4 million of IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Authorizes 2.0 FTE positions to reflect ongoing IT support for the Lawful Sports Betting Act, 2019 PA 149. Technology service appropriation lines are prorated by department based on their total IT budget.	Gross	\$770,504,200	\$59,425,400
	IDG	770,504,200	59,425,400
	GF/GP	\$0	\$0
7. DTMB Rate Changes for Vehicle Services	Gross	NA	\$962,600
Authorizes \$962,600 of IDG funding to reflect increased rate agreements for vehicle travel services agreed upon by the rate committee based on projected miles driven and discontinuation of certain models of state-owned vehicles.	IDG	NA	962,600
	GF/GP	NA	\$0
8. SWCAP Adjustment	Gross	NA	\$0
Reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and an increase of \$196,500 GF/GP.	IDG	NA	481,500
	Restricted	NA	(678,000)
	GF/GP	NA	\$196,500
9. Supplier Relationship Management and MiDeal	Gross	NA	\$585,000
Authorizes \$585,000 of state restricted funds for three procurement-related recommendations: \$110,000 for a comprehensive supplier risk and information subscription used for the Pre-Contract Risk Assessment program appropriated in 2017 PA 107; \$75,000 to offset costs of Michigan small business suppliers attending the Michigan Supplier Summit; and \$400,000 to continue support of MiDeal, which allows local units of government use of state-negotiated contracts.	Restricted	NA	585,000
	GF/GP	NA	\$0

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
10. D.J. Jacobetti Home for Veterans Accounting Center	FTE	NA	5.0
Authorizes receipt of \$710,000 of IDG funding and 5.0 FTE positions from the Department of Military and Veterans Affairs to reflect the transfer of Accounting Service Center staff members serving the D.J. Jacobetti Home for Veterans to DTMB. Accounting staff members would continue to serve the veterans' home.	Gross	NA	\$710,000
	IDG	NA	710,000
	GF/GP	NA	\$0
11. Administrative Services Reduction	Gross	\$24,357,700	(\$500,000)
Reduces \$500,000 GF/GP from Administrative Services from identification of administrative cost savings.	IDG	13,255,500	0
	Restricted	5,224,300	0
	GF/GP	\$5,877,900	(\$500,000)
12. Business Support Services GF Reduction Fund Shift	Gross	\$12,911,300	\$0
Reduces GF/GP by \$1.5 million and replaces it with a corresponding amount of state restricted Special Revenue, Internal Service, and Pension Trust Funds available from contract revenue.	IDG	457,000	0
	Federal	100	0
	Restricted	6,601,900	1,500,000
	GF/GP	\$5,852,300	(\$1,500,000)
13. Michigan Cyber Command Center Transfer to MSP	Gross	\$14,755,000	(\$665,100)
Transfers \$665,100 GF/GP and expenses for the Michigan Cyber Command Center to the Michigan State Police (MSP) budget. MSP currently administers the center.	GF/GP	\$14,755,000	(\$665,100)
14. Public-Private Partnership	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million of state restricted fund authorization for the Public- Private Partnership program authorized under 2013 PA 59. Revenue for the program was never realized.	Restricted	1,500,000	(1,500,000)
	GF/GP	\$0	\$0
15. Technical Adjustment from Ad Board Transfer	Gross	\$500	(\$500)
Eliminates five \$100 placeholder line items, for a total reduction of \$500 GF/GP. Administrative Board Resolution 2019-12 consolidated unrolled line items.	GF/GP	\$500	(\$500)
16. Professional Development Funds Transfer	Gross	\$1,100,000	\$0
Transfers \$50,000 of IDG funding from Professional Development Fund - MPE, SEIU, Scientific and Engineering Unit to Professional Development Fund - MPE, SEIU, Technical Unit to reflect collective bargaining agreements identified by the Office of the State Employer. The net change is \$0 Gross.	IDG	1,100,000	0
	GF/GP	\$0	\$0
17. SBA Rent Adjustment	Gross	\$246,570,600	(\$15,000,000)
Reduces \$15.0 million GF/GP for funds appropriated for debt obligations to finance major capital outlay construction projects from savings achieved through restructured bond agreements and funding alignment with projected debt obligations.	GF/GP	\$246,570,600	(\$15,000,000)
18. Information Technology Investment Fund (ITIF)	Gross	\$35,000,000	(\$2,500,000)
Transfers \$20.0 million GF/GP from the General Services line to the Information Technology Investment Fund line after being unrolled and consolidated in the FY 2019-20 budget and reduces \$2.5 million through deferred projects for GF/GP savings.	GF/GP	\$35,000,000	(\$2,500,000)
19. Federal Funding Alignment Transfer	Gross	\$18,695,700	\$0
Transfers \$100 of federal funding from the Business Support Services line to the Bureau of Labor Market Information and Strategies line to align with available federal funding.	IDG	457,000	0
	Federal	4,855,700	0
	Local	35,000	0
	Restricted	6,601,900	0
	GF/GP	\$6,746,100	\$0

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>
20. Removal of Current Year One-Time Funding	Gross	\$21,948,200	(\$21,948,200)
Eliminates \$21.9 million Gross (\$21.9 million GF/GP) of one-time funding appropriated in FY 2019-20: \$10.0 million for 2020 census-related activities; \$5.0 million for Enterprisewide Special Maintenance for State Facilities; \$4.9 million for the Michigan Public Safety Communication System; \$2.0 million for Proposal 2 implementation; and \$100 of state restricted funding for a Flint drinking water emergency placeholder.	Restricted	100	(100)
	GF/GP	\$21,948,100	(\$21,948,100)
21. Discretionary Spending Reductions	Gross	NA	(\$1,025,000)
Reduces \$1.0 million GF/GP from savings from discretionary spending reductions and through continuation of a hiring freeze. Reductions include savings from vacant positions and reduced non-essential travel, conference attendance, and supplies and are made to the following line items:	GF/GP	NA	(\$1,025,000)
<ul style="list-style-type: none"> • Business Support Services: (\$318,900) • Information Technology Services and Projects: (\$200,000) • Enterprise Identity Management: (\$213,600) • Michigan Public Safety Communication System: (\$200,000) • Agency Services: (\$13,300) • Executive Direction: (\$10,600) • Human Resources Operations: (\$18,600) • Office of the State Employer: (\$50,000) 			
22. Training Class Materials Reduction	Gross	NA	(\$725,000)
Reduces \$725,000 GF/GP from foregoing the purchase of civil service employee training class materials for FY 2020-21.	GF/GP	NA	(\$725,000)
23. Enterprisewide Special Maintenance	Gross	NA	(\$3,000,000)
Reduces \$3.0 million GF/GP for various general maintenance and demolition projects of state-owned facilities across the state. Funding is used for maintenance, demolition, and upkeep of state facilities.	GF/GP	NA	(\$3,000,000)
24. Executive Budget Revision Motor Vehicle Fleet	Gross	\$75,949,700	\$5,000,000
Provides \$5.0 million in IDG funding authorization to support the state's centralized motor vehicle fleet and travel operations for FY 2020-21 and FY 2021-22, for additional motor vehicle leases and expected vehicle maintenance costs, and for information technology software.	IDG	75,949,700	5,000,000
	GF/GP	\$0	\$0
25. Broadband Expansion	Gross	NA	\$14,305,000
Provides \$14.3 million GF/GP to fund the Connecting Michigan Communities (CMIC) grant program to expand broadband internet connectivity to underserved communities throughout Michigan using a competitive application process.	GF/GP	NA	\$14,305,000
26. Economic Adjustments	Gross	NA	\$13,085,300
Reflects increased costs of \$13.1 million Gross (\$2.9 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	7,652,600
	Federal	NA	170,900
	Local	NA	16,500
	Private	NA	3,500
	Restricted	NA	2,322,700
	GF/GP	NA	\$2,919,100

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 809. Computer Contracts – REVISED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000, individually or in aggregate. Revises by lowering contract value changes amount from \$500,000 to \$250,000.

Sec. 822b. Public Private Partnership Investments – DELETED

Creates Public-Private Partnership Investment Fund and provides for its expenditure on certain projects; requires annual report on the fund and associated projects; requires DTMB to monitor fund revenue and request legislative transfers as necessary to pay the amount appropriated for public-private partnership investments.

Sec. 822o. Northern Satellite Psychiatric Facility – DELETED

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility; the capital outlay project was approved for planning authorization under Article II of 2017 PA 107.

Sec. 831. Information Technology Services Billing – REVISED

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 45 days after the end of the month in which services were provided. Revises the start of the 45 day from after the end of the month in which services were provided to the day which DTMB received approval from departments to pay vendor invoices.

Sec. 837. EPMO Management of Projects – REVISED

Requires projects expending more than \$250,000 to utilize information technology project management best practices as defined or recommended by Enterprise Portfolio Management Office and comply with state SUITE methodology and requirements. Revises to eliminate \$250,000 spending threshold and renumbers as Section 237 under General Sections.

Sec. 838. Clawback Provisions in State Procurement Contracts – REVISED

Requires department to develop policies and procedures that will require all new procurement contracts to include clawback repayment provisions in event of a breach of contract by vendor. Revises language from requiring clawback repayment provisions to require performance-related liquidated damages or performance targets with incentives.

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

Requires funds to be awarded as grants through a competitive grant process to areas underserved by broadband internet providers delineated by census blocks; provides definitions of terms used in the section; lists information required from applicants to receive a grant; permits applicants to delineate an area within a census block and provides requirements from applicants to establish a delineated area; provides requirements for the grant process including criteria and priorities by which administrators will determine grant awards; lists factors that would disqualify an applicant from receiving a grant, including if a broadband network is planned for the area of the proposed project or if the area of the project has been selected to receive federal grant money for broadband expansion; requires DTMB to publish details of each applicant's proposed project; requires DTMB to establish a period of at least 60 days to accept comments or objections after publishing award recommendations and requires DTMB to take certain actions upon receiving comments or objections; provides conditions on DTMB awarding grants, including awarding initial grant money within 270 days and prohibiting awarding more than \$5.0 million to any one project or applicant; requires DTMB to provide notice and details of grant awards on its website; requires applicants to submit semiannual reports on use of grant money and progress of each project.

Sec. 867. Farnum Building – DELETED

Allocates proceeds from sale of the Farnum Building to DTMB; requires shortfall to be appropriated by legislature if net proceeds are less than \$7.0 million.

Major Boilerplate Changes from FY 2019-20

Sec. 880. Drinking Water Declaration of Emergency Reserve Fund – DELETED

Provides information on Drinking Water Declaration of Emergency Reserve Fund; requires legislative appropriation or transfer for spending use; authorizes end of year balance to be carried forward.

Sec. 882. Department of Health and Human Services – Caro Center Replacement – DELETED

Revises scope for DHHS – Caro Center Replacement capital outlay project that was approved for construction in 2017 PA 107 at a total estimated cost of \$115.0 million entirely funded by the state; requires department to build a new 100-bed facility at current location of Caro Regional Mental Health Center.

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 701. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for additional future response activities, by \$9.0 million.

DEPARTMENT OF TREASURY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$12,905,600	\$13,112,800	\$207,200	1.6
Federal	27,242,500	27,421,800	179,300	0.7
Local	13,215,800	13,059,500	(156,300)	(1.2)
Private	27,500	28,900	1,400	5.1
Restricted	1,786,008,300	1,789,352,600	3,344,300	0.2
GF/GP	210,476,800	323,667,200	113,190,400	53.8
Gross	\$2,049,876,500	\$2,166,642,800	\$116,766,300	5.7
FTEs	1,884.5	1,934.5	50.0	2.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

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

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Constitutional Revenue Sharing	Gross	\$865,441,900	(\$13,571,600)
Decreases by \$13.6 million of restricted sales tax revenue relative to the FY 2019-20 budget act appropriated amount. Appropriation reflects August 2020 CREC estimate for FY 2020-21.	Restricted	865,441,900	(13,571,600)
	GF/GP	\$0	\$0
2. City, Village, and Township (CVT) Revenue Sharing	Gross	\$261,024,600	\$0
Retains initially enacted FY 2019-2020 funding levels for CVT Revenue Sharing.	Restricted	261,024,600	0
	GF/GP	\$0	\$0
3. County Revenue Sharing/County Incentive Program	Gross	\$226,508,100	\$21,300
Retains initially enacted FY 2019-20 revenue sharing levels for eligible counties and includes \$21,300 to accommodate the return of Leelanau County to state revenue sharing payments after it exhausts its revenue sharing reserve fund in 2021.	Restricted	226,508,100	21,300
	GF/GP	\$0	\$0
4. Michigan Infrastructure Council	FTE	NA	3.0
Includes \$850,000 Gross (\$600,000 GF/GP) and authorizes 3.0 FTE positions to support ongoing activities of the Michigan Infrastructure Council created under 2018 PA 323. Activities of the council have been supported with \$1.5 million in work project appropriations from FY 2017-18.	Gross	NA	\$850,000
	IDG	NA	250,000
	GF/GP	NA	\$600,000

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
5. General Obligation Bond Debt Service	Gross	\$104,335,000	\$9,400,000
Increases by \$9.4 million GF/GP to accommodate increased debt service requirements from new bond issuances for Clean Michigan Initiative, Quality of Life, and Great Lakes Water Quality.	GF/GP	\$104,335,000	\$9,400,000
6. Adult-Use (Recreational) Marihuana Grants to Locals	Gross	\$20,250,000	\$3,150,000
Includes \$3.2 million Marihuana Regulation Fund to adjust the level of payments to locals based on estimated revenues to the fund. Payments to locals are estimated to total \$23.4 million in FY 2020-21. These payments comprise 30% of the Marihuana Regulation Fund allocations and are split evenly between counties and other municipalities and distributed proportionately based on the number of marihuana retail stores and microbusinesses within the county or municipality.	Restricted	20,250,000	3,150,000
	GF/GP	\$0	\$0
7. Adult-Use (Recreational) Marihuana Administration	FTE	2.0	5.0
Increases Tax Administration Services Bureau by \$725,800 Marihuana Regulation Fund and authorizes 5.0 FTE positions to accommodate full year costs for adult-use (recreational) marihuana administration.	Gross	\$200,100	\$725,800
	Restricted	200,100	725,800
	GF/GP	\$0	\$0
8. Wrongful Imprisonment Compensation Fund	Gross	\$10,000,000	(\$7,000,000)
Includes \$3.0 million GF/GP for deposit into the Wrongful Imprisonment Compensation Fund to provide payments to individuals who were wrongly convicted of crimes and imprisoned pursuant to the provisions of the Wrongful Imprisonment Compensation Act, 2016 PA 343. Funds were considered one-time appropriations in FY 2019-20 and would be designated ongoing in FY 2020-21.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$5,000,000	(\$2,000,000)
9. Historic Preservation	Gross	NA	\$5,000,000
Includes \$5.0 million GF/GP, considered one-time appropriations, for the implementation of SB 54. Funds may be spent only if the bill is enacted into law.	GF/GP	NA	\$5,000,000
	Gross	NA	\$2,000,000
10. School District Debt Relief Support	GF/GP	NA	\$2,000,000
Includes \$2.0 million GF/GP, considered one-time appropriations, for grants to school districts to be used for the prepayment of long-term debt payments owed to the state of Michigan.	GF/GP	NA	\$2,000,000
	Gross	NA	\$800,000
11. Blight Removal Grants	GF/GP	NA	\$800,000
Includes \$800,000 GF/GP, considered one-time appropriations, for blight removal projects located in redevelopment ready communities. Individual grants would be capped at \$200,000.	GF/GP	NA	\$800,000
	Gross	NA	\$24,000,000
12. Disaster Relief	GF/GP	NA	\$24,000,000
Provides \$24.0 million GF/GP, considered one-time appropriations, for grants to support disaster relief efforts. Specific grants are described in Section 949o.	GF/GP	NA	\$24,000,000
	Gross	NA	\$53,000,000
13. Teacher COVID-19 Grants	GF/GP	NA	\$53,000,000
Includes \$53.0 million GF/GP, considered one-time appropriations, to provide hazard pay to K-12 school teachers. Funding would support equal one-time payments to classroom teachers who teach in a public school or nonprofit nonpublic school. Payments would be capped at \$500 per full-time equated teacher. The Department of Treasury would be authorized to retain up to 0.5% for administration. <i>Note: Funding was originally included in 2020 PA 144 and was funded with Coronavirus Relief Fund. That funding would be eliminated as part of a FY 2019-20 supplemental and replaced with this GF/GP appropriation.</i>	GF/GP	NA	\$53,000,000

GENERAL GOVERNMENT: TREASURY

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
14. School Support Staff COVID-19 Grants		Gross	NA
Includes \$20.0 million GF/GP, considered one-time appropriations, to provide payments to school support staff to recognize the additional time spend outside of normal working hours, hazardous conditions, and additional costs staff have incurred. Payments would be capped at \$250 per full-time equated school support staff employee.		GF/GP	NA
			\$20,000,000
			\$20,000,000
15. Supervision of the General Property Tax Law		Gross	\$16,366,100
Increases by \$1.2 million GF/GP to provide assistance to financially distressed communities and other local governments services.		Local	140,000
		Restricted	3,600,300
		GF/GP	\$12,625,800
			\$1,150,000
			0
			0
			\$1,150,000
16. General Fund Target Reductions		Gross	NA
Reduces various line items by \$1.5 million GF/GP to reach targeted GF/GP reduction amount. Reductions are made to the following line items:		GF/GP	NA
			(\$1,500,000)
			(\$1,500,000)
<ul style="list-style-type: none"> • Executive Direction and Operations: (\$275,000) • Department Services: (\$150,000) • Collections Services Bureau: (\$100,000) • Office of Accounting Services: (\$10,000) • Office of Financial Services: (\$25,000) • Property Management: (\$20,000) • Tax Compliance: (\$350,000) • Tax and Economic Policy: (\$75,000) • Office of Revenue and Tax Analysis: (\$25,000) • Tax Processing: (\$350,000) • Tobacco Tax Enforcement: (\$50,000) • State and Authority Finance: (\$10,000) • Student Financial Assistance Program: (\$15,000) • Treasury Information Technology: (\$45,000) 			
17. Municipal Cost Sharing Grants and Ad Board Placeholders		Gross	\$1,250,500
Eliminates \$1.3 million GF/GP (designated as one-time appropriations in FY 2019-20) for Municipal Cost Sharing Grants for Dearborn 911 consolidation. Removes \$400 GF/GP that remained in line items after State Administrative Board Resolution 2019-4.		Restricted	100
		GF/GP	\$1,250,400
			(\$1,250,500)
			(100)
			(\$1,250,400)
18. Dual Enrollment Payments		Gross	\$2,007,600
Includes \$325,000 GF/GP to align appropriation to August Consensus Revenue Estimating Conference estimate for dual enrollment payments. Dual enrollment appropriation pays tuition costs of eligible nonpublic school students enrolled in postsecondary institutions.		GF/GP	\$2,007,600
			\$325,000
			\$325,000
19. Payments in Lieu of Taxes		Gross	\$27,351,600
Includes adjustment of \$640,600 Gross (\$165,900 GF/GP) to reflect current estimate of payments based on taxable values and millage rates. Pursuant to statute payments are required to be made in full.		Private	27,500
		Restricted	5,332,900
		GF/GP	\$21,991,200
			\$640,600
			1,400
			473,300
			\$165,900
20. Convention Facility Development Fund		Gross	\$105,356,300
Increases by \$2.5 million Convention Facility Development Fund to accommodate anticipated increased revenue to the fund. Funds are distributed pursuant to statute to the Detroit Regional Convention Facility Authority (DRCFA) for debt service on the Cobo bonds, to DRCFA for operations shortfalls, to counties equal to 101% of their prior year amount, and any remainder to DRCFA to retire Cobo bonds early. Statute annually distributes 100% of the funds.		Restricted	105,356,300
		GF/GP	\$0
			\$2,531,600
			2,531,600
			\$0
			\$0

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
21. Implementation of Internet Gaming and Sports Betting	FTE	NA	23.0
Includes \$5.5 million of restricted gaming revenues and authorizes 23.0 FTE positions to implement and enforce the new internet gaming and sports betting legislation. Funding would allow department to hire new technicians, financial analysts, regulation officers, and auditors. The \$5.5 million appropriation would be allocated as follows: \$4.6 million for administration and \$850,000 for IT.	Gross	NA	\$5,450,000
	Restricted	NA	5,450,000
	GF/GP	NA	\$0
22. Gaming Control Board IT Legacy System Upgrade	Gross	NA	\$4,025,000
Includes \$4.0 million of restricted gaming revenues (designated one-time appropriations) for the completion of the Case Handling and Information Processing System (CHIPS).	Restricted	NA	4,025,000
	GF/GP	NA	\$0
23. Bureau of State Lottery Staffing	FTE	196.0	4.0
Includes \$508,700 State Lottery Fund and authorizes 4.0 FTE positions to increase administration and oversight capabilities necessary due to the increased points of sale and iLottery operations.	Gross	\$26,937,600	\$508,700
	Restricted	26,937,600	508,700
	GF/GP	\$0	\$0
24. Other Fund Sourcing and FTE Position Adjustments	FTE	NA	15.0
Includes the following adjustments to fund sources and FTE positions:	Gross	NA	(\$391,500)
• Reduces IDG from Account Services Center User Charges by \$150,300 to reflect retirement of MGCB-assigned employee.	IDG	NA	(150,300)
• Reduces Local – Audit Charges revenue by \$241,200 to more accurately reflect anticipated revenues.	Federal	NA	(5,800)
• Authorizes 15.0 FTE positions Casino Gaming Control Operations to offset a portion of the 20.0 FTE positions that were moved to a new Millionaire Party Regulation line item in FY 2019-20.	Local	NA	(241,200)
• Shifts \$5,800 economic increase from capped federal fund to delinquent tax collection revenue.	Restricted	NA	5,800
	GF/GP	NA	\$0
25. Economic Adjustments	Gross	NA	\$6,901,900
Reflects increased costs of \$6.9 million Gross (\$1.5 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	107,500
	Federal	NA	185,100
	Local	NA	84,900
	Restricted	NA	5,024,500
	GF/GP	NA	\$1,499,900

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 911. Refundable Tax Credit, Tax Refund, and Interest Payments – REVISED

Appropriates an amount sufficient to recognize and pay refundable tax credits, tax refunds, and interest; requires appropriations to be funded by restricting tax revenue. Revises to reflect accounting processes for the State of Michigan Comprehensive Annual Financial Report.

GENERAL GOVERNMENT: TREASURY

Major Boilerplate Changes from FY 2019-20

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

Requires the department to notify the legislature on any revenue bulletins, administrative rules involving tax administration or collection, or notices interpreting changes in law.

Sec. 927. Personal Property Tax Audits – REVISED

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits. Revises to eliminate personal property tax audits from the annual progress reports because the department no longer conducts personal property tax audits.

Sec. 936. Financial Data Analytical Tool Guidance – DELETED

Requires department to maintain the financial data analytic tool reimbursement work project for counties, cities, villages, townships, and regional councils of governments that reimburses participating local units for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by Department of Technology, Management, and Budget (DTMB) in FY 2017-18. Allows for proration of available funds. Requires department to continue work project authorization for any unexpended funds.

Sec. 942. Maintenance of Existing Contracts – DELETED

Requires department to prioritize maintaining existing contracts associated with the property services division as a condition of receiving funds for Supervision of the General Property Tax Law.

Sec. 949. Fraud Prevention Appropriation – REVISED

Specifies that the department may contract with private agencies from the funds appropriated in part 1 to prevent the disbursement of fraudulent tax refunds. Appropriates a total amount not to exceed \$1.2 million from the fund or account to which the revenues being collected are recorded or dedicated to pay contract costs or fund operations designed to reduce fraudulent income tax refund payments. Requires report. Revises appropriation maximum to \$1.5 million.

Sec. 949a. City Income Tax Expansion – REVISED

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city. Revises to authorize, not require, department to expand services to additional cities.

Sec. 949l. Historic Preservation – NEW

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

Sec. 949m. Municipal Cost Sharing Grants – DELETED

Allocates \$500,000 for security camera installation around the Capitol Complex, \$500,000 for police department services during large events at the Capitol Building, and \$1.3 million for a grant to a consolidated police and EMS dispatch center in Dearborn. Governor vetoed the security camera installation grant and the large events policy services grant, both dedicated to the City of Lansing.

Sec. 949n. Student Loan Refinancing Program Study – DELETED

Requires the department to conduct a feasibility study concerning the implementation of a student loan refinancing program. *Note: Ad Board transferred all but \$100 in associated line item in FY 2019-20.*

Sec. 949m. Blight Removal Grants – NEW

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

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

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

Sec. 949o. Disaster Relief – NEW

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

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

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

Major Boilerplate Changes from FY 2019-20

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

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

REVENUE SHARING

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

Specifies distribution of \$261.0 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 102.3% of its FY 2018-19 eligible payment. 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 2019- 20 eligible payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises eligible payments for CVTs to an amount equal to FY 2019-20 eligible payment.

Sec. 955. County Revenue Sharing – RETAINED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 104.5619% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Requires counties receiving a payment to allocate their FY 2019-20 payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Retains payments for counties at FY 2019-20 payments.

Sec. 1102. Excess Facility Revenue – RETAINED (UNENFORCEABLE)

Requires facility revenue in excess of operation costs to be credited to General Fund to offset rent obligations associated with retirement of bonds.

(Governor’s signing letter states this section is unenforceable.)

FY 2019-20 Supplemental Appropriation Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

1. Dual Enrollment Payments

Includes \$325,000 GF/GP to align appropriation to August Consensus Revenue Estimating Conference estimate for dual enrollment payments. Dual enrollment appropriation pays tuition costs for eligible nonpublic school students enrolled in postsecondary institutions.

	Appropriation Change
Gross	\$325,000
GF/GP	\$325,000

2. First Responder Hazard Pay

Includes a net \$60.0 million reduction reappropriation of First Responder Hazard Pay Premiums (appropriated in 2020 PA 144) to facilitate a revision of boilerplate (Sec. 752) to change the date by which hazard pay premiums must be paid to employees to be eligible for reimbursement from September 30, 2020 to October 31, 2020. Reappropriation provides a total of \$40.0 million Coronavirus Relief Fund available for the program, which is a net reduction of \$60.0 million.

Gross	(\$60,000,000)
Federal	(60,000,000)
GF/GP	\$0

3. Teacher COVID-19 Grants

Unappropriates \$53.0 million of Coronavirus Relief Fund originally appropriated in 2020 PA 144 for Teacher COVID-19 Grants. Program will be funded with a corresponding amount of GF/GP in the FY 2020-21 appropriations act.

Gross	(\$53,000,000)
Federal	(53,000,000)
GF/GP	\$0

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 751. Refundable Tax Credit, Tax Refund, and Interest Payments

Appropriates an amount sufficient to recognize and pay refundable tax credits, tax refunds, and interest; requires appropriations to be funded by restricting tax revenue; revises existing Section 911 in the Department of Treasury appropriations act to reflect accounting processes for the State of Michigan Comprehensive Annual Financial Report.

GENERAL GOVERNMENT: TREASURY

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 752. First Responder Hazard Pay Premiums

Requires appropriation to be used for the payment or reimbursement of first responder hazard pay premiums provided to first responders who have performed hazardous duty or work related to COVID-19; lists eligible first responders as law enforcement officers, firefighters, emergency medical technicians, paramedics, 9-1-1 operators, local unit of government corrections officers, airport public safety officers, and eligible personnel associated with ambulance operations; authorizes lump sum payments or hourly rate enhancements; caps the reimbursement amount at \$1,000 per eligible employee; requires the department to make all forms and information needed to apply available on its website; prohibits more than \$5.0 million from being awarded to any applicant; requires the department to report on grants awarded; designates unexpended funding as a work project appropriation; revises Section 801 of 2020 PA 144 to amend the date by which hazard pay premiums have to be paid to employees to be eligible for reimbursement from September 30, 2020 to October 31, 2020.

REPEALERS

Sec. 800. Repealers

- (1) Repeals section 911 of 2019 PA 56 and replaces it with section 751 of this article.
- (2) Repeals sections 801 and 802 of 2020 PA 144 and replaces section 801 with section 752 of this article.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	956,759,300	1,138,389,800	181,630,500	19.0
Local	5,900,000	10,900,000	5,000,000	84.7
Private	6,315,700	11,317,800	5,002,100	79.2
Restricted	196,073,800	272,389,100	76,315,300	38.9
GF/GP	142,308,300	192,867,600	50,559,300	35.5
Gross	\$1,307,357,100	\$1,625,864,300	\$318,507,200	24.4
FTEs	2,565.9	2,579.9	14.0	0.5

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Business Attraction and Community Revitalization	Gross	\$79,379,900	\$20,620,100
Provides a net increase of \$20.6 million Gross, for a total appropriation of \$100.0 million Gross (\$40.7 million GF/GP), by increasing 21 st Century Jobs Fund appropriations \$31.8 million and reducing GF/GP appropriations \$11.1 million.	Restricted	27,600,000	31,750,000
	GF/GP	\$51,779,900	(\$11,129,900)
2. Entrepreneurship Eco-System Target Reduction	Gross	\$16,400,000	(\$750,000)
Reduces by \$750,000 of restricted 21st Century Jobs Trust Fund. Funds are transferred to Business Attraction and Community Revitalization (Item #1) to offset a corresponding amount of GF/GP to realize GF/GP savings.	Restricted	16,400,000	(750,000)
	GF/GP	\$0	\$0
3. Arts and Cultural Grants Target Reduction	Gross	\$10,150,000	(\$650,000)
Reduces by \$650,000 GF/GP.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$9,000,000	(\$650,000)
4. Community Development Block Grants	Gross	\$47,000,000	\$15,000,000
Increases federal authorization by \$15.0 million to recognize higher Community Development Block Grant funding from the CARES Act in FY 2020-21.	Federal	47,000,000	15,000,000
	GF/GP	\$0	\$0

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
5. Pure Michigan	Gross	\$0	\$25,000,000
Includes \$15.0 million GF/GP for Pure Michigan program and authorizes the receipt of up to \$5.0 million in matching contributions from the local and private tourism industries to augment state appropriations. <i>Note: Program funding was vetoed in FY 2019-20.</i>	Local	0	5,000,000
	Private	0	5,000,000
	GF/GP	\$0	\$15,000,000
6. Job Creation Services Target Reduction	FTE	120.0	0.0
Reduces by \$432,000 GF/GP.	Gross	\$22,293,000	(\$432,000)
	Federal	2,773,300	0
	Private	250,000	0
	Restricted	4,616,600	0
	GF/GP	\$14,653,100	(\$432,000)
7. Michigan Enhancement Grants	Gross	NA	\$31,288,800
Includes \$31.3 million GF/GP, considered one-time appropriations, for 33 Michigan enhancement grants. Specific grant awards are included in Section 1047.	GF/GP	NA	\$31,288,800
8. Michigan Reconnect Grant Program	FTE	0.0	12.0
Includes \$30.0 million in one-time restricted funding and authorization for 12.0 FTE positions for the Michigan Reconnect Grant program, which would provide last-dollar financial aid funding for Michigan residents who are at least 25 years old, do not currently have a college degree, and are seeking an associate degree or certificate at a community college or eligible institution. <i>Note: \$35.0 million for this program was vetoed in SB 151.</i>	Gross	\$0	\$30,000,000
	Restricted	0	30,000,000
	GF/GP	\$0	\$0
9. Coronavirus Relief Fund Grants	Gross	NA	\$10,000,000
Includes \$10.0 million Coronavirus Relief Fund to support 8 grant awards. Specific grant awards are included in Section 1052.	Federal	NA	10,000,000
	GF/GP	NA	\$0
10. Going Pro	Gross	\$0	\$28,670,700
Includes \$28.7 million GF/GP for Going Pro. Program primarily provides employer-based training grants. Of total, \$1.5 million is specifically allocated to Graduation Alliance Program (Sec. 1070). <i>Note: Program funding was vetoed in FY 2019-20.</i>	Restricted	0	9,540,800
	GF/GP	\$0	\$19,129,900
11. First Responder Presumed Coverage Claims	Gross	\$250,000	\$3,750,000
Includes \$4.0 million First Responder Presumed Coverage Fund to pay benefit claims authorized Section 405 of the Worker's Disability Compensation Act, 1969 PA 317. The recently enacted internet gaming (2019 PA 152) and sports wagering (2019 PA 149) legislation annually deposits \$4.0 million into the fund. This represents a net increase of \$3.8 million Gross compared to FY 2019-20.	Restricted	0	4,000,000
	GF/GP	\$250,000	(\$250,000)
12. Centers for Independent Living	Gross	\$12,031,700	\$3,500,000
Increases by \$3.5 million GF/GP for a total appropriation of \$15.5 million Gross (\$7.1 million GF/GP). Grants assist persons with disabilities to increase their ability to perform everyday activities; to coordinate independent living services with other federal, state, and local agencies; and to provide outreach services.	Federal	8,451,600	0
	Private	10,000	0
	GF/GP	\$3,570,100	\$3,500,000
13. Workforce Development Program Target Reduction	Gross	\$388,773,400	(\$3,168,000)
Reduces by \$3.2 million GF/GP.	Federal	364,026,500	0
	Local	500,000	0
	Private	3,796,400	0
	Restricted	10,999,900	0
	GF/GP	\$9,450,600	(\$3,168,000)

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
14. Compensation Supplement Fund Target Reduction	Gross	\$1,820,000	(\$1,000,000)
Reduces by \$1.0 million GF/GP.	Restricted	820,000	0
	GF/GP	\$1,000,000	(\$1,000,000)
15. Unemployment Insurance Agency Federal Fund Authorization	FTE	736.0	0.0
Increases federal funds authorization by \$159.9 million to accommodate increased federal fund award due to high unemployment rates in the state of Michigan.	Gross	\$134,452,500	\$159,883,800
	Federal	113,203,000	159,883,800
	Restricted	21,249,500	0
	GF/GP	\$0	\$0
16. Removal of One-Time Appropriations	Gross	\$2,000,600	(\$2,000,600)
Removes \$2.0 million Gross (\$2.0 million GF/GP) appropriated for one-time grants in FY 2019-20:	Federal	100	(100)
<ul style="list-style-type: none"> • Alpena Community College: \$500,000 • Belleville seawall repair: \$250,000 • Saginaw County Community Corrections: \$250,000 • Focus: HOPE: \$1.0 million • Removal of \$600 Gross (\$400 GF/GP) that remained in 6 line items after State Administrative Board Resolution 2019-14 transferred funds 	Restricted	300	(300)
	GF/GP	\$2,000,200	(\$2,000,200)
17. Blight Elimination Grants	Gross	\$250,000	(\$250,000)
Removes \$250,000 GF/GP for rural blight elimination grants.	GF/GP	\$250,000	(\$250,000)
18. Revenue Adjustments to Align with Fund Sourcing and FTE Adjustment	FTE	NA	2.0
Reduces by \$7.8 million Gross and increases by \$176,900 GF/GP to accommodate fund sourcing adjustments necessary to align with actual revenues:	Gross	NA	(\$7,753,900)
<ul style="list-style-type: none"> • Reduces federal funds to reflect actual revenues: (\$7.7 million) • Reduces federal and restricted funds that cannot support economics increases: (\$70,600) • Replaces \$176,900 of federal funds in Michigan Rehabilitation Services line item with corresponding amount of GF/GP • Authorizes an additional 2.0 FTE positions for the Office of Global Michigan (includes no accompanying appropriations) 	Federal	NA	(7,868,700)
	Restricted	NA	(62,100)
	GF/GP	NA	\$176,900
19. Economic Adjustments	Gross	NA	\$6,798,300
Reflects increased costs of \$6.8 million Gross (\$343,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	4,615,500
	Private	NA	2,100
	Restricted	NA	1,836,900
	GF/GP	NA	\$343,800

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

Sec. 983. Broadband Bonding Prohibition – RETAINED (UNENFORCEABLE)

Prohibits DLEO, 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. (Governor's signing letter states this section is unenforceable.)

Sec. 989. Workers' Compensation Agency Health Care Services Rules Update – NEW

Expresses legislative intent that the Workers' Compensation Agency annually update its health care services rules as required under statute.

STATE LAND BANK AUTHORITY

Sec. 998. Blight Removal Grants – DELETED

Requires \$500,000 appropriated in part 1 for Blight Removal Grants to be allocated in the following manner: (1) \$250,000 for blight removal projects located in counties with populations under 50,000, with priority given to communities with the greatest population loss since 2000 and grants capped at \$50,000; (2) \$250,000 awarded to blight removal projects in the city of Detroit performed and administered by nonprofits. *Note: Ad Board transferred all but \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.*

MICHIGAN STRATEGIC FUND

Sec. 1005a. Pure Michigan Appropriations – NEW

Requires GF/GP appropriated in part 1 for Pure Michigan to be appropriated for certain specified purposes. Authorizes fund to contract any of the authorized activities. Authorizes fund to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns.

Sec. 1005b. Local Promotion Fund – NEW

Creates a local promotion fund whereby the fund could receive funds from local units of government and non-profit entities. Specifies that funds received are available for expenditure. Authorizes funds to be used for media production and placements, national and international marketing campaigns, and for other activities that promote Michigan as a tourist destination.

Sec. 1005c. Private Promotion Fund – NEW

Creates a private promotion fund whereby the fund could receive funds from private entities. Specifies that funds received are available for expenditure. Authorizes funds to be used for media production and placements, national and international marketing campaigns, and for other activities that promote Michigan as a tourist destination.

Sec. 1047. Michigan Enhancement Grants – DELETED

Specifies appropriation in part 1 shall be awarded to the following: Center for Employment Opportunities (\$662,000), County E-Recording grants (\$166,000), Van Andel Institute (\$1.0 million), Western Upper Peninsula workforce development retirement shortfall (\$971,000). *Note: Ad Board transferred all by \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.*

Sec. 1047. Michigan Enhancement Grants – NEW

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

Sec. 1048. Michigan Enhancement Grants Grant Agreements – NEW

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

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

Sec. 1052. Coronavirus Relief Fund Grants – NEW

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

WORKFORCE DEVELOPMENT AND UNEMPLOYMENT

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

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

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

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

Sec. 1073. GED-to-School Work Project Authorization – DELETED

Requires unexpended funds appropriated in FY 2014-15 for the GED-to-School program in work project status to be reauthorized as a work project. This would authorize continued usage of funds for the High School Equivalency-to-School program.

Sec. 1074. Michigan Reconnect Grant Program – NEW

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

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

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

Sec. 1080. Community Ventures Matching Funds – DELETED

Stipulates that up to \$1.0 million of the funding in part 1 for the Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised. Note: Ad Board transferred all but \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.

HEALTH AND HUMAN SERVICES

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 6)**

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

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$13,819,300	\$13,829,900	\$10,600	0.1
Federal	18,306,958,900	20,066,172,200	1,759,213,300	9.6
Local	146,246,000	161,422,800	15,176,800	10.4
Private	142,959,500	177,172,500	34,213,000	23.9
Restricted	2,978,783,900	2,989,480,100	10,696,200	0.4
GF/GP	4,769,278,700	5,090,371,100	321,092,400	6.7
Gross	\$26,358,046,300	\$28,498,448,600	\$2,140,402,300	8.1
FTEs	15,438.0	15,487.0	49.0	0.3

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as “one-time.”
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

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

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>
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MEDICAID AND BEHAVIORAL HEALTH – GENERAL

1. Traditional Medicaid Cost Adjustment

Increases \$895.9 million Gross (\$100.0 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments based on the August caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency. Amount includes GF/GP offsets from federal FMAP and SCHIP match rates adjustments from 64.06% to 64.08% and 86.34% to 74.86%, respectively, plus an additional 6.2 percentage point increase to the state FMAP provided under the federal Families First Coronavirus Response Act for 1 quarter. Primary source of cost increases is from additional caseloads as a result of the COVID-19 pandemic.

Gross	\$14,654,187,100	\$895,928,200
Federal	9,340,804,400	796,114,100
Local	52,140,400	(70,900)
Private	2,100,000	0
Restricted	2,351,951,200	(79,100)
GF/GP	\$2,907,191,100	\$99,964,100

2. Healthy Michigan Plan Cost Adjustment

Increases \$994.3 million Gross (\$121.9 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments based on the August caseload consensus. Primary source of cost increases is from additional caseloads as a result of the COVID-19 pandemic.

Gross	\$4,116,287,200	\$994,327,400
Federal	3,741,823,200	864,252,100
Local	1,754,800	240,800
Restricted	338,849,100	7,911,900
GF/GP	\$33,860,100	\$121,922,600

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2019-20 YTD Appropriations

3. Actuarial Soundness

Includes \$207.8 million Gross (\$61.6 million GF/GP) to support an estimated 2.0% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), Medicaid Health plans, home- and community-based services, and Healthy Kids Dental, and an estimated 6.0% increase for PIHP autism services.

Gross	NA	\$207,813,000
Federal	NA	146,197,100
GF/GP	NA	\$61,615,900

DEPARTMENTAL ADMINISTRATION

4. MiSACWIS Replacement

Includes \$4.4 million Gross (\$2.6 million GF/GP) and authorizes 6.0 FTE positions to begin the replacement of MiSACWIS with a new Comprehensive Child Welfare Information System (CCWIS). Replacement will include the introduction of 9 cloud-based modules over the course of approximately 5 to 6 years.

FTE	0.0	6.0
Gross	\$0	\$4,389,400
Federal	0	1,789,400
GF/GP	\$0	\$2,600,000

5. Office of Inspector General – Vacant FTE Positions

Includes a reduction of \$1.3 million Gross (\$671,900 GF/GP) and 10.0 FTE positions due to currently vacant positions. SBO has indicated that the department does not intend to fill these positions in the current fiscal year.

FTE	207.0	(10.0)
Gross	\$25,961,600	(\$1,303,100)
IDG/IDT	198,200	0
TANF	874,800	0
Federal	13,421,100	(631,200)
GF/GP	\$11,467,500	(\$671,900)

6. Lease Cancellations and Staff Relocation

Includes a reduction of \$2.8 million Gross (\$1.5 million GF/GP) resulting from the transfer of the Victor building to the Department of Labor and Economic Opportunity and the cancellation of multiple leases.

Gross	NA	(\$2,788,100)
Federal	NA	(1,296,800)
GF/GP	NA	(\$1,491,300)

7. Information Technology Consolidation

Includes a net-zero transfer of \$40.0 million Gross (\$10.0 million GF/GP) from one-time appropriations, as well as \$6.0 million GF/GP from various line items across the department budget to the Information Technology appropriation unit to ameliorate the identified information technology GF/GP funding shortfall. Also adjusts FTE positions and distributes appropriations from the Information Technology Contingency line item to the major IT programs.

FTE	43.0	(30.0)
Gross	\$504,698,900	\$6,000,000
IDG/IDT	1,067,000	0
TANF	24,854,500	0
Federal	345,760,400	0
Private	25,000,000	0
Restricted	1,999,800	0
GF/GP	\$106,017,200	\$6,000,000

8. Property Management – Non-State-Owned Building Leases

Includes \$866,300 Gross (\$671,400 GF/GP) to account for adjustments in lease costs for non-state-owned buildings utilized by the department.

Gross	\$65,809,800	\$866,300
IDG/IDT	593,500	0
TANF	10,698,900	0
Federal	23,921,000	194,900
Private	36,400	0
Restricted	494,900	0
GF/GP	\$30,065,100	\$671,400

9. Economic Adjustments

Reflects increased costs of \$53.9 million Gross (\$34.7 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Gross	NA	\$53,898,000
IDG/IDT	NA	10,600
TANF	NA	(13,400)
Federal	NA	18,172,100
Local	NA	101,300
Private	NA	239,200
Restricted	NA	699,900
GF/GP	NA	\$34,688,300

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
CHILD SUPPORT ENFORCEMENT			
10. Child Support Operations Reduction	FTE	179.7	0.0
Includes a \$3.9 million Gross (\$1.3 million GF/GP) reduction for the Office of Child Support based on costs and administrative efficiencies.	Gross	\$23,464,900	(\$3,900,000)
	Federal	14,810,400	(2,574,000)
	GF/GP	\$8,654,500	(\$1,326,000)
COMMUNITY SERVICES AND OUTREACH			
11. Homeless Programs	Gross	\$22,632,700	\$649,800
Includes \$649,800 GF/GP to increase funding for homeless programs that provide emergency shelter and services to homeless individuals. Increase is to provide additional funding to current providers for additional services at current per diem rates.	Federal	3,613,900	0
	TANF	6,162,600	0
	GF/GP	\$12,856,200	\$649,800
12. Runaway and Homeless Youth Grants	Gross	\$7,384,000	\$400,000
Includes an increase of \$400,000 GF/GP for Runaway and Homeless Youth programs.	Federal	3,103,000	0
	TANF	3,424,800	0
	GF/GP	\$856,200	\$400,000
13. School Success Partnership Program	Gross	\$0	\$525,000
Includes \$525,000 federal funding for state grant to Northeast Michigan Community Service Agency for School Success Partnership Program. Sec. 450 is related boilerplate.	TANF	0	525,000
	GF/GP	\$0	\$0
14. Child Advocacy Centers	FTE	0.5	0.0
Includes an increase of \$999,900 GF/GP for child advocacy centers. Sec. 459 is related boilerplate.	Gross	\$1,407,100	\$999,900
	Restricted	1,407,000	0
	GF/GP	\$100	\$999,900
15. Unified Clinics Resiliency Center for Families and Children – One-Time Funding	Gross	\$100	\$1,499,900
Includes \$1.5 million GF/GP for a Resiliency Center for Families and Children to provide services to families and children experiencing trauma, toxic stress, chronic disability, neurodevelopmental disorders, or addictions. Sec. 1919 is related boilerplate.	GF/GP	\$100	\$1,499,900
16. Washtenaw County Youth Programs- One-Time Funding	Gross	NA	\$250,000
Includes \$250,000 GF/GP for a grant to a provider network for services to youth in Washtenaw County during the COVID-19 crisis. Sec. 1914 is related boilerplate.	GF/GP	NA	\$250,000
CHILDREN'S SERVICES AGENCY – CHILD WELFARE			
17. Child Welfare Caseload Adjustments	Gross	\$696,118,600	\$27,799,500
Increases funding for child welfare programs by \$27.8 million Gross (\$39.4 million GF/GP) as follows:	Federal	198,373,900	(1,889,400)
• Foster care payments are increased by \$9.1 million Gross (\$9.0 million GF/GP) from 6,124 cases at \$37,100 per year to 8,152 cases at \$32,415 per year.	TANF	94,280,100	(14,310,500)
• Adoption subsidies are reduced by \$1.1 million Gross (\$178,700 GF/GP) from 22,062 cases at \$730.41 per month to 22,061 cases at \$728.48 per month.	Local	40,914,500	5,166,900
• The Child Care Fund is increased by \$19.8 million Gross (\$30.9 million GF/GP).	Private	1,770,700	(562,700)
• Guardianship assistance payments are reduced by \$103,200 Gross (\$250,900 GF/GP) from 1,188 cases at \$709.26 per month to 1,201 cases at \$694.42 per month.	GF/GP	\$360,779,400	\$39,395,200
Caseload estimates based on August caseload consensus.			

HEALTH AND HUMAN SERVICES**Major Budget Changes from FY 2019-20 YTD Appropriations**

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
18. Child Welfare FMAP Savings	Gross	NA	\$0
Includes \$3.6 million GF/GP savings from a 6.2 percentage point increase in state FMAP rates in the first quarter of FY 2020-21 provided under the federal Families First Coronavirus Response Act.	Federal	NA	3,600,000
	GF/GP	NA	(\$3,600,000)
19. Qualified Residential Treatment Program (QRTP) Child Assessments	Gross	\$259,974,400	\$3,410,600
Includes an increase of \$3.4 million Gross (\$2.5 million GF/GP) for assessments of children in private foster care institutions. Third-party treatment assessments are mandated by the federal Family First Prevention Services Act (FFPSA) to be completed within 30 days of placement in a QRTP.	Federal	105,645,300	910,600
	TANF	9,248,000	0
	Local	18,102,700	0
	Private	1,770,700	0
	GF/GP	\$125,207,700	\$2,500,000
20. Foster Care Prevention Programming	FTE	NA	5.0
Includes an increase of \$716,300 Gross (\$524,500 GF/GP) and authorization for 5.0 FTE positions for community analysts/liaisons to provide services to help families avoid entry into foster care and prevent children from being placed into residential care.	Gross	NA	\$716,300
	Federal	NA	191,800
	GF/GP	NA	\$524,500
21. Foster Care Congregate Care Pilot	Gross	NA	\$501,500
Adds \$501,500 GF/GP to fund the first year of a congregate care pilot that will use an evidence-based program with focused cognitive behavioral therapy for foster children.	GF/GP	NA	\$501,500
22. Residential Foster Care Facility Rate Increase	Gross	\$259,974,400	\$7,086,100
Includes an increase of \$7.1 million Gross (\$4.6 million GF/GP) to fund a residential rate increase for private agencies to meet new residential treatment requirements, such as additional staffing, programming, and accreditation, under the federal FFPSA.	Federal	105,645,300	2,486,100
	TANF	9,248,000	0
	Local	18,102,700	0
	Private	1,770,700	0
	GF/GP	\$125,207,700	\$4,600,000
23. Family Preservation Program Private Agency Rate Increase	FTE	15.0	0.0
Adds \$1.8 million GF/GP to fund an increase to private agency rates for family preservation program services. Sec. 523(3) is related boilerplate and states any eligible federal matching funds may be allocated as well.	Gross	\$46,820,900	\$1,750,000
	Federal	609,100	0
	GF/GP	43,235,600	0
		\$2,976,200	\$1,750,000
24. Adoption Provider Rate Increase	Gross	NA	\$1,500,000
Includes \$1.5 million Gross (\$1.0 million GF/GP) to fund an increase to private agency rates for adoption support services. Sec. 509 is related boilerplate.	Federal	NA	500,000
	GF/GP	NA	\$1,000,000
25. West Michigan Partnership for Children Rate Increase	Gross	\$29,320,700	\$8,777,700
Includes \$8.8 million Gross (\$4.7 million GF/GP) to fund a prospective case rate increase based on updated program costs, the transition to a global capitated payment model, and the establishment of a risk reserve fund. Sec. 504 is related boilerplate.	Federal	8,773,800	4,037,700
	TANF	3,690,100	0
	Local	4,500,000	0
	GF/GP	\$12,356,800	\$4,740,000
26. Relative Licensure Incentive Payments	Gross	\$2,250,000	(\$2,250,000)
Eliminates \$2.3 million Gross (\$800,000 GF/GP) for incentive payments concerning the licensure of relative caregivers as foster parents, including \$2.0 million Gross (\$550,000 GF/GP) to child placing agencies and \$250,000 GF/GP to relative caregivers.	Federal	1,450,000	(1,450,000)
	GF/GP	\$800,000	(\$800,000)
27. Court-Appointed Special Advocates	Gross	\$100	\$499,900
Adds \$499,900 GF/GP for court-appointed special advocates that advocate in the legal system for children who have been abused or neglected. Sec. 526 is related boilerplate.	GF/GP	\$100	\$499,900

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
28. Kinship Caregiver Advisory Council	Gross	\$0	\$200,000
Includes \$200,000 GF/GP to provide support and coordinated services to the Kinship Caregiver Advisory Council within DHHS. Sec. 575 is related boilerplate.	GF/GP	\$0	\$200,000
29. Parent-to-Parent Mentoring Program	Gross	\$0	\$250,000
Includes \$250,000 GF/GP to Adoptive Family Support Network for the Parent-to-Parent mentoring program. Sec. 559 is related boilerplate.	GF/GP	\$0	\$250,000
30. Children Protective Services Legal Representation Program	Gross	\$0	\$4,263,300
Includes \$4.3 million federal grant funding for a new program to provide children and parents legal representation in child protective hearings.	Federal	0	4,263,300
	GF/GP	\$0	\$0
PUBLIC ASSISTANCE			
31. Public Assistance Caseload Adjustments	Gross	NA	\$43,171,300
Recognizes a \$43.2 million Gross (\$40.4 million GF/GP) increase resulting from adjustments in expected public assistance caseloads in accordance with the August 2020 Consensus Revenue Estimating Conference. Increased caseloads are correlated with the COVID-19 pandemic and resulting emergency response.	TANF	NA	5,213,600
	Federal	NA	0
	Restricted	NA	(2,452,300)
	GF/GP	NA	\$40,410,000
<ul style="list-style-type: none"> Family Independence Program: increase of \$39.4 million Gross (\$35.2 million GF/GP) Food Assistance Program: no change from YTD State Supplementation: increase of \$1.7 million GF/GP State Disability Assistance: increase of \$2.1 million Gross (\$3.6 million GF/GP) 			
32. Food Assistance Program Reinvestment	FTE	0.0	6.0
Includes \$11.0 million GF/GP and authorizes 6.0 FTE positions to support both penalty payments to the federal government and a federally-required corrective action plan. Penalties are related to multi-year higher than national average error rates in food assistance over/under payments.	Gross	\$0	\$10,991,200
	GF/GP	\$0	\$10,991,200
33. Field Operations – Administrative Reductions	Gross	NA	(\$850,000)
Includes \$850,000 GF/GP in administrative reductions across multiple line items. Reductions include \$500,000 GF/GP from Pathways to Potential; \$150,000 from Volunteer Services and Reimbursements; \$100,000 GF/GP from Public Assistance Field Staff; and \$100,000 from Contractual Services, Supplies, and Materials.	GF/GP	NA	(\$850,000)
34. Public Assistance Fund Source Transfers	Gross	NA	\$0
Shifts \$2.0 million TANF to offset \$2.0 million GF/GP from the Family Independence Program and includes \$700,000 GF/GP to replace a shortfall in restricted Supplemental Security Income recoveries revenue.	TANF	NA	2,000,000
	Restricted	NA	(700,000)
	GF/GP	NA	(\$1,300,000)
35. Kids’ Food Basket – One-Time Funding	Gross	NA	\$250,000
Includes \$250,000 GF/GP in one-time funding for a grant to a West Michigan non-profit that provides free meals to children of low-income families.	GF/GP	NA	\$250,000
36. Legal Assistance – One-Time Funding	Gross	NA	\$60,000
Includes \$60,000 GF/GP in one-time funding for a grant to the Allegan County Legal Assistance Center, which provides free civil-law legal assistance to low-income individuals.	GF/GP	NA	\$60,000

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2019-20 YTD Appropriations

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BEHAVIORAL HEALTH SERVICES

<p>37. K.B. v. Lyon Includes \$19.1 million Gross (\$2.7 million GF/GP) and authorization for 9.0 FTE positions for behavioral health services and supports monitoring, system improvement, and performance monitoring for children related to the legal settlement K.B. v. Lyon. Amount includes \$17.7 million Gross (\$1.8 million GF/GP) for IT system upgrades.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">9.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">\$19,102,000</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">16,435,300</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">\$2,666,700</td> </tr> </table>	FTE	NA	9.0	Gross	NA	\$19,102,000	Federal	NA	16,435,300	GF/GP	NA	\$2,666,700						
FTE	NA	9.0																	
Gross	NA	\$19,102,000																	
Federal	NA	16,435,300																	
GF/GP	NA	\$2,666,700																	
<p>38. Nursing Home Pre-Admission Screening (PAS)/ Annual Resident Reviews (ARR) Cost Increase Adds \$1.6 million Gross (\$407,700 GF/GP) for increased clinical evaluations for individuals with mental illnesses for developmental disabilities who are requesting to or are residing in a nursing home.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">7.0</td> <td style="text-align: right;">0.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">\$12,291,300</td> <td style="text-align: right;">\$1,631,100</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">9,218,600</td> <td style="text-align: right;">1,223,400</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$3,072,700</td> <td style="text-align: right;">\$407,700</td> </tr> </table>	FTE	7.0	0.0	Gross	\$12,291,300	\$1,631,100	Federal	9,218,600	1,223,400	GF/GP	\$3,072,700	\$407,700						
FTE	7.0	0.0																	
Gross	\$12,291,300	\$1,631,100																	
Federal	9,218,600	1,223,400																	
GF/GP	\$3,072,700	\$407,700																	
<p>39. Behavioral Health Homes Includes \$23.4 million Gross (\$2.5 million GF/GP) to expand the number of behavioral health homes, including opioid health homes, by a prospective 9,245 enrollees.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">\$3,369,000</td> <td style="text-align: right;">\$23,400,700</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">3,032,100</td> <td style="text-align: right;">20,934,400</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">246,900</td> <td style="text-align: right;">0</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$90,000</td> <td style="text-align: right;">\$2,466,300</td> </tr> </table>	Gross	\$3,369,000	\$23,400,700	Federal	3,032,100	20,934,400	Local	246,900	0	GF/GP	\$90,000	\$2,466,300						
Gross	\$3,369,000	\$23,400,700																	
Federal	3,032,100	20,934,400																	
Local	246,900	0																	
GF/GP	\$90,000	\$2,466,300																	
<p>40. State Psychiatric Hospital Direct Care Staffing Includes \$5.0 million GF/GP and authorization for 60.0 FTE positions to increase direct care staffing levels at 4 of the state's psychiatric hospitals and centers: Kalamazoo, Walter P. Reuther, Hawthorn, and the Center for Forensic Psychiatry.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">1,838.3</td> <td style="text-align: right;">60.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">\$239,384,600</td> <td style="text-align: right;">\$5,000,000</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">35,551,100</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">19,288,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">10,275,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$174,270,500</td> <td style="text-align: right;">\$5,000,000</td> </tr> </table>	FTE	1,838.3	60.0	Gross	\$239,384,600	\$5,000,000	Federal	35,551,100	0	Local	19,288,000	0	Restricted	10,275,000	0	GF/GP	\$174,270,500	\$5,000,000
FTE	1,838.3	60.0																	
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Local	19,288,000	0																	
Restricted	10,275,000	0																	
GF/GP	\$174,270,500	\$5,000,000																	
<p>41. State Psychiatric Hospital Coronavirus Relief Funds Replaces \$22.5 million GF/GP with a like amount of federal Coronavirus Relief Funds (CRF), which can be used to cover certain personnel costs through December 30, 2020.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">1,838.3</td> <td style="text-align: right;">0.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">\$239,384,600</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">35,551,100</td> <td style="text-align: right;">22,500,000</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">19,288,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">10,275,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$174,270,500</td> <td style="text-align: right;">(\$22,500,000)</td> </tr> </table>	FTE	1,838.3	0.0	Gross	\$239,384,600	\$0	Federal	35,551,100	22,500,000	Local	19,288,000	0	Restricted	10,275,000	0	GF/GP	\$174,270,500	(\$22,500,000)
FTE	1,838.3	0.0																	
Gross	\$239,384,600	\$0																	
Federal	35,551,100	22,500,000																	
Local	19,288,000	0																	
Restricted	10,275,000	0																	
GF/GP	\$174,270,500	(\$22,500,000)																	
<p>42. Behavioral Health Facility Contingency Transfer Transfers \$20.0 million GF/GP from the new Behavioral Health Facility Contingency line item into the state hospitals and centers line items. Sec. 1053 is related deleted boilerplate.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">\$20,000,000</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$20,000,000</td> <td style="text-align: right;">\$0</td> </tr> </table>	Gross	\$20,000,000	\$0	GF/GP	\$20,000,000	\$0												
Gross	\$20,000,000	\$0																	
GF/GP	\$20,000,000	\$0																	
<p>43. Behavioral Health Program Reductions Includes reductions totaling \$3.3 million GF/GP for various behavioral health programs including in-sourcing Children's Transition Support Team, court-ordered assisted treatment, jail diversion, applied behavioral treatment, and psychiatric bed database.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(\$3,299,600)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">(\$3,299,600)</td> </tr> </table>	Gross	NA	(\$3,299,600)	GF/GP	NA	(\$3,299,600)												
Gross	NA	(\$3,299,600)																	
GF/GP	NA	(\$3,299,600)																	
<p>44. Direct Care Worker Wage Increase – One-Time Funding Adds \$150.0 million Gross (\$40.0 million GF/GP) to provide a temporary \$2.00 per hour wage increase for direct care workers for 3 months. Funding would be available for the same direct care workers that were eligible for COVID-19 direct care worker hazard pay included in 2020 PA 123, including Medicaid-eligible behavioral health direct care workers, skilled nursing facility employees, and area agency on aging direct care employees.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$150,000,000</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">0</td> <td style="text-align: right;">110,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$40,000,000</td> </tr> </table>	Gross	\$0	\$150,000,000	Federal	0	110,000,000	GF/GP	\$0	\$40,000,000									
Gross	\$0	\$150,000,000																	
Federal	0	110,000,000																	
GF/GP	\$0	\$40,000,000																	

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
45. Other Behavioral Health Funding – One-Time Funding		Gross	\$1,125,000
Adds \$4.4 million GF/GP in one-time funding for the following behavioral health programs: \$2.5 million for first responder post-traumatic stress syndrome and other mental health conditions, \$1.0 million for Special Olympics, \$250,000 for Great Lakes Recovery Center, \$200,000 for nonprofit mental health clinics, \$200,000 for The Children’s Center, \$100,000 for Safe Substance Abuse Coalition, and maintains the \$1.0 million GF/GP for autism navigators and adds \$144,800 GF/GP to Autism Train-the-Trainer, which were both funded in FY 2019-20.		GF/GP	\$1,125,000
			\$4,394,800
			\$4,394,800
POPULATION HEALTH			
46. Expand Programs for Healthy Moms and Healthy Babies		Gross	NA
Increases funding by \$23.5 million Gross (\$12.6 million GF/GP) for expansion of maternal and infant health and support programs, including lengthening Medicaid coverage for new mothers and infants to 12 months from 2 months, enhancing access to behavioral health care, and expanding Medicaid and other home visiting programs for pregnant women, new mothers, and at-risk families.		Federal	NA
		GF/GP	NA
			\$23,531,900
			10,900,400
			\$12,631,500
47. State Innovation Model Grant Completion		Gross	\$10,002,700
Removes \$10.0 million excess federal authorization for the completed federal State Innovation Model (SIM) grant, first funded in FY 2014-15, and revises related boilerplate Sec. 1144 to require historical reporting regarding related community health innovation regions (CHIRs).		Federal	10,002,700
		GF/GP	\$0
			(\$10,002,700)
			(10,002,700)
			\$0
48. Michigan Essential Health Provider		Gross	\$4,519,600
Reduces Michigan Essential Health Provider program by \$1.0 million GF/GP, the amount of a FY 2019-20 program increase, and eliminates related boilerplate Sec. 1141.		Federal	1,236,300
		Private	855,000
		GF/GP	\$2,428,300
			(\$1,000,000)
			0
			0
			(\$1,000,000)
49. Laboratory Equipment for Newborn Screening Testing		Gross	\$23,774,500
Increases laboratory services funding by \$1.5 million of state restricted newborn screening fee revenue for laboratory information technology and testing instruments for new approved newborn screening tests.		IDG	1,004,600
		Federal	4,338,600
		Restricted	12,147,200
		GF/GP	\$6,284,100
			\$1,500,000
			0
			0
			1,500,000
			\$0
50. Lead Abatement Grant SCHIP Adjustment		Gross	\$33,768,000
Includes a net \$0 Gross (\$2.8 million GF/GP) federal to GF/GP fund shift to recognize reduction from 86.34% to 74.86% of the federal share of Children’s Health Insurance Program (SCHIP) grant funds approved for use for lead abatement in Flint and other high-risk communities for up to five years, since FY 2016-17. Revises related Sec. 1182 boilerplate.		Federal	22,349,600
		Private	77,800
		Restricted	723,700
		GF/GP	\$10,616,900
			\$0
			(2,785,500)
			0
			0
			\$2,785,500
51. Lead Poisoning Prevention Fund – One-Time Funding		Gross	\$0
Includes new one-time funding of \$2.0 million GF/GP to establish a Lead Poisoning Prevention Fund to be administered by an independent third-party as a public-private loan loss reserve fund for private lenders; fund would support low-cost loans to homeowners and landlords for lead hazard remediation projects. Sec. 1913 is related boilerplate.		GF/GP	\$0
			\$2,000,000
			\$2,000,000
52. Flint Drinking Water and Lead Exposure		Gross	\$4,621,100
Continues funding of \$4.6 million GF/GP for assistance to residents exposed to lead in the City of Flint but moves appropriation from one-time to ongoing. Related Sec. 1910 boilerplate is moved to Sec. 1306.		GF/GP	\$4,621,100
			(\$100)
			(\$100)

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
53. Bone Marrow Donor and Blood Bank Programs	Gross	\$0	\$750,000
Includes \$250,000 GF/GP for Be The Match marrow donor registry program and \$500,000 GF/GP for cord blood bank programs, both through the Versiti Blood Center. Sections 1146 and 1147 are related boilerplate.	GF/GP	\$0	\$750,000
54. Family Emergency Readiness Events	Gross	\$0	\$25,000
Includes \$25,000 GF/GP for free family emergency readiness public events in Livingston County. Sec. 1185 is related boilerplate.	GF/GP	\$0	\$25,000
55. Rare Disease Review Committee	Gross	\$0	\$70,000
Includes \$70,000 GF/GP to support the establishment of a rare disease review committee within DHHS. Sec. 1240 is related boilerplate. HB 5465 is similar proposed legislation.	GF/GP	\$0	\$70,000
56. School Children's Healthy Exercise Program	Gross	\$1,000,000	(\$500,000)
Reduces funding by \$500,000 GF/GP for an ongoing school children's healthy exercise program first funded in FY 2012-13 to address childhood obesity. Sec. 1226 related boilerplate is revised to direct remaining funding only to before- and after-school programming.	GF/GP	\$1,000,000	(\$500,000)
57. Population Health Reductions for GF/GP Savings	Gross	NA	(\$2,621,800)
Includes additional reductions for \$2.8 million GF/GP savings including:	Private	NA	136,500
• PFAS \$500,000 as an offset to \$1.0 million new federal funds	Restricted	NA	45,500
• PFAS \$581,800 drinking well laboratory test cost savings	GF/GP	NA	(\$2,803,800)
• Revised lead and copper rule local support \$1.0 million			
• HIV program shift \$182,000 cost for 3 positions to non-GF/GP			
• Prenatal care home visit program \$40,000 contract savings			
• \$500,000 savings for various projects contracted with the Michigan Public Health Institute			
58. Population Health Non-GF/GP Funds Adjustments	Gross	NA	\$52,104,000
Recognizes a net increase of \$52.1 million Gross for federal, local, private, and state restricted funding, including:	Federal	NA	13,445,100
• \$10.7 million net federal grant funds increase for opioid overdose data to action, biomonitoring assessments, lead poisoning prevention, PFAS health studies, epidemiology and laboratory capacity, family planning Title X, and completion of oral health workforce grant;	Local	NA	8,442,700
• \$32.8 million federal and private funds to AIDS program primarily reflecting increased drug assistance program rebate revenue;	Private	NA	30,200,000
• \$200,000 private funds from Amanda's Fund for Breast Cancer Prevention and Treatment from breast cancer awareness fundraising vehicle license plate sales;	Restricted	NA	16,200
• \$16,200 state restricted funds increase for annual inflationary fee adjustment for screening of newborns for genetic conditions; and	GF/GP	NA	\$0
• \$8.4 million local funds for expanded child and adolescent health center care and emotional health services in schools, originating from the state School Aid Fund and included as a new line item.			
59. Healthy Communities Grant – One-Time Funding	Gross	\$300,100	(\$100)
Continues one-time funding of \$300,000 GF/GP for healthy living, obesity prevention, and substance abuse prevention programs of Leaders Advancing and Helping Communities. Sec. 1915 is related boilerplate.	GF/GP	\$300,100	(\$100)

HEALTH AND HUMAN SERVICES

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
60. Infant Genome Sequencing for Treatment – One-Time Funding	Gross	\$0	\$1,000,000
Includes new one-time funding of \$1.0 million Gross (\$250,000 GF/GP) for rapid whole genome sequencing testing for critically ill infants and children, through Project Baby Deer with Spectrum Children’s Hospital. Sec. 1917 is related boilerplate.	Federal	0	650,000
	Private	0	100,000
	GF/GP	\$0	\$250,000
61. Vision Clinic – One-Time Funding	Gross	\$0	\$100,000
Includes new one-time funding of \$100,000 GF/GP for vision services to special needs individuals through a nonprofit vision clinic in Saginaw County. Sec. 1927 is related boilerplate. Intermittently previously funded.	GF/GP	\$0	\$100,000

AGING AND ADULT SERVICES

62. Senior Programs - Non-GF/GP Funds Adjustments	Gross	\$111,781,900	\$2,000,000
Recognizes \$2.0 million increase of federal and private funds for senior programs including \$700,000 for community supportive services, \$800,000 for congregate and home-delivered meals, and \$500,000 from the Michigan Health Endowment Fund to improve health of individuals receiving public long-term care support services.	Federal	59,343,900	1,500,000
	Private	520,000	500,000
	Restricted	6,068,700	0
	GF/GP	\$45,849,300	\$0
63. Senior Call Check Pilot Program	Gross	\$0	\$40,000
Includes \$40,000 GF/GP for a senior call check pilot program for voluntary regular contact with participating seniors. Sec. 1426 is related boilerplate. HB 6236 is similar proposed legislation.	GF/GP	\$0	\$40,000
64. Senior Citizen Center Program Grants – One-Time Funding	Gross	\$500,000	(\$350,000)
Continues one-time funding at a reduced appropriation of \$150,000 GF/GP for a small grants program for health-related senior programs at multipurpose senior citizen centers. Sec. 1923 is related boilerplate.	GF/GP	\$500,000	(\$350,000)

MEDICAL SERVICES

65. Healthy Michigan Plan Administration	FTE	36.0	0.0
Removes \$20.7 million Gross (\$15.2 million GF/GP) in Healthy Michigan Plan administration related to a federal judge ruling the new workforce engagement requirements were unlawful and the resulting delay in implementing the new workforce engagement requirements.	Gross	\$55,629,700	(\$20,721,400)
	Federal	26,549,200	(5,541,300)
	GF/GP	\$29,080,500	(\$15,180,100)
66. Claimsure	Gross	NA	\$1,200,000
Adds \$1.2 million Gross (\$300,000 GF/GP) for a predictive modeling tool for provider billing accuracy by identifying outlier claims.	Federal	NA	900,000
	GF/GP	NA	\$300,000
67. Healthy Kids Dental Risk Corridor	Gross	NA	(\$33,686,000)
Assumes \$33.7 million Gross (\$12.1 million GF/GP) in savings from a 2-way risk corridor for the Healthy Kids Dental managed care program.	Federal	NA	(21,586,000)
	GF/GP	NA	(\$12,100,000)
68. Medicaid Managed Care Organization Risk Corridor	Gross	NA	(\$141,360,000)
Assumes \$141.4 million Gross (\$36.0 million GF/GP) in savings from cost settling the FY 2019-20 2-way risk corridor for Medicaid Managed Care Organizations. Sec. 1881 is related boilerplate and states legislative intent that a 2-way risk corridor is not included in the managed care capitation rates in the next fiscal year.	Federal	NA	(105,360,000)
	GF/GP	NA	(\$36,000,000)

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
69. Medicaid Managed Care Organization Single Preferred Drug List	Gross	NA	(\$190,762,800)
Assumes \$190.8 million Gross (\$47.7 million GF/GP) in net savings from establishing a single preferred drug list to be utilized by all Medicaid managed care organizations and increasing Medicaid managed care independent pharmacy dispensing fees. Amount includes \$322.3 million Gross (\$80.7 million GF/GP) in additional pharmaceutical rebate savings, \$86.2 million Gross (\$21.6 million GF/GP) in additional pharmaceutical ingredient costs, and \$45.3 million Gross (\$11.3 million GF/GP) in dispensing fee increases. Sections 1625, 1879, and 1880 are related boilerplate.	Federal	NA	(143,020,200)
	GF/GP	NA	(\$47,742,600)
70. Medicaid Managed Care Organization Rate Reduction – Third Party Liabilities	Gross	\$5,384,831,800	(\$30,623,600)
Assumes a savings of \$30.6 million Gross (\$11.0 million GF/GP) from Medicaid health plans recouping a greater amount of third-party liability collections.	Federal	3,532,282,900	(19,623,600)
	Local	25,140,900	0
	Restricted	1,625,099,700	0
	GF/GP	\$202,308,300	(\$11,000,000)
71. Medicaid Hospital Outpatient Rate Increase	Gross	NA	\$352,646,000
Includes \$352.6 million Gross (\$0 GF/GP) to provide a 21.37% rate increase in Medicaid outpatient hospital reimbursements utilizing provider tax revenue. The corresponding HRA increase and MACI decrease would result in assumed GF/GP savings of \$15.7 million.	Federal	NA	253,480,300
	Restricted	NA	114,881,800
	GF/GP	NA	(\$15,716,100)
72. MiDocs	Gross	\$17,500,000	\$5,400,000
Includes \$5.4 million Gross (\$1.4 million GF/GP) to support the new MiDocs class during the current fiscal year over the course of 5 years.	Federal	8,750,000	2,700,000
	Restricted	5,000,000	1,350,000
	GF/GP	\$3,750,000	\$1,350,000
73. Private Duty Nursing	Gross	NA	\$3,780,600
Includes \$8.7 million Gross (\$3.1 million GF/GP) to provide a 10% rate increase for private duty nursing services for Medicaid recipients under the age of 21.	Federal	NA	2,481,200
	GF/GP	NA	\$1,299,400
74. Tribal Pharmacy Reimbursement Increase	Gross	NA	\$17,000,000
Includes \$17.0 million federal to provide tribal health centers with a pharmacy reimbursement rate increase. The intent is to reimburse Native Americans' drug costs at the federal all-inclusive rate.	Federal	NA	17,000,000
	GF/GP	NA	\$0
75. Nonemergency Medical Transportation (NEMT)	Gross	\$18,686,800	(\$1,165,800)
Reflects a \$1.2 million Gross (\$400,700 GF/GP) reduction in NEMT contract costs. Contract with LogistiCare – which provides NEMT services to Macomb, Oakland, and Wayne Counties – was re-bid at a lower cost.	Federal	10,458,800	(765,100)
	GF/GP	\$8,228,000	(\$400,700)
76. Skilled Nursing Facility PPE Grants – One-Time Funding	Gross	\$0	\$20,000,000
Includes \$20.0 million of federal Coronavirus Relief Funds (CRF) for personal protection equipment (PPE) grants to be allocated to skilled nursing facilities on a per licensed bed basis. Sec. 1928 is related boilerplate.	Federal	0	20,000,000
	GF/GP	\$0	\$0
77. Michigan Health Information Network (MiHIN) – One-Time Funding	Gross	\$0	\$2,750,000
Includes \$2.8 million GF/GP to MiHIN for health information technology strategies for data management, data clean-up, and data governance.	GF/GP	\$0	\$2,750,000
78. Access Health Actuarial Study – One-Time Funding	Gross	\$0	\$275,000
Includes \$275,000 GF/GP to complete a federal section 1332 state innovation waiver actuarial analysis for community-based coverage entities to provide health coverage and educational and occupational training to individuals who qualify.	GF/GP	\$0	\$275,000

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
79. State Restricted Revenue Adjustments	Gross	NA	\$0
Revises restricted revenues based on projected available revenue for a net reduction of \$53.4 million, which is offset by a like amount of GF/GP.	Restricted	NA	(53,445,300)
Revisions include:	GF/GP	NA	\$53,445,300

- Reducing Medicaid Benefits Trust Fund \$33.0 million.
- Reducing Merit Award Trust Fund \$8.5 million.
- Reducing Healthy Michigan Fund \$4.7 million.
- Removing Health Insurance Claims Assessment (HICA) fund balance \$7.2 million.

ONE-TIME APPROPRIATIONS

80. Remove FY 2019-20 One-Time Appropriations	FTE	10.0	(10.0)
Removes one-time appropriations included in FY 2019-20. Any funding retained into FY 2020-21 is noted elsewhere.	Gross	\$253,882,900	(\$253,882,900)
	Federal	166,790,800	(166,790,800)
	Restricted	100	(100)
	GF/GP	\$87,092,000	(\$87,092,000)

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor’s signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

GENERAL SECTIONS

Sec. 208. Legal Services of Attorney General – NEW

Prohibits the use of funds to hire a person to provide legal services that are the responsibility of the Attorney General, except for bonding activities and outside services authorized by the Attorney General.

Sec. 210. Contingency Fund Appropriations – REVISED

Appropriates federal, state restricted, local, and private contingency funds of up to \$132 million total, available for expenditure when transferred to a line item through the legislative transfer process. Revises to reduce maximum amounts for federal and state restricted contingency appropriations for a total amount of all contingency funds of up to \$47 million.

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

Requires policy manual to be available on the DHHS website; and requires a report by April 1 on policy changes made to implement new acts. Revises to also require written notification to the legislature of any major policy changes at least 30 days before implementation.

Sec. 225. Public and Private Service Providers – REVISED (UNENFORCEABLE)

Prohibits sanctions or suspensions from being more stringent for private providers than for public providers performing equivalent services; prohibits preferential treatment for public or private service providers based on whether or not they have collective bargaining agreements with direct care workers. Revises to state section applies to providers, entities, and services funded from part 1 appropriations.

(Governor’s signing letter states this section is unenforceable.)

Major Boilerplate Changes from FY 2019-20

Sec. 234- 802. Travel Reimbursement to Local County Board Members and Directors – REVISED

Allocates up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and directors to attend one meeting each year of the Michigan County Social Services Association. Revises to include line item reference and change to reimburse individuals rather than counties, and moves to Sec. 802.

Sec. 234. Receipt and Retention of Reports – NEW

Requires DHHS to receive and retain copies of all reports funded from the appropriations in part 1 and to follow federal and state guidelines for short-term and long-term retention of records.

Sec. 235. Reappropriation of Unexpended Federal Coronavirus Relief Funds – NEW

Requires that as of December 30, 2020 any unexpended coronavirus relief funds appropriated in part 1 be unappropriated and immediately reappropriated to the unemployment compensation fund to support 2020 costs.

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

Prohibits expenditure of appropriations in cases where existing work project authorization is available for the same expenditures. Revises to add “to the extent possible by the department”.

Sec. 253. Information Technology Investment Board/Agile Software Development Plan – REVISED

Requires establishment of an information technology investment board within DHHS, provides guidance and policy for establishing management practices, and requires reports. Strikes current language and revises* to require DHHS to implement an agile software development plan funded with a time and materials contract, and to establish the state or the public domain as the software owner. Software design shall be user centered. Requires report at commencement of project, and updates to the legislature upon request. Includes definitions of terms. *New language is revised from vetoed Sec. 509 of SB 151 FY 2019-20 supplemental (2020 PA 66).

Sec. 257. Revise Education Modules Regarding Suicide and Depression Prevention – DELETED

Directs DHHS, if funds are available, to collaboratively revise education health modules to include age-appropriate and medically accurate information about depression and suicide and protective factors to prevent suicide.

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

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

Sec. 281. Certification of Destruction of Information from Canceled Contract – NEW

Requires DHHS by November 1 to provide certifications and affidavits of destruction of data related to an April 2020 contract with Great Lakes Community Engagement for coronavirus pandemic contact tracing, now canceled. States that all Sec. 102 departmental administration appropriations are contingent on compliance with this section.

Sec. 293. Savings from Behavioral Health Integration Pilot Projects – DELETED

Requires that any savings from pilots to integrate Medicaid behavioral health and Medicaid physical health services systems shall only be used for reinvestment in the pilot sites where savings occurred; authorizes shared savings between a PIHP or CMHSP and a Medicaid health plan shall be carried forward for expenditures in future years.

Sec. 294. Integrated Service Demonstration Pilot – DELETED

Allows DHHS to work with PIHPs and CMHSPs to pilot a physical and behavioral health integrated service demonstration model for 2 years that does not transfer funds to Medicaid health plans; requires pilot to expand on existing integrated efforts and include shared care coordination; requires pilot to increase number of individuals who meet criteria for expanded care coordination; states outcomes and performance measures; requires a report following completion of pilot.

DEPARTMENTAL ADMINISTRATION AND MANAGEMENT

Sec. 309. Health Literacy Pilot – NEW

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

COMMUNITY SERVICES AND OUTREACH

Sec. 462. Trauma Recovery Center Pilots – NEW

Requires that if federal funding from Crime Victim Justice Assistance Grants becomes available, four trauma recovery center program pilot projects shall be funded; requires report.

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes from FY 2019-20

CHILDREN'S SERVICES - CHILD WELFARE

Sec. 506. Juvenile Justice Data Report – NEW

Requires a report containing juvenile justice data from Wayne County, including the number of youth referred for care or supervision and type of setting for referred youth.

Sec. 514. Child Protective Services (CPS) Report – REVISED

Requires report on CPS; lists specific information and statistics to be included in the report. Revised by including new subsection (d) requiring report to include statistical information on effectiveness of the Category III open/close policy.

Sec. 532. Licensing and Contract Compliance Review – DELETED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes; requires report.

Sec. 540. Psychotropic Medication for Youth in Out-of-Home Placements – RETAINED (UNENFORCEABLE)

Requires DHHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided. (*Governor's signing letter states this section is unenforceable.*)

Sec. 592. Child Protective Services Data – NEW

Requires DHHS to provide quarterly reports that include certain CPS data from the most recent 30-day period.

Sec. 593. County Child Abuse and Child Neglect Investigation and Interview Protocols – NEW

Requires DHHS to conduct an annual review in each county of whether the standard child abuse and child neglect investigation and interview protocols required by the Child Protection Law have been adopted; requires report.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial Grants – REVISED

Provides for state emergency relief grants for indigent burials and the schedule of grant amounts. Revised to increase each payment classification by \$40.00.

Sec. 619. Title IV-A and Food Assistance Exemption – REVISED

Exempts individuals convicted of a single drug felony after August 22, 1996 from the federal prohibition on receiving TANF and food assistance benefits; requires FIP benefits to be paid in restricted payments, or through a protective payee if possible, if the individual is the head of household; prohibits individuals convicted of 2 or more separate drug felonies from receiving assistance, subject to federal approval of this additional condition; and requires that FIP benefits be paid to the grantee if the grantee was not the individual with the conviction. Revises to remove the prohibition on individuals convicted of 2 or more separate drug felonies from receiving assistance.

JUVENILE JUSTICE

Sec. 710. Juvenile Justice Diversion Programs – NEW

Requires DHHS to create a workgroup on the use of juvenile justice diversion programs; requires report.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 801. Food Assistance Program Error Rate – NEW

Requires the department to report monthly to the Legislature on the active case FAP payment error rate as provided to the U.S. Department of Agriculture – Food and Nutrition Services; requires the department to report to the Legislature by March 1 on the corrective actions taken to mitigate FAP payment error rates and prevent federal penalties.

Sec. 825. Vehicle Repair Grants – REVISED

Prohibits the department from providing employment and training support services grants for vehicle repairs to not more than \$500 to an individual in a 1-year period; allows to the department the discretion to provide grants of up to \$900 in certain circumstances. Revises to require the department to report to the Legislature by November 30 on the total number of repairs; total repairs over \$500; total repairs costing exactly \$500; and total repairs costing exactly \$900 in the previous fiscal year.

Major Boilerplate Changes from FY 2019-20

BEHAVIORAL HEALTH SERVICES

Sec. 924. Autism Services Fee Schedule – REVISED

Requires DHHS to maintain a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule, also sets behavioral technician fee schedule at not more than \$55.00 per hour. Revises to also prohibit behavioral technician fee schedule to not be less than \$50.00 per hour.

Sec. 927. Behavior Health Service Provider Audits – REVISED

Requires DHHS to determine the steps necessary to allow behavioral health service providers that operate in multiple counties to utilize a single audit rather than multiple audits, requires report. Revises to require 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 – REVISED

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 permits DHHS to require 6-month consultation if costs are above a monthly threshold, limits practitioners who can perform a diagnostic evaluation; provide fidelity reviews and secondary approvals, and prohibit specific providers from providing both evaluation and treatment; requires a report. Revises to require 3-year reevaluations, unless a clinician recommended an earlier reevaluation, requires evaluations performed by a master's level practitioner to be reviewed by a second practitioner, and require maintenance of statewide provider trainings.

Sec. 964. Behavioral Health Fee Schedule – REVISED

Requires DHHS to develop and implement a standardized fee schedule for Medicaid behavioral health services by January 1, and to develop and implement adequacy standards for all contracts with PIHPs and CMHSPs. Revises date to July 1 and requires development of fee schedule to prioritize and support essential service providers and to include a fee schedule for psychiatric intensive care (revenue code 0204).

Sec. 972. Michigan Crisis and Access Line (MiCAL) – REVISED

Allocates \$2.0 million for the development, operation, and maintenance of a hotline consistent with section 165 of the Mental Health Code, MCL 330.1165. Revises to allocate up to \$1.5 million and requires the psychiatric bed registry to be integrated into MiCAL.

Sec. 974. Intellectual or Developmental Disability Service Delivery – REVISED

Allows an individual with an intellectual or developmental disability who receives supports and services from a CMHSP to choose to instead receive supports and services from another provider. Revises to require instead of allow.

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law to not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

Sec. 1006. Intellectual or Developmental Disability Health Homes – NEW

Requires DHHS to explore implementing Medicaid health homes for individuals with intellectual or developmental disabilities, and requires a report.

Sec. 1007. Standalone Intellectual or Developmental Disability Medicaid Delivery System – NEW

Requires DHHS to explore the feasibility of implementing a standalone Medicaid delivery system for individuals with intellectual or developmental disabilities, and requires a report.

Sec. 1011. Out-of-State Crisis Resolution and Outpatient Services – NEW

Allows a CMHSP to reimburse out-of-state providers of crisis resolution and outpatient services if the out-of-state provider is enrolled as a state Medicaid provider and the out-of-state provider is located closer to the client's home than an in-state provider.

Sec. 1013. Transportation to Preadmission Screening Units – NEW

Allows a CMHSP to permit a sheriff's office to use a qualified contracted entity to transport an individual for preadmission screening.

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes from FY 2019-20

POPULATION HEALTH

Sec. 1144. State Innovation Model Federal Grant and CHIR Reporting – REVISED

Guidance for allocation of federal state innovation model grant, outcomes, performance measures, aggregated claims data, and reports. Strikes current language and revises to require DHHS to report trended cost and utilization claims data by Medicaid health plan and by community health innovation region (CHIR) from FY 2014-15 to date.

Sec. 1150. Opioid Fraud Collaboration – DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other drug and opioid abuse issues; requires a report.

Sec. ~~1350~~. 1183. Emergency Medical Services Data Exemption – REVISED

Prohibits DHHS from requiring a life support agency that does not charge for services to submit data to the Michigan emergency medical services information system or any other quality improvement program. Revises to limit the exemption from data submittal to medical first response services located in counties with less than 85,000 population, and outlines written reporting required by medical first responders to others arriving at a site of emergency services in those counties.

Sec. 1184. Emergency Medical Services - Process for Change in Guidance – NEW

Requires DHHS to review its process for consideration and implementation of changes proposed for EMS guidance or protocols; states improvements to be included; requires public website weekly updates of proposed changes including any proposed administrative rule changes, and requires a report.

Sec. 1305. Contract Restrictions and Priorities for Family Planning and Pregnancy Prevention – RETAINED (UNENFORCEABLE)

(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. (*Governor's signing letter states this section is unenforceable.*)

Sec. 1319. Oral Health Screening and Assessment for School Children – NEW

States legislative intent that DHHS develop an oral health screening and assessment program for children entering school, and pursue alternative funding sources to aid in financing the program.

Sec. 1322. State Immunization Policy and Practices Report – NEW

Requires DHHS to report to the legislature on state immunization policy and practices including a list of recommended vaccinations, and basis, rationale, and improvement in human health documented for each listed vaccination.

Sec. 1340. National Brand Food Options as Approved WIC Food Items – DELETED

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand options for all food categories on the list of approved food basket items for WIC participant purchase.

MEDICAL SERVICES

Sec. 1501. Electronic Health Records Incentive Program – REVISED

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

Sec. 1502. Nursing Facility Cost Report Policies – DELETED

Requires DHHS to use prospective effective dates if DHHS issues new policies affecting nursing facility cost reports, and allows a retroactive date if required by state law, federal law, or judicial ruling. Deleted.

Sec. 1512. Medicaid Utilization Report – NEW

Requires the department to update the Medicaid utilization and net cost report to separate nonclinical administrative costs from actual claims and encounters.

Major Boilerplate Changes from FY 2019-20

Sec. 1513. Medicaid Inpatient Psychiatric Hospital Workgroup – REVISED

Requires DHHS to create a workgroup to determine an equitable and adequate reimbursement methodology for Medicaid inpatient psychiatric hospital care, list participating workgroup members, require a report from the workgroup. Revises to include workgroup recommendations being implemented as well as not implemented with identified implementation barriers.

Sec. 1615. Encounter Claims Data Integrity – NEW

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

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

Prohibits DHHS, beginning February 1, 2020, from entering into any contracts with a Medicaid managed care organization that relies on a pharmacy benefits manager that does not: 1) utilize a pharmacy reimbursement methodology of the National Average Drug Acquisition Cost plus a professional dispensing fee comparable to the Medicaid fee-for-service dispensing fees for pharmacies with not more than 7 retail outlets (and lists reimbursements when an ingredient does not have a National Average Drug Acquisition Cost listed); 2) reimburse for valid claims at the rate in effect at the time of original claim; 3) agree to transparent “pass-through” pricing, 4) agree to not create new fees or increase fees above inflation, and 5) agree to not terminate existing contracts for the sole reason of the additional professional dispensing fee. Revises to update beginning date to February 1, 2021.

Sec. 1626. Pharmacy Benefits Manager Reimbursements Report – NEW

Requires all pharmacy benefits managers that receive reimbursements from Medicaid health plans to report to the department on total prescriptions dispensed; wholesale acquisition cost of each drug in the state formulary; aggregate rebates, discounts, and concessions; aggregate administrative fees; aggregate amounts that did not pass through Medicaid health plans; aggregate reimbursements paid to contracting pharmacies; requires the department to report the consolidated information to the Legislature by March 1; and requires non-aggregate information provided to the department to remain confidential.

Sec. 1793. Medicaid Overpayment Standard of Promptness – DELETED

Prohibits DHHS from recovering an overpayment if DHHS notifies the provider more than 180 days after receipt of the overpayment. Deleted.

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

Requires DHHS to establish Medicaid rules to allow for billing and reimbursement for transportation charges related to portable x-ray services and requires policies be effective October 1 of the current fiscal year. Revises to require the department to set payment rates for portable X-ray services by October 1.

Sec. 1805. Graduate Medical Education Quality Data – DELETED

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, requires hospitals to also post quality data on the hospital's website, and requires DHHS to withhold 25% of a hospital's GME payment if data is not submitted by January 1. Deleted.

Sec. 1870. MiDOCS Consortium – REVISED

Appropriates \$3.75 million GF/GP and any restricted and any associated federal match to the MiDocs consortium to create new primary care residency slots in underserved communities, lists qualifying specialties; requires DHHS to seek any necessary federal CMS approvals; requires medical education loan repayments be contingent on 2-year commitment to practice in an underserved community post-residency; requires MiDocs to work with DHHS to, when possible, prioritize training opportunities in state psychiatric hospitals and CMHSPs; reserves at least 3 slots for the Michigan early primary care incentive program; reports report; creates an advisory council; establishes outcome and performance measures; and designates unexpended funds as work project appropriation. Revises to increase GF/GP appropriation from \$3.75 million to \$5.1 million; creates an exception for child and adolescent psychiatry fellowships; allow for local match from accredited organizations; allow for administration at the local-level for areas impacted by COVID-19 and a for a focus on psychiatric and child and maternal health disparities; and provide for the legislative intent of creating 5 additional slots for underserved areas.

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes from FY 2019-20

Sec. 1875. Prior Authorization for Certain Drugs – REVISED

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 May 9, 2016, defines “prior authorization”. Revises to require the department to explore the inclusion of drugs to treat Duchenne Muscular Dystrophy.

Sec. 1876. Common Formulary – NEW

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

Sec. 1879. Single Preferred Drug List – NEW

Requires DHHS to maintain a standard preferred drug list for Medicaid managed care, requires any changes in the preferred drug list to be made in consultation with the Medicaid managed care organizations and the Pharmacy and Therapeutics Committee. Requires a report.

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

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

Sec. 1881. Risk Corridor Financial Reconciliation – NEW

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

INFORMATION TECHNOLOGY

Sec. 1909. Information Technology Spending Restrictions – REVISED

Restricts the department from expending funds appropriated for major information technology programs on any other program or project and requires a legislative transfer of appropriations from the Information Technology Contingency and One-Time Information Technology Contingency line items to another line item before those funds may be expended. Revises to remove Information Technology Contingency restrictions; and provides for the requirements on replacing MiSACWIS with the new CCWIS information technology system, and requires the department to use the agile development methodology of IT development and comply with the Enterprise Portfolio Management Office process and quality assurance.

HIGHER EDUCATION

Summary of FY 2020-21 Enacted

Public Act 165 of 2020 (Senate Bill 927, Article 3)

Analyst: Perry Zielak

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	134,026,400	126,026,400	(8,000,000)	(6.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	349,419,300	356,063,300	6,644,000	1.9
GF/GP	1,207,949,300	1,217,835,700	9,886,400	0.8
Gross	\$1,691,395,000	\$1,699,925,400	\$8,530,400	0.5

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Michigan Public School Employee Retirement System (MPSERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$5,017,000	\$6,678,000
	Restricted	5,017,000	6,678,000
	GF/GP	\$0	\$0
Increases funding by \$6.7 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPSERS, a 133.1% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPSERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPSERS would be \$11.7 million SAF.			
2. MPSERS Normal Cost Offset	Gross	\$1,234,000	(\$34,000)
	Restricted	1,234,000	(34,000)
	GF/GP	\$0	\$0
Reduces reimbursement funding provided to universities by \$34,000 SAF, a 2.8% decrease, for the normal cost required to reduce the assumed rate of return for MPSERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPSERS Normal Cost Offset would be \$1.2 million SAF.			

HIGHER EDUCATION

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
3. Michigan Competitive Scholarships	Gross	\$38,361,700	(\$8,500,000)
Reduces funding for Michigan Competitive Scholarships by \$8.5 million federal Temporary Assistance for Needy Families (TANF) funding, a 22.2% decrease, to bring program costs in line with a FY 2019-20 legislative transfer. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. Total funding for Michigan Competitive Scholarships would be \$29.9 million Gross (\$5.9 million GF/GP).	Federal	32,430,800	(8,500,000)
	GF/GP	\$5,930,900	\$0
4. Tuition Incentive Program	Gross	\$64,300,000	\$4,500,000
Increases Tuition Incentive Program (TIP) by \$4.5 million federal TANF funding, a 7.0% increase, which pays for Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase would bring program costs in line with a FY 2019-20 legislative transfer. Total funding for TIP would be \$68.8 million TANF.	Federal	64,300,000	4,500,000
	GF/GP	\$0	\$0
5. Tuition Grant Program	Gross	\$38,021,500	\$4,000,000
Increases Tuition Grant Program by \$4.0 million, a 10.5% increase. The increase is the net result of a \$4.0 million TANF decrease and a \$8.0 million GF/GP increase. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. Total funding for Tuition Grants would be \$42.0 million Gross (\$11.9 million GF/GP).	Federal	34,095,600	(4,000,000)
	GF/GP	\$3,925,900	\$8,000,000
6. Bay Mills Community College One-Time Pass-Through Payment	Gross	NA	\$1,000,000
Includes \$1.0 million GF/GP in one-time funding to Bay Mills Community College, a tribal college, as a pass-through payment through Lake Superior State University. The payment is to assist the college in the costs of educating non-Native American students.	GF/GP	NA	\$1,000,000
7. North American Indian Tuition Waiver Funding	Gross	\$10,905,700	\$886,400
Increases funding by \$886,400 GF/GP for the North American Indian Tuition Waiver (ITW) program. Funding was adjusted to match each university's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each university's operations funding line. Total ITW program funding would be \$11.8 million GF/GP.	GF/GP	\$10,905,700	\$886,400

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 236a. FY 2020-21 Appropriations – DELETED

Deletes legislative intent language that requires FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPERS FY 2020-21 payment to be \$7.3 million.

Major Boilerplate Changes from FY 2019-20

Sec. 236g. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED

Deletes language that specified FY 2019-20 individual university allocations, stated that universities must comply with all the requirements of the CARES Act, and universities found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

Sec. 241. Appropriations Payment Schedule and HEIDI Reporting Requirements – REVISED

Provides schedule of 11 monthly payments to universities; authorizes Department of Treasury to withhold payments if universities fail to submit Higher Education Institutional Data Inventory (HEIDI) data by October 15 for 14 universities and November 15 for Wayne State. Revises deadline to submit data from October 15 to November 15 for FY 2020-21 only.

Sec. 242. Federal or Private Funds – REVISED

Appropriates federal or private funds received by the state for use by a college or university. Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

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. Deletes application for certification of eligibility process for eligible students. Revises program eligibility expiration from 6 years after high school graduation or earning an equivalent certificate to 10 years after initial enrollment in an eligible post-secondary institution. Revises language from requiring the Department of Treasury to accept program applications from eligible students after beginning the sixth grade to notifying students of their eligibility after beginning the sixth grade. Deletes work project language. Deletes language directing universities to report TIP Phase I student enrollment and students receiving Pell grants by December 1 because language is currently present that states, beginning in FY 2020-21, the reporting deadline is October 15.

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

Adds legislative intent language instructing the Department of Treasury to launch an aggressive information campaign about state scholarship programs and their eligibility requirements.

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

Adds language that requires the Department of Treasury, working with the Michigan College Access Network, the Michigan Association of State Universities (MASU), the Michigan Community College Association (MCCA), and Michigan Independent Colleges and Universities (MICU), to the extent possible, create a website containing various student loan and other financial aid information. Requires each university to post a link to the website on its homepage.

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

Provides tuition restraint requirements for universities to qualify for performance funding increases for the next three fiscal years. Revises tuition restraint cap for universities from the greater of 4.4% or \$587 to the greater of 4.25% or \$586.

Sec. 265c. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes requirement that MCCA, MASU, and MICU report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

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

Requires universities to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds language that tribal institutions that receive program funding must report data to the Department of Civil Rights.

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

Specifies a \$29,700 pass-through payment from Central Michigan University to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver program. Revises payment from \$29,700 to \$79,700. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

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

Specifies a \$100,000 pass-through payment from Lake Superior State University to Bay Mills Community College for costs of the Indian Tuition Waiver program. Revises payment from \$100,000 to \$0. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2019-20

Sec. 270b. Bay Mills Community College Pass-Through Payment – NEW

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

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

Adds language specifying a \$50,000 pass-through payment from Northern Michigan University to Keweenaw Bay Ojibwa Community College for the costs of the Indian Tuition Waiver program. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

Sec. 275. University Veteran-Friendly Policies – REVISED

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services and a report on program participation. States universities should consider all veterans as in-state residents for determining tuition and fees and waive enrollment fees for all veterans. Adds requirement that universities provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

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

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

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

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

Sec. 275h. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds legislative intent language that sets a goal of 60% of Michigan residents obtaining a post-secondary credential, certification or degree by 2030.

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

Adds language requiring public universities to collect data on students with dependent children, such as the number of enrolled students with dependents, programs and resources available, and the barriers preventing students from completing a degree. The collection of the data must protect student privacy and would be used in future appropriations decisions.

Sec. 281a. King-Chavez-Parks Reporting Requirement – NEW

Adds language requiring public universities to report data about the six support programs behind the King-Chavez-Parks university programs by February 15.

Summary: FY 2020-21 University Performance Funding Increases
Enacted Summary

Indian Tuition Waiver

University	FY 2019-20 Indian Tuition Waiver Payment	FY 2019-20 Year-to-Date Appropriation	Total FY 2020-21 Funding Increase	FY 19 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass- through adjustments	Indian Tuition Waiver Adjustment	*Total FY21 Indian Tuition Waiver Payment	**Other Adjustments	Enacted FY 2020-21 Appropriation	Percent Change
Central	\$1,598,100	\$89,227,800	\$0	\$1,884,800	\$79,700	\$286,700	\$1,964,500	\$0	\$89,564,500	0.4%
Eastern	302,300	77,556,000	-	301,500	-	(800)	301,500	-	77,555,200	0.0%
Ferris	1,007,300	56,032,800	-	908,800	-	(98,500)	908,800	-	55,934,300	(0.2%)
Grand Valley	1,075,000	73,388,500	-	1,177,200	-	102,200	1,177,200	-	73,490,700	0.1%
Lake Superior	954,000	14,361,000	-	945,100	(100,000)	(8,900)	845,100	1,000,000	15,252,100	6.2%
Michigan State	1,467,700	288,799,400	-	1,604,000	-	136,300	1,604,000	-	288,935,700	0.0%
Michigan Tech	466,500	50,568,100	-	693,600	-	227,100	693,600	-	50,795,200	0.4%
Northern	1,100,000	48,909,100	-	1,010,600	50,000	(89,400)	1,060,600	-	48,869,700	(0.1%)
Oakland	285,100	53,432,500	-	266,100	-	(19,000)	266,100	-	53,413,500	0.0%
Saginaw Valley	223,900	30,807,700	-	219,500	-	(4,400)	219,500	-	30,803,300	0.0%
UM-Ann Arbor	803,500	322,773,600	-	961,000	-	157,500	961,000	-	322,931,100	0.0%
UM-Dearborn	160,200	26,327,200	-	167,800	-	7,600	167,800	-	26,334,800	0.0%
UM-Flint	277,000	23,893,200	-	348,200	-	71,200	348,200	-	23,964,400	0.3%
Wayne State	417,200	203,413,900	-	462,200	-	45,000	462,200	-	203,458,900	0.0%
Western	767,900	112,290,100	-	841,700	-	73,800	841,700	-	112,363,900	0.1%
TOTAL:	\$10,905,700	\$1,471,780,900	\$0	\$11,792,100	\$29,700	\$886,400	\$11,792,100	\$1,000,000	\$1,473,667,300	0.1%

Requirements to receive performance funding increase for the next 3 fiscal years:

1. Restrain FY 2020-21 resident undergraduate tuition/fee rate increase to 4.2% or \$586 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

Requirements to avoid a 10% reduction in operations funding:

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

*Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. FY 2020-21 unrolls tribal college pass-through amounts from Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each university's operations listing in the budget bill

** LSSU has a one-time \$1.0 million increase for a pass-through payment to Bay Mills Community College

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 7)

Analyst: Marcus Coffin

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$723,100	\$728,600	\$5,500	0.8
Federal	1,017,600	1,017,100	(500)	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	70,172,100	71,570,000	1,397,900	2.0
GF/GP	150,000	0	(150,000)	(100.0)
Gross	\$72,062,800	\$73,315,700	\$1,252,900	1.7
FTEs	368.5	378.5	10.0	2.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, 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 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Department FTE Increase	FTE	NA	10.0
Includes authorization for 10.0 FTE positions, including 1.0 FTE position for the Department Services line, 5.0 FTE positions for the Consumer Services and Protection line, 2.0 FTE positions for the Financial Institutions Evaluation line, and 2.0 FTE positions for the Insurance Evaluation line. A final listing of the specific positions that will be filled by the department is currently unavailable.	Gross	NA	\$0
	GF/GP	NA	\$0
2. Executive Director Programs GF/GP Removal	Gross	\$1,091,900	(\$150,000)
Removes \$150,000 GF/GP that was included in the FY 2019-20 budget for the Executive Director Programs line item to support statutorily required reporting under the Healthy Michigan Plan. The GF/GP appropriation lapsed each year it was included, because DHHS completed the required reporting.	Restricted	941,900	0
	GF/GP	\$150,000	(\$150,000)
3. Economic Adjustments	Gross	NA	\$1,402,900
Reflects a net increase in costs of \$1.4 million Gross for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation costs, building occupancy charges, and other economic adjustments.	IDG	NA	5,500
	Federal	NA	(500)
	Restricted	NA	1,397,900
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 206. Communication with the Legislature – REVISED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff. Revised to allow action in instances where the communication is unlawful and to renumber the section from Sec. 216 to 206.

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

Requires DIFS to report quarterly on the number of FTE positions filled and to report semiannually on the number of employees engaged in remote work in 2020, the number of employees engaged in remote work in the reporting period, and savings achieved by remote work.

Sec. 217. Work Project Expenditures – NEW

Requires work project authorizations be exhausted before new appropriations are expended for the same purpose, to the extent possible in DIFS.

Sec. 218. Healthy Michigan Plan Accounting Structure – DELETED

Requires DIFS, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing Healthy Michigan Plan expenditures to be identified.

Sec. 218. Legislature Action on Administrative Board Transfers – NEW

Allows the legislature to intertransfer funds within the DIFS budget via concurrent resolution if the State Administrative Board transfers funds in the budget.

Sec. 219. Appropriation for Healthy Michigan Plan Statutory Reporting Requirements – DELETED

Requires the General Fund appropriation for the Executive Director Programs line item to be expended on reporting requirements pursuant to section 105d(9) of the Social Welfare Act, 1939 PA 280.

Sec. 219. Reports Retention – NEW

Requires DIFS to receive and retain copies of all reports funded under part 1.

Sec. 220. Policy Changes Report – NEW

Requires DIFS to report on each policy change made in the prior calendar year to implement public acts affecting the department.

Sec. 222. Television and Radio Productions – REVISED

Prohibits DIFS from using appropriations to develop or produce television or radio productions through a third-party vendor. Revised to delete the prohibition and to require a report on any expenditure of funds to a third-party vendor for a television or radio production; and to renumber the section from Sec. 217 to 222.

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 the General Fund. Revised to limit the total amount appropriated under this section and section 303 to \$300,000.

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. Revised to limit the total amount appropriated under this section and section 302 to \$300,000.

Sec. 304. Out-of-Network Billing Complaints Report – NEW

Requires DIFS to report on out-of-network billing complaints received by the department.

INSURANCE AND FINANCIAL SERVICES

Major Boilerplate Changes from FY 2019-20

Sec. 305. Anti-Fraud Unit Report – NEW

Requires DIFS to provide a midyear update to the Anti-Fraud Unit report required under section 6303 of the Insurance Code of 1956, 1956 PA 218.

Sec. 307. Marijuana Information in Examination Manuals and Letters of Guidance – NEW

Requires DIFS to update examination manuals and letters of guidance for state-chartered financial institutions to reflect how the department will evaluate institutions that offer services to the marijuana industry.

JUDICIARY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 8)

Analyst: Robin R. Risko

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$1,551,700	\$1,552,800	\$1,100	0.1
Federal	5,748,400	6,393,500	645,100	11.2
Local	6,579,500	7,654,500	1,075,000	16.3
Private	994,300	1,228,500	234,200	23.6
Restricted	94,796,000	94,877,600	81,600	0.1
GF/GP	201,443,600	201,934,300	490,700	0.2
Gross	\$311,113,500	\$313,641,200	\$2,527,700	0.8
FTEs	509.0	513.0	4.0	0.8

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as “one-time.”
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

1. Direct Trial Court Automation Support

Includes authorization to receive \$920,500 in additional state restricted user fee revenues, which support the Judiciary’s Case Management System, making it available to more court users.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$6,579,500	\$920,500
Local	6,579,500	920,500
GF/GP	\$0	\$0

2. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers

Includes \$881,100 of one-time GF/GP and authorization for 7.0 FTE positions for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case. SADO provides post-conviction representation of juvenile lifers. Of the clients remaining to be served, most of them are awaiting contested hearings, and a small number of them are in appellate courts. The additional 1.0 FTE position is authorized in the ongoing line item for SADO.

FTE	NA	8.0
Gross	NA	\$881,100
GF/GP	NA	\$881,100

JUDICIARY

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
3. Receipt of Additional Federal and Private Grant Funding	Gross	NA	\$779,400
Includes authorization to receive an additional \$779,400 in federal and private grant funding for the following:	Federal	NA	567,500
Community Dispute Resolution - \$85,000 private	Private	NA	211,900
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • Drug Treatment Courts - \$250,000 federal • Judicial Institute - \$100,000 federal • State Court Administrative Office - \$126,900 private • Appellate Public Defender Program - \$217,500 federal 			
4. Expansion of Problem Solving Courts	Gross	NA	\$600,000
Includes \$600,000 of one-time GF/GP funding for expansion of problem solving courts. Of the \$600,000, \$100,000 will support a pilot program in a veterans treatment court or a mental health treatment court, or both, that investigates the effectiveness of oral fluid testing to determine compliance with required mental health medicine prescriptions or requirements.	GF/GP	NA	\$600,000
5. Pretrial Risk Assessment	FTE	NA	1.0
Includes \$325,700 of one-time GF/GP and authorization for 1.0 FTE position for continued improvement of the pretrial risk assessment tool, which provides relevant information to judges so they can make evidence-based bond decisions and reduce incarceration rates of low-risk offenders.	Gross	NA	\$325,700
	GF/GP	NA	\$325,700
6. Judicial Tenure Commission	Gross	\$1,276,000	\$100,000
Includes \$100,000 GF/GP for costs of outside counsel, which is now required when arguing cases before the Supreme Court.	GF/GP	\$1,276,000	\$100,000
7. Statewide e-File System – Authorization for FTE Positions	FTE	5.0	7.0
Includes authorization for an additional 7.0 FTE positions. 2019 PA 56 authorized receipt of additional Electronic Filing Fee Fund revenue to support continued expansion of the e-file system. Authorization for the associated FTE positions should have been included in that bill but were not.	Gross	\$10,200,000	\$0
	Restricted	10,200,000	0
	GF/GP	\$0	\$0
8. Removal of Current Year One-Time Funding	FTE	12.0	(12.0)
Reduces the budget by \$3.1 million GF/GP and 12.0 FTE positions to reflect removal of one-time funding and FTE positions that were included in the FY 2019-20 budget. Funding removed includes: \$1.5 million for the Michigan Supreme Court public website upgrade; \$841,900 and 11.0 FTE positions for SADO to ensure compliance with the U.S. Supreme Court ruling on <i>Montgomery v. Louisiana</i> ; \$400,000 for expansion of problem solving courts; \$325,700 and 1.0 FTE position for development and implementation of the pretrial risk assessment tool; and \$100,000 for the Judicial Tenure Commission to assist with the backlog of pending cases.	Gross	\$3,142,600	(\$3,142,600)
	GF/GP	\$3,142,600	(\$3,142,600)
9. Savings from Hiring Freeze and Non-Essential Travel	Gross	NA	(\$2,000,000)
Reflects a savings of \$2.0 million GF/GP to be achieved primarily from extension of the hiring freeze and a reduction in non-essential travel. A small portion of the savings is to be achieved from cancellation of leases for office space. Savings will be realized in the following line items:	GF/GP	NA	(\$2,000,000)
<ul style="list-style-type: none"> • Judicial Information Systems (\$220,300) • State Court Administrative Office (\$241,700) • Supreme Court Administration (\$543,900) • Court of Appeals Operations (\$547,900) • Branchwide Appropriations (\$85,500) • Appellate Public Defender Program (\$360,700) 			

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
10. Removal of Funding for Kalamazoo County Trauma Court	Gross	\$250,000	(\$250,000)
Reduces the budget by \$250,000 GF/GP to reflect removal of funding included in the FY 2019-20 budget for the Kalamazoo County Trauma Court. It is anticipated that unexpended funding from FY 2019-20 will be authorized as a work project account and carried forward for expenditure in the 2020-21 fiscal year.	GF/GP	\$250,000	(\$250,000)
11. Reduce Funding for Swift and Sure Probation Program	Gross	\$3,600,000	(\$250,000)
Reduces funding for the Swift and Sure Sanctions Probation Program by \$250,000 GF/GP.	Restricted	1,537,600	0
	GF/GP	\$2,062,400	(\$250,000)
12. Economic Adjustments	Gross	NA	\$4,563,600
Reflects a net increase in costs of \$4.6 million Gross (\$4.2 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, and rent.	IDG	NA	1,100
	Federal	NA	77,600
	Local	NA	154,500
	Private	NA	22,300
	Restricted	NA	81,600
	GF/GP	NA	\$4,226,500

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 215. Disciplinary Action Against State Employees – REVISED

Prohibits the judicial branch from taking disciplinary action against an employee for communicating with legislators or their staff. Revised to stipulate prohibition against taking disciplinary action unless the communication is prohibited by law and the judicial branch is exercising its authority as provided by law.

Sec. 325. Kalamazoo County Trauma Court – DELETED

Requires funding to be used for the Kalamazoo County office of the prosecuting attorney to hire an assistant prosecutor who specializes in trauma for prosecution of offenders and for providing intervention and treatment services to offenders and referral services for victims; requires the court to focus on deterrence of offenders; requires intervention services to be supplemented by trauma treatment and addiction services; requires a report on outcomes of the trauma court to include performance measures, the number of individuals served, the outcomes of participants who complete the program, and recommendations on how the state can hold offenders accountable while rehabilitating them with treatment.

Sec. 403. Treatment Court Participants' Compliance with Mental Health Treatment – REVISED

Requires SCAO to create a pilot program in Eaton county that investigates the effectiveness of saliva testing to determine compliance with prescribed mental health medications and other treatments; authorizes \$20,000 of the appropriation for expansion of problem solving courts to be used to cover the costs of saliva testing. Revised to authorize expenditure of \$100,000 to create a pilot program in a veterans treatment court or a mental health treatment court, or both, that investigates the effectiveness of oral fluid testing to determine compliance with required mental health medicine prescriptions or requirements.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 9)

Analyst: Marcus Coffin

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$44,225,300	\$46,664,600	\$2,439,300	5.5
Federal	28,125,600	28,823,700	698,100	2.5
Local	0	0	0	--
Private	0	0	0	--
Restricted	251,328,300	259,295,700	7,967,400	3.2
GF/GP	111,606,400	149,605,600	37,999,200	34.0
Gross	\$435,285,600	\$484,389,600	\$49,104,000	11.3
FTEs	1,849.9	1,857.9	8.0	0.4

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory agency. 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. Entities within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Michigan Indigent Defense Commission Grants

Includes an additional \$36.5 million GF/GP for Michigan Indigent Defense Commission grants, to fund the state's projected share of indigent defense costs in FY 2020-21 (\$117.5 million). MIDC grants are distributed to funding units of district and circuit courts and currently support the implementation of approved indigent defense standards 1-4.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$80,999,600	\$36,467,800
Restricted	200,000	0
GF/GP	\$80,799,600	\$36,467,800

2. Childcare Licensing Background Checks

Increases the IDG from the Michigan Department of Education by \$1.3 million to support background check costs for staff members at licensed childcare centers, with funding supporting up to 400 background checks per week. The IDG is supported in MDE by federal funding from the Child Care Development Fund.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	NA	\$1,300,000
IDG/IDT	NA	1,300,000
GF/GP	NA	\$0

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
3. Marijuana Regulatory Agency Staffing Increase	FTE	150.0	8.0
Includes \$1.1 million of restricted funding and authorization for 8.0 FTE positions for the Marijuana Regulatory Agency for regulation of medical and adult-use marijuana. Of the \$1.1 million and 8.0 FTE positions, \$518,400 Gross and 4.0 FTE positions will be allocated for medical regulation and \$598,400 Gross and 4.0 FTE positions will be allocated for adult-use regulation. The allocations will support inspector positions, which are responsible for conducting inspections and investigations of licensed facilities and licensure applicants.	Gross	\$21,868,500	\$1,116,800
	Restricted	21,868,500	1,116,800
	GF/GP	\$0	\$0
4. Michigan Saves Green Bank	Gross	NA	\$1,000,000
Includes \$1.0 million GF/GP for a Public Service Commission grant award to Michigan Saves, a non-profit green bank, to provide credit enhancement tools for renewable energy and energy efficiency improvement loans to commercial, residential, and public entities (with lower rates and favorable terms). Such credit enhancement tools may include a loan loss reserve fund.	GF/GP	NA	\$1,000,000
5. Marijuana Regulation Fund Adjustment	Gross	NA	\$552,000
Includes an additional \$552,000 of restricted funding authorization from the Marijuana Regulation Fund, adult-use licensing fees and excise tax revenues, for the following line items:	Restricted	NA	552,000
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • Administrative Services (\$150,000) • Executive Director Programs (\$52,000) • Michigan Office of Administrative Hearings and Rules (\$100,000) • Information Technology Services and Projects (\$250,000). 			
6. Urban Search and Rescue Increase	Gross	\$600,100	\$399,900
Includes an additional \$400,000 GF/GP for the Urban Search and Rescue line item, 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.	Restricted	100	(100)
	GF/GP	\$600,000	\$400,000
7. Marijuana Regulatory Fund Adjustment	Gross	NA	\$280,000
Includes an additional \$280,000 of restricted funding authorization from the Marijuana Regulatory Fund, medical licensing fees and assessments, for the following line items:	Restricted	NA	280,000
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • Administrative Services (\$63,000) • Executive Director Programs (\$17,000) • Michigan Office of Administrative Hearings and Rules (\$200,000). 			
8. MIDC Statewide Grant Management System Costs	Gross	\$18,650,000	\$72,000
Includes \$72,000 GF/GP for the Information Technology Services and Projects line item for ongoing maintenance costs for the MIDC's grants management system.	Federal	1,124,500	0
	Restricted	16,338,300	0
	GF/GP	\$1,187,200	\$72,000
9. Removal of FY 2019-20 One-Time Funding	Gross	\$10,000	(\$10,000)
Removes \$10,000 of restricted funding that was included in the FY 2019-20 budget for producing educational materials to inform consumers, particularly children and young adults, about the potential effects of marijuana use.	Restricted	10,000	(10,000)
	GF/GP	\$0	\$0

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change	
10. Technical Adjustments	Gross	NA	\$355,300
Makes numerous fund shifts, organizational changes, authorization alignments, and technical adjustments, including effectuating EO 2019-13. The following are specific changes included:	IDG/IDT	NA	294,200
	Federal	NA	(4,800)
	Restricted	NA	719,700
	GF/GP	NA	(\$653,800)
<ul style="list-style-type: none"> • Internally transfers the Health Facilities Engineering Section from the Bureau of Construction Codes to the Bureau of Community and Health Systems (\$1.2 million Gross and 7.0 FTE positions). • Increases restricted authorization from the Licensing and Regulation Fund (\$405,500) and Securities Fees (\$519,600) for the Corporations, Securities, and Commercial Licensing Bureau. • Decreases restricted authorization from the Survey and Remonumentation Fund for the Remonumentation Grants line item by \$500,000. • Decreases restricted authorization from the Liquor Purchase Revolving Fund for the Property Management line item by \$410,300. • Increases restricted authorization from the Fireworks Safety Fund for the Bureau of Fire Services line item by \$200,000. • Removes \$100,000 GF/GP from Bureau of Construction Codes line item and replaces it with restricted authorization from the Construction Codes Fund. • Increases authorization from the Accountancy Enforcement Fund for the Bureau of Professional Licensing line item by \$80,000. • Reduces GF/GP for the Bureau of Professional Licensing line item by \$550,000, while increasing restricted authorization from the Health Professions Regulatory fund by \$550,000. • Reduces restricted authorization from Securities Fees for the Property Management line item by \$200,000. 			
11. Economic Adjustments	Gross	NA	\$7,570,200
Reflects increased costs of \$9.2 million Gross (\$850,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA	845,100
	Federal	NA	702,900
	Restricted	NA	5,309,000
	GF/GP	NA	\$713,200

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 206. Communication with the Legislature – REVISED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff. Revised to allow action in instances where the communication is unlawful and to renumber the section from Sec. 216 to 206.

Major Boilerplate Changes from FY 2019-20

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

Requires LARA to report quarterly on the number of FTE positions filled and to report semiannually on the number of employees engaged in remote work in 2020, the number of employees engaged in remote work in the reporting period, and savings achieved by remote work.

Sec. 217. Work Project Expenditures – NEW (UNENFORCEABLE)

Requires work project authorizations be exhausted before new appropriations are expended for the same purpose, to the extent possible in LARA.

(Governor's signing letter states this section is unenforceable.)

Sec. 218. Legislature Action on Administrative Board Transfers – NEW

Allows the legislature to intertransfer funds within the LARA budget via concurrent resolution if the State Administrative Board transfers funds in the budget.

Sec. 219. Reports Retention – NEW

Requires LARA to receive and retain copies of all reports funded under part 1.

Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED

Requires LARA, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing identification of expenditures associated with the Healthy Michigan Plan.

Sec. 220. Policy Changes Report – NEW

Requires LARA to report on each policy change made in the prior calendar year to implement public acts affecting the department.

Sec. 226. Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by agencies within LARA. Revised to align requirements and to incorporate complaints reporting requirements previously under section 514.

Sec. 229. Television and Radio Productions – REVISED

Prohibits LARA from using appropriations to develop or produce television or radio productions through a third-party vendor. Revised to delete the prohibition and to require a report on any expenditure of funds to a third-party vendor for a television or radio production.

Sec. 505. Marijuana Program Report – REVISED

Requires LARA to submit a report on revenue, expenditures, application determinations, and timeliness of Medical Marijuana Program and other specified information. Revised to consolidate all reporting on programs administered by the Marijuana Regulatory Agency into a single report.

Sec. 511. Notice of AFC, HFA, and LTC Facility Closing – REVISED

Requires LARA to serve a facility and notify offices of representing legislators when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home. Revised to include the Subcommittees on Health and Human Services as recipients of the notice.

Sec. 512. Marijuana Regulation Report – DELETED

Requires LARA to submit a report providing information regarding licensing, revenues, and costs for medical and adult-use marijuana regulation.

Sec. 513. Marijuana Community Impact Statements – DELETED

Requires LARA to report on addresses of all licensed medical and recreational marijuana facilities; requires LARA to coordinate with local authorities to create community impact statements and neighbor responsibility plans, upon request.

Sec. 514. Complaints Reports – DELETED

Requires various entities in LARA to report on complaint volumes, resolution processes, and enforcement actions.

Sec. 515. Substance Use Disorder Program Licensing – DELETED

Stipulates requirements that residential detoxification program licensees must fulfill.

LICENSING AND REGULATORY AFFAIRS

Major Boilerplate Changes from FY 2019-20

Sec. 701. Bureau of Services for Blind Persons Case Services – DELETED

Stipulates that funds appropriated for BSBP include funds for case services that may be used for tuition payments for blind clients; unexpended revenue collected by BSBP and from local and private sources may carry forward into subsequent fiscal year.

Sec. 702. Vocational Rehabilitation Matching Funds – DELETED

Requires BSBP to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

Sec. 703. BSBP Service Agreements – DELETED

Authorizes BSBP to provide support and services to various agencies and organizations, and for LARA to charge fees for these services; stipulates funds collected for these services are appropriated when received.

Sec. 704. First Responder Presumed Coverage Claims Excess Funds – DELETED

Authorizes excess funds received from First Responder Presumed Coverage Fund to be appropriated in an amount sufficient to pay approved claims due in current fiscal year.

Sec. 803. Ethnic Affairs Commissions Reporting – DELETED

Requires Michigan Office for New Americans to coordinate with three ethnic affairs commissions to produce a report detailing the commissions' activities.

Sec. 804. Ethnic Affairs Commissions Spending – DELETED

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

Sec. 805. Michigan Office For New Americans Report – DELETED

Requires MONA to report on activities of the office; stipulates reporting requirements.

Sec. 903. Local Support for Subregional Library Services – DELETED

Requires maintenance of effort for subregional libraries to receive state grants for expenditures for library services directly serving the blind and persons with disabilities.

Sec. 904. Michigan Indigent Defense Commission Standards Compliance – DELETED

Stipulates an indigent defense system's duty of compliance with standards is contingent upon receipt of a grant in an amount sufficient to comply with provisions in 2013 PA 93.

Sec. 1001. Marihuana Education Funding – DELETED

Requires funding for Marihuana Education to be used to produce and disseminate materials geared toward children and young adults that highlight potential risks and consequences associated with marihuana use.

Sec. 1001. Michigan Saves Grants – NEW

Allows the Public Service Commission to award \$1.0 million in grant funding to a non-profit green bank; stipulates the purpose of the grant and potential uses for the funding.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 10)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	106,177,200	123,626,100	17,448,900	16.4
Local	0	0	0	--
Private	630,000	630,000	0	0.0
Restricted	23,908,600	20,313,400	(3,595,200)	(15.0)
GF/GP	73,247,500	81,421,200	8,173,700	11.2
Gross	\$204,065,100	\$226,092,500	\$22,027,400	10.8
FTEs	933.5	1,061.5	128.0	13.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

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

Major Budget Changes from FY 2019-20 YTD Appropriations

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. New Veterans Homes Ongoing Costs		
FTE	NA	115.0
Gross	NA	\$1,160,800
Federal	NA	(5,856,300)
Restricted	NA	(631,900)
GF/GP	NA	\$7,649,000
Authorizes \$1.2 million Gross (\$7.6 million GF/GP) and 115.0 FTE positions to support ongoing operations at the new Chesterfield Township home for veterans and the new facility at the Grand Rapids Home for Veterans. The GF/GP appropriation increase partly covers a short-term reduction of federal revenue as the new homes' residency and eligibility for federal reimbursements stabilizes.		
2. Michigan Job Challenge Program		
FTE	50.0	18.0
Gross	\$7,580,900	\$2,011,000
Federal	4,514,000	2,011,000
Private	90,000	0
GF/GP	\$2,976,900	\$0
Authorizes \$2.0 million of federal funding and 18.0 FTE positions for the five-month residential, occupational skills training program for graduates of the Michigan Youth Challenge Academy.		
3. Grayling National Guard Readiness Center Construction		
Gross	NA	\$18,905,000
Federal	NA	18,905,000
GF/GP	NA	\$0
Authorizes \$18.9 million of federal funding for a new National Guard Readiness Center at Grayling Army Airfield to support training, administration, and logistical requirements for two Michigan National Guard units and to address overcrowding and aging of existing facilities.		

MILITARY AND VETERANS AFFAIRS

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>			
4. Board of Managers Elimination	Gross	\$940,000	(\$400,000)
Eliminates \$400,000 of state restricted funding that had been used to support the Board of Managers and transfers \$540,000 of private funding to the new Michigan Veterans Homes Administration line to recognize transfer of management authority over veterans' homes from Board of Managers to Michigan Veterans Facility Authority, which will oversee construction and administration of all state veterans homes.	Private	540,000	0
	Restricted	400,000	(400,000)
	GF/GP	\$0	\$0
5. Veteran Homes Administration Cost Transfers	FTE	18.0	0.0
Transfers \$2.5 million GF/GP to new Michigan Veteran Homes Administration line that will support administration of all veterans homes. Transfers \$452,500 from D.J. Jacobetti Home for Veterans, \$1.6 million from Grand Rapids Home for Veterans, and \$419,900 from Michigan Veterans Facility Authority. Total executive recommended funding is \$3.0 million with transfer of \$540,000 of private funding from Board of Managers as noted in item number 4.	Gross	\$2,473,700	\$0
	GF/GP	\$2,473,700	\$0
6. Cemetery Cost Transfer	Gross	\$85,200	\$0
Transfers \$85,200 GF/GP from Grand Rapids Home for Veterans to new Veterans Cemetery line.	GF/GP	\$85,200	\$0
7. Grand Rapids Home for Veterans Lines Transfers	FTE	318.5	0.0
Transfers \$51.3 million Gross (\$22.9 million GF/GP) and 313.5 FTE positions from three lines under the Grand Rapids Home for Veterans and \$621,700 Gross (\$225,600 GF/GP) from FY 2020-21 economics increase, into one new line. Transfers \$9.0 million from Veterans Homes Operations, \$10.3 million from Purchased Services, and \$32.5 million from Salaries, Wages, and Fringe Benefits. 5.0 FTE positions would be transferred to the Michigan Veterans Affairs Agency Administration line.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
8. Grand Home for Veterans Transition Costs Transfer	FTE	318.5	0.0
Transfers \$13.2 million GF/GP of ongoing funding to Grand Rapids Home for Veterans to one-time funding to support costs of transitioning from the existing facility to the new facility under construction expected to begin in 2021.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
9. Non-GF Transfer from GRHV to New Chesterfield Home	FTE	318.5	0.0
Transfers \$1.3 million Gross (\$0 GF/GP) from Grand Rapids Home for Veterans to new Chesterfield Township veterans home in Macomb County. Transfers \$885,000 of federal funding and \$375,000 of state restricted Income and Assessments revenue.	Gross	\$51,264,300	\$0
	Federal	21,565,000	0
	Restricted	6,800,900	0
	GF/GP	\$22,898,400	\$0
10. Michigan Veterans Facility Authority Reduction	FTE	3.0	0.0
Reduces \$250,000 GF/GP from the Michigan Veterans Facility Authority from vacant transition executive position and reducing the number of yearly meetings by half.	Gross	\$1,276,900	(\$250,000)
	GF/GP	\$1,276,900	(\$250,000)
11. IT Services Increase	Gross	\$1,530,800	\$432,300
Authorizes \$432,300 Gross to align appropriations with available federal and state restricted resources.	Federal	586,700	121,000
	Restricted	425,100	311,300
	GF/GP	\$519,000	\$0
12. Accounting Service Center FTE Transfer to DTMB	FTE	205.0	(5.0)
Reduces 5.0 FTE positions from D.J. Jacobetti Home for Veterans to reflect an Accounting Service Center agreement to transfer five veterans home business office staff to become part of Department of Technology, Management, and Budget Financial Services.	Gross	\$24,918,600	\$0
	Federal	10,447,800	0
	Restricted	5,262,900	0
	GF/GP	\$9,207,900	\$0

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
13. D.J. Jacobetti Fund Shift Alignment with Available Resources	FTE	205.0	0.0
Reduces \$354,900 Gross (\$0 GF/GP) to align fund sources with available federal and state restricted revenues. Reduces \$3.0 million of federal funding and authorizes an additional \$2.7 million of state restricted Income and Assessments revenue.	Gross	\$24,918,600	(\$354,900)
	Federal	10,447,800	(3,008,300)
	Restricted	5,262,900	2,653,400
	GF/GP	\$9,207,900	\$0
14. Restricted Revenue Reductions	Gross	\$11,202,200	(\$5,815,100)
Reduces \$5.8 million of state restricted funding to align with revenue and expenditure projections. Reductions include \$2.9 million from Michigan Veterans Trust Fund, \$2.3 million from Michigan National Guard Armory Construction Fund, \$450,000 from Military Family Relief Fund, \$100,000 from Mackinac Bridge Authority, \$63,800 from Billeting Fund, and \$50,000 from Test Project Fees.	Restricted	11,202,200	(5,815,100)
	GF/GP	\$0	\$0
15. Removal of FY 2019-20 One-Time Funding	Gross	\$65,100	(\$65,100)
Eliminates \$65,100 of one-time GF/GP that was used for fielding and issuing of aircrew combat uniforms with updated operational camouflage pattern.	GF/GP	\$65,100	(\$65,100)
16. Military Retirement	Gross	\$1,000,000	(\$342,000)
Reduces \$342,000 GF/GP from funds authorized to support Military Retirement System (MRS) payment obligations to align funding with known required contribution amounts based on annual actuarial valuation of pension benefits.	GF/GP	\$1,000,000	(\$342,000)
17. Discretionary Spending Reduction	Gross	NA	(\$158,000)
Reduces \$158,000 GF/GP to reflect savings from reduced discretionary spending from Michigan Veterans Affairs Agency Administration line and Headquarters and Armories line at \$79,000 each.	GF/GP	NA	(\$158,000)
18. Veterans Benefits Eligibility Study One-Time Funding	Gross	NA	\$250,000
Provides \$250,000 GF/GP for commission of a study by an institution of higher education that will create, implement, and evaluate a program to identify Michigan Medicaid beneficiaries who are veterans, and to support those veterans in exploring their eligibility for US Department of Veterans Affairs (USDVA) health care benefits and to provide recommendations for ongoing support.	GF/GP	NA	\$250,000
19. Economic Adjustments	Gross	NA	\$6,653,400
Reflects increased costs of \$6.7 million Gross (\$1.1 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	5,276,500
	Restricted	NA	287,100
	GF/GP	NA	\$1,089,800

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

MILITARY AND VETERANS AFFAIRS

Major Boilerplate Changes from FY 2019-20

Sec. 206. Disciplinary Action Against State Employees – REVISED

Prohibits department from taking disciplinary action against state civil service employees for communicating with legislators or their staff. Revised to stipulate disciplinary action is permissible if the communication is prohibited by law and the department is exercising its authority in taking disciplinary action as provided by law.

Sec. 216. Civil Service Employee Remote Work Report – NEW

Requires a quarterly report on the number of civil service FTE positions, the number of actual filled positions compared to authorized FTE position counts. Requires a report by April 1, and semiannually thereafter, on number of employees engaged in remote work in 2020, the number of employees authorized to work remotely in reporting period and the actual number working remotely, estimates of cost savings of employees working remotely, and reduced office space associated with remote work.

Sec. 217. Work Project Spending Prioritization – NEW

Prohibits expenditures of funds appropriated in part 1 prior to expenditure of existing work project funds authorized for the same purpose.

Sec. 218. Sec. 217. State Administrative Board Transfers – NEW

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

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

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

Sec. 220. Reporting Requirement on Policy Changes – NEW

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, evidence of efficiencies, corrective action plans for requirements not achieved, department's performance against metrics stated in act, and employment levels. Revised by eliminating requirement to report performance metrics and evidences of efficiencies.

Sec. 222. Department Core Services – REVISED

Lists core services of department; requires appropriations to be used for core services. Revised by deleting Board of Managers, the Grand Rapids Home for Veterans, and the D.J. Jacobetti Home for Veterans as core services and adds Michigan Veterans' Facility Authority and Michigan Veterans' Homes.

Sec. 225. Court Settlements Report – NEW (UNENFORCEABLE)

Requires department to report tentative plans for the required payment of any court judgment against the department and details regarding the timing and budget impact the payment will have on the department.

(Governor's signing letter states this section is unenforceable.)

Sec. 226. Private Donations to Veteran Homes – NEW

Appropriates money privately donated to the 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 the private donor.

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. Revised to require quarterly report to list current unclassified positions to include official titles and responsibilities and to require notification of unclassified position changes to be sent within 15 days.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard; states program's objectives, performance metrics, and reporting requirements. Revised to define eligibility for tuition assistance as defined in 2014 PA 259.

Sec. 405. Veterans' Trust Fund Grants – REVISED

Requires MVAA to report on Michigan Veterans Trust Fund financial status, awarded grants, and administrative expenses; establishes a capacity metric of 2,000 applications. Revised to add operating expenses to be reported, and to change due date from December 1 to February 1.

Major Boilerplate Changes from FY 2019-20

Sec. 406(2). Regional Service Coordination – REVISED

Requires the MVAA to provide for the regional coordination of services, including benefit counseling, state health and human service programs, workforce and economic development programs, and community-based programs; allows service officers to include mental health care referral services; requires the MVAA to work with the Department of Health and Human Services and the Department of Corrections in coordinating benefits and services to eligible veterans; requires training on processing veterans benefits due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues. Revised to eliminate requirement of selection of regional coordinators through a staff augmentation service contract and for regional coordination services to be provided by designated regional coordinator positions.

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, including a goal that 40% of VSO-filed claims for VA benefits be considered fully developed by VA; specifies basic parameters of grant agreement, including regional service delivery, payment of fixed hourly rate of \$34.00 per hour, provision of service hours based on appropriations and fixed hourly rate, including in state correctional facilities; requires reports on claims activities. Revised to include partnership with tribal governments in disbursing grants; requires biannual rather than quarterly reports; sets hourly service rate as based on funds appropriated rather than set at \$34.00 per hour.

Sec. 451. Board of Managers (Veterans Homes) – REVISED

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over GRHV and DJJHV. Revised to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans.

Sec. 452(1)-(3), (10)-(20). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – REVISED

Requires GRHV and DJJHV 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 GRHV, DJJHV, and Board of Managers 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. Revised to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans; deletes requirement to report quarterly on Centers for Medicare and Medicaid certification efforts; requires submission and posting online of USDVA State Veteran Home analytics reports; deletes quality of care quarterly metrics reporting; deletes requirement to provide results of any annual or for-cause survey conducted by USDVA and any corresponding corrective action plan.

Sec. 452(4)-(8). Contractors and GRHV Competency Evaluated Nursing Assistants – REVISED

Requires contractors providing mental health services to GRHV and DJJHV to use evidence-based best practices; requires contractors that provide competency evaluated nursing assistants (CENAs) at home to meet certain performance standards regarding pre-service and in-service training and experience. Revised to include pre-service and in-service training and experience standards to CENAs working at the Chesterfield Township Home for Veterans.

Sec. 503. Special Maintenance – Veterans Homes – REVISED

Authorizes capital outlay appropriations to be carried forward at end of fiscal year; requires appropriations to be expended in accordance with section 402 of department budget act to modernize and repair two veterans' homes; requires biannual reports on maintenance projects at veterans' homes funded from capital outlay appropriations. Revised to add Chesterfield Township Home for Veterans under biannual reporting requirements on status of maintenance projects funded from capital outlay appropriations.

Sec. 601. Veterans Benefits Eligibility Study – NEW

Requires commission of study that will create and implement a program to identify Michigan Medicaid beneficiaries who are veterans and support them in exploring their eligibility for USDVA health care benefits; requires report on findings of the study, including data on veteran Medicaid beneficiaries and recommendations on strategies to facilitate veterans receiving USDVA health care benefits.

MILITARY AND VETERANS AFFAIRS

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 501. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for hazard/premium pay for front line workers, by \$186,000.

Sec. 502. Federal Fund Authorization Increase

Increases the appropriation for provider relief fund payments by \$1.5 million to recognize additional federal CARES Act funding.

DEPARTMENT OF NATURAL RESOURCES
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 11)

Analyst: Austin Scott

IDG/IDT	FY 2019-20 YTD	FY 2020-21	Difference: Enacted	
	as of 2/6/20	Enacted	From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$197,200	\$203,100	\$5,900	3.0
Federal	75,501,200	88,453,700	12,952,500	17.2
Local	0	0	0	--
Private	7,431,600	7,439,200	7,600	0.1
Restricted	308,570,400	322,800,800	14,230,400	4.6
GF/GP	46,985,000	50,697,300	3,712,300	7.9
Gross	\$438,685,400	\$469,594,100	\$30,908,700	7.0
FTEs	2,340.1	2,352.1	12.0	0.5

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations	FY 2019-20	FY 2020-21
	Year-to-Date	Enacted
	(as of 2/6/20)	Change
1. Milliken Visitors Center (One-Time)	Gross	NA
Appropriates \$2.5 million GF/GP for the construction of a new visitors center on Mackinac Island including indoor and outdoor exhibits.	GF/GP	\$2,500,000
2. Local Marine Patrol Grants	Gross	NA
Includes \$1.8 million GF/GP for grants to local law enforcement to enforce no wake zones in an effort to mitigate high water impacts on infrastructure.	GF/GP	\$1,750,000
3. Michigan Conservation Corps	Gross	NA
Adds \$934,400 GF/GP for the Michigan Conservation Corps. This statewide summer employment program for at-risk youth and returning veterans allows partner organizations to hire individuals for work that is approved or managed by DNR employees. The program was last funded in FY 2018-19.	GF/GP	\$934,400
4. Wildlife Management	FTE	221.5
Reduces Wildlife Management by \$495,000 GF/GP. The addition of \$505,000 to offset the anticipated loss of revenue due to discounting antlerless deer licenses in the northeast Lower Peninsula is exceeded by a reduction of \$1.0 million.	Gross	(\$495,000)
	Federal	25,377,200
	Private	315,700
	Restricted	15,422,400
	GF/GP	\$4,765,700

NATURAL RESOURCES

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
5. Deer Habitat Partnership Improvement Initiative		Gross	\$300,000
Expands funding for the Deer Habitat Partnership Improvement Initiative by \$145,800 GF/GP to provide grants through the Northern Lower Peninsula Deer Private Land Assistance Network.		Restricted	200,000
		GF/GP	\$100,000
			\$145,800
6. General Law Enforcement		FTE	293.0
Reflects a travel cost savings of \$91,700 GF/GP for DNR law enforcement due to permanently stationing Conservation Officers at Belle Isle State Park rather than requiring travel from other duty stations.		Gross	\$44,784,100
		Federal	6,648,100
		Restricted	25,682,400
		GF/GP	\$12,453,600
			(\$91,700)
7. Good Neighbor Program – Forest Management and Timber Market Development		FTE	178.0
Expands the Good Neighbor Program by adding \$8.1 million of available federal funding and 7.0 FTE positions to support increasing timber sales and forest resources management activities.		Gross	\$35,061,700
		Federal	2,236,000
		Private	930,400
		Restricted	31,895,300
		GF/GP	\$0
			\$0
8. Newberry Mass Timber Building (Capital Outlay)		Gross	NA
Adds \$5.0 million from the Forest Development Fund for the construction of a facility in Luce County for departmental staff and storage. The building would replace existing leased and outdated facilities.		Restricted	NA
		GF/GP	NA
			\$5,000,000
9. Shooting Range Development, Enhancement, and Restoration (One-Time)		Gross	NA
Appropriates \$4.4 million Gross for maintenance of existing and development of new archery and firearm ranges throughout Michigan.		Federal	NA
		Private	NA
		GF/GP	NA
			4,000,000
			400,000
			\$0
10. Fish Hatchery Infrastructure (Capital Outlay)		Gross	NA
Authorizes expenditure of \$2.5 million from the Game and Fish Protection Fund for infrastructure maintenance, energy efficiency, and biosecurity at Michigan's six fish hatcheries.		Restricted	NA
		GF/GP	NA
			2,500,000
			\$0
11. Wetlands Restoration, Enhancement, and Acquisition (Capital Outlay)		Gross	NA
Appropriates \$1.0 million of available Waterfowl Hunt Stamp revenue for wetland enhancement and waterfowl habitat maintenance.		Restricted	NA
		GF/GP	NA
			1,000,000
			\$0
12. Forest Fire Equipment		Gross	NA
Appropriates \$1.0 million from the Forest Development Fund for fire equipment maintenance and acquisition.		Restricted	NA
		GF/GP	NA
			1,000,000
			\$0
13. State Park Employee Retention Initiative		FTE	NA
Includes an additional \$567,800 of restricted funding and 4.0 FTE positions for Forest Recreation & Trails, Recreational Boating, and State Parks to create park supervisor roles and paths for career advancement.		Gross	NA
		Restricted	NA
		GF/GP	NA
			567,800
			\$0
14. Forestry Investment (One-Time)		Gross	NA
Appropriates \$500,000 from the Forest Development Fund for research on maintenance and health of white cedar forests in Michigan.		Restricted	NA
		GF/GP	NA
			500,000
			\$0
15. Wildfire Equipment Mechanic – Wildfire Protection		FTE	114.0
Adds \$375,000 from the Forest Development Fund and 1.0 FTE position to the Wildfire Protection program for a mechanic to maintain fire equipment inventory.		Gross	\$14,320,200
		Federal	1,357,500
		Restricted	6,661,900
		GF/GP	\$6,300,800
			375,000
			\$0

NATURAL RESOURCES

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
16. Belle Isle Park – State Parks		
Adds \$200,000 from the Park Improvement Fund, Belle Isle Subaccount to State Parks for operation and maintenance of Belle Isle Park. Additional revenue is available from the Belle Isle Grand Prix.	FTE 715.6	0.0
	Gross \$75,592,600	\$200,000
	Federal 141,400	0
	Private 428,100	0
	Restricted 72,496,900	200,000
	GF/GP \$2,526,200	\$0
17. Marketing and Outreach		
Expands departmental marketing and outreach by adding \$173,600 from the Sportsmen Against Hunger Fund. Additional spending authority would be used to cover costs related to providing donated venison to local food banks and shelters.	FTE 80.8	0.0
	Gross \$14,166,300	\$173,600
	Federal 1,694,800	0
	Restricted 12,194,500	173,600
	GF/GP \$277,000	\$0
18. Capital Outlay Adjustments		
Reflects adjustments of \$3.1 million to annual capital outlay appropriations for boating infrastructure, state parks maintenance, and state forest infrastructure to align spending with available revenue.	Gross NA	(\$3,125,000)
	Restricted NA	(3,125,000)
	GF/GP NA	\$0
19. Removal of FY 2019-20 One-Time Funding		
Removes \$2.2 million GF/GP for the Wildlife and Fisheries Health Study (PFAS) and wildlife management (CWD) included in the FY 2019-20 budget.	Gross NA	(\$2,200,000)
	GF/GP NA	(\$2,200,000)
20. Technical Adjustments		
Increases DNR budget by \$159,000 Gross to align appropriations with available private and restricted funding.	Gross NA	\$159,000
	IDG NA	200
	Private NA	(396,200)
	Restricted NA	555,000
	GF/GP NA	\$0
21. Economic Adjustments		
Reflects increased costs of \$7.5 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross NA	\$7,471,400
	IDG NA	5,700
	Federal NA	809,100
	Private NA	3,800
	Restricted NA	5,484,000
	GF/GP NA	\$1,168,800

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

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

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

Sec. 217. Expending Available Work Project Authorization – NEW

Advises the department not to expend appropriations in part 1 until existing work project authorization for the same purpose has been expended.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2019-20

Sec. 218. State Administrative Board Transfers – NEW

Allows the legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers funds appropriated in part 1.

Sec. 219. Receipt and Retention of Reports – NEW

Requires the department to receive and retain copies of all reports funded in part 1.

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

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. 409. Report on Portage Restaurant – NEW

Requires the department to report on the current and planned future use of the Portage Restaurant at Presque Isle State Harbor in Presque Isle County.

Sec. 410. Report on Use of Lands Acquired Since January 2019 – NEW

Requires the department to report on lands acquired since January 2019 and their respective planned uses. Report is due November 1, 2020.

Sec. 504. Cervid Operation Fees – DELETED

Requires report on use of registration fees from privately owned cervid operations.

Sec. 507. Antlerless Deer License Discounts – NEW

Permits the 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 in part 1 to supplant lost revenue that would otherwise be collected from full-price antlerless deer licenses sold in the northeast Lower Peninsula; permits the department to terminate the license discount once lost revenue reaches \$505,000.

Sec. 1002. Water Trail Grants – DELETED

Requires the department to collaborate with Waterways Commission to develop a plan to incorporate grants for state-designated water trails as a part of the Waterways Grant Application Program.

Sec. 1002. Deer Habitat Improvement Partnership Initiative Earmark – NEW

Earmarks \$145,800 from the Deer Habitat Improvement Partnership Initiative in part 1 to provide grants through the Northern Lower Peninsula Deer Private Land Assistance Network.

Sec. 1003. Local Marine Patrol Grants – NEW

Directs expenditure of funding for Local Marine Patrol Grants in part 1 for grants to local law enforcement to enforce no wake zones in an effort to mitigate high water impacts on infrastructure; limits individual grants to not more than \$100,000.

Sec. 1202. Lake Level Assessment Reimbursements – DELETED

Allocates \$35,000 of the Finance and Operations appropriation to reimburse qualifying costs related to lake level assessments.

Sec. 1203. Wildlife Management – DELETED

Authorizes unexpended funds appropriated for Wildlife Management to be considered work project appropriations and carried forward until projects have been completed. Projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2022.

Sec. 1206. Wildlife and Fisheries Health Study – DELETED

Requires the department to use funds appropriated to investigate the effect of PFAS contamination on Michigan's wildlife and fisheries populations.

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 551. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for hazard/premium pay for front line workers, by \$146,000.

SCHOOL AID
Summary of FY 2020-21 Enacted
Public Act 165 of 2020 (Senate Bill 927, Article 1)

Analysts: Jacqueline Mullen and Samuel Christensen

IDG/IDT	FY 2019-20 YTD as of 7/31/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	2,261,578,500	1,806,878,500	(454,700,000)	(20.1)
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,778,048,700	13,667,321,700	889,273,000	7.0
GF/GP	273,600,000	50,964,600	(222,635,400)	(81.4)
Gross	\$15,313,227,200	\$15,525,164,800	\$211,937,600	1.4

Notes:

- (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through July 31, 2020.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 294 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Per-Pupil Increase (Sec. 11d)	Gross	\$0	\$95,000,000
Includes \$95.0 million SAF for payments to districts on an equal per-pupil basis. Payments are based on 50% of districts' FY 2019-20 membership blend and 50% of their FY 2020-21 membership blend as it would have been calculated in a non-pandemic year. Payments are estimated at \$65 per pupil.	Restricted	0	95,000,000
	GF/GP	\$0	\$0
2. Increasing Enrollment (Sec. 29a) – NEW	Gross	\$0	\$66,000,000
Provides \$66.0 million SAF for payments to districts with increasing enrollment. Districts are eligible if their FY 2020-21 membership blend as it would have normally been calculated in a non-pandemic year exceeds their FY 2020-21 pupil membership calculation (the "super blend"). Payments are equal to the difference in pupils multiplied by the district's foundation allowance, capped at the Target Foundation. Payments may be prorated if funds are insufficient.	Restricted	0	66,000,000
	GF/GP	\$0	\$0
3. Foundation Allowance (Secs. 22a & 22b)	Gross	\$9,491,000,000	(\$45,000,000)
Reduces by \$45.0 million to maintain current foundation allowance levels. The minimum foundation allowance is \$8,111 and the state maximum guaranteed foundation allowance is \$8,529. (See Boilerplate Changes for Sec. 22p below.)	Restricted	9,417,756,300	27,546,100
	GF/GP	\$73,243,700	(\$72,546,100)

SCHOOL AID

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
4. 3-Year Pupil Membership Blend (Secs. 22a & 22b)		Gross	NA
Increases by \$1.0 million to permit a district that has established a Community Engagement Advisory Committee (CEAC), is required to submit a deficit elimination plan or enhanced deficit elimination plan, and is located in a city with a population between 9,000 and 11,000 that is in a county of between 155,000 and 160,000 (Benton Harbor) to calculate membership as the greater of a 3-year average or the district's actual membership as otherwise calculated.		Restricted	NA
		GF/GP	NA
			\$1,000,000
			1,000,000
			\$0
5. Cash Flow Borrowing (Sec. 11m)		Gross	\$7,000,000
Increases by \$4.4 million SAF to a total of \$11.4 million SAF to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.		Restricted	7,000,000
		GF/GP	\$0
			\$4,400,000
			4,400,000
			\$0
6. Flint Emergency Declaration (Sec. 11s)		Gross	\$8,075,100
Maintains total appropriation of \$8.1 million but revises as follows: reduces by \$1.6 million SAF to \$2.4 million SAF the allocation for early intervention services for children between 3-5 years of age; adds new \$1.6 million SAF allocation for interventions and supports for students in K-12 impacted by the drinking water declaration of emergency; revises from SAF to GF/GP the \$650,000 allocation for nutritional services and the \$2.4 million allocation for school nurses, classroom aides, and school social workers.		Restricted	8,075,100
		GF/GP	\$0
			\$0
			(3,075,000)
			\$3,075,000
7. Partnership Model Districts (Sec. 21h)		Gross	\$6,000,000
Provides \$137,400 SAF for the purchase of a data analytics tool and requires districts receiving funding under this section to purchase the tool. (See Boilerplate Changes for Sec. 21h below.)		Restricted	6,000,000
		GF/GP	\$0
			\$137,400
			137,400
			\$0
8. Attendance Recovery Program (Sec. 25i) – NEW		Gross	\$0
Provides \$2.0 million GF/GP for an attendance recovery program for all districts that opt in to serve eligible students.		Restricted	0
		GF/GP	\$0
			\$2,000,000
			0
			\$2,000,000
9. Virtual Learning Support Grants (Sec. 25j) – NEW		Gross	\$0
Provides \$2.0 million SAF for ISDs to address student needs associated with virtual instruction. Allocates funding to ISDs based on their number of economically disadvantaged students. Requires ISDs to use funds to support districts that began FY 2019-20 with in-person instruction but began FY 2020-21 with virtual or hybrid models of instruction. Funds must be used for meeting the unique needs of special education students, addressing increased numbers of chronically absent students, and offering child care solutions for elementary students.		Restricted	0
		GF/GP	\$0
			\$2,000,000
			2,000,000
			\$0
10. Promise Zone Funding (Sec. 26c)		Gross	\$7,400,000
Increases by \$2.3 million SAF to a total of \$9.7 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan. Three new zones are coming online: Grand Rapids (\$626,150), Flint (\$49,957), and River Rouge (\$7,090).		Restricted	7,400,000
		GF/GP	\$0
			\$2,300,000
			2,300,000
			\$0
11. Federal School Lunch Programs (Sec. 31d)		Gross	\$537,200,000
Increases federal school lunch funding by \$12.8 million for a total of \$550.0 million. Revises language, for FY 2020-21 only, to be consistent with federal guidelines due to COVID-19.		Federal	537,200,000
		Restricted	0
		GF/GP	\$0
			\$12,800,000
			12,800,000
			0
			\$0

SCHOOL AID**Major Budget Changes from FY 2019-20 YTD Appropriations**

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
12. Locally Grown Produce in Schools (Sec. 31j)	Gross	\$575,000	\$1,425,000
Increases by \$1.4 million Gross to \$2.0 million Gross (\$200,000 GF/GP) to support districts and sponsors of child care centers in the purchase of locally grown fruits and vegetables. Expands program from 5 prosperity regions to districts and sponsors of child care centers statewide. If MDE administers the program for a recipient, permits MDE to retain up to 10% of that recipient's funds for administration or distribute some or all of that 10% to program partners as appropriate. Requires a recipient to provide monthly data to MDE and report on outcomes within 60 days after the end of the school year. Requires MDE to provide a legislative report by November 1, 2021.	Restricted	0	1,800,000
	GF/GP	\$575,000	(\$375,000)
13. Student Meal Debt Forgiveness (Sec. 31k) – NEW	Gross	\$0	\$1,000,000
Provides, for FY 2020-21 only, \$1.0 million SAF for reimbursements to districts that have forgiven all outstanding student meal debt. Recipients must adopt policies to prevent public identification or stigmatization of students who cannot pay for a school meal. Reimbursements may be prorated.	Restricted	0	1,000,000
	GF/GP	\$0	\$0
14. School Mental Health and Support Services (Sec. 31n)	Gross	\$31,300,000	\$5,600,000
Increases by \$5.6 million SAF for total of \$36.9 million Gross (\$1.3 million GF/GP). Increases the allocation for behavioral health providers in schools from \$6.5 million to \$9.3 million and requires funding to go to health centers that are part of the existing network. Increases the allocation for ISD mental health and support services from \$23.0 million to \$25.8 million and adds that ISD services may be provided by coordinating with outside mental health agencies. Permits districts or ISDs to carry over funds for up to 2 fiscal years.	Restricted	30,000,000	5,600,000
	GF/GP	\$1,300,000	\$0
15. Literacy Essentials (Sec. 35a(7))	Gross	\$1,000,000	\$3,000,000
Increases by \$3.0 million SAF for a total of \$4.0 million SAF the allocation to Gogebic-Ontonagon ISD, in partnership with an association that represents ISD administrators, for the literacy essentials program. The increase includes \$2.5 million for the placement of regional lead literacy coaches to facilitate professional learning for early literacy coaches and \$500,000 for principals literacy training using General Education Leadership Network (GELN) Pre-K and K-3 essential instructional practices in literacy. Permits the association partnering with Gogebic-Ontonagon ISD to retain 2% of funds for administration.	Restricted	1,000,000	3,000,000
	GF/GP	\$0	\$0
16. Michigan Education Corps (Sec. 35a(8)) – NEW	Gross	\$0	\$2,773,000
Provides \$2.8 million GF/GP to the Michigan Education Corps for the PreK Reading Corps, the K3 Reading Corps, and the Math Corps.	Restricted	0	0
	GF/GP	\$0	\$2,773,000
17. Summer School Literacy Intervention Grants (Sec. 35a(9))	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million SAF for grants for a summer school reading program for 3 rd grade students not proficient on the ELA portion of the M-STEP and for students in grades K-2 who are not reading at grade level.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
18. Children's Choice Initiative (Sec. 35b)	Gross	\$0	\$250,000
Provides \$250,000 GF/GP for the Children's Choice Initiative for a multisensory structured language education program to improve reading proficiency rates. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$250,000
19. Multisensory Education (Sec. 35c)	Gross	\$300,000	(\$300,000)
Eliminates \$300,000 SAF for a multisensory education pilot program.	Restricted	300,000	(300,000)
	GF/GP	\$0	\$0

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		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
20. Orton-Gillingham Program (Sec. 35d) – NEW	Gross	\$0	\$500,000
Provides \$500,000 GF/GP for grants to ISDs to purchase one or more components or trainings from an eligible one-on-one tutoring program (Orton-Gillingham) for children with dyslexia.	Restricted	0	0
	GF/GP	\$0	\$500,000
21. Boys and Girls Club (Sec. 35e) – NEW	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for a grant to the Michigan Alliance of Boys and Girls Clubs to provide early literacy and academic support to at-need youth.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
22. Chaldean Community Foundation (Sec. 35f) – NEW	Gross	\$0	\$500,000
Provides \$500,000 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	\$0	\$500,000
23. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	\$1,454,996,100	\$70,300,000
Increases by \$55.3 million SAF and \$15.0 million Federal to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2020-21 are \$1.5 billion.	Federal	431,000,000	15,000,000
	Restricted	1,023,996,100	55,300,000
	GF/GP	\$0	\$0
24. Play Project – Autism Intervention (Sec. 54e)	Gross	\$350,000	(\$350,000)
Eliminates \$350,000 GF/GP for a pilot program to train at least 60 Early On providers in the components of evidence-based, parent-implemented models of intervention for the treatment of autism.	Restricted	0	0
	GF/GP	\$350,000	(\$350,000)
25. Conductive Learning (Sec. 55)	Gross	\$0	\$250,000
Includes \$250,000 GF/GP to the Conductive Learning Center at Aquinas College to support ongoing operations. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$250,000
26. CTE Early/Middle Colleges (Sec. 61b)	Gross	\$8,000,000	\$0
Maintains \$8.0 million SAF but revises from funding ISDs in prosperity regions and subregions to funding ISDs in career education planning districts (CEPDs). Requires MDE to align CEPDs, workforce development board service delivery areas, and ISDs to create one regional strategic plan for each service delivery area. Revises from funding on CTE costs per pupil for the current year to the prior year.	Restricted	8,000,000	0
	GF/GP	\$0	\$0
27. MITES Grant (Sec. 67a) – NEW	Gross	\$0	\$50,000
Includes \$50,000 GF/GP for a grant to 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	\$0	\$50,000
28. AP, IB, and CLEP Incentive Program (Sec. 94)	Gross	\$1,000,000	\$200,000
Increases by \$200,000 GF/GP to a total of \$1.2 million GF/GP for an incentive program that pays for some or all of the Advanced Placement (AP), International Baccalaureate (IB), and College-Level Examination Program (CLEP) registration and test fees for low-income students. The program requires that a student pay at least \$5 for each test.	Restricted	0	0
	GF/GP	\$1,000,000	\$200,000

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Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
29. Center for Educational Performance and Information (CEPI) (Sec. 94a)	Gross	\$16,045,800	\$411,400
Restores \$411,400 GF/GP that was reduced in the FY 2019-20 supplemental (2020 PA 146). The reduction reflected a 2.5% savings from hiring and spending freezes in FY 2019-20. (See Economic Adjustments below, which reflects an additional increase of \$391,700 for CEPI).	Restricted	0	0
	GF/GP	\$16,045,800	\$411,400
30. LAUNCH MI (Sec. 94b) – NEW	Gross	\$0	\$100
Provides \$100 GF/GP to the newly created Connecting Information in Education Committee. Requires the committee to consult with MDE, CEPI, the executive branch, the legislature, education stakeholders, and other NGOs to provide recommendations based on research to school leaders and educators as they implement best practices.	Restricted	0	0
	GF/GP	\$0	\$100
31. Statewide Evaluation Tool (Sec. 95b)	Gross	\$0	\$2,000,000
Provides \$2.0 million GF/GP for a model value-added growth and projection analytics system. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$2,000,000
32. Michigan Virtual University (Sec. 98)	Gross	\$6,312,500	\$1,187,500
Increases by \$1.2 million GF/GP to a total of \$7.5 million GF/GP for Michigan Virtual University (MVU).	Restricted	0	0
	GF/GP	\$6,312,500	\$1,187,500
33. Michigan Learning Channel (Sec. 98d) – NEW	Gross	\$0	\$2,000,000
Includes \$2.0 million SAF for Northern Michigan University to support the Michigan Learning Channel (MLC). The MLC must provide 24/7 live broadcast of quality instructional content aligned with Michigan's K-12 standards.	Restricted	0	2,000,000
	GF/GP	\$0	\$0
34. FIRST Robotics (Sec. 99h)	Gross	\$4,700,000	\$0
Maintains \$4.7 million Gross appropriation, but reduces SAF by \$300,000 to \$4.4 million. Provides \$300,000 GF/GP for nonpublic schools to participate in competitive robotics or Science Olympiad programs. Expands from K-12 to PreK-12 programs. Revises to allow an applicant to provide a local in-kind or cash match from private or local funds for the 25% match requirement. Strikes 50% local match requirement for grants used for robotics events expenses. Revises coaching stipend from not more than \$1,500 for 1 coach per team to not more than \$1,500 per building for coaching. Allows grants previously awarded for state and world championships to go toward next levels of competition.	Restricted	4,700,000	(300,000)
	GF/GP	\$0	\$300,000
35. Women in Technology (Sec. 99i) – NEW	Gross	\$0	\$150,000
Includes \$150,000 GF/GP for the Michigan Council of Women in Technology Foundation to support the girls exploring together information technology clubs for middle and high school girls, where the clubs provide structured hands-on learning activities through a comprehensive technology focused curriculum.	Restricted	0	0
	GF/GP	\$0	\$150,000
36. Online Algebra Tool (Sec. 99t)	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for a statewide online algebra tool (Algebra Nation). The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
37. Imagine Learning (Sec. 99u)	Gross	\$0	\$1,500,000
Provides \$1.5 million GF/GP to Imagine Learning for an online mathematics tool and a program that provides explicit targeted literacy instruction (does not include Spanish language literacy software that was included in FY 2019-20). The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$1,500,000

SCHOOL AID

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
38. Fitness Foundation (Sec. 99w)		Gross	\$0
Provides \$400,000 GF/GP for the Michigan Fitness Foundation to work with MDE to invest in a physical education curriculum. Adds that funds received for FY 2018-19 may be expended through September 30, 2021. The Governor vetoed this section for FY 2019-20.		Restricted	0
		GF/GP	\$400,000
39. Teach for America (Sec. 99x)		Gross	\$0
Provides \$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. The Governor vetoed this section for FY 2019-20.		Restricted	0
		GF/GP	\$1,000,000
40. Teacher Retention Stipend (Sec. 99z) – NEW		Gross	\$0
Provides \$5.0 million SAF for a statewide teacher retention stipend for first-year teachers who complete the 2020-21 school year as a full-time teacher at their district. Provides \$1,000 per teacher in a district in which at least 70% of students are economically disadvantaged and \$500 per teacher in all other districts. Requires districts to provide an additional \$500 match per teacher. Adds intent that payments continue in future years through an eligible teacher's third year of teaching if the teacher remains employed full-time in the same district.		Restricted	5,000,000
		GF/GP	\$0
41. MI Kindergarten Entry Observation Tool (MKEO) (Sec. 104(4))		Gross	\$2,500,000
Reduces by \$1.0 million SAF to a total of \$1.5 million SAF and suspends requirement for statewide implementation of the MKEO for fall 2020 due to the COVID-19 pandemic.		Restricted	2,500,000
		GF/GP	\$0
42. Distance Learning Study (Sec. 104(16)) – NEW		Gross	\$0
Provides \$150,000 GF/GP for an institution of higher education to assess distance learning programs utilized in Michigan that were effective, assess how those programs operated, assess best practices implemented by those programs, and note distance learning models that were ineffective.		Restricted	0
		GF/GP	\$150,000
43. Digital Literacy Training (Sec. 104f) – NEW		Gross	\$0
Includes \$500,000 GF/GP for an assessment digital literacy preparation program for pupils enrolled in grades K-8.		Restricted	0
		GF/GP	\$500,000
44. MPSERS (Secs. 147a, 147b, 147c, and 147e)		Gross	\$1,331,340,000
Increases total state support for K-12 MPSERS costs by \$195.1 million to a total of \$1.5 billion with the following changes:		Restricted	1,330,757,000
<ul style="list-style-type: none"> • Sec. 147a(2): Reduces by \$16.9 million to \$155.2 million Gross (\$70,000 GF/GP) for reimbursements for employer normal costs. There is an increased cost due to the dedicated gains policy, which reduced the assumed rate of return (AROR) from 7.05% to 6.8%, and cost reduction to revise the formula to base reimbursements on a participating entity's quarterly payroll for Tier 1 (Defined Benefit) members, rather than a participating entity's percentage of total statewide payroll. • Sec. 147c: Increases the state share of the unfunded actuarial accrued liability (UAAL) by \$188.9 million for a total of \$1.2 billion Gross (\$500,000 GF/GP), largely due to implementing recommendations made by the 2018 Actuarial Experience Study. • Sec 147e: Increases by \$23.0 million for a total of \$51.4 million SAF for reimbursements for the increased normal costs associated with reforms under 2017 PA 92. 		GF/GP	\$583,000

SCHOOL AID

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>
45. Nonpublic School Reimbursement (Sec. 152b) – VETOED	Gross	\$0	\$0
Provides \$100 to reimburse nonpublic schools for the costs of state statutory or administrative rule requirements related to the health, safety, and welfare of students. The Governor vetoed this section for FY 2019-20. The Governor vetoed this section for FY 2020-2021.	Restricted	0	0
	GF/GP	\$0	\$0
46. Economic Adjustments	Gross	NA	\$433,300
Reflects increased costs of \$433,300 Gross (\$391,700 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	41,600
	GF/GP	NA	\$391,700

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 6. Pupil Membership Definitions – REVISED

Removes a provision allowing instruction by a noncertified, nonendorsed teacher to count toward class instruction.

Expands definition of "2-way interaction" to allow another district employee (besides the pupil's teacher) who has responsibility for the student's learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Sec. 11p. Coronavirus Relief Fund – REVISED

Adds requirement that a district receiving funds under this section must, to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus.

Sec. 17c. Grant Process Timeline – REVISED

Revises deadline for MDE to open grant applications from September 1 to September 1 or 30 days after the school aid budget is enacted, whichever is later. Revises month that information on non-federal grants be placed on the State Board agenda from August to August or the first month after the budget is enacted, whichever is later.

Sec. 18. Spending, Financial Reporting, and Audit Requirements – REVISED

Provides that a district must not be prohibited or limited from using funds under this article that are permitted for noninstructional services to contract or subcontract with an ISD, third party, or vendor.

For FY 2020-21 only, extends deadline for each district and ISD to report to CEPI annual comprehensive data to the first business day in December.

Beginning October 1, 2020 and annually thereafter, requires MDE to submit to the legislature an itemized list of allocations to any association or consortium of associations in the immediately preceding year, including recipients, amounts, and funding purposes.

SCHOOL AID

Major Boilerplate Changes from FY 2019-20

Sec. 21h. Partnership Model Districts – REVISED

Adds that funds under this section are also for districts that have established a CEAC, are required to submit a deficit elimination plan or enhanced deficit elimination plan, and are in a city with a population between 9,000 and 11,000 that is in a county with a population between 155,000 and 160,000 (Benton Harbor). Also adds that the partnership is to improve district financial stability. Requires the State Superintendent to collaborate with the State Treasurer to identify any conditions that may be contributing to low academic performance within a district and consult with the State Treasurer in assigning a district to a partnership.

Revises eligibility requirements for funding to all of the following: include at least one school identified as low performing under the approved federal or state accountability system; complete a comprehensive needs evaluation or assessment within 90 days of assignment or by October 15 if the district is not a partnership district; develop an academic and financial operating or intervention plan; and craft academic goals that put pupils on track to meet or exceed grade level proficiency.

Requires MDE to consult with the Department of Treasury on its annual report to the legislature and strikes that the report be in person.

Secs. 22a, 22b, & 51c. Cost Adjustment Process – REVISED

Adds that unexpended funds under Secs. 22a, 22b, and 51c may be used to supplement allocations under any of these three sections without requiring an official transfer request in order to fully fund those allocations. Requires the State Budget Director to notify the House and Senate subcommittees on school aid and the House and Senate fiscal agencies within 14 days of any fund transfers under this process.

Sec. 22p. Partnership District Discretionary Payment – REVISED

Revises the requirements for a district assigned as a partnership district to receive funding under Sec. 22b as follows: adds that the measurable academic outcomes in the partnership agreement include at least one proficiency or growth outcome based on state assessments; allows, for FY 2020-21 only, that a proficiency or growth outcome may be based on a benchmark assessment described in Sec. 104; if a traditional local district fails to meet outcomes, requires the accountability measures to include reconstitution, which may include school closure (for PSAs, the decision to reconstitute is the responsibility of the authorizer). Specifies that a partnership agreement be for 3 years.

If a district does not close the building under reconstitution, revises the requirements of reconstitution as follows: maintains requirement that significant data-based changes are made to programming; rather than require the principal to be replaced, requires the district to review whether the principal should be replaced; and revises deadline from 5 years to 3 years for the district to meet the goals of the reconstitution plan or face a second reconstitution.

Adds that a district must have a signed partnership agreement within 90 days of assignment or funding under Sec. 22b is withheld until the agreement is in place.

Sec. 31a. At-Risk – REVISED

Provides intent that if revenues are sufficient to fully fund At-Risk allocations, the percentage of the allocations to districts with revenue per pupil greater than the Target Foundation for both the current and prior year be increased annually until it reaches 100% (currently, all At-Risk allocations are prorated to approximately 79% and districts with revenue greater than the Target are discounted to 30% of the prorated allocation).

Provides that MDE may use the economically disadvantaged student count from the supplemental count day if the count as normally calculated varies by more than 20 percentage points from the previous year due to an egregious reporting error.

Allows unexpended funds under the subsection (16) hold harmless provision to be allocated to districts in the same manner as the At-Risk formula in (4).

Major Boilerplate Changes from FY 2019-20

Sec. 32d. Great Start Readiness Program (GSRP) – REVISED

Revises deadline for MDE to report to the legislature on ISD use of community-based providers from December 1 to March 1.

For FY 2020-21 only, revises the requirement that ISDs charge tuition on a sliding scale for families with income greater than 250% of Federal Poverty Guidelines (FPG) to require starting at greater than 400% of FPG.

For FY 2020-21 only, waives required hours, days, and weeks and instead requires that programming be provided, in-person or remotely, in the amount of hours, days, and weeks necessary to deliver the content that would have been provided in a non-pandemic year. Requires MDE to provide uniform guidance for age-appropriate instruction practices regarding remote means for pandemic learning.

For FY 2020-21 only, waives household income eligibility thresholds. Maintains requirement that children in quintiles with the lowest household income be prioritized first, but expands to allow adding children until all slots are filled, with no cap on household income.

Provides that children served in FY 2020-21 will not be used to determine funding for FY 2020-21 or hold harmless funding for FY 2021-22. Hold harmless funding for FY 2021-22 will be determined based on FY 2019-20 final allocations.

Allows remaining funds in FY 2020-21 to be used for the betterment of GSRP as approved by MDE. Requires all eligible children on waitlists to be served before any remaining funds may be spent.

Sec. 32p. Early Childhood Block Grants – REVISED

Revises goals of home visits by striking “to reduce the number of pupils retained in grade level” and “to reduce the number of pupils requiring special education services.” Restricts carryover funds for great start collaboratives and parent coalitions at 30% for FY 2020-21 and provides intent this percentage decrease to 20% in FY 2021-22 and 15% in FY 2022-23.

Sec. 35a(5). Added Instructional Time – REVISED

Revises from supporting pupils in grade K-3 to PreK-3 or, for FY 2020-21 only, pupils in grades PreK-12.

Sec. 39. GSRP Per Pupil Allocation Formula – REVISED

Includes children served exclusively by Head Start in the calculation used for determining if an ISD or consortium of ISDs is eligible for additional funds

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

For the 2020-21 school year only, requires districts to submit their monthly reconfirmed instructional delivery method to CEPI, including whether the district is offering higher levels of in-person instruction for English language learners, special education students, or other special populations.

Expands definition of “2-way interaction” to allow another district employee (besides the pupil’s teacher) who has responsibility for the student’s learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Revises deadline for ISDs and PSA authorizers to approve districts’ extended learning plans from October 1, 2020 to October 9, 2020. Revises deadline for the plans to be posted to districts’ websites from October 1, 2020 to October 12, 2020.

Requires districts to report by January 15, 2021 on the amount and type of training provided to teachers through professional development that was focused on how to deliver virtual content, and on the amount and type of training provided to parents and students on how to access and use virtual content provided by the district. Requires districts to publish the report on their website.

SCHOOL AID

Major Boilerplate Changes from FY 2019-20

Sec. 101. Eligibility to Receive State Aid – REVISED

For a district that receives a waiver reducing the required daily pupil attendance threshold from 75% to 50%, extends the waiver to be valid for 3 fiscal years rather than 1 year, unless the waiver is revoked by the State Superintendent. Also extends from 1 year to 3 years a waiver from minimum number of days and hours for alternative education programs.

Revises provision for FY 2020-21 only that waives the 75% daily attendance threshold and replaces with a monthly 2-way interaction requirement as follows: adds that districts need to meet the monthly requirement for a period of at least 9 months in the school year and that districts may choose when the period occurs; if requirement is not met, revises proration formula from the proportion of 1/10 to the proportion of 1/9 that the actual percentage of interaction during each month bears to 75%.

Expands definition of “2-way interaction” to allow another district employee (besides the pupil’s teacher) who has responsibility for the student’s learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Sec. 104. Assessment Funding – REVISED

Extends from August 1, 2021 to September 1, 2021 the deadline for MDE and CEPI to report on the number and percentage of pupils who are significantly behind grade level based on benchmark assessments under this section.

Sec. 104g. SAT/PSAT – NEW

For FY 2020-21 only, requires districts to make the SAT and PSAT available in fall 2020 to students who were not able to take the exams during the FY 2019-20 year. Prohibits the exams offered under this section from being considered state summative assessments or the college entrance portion of the MME for the 2020-21 school year. Requires that students be encouraged, but not required, to take the exams.

Secs. 105 & 105c. Schools of Choice – REVISED

For FY 2020-21 only, revises deadline for districts to accept applications for nonresident enrollment, notify parents, and enroll nonresident applicants from the end of the first week of school to October 13, 2020, if an application was received by the end of the first week of school.

Sec. 107. Adult Education – REVISED

Adds that an adult education or career technical center program that links participants with adult education programming and commercial driver license (CDL) courses is exempt from the requirement to enroll the participants in a technical course.

Adds intent to implement a phased-in cap on the percentage of adult education program participants that may already have a high school diploma or high school equivalency certificate.

Sec. 163. Educator Certification Requirements – REVISED

Requires districts to hire educators who hold a valid certificate or a valid substitute permit.

Sec. 296. Automatic Proration – REVISED

Revises protected payments in the case of automatic proration as follows: adds Sec. 11m (Cash-Flow Borrowing), Sec. 26c (Promise Zones), Sec. 147c (MPERS Unfunded Liability Payments), and Sec. 147e(2)(a) (Additional Contributions for Tier 2 Accounts); removes Sec. 11f (Durant Non-Plaintiff Cash Payments) and Sec. 11g (Durant Non-Plaintiff Debt Service), which no longer appropriate funds; and updates outdated reference from Sec. 51a(12) to Sec. 51a(11) (Special Education ISD Foundations for Non-Sec. 52).

<u>FY 2019-20 Supplemental Appropriation Items</u>		<u>FY 2019-20 Change</u>
1. Revenue Fund Shift	Gross	\$0
Revises revenues for a net zero change: reduces GF/GP by \$168.9 million and increases School Aid Fund by \$168.9 million.	Restricted GF/GP	168,940,000 (\$168,940,000)

SCHOOL AID LINE ITEM SUMMARY



Sec.		FY 2019-2020			FY 2020-2021	
		FY 20 SB 373 YTD	Change from YTD	FY 20 PA 165 of 2020 Revised Supplemental	FY 21 Change from YTD	FY 21 PA 165 of 2020
11d	Per-Pupil School Aid Payment - NEW	(\$256,000,000)		(\$256,000,000)	\$351,000,000	\$95,000,000
11j	School Bond Redemption Fund	\$111,000,000		\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs	\$7,000,000		\$7,000,000	\$4,400,000	\$11,400,000
11p	Coronavirus Relief Fund Federal Funding	\$512,000,000		\$512,000,000	(\$512,000,000)	\$0
11s	Flint Declaration of Emergency	\$8,075,100		\$8,075,100		\$8,075,100
20f	Categorical Offset Payments	\$18,000,000		\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,000,000		\$6,000,000	\$137,400	\$6,137,400
22a	Foundations: Proposal A Obligation Payment	\$4,916,000,000		\$4,916,000,000	(\$35,500,000)	\$4,880,500,000
22b	Foundations: Discretionary Payment	\$4,575,000,000		\$4,575,000,000	(\$8,500,000)	\$4,566,500,000
22d	Isolated District Funding	\$7,000,000		\$7,000,000		\$7,000,000
22m	Technology Regional Data Hubs	\$2,200,000		\$2,200,000		\$2,200,000
24	Court-Placed Pupils	\$7,150,000		\$7,150,000		\$7,150,000
24a	Juvenile Detention Facility Programs	\$1,355,700		\$1,355,700		\$1,355,700
25f	Strict Discipline Academy	\$1,600,000		\$1,600,000		\$1,600,000
25g	Dropout Recovery Programs	\$750,000		\$750,000		\$750,000
25i	Attendance Recovery - NEW	\$0		\$0	\$2,000,000	\$2,000,000
25j	Virtual Learning Support Grants - NEW	\$0		\$0	\$2,000,000	\$2,000,000
26a	Renaissance Zone Reimbursement	\$15,300,000		\$15,300,000		\$15,300,000
26b	PILT Reimbursement	\$4,641,100		\$4,641,100	\$3,900	\$4,645,000
26c	Promise Zone Funding	\$7,400,000		\$7,400,000	\$2,300,000	\$9,700,000
29a	Increasing Enrollment - NEW	\$0		\$0	\$66,000,000	\$66,000,000
31a	At-Risk Pupil Support	\$510,000,000		\$510,000,000		\$510,000,000
31a(7)	School Based Health Centers	\$8,000,000		\$8,000,000		\$8,000,000
31a(8)	Hearing and Vision Screening	\$5,150,000		\$5,150,000		\$5,150,000
31a(16)	At-Risk Pupil Hold Harmless	\$12,000,000		\$12,000,000		\$12,000,000
31d	State School Lunch Programs	\$23,144,000		\$23,144,000		\$23,144,000
31d	Federal School Lunch Programs	\$537,200,000		\$537,200,000	\$12,800,000	\$550,000,000
31f	School Breakfast Program	\$4,500,000		\$4,500,000		\$4,500,000
31j	Local Produce in School Meals	\$575,000		\$575,000	\$1,425,000	\$2,000,000
31k	School Meal Debt - NEW	\$0		\$0	\$1,000,000	\$1,000,000
31n	School Mental Health and Support Services	\$31,300,000		\$31,300,000	\$5,600,000	\$36,900,000
32d	Great Start Readiness Program	\$249,950,000		\$249,950,000		\$249,950,000
32p	Early Childhood Block Grants	\$13,400,000		\$13,400,000		\$13,400,000
35a(4)	Early Literacy Teacher Coaches	\$31,500,000		\$31,500,000		\$31,500,000
35a(5)	Early Literacy Added Instructional Time	\$19,900,000		\$19,900,000		\$19,900,000
35a(7)	Literacy Essentials	\$1,000,000		\$1,000,000	\$3,000,000	\$4,000,000
35a(8)	Michigan Education Corps	\$0		\$0	\$2,773,000	\$2,773,000
35a(9)	Summer School Literacy Intervention Grants	\$5,000,000		\$5,000,000	(\$5,000,000)	\$0
35b	Children's Choice	\$0		\$0	\$250,000	\$250,000
35c	Multisensory Education	\$300,000		\$300,000	(\$300,000)	\$0
35d	Orton Gilligham Dyslexic Program - NEW	\$0		\$0	\$500,000	\$500,000
35e	Boys and Girls Club - NEW	\$0		\$0	\$1,000,000	\$1,000,000
35f	Chaldean Community Foundation - NEW	\$0		\$0	\$500,000	\$500,000
39a(1)	Federal ESSA Grant Funds	\$725,600,000		\$725,600,000	\$23,600,000	\$749,200,000
39a(2)	Other Federal Funding	\$49,100,000		\$49,100,000	\$5,900,000	\$55,000,000
41	English Language Learner Grants	\$13,000,000		\$13,000,000		\$13,000,000
51a(1)	Special Education - Federal Reimbursement	\$370,000,000		\$370,000,000	\$5,000,000	\$375,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$286,900,000		\$286,900,000	\$20,600,000	\$307,500,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000		\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000		\$2,200,000		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$3,100,000		\$3,100,000	(\$100,000)	\$3,000,000
51c	Special Ed Headlee Obligation (Durant)	\$678,600,000		\$678,600,000	\$34,800,000	\$713,400,000
51d	Special Education - Other Federal Grants	\$61,000,000		\$61,000,000	\$10,000,000	\$71,000,000
51f	Special Education Cost Reimbursement	\$60,207,000		\$60,207,000		\$60,207,000
53a	Special Ed for Court Placed Pupils	\$10,500,000		\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000
54b	Special Education Task Force Reforms (MiBLSI)	\$1,600,000		\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On	\$7,150,000		\$7,150,000		\$7,150,000
54e	PLAY Project - Autism Intervention	\$350,000		\$350,000	(\$350,000)	\$0
55	Conductive Learning	\$0		\$0	\$250,000	\$250,000
56	Special Ed ISD Millage Equalization	\$40,008,100		\$40,008,100		\$40,008,100
61a	Career & Tech Ed Programs	\$37,611,300		\$37,611,300		\$37,611,300
61b	Career & Tech Ed Early/Middle College	\$8,000,000		\$8,000,000		\$8,000,000
61d	CTE Incentive Payment	\$5,000,000		\$5,000,000		\$5,000,000
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000		\$9,190,000		\$9,190,000
65	Detroit PreCollege Engineering	\$400,000		\$400,000		\$400,000
67	Career and College Readiness Tools	\$3,000,000		\$3,000,000		\$3,000,000
67a	MITES - NEW	\$0		\$0	\$50,000	\$50,000

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY



Sec.	FY 2019-2020			FY 2020-2021	
	FY 20 SB 373 YTD	Change from YTD	FY 20 PA 165 of 2020 Revised Supplemental	FY 21 Change from YTD	FY 21 PA 165 of 2020
74	School Bus Driver Safety Instruction		\$2,025,000		\$2,025,000
74	School Bus Inspections		\$1,747,900	\$41,600	\$1,789,500
81	ISD General Operations Support		\$69,138,000		\$69,138,000
94	AP/IB/CLEP Incentive Program		\$1,000,000	\$200,000	\$1,200,000
94a	Center for Educational Performance and Information		\$16,045,800	\$803,100	\$16,848,900
94a	Center for Educational Performance and Info - Federal		\$193,500		\$193,500
94b	LAUNCH MI - NEW		\$0	\$100	\$100
95b	Educator and Administrator Evaluations		\$0	\$2,000,000	\$2,000,000
98	Michigan Virtual University		\$6,312,500	\$1,187,500	\$7,500,000
98d	Michigan Learning Channel - NEW		\$0	\$2,000,000	\$2,000,000
99h	FIRST Robotics		\$3,900,000	\$800,000	\$4,700,000
99i	Women in Technology - NEW		\$0	\$150,000	\$150,000
99s(2)(3)	MiSTEM Council and Grants		\$3,050,000		\$3,050,000
99s(4)	MiSTEM Grants - Math and Science Centers - Federal		\$235,000		\$235,000
99s(4)(6)	MiSTEM Centers Transition		\$4,584,300		\$4,584,300
99s(11)	MiSTEM Executive Director		\$300,000		\$300,000
99t	Algebra Nation		\$0	\$1,000,000	\$1,000,000
99u	Imagine Learning		\$0	\$1,500,000	\$1,500,000
99w	Michigan Fitness		\$0	\$400,000	\$400,000
99x	Teach for America		\$0	\$1,000,000	\$1,000,000
99z	Teacher Retention Stipend - NEW		\$0	\$5,000,000	\$5,000,000
104	Education Assessments - State		\$26,009,400	\$5,000,000	\$31,009,400
104	Education Assessments - Federal		\$6,250,000		\$6,250,000
104(16)	Return to Learn Study - NEW		\$0	\$150,000	\$150,000
104f	Digital Literacy Training - NEW		\$0	\$500,000	\$500,000
107	Adult Education		\$30,500,000		\$30,500,000
147a(1)	MPSERS Cost Offset		\$100,000,000		\$100,000,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains		\$172,069,000	(\$16,863,000)	\$155,206,000
147c	MPSERS State Share of Unfunded Liability Payments		\$1,030,900,000	\$188,900,000	\$1,219,800,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017		\$28,371,000	\$23,029,000	\$51,400,000
152a	Adair - Database Payment		\$38,000,500		\$38,000,500
152b	Nonpublic School Reimbursement - VETOED		\$0		\$0
TOTAL APPROPRIATIONS			\$15,313,227,200	\$0	\$15,313,227,200
				\$211,937,600	\$15,525,164,800

DEPARTMENT OF STATE POLICE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 12)

Analyst: Marcus Coffin

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$24,933,900	\$24,649,600	(\$284,300)	(1.1)
Federal	99,964,000	124,103,800	24,139,800	24.1
Local	4,766,200	4,841,200	75,000	1.6
Private	35,000	35,000	0	0.0
Restricted	148,158,200	145,079,300	(3,078,900)	(2.1)
GF/GP	475,701,700	439,376,600	(36,325,100)	(7.6)
Gross	\$753,559,000	\$738,085,500	(\$15,473,500)	(2.1)
FTEs	3,583.0	3,599.0	16.0	0.4

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Coronavirus Relief Funds for Payroll	Gross	NA
Includes \$45.5 million of federal Coronavirus Relief Funds and reduces the GF/GP appropriation by a like amount. Funding will be utilized to support departmental payroll costs.	Federal	NA
	GF/GP	NA
		\$0
		45,500,000
		(\$45,500,000)
2. Michigan Joint Task Force on Jail and Pretrial Incarceration (One-Time)	Gross	NA
Includes \$4.2 million GF/GP for implementing the Task Force's recommendations regarding behavioral health crisis response training and services/support for crime victims (recommendations 7 and 17). Approximately \$1.8 million is projected to be allocated for behavioral health crisis response training for law enforcement, dispatch, and jail officers, with the remaining \$2.4 million allocated for training on serving and supporting crime victims. Funding will be utilized to offset staff costs for administration and development and for training costs.	GF/GP	NA
		\$4,200,000
		\$4,200,000
3. FY 2020-21 Trooper Recruit School One-Time Costs	Gross	NA
Includes \$3.5 million GF/GP to support costs associated with FY 2020-21 trooper recruit schools. This one-time funding will support two 60-person attrition schools, for a projected total of 120 graduates. Costs that will be covered by this funding include training and trooper outfitting.	GF/GP	NA
		\$3,509,100
		\$3,509,100

STATE POLICE

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
4. FY 2020-21 Trooper School	FTE	NA	50.0
Includes \$3.5 million GF/GP and authorization for 50.0 FTE positions to support various costs associated with an FY 2020-21 trooper recruit school. Costs include salaries, training materials, patrol cars, and trooper outfitting.	Gross	NA	\$3,500,000
	GF/GP	NA	\$3,500,000
5. FY 2019-20 Trooper Recruit School Annualization	FTE	NA	(36.0)
Includes \$2.0 million GF/GP to support departmental expenses incurred for troopers that are graduating from trooper recruit school during FY 2019-20. Costs include fleet leasing, equipment, IT support, salaries, and benefits.	Gross	NA	\$2,012,200
	GF/GP	NA	\$2,012,200
6. OK2SAY Administration and Outreach	FTE	NA	2.0
Includes \$906,000 Gross (\$436,400 GF/GP) and authorization for 2.0 FTE positions to consolidate the OK2SAY program in MSP. The FTE positions would be moved from the Department of Attorney General, where the positions are currently located, and funding would be used for administration and communication costs.	Gross	NA	\$906,000
	Restricted	NA	469,600
	GF/GP	NA	\$436,400
7. State Services Fees Fund Shift	Gross	\$1,900,000	\$0
Replaces \$1.9 million of restricted authorization from the State Services Fee Fund with \$1.9 million GF/GP. The State Services Fee Fund is supported by revenues from the Detroit Casinos, including annual assessments and fees.	Restricted	1,900,000	(1,900,000)
	GF/GP	\$0	\$1,900,000
8. DTMB IDG Fund Shift	Gross	\$665,100	\$0
Replaces a \$665,100 IDG from the Department of Technology, Management, and Budget with \$665,100 GF/GP. This funding shift is accompanied by a \$665,100 GF/GP reduction to the DTMB budget. The adjustment would allow GF/GP to be appropriated directly to MSP to fund 3.0 FTE positions in the Michigan Cyber Command Center.	IDG/IDT	665,100	(665,100)
	GF/GP	\$0	\$665,100
9. FY 2020-21 GF/GP Reductions	Gross	NA	(\$1,000,000)
Includes two items that will reduce total GF/GP in the budget by \$2.0 million.	Restricted	NA	1,000,000
<ul style="list-style-type: none"> Removes \$1.0 million GF/GP from the Commercial Vehicle Enforcement line item. The GF/GP reduction is projected to be offset by existing federal revenues within the budget. Replaces \$1.0 million in GF/GP with \$1.0 million in state restricted authorization from the Marijuana Regulatory Fund in the Standards and Training/Justice Training Grants line item. 	GF/GP	NA	(\$2,000,000)
10. Removal of FY 2019-20 One-Time Appropriations	Gross	\$9,409,200	(\$9,409,200)
Removes the following FY 2019-20 one-time GF/GP appropriations: <ul style="list-style-type: none"> FY 2019-20 trooper recruit school (\$5.3 million GF/GP) In-Car Video Streaming Network (\$2.8 million) Sexual Assault Prevention and Education Initiative (\$1.3 million GF/GP) First Responder Communications Network (\$100 GF/GP). 	GF/GP	\$9,409,200	(\$9,409,200)
11. Removal of FY 2019-20 Boilerplate Appropriations	Gross	\$25,235,500	(\$25,235,500)
Removes FY 2019-20 federal and state restricted appropriations authorized in boilerplate. Federal funding that was received included disaster assistance for flood response and grants for 911 operations and infrastructure. The state restricted appropriation totaled \$1.0 million from the Disaster and Emergency Contingency Fund.	Federal	24,235,500	(24,235,500)
	Restricted	1,000,000	(1,000,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>
12. Technical Adjustments		Gross	NA (\$489,300)
Includes numerous adjustments to fund sources to align expenditures and revenues, and includes net-zero internal transfers of funding and FTE positions. Changes include, but are not limited to, the following:		Federal	2,300,000
<ul style="list-style-type: none"> Alignment of State Forensic Laboratory Fund spending authorizations. Inclusion of restricted authorization from Vehicle Sales Proceeds. Internal transfers to establish the Mobile Office and System Support line item. Increase in federal funding from the United States Department of Justice. Reduction to restricted authorization from the Michigan Justice Training Fund. Increase in authorization for local Automated Fingerprint Identification System Fees. 		Local	19,300
		Restricted	(2,808,600)
		GF/GP	\$0
13. Economic Adjustments		Gross	NA \$6,533,200
Reflects increased costs of \$6.5 million Gross (\$4.4 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation costs, building occupancy charges, and other economic adjustments.		IDG/IDT	380,800
		Federal	575,300
		Local	55,700
		Restricted	1,160,100
		GF/GP	\$4,361,300

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 206. Communication with the Legislature – REVISED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff. Revised to allow action in instances where the communication is unlawful and to renumber the section from Sec. 216 to 206.

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

Requires MSP to report quarterly on the number of FTE positions filled and to report semiannually on the number of employees engaged in remote work in 2020, the number of employees engaged in remote work in the reporting period, and savings achieved by remote work.

Sec. 217. Work Project Expenditures – NEW

Requires work project authorizations be exhausted before new appropriations are expended for the same purpose, to the extent possible in MSP.

Sec. 218. Legislature Action on Administrative Board Transfers – NEW

Allows the legislature to intertransfer funds within the MSP budget via concurrent resolution if the State Administrative Board transfers funds in the budget.

Sec. 219. Reports Retention – NEW

Requires MSP to receive and retain copies of all reports funded under part 1.

STATE POLICE

Major Boilerplate Changes from FY 2019-20

Sec. 220. Policy Changes Report – NEW

Requires MSP to report on each policy change made in the prior calendar year to implement public acts affecting the department.

Sec. 227. Attrition School – DELETED

Requires MSP to use attrition savings to conduct an FY 2019-20 attrition school that graduates at least 70 troopers.

Sec. 230. Receive and Expend Authorization – REVISED

Authorizes MSP to expend federal revenues received in excess of appropriations; requires MSP to report prior to expending excess federal revenues. Revised to limit federal receive and expend authorization under this section and section 704(3) to \$45.0 million.

Sec. 233. Court Judgements Payment Reporting – NEW

Requires MSP to report on tentative plans for payment of court judgements against MSP; outlines reporting requirements.

Sec. 234. Coronavirus Relief Fund Appropriations – NEW

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

Sec. 601. General Law Enforcement and Traffic Safety – REVISED (UNENFORCEABLE)

(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 conduct 7,000 residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revised to delete the residence check requirement under subsection (3) and instead require a report on the number of residence checks conducted.

(Governor's signing letter states this section is unenforceable.)

Sec. 703. Commercial Vehicle Regulation and Enforcement – REVISED

(1) Requires MSP to maintain commercial vehicle and enforcement activities; (2) requires MSP to meet inspection goals consistent with the federal motor carrier assistance program; (3) authorizes revenues collected under the Motor Carrier Act to be expended and to be carried forward; (4) establishes a Commercial Vehicle Enforcement Operations Reserve Fund. Revised to delete item (4).

Sec. 704. Emergency Management and Homeland Security – REVISED

Requires MSP to coordinate emergency response activities of governmental units and:

- 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; report to state budget director; submit recommendations to legislature for supplemental appropriations.
- Authorizes department to expend additional funds from various sources to provide emergency management training or emergency response activities and to notify legislature.
- Requires department to maintain partnerships to protect the state from all hazards.
- 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.
- Requires department to conduct a minimum of three training sessions to enhance emergency response.
- Appropriates amounts necessary from the Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies upon approval of the state budget director, requires notification of legislature, and requires department to submit report related to expenditures from the fund.
- Authorizes department to expend funds from any line item in order to respond to an emergency and requires detailed reporting when funds are expended from the Disaster and Emergency Contingency Fund.
- Requires department to report biannually on assessment of critical infrastructure vulnerabilities.
- Revised to limit receive and expend authorizations under these subsections and section 230 to \$45.0 million for federal and \$15.0 million for state restricted. Also revised so MSP is not required to report on matters that could compromise critical infrastructure.

Sec. 801. Sexual Assault Prevention and Education Initiative – DELETED

Requires funds to be used for a competitive grant to colleges, universities, and high schools in this state in order to mitigate sexual assault; stipulates how grant awards may be used; authorizes use of unawarded funding for other Office of School Safety programs.

Major Boilerplate Changes from FY 2019-20

Sec. 801. Michigan Joint Task Force on Jail and Pretrial Incarceration – NEW

Stipulates uses of the funding and provides work project authorization for unexpended funds.

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 651. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for hazard/premium pay for front line workers, by \$1.4 million.

TRANSPORTATION

DEPARTMENT OF TRANSPORTATION
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396 Article 13)

Analyst: William E. Hamilton

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$3,974,300	\$4,063,100	\$88,800	2.2
Federal	1,352,350,100	1,424,196,100	71,846,000	5.3
Local	51,032,000	80,782,000	29,750,000	58.3
Private	900,000	900,000	0	0.0
Restricted	3,588,151,600	3,597,529,400	9,377,800	0.3
GF/GP	25,000,000	0	(25,000,000)	(100.0)
Gross	\$5,021,408,000	\$5,107,470,600	\$86,062,600	1.7
FTEs	2,824.3	2,824.3	0.0	0.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

1. State Trunkline Road and Bridge Construction

Appropriation for the state trunkline capital construction program would total \$1.3 billion, a net decrease of \$2.5 million. State restricted STF revenue reflects the STF share of estimated MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act. State restricted revenue also includes the appropriation of \$7.2 million in Blue Water Bridge Fund revenue for capital projects.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$1,329,604,600	(\$2,470,800)
Federal	786,694,500	35,632,600
Local	30,003,500	0
Restricted	512,906,600	(38,103,400)
GF/GP	\$0	\$0

The decrease in state restricted revenue is offset in part by an anticipated increase in available federal revenue.

TRANSPORTATION

Major Budget Changes from FY 2019-20 YTD Appropriations

2. MTF to Local Road Agencies

The estimated MTF distribution to local road agencies (county road commissions, and cities and villages) would total \$1.8 billion, \$35.2 million more than the current year. This reflects the Act 51 distribution of MTF revenue from motor fuel and vehicle registration taxes as well as the local share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$1,735,247,700	\$35,240,900
Restricted	1,735,247,700	35,240,900
GF/GP	\$0	\$0

3. State Trunkline Maintenance

Includes a baseline increase of \$7.6 million STF to offset increased maintenance material costs.

FTE	760.7	0.0
Gross	\$405,641,800	\$7,625,600
Restricted	405,641,800	7,625,600
GF/GP	\$0	\$0

4. State/Local Traffic Signal Billing (Design and Engineering Services)

Includes \$2.4 million in MTF spending authority for costs of maintenance on shared state/local traffic signals. This continues streamlining of traffic signal billing system that began in FY 2019-20 when \$600,000 MTF was appropriated for costs of signal energy on shared state/local traffic signal installations.

Gross	\$600,000	\$2,400,000
Restricted	600,000	2,400,000
GF/GP	\$0	\$0

5. Debt Service

Includes \$215.1 million, a \$1.2 million increase from FY 2019-20, reflecting anticipated debt service schedules. The change in debt service supported by restricted revenue is primarily due to changes in STF debt service schedules, reflecting ongoing STF debt service on previously issued STF bonds, as well as changes resulting from STF refunding and new bond sales.

Gross	\$213,897,500	\$1,198,800
Federal	81,155,000	(25,974,100)
Restricted	132,742,500	27,172,900
GF/GP	\$0	\$0

Increased debt service supported by restricted revenue is offset, in part, by a reduction in debt service on bonds issued through a pledge of federal revenue.

6. General Fund Earmark for Local Bridges

Removes the \$13.0 million GF/GP in the Fixing Michigan Roads and Bridges line item that had been earmarked in boilerplate for the Local bridge program. Note that the \$13.0 million figure in the FY 2019-20 YTD column reflects the appropriation as of February 6, 2020. This FY 2019-20 appropriation was subsequently eliminated through Executive Order 2020-155 (July 22, 2020), one of the actions taken to resolve a projected GF/GP budget shortfall.

Gross	\$13,000,100	(\$13,000,100)
Restricted	0	0
GF/GP	\$13,000,100	(\$13,000,100)

TRANSPORTATION

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>			
7. Transportation Economic Development Fund (TEDF)			
	Gross	\$44,258,800	(\$15,464,300)
Reduces TEDF program by \$15.5 million to reflect anticipated reduction in available TEDF revenue. Most of this revenue reduction is a result of an agreement to redirect \$13.0 million in driver's license fee revenue from the TEDF to the state General Fund. This \$13.0 million fund shift is taken entirely from the competitive grant program Target Industries. In total, Target Industries was reduced from \$17.1 million to \$2.9 million, a decrease of \$14.2 million. The TEDF program is established and governed by statute, 1987 PA 231.	Restricted	44,258,800	(15,464,300)
	GF/GP	\$0	\$0
<p>Note that the \$44.3 million figure in the FY 2019-20 YTD column reflects the appropriation as of February 6, 2020. This FY 2019-20 appropriation was subsequently reduced by \$13.0 million through Executive Order 2020-155 (July 22, 2020), one of the actions taken to resolve a projected GF/GP budget shortfall. This reduction also reflected an agreement to redirect \$13.0 million in driver's license fee revenue from the TEDF to the state General Fund.</p> <p>The redirection of \$13.0 million in driver's license fee revenue in both FYs 2019-20 and 2020-21, from the TEDF, Target Industries, to the state General Fund was effected through amendments to the Michigan Vehicle Code (Public Act 203 of 2020) and to 1987 PA 231 (Public Act 204 of 2020).</p>			
8. Local Bus Transit			
	Gross	\$226,777,900	(\$3,000,000)
Reduces state operating assistance to local transit systems by \$3.0 million CTF. This CTF reduction was one element in an agreement to shift \$18.0 million in auto-related sales tax from the CTF to cover a deficit in the Transportation Administration Collection Fund (TACF) in the Department of State budget. This fund shift will require an amendment to the Sales Tax Act.	Federal	28,027,900	0
	Local	2,000,000	0
	Restricted	196,750,000	(3,000,000)
	GF/GP	\$0	\$0
9. Transit Capital			
	Gross	\$69,620,700	\$39,450,000
Reduces CTF support by \$12.0 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants. This CTF reduction was one element in an agreement to shift \$18.0 million in auto-related sales tax from the CTF to cover a deficit in the TACF in the Department of State budget. This fund shift will require an amendment to the Sales Tax Act. The budget retains the current year unrolling of the program into separate line items for urban and non-urban transit systems.	Federal	15,300,000	21,700,000
	Local	1,250,000	29,750,000
	Restricted	53,070,700	(12,000,000)
	GF/GP	\$0	\$0
<p>Although the budget reduces CTF support, the gross appropriation total would increase by \$39.5 million as a result of increases in federal and local spending authority for this line item.</p>			
10. Service Initiatives			
	Gross	\$7,589,100	\$886,000
Increases baseline CTF support by \$886,000 for program that funds transit-related research, training and development, and demonstration projects.	Federal	1,650,000	0
	Local	325,000	0
	Restricted	5,614,100	886,000
	GF/GP	\$0	\$0
11. Van Pooling			
	Gross	\$195,000	(\$45,000)
Includes \$150,000 in CTF support for vanpool program, a reduction of \$45,000.	Restricted	195,000	(45,000)
	GF/GP	\$0	\$0

TRANSPORTATION

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
12. Rail Operations and Infrastructure	Gross	\$85,566,700	\$13,171,300
Includes \$98.7 million for program that provides capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. The increase reflects both increases in CTF support as well as increased federal spending authority in anticipation of federal capital rail grants.	Federal	10,000,000	10,000,000
	Local	100,000	0
	Private	100,000	0
	Restricted	75,366,700	3,171,300
	GF/GP	\$0	\$0
13. Marine Passenger	Gross	\$1,500,000	(\$572,000)
Reduces baseline CTF support to \$428,000, a reduction of \$572,000 for program that supports capital grants for marine passenger (ferry) service in Michigan specifically, for ferries that provide service to Beaver Island and to islands on the St. Mary's River in the eastern Upper Peninsula.	Local	500,000	0
	Restricted	1,000,000	(572,000)
	GF/GP	\$0	\$0
14. Intercity Services	Gross	\$7,860,000	(\$600,000)
Decreases CTF support by \$1.1 million for program that supports intercity bus service in Michigan. The decrease in CTF support is partially offset by a \$500,000 increase spending authority from the Intercity Bus Equipment Fund.	Federal	4,500,000	0
	Local	160,000	0
	Private	800,000	0
	Restricted	2,400,000	(600,000)
	GF/GP	\$0	\$0
15. Detroit/Wayne County Port Authority (DWCPA)	Gross	\$418,200	(\$18,200)
Includes \$400,000 in CTF support for DWCPA operations, a reduction of \$18,200.	Restricted	418,200	(18,200)
	GF/GP	\$0	\$0
16. Airport Improvement Program (AIP)	Gross	\$95,477,300	\$25,599,200
Includes \$121.1 million for program of federal aid for capital improvements to eligible local public airports in the state. Funding reflects an anticipated \$27.0 million increase in federal funds related to a new competitive grant application program. The \$1.4 million reduction in restricted revenue reflects an estimated reduction in available State Aeronautics Fund revenue, which is used to provide matching funds for federal AIP grants.	Federal	79,000,000	27,000,000
	Local	12,508,500	0
	Restricted	3,968,800	(1,400,800)
	GF/GP	\$0	\$0
17. Detroit Metropolitan Wayne County Airport	Gross	\$5,850,000	(\$1,547,000)
Reduces Qualified Airport Fund support by \$1.5 million reflecting revenue estimates. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted	5,850,000	(1,547,000)
	GF/GP	\$0	\$0
18. Elimination of One-Time Items	Gross	\$23,700,000	(\$23,700,000)
Removes two one-time current year projects totaling \$23.7 million (\$12.0 million GF/GP). Of the \$23.7 million, \$1.0 million CTF was appropriated for a dock project related to the Soo Locks expansion project, and \$22.7 million (\$12.0 million GF/GP) was for a rail grade crossing project in Woodhaven Michigan.	Federal	10,700,000	(10,700,000)
	Restricted	1,000,100	(1,000,100)
	GF/GP	\$11,999,900	(\$11,999,900)
19. Economic Adjustments	Gross	NA	\$9,971,200
Reflects increased costs of \$10.0 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	88,800
	Federal	NA	1,070,100
	Restricted	NA	8,812,300
	GF/GP	NA	\$0

TRANSPORTATION

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 215. Communication with the Legislature – REVISED

Includes language that prohibits, under specific circumstances, the department from taking disciplinary action against an employee for communicating with a legislator or legislative staff.

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

Requires a quarterly report on staffing levels in relation to FTE authorization; employees authorized to work remotely; related cost savings.

Sec. 217. Work Project Limits – NEW (UNENFORCEABLE)

Requires that work project balances be exhausted before expenditure from part 1 appropriations.

Sec. 218. State Administrative Board Transfers – NEW (UNENFORCEABLE)

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget.

(Governor's signing letter states this section is unenforceable.)

Sec. 219. Record Retention – NEW

Requires department to retain reports funded from part 1 appropriations; record retention guidelines.

Sec. 220. Impact of New Legislation – NEW

Requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 221. Report on Proposed Federal Rule Changes – NEW

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law.

Sec. 305. Lease of Space in Public Transportation Property – REVISED

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account for to maintain/improve property. Requires the department to charge **all** public transit agencies and intercity carriers equal rates per square foot. The section as revised also requires use of "fair market rates".

Sec. 306. Use of Transportation Funds by Other Departments – RETAINED (UNENFORCEABLE)

Provides for reports by other state departments on the use of transportation funds by those departments for tax and fee collection, law enforcement, and other services in support of transportation funds and programs. The section provides for an audit requirement and directs the Auditor General to use a risk-based approach in developing an audit program.

(Governor's signing letter states this section is unenforceable.)

Sec. 309. Employee Accountability Systems Report – REVISED (UNENFORCEABLE)

Requires report on employee accountability systems including monitoring of "FTEs, contractors, part-time workers, and vendors."

(Governor's signing letter states this section is unenforceable.)

Sec. 313. Report on State Infrastructure Bank – REVISED

Requires a report on the State Infrastructure Bank. The section as revised also requires legislative approval prior to increasing the State Infrastructure Bank.

Sec. 319. Rest Area Maintenance – DELETED

Deletes current language requiring signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Major Boilerplate Changes from FY 2019-20

Sec. 324. State-Owned Airport Sale RFP – DELETED

Deletes one-time requirement that the department develop a solicitation for proposals for the sale of two state-owned airports.

Sec. 353. Prompt Payment – REVISED

Directs department to review contractor payment process; references Special Provision 109.10. Includes new reporting requirement.

Sec. 378. Report on Routing of International Hazardous Materials – NEW

Establishes a new reporting requirement related to the routing of hazardous materials.

Sec. 386. Toll Credits – REVISED (UNENFORCEABLE)

Directs the department to use toll credits as a method in financing federal-aid highway projects; requires report on toll credits earned and year-end balance. The section as revised establishes a new priority order for use of toll credits. *(Governor's signing letter states this section is unenforceable.)*

Sec. 399. Capital Preventive Maintenance – NEW

Requires the department to spend not less than 10% of state trunkline road and bridge appropriation on capital preventive maintenance.

Sec. 403. Priority of Federal Transit Grants – DELETED

Deletes section that establishes priority for federal Section 5310 transit grants.

Sec. 505. Communication Availability of Grants – NEW

Directs the department to regularly assess the need for, and to provide information about state and federal grants available to local units of government.

Sec. 660. Use of Alternative Materials – REVISED

Encourages the department to examine the use of alternative road surface materials; adds specific reference to flexible concrete.

Sec. 707. Rail Strategic Plan Report – NEW

Requires annual rolling 5-Year plan report on programs funded from the rail operations and infrastructure line item.

Sec. 711. Rail Passenger Service Report – DELETED

Deletes reporting requirement related to rail passenger service provided by Amtrak under contract with the department.

Sec. 712. Rail Passenger Service RFP – DELETED

Deletes one-time requirement for the solicitation for proposals for operation of daily round-trip rail passenger service between Grand Rapids and Chicago.

Sec. 719. Transit Elderly and Medical Transport Cost per Rider – REVISED

Indicates legislative intent that transit providers in the 20 counties with a population greater than 100,000 determine cost per rider, and that those transit systems request proposals from ride sharing companies for 50% of the system's anticipated service. The section as revised changes the anticipated service reference from 100% to 50%.

Sec. 720. Farebox Recovery Intent Language – NEW

Indicates legislative intent that transit agencies strive to achieve at least 6% farebox recovery.

Sec. 752. Notice of Rail Grant and Loan Programs – RETAINED (UNENFORCEABLE)

Requires the department to meet, at least once each fiscal year, with representatives of rail industry trade association, to provide information on rail loan and grant programs and rail economic development project opportunities. *(Governor's signing letter states section is unenforceable.)*

Sec. 802. MDOT-Owned Airports – DELETED

Deletes section that encouraged the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports.

Sec. 804. MDOT-Owned Airplanes – DELETED

Deletes section that prohibited the department from spending funds appropriated for airfleet operations and maintenance if the department owns a specific aircraft.

Sec. 806. State Aeronautics Code – DELETED

Deletes a one-time requirement that the department to review website for consistency with state Aeronautics Code.



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Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Samuel Christensen
Environment, Great Lakes and Energy	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	Benjamin Gielczyk
Health and Human Services:	
Child Welfare, Child Support, Community Services	Viola Bay Wild
Medicaid, Physical and Behavioral Health	Kevin Koorstra
Public Assistance, Field Operations, Medicaid-backup	Kent Dell
Public Health and Aging	Susan Frey
Higher Education	Perry Zielak
Insurance and Financial Services	Marcus Coffin
Judiciary	Robin R. Risko
Licensing and Regulatory Affairs	Marcus Coffin
Military and Veterans Affairs	Michael Clossen
Natural Resources	Austin Scott
Natural Resources Trust Fund	Austin Scott
School Aid	Samuel Christensen; Jacqueline Mullen
State Police	Marcus Coffin
Transportation	William E. Hamilton
Unemployment Insurance	Marcus Coffin
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