



FY 2020-21

APPROPRIATIONS REPORT
Part I - Governor's Recommendations

February 2020

Senate Fiscal Agency



Christopher Harkins, Director - Lansing, Michigan - (517) 373-2768
www.senate.michigan.gov/sfa

THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

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1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills, and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



Christopher Harkins, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2768

www.senate.michigan.gov/sfa

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OVERVIEW SUMMARY

On February 6, 2020, Governor Gretchen Whitmer presented her Executive Budget recommendations for fiscal year (FY) 2020-21 and budget projections for FY 2021-22. Public Act (PA) 389 of 2018, requires the Governor to propose a budget for the upcoming fiscal year and the following fiscal year. Pursuant to an Attorney General's letter opinion issued on February 9, 2011, the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would only be an expression of an "intent to appropriate", not binding or legally enforceable. Beginning with FY 2020-21, the Governor also produced a five-year strategic plan for the State in addition to submitting the budget recommendation to the Legislature. This overview will focus on Governor Whitmer's FY 2020-21 appropriation recommendation.

The FY 2020-21 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 10, 2020. The FY 2020-21 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$11.2 billion. This represents a 1.7% increase from the consensus estimates for FY 2019-20. The FY 2020-21 School Aid Fund (SAF) consensus revenue estimate is \$14.3 billion, a 2.8% increase from the consensus estimates for FY 2019-20. The Governor's proposal also assumes a change to current income tax statute directing \$173.2 million in FY 2019-20 and \$179.4 million in FY 2020-21 from the General Fund to the School Aid Fund, pursuant to the FY 2019-20 budget agreement. The Governor's FY 2020-21 recommendation proposes to purchase tax vouchers issued by the Venture Michigan Fund, beginning in FY 2019-20, which would affect both revenue and expenditures and is projected to result in savings to the General Fund. There are no additional revenue adjustments recommended by the Governor.

The Governor's proposal for the School Aid Fund recommends additional SAF in FY 2020-21 for an increase in the foundation allowance (\$290.0 million SAF), increased support for special education students (\$60.0 million SAF), additional funding to support academically at-risk students (\$60.0 million SAF), and additional funding for educating English language learners (ELLs) (\$5.0 million SAF). The Governor also is recommending an additional \$35.5 million SAF for an expansion of the Great Start Readiness Program (GSRP) and \$42.0 million SAF to expand early childhood education to children living in high-poverty areas. In total, the Governor proposes an additional \$745.8 million in K-12 appropriations compared to FY 2019-20.

The Governor is proposing to maintain the SAF appropriation to the public universities and community colleges at the level appropriated in FY 2019-20 with increases to accommodate Michigan Public School Employees' Retirement System (MPERS) costs (\$11.0 million and \$6.7 million respectively). Additionally, the Governor recommends a 2.5% increase in funding to both universities and community colleges. The recommended increase for community colleges operations of \$8.1 million would be supported with SAF while the \$35.5 million operations increase recommended for public universities would be financed with GF/GP.

The Governor recommends FY 2020-21 Gross appropriations of \$61.9 billion and Adjusted Gross appropriations of \$60.7 billion. Included in this appropriation total are \$23.9 billion of Federal funds, \$463.1 million of local and private funds, \$25.4 billion of State Restricted revenue, and \$11.0 billion of GF/GP revenue. Table 1 outlines the sources of funding for each department and budget area included in the Governor's recommendation. Figures A and B illustrate the total funding by source and major spending category. Compared with FY 2019-20 year-to-date appropriations, the Governor's FY 2020-21 budget includes a Gross appropriation increase of \$2.3 billion, or 3.9%, an increase in State Spending from State Resources appropriations of \$1.7 billion, or 4.9%, and an increase in GF/GP appropriations of \$604.3 million, or 5.8%.

The principal reasons for the increase in State Spending from State Resources appropriations are costs associated with caseloads and the Medicaid match in the Department of Health and Human Services (DHHS), funding increase in the School Aid budget for the foundation allowance and other

categoricals, and program increases recommended in State departments. Tables 2-5 compare the Governor's FY 2020-21 recommendation for Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2019-20 year-to-date appropriations. Table 6 compares the FY 2020-21 recommended number of 54,233.6 full-time equated (FTE) positions to the FY 2019-20 level of 53,940.6 FTEs, an increase of 293.0 positions, or 0.5%.

The FY 2020-21 recommendation includes appropriations that the Governor has designated as either "ongoing" or "one-time". Table 7 outlines the proposed FY 2020-21 one-time appropriations by fund source, with a Gross total for all budget areas of \$405.5 million. The Governor's budget does not include a recommended appropriation for the Budget Stabilization Fund (BSF) for FY 2020-21.

Table 8 lists the estimated State payments to local units of government for FYs 2019-20 and 2020-21, of \$19.4 billion and \$20.5 billion, respectively.

Tables 9 and 10 present the GF/GP and SAF balance sheets as presented by the Governor for FY 2018-19, FY 2019-20, and FY 2020-21, which reflect positive ending balances for all three years.

The total Gross and GF/GP dollar changes from FY 2019-20 to FY 2020-21 are an increase of \$2.3 billion Gross and an increase of \$604.3 million GF/GP. Table 11 shows that the \$604.3 million GF/GP increase consists of \$296.3 million of GF/GP funding for new programs, \$507.3 million of GF/GP funding increases, \$146.6 million reduction from GF/GP program eliminations, \$253.2 million of GF/GP program reductions, a \$92.1 million GF/GP increase due to fund shifts, \$575,000 of GF/GP reductions from program transfers and an increase of \$109.0 million due to economic and unclassified salaries' adjustments. Tables 12-18 provide the details for these changes.

The FY 2020-21 School Aid Fund budget changes proposed by the Governor are outlined in Table 19. As the table indicates, the net change in K-12 appropriations is an increase of \$745.8 million.

Tables 20-34 outline background information regarding major budget areas and other general appropriation issues, and Tables 35-37 provide recent State appropriation history.

On an overall basis, the Governor's FY 2020-21 budget proposal increases Gross appropriations by 3.9% and State Spending from State Resources by 4.9%, and GF/GP by 5.8%. The primary reason for these increases is because of baseline increases related to the DHHS, recommended increases in department programs and School Aid Fund appropriations, increases to public universities and community colleges, and local units of government.

Table 1

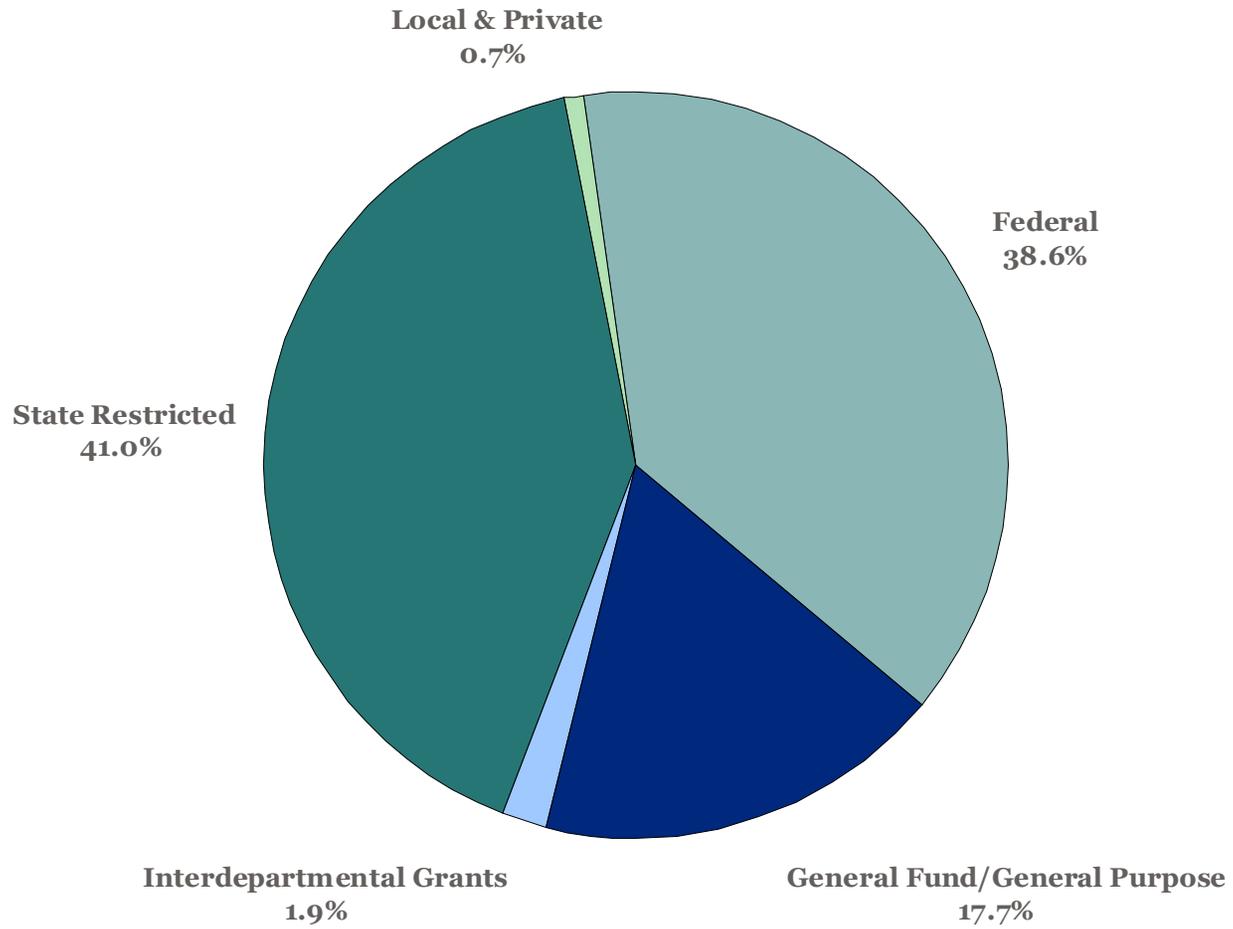
**FY 2020-21 GOVERNOR'S RECOMMENDATION
BY SOURCE OF FUNDS**

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$120,349,400	\$324,400	\$120,025,000	\$13,129,500	\$71,300	\$43,353,000	\$63,471,200
Attorney General	106,976,600	35,285,800	71,690,800	9,906,100	0	20,136,300	41,648,400
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,787,400	299,800	16,487,600	2,868,200	18,700	58,500	13,542,200
Community Colleges	433,792,400	0	433,792,400	0	0	433,792,400	0
Corrections	2,081,251,700	0	2,081,251,700	5,370,900	9,680,600	45,478,500	2,020,721,700
Education	452,178,600	0	452,178,600	344,804,700	8,111,400	9,815,400	89,447,100
Environment, Great Lakes, & Energy	523,049,200	3,337,700	519,711,500	171,973,000	1,412,800	272,191,800	74,133,900
Executive	7,276,500	0	7,276,500	0	0	0	7,276,500
Health & Human Services	27,148,828,900	13,829,900	27,134,999,000	18,688,919,000	341,995,600	3,015,718,000	5,088,366,400
Higher Education	1,743,845,600	0	1,743,845,600	116,026,400	0	356,063,300	1,271,755,900
Insurance & Financial Services	73,315,700	728,600	72,587,100	1,017,100	0	71,570,000	0
Judiciary	314,761,800	1,552,800	313,209,000	5,826,000	8,671,100	94,877,600	203,834,300
Labor & Economic Opportunity	1,385,441,600	0	1,385,441,600	953,506,000	12,217,800	232,848,300	186,869,500
Legislature	207,165,400	6,250,400	200,915,000	0	400,000	6,776,800	193,738,200
Licensing & Regulatory Affairs	487,589,600	46,664,600	440,925,000	28,823,700	0	258,945,700	153,155,600
Military & Veterans Affairs	224,342,500	101,800	224,240,700	123,626,100	630,000	20,313,400	79,671,200
Natural Resources	468,258,900	203,100	468,055,800	88,453,700	7,439,200	322,800,800	49,362,100
Natural Resources (Trust Fund)	0	0	0	0	0	0	0
School Aid	15,923,137,100	0	15,923,137,100	1,806,878,500	0	14,036,258,600	80,000,000
State	256,087,500	20,000,000	236,087,500	1,460,000	50,100	215,490,200	19,087,200
State Police	735,585,500	24,649,000	710,936,500	78,682,000	4,876,200	143,001,700	484,376,600
Technology, Mgt., & Budget	1,743,750,000	1,019,720,900	724,029,100	5,139,300	2,472,300	122,296,400	594,121,100
Transportation	5,259,273,100	4,063,100	5,255,210,000	1,392,546,100	51,932,000	3,810,731,900	0
Treasury (Debt Service)	113,735,000	0	113,735,000	0	0	0	113,735,000
Treasury (Operations)	666,177,900	13,112,800	653,065,100	27,421,800	13,087,000	460,455,000	152,101,300
Treasury (Revenue Sharing)	1,404,870,900	0	1,404,870,900	0	0	1,404,870,900	0
TOTAL APPROPRIATIONS	\$61,897,828,800	\$1,190,124,700	\$60,707,704,100	\$23,866,378,100	\$463,066,100	\$25,397,844,500	\$10,980,415,400

Figure A

Gross Appropriations by Source of Funds

FY 2020-21 Governor's Recommendation



Total = \$ 61,897,828,800

Table 2
GROSS APPROPRIATIONS
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION

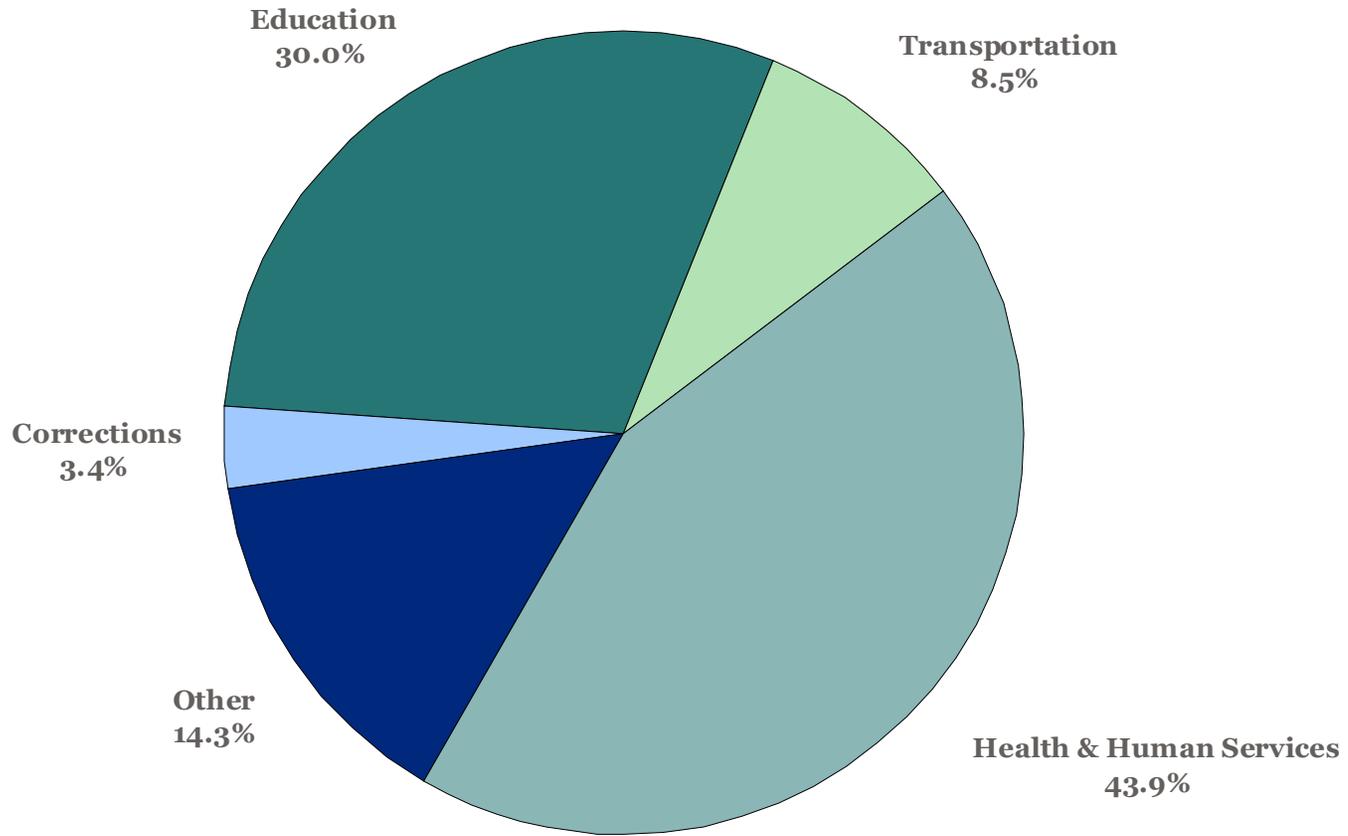
Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$111,417,500	\$120,349,400	\$8,931,900	8.0%
Attorney General	105,982,800	106,976,600	993,800	0.9
Capital Outlay.....	0	0	0	0.0
Civil Rights	16,388,300	16,787,400	399,100	2.4
Community Colleges	414,719,000	433,792,400	19,073,400	4.6
Corrections	2,042,261,300	2,081,251,700	38,990,400	1.9
Education	419,783,700	452,178,600	32,394,900	7.7
Environment, Great Lakes, & Energy	614,665,800	523,049,200	(91,616,600)	(14.9)
Executive.....	7,114,300	7,276,500	162,200	2.3
Health & Human Services.....	26,358,046,300	27,148,828,900	790,782,600	3.0
Higher Education.....	1,691,395,000	1,743,845,600	52,450,600	3.1
Insurance & Financial Services.....	72,062,800	73,315,700	1,252,900	1.7
Judiciary	311,113,500	314,761,800	3,648,300	1.2
Labor & Economic Opportunity	1,307,357,100	1,385,441,600	78,084,500	6.0
Legislature.....	201,425,900	207,165,400	5,739,500	2.8
Licensing & Regulatory Affairs.....	435,285,600	487,589,600	52,304,000	12.0
Military & Veterans Affairs.....	204,065,100	224,342,500	20,277,400	9.9
Natural Resources	438,685,400	468,258,900	29,573,500	6.7
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	15,177,263,600	15,923,137,100	745,873,500	4.9
State	250,393,000	256,087,500	5,694,500	2.3
State Police	753,559,000	735,585,500	(17,973,500)	(2.4)
Technology, Management, & Budget.....	1,569,400,500	1,743,750,000	174,349,500	11.1
Transportation	5,021,408,000	5,259,273,100	237,865,100	4.7
Treasury (Debt Service).....	104,335,000	113,735,000	9,400,000	9.0
Treasury (Operations).....	590,066,900	666,177,900	76,111,000	12.9
Treasury (Revenue Sharing).....	1,376,191,700	1,404,870,900	28,679,200	2.1
TOTAL APPROPRIATIONS.....	\$59,594,387,100	\$61,897,828,800	\$2,303,441,700	3.9%

* As of February 6, 2020

Figure B

Gross Appropriations by Major Category

FY 2020-21 Governor's Recommendation



Total = \$ 61,897,828,800

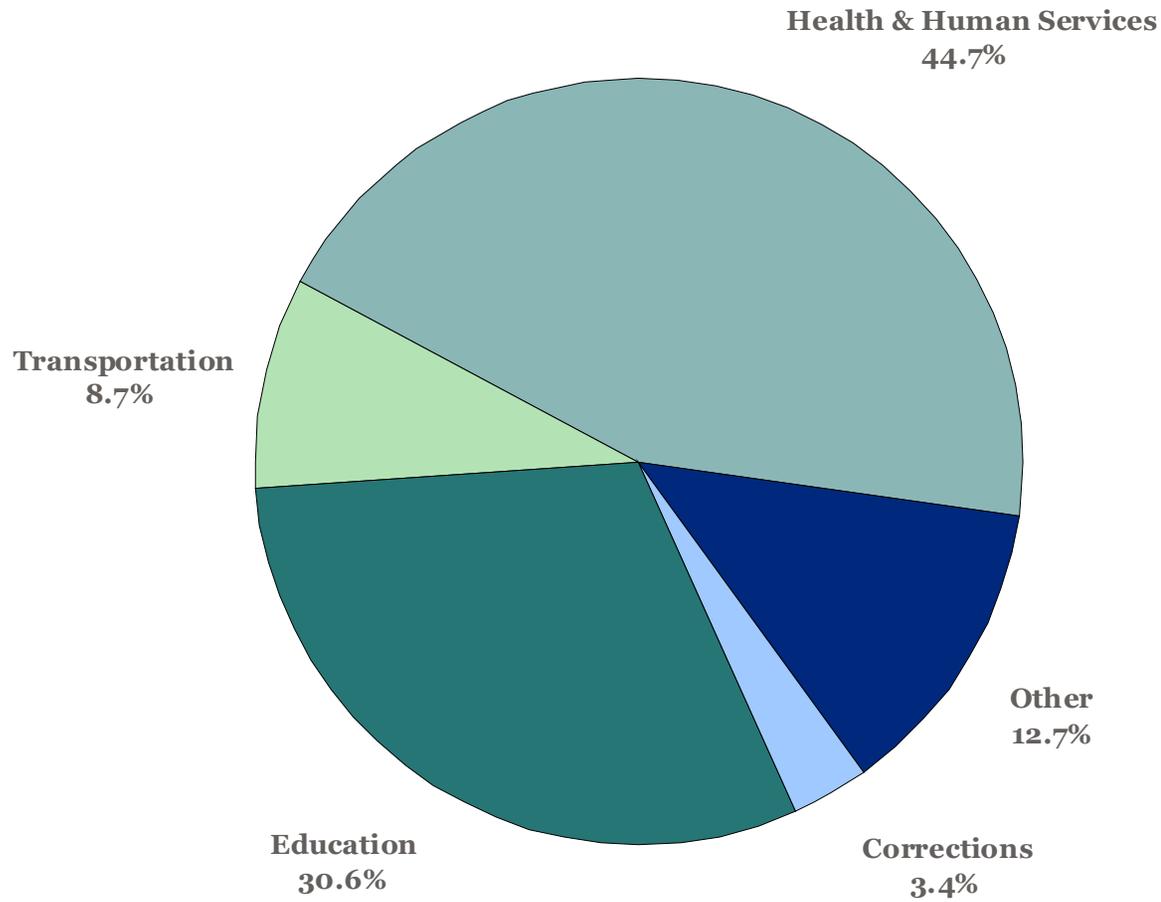
Table 3
ADJUSTED GROSS APPROPRIATIONS
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$110,101,800	\$120,025,000	\$9,923,200	9.0%
Attorney General	71,609,800	71,690,800	81,000	0.1
Capital Outlay.....	0	0	0	0.0
Civil Rights	16,089,800	16,487,600	397,800	2.5
Community Colleges.....	414,719,000	433,792,400	19,073,400	4.6
Corrections	2,042,261,300	2,081,251,700	38,990,400	1.9
Education	419,783,700	452,178,600	32,394,900	7.7
Environment, Great Lakes, & Energy	611,489,200	519,711,500	(91,777,700)	(15.0)
Executive.....	7,114,300	7,276,500	162,200	2.3
Health & Human Services	26,344,227,000	27,134,999,000	790,772,000	3.0
Higher Education.....	1,691,395,000	1,743,845,600	52,450,600	3.1
Insurance & Financial Services.....	71,339,700	72,587,100	1,247,400	1.7
Judiciary	309,561,800	313,209,000	3,647,200	1.2
Labor & Economic Opportunity	1,307,357,100	1,385,441,600	78,084,500	6.0
Legislature.....	195,357,500	200,915,000	5,557,500	2.8
Licensing & Regulatory Affairs.....	391,060,300	440,925,000	49,864,700	12.8
Military & Veterans Affairs.....	203,963,300	224,240,700	20,277,400	9.9
Natural Resources	438,488,200	468,055,800	29,567,600	6.7
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	15,177,263,600	15,923,137,100	745,873,500	4.9
State	230,393,000	236,087,500	5,694,500	2.5
State Police	728,625,100	710,936,500	(17,688,600)	(2.4)
Technology, Management, & Budget.....	618,911,700	724,029,100	105,117,400	17.0
Transportation	5,017,433,700	5,255,210,000	237,776,300	4.7
Treasury (Debt Service).....	104,335,000	113,735,000	9,400,000	9.0
Treasury (Operations).....	577,161,300	653,065,100	75,903,800	13.2
Treasury (Revenue Sharing).....	1,376,191,700	1,404,870,900	28,679,200	2.1
TOTAL APPROPRIATIONS.....	\$58,476,233,900	\$60,707,704,100	\$2,231,470,200	3.8%

* As of February 6, 2020

Figure C
Adjusted Gross Appropriations by Major Category

FY 2020-21 Governor's Recommendation



Total = \$ 60,707,704,100

Table 4
STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION

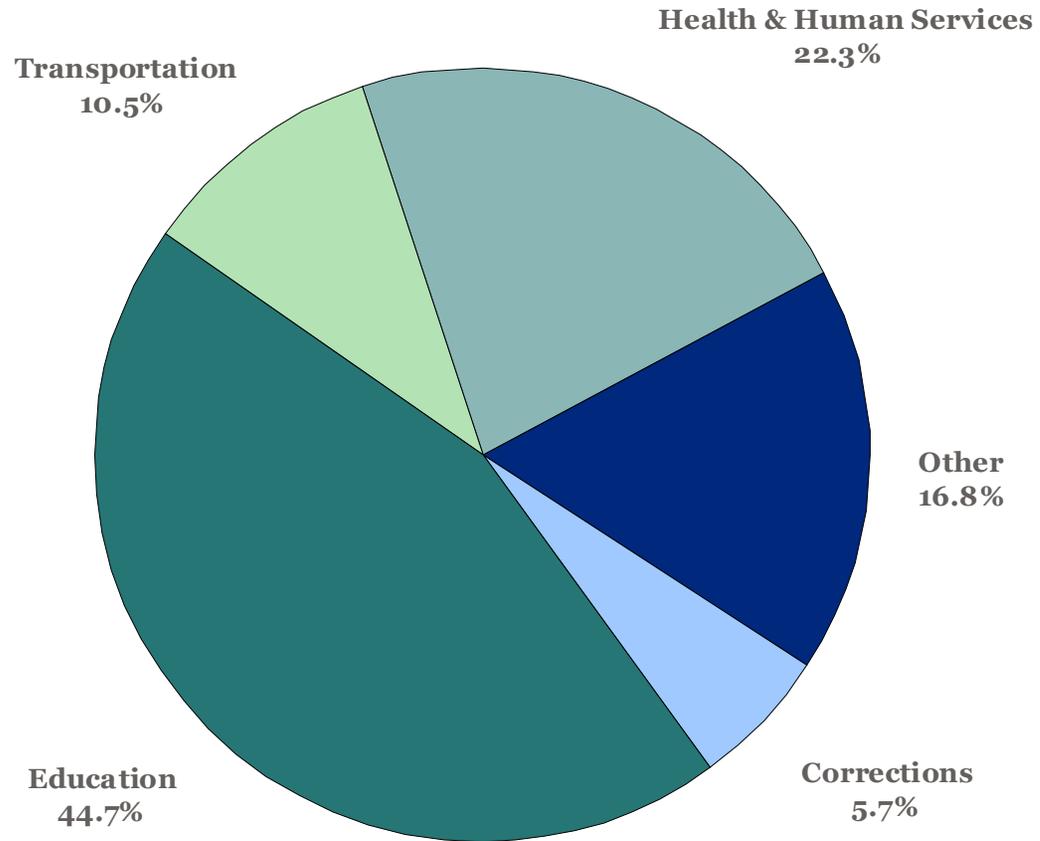
Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$97,363,600	\$106,824,200	\$9,460,600	9.7%
Attorney General	61,896,100	61,784,700	(111,400)	(0.2)
Capital Outlay.....	0	0	0	0.0
Civil Rights	13,254,200	13,600,700	346,500	2.6
Community Colleges	414,719,000	433,792,400	19,073,400	4.6
Corrections	2,025,250,400	2,066,200,200	40,949,800	2.0
Education	96,512,000	99,262,500	2,750,500	2.8
Environment, Great Lakes, & Energy	435,017,500	346,325,700	(88,691,800)	(20.4)
Executive.....	7,114,300	7,276,500	162,200	2.3
Health & Human Services.....	7,748,062,600	8,104,084,400	356,021,800	4.6
Higher Education.....	1,557,368,600	1,627,819,200	70,450,600	4.5
Insurance & Financial Services.....	70,322,100	71,570,000	1,247,900	1.8
Judiciary	296,239,600	298,711,900	2,472,300	0.8
Labor & Economic Opportunity	338,382,100	419,717,800	81,335,700	24.0
Legislature.....	194,957,500	200,515,000	5,557,500	2.9
Licensing & Regulatory Affairs.....	362,934,700	412,101,300	49,166,600	13.5
Military & Veterans Affairs.....	97,156,100	99,984,600	2,828,500	2.9
Natural Resources	355,555,400	372,162,900	16,607,500	4.7
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	13,427,685,100	14,116,258,600	688,573,500	5.1
State	228,882,900	234,577,400	5,694,500	2.5
State Police	623,859,900	627,378,300	3,518,400	0.6
Technology, Management, & Budget.....	611,491,000	716,417,500	104,926,500	17.2
Transportation	3,613,151,600	3,810,731,900	197,580,300	5.5
Treasury (Debt Service).....	104,335,000	113,735,000	9,400,000	9.0
Treasury (Operations).....	536,675,500	612,556,300	75,880,800	14.1
Treasury (Revenue Sharing).....	1,376,191,700	1,404,870,900	28,679,200	2.1
TOTAL APPROPRIATIONS.....	\$34,694,378,500	\$36,378,259,900	\$1,683,881,400	4.9%

* As of February 6, 2020

Figure D

State Spending From State Resources

FY 2020-21 Governor's Recommendation



Total = \$ 36,378,259,900

Table 5
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION

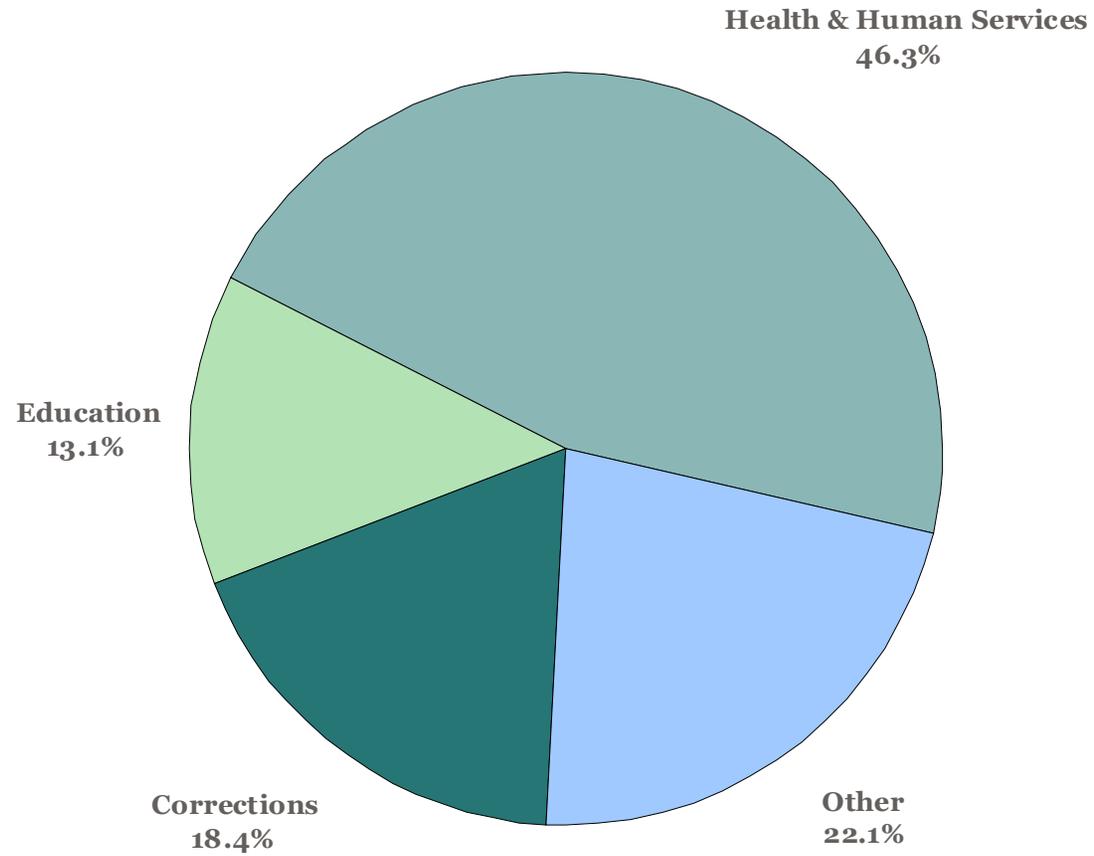
Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$55,979,900	\$63,471,200	\$7,491,300	13.4%
Attorney General	41,736,300	41,648,400	(87,900)	(0.2)
Capital Outlay.....	0	0	0	0.0
Civil Rights	13,195,700	13,542,200	346,500	2.6
Community Colleges	0	0	0	0.0
Corrections	1,980,137,900	2,020,721,700	40,583,800	2.0
Education	87,212,000	89,447,100	2,235,100	2.6
Environment, Great Lakes, & Energy	168,577,400	74,133,900	(94,443,500)	(56.0)
Executive.....	7,114,300	7,276,500	162,200	2.3
Health & Human Services	4,769,278,700	5,088,366,400	319,087,700	6.7
Higher Education.....	1,207,949,300	1,271,755,900	63,806,600	5.3
Insurance & Financial Services.....	150,000	0	(150,000)	(100.0)
Judiciary	201,443,600	203,834,300	2,390,700	1.2
Labor & Economic Opportunity	142,308,300	186,869,500	44,561,200	31.3
Legislature.....	188,366,300	193,738,200	5,371,900	2.9
Licensing & Regulatory Affairs.....	111,606,400	153,155,600	41,549,200	37.2
Military & Veterans Affairs.....	73,247,500	79,671,200	6,423,700	8.8
Natural Resources	46,985,000	49,362,100	2,377,100	5.1
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	62,620,000	80,000,000	17,380,000	27.8
State	13,451,200	19,087,200	5,636,000	41.9
State Police	475,701,700	484,376,600	8,674,900	1.8
Technology, Management, & Budget.....	493,574,200	594,121,100	100,546,900	20.4
Transportation	25,000,000	0	(25,000,000)	(100.0)
Treasury (Debt Service).....	104,335,000	113,735,000	9,400,000	9.0
Treasury (Operations).....	106,141,800	152,101,300	45,959,500	43.3
Treasury (Revenue Sharing).....	0	0	0	0.0
TOTAL APPROPRIATIONS.....	\$10,376,112,500	\$10,980,415,400	\$604,302,900	5.8%

* As of February 6, 2020

Figure E

General Fund/General Purpose

FY 2020-21 Governor's Recommendation



Total = \$ 10,980,415,400

Table 6

FULL-TIME EQUATED CLASSIFIED POSITIONS				
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development	508.0	514.0	6.0	1.2%
Attorney General.....	536.4	534.4	(2.0)	(0.4)
Civil Rights.....	110.0	110.0	0.0	0.0
Corrections	13,778.3	13,686.8	(91.5)	(0.7)
Education.....	614.5	615.0	0.5	0.1
Environment, Great Lakes, & Energy	1,416.0	1,416.0	0.0	0.0
Executive	79.2	79.2	0.0	0.0
Health & Human Services	15,432.0	15,598.0	166.0	1.1
Insurance & Financial Services	362.5	382.5	20.0	5.5
Judiciary	509.0	512.0	3.0	0.6
Labor & Economic Opportunity	2,531.4	2,533.4	2.0	0.1
Licensing & Regulatory Affairs	1,819.9	1,827.9	8.0	0.4
Military & Veterans Affairs	924.5	1,052.5	128.0	13.8
Natural Resources	2,334.1	2,346.1	12.0	0.5
State	1,586.0	1,596.0	10.0	0.6
State Police.....	3,580.0	3,546.0	(34.0)	(0.9)
Technology, Management, & Budget	3,126.0	3,133.0	7.0	0.2
Transportation.....	2,818.3	2,826.3	8.0	0.3
Treasury (Operations).....	1,874.5	1,924.5	50.0	2.7
TOTAL POSITIONS	53,940.6	54,233.6	293.0	0.5%

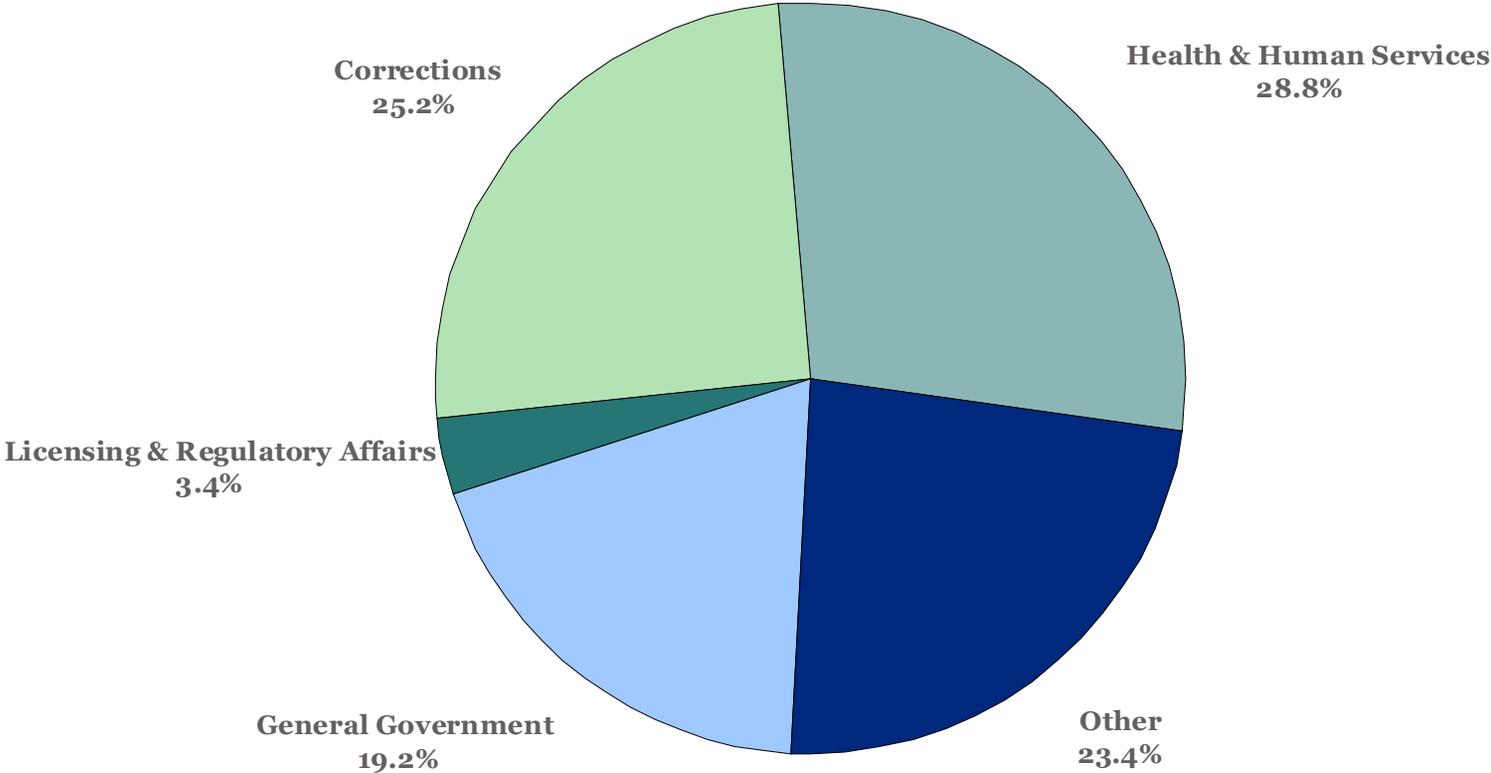
Note: Full-Time Equated classified positions include exempt positions in Judiciary.

* As of February 6, 2020

Figure F

Full-Time Equated Classified Positions

FY 2020-21 Governor's Recommendation



Total = 54,233.6

Table 7

FY 2020-21 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS			
Budget Area/Program	Gross	State Restricted	GF/GP
Agriculture & Rural Development			
Conservation Reserve Enhancement Program	\$10,000,000	\$0	\$10,000,000
Total Agriculture & Rural Development.....	\$10,000,000	\$0	\$10,000,000
Education			
PBS early childhood initiative	\$1,800,000	\$0	\$1,800,000
Total Education	\$1,800,000	\$0	\$1,800,000
Environment, Great Lakes, and Energy			
Environmental contamination response.....	\$20,000,000	\$0	\$20,000,000
Total Environment, Great Lakes, and Energy.....	\$20,000,000	\$0	\$20,000,000
Health and Human Services			
MiDocs program.....	\$86,520,000	\$21,630,000	\$21,630,000
Comprehensive child welfare information system (24.0 FTEs)	15,961,700	0	8,300,100
Opioid crisis response services	12,250,000	0	10,000,000
Lead poisoning prevention fund.....	10,000,000	0	10,000,000
First responder and public safety mental health	2,500,000	0	2,500,000
Autism navigator	1,025,000	0	1,025,000
Total Health and Human Services.....	\$128,256,700	\$21,630,000	\$53,455,100
Higher Education			
Michigan Student Loan Refinancing Program	\$10,000,000	\$0	\$10,000,000
Total Higher Education.....	\$10,000,000	\$0	\$10,000,000
Labor and Economic Opportunity			
Nature, science, and culture experience grant	\$10,000,000	\$0	\$10,000,000
Postsecondary best practice grants.....	1,000,000	0	1,000,000
Focus: HOPE	1,000,000	0	1,000,000
Total Labor and Economic Opportunity.....	\$12,000,000	\$0	\$12,000,000
Licensing & Regulatory Affairs			
Michigan Saves green bank reserve fund and credit	\$5,000,000	\$0	\$5,000,000
Total Licensing and Regulatory Affairs.....	\$5,000,000	\$0	\$5,000,000
Military and Veterans Affairs			
Grand Rapids Home Transition Costs - Moved from Ongoing to One-Time...	\$13,233,000	\$0	\$13,233,000
Total Military and Veterans Affairs.....	\$13,233,000	\$0	\$13,233,000

Table 7 - continued

FY 2020-21 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS			
Budget Area/Program	Gross	State Restricted	GF/GP
Natural Resources			
Shooting range development, enhancement, and restoration.....	\$4,400,000	\$0	\$0
Milliken visitor center.....	2,500,000	0	2,500,000
Repair and replace aging wildfire equipment	1,000,000	1,000,000	0
Improve sustainability of cedar forests	500,000	500,000	0
Total Natural Resources	\$8,400,000	\$1,500,000	\$2,500,000
School Aid			
School infrastructure grants	\$40,000,000	\$0	\$40,000,000
Teacher supplies reimbursement	25,000,000	25,000,000	0
Professional development	5,000,000	5,000,000	0
Reorganization and cooperative activities grants	5,000,000	5,000,000	0
School meal debt forgiveness.....	1,000,000	1,000,000	0
Total School Aid.....	\$76,000,000	\$36,000,000	\$40,000,000
State Police			
Jail and Pretrial Incarceration training	\$7,200,000	\$0	\$7,200,000
Trooper recruit school one-time cost	2,509,100	0	2,509,100
Total State Police	\$9,709,100	\$0	\$9,709,100
Technology, Management, and Budget			
State psychiatric hospitals special maintenance	\$30,000,000	\$0	\$30,000,000
Advanced persistent cyber threats	20,000,000	0	20,000,000
Paid parental leave	10,000,000	0	10,000,000
Green revolving fund.....	5,000,000	0	5,000,000
Retirement services customer relationship management.....	2,100,000	2,100,000	0
Total Technology, Management, and Budget	\$67,100,000	\$2,100,000	\$65,000,000
Treasury-Operations			
Local climate resilient infrastructure grants	\$40,000,000	\$0	\$40,000,000
Michigan gaming control board IT upgrade	4,025,000	4,025,000	0
Total Treasury-Operations.....	\$44,025,000	\$4,025,000	\$40,000,000
TOTAL ONE-TIME BUDGET AREA APPROPRIATIONS	\$405,523,800	\$65,255,000	\$282,697,200

Table 8

**STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
FY 2019-20 YEAR-TO-DATE VERSUS FY 2020-21 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2019-20 Year-to-Date Appropriations*	FY 2020-21 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$9,650,000	\$8,800,000	(\$850,000)	(8.8%)
Attorney General.....	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges.....	414,719,000	433,792,400	19,073,400	4.6
Corrections.....	122,635,700	123,880,800	1,245,100	1.0
Education	14,517,700	14,267,700	(250,000)	(1.7)
Environment, Great Lakes, & Energy	19,646,000	37,200,600	17,554,600	89.4
Executive	0	0	0	0.0
Health & Human Services.....	1,566,525,200	1,671,291,600	104,766,400	6.7
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	146,351,300	146,684,400	333,100	0.2
Labor & Economic Opportunity.....	37,598,800	37,863,300	264,500	0.7
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs.....	102,451,400	137,967,400	35,516,000	34.7
Military & Veterans Affairs	4,315,000	2,136,500	(2,178,500)	(50.5)
Natural Resources	8,122,200	8,659,300	537,100	6.6
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	13,221,615,300	13,908,147,100	686,531,800	5.2
State.....	1,127,500	1,041,800	(85,700)	(7.6)
State Police.....	16,078,600	13,899,900	(2,178,700)	(13.6)
Technology, Management, & Budget	0	0	0	0.0
Transportation.....	2,135,605,800	2,257,897,700	122,291,900	5.7
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	191,229,200	277,911,200	86,682,000	45.3
Treasury (Revenue Sharing)	1,376,191,700	1,404,870,900	28,679,200	2.1
TOTAL APPROPRIATIONS	\$19,388,380,400	\$20,486,312,600	\$1,097,932,200	5.7%

* As of February 6, 2020

Table 9

**FEBRUARY 2020 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP)
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(millions of dollars)**

	FY 2018-19 Preliminary Final	FY 2019-20 YTD Adjusted for Exec Rec	FY 2020-21 Exec Rec
Revenue:			
Beginning Balance	\$788.3	\$899.5	\$524.5
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2020)	\$11,108.0	\$11,012.1	\$11,194.5
Other Revenue Adjustments			
Revenue Sharing Payments	(466.0)	(490.1)	(502.3)
Treasury Bookclosing Revenue Adjustments	186.2	0.0	0.0
Adjust Income Tax Earmark (HB 4125)	0.0	(173.2)	(179.4)
Shift VMF II to Voucher proposal	0.0	22.9	67.6
Subtotal Ongoing Revenue	\$10,828.2	\$10,371.7	\$10,580.4
<u>Non-ongoing Revenue:</u>			
One-Time Appropriation for Revenue Sharing	(\$13.1)	\$0.0	\$0.0
Use tax 4% - Medicaid HMO	4.9	0.0	0.0
Reimbursement for Implementation of Recreational Marihuana	0.0	10.0	0.0
Revenue from Sale of Farnum Building	4.5	0.0	0.0
Lawsuit Settlement	17.9	5.2	0.0
Redirection of Restricted Revenue	(6.3)	(7.6)	0.0
Subtotal Non-Ongoing Revenue	\$7.9	\$2.4	\$0.0
Total Estimated GF/GP Revenue	\$11,624.4	\$11,273.6	\$11,104.9
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing Appropriations	\$9,614.6	\$9,946.5	\$9,946.5
Exec Rec Department Investments	0.0	0.0	217.6
Exec Rec Department Reductions	0.0	0.0	(200.3)
Subtotal Ongoing Appropriations	\$9,614.6	\$9,946.5	\$9,963.8
<u>One-Time and Other Appropriations:</u>			
Initial One-Time Appropriations	\$406.8	\$168.6	\$282.7
Appropriation to Budget Stabilization Fund	100.0	0.0	0.0
Enacted Supplementals	538.1	0.0	0.0
Enacted FY 2020 Supplementals (PA 154 and 169 of 2019)	0.0	261.0	152.8
FY 2020 Supplemental Requests (2020-1 and 2020-2)	0.0	45.9	56.3
Defined Calculations	0.0	0.0	108.6
Estimated DHHS Adjustments	0.0	127.1	358.8
Reimbursement of Federal Disallowed Psych DSH costs	0.0	62.8	59.2
Reserve for Audit, Legal, Statutory & Other Costs	0.0	137.2	63.8
Michigan Indigent Defense Grants	0.0	0.0	36.5
Tuition Incentive Program Cost Increase	0.0	0.0	9.0
GF Backfill of Tuition Grants	0.0	0.0	12.0
Treasury Prior Year Tax Accounting Adjustments from Bookclosing	199.0	0.0	0.0
Estimated Lapses	(133.6)	0.0	0.0
Subtotal One-Time and Other Appropriations	\$1,110.3	\$802.6	\$1,139.7
Total Estimated GF/GP Expenditures	\$10,724.9	\$10,749.1	\$11,103.5
PROJECTED YEAR-END GF/GP BALANCE	\$899.5	\$524.5	\$1.4

Table 10

**FEBRUARY 2020 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(millions of dollars)**

	FY 2018-19 Preliminary Final	FY 2019-20 YTD Adjusted for Exec Rec	FY 2020-21 Exec Rec
Revenue:			
Beginning Balance	\$320.5	\$212.5	\$263.1
Ongoing Revenue:			
Consensus Revenue Estimate (January 2020)	\$13,564.8	\$13,925.5	\$14,317.5
General Fund/General Purpose Grant	87.9	62.6	80.0
Community District Trust Fund	72.2	75.8	78.4
Federal Ongoing Aid	1,658.3	1,759.6	1,806.9
Adjust Income Tax Earmark (HB 4125).....	0.0	173.2	179.4
Subtotal Ongoing Revenue	\$15,383.2	\$15,996.7	\$16,462.2
Non-ongoing Revenue:			
Reserve Fund for MPSERS	\$30.0	\$1.9	\$0.0
Mental Health Services and Support Fund	30.0	0.0	0.0
Miscellaneous Revenue	17.3	0.0	0.0
Subtotal Non-Ongoing Revenue	\$77.3	\$1.9	\$0.0
Total Estimated School Aid Fund Revenue	\$15,781.1	\$16,211.1	\$16,725.3
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing K-12 Appropriations.....	\$14,686.6	\$15,106.8	\$15,847.1
Cost Adjustments (January 2020)	(56.4)	6.6	0.0
Enacted Supplementals	0.5	59.9	0.0
Additional Cash Flow Borrowing Costs	14.0	0.0	0.0
Partially Fund Higher Education with School Aid Fund	499.4	349.4	356.1
Fund Community Colleges with School Aid Fund	401.8	414.7	433.8
Subtotal Ongoing Appropriations	\$15,545.9	\$15,937.4	\$16,637.0
One-Time and Other Appropriations:			
Enacted One-Time K-12 Appropriations	\$120.8	\$0.0	\$76.0
Enacted Supplementals	45.7	10.7	0.0
One-Time Community College Appropriations	6.4	0.0	0.0
One-Time Higher Education Appropriations.....	0.7	0.0	0.0
Federal Funds Adjustment	(87.6)	0.0	0.0
Prior-Year Adjustments	13.9	0.0	0.0
Estimated Lapses	(77.2)	0.0	0.0
Subtotal One-Time and Other Appropriations.....	\$22.7	\$10.7	\$76.0
Total Estimated School Aid Fund Expenditures	\$15,568.6	\$15,948.0	\$16,713.0
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$212.5	\$263.1	\$12.3

SUMMARY OF MAJOR FY 2020-21 GROSS AND GF/GP APPROPRIATION CHANGES

The Governor's FY 2020-21 budget includes a Gross appropriation increase of 3.9%, and a GF/GP appropriation increase of 5.8%, compared to FY 2019-20. Table 11 provides a comparison of the Governor's recommended FY 2020-21 Gross and GF/GP appropriations to the FY 2019-20 year-to-date levels as of February 6, 2020. The Governor's FY 2020-21 recommendation of \$61.9 billion Gross and \$11.0 billion GF/GP represents an appropriation increase of \$2.3 billion Gross and an appropriation increase of \$604.3 million GF/GP. The net change in GF/GP appropriations can be categorized as new GF/GP programs of \$296.3 million, GF/GP funding increases of \$507.3 million, GF/GP funding eliminations of \$146.6 million, GF/GP funding reductions of \$253.2 million, and fund shifts that result in a \$92.1 million increase in GF/GP appropriations. Fund shifts generally are defined as changes in the funding sources for a program that do not affect the overall appropriation level of the program. The Governor also recommended the transfer of five programs among departments, resulting in a \$575,000 reduction of GF/GP; added an unclassified salaries increase of \$117,100 Gross and \$50,700 GF/GP; and included net economic adjustments of \$195.6 million Gross and \$109.0 million GF/GP.

Table 11

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION SUMMARY OF CHANGES FROM FY 2019-20 YEAR-TO-DATE GROSS AND GF/GP APPROPRIATIONS		
	Gross	GF/GP
FY 2019-20 Year-To-Date Appropriation¹	\$59,594,387,100	\$10,376,112,500
Changes for FY 2020-21:		
New Programs.....	\$427,177,800	\$296,299,700
Program Increases.....	2,868,471,600	507,285,600
Program Eliminations.....	(177,682,400)	(146,599,900)
Program Reductions.....	(1,009,721,600)	(253,174,500)
Major Fund Shifts Affecting GF/GP.....	0	92,050,900
Program Transfers.....	(530,100)	(575,000)
Economic Adjustments.....	195,609,300	108,965,400
Unclassified Salaries.....	117,100	50,700
Total Changes.....	\$2,303,441,700	\$604,302,900
FY 2020-21 Governor's Recommendation.....	\$61,897,828,800	\$10,980,415,400

¹ Appropriation as of February 6, 2020.

Table 12 outlines the details of the \$427.2 million Gross and \$296.3 million GF/GP for new programs. The School Aid budget is recommended to have the largest Gross increase for new programs with \$128.5 million (\$42.0 million GF/GP). School Aid programs include expanded preschool access (\$42.0 million SAF), school infrastructure grants (\$40 million Gross/\$40 million GF/GP), and a one-time \$25 million Gross appropriation for teacher supplies reimbursement. The Department of Technology, Management, and Budget recommendation included \$56.3 million GF/GP for the State to purchase Venture Michigan Fund (VMF) II vouchers to limit outstanding liabilities, \$20.0 million GF/GP to protect against persistent cyber threats, and \$10.0 million GF/GP to initiate a paid parental leave policy for state employees. A \$40 million GF/GP appropriation is recommended in the Department of Treasury for local climate resilient infrastructure grants, and \$37.5 million is recommended in the DHHS for a new Healthy Moms, Healthy Babies program intended to extend Medicaid eligibility for new mothers, expand coverage of family planning benefits for beneficiaries up to 200% of the Federal poverty level (FPL) and increase home visiting slots by 1,000. Other new programs recommended are: a one-time startup cost for the Conservation Reserve Enhancement Program (\$10.0 million GF/GP) in the Department of Agriculture and Rural Development, \$27.9 million and \$15.0 million GF/GP to restore the Going Pro and Pure Michigan programs in the Department of Labor and Economic Opportunity, respectively.

Table 12

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Conservation Reserve Enhancement Program - One-Time	\$10,000,000	\$10,000,000
Conservation Reserve Enhancement Program - Ongoing	600,000	600,000
Total Agriculture and Rural Development	\$10,600,000	\$10,600,000
Attorney General		
Elder Abuse Task Force	\$387,500	\$387,500
Total Attorney General	\$387,500	\$387,500
Education		
PBS Early Childhood Initiative	\$1,800,000	\$1,800,000
Poet laureate (0.5 FTE)	100,000	100,000
Total Education	\$1,900,000	\$1,900,000
Environment, Great Lakes, and Energy		
Efficiency and renewable energy revolving loan fund	\$250,000	\$0
Total Environment, Great Lakes, and Energy	\$250,000	\$0
Health and Human Services		
Healthy Moms, Healthy Babies	\$37,519,600	\$17,591,500
Long Term Care (LTC) Services and Support Options Counseling (4.0 FTEs).....	20,250,000	8,500,000
Building a Statewide Infrastructure to Address Social Determinants of Health (SDoH) (4.0 FTEs).....	11,650,000	7,100,000
Better Value in Medicaid - Medicaid Transformation Office.....	5,000,000	2,500,000
First Responder and Public Safety Staff Mental Health	2,500,000	2,500,000
Dental Screenings and Oral Health Assessment Program.....	2,000,000	2,000,000
Total Health and Human Services	\$78,919,600	\$40,191,500
Higher Education		
Michigan student loan refinance program - one-time	\$10,000,000	\$10,000,000
Total Higher Education	\$10,000,000	\$10,000,000
Labor and Economic Opportunity		
Going Pro program restoration	\$27,920,700	\$27,920,700
Pure Michigan program restoration.....	15,000,000	15,000,000
Nature, science, and culture experience grant	10,000,000	10,000,000
Postsecondary best practice grants	1,000,000	1,000,000
Total Labor and Economic Opportunity	\$53,920,700	\$53,920,700
Licensing and Regulatory Affairs		
Michigan Saves Green Bank Reserve Fund and Credit Enhancement.....	\$5,000,000	\$5,000,000
Total Licensing and Regulatory Affairs	\$5,000,000	\$5,000,000
Natural Resources		
Michigan Conservation Corps restoration.....	\$1,000,000	\$1,000,000
Total Natural Resources	\$1,000,000	\$1,000,000
School Aid		
Expanded preschool access program.....	\$42,000,000	\$0
School infrastructure grants	40,000,000	40,000,000
Teacher supplies reimbursement.....	25,000,000	0
Three-year average pupil count for eligible districts	6,000,000	0
Reorganization and cooperative activities grants	5,000,000	0
Professional development.....	5,000,000	0
Michigan Reading Corps.....	2,000,000	2,000,000
Teacher cadet program.....	1,500,000	0
10 Cents a Meal	1,000,000	0
School meal debt forgiveness.....	1,000,000	0
Total School Aid	\$128,500,000	\$42,000,000

Table 12 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Technology, Management, and Budget		
Venture Michigan Fund II voucher purchase	\$56,300,000	\$56,300,000
Advanced persistent cyber threats.....	20,000,000	20,000,000
Paid parental leave	10,000,000	10,000,000
Green revolving fund.....	5,000,000	5,000,000
Total Technology, Management, and Budget	\$91,300,000	\$91,300,000
Transportation		
Bond management office (8.0 FTEs).....	\$3,000,000	\$0
Traffic signal program	2,400,000	0
Total Transportation	\$5,400,000	\$0
Treasury - Operations		
Local climate resilient infrastructure grants	\$40,000,000	\$40,000,000
Total Treasury - Operations	\$40,000,000	\$40,000,000
TOTAL NEW PROGRAMS	\$427,177,800	\$296,299,700

The details of the \$2.9 billion Gross and \$507.3 million GF/GP funding increases recommended by the Governor are listed in [Table 13](#). A significant amount, over \$405.0 million, of the recommended Gross increases can be attributed to the recommended increase in Medicaid physical health caseload. An additional \$352.6 million Gross increase in the Department of Health and Human Services is attributable to the Governor's recommended hospital outpatient Medicaid rate adjustment. Other major recommended funding increases include \$290.0 million SAF to increase the foundation allowance by 1.5x (a range of \$150 to \$225 per pupil); \$205.1 million for Michigan Public School Employees' Retirement (MPERS) costs; \$83.5 million Gross (\$20.1 million GF/GP) for the MiDOCS program and \$77.7 million Gross (\$27.9 million GF/GP) for Medicaid actuarial soundness in DHHS; and \$193.5 million Gross for road and bridge adjustments to county road commissions, State trunk lines, and cities and villages. The Governor's budget includes \$36.5 million GF for a 2.5% increase for public university operations, and \$8.1 million SAF for a 2.5% increase for community college operations.

Table 13

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Industrial hemp - pesticide and plant pest management (3.0 FTEs).....	\$602,900	\$0
Feed and Fertilizer Compliance Audit Program (4.0 FTEs)	504,000	0
Industrial hemp laboratory and licensing (2.5 FTEs).....	469,000	0
Technical adjustment to align authorization with revenues	350,000	0
Licensing and inspection IT upgrade maintenance and hosting costs	225,000	210,000
Cervid program certification for breeding herds (1.0 FTE).....	76,900	76,900
Total Agriculture and Rural Development.....	\$2,227,800	\$286,900
Community Colleges		
MPERS UAL stabilization payment.....	\$10,800,000	\$0
Community college operations increase.....	8,091,400	0
MPERS normal cost offset	182,000	0
Total Community Colleges	\$19,073,400	\$0
Corrections		
New custody staff training.....	\$8,465,800	\$8,465,800
Corizon Health Care contract adjustment.....	4,239,500	4,239,500
Water rate increase	575,500	575,500
Employee wellness enhancements	\$500,000	\$500,000
Total Corrections	\$13,780,800	\$13,780,800

Table 13 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Education		
Child development and care eligibility increase.....	\$25,725,000	\$0
Child development and care background check payments.....	1,300,000	0
Camp Tuhsmeheeta maintenance and facility upkeep	202,000	0
MOECS IT system maintenance	200,000	0
Educator Excellence	180,000	180,000
Michigan School for the Deaf increase of restricted authorization	112,800	0
Total Education.....	\$27,719,800	\$180,000
Environment, Great Lakes, and Energy		
Environmental contamination response	\$20,000,000	\$20,000,000
Oil and gas program restoration	4,000,000	4,000,000
Environmental investigations transfer and cost allocation.....	3,086,800	649,900
Remediation and redevelopment authorization alignment	3,387,800	0
Renew Michigan restoration	500,000	0
Increase MAHS IDG authorization	500,000	129,000
Increase workshops and conferences authorization	335,900	0
Total Environment, Great Lakes, and Energy.....	\$31,810,500	\$24,778,900
Executive Office		
Operations increase.....	\$162,200	\$162,200
Total Executive Office	\$162,200	\$162,200
Health and Human Services		
Medicaid physical health: FY 2019-20 & 2020-21 caseload	\$405,046,400	104,083,100
Hospital outpatient Medicaid rate adjustment and HRA retainer.....	352,646,000	(16,708,100)
MIDocs: rebalancing and one-time funding	83,520,000	20,130,000
Medicaid HMO: actuarial soundness.....	77,725,000	27,918,800
Medicaid behavioral health PIHP: actuarial soundness	48,234,000	17,325,700
Healthy Michigan Plan physical health: actuarial soundness.....	43,757,000	4,375,700
Healthy Michigan Plan behavioral health: FY 2019-20 & 2020-21 caseload ..	42,157,000	4,215,700
Medicaid behavioral health autism: FY 2019-20 & 2020-21 caseload	35,835,800	12,872,200
HIV/AIDS Federal authorization increase.....	32,750,000	0
Replacement for MISACWIS: CCWIS (24.0 FTEs).....	20,623,600	12,216,100
County Child Care Fund: FY 2019-20 caseload.....	20,060,900	29,555,600
Medicaid behavioral health PIHP: FY 2019-20 & 2020-21 caseload	19,602,100	7,041,100
Tribal Pharmacy: implement and recognize Fed. reimbursement increase (2.0 FTEs)	17,150,000	75,000
Foster care Child Caring Institution (CCI) rate increase.....	14,400,000	9,347,900
Foster Care payments FY 2019-20 & 2020-21 caseload	12,482,600	10,464,300
One-Time: opioid crisis response services	12,250,000	10,000,000
Medicaid behavioral health autism: actuarial soundness.....	11,491,000	4,127,600
Food Assistance Program (FAP) reinvestment (6.0 FTEs).....	10,466,000	10,466,000
Lead poisoning prevention - initial deposit for revolving fund.....	10,000,000	10,000,000
Medicaid private duty nursing rate increase	8,656,300	3,109,300
Recognize local funding from school aid budget.....	8,442,700	0
Medicaid behavioral health substance use disorder: FY 2019-20 & 2020-21 caseload	7,401,500	2,658,600
Federal funding technical adjustments	6,942,900	0
Medicaid home and community based waiver: actuarial soundness	6,933,000	2,490,300
Healthy Michigan Plan - behavioral health: actuarial soundness.....	6,515,000	651,500
County Child Care Fund FY 2020-21 caseload.....	6,008,700	6,008,700
Assessments for foster care Qualified Residential Treatment Program (QRTP) requirements	5,165,700	3,786,500
CMH non-Medicaid services increase and rollback of local phaseout	5,096,000	900
Staffing for behavioral health system redesign (16.0 FTEs)	5,000,000	3,000,000

Table 13 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
State psych hospitals - direct care staffing (60.0 FTEs).....	\$5,000,000	\$5,000,000
Medicaid integrated care organizations: actuarial soundness.....	4,781,000	1,717,300
Medicaid dental services: actuarial soundness	4,760,000	1,709,800
Medicaid and Healthy Michigan Plan special financing adjustments	4,589,400	(1,334,400)
Children's Protective Services (CPS) legal representation program	4,263,300	0
Rate Increase: West Michigan Partnership for Children (WMPC)	3,200,000	2,240,000
Civil monetary penalties	2,600,000	0
Medicaid PACE: actuarial soundness	2,342,000	841,200
Nursing home PAS/ARR-OBRA cost increase.....	1,631,100	407,700
Newborn screening fees revenue adjustments	1,516,200	0
Medicaid behavioral health - substance use disorder: actuarial soundness	1,275,000	458,000
CSHCS: FY 2019-20 & 2020-21 caseload	1,128,400	(4,328,800)
Compulsive gaming prevention revenue adjustment	1,000,000	0
Non-State-owned building lease increase adjustment	866,300	671,400
Electronic visit verification staffing and administrative costs	814,000	407,000
Private authorization adjustment: Health Endowment Fund	750,000	0
State psych hospitals pharmacy inflation costs	515,000	446,800
Private authorization: increase for aging and adult services administration ...	500,000	0
Attorney General - Wayne County contracts increase	352,500	257,200
Private authorization: Kresge Foundation - One Day Project.....	250,000	0
Private funding in cancer prevention program.....	200,000	0
Raise The Age staffing (1.0 FTE).....	139,800	103,000
State disability assistance: FY 2019-20 & 2020-21 caseload	119,900	1,563,100
Marihuana revenue increase	78,700	0
Medicaid: State psychiatric hospital DSH adjustments	100	0
Total Health and Human Services.....	\$1,379,031,900	\$309,371,800
Higher Education		
University operations increase.....	\$36,521,800	\$36,521,800
Tuition incentive program increase.....	9,000,000	9,000,000
MPSERS UAL stabilization payment.....	6,678,000	0
MSU AgBioResearch operations increase	873,400	873,400
MSU Extension operations increase	753,400	753,400
Total Higher Education	\$53,826,600	\$47,148,600
Judiciary		
Direct trial court automation support revenue increase.....	\$920,500	\$0
Montgomery v. Louisiana compliance funding	39,200	39,200
Total Judiciary	\$959,700	\$39,200
Labor and Economic Opportunity		
Business attraction and community revitalization	\$20,620,100	\$0
First responders presumed coverage claims.....	3,750,000	(250,000)
Executive Order 2019-13 technical adjustments	2,570,100	118,200
Centers for independent living	2,000,000	2,000,000
Focus: HOPE	0	0
Total Labor and Economic Opportunity.....	\$28,940,200	\$1,868,200
Legislature		
Independent Citizens Redistricting Commission	\$1,409,000	\$1,409,000
House 2% increase.....	1,393,600	1,393,600
Senate 2% increase.....	988,500	988,500
Auditor General 3% increase.....	778,100	533,700
Property management 2% increase	416,000	416,000
Legislative Council 2% increase	366,300	366,300
State Capitol Historic Site 2% increase	239,900	141,200

Table 13 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Legislature (continued)		
Legislative Retirement System 2% increase	\$148,100	\$123,600
Total Legislature	\$5,739,500	\$5,371,900
Licensing and Regulatory Affairs		
MIDC grants increase.....	\$36,467,800	\$36,467,800
Childcare licensing background checks costs.....	1,300,000	0
Marijuana Regulatory Agency staffing (8.0 FTEs).....	1,116,800	0
Corporations, Securities, and Commercial Licensing alignment.....	925,100	0
Marihuana regulation fund alignment - recreational	302,000	0
Marihuana regulatory fund adjustment - medical	280,000	0
Adult-use marijuana IT funding	250,000	0
Fireworks safety fund authorization.....	200,000	0
Bureau of Professional Licensing authorization	80,000	0
MIDC grant management IT costs	72,000	72,000
Total Licensing and Regulatory Affairs	\$40,993,700	\$36,539,800
Military and Veterans Affairs		
New armory at Grayling Army Airfield	\$18,905,000	\$0
Job ChalleNGe Program (18.0 FTEs)	2,011,000	0
New veterans homes cost adjustment	1,160,800	7,649,000
Total Military and Veterans Affairs	\$22,076,800	\$7,649,000
Natural Resources		
Increase good neighbor authorization (7.0 FTEs).....	\$8,143,400	\$0
Newberry mass timber building	5,000,000	0
Shooting range development, enhancement, and restoration.....	4,400,000	0
Fish hatchery infrastructure investment.....	2,500,000	0
Milliken visitor center	2,500,000	2,500,000
Repair and replace aging wildfire equipment (1.0 FTE).....	1,375,000	0
Wetland restoration, enhancement, and acquisition	1,000,000	0
Improve state park employee retention (4.0 FTEs).....	567,800	0
Improve sustainability of cedar forests	500,000	0
Local boating infrastructure maintenance and improvements.....	472,500	0
Minimum wage increase	277,500	0
Increase Belle Isle authorization.....	200,000	0
Increase Sportsmen Against Hunger authorization.....	173,600	0
State boating infrastructure maintenance.....	27,500	0
State park improvement bond debt service	3,800	0
Total Natural Resources	\$27,141,100	\$2,500,000
School Aid		
Foundation allowance 1.5x: \$150-\$225 per pupil increase.....	\$290,000,000	\$0
Michigan Public School Employees' Retirement System (MPERS)	205,866,000	(13,000)
At risk	60,000,000	0
Special education - additional cost reimbursements (from 2% to 4%).....	60,000,000	0
Federal grants.....	57,300,000	0
Special education technical cost adjustments.....	39,900,000	0
Great start readiness program per-child increase	35,500,000	0
Bilingual education.....	5,000,000	0
Literacy essentials	3,000,000	0
Intermediate school district (ISD) operations - 3% increase	2,074,200	0
Promise zone reimbursement.....	1,300,000	0
Total School Aid	\$759,940,200	(\$13,000)
State		
Branch Security Pilot Program (10.0 FTEs)	\$790,000	\$790,000
Total State.....	\$790,000	\$790,000

Table 13 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
State Police		
Jail and pretrial incarceration training - one-time.....	\$7,200,000	\$7,200,000
Trooper recruit school one-time cost	2,509,100	2,509,100
Annualization of FY 2019-20 trooper school grads cost	2,012,200	2,012,200
Total State Police.....	\$11,721,300	\$11,721,300
Technology, Management, and Budget		
IT IDG baseline adjustments	\$59,425,400	\$0
State psychiatric hospitals special maintenance	30,000,000	30,000,000
Rate changes.....	962,600	0
Retirement services customer relationship management	400,000	0
MiDeal operations to DTMB budget	400,000	0
Retirement services accounting activities.....	400,000	0
Retirement services customer relationship management	2,100,000	0
Comprehensive risk and information subscription report	110,000	0
Michigan supplier summit	75,000	0
Total Technology, Management, and Budget.....	\$93,873,000	\$30,000,000
Transportation		
County road commissions - road and bridge adjustments	\$76,171,300	\$0
State trunkline - road and bridge adjustments.....	74,894,100	0
City/village - road and bridge adjustments	42,468,900	0
Airport improvement program grants.....	28,206,500	0
Local federal aid - road and bridge adjustments	12,187,500	0
Rail track and bridge improvements and rail freight projects	12,000,000	0
Maintenance materials cost increase	7,625,600	0
Transit capital service and safety	7,164,000	0
Downpayment for replacement ferries.....	5,000,000	0
IT upgrades to service initiatives	3,886,000	0
Bus facility improvements	2,000,000	0
Detroit airport revenue increase	1,820,000	0
Interdepartmental grant increases	872,800	0
Defined calculations restore	207,300	0
Reporting requirement veto restoration	122,000	0
Movable bridge statutory increase.....	106,800	0
Total Transportation.....	\$274,732,800	\$0
Treasury-Debt Service		
Great Lakes water quality bond.....	\$8,828,000	\$8,828,000
Clean Michigan initiative	487,000	487,000
Quality of life bond	85,000	85,000
Total Treasury-Debt Service.....	\$9,400,000	\$9,400,000
Treasury-Operations		
Marihuana grants.....	\$16,650,000	\$0
Internet and sports betting implementation (23.0 FTEs)	5,450,000	0
Michigan gaming control board IT upgrade	4,025,000	0
Supervision of the general property tax law	2,600,000	2,600,000
Convention facility development fund adjustment	2,531,600	0
Collection system upgrade	2,000,000	2,000,000
Michigan infrastructure council (3.0 FTEs)	860,000	610,000
Marihuana administration (5.0 FTEs)	725,800	0
State lottery administration (4.0 FTEs).....	508,700	0
Senior citizen cooperative housing.....	500,000	500,000
Total Treasury-Operations.....	\$35,851,100	\$5,710,000

Table 13 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Treasury-Revenue Sharing		
Constitutional state general revenue sharing grants increase	\$16,469,100	\$0
City, village, and township revenue sharing increase of 2.5%	6,525,600	0
County revenue sharing increase of 2.5%	5,680,400	0
County incentive program partial-year payment to Leelanau county	4,100	0
Total Treasury-Revenue Sharing	\$28,679,200	\$0
TOTAL FUNDING INCREASES	\$2,868,471,600	\$507,285,600

Table 14 provides the details of the \$177.7 million of Gross, and \$146.6 million of GF/GP funding eliminations in the Governor's FY 2020-21 budget. Of the \$146.6 million of the GF/GP reductions, \$120.0 million represents the elimination of one-time FY 2019-20 water infrastructure funding for the Department of Environment, Great Lakes, and Energy. The details of the \$1.0 billion Gross and \$253.2 million GF/GP funding reductions recommended by the Governor are listed in Table 15. The reductions recommended for DHHS represent \$175.7 million of the GF/GP total with \$45.8 GF/GP assumed in savings from the implementation of a single preferred drug list. A \$30.3 million GF/GP savings also is assumed resulting from the Governor's recommended nursing facility rate redesign.

Table 14

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Food and agriculture investment program	(\$4,000,000)	(\$4,000,000)
Industrial hemp program - one-time (4.5 FTEs)	(360,000)	(150,000)
Total Agriculture and Rural Development	(\$4,360,000)	(\$4,150,000)
Environment, Great Lakes, and Energy		
Water infrastructure funding - one-time	(\$120,000,100)	\$120,000,000)
Total Environment, Great Lakes, and Energy	(\$120,000,100)	\$120,000,000)
Health and Human Services		
Eliminate Autism Train-the-Trainer Program	(\$100,000)	(\$100,000)
Total Health and Human Services	(\$100,000)	(\$100,000)
Natural Resources		
Remove Michigan heritage publications fund authorization	(\$22,300)	\$0
Total Natural Resources	(\$22,300)	\$0
School Aid		
School safety grants	(\$10,000,000)	\$0
Summer school reading program	(5,000,000)	0
Strict discipline academies	(1,600,000)	0
Dropout recovery programs	(750,000)	0
PLAY project - autism intervention	(350,000)	(350,000)
Multisensory education	(300,000)	0
Total School Aid	(\$18,000,000)	(\$350,000)
Technology, Management, and Budget		
2020 census funding - one-time	(\$10,000,000)	(\$10,000,000)
Public Private Partnership line item	(1,500,000)	0
Total Technology, Management, and Budget	(\$11,500,000)	(\$10,000,000)
Transportation		
Removal of one-time projects	(\$23,700,000)	(\$11,999,900)
Total Transportation	(\$23,700,000)	(\$11,999,900)
TOTAL FUNDING ELIMINATIONS	(\$177,682,400)	(\$146,599,900)

Table 15

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION
FUNDING REDUCTIONS

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Technical adjustment to align authorization with revenues	(\$848,600)	\$0
Farm Stress Program - one-time	(500,000)	(500,000)
Total Agriculture and Rural Development	(\$1,348,600)	(\$500,000)
Attorney General		
Public safety initiative	(\$521,100)	(\$521,100)
Elimination of \$100 line items	(4,300)	(500)
Total Attorney General	(\$525,400)	(\$521,600)
Corrections		
Removal of FY 2019-20 one-time funding	(\$15,033,900)	(\$15,033,900)
Relocation of special alternative to incarceration program	(10,046,700)	(10,046,700)
Local revenue adjustment for Detroit Detention Center	(2,287,700)	0
Total Corrections	(\$27,368,300)	(\$25,080,600)
Education		
Placeholder removal	(\$300)	\$0
Total Education	(\$300)	\$0
Environment, Great Lakes, and Energy		
Align oil and gas authorization	(\$3,900,000)	\$0
Environmental investigations transfer and cost allocation	(3,086,800)	(580,500)
Remediation and redevelopment authorization alignment - Great Lakes restoration initiative reduction	(2,643,900)	0
Remediation and redevelopment authorization alignment - Office of the Great Lakes reduction	(500,000)	0
Total Environment, Great Lakes, and Energy	(\$10,130,700)	(\$580,500)
Health and Human Services		
Single preferred drug list savings and independent pharmacy rate increase	(\$182,900,000)	(\$45,774,800)
Federal health insurance fee	(180,500,000)	(50,019,800)
Food Assistance Program base and caseload adjustments	(174,652,700)	0
Nursing facility rate redesign	(84,354,100)	(30,300,000)
TPL and HMO collaboration savings	(49,721,600)	(17,860,000)
Foster care and congregate care entry reduction	(7,619,800)	(2,333,200)
McLaren Behavioral Health Pilot one-time funding	(4,000,000)	(4,000,000)
Child support operations reduction	(3,900,000)	(1,326,000)
One-time lead exposure response and abatement funding	(3,434,500)	(3,434,500)
Adoption subsidies program base and caseload adjustments	(3,374,800)	(681,300)
Family Independence Program base and caseload adjustments	(3,023,100)	(2,227,600)
Removal of one-time SIM continuation funding	(3,000,000)	(3,000,000)
One-time property management projects	(2,460,700)	(1,400,100)
Eliminate agency relative licensure incentive funds	(2,250,000)	(800,000)
Annualize Executive Order 2019-13 program transfer to LEO	(2,015,600)	200,200
Removal of one-time Sexual Assault Comprehensive Services Grant	(2,000,000)	(2,000,000)
Non-Emergency Medical Transportation (NEMT) savings	(1,774,900)	(637,500)
Eliminate vacant OIG positions	(1,303,100)	(671,900)
Eliminate State Opioid Recovery Grants	(1,200,000)	(1,200,000)
Eliminate FY 2020 Increase for Michigan Essential Health Provider Program ...	(1,000,000)	(1,000,000)
Outstate dental clinic reduction	(1,000,000)	(1,000,000)
Eliminate Strong Beginnings funding	(1,000,000)	(1,000,000)
State supplementation payments program base and caseload adjustments	(857,400)	(857,400)
Removal of one-time Andy's Angels Funding	(750,000)	(750,000)
Removal of one-time Statewide Health Exchange Projects	(500,100)	(500,100)
Removal of one-time Senior Citizen Program Grants	(500,000)	(500,000)
Family support subsidy base and caseload adjustments	(487,300)	0

Table 15 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION
FUNDING REDUCTIONS

Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Food Bank Council one-time funding	(\$470,000)	(\$470,000)
Removal of one-time Alzheimer's Pilot Project.....	(400,000)	(400,000)
Healthy Communities one-time grant	(300,100)	(300,100)
Juvenile justice facility projects.....	(300,000)	(300,000)
STD control program administrative costs	(250,000)	(250,000)
Homelessness elimination one-time funding.....	(250,000)	(250,000)
Removal of one-time suicide prevention commission funding	(250,000)	(250,000)
Eliminate vacant Child and Adolescent Health Section manager position.....	(150,000)	(150,000)
Eliminate vacant tribal and FQHC liaison position	(110,000)	(110,000)
Critical access hospital funding pool technical correction	(74,300)	43,100
Removal of one-time Project ECHO funding.....	(40,000)	(40,000)
Guardianship Assistance Program base and caseload adjustments.....	(5,400)	(181,300)
Court appointed guardian reimbursement technical adjustment.....	(1,100)	(1,100)
Cercarial Dermatitis funding	(100)	(100)
Child advocacy centers technical adjustment	(100)	(100)
Court appointed special advocates technical adjustment	(100)	(100)
Shift of Flint drinking funding and technical adjustment	(100)	(100)
Human trafficking survivors' assistance technical adjustment	(100)	0
WMU Unified Clinics funding technical adjustment.....	(100)	(100)
Total Health and Human Services.....	(\$722,181,200)	\$175,733,900)
Higher Education		
Michigan tuition grants projected cost alignment	(\$6,000,000)	\$0
Tuition incentive program tuition cap savings	(5,342,000)	(5,342,000)
MPSERS normal cost offset.....	(34,000)	0
Total Higher Education	(\$11,376,000)	(\$5,342,000)
Insurance and Financial Services		
Discontinuation of Healthy Michigan Plan report.....	(\$150,000)	(\$150,000)
Total Insurance and Financial Services	(\$150,000)	(\$150,000)
Judiciary		
Website upgrade - one-time	(\$1,475,000)	(\$1,475,000)
Problem-solving courts expansion - one-time	(400,000)	(400,000)
Total Judiciary	(\$1,875,000)	(\$1,875,000)
Labor and Economic Opportunity		
Technical adjustment to align Federal funds.....	(\$7,753,900)	\$0
Grant removal.....	(1,250,100)	(1,250,100)
Elimination of \$100 line items.....	(600)	(200)
Total Labor and Economic Opportunity.....	(\$9,004,600)	(\$1,250,300)
Licensing and Regulatory Affairs		
Technical adjustments related to LARA and LEO reorganization	(\$1,096,700)	(\$141,500)
Urban search and rescue	(600,100)	(600,000)
Refugee services database funding - one-time.....	(520,000)	0
Property management restricted fund reduction	(410,300)	0
Technical adjustments.....	(207,300)	0
Marijuana educational materials funding - one-time.....	(10,000)	0
Total Licensing and Regulatory Affairs	(\$2,844,400)	(\$741,500)
Military and Veterans Affairs		
Technical adjustment to align authorization with revenues.....	(\$5,737,700)	\$0
County Veterans Service Fund.....	(2,000,000)	(2,000,000)
Eliminate board of managers authorization.....	(400,000)	0
Michigan veterans facility authority - efficiencies	(250,000)	(250,000)
Armory Maintenance - one-time	(65,100)	(65,100)
Total Military and Veterans Affairs	(\$8,452,800)	(\$2,315,100)

Table 15 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Natural Resources		
Wildlife management - one-time.....	(\$2,000,000)	(\$2,000,000)
State parks repair and maintenance adjustment.....	(1,975,000)	0
Forest development infrastructure adjustment.....	(1,650,000)	0
Wildlife and fisheries health study - one-time.....	(200,000)	(200,000)
State parks operations fund shift.....	(100,000)	0
Recognize conservation officer travel savings.....	(91,700)	(91,700)
Total Natural Resources	(\$6,016,700)	(\$2,291,700)
School Aid		
Foundation allowance technical cost adjustments.....	(\$101,000,000)	\$0
Cyber school foundation allowance reduction 20%.....	(24,000,000)	0
Total School Aid	(\$125,000,000)	\$0
State Police		
Disaster and Emergency Assistance - boilerplate appropriations.....	(\$25,235,500)	\$0
FY 2019-20 trooper school - one-time.....	(5,321,600)	(5,321,600)
In-Car camera video streaming network - one-time.....	(2,766,500)	(2,766,500)
Secondary Road Patrol Grant Program.....	(2,000,000)	(2,000,000)
Technical adjustment to align authorization with revenues.....	(489,300)	0
First Responder Communications Network - one-time.....	(100)	(100)
Total State Police.....	(\$35,813,000)	(\$10,088,200)
Technology, Management, and Budget		
Enterprisewide special maintenance for state facilities - one-time.....	(\$5,000,000)	(\$5,000,000)
Michigan public safety communications system upgrades - one-time.....	(4,948,100)	(4,948,100)
Proposal 2 implementation - one-time.....	(2,000,000)	(2,000,000)
Administrative efficiencies within Administrative Services unit.....	(500,000)	(500,000)
Michigan State Police Retirement System supplemental payments.....	(5,000)	(5,000)
Elimination of \$100 line items.....	(\$500)	(\$500)
Drinking water declaration of emergency placeholder - one-time.....	(\$100)	\$0
Total Technology, Management, and Budget.....	(\$12,453,700)	(\$12,453,600)
Transportation		
Debt service reduction.....	(\$13,559,800)	\$0
Fixing Michigan bridges.....	(13,000,100)	(13,000,100)
Economic development revenue reduction.....	(1,433,500)	0
Local bridge program reduction.....	(545,500)	0
Total Transportation.....	(\$28,538,900)	(\$13,000,100)
Treasury-Operations		
Wrongful imprisonment compensation fund.....	(\$5,000,000)	\$0
Municipal Cost Sharing Grants.....	(1,250,000)	(1,250,000)
Audit charge revenue.....	(241,200)	0
Accounting service center revenue.....	(150,300)	0
Elimination of \$100 placeholders.....	(500)	(400)
Total Treasury-Operations.....	(\$6,642,000)	(\$1,250,400)
TOTAL FUNDING REDUCTIONS	(\$1,009,721,600)	(\$253,174,500)

The details of the net increase of \$92.1 million in fund shifts that increase and decrease GF/GP appropriations are listed in [Table 16](#). The largest fund shift amount, \$39.0 million is in the Department of Health and Human Services to support the Medicaid Benefits Trust Fund. A \$28.2 million GF/GP increase is recommended to replace Federal revenue for lower SCHIP/MICHild/Title XXI match rates, and \$22.3 million GF is recommended to annualize the lower Federal support for the Healthy Michigan Plan which were implemented January 1, 2020.

Table 16

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
Budget Area/Program	GF/GP
Education	
Child development and care matching adjustment	(\$597,800)
Total Education	(\$597,800)
Environment, Great Lakes, and Energy	
Repurpose state energy program funding - Great Lakes restoration initiative reduction.....	\$0
Increase solid waste program authorization.....	0
Increase laboratory authorization	0
Accounting service center - cost allocation	245,200
Administrative hearings officers - cost allocation	101,800
Unclassified salaries - cost allocation.....	(24,100)
Executive direction - cost allocation	(771,500)
Environmental support - cost allocation	(1,773,200)
Information technology services and projects - cost allocation	1,544,000
Facilities management - cost allocation	238,700
Environmental sustainability and stewardship transfer (10.0) FTEs	0
Financial support transfer (15.0) FTEs.....	218,000
Office of the Great Lakes transfer (8.0) FTEs	0
Office of climate and energy transfer (18.0) FTEs	0
Property management - cost allocation.....	159,700
Total Environment, Great Lakes, and Energy	(\$61,400)
Health and Human Services	
Child support incentive payments fund swap.....	\$105,000
Traditional Medicaid Title XIX FMAP.....	(2,028,700)
Healthy Michigan Plan FMAP.....	22,488,300
SCHIP/MiChild/Title XXI FMAP.....	28,196,500
Effect of FMAP changes on Medicaid special financing payments.....	(132,300)
Medicaid Benefits Trust Fund.....	39,000,000
Health Insurance Claims Assessment Fund	7,245,400
Michigan Merit Award Trust Fund	16,000,000
Healthy Michigan Fund.....	4,900,000
State Psychiatric DSH hospital expansion	(7,409,200)
Hospital outpatient Medicaid rate adjustment and HRA retainer	1,695,700
Fund swap in Information Technology Unit.....	(105,000)
Health Policy Administration Fund shift.....	0
CSHCS parent participation fees	(500,000)
Total Health and Human Services	\$109,455,700
Higher Education	
Tuition Grant Fund Shift from TANF to GF	\$12,000,000
Total Higher Education	\$12,000,000
Labor and Economic Opportunity	
Business attraction and community revitalization	(\$10,379,900)
Total Labor and Economic Opportunity	(\$10,379,900)
Licensing and Regulatory Affairs	
Bureau of Construction Codes shift.....	(\$100,000)
Total Licensing and Regulatory Affairs	(\$100,000)
Natural Resources	
Real estate services fund shift	\$0
Michigan historical center statutory fund shift	0
State forest management and wildfire protection fund shift	0
Total Natural Resources	\$0

Table 16 - continued

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
<u>Budget Area/Program</u>	<u>GF/GP</u>
School Aid	
Flint drinking water declaration of emergency.....	\$3,075,000
General GF/GP support of budget shifting to SAF.....	(27,723,700)
Total School Aid	(\$24,648,700)
State	
Restoration of GF/GP to replace unsustainable TACF fund shift from FY 2019-20	\$4,699,700
GF reduction and replaced with increased Enhanced Driver License Revenue.....	(663,200)
Total State	\$4,036,500
State Police	
State Services Fee Fund to GF/GP.....	\$2,900,000
Total State Police	\$2,900,000
Technology, Management, and Budget	
Procurement.....	(\$750,000)
Statewide cost allocation adjustments	196,500
Total Technology, Management, and Budget	(\$553,500)
TOTAL GF/GP FUND SHIFTS	\$92,050,900

The Governor's FY 2020-21 budget recommendation includes various other changes from FY 2019-20, including program transfers, and adjustments for unclassified salaries and economic factors. Table 17 presents program transfers that result in a \$575,000 reduction of GF/GP.

Table 17

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION PROGRAM TRANSFERS		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
<u>OK2SAY</u>		
From: Department of Attorney General (2.0 FTEs).....	(\$1,481,000)	(\$1,011,400)
To: Michigan State Police (2.0 FTEs).....	906,000	436,400
<u>Campus Sexual Assault Prevention and Education</u>		
From: Department of State Police	(1,321,000)	(1,321,000)
To: Department of Health and Human Services.....	1,321,000	1,321,000
<u>Jacobetti Home for Veterans Accounting Service Center</u>		
From: Department of Military and Veterans Affairs	0	0
To: Department of Health and Human Services.....	710,000	0
<u>Michigan Cyber Command Center</u>		
From: Department of Technology, Management, and Budget.....	(665,100)	(665,100)
To: Department of State Police	0	665,100
<u>Green Oaks Training Facility Manager (1.0 FTE)</u>		
From: Department of Health and Human Services	(106,700)	(106,700)
To: Department of Corrections	109,200	109,200
TOTAL PROGRAM TRANSFERS	(\$530,100)	(\$575,000)

Table 18 outlines the Governor's FY 2020-21 Gross and GF/GP changes by budget area for unclassified salaries and economic factors. The Governor recommends a Gross increase of \$117,100 (\$50,700 GF/GP) for unclassified salaries, and economic adjustments of \$195.6 million Gross and \$109.0 million GF/GP.

Table 18

FY 2020-21 GOVERNOR'S APPROPRIATION RECOMMENDATION GROSS AND GF/GP CHANGES FOR UNCLASSIFIED SALARIES AND ECONOMIC FACTORS				
Department/Budget Area	Unclassified Salaries		Economics	
	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Development.....	\$3,200	\$3,200	\$1,809,500	\$1,251,200
Attorney General	4,400	4,400	2,608,300	1,053,200
Civil Rights	3,800	3,800	395,300	342,700
Corrections	10,600	10,600	52,460,600	51,766,300
Education	6,600	5,100	2,768,800	747,800
Environment, Great Lakes, & Energy.....	4,500	1,400	6,449,200	1,418,100
Health & Human Services	6,400	1,000	53,891,600	34,687,300
Insurance & Financial Services	4,400	0	1,398,500	0
Judiciary	0	0	4,563,600	4,226,500
Labor & Economic Opportunity	6,100	600	4,222,100	401,900
Licensing & Regulatory Affairs	32,000	1,100	9,122,700	849,800
Military & Veterans Affairs	8,400	8,400	6,645,000	1,081,400
Natural Resources.....	4,400	0	7,467,000	1,168,800
School Aid	0	0	433,300	391,700
State	3,700	3,700	4,900,800	805,800
State Police	3,700	1,600	6,529,500	4,359,700
Technology, Management, & Budget.....	5,100	2,400	13,080,200	2,916,700
Transportation	4,500	0	9,966,700	0
Treasury (Operations)	5,300	3,400	6,896,600	1,496,500
TOTAL CHANGES	\$117,100	\$50,700	\$195,609,300	\$108,965,400

SUMMARY OF MAJOR SCHOOL AID APPROPRIATION CHANGES

Overall, for FY 2020-21, the Governor is recommending a Gross appropriation increase of \$745.8 million compared with current law, or a \$739.3 million increase compared with revised projected FY 2019-20 spending, as shown on Table 19. The recommendation would increase GF/GP support of the budget by \$17.4 million, from \$62.6 million in current law to \$80.0 million in FY 2020-21. The FY 2020-21 budget assumes enactment of House Bill (HB) 4125 during FY 2019-20, which was assumed as a revenue source during the budget development process last year. The bill would reverse earlier legislation reducing the income tax earmark to the School Aid Fund. If enacted, HB 4125 is estimated to result in an additional \$173.2 million SAF in FY 2019-20, \$179.4 million SAF in FY 2020-21, and continuing on an annual basis going forward.

Proposed Supplemental

The Governor's FY 2019-20 supplemental request (2020-2) would include technical cost adjustments for the foundation allowance (totaling a negative \$3.0 million), reduce promise zone costs by \$1.0 million, add \$600,000 for special education costs, and add \$10.0 million for an anticipated increase in Federal funds.

Foundation Allowance - Additional \$290 Million

The Governor is recommending an increase ranging from \$150 per pupil for districts with foundation allowances at or above the target foundation (which is \$8,529 for FY 2019-20), up to \$225 per pupil for districts at the minimum foundation allowance (which is \$8,111 for FY 2019-20). The proposal uses a "1.5x" formula, which would provide 1.5 times the dollar increase to districts at the minimum compared with the dollar increase for districts at or above the target, with districts between the minimum and the target getting something between "1x" and "1.5x". Under the proposal, the target would increase to \$8,679 and the minimum to \$8,336. The total cost of the proposal is \$290.0 million.

In addition, the Governor is proposing a 20% reduction in the foundation allowance of cyber schools (i.e., those public school academies that were issued a contract under the Revised School Code to operate as a school of excellence that is a cyber school); this proposal would save the State an estimated \$24.0 million.

At Risk - Additional \$60 Million

The Governor is proposing to increase At Risk funding by \$60.0 million, from \$522.0 million to \$582.0 million. The Governor also is proposing that districts with per-pupil revenue at or above the target get 50% of what districts below the target receive in at-risk funds. (Current law provides these districts with 30% of what districts below the target receive.) This proposal would provide an estimated \$830 per economically disadvantaged pupil, or a weight of roughly 10% (the current weight is roughly 9%).

Special Education - Additional \$60 Million

The Governor is proposing to allocate another \$60.0 million for additional special education payments to districts, increasing the additional reimbursements from an estimated 2% in current law to an estimated 4% of special education costs. (This would be in addition to the constitutionally required payments allocated under Section 51a.)

One-Time School Infrastructure Grants - \$40 Million

The Governor is proposing a one-time appropriation of \$40.0 million for competitive grants for school infrastructure. The grants would assist with air and water filter replacement, lead and asbestos abatement, heating and cooling modifications, and other upgrades.

Great Start Readiness Program (GSRP) - Additional \$35.5 Million

The Governor is proposing to increase the full-day payment from \$7,250 per child in GSRP to \$8,336 per child, which is the same as the proposed minimum foundation allowance for K-12 pupils.

Expanded Preschool Access - New Funding of \$42 Million

The Governor is proposing to expand access to preschool for children living in high-poverty, high-academic need school districts. The program would be full-day and would offer services similar to GSRP to an estimated 5,000 children.

Other New Programs

The Governor is proposing a one-time appropriation of \$25.0 million to reimburse teachers for supplies (up to \$250 per teacher); \$6.0 million for a three-year average pupil count for eligible districts; a one-time appropriation of \$5.0 million for professional development in peer learning networks or connecting to participating universities; a one-time appropriation for reorganization and cooperative activities grants (i.e., consolidation incentives); \$1.5 million for expanding existing teacher cadet programs; and a one-time grant of \$1.0 million to districts that forgive school meal debt. In addition, the Governor is proposing to restore two programs funded in FY 2018-19 but vetoed for FY 2019-20: 10 Cents a Meal (at \$1.0 million) and Michigan Reading Corps (at \$2.0 million).

Other Major Increases

The required payments for the rate cap in MPERS increased \$188.9 million because of financing updated assumptions from the most recent experience study (primarily longer life expectancy); MPERS hold-harmless payments (due to increasing costs from lowering the assumed rate of return) are expected to increase \$8.1 million; and MPERS defined contribution costs are increasing \$8.8 million. Standard special education cost increases are expected to total \$39.9 million. The Governor is proposing to increase bilingual education by \$5.0 million, literacy essentials by \$3.0 million, and intermediate school district (ISD) operations by 3%, or \$2.1 million.

Program Reductions or Eliminations

The Governor is proposing the elimination of several items. Some of the larger changes include \$10.0 million eliminated for school safety grants, \$5.0 million eliminated for a summer school reading program, \$1.6 million eliminated for strict discipline academies, and \$750,000 eliminated for dropout recovery funding. In addition, technical foundation allowance costs are reduced \$101.0 million because of declining enrollment and growth in local taxable values (which increase the local cost sharing of the foundation allowance and decrease State costs).

Table 19

FY 2020-21 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
FY 2019-20 Year-to-Date Gross Appropriations	\$15,177.3
FY 2020-21 Governor's Recommended Gross Appropriations	15,923.1
Net Change in School Aid Appropriations	<u>\$745.8</u>
Recommended Appropriations for New Programs:	
Expanded preschool access program.....	\$42.0
School infrastructure grants	40.0
Teacher supplies reimbursement.....	25.0
Three-year average pupil count for eligible districts	6.0
Reorganization and cooperative activities grants	5.0
Professional development.....	5.0
Michigan Reading Corps.....	2.0
Teacher cadet program.....	1.5
10 Cents a Meal.....	1.0
School meal debt forgiveness.....	1.0
Subtotal Appropriation New Programs	<u>\$128.5</u>
Recommended Appropriation Increases in Existing Programs:	
Foundation allowance: \$150 to \$225 (1.5x formula).....	\$290.0
Michigan Public School Employees' Retirement System (MPERS).....	205.9
Special education (increase additional reimbursements from 2% to 4%)	60.0
At risk (average weight of roughly 10%; increase hold harmless districts to 50%).....	60.0
Federal grants.....	57.3
Special education - technical cost adjustments	39.9
Great Start Readiness Program increase in per child funding	35.5
Bilingual education.....	5.0
Literacy essentials	3.0
ISD operations	2.1
Promise zones	1.3
Economics	0.4
Subtotal Appropriation Increases in Existing Programs	<u>\$760.4</u>
Recommended Appropriation Eliminations or Reductions:	
Technical foundation allowance cost adjustments (pupils, taxable values).....	(\$101.0)
20% reduction in cyber schools' foundation allowances	(24.0)
School safety grants	(10.0)
Summer school reading program.....	(5.0)
Strict discipline academies.....	(1.6)
Dropout recovery program	(0.8)
PLAY project - autism intervention.....	(0.4)
Multisensory education	(0.3)
Subtotal Appropriation Eliminations or Reductions	<u>(\$143.1)</u>
TOTAL RECOMMENDED APPROPRIATION CHANGES.....	<u>\$745.8</u>

SUMMARY OF OTHER MAJOR FY 2020-21 APPROPRIATION ISSUES

Capital Outlay

The Governor's FY 2020-21 budget recommendation does not include any new planning authorizations for State agencies, universities, or community colleges.

Community Colleges

The Governor's budget recommendation includes a \$8.1 million, or 2.5% SAF increase for community college operations using the existing performance funding formula. The amounts that were separately identified and appropriated for the reimbursement of costs incurred under the North American Indian Tuition Waiver were maintained at the same level as FY 2019-20. The Governor also proposes a net increase of \$19.1 million for MPSERS-related adjustments, the primary driver of that increase being because of a reduction to the assumed rate of return for MPSERS investments and the adjustment of other assumptions based on the 2018 MPSERS experience study. Finally, the Governor proposes tuition restraint similar to language found in the Higher Education budget. Tuition restraint for community colleges is recommended at 4.25%. Details are included in the Appendix.

Higher Education

The Governor's budget recommendation for Higher Education includes a \$38.1 million, or 2.5%, GF/GP increase for university operations, distributed proportionately to FY 2019-20 funding. The amounts that were separately identified and appropriated for the reimbursement of costs incurred under the North American Indian Tuition Waiver were maintained at the same level as FY 2019-20. Tuition restraint for resident undergraduate students is recommended at the greater of a 4.25%, or \$586, increase. Michigan Public School Employees Retirement System reimbursements and hold-harmless payments would be increased by \$6.6 million, from \$6.3 million to \$12.9 million.

The Tuition Incentive Program (TIP) would be decreased by \$5.3 million because of a proposed boilerplate change that would restrict Phase I payments to 2.5 times the average in-district tuition at community colleges. The Tuition Incentive Program also would receive a \$9.0 million increase to account for anticipated demand for the program. On net, the Governor's proposal for TIP would increase support for the program from \$64.3 million to \$68.0 million. The Governor proposed reducing Tuition Grants by \$6.0 million, from \$38.0 million to \$32.0 million.

The Governor proposed the new Michigan Student Loan Refinance Program for FY 2020-21, funded with \$10.0 million GF/GP on a one-time basis. The program would operate as a revolving fund and would allow qualifying student loan borrowers to refinance their Federal and private student loans at favorable rates. Additional Higher Education funding details are included in the Appendix.

Michigan Reconnect Program

The Governor's budget recommendation includes a FY 2019-20 supplemental request that would allocate \$35.0 million from the Talent Investment Fund for the proposed Michigan Reconnect Grant Program. The program would target Michigan residents aged 25 or over who have a high school diploma or equivalent, but who do not have a college degree. The program would cover the costs for participants to enroll in eligible programs at community colleges, technical programs, and programs offered at community-based organizations as determined by the Department of Labor and Economic Opportunity. Participants would be eligible to receive funding through the program for up to two years on a 'last dollar' basis, meaning the State would cover remaining tuition after all other financial aid, such as Federal Pell Grants, are exhausted.

Agricultural and Environmental Issues

The Governor's FY 2020-21 Executive Recommendation includes \$70.6 million GF/GP for environmental and agricultural initiatives to address Great Lakes shoreline erosion, agricultural runoff, and environmental contamination across the State. Of the \$70.6 million GF/GP, \$40.0 million is in the Treasury budget to establish a new Local Climate Resilient Infrastructure Grant program, \$20.0 million is in the Environment, Great Lakes, and Energy (EGLE) budget to provide funding for cleanup at contaminated sites, and \$10.6 million is in the Agriculture and Rural Development (MDARD) budget to reestablish the Conservation Reserve Enhancement Program, as shown in [Table 20](#).

Table 20

Environment & Agricultural Initiatives			
Department	Program	Purpose	FY 2020-21 Recommendation
Treasury	Local Climate Resilient Infrastructure Grants	Planning and infrastructure grants to local governments to address high water levels and shoreline erosion	\$40,000,000 GF/GP
Environment, Great Lakes, and Energy	Environmental Contamination Rapid Response	Provide funding for identifying, prioritizing, and abating contaminated properties	\$20,000,000 GF/GP
Agriculture and Rural Development	Conservation Reserve Enhancement Program	Provide funding to farmers to implement conservation practices	\$10,600,000 GF/GP

The Governor recommended \$40.0 million in one-time GF/GP in Treasury to provide infrastructure and planning grants to local governments affected by high water levels and shoreline erosion. Of the \$40.0 million, \$10.0 million would be dedicated to local government climate planning activities and the remaining \$30.0 million would support infrastructure projects that address flooding, coastline erosion, storm water management, and transportation networks. Planning grants would provide up to \$200,000 per award, and infrastructure grants would provide up to \$2.5 million.

The Governor recommended \$20.0 million in one-time GF/GP in EGLE to support the identification, prioritization, and initial abatement of contaminated properties across the State. This appropriation would provide contingency or emergency cleanup actions at sites that are not included on the lists of sites for which appropriations for cleanup have been made.

The Governor recommended \$10.0 million in one-time GF/GP and \$600,000 in ongoing GF/GP in MDARD to reestablish the Conservation Reserve Enhancement Program, a partnership between the State, the Federal government, and MDARD designed to reduce nonpoint source pollution from crop production. The Program, which began in 2000, once affected 76,219 acres, but because of a lack of State matching funds, dwindled to 29,600 acres when the program was suspended in 2016. One-time funds would be used to provide a 50% match required of producers for Federal dollars that would pay the cost of management practices that protect water quality. Federal funds would flow directly to producers to support conservation practices. The Michigan Department of Agriculture and Rural Development would use ongoing funds to administer the Program and to provide education and outreach. The Program's initial goals would be to reduce algal blooms in Lake Erie basin, and pollution in the Saginaw Bay, the Southeast Michigan River Basin, and Lake Macatawa watersheds.

Department of Health and Human Services

Governor Whitmer's proposed FY 2020-21 budget for the Department of Health and Human Services (DHHS) would increase funding by \$790.8 million Gross and \$319.1 million GF/GP compared to the year-to-date FY 2019-20 DHHS budget (which includes supplemental funding from PA 154 of 2019).

Base, Caseload, and Fund Source Adjustments

The traditional Medicaid match will increase from 64.06% to 64.08% in FY 2020-21, decreasing costs by \$2.0 million GF/GP. In FY 2020-21 the enhancement of the State Children's Health Insurance Program (SCHIP) match rate will expire, causing the match rate to decrease from 86.34% to 74.86%, for a cost of \$28.2 million GF/GP. The Healthy Michigan Plan (HMP) match rate decreased to 90.0% on January 1, 2020. The Governor's budget recognizes the annualization of the HMP match rate by including \$22.5 million GF/GP to cover the increased costs. The State will realize \$7.4 million GF/GP savings from greater Federal claims tied to State psychiatric disproportionate share hospital (DSH) payments by expanding the calculation to include patients housed at State psychiatric facilities. GF/GP costs will increase by \$67.1 million due to declining Restricted revenues available from the Health Insurance Claims Assessment, the Medicaid Benefits Trust Fund, the Healthy Michigan Fund, and the Merit Award Trust Fund. The total impact of these fund source adjustments is an increase in GF/GP costs of \$108.4 million.

The Governor's budget assumes an increase in base and caseload Medicaid costs of \$511.2 million Gross and \$126.5 million GF/GP. The budget also includes a number of base and caseload adjustments to human services programs, most notably a \$174.7 million Gross, \$0 GF/GP reduction in Food Assistance, an increase in Child Care Fund costs of \$26.1 million Gross and \$35.6 million GF/GP, and an increase in Foster Care costs of \$12.5 million Gross and \$10.5 million GF/GP. The net impact of Human Services base and caseload adjustments is a reduction of \$143.2 million Gross and an increase of \$43.7 million GF/GP.

The budget includes various adjustments to reflect the Federal requirement that Medicaid managed care reimbursement rates be actuarially sound. These include a 2.0% increase for Medicaid behavioral health, a 2.0% increase for Medicaid physical health, a 6.0% increase for Medicaid autism services, and a 2.0% increase in payment rates for the Program for All-Inclusive Care for the Elderly (PACE). The total impact of these changes is an increase of \$207.8 million Gross and \$61.6 million GF/GP.

The total impact of these fund sources, base and caseload, and actuarial soundness adjustments is an increase of \$575.8 million Gross and \$340.2 million GF/GP.

Medicaid Outpatient Hospital Reimbursement

The budget reflects a proposed increase in the hospital provider tax that would be used to increase Medicaid outpatient hospital reimbursement by \$352.6 million Gross by 21.37%, with a GF/GP gainsharing savings of \$15.0 million.

Federal Family Prevention Services Act (FFPSA) Implementation

The Governor's budget includes several changes that recognize the implementation of changes in Federal child welfare financing. The first is a 15% residential rate increase for child caring institutions to recognize the fact that the FFPSA imposes new requirements on residential treatment facilities (congregate care), at a cost of \$14.4 million Gross and \$9.3 million GF/GP. The FFPSA also requires that assessments be completed on congregate care settings to ensure proper placements for children; the budget includes \$5.2 million Gross and \$3.8 million GF/GP to conduct these assessments. Lastly, the Governor's budget identifies both costs and savings from the focus of the FFPSA on providing prevention services to children who may be at risk of being removed from their homes, with a net savings of \$7.6 million Gross and \$2.3 million GF/GP.

Program Enhancements and Other Cost Increases

The budget includes several program enhancements and cost increases. The budget includes \$3.2 million Gross and \$2.2 million GF/GP to increase the prospective performance-based rates paid to the West Michigan Partnership for Children. The budget also includes new funding for the replacement of MiSACWIS child welfare computer system. The new system, referred to as CCWIS, is funded in the Governor's budget at \$20.6 million Gross and \$12.2 million GF/GP.

The Governor's budget includes \$10.5 million Gross and GF/GP for an investment to reduce the error rate for active Food Assistance Program (FAP) cases. To avoid penalties, Michigan must have an error rate that is below 6%; the FY 2018-19 error rate was 12.45%, as reported to the U.S. Department of Agriculture. The budget also reflects the transfer back of the \$1.3 million campus sexual assault program that, for FY 2019-20, was transferred to the Michigan State Police budget.

The budget includes \$37.5 million Gross and \$17.9 million GF/GP to implement the Governor's "Healthy Moms, Healthy Babies" initiative. This initiative would expand Medicaid eligibility for mothers from 60 days to 12 months; fund a Medicaid family planning benefit for individuals up to 200% of the Federal poverty level; and add 1,000 additional home visiting slots to families in select counties.

The Governor proposes \$20.3 million Gross and \$8.5 million GF/GP to implement a long-term care services and supports options counseling program statewide. The budget also includes \$8.7 million Gross and \$3.1 million GF/GP to increase private duty nursing rates for Medicaid beneficiaries under 21 by 25%. The Governor's budget includes \$10.0 million Gross and \$8.0 million GF/GP for 63.0 additional acute psychiatric care staff to be spread across four of the State's psychiatric facilities and an additional 16.0 FTEs to support the policy development of the redesign of the Behavioral Health System proposed by the DHHS in December 2019.

The budget includes \$86.5 million Gross and \$21.6 million GF/GP in one-time funding to support MiDocs residency costs with the intention that the funding would support the MiDocs program for the next five years via a work project. The one-time unit also includes \$10.0 million GF/GP to establish a Lead Poisoning Prevention Fund, which would allow homeowners and landlords to take out low interest loans to remediate lead in their properties.

Finally, the Governor's budget includes \$11.7 million Gross and \$7.1 million GF/GP to continue State Innovation Model (SIM) initiatives and expand the scope of these programs to also address social determinants of health. The funding would be used to build local community health capacity by supporting the five existing Community Health Innovation Regions (CHIRs) and expand the CHIR model to additional parts of the state, and support data investments to create a statewide social determinants of health screening and referral tool.

Program Reductions and Medicaid Cost Containment

The Governor's Budget proposes establishing a single Preferred Drug List across all Medicaid managed care contracts which would result in savings of \$201.2 million Gross and \$50.4 million GF/GP. From these savings \$18.3 million Gross and \$4.6 million GF/GP would be used to increase the managed care dispensing fee for independent pharmacies an average of \$3.00 per script.

The Governor proposes reducing the rates paid to Medicaid health maintenance organizations to incentivize the health maintenance organizations to pursue more proactively the recoupment of erroneous payments for which a third party should have been liable. This reduction would result in savings of \$49.7 million Gross and \$17.9 million GF/GP.

The budget assumes \$84.4 million Gross and \$30.3 million GF/GP in savings from a redesign of the nursing facility payment methodology. The forthcoming proposal aims to replace the cost-based reimbursement methodology with a patient-driven model.

The Governor's budget includes savings from the elimination of relative licensure incentive payments for foster care children with a savings of \$2.3 million Gross and \$800,000 GF/GP.

Other Issues

The FY 2019-20 budget included the first year of a proposed five-year phase out of the local match requirement for Community Mental Health Services (totaling a \$5.1 million GF/GP increase each year to maintain the current level of Gross funding). In the Governor's Recommendation, the full local match requirement would be reinstated and the \$5.1 million GF/GP would be used to increase funding for Community Mental Health Non-Medicaid Services.

Although there are not any major changes to specific pieces of boilerplate, the Governor's budget would eliminate a significant number of boilerplate sections from the previous year. The reasons stated range from the removal of associated funding, the policy that the boilerplate requires already being current policy, to the removal of burdensome reporting requirements.

Revenue Sharing Payments

The Governor recommends revenue sharing payments of approximately \$1.4 billion in FY 2020-21, an increase of 2.1% or \$28.7 million over FY 2019-20 year-to-date appropriations. This increase is because of an estimated \$16.5 million increase in constitutional revenue sharing for cities, villages, and townships (CVTs), a \$6.5 million increase in funding for CVT "statutory" revenue sharing, and a net increase in payments to counties of \$5.7 million. The Governor's recommendation is shown in Table 21.

Table 21

REVENUE SHARING APPROPRIATION SUMMARY				
Program Name	FY 2019-20 Year-to-Date	FY 2020-21 Governor's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing ^{a)}	\$886,159,000	\$902,628,100	\$16,469,100	1.9%
CVT Revenue Sharing	261,024,600	267,550,200	6,525,600	2.5
County Revenue Sharing ^{b)}	226,508,100	232,192,600	5,684,500	2.5
Financially Distressed CVTs	2,500,000	2,500,000	0	0.0
TOTAL	\$1,376,191,700	\$1,404,870,900	\$28,679,200	2.1%
a) Reflects the January 2020 consensus revenue estimate for sales tax revenue.				
b) Includes County Revenue Sharing and County Incentive Program.				

Constitutional revenue sharing is estimated at \$902,628,100 in FY 2020-21 based on the January 2020 consensus revenue estimates. This would provide CVTs with a 1.9% increase in payments over the revised FY 2019-20 estimate. Constitutional revenue sharing pays CVTs 15.0% of sales tax collected at a rate of 4.0%. The funds are distributed on a per capita basis. Each CVT is projected to receive approximately \$91.61 per capita in FY 2020-21.

For CVT revenue sharing ("statutory"), the Governor recommends \$267,550,200 in FY 2020-21. All eligible CVTs would receive a 2.5% increase from FY 2019-20 statutory payments. Eligibility, payments, and transparency and accountability requirements would remain the same as in the current fiscal year.

The Governor proposes to increase revenue sharing payments to counties by 2.5% to \$232,192,600. The County Revenue Sharing line would increase by \$5,680,400 to \$188,863,300 and the County Incentive Program would increase by \$4,100 to \$43,329,300. This would include small adjustments to revenue sharing payments to counties to cover the cost of Leelanau County, which will return to State-paid revenue sharing in FY 2020-21 with a partial-year payment, and then a 2.5% increase to all eligible counties from FY 2019-20. The last county (Emmet) is projected to return to State-paid

all eligible counties from FY 2019-20. The last county (Emmet) is projected to return to State-paid revenue sharing in FY 2022-23, when withdrawals from its revenue sharing reserve fund will be completed.

The FY 2019-20 budget had a requirement that any CVT or county with an underfunded retirement benefit system (as defined in MCL 38.2805) dedicate any increased funding from FY 2018-19 to that retirement system. The Governor's recommendation removes that requirement.

Finally, the financially distressed cities, villages, or townships grant program would maintain current funding at \$2.5 million. The Governor recommends removing the options for grants to be used to reduce unfunded accrued liabilities or debt obligations. All other requirements would remain the same.

Flint Drinking Water Declaration of Emergency

On January 5, 2016, Governor Snyder issued a proclamation that a state of emergency existed in the County of Genesee and the City of Flint due to damaged infrastructure. Table 22 summarizes the FY 2015-16 through FY 2019-20 State appropriations that have been enacted explicitly for this emergency, and outlines the Governor's recommendations for FY 2020-21. Cumulative total State appropriations, assuming the Governor's recommendations for FY 2020-21 funding are adopted, would be \$648.5 million Gross and \$302.1 million GF/GP.

Table 22

**FLINT DRINKING WATER DECLARATION OF EMERGENCY
SUMMARY OF GROSS AND GF/GP STATE APPROPRIATIONS
FY 2015-16 through FY 2020-21 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	Totals through FY 2017-18		FY 2018-19 Year-to-Date		FY 2019-20 Year-to-Date		FY 2020-21 Gov's Rec.		Cumulative Approps	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Dev.	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$0
Attorney General	9,500,000	3,000,000	2,600,000	0	2,600,000	0	0	0	14,700,000	3,000,000
Education	36,335,200	8,685,000	100	0	0	0	0	0	36,335,300	8,685,000
Env., Great Lakes, & Energy ¹⁾	179,953,700	69,176,500	100	0	100	0	0	0	179,953,900	69,176,500
Health & Human Services	92,246,800	30,374,200	4,621,100	4,244,400	4,621,100	4,621,100	4,621,100	4,621,100	106,110,100	43,860,800
HHS Medicaid Waiver	81,567,600	16,666,900	30,352,500	6,098,100	30,352,500	6,098,100	30,352,500	6,098,100	172,625,100	34,961,200
Labor & Economic Opportunity ²⁾	3,908,100	0	100	0	0	0	0	0	3,908,200	0
Licensing & Regulatory Affairs	1,860,100	\$1,660,000	0	0	0	0	0	0	1,860,100	1,660,000
Military & Veterans Affairs	2,500,000	2,000,000	0	0	0	0	0	0	2,500,000	2,000,000
Natural Resources	250,000	250,000	0	0	0	0	0	0	250,000	250,000
School Aid	30,560,200	28,072,500	3,230,100	3,230,000	8,075,100	0	8,075,100	3,075,000	49,940,500	34,377,500
State Police	6,100,000	6,100,000	0	0	0	0	0	0	6,100,000	6,100,000
Tech., Man., & Budget Reserve	53,900,000	\$53,900,000	0	0	100	0	0	0	53,900,100	53,900,000
Reserve Fund Withdrawals	(48,288,200)	\$0	(5,613,700)	0	0	0	0	0	(53,901,900)	0
Tech., Man., & Budget	500,000	\$0	100	0	0	0	0	0	500,100	0
Treasury	68,080,200	44,130,000	5,613,100	0	100	0	0	0	73,693,400	44,130,000
Total	\$518,973,800	\$264,015,100	\$40,803,500	\$13,572,500	\$45,649,000	\$10,719,200	\$43,048,700	\$13,764,200	\$648,475,000	\$302,101,000

	Cumulative State Appropriations =	<u>Gross</u>	<u>GF/GP</u>
		\$648,475,000	\$302,101,000
	Total Reserve Fund Appropriations	\$53,900,000	\$53,900,000
(Excluding 19 unexpended \$100 placeholders)	Total Reserve Fund Withdrawals	<u>(\$53,900,000)</u>	
	Reserve Fund Balance	\$0	

1) Formerly the Department of Environmental Quality
2) Formerly the Department of Talent and Economic Development

State Employee Compensation Changes

Article XI, Section 5 of the Michigan Constitution provides that increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the overall budget recommendation. Within 60 calendar days after the transmission, the Legislature, by a two-thirds vote of the members elected and serving in each house, may reject or reduce increases in the rate of compensation authorized by the Civil Service Commission. Reductions made by the Legislature must apply uniformly to all classes of employees and cannot adjust pay differentials already established by the Civil Service Commission. Rates of compensation also cannot be reduced below those in effect at the time the increases are transmitted to the Legislature.

The Civil Service Commission on December 11, 2019, approved a two-year agreement for wages and benefits for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) for FY 2020-21 and FY 2021-22. The Commission approved a 2.0% base wage increase to become effective October 1, 2020, and another 1% base wage increase to become effective April 1, 2021, for most represented employees. No lump sum payment will be provided in FY 2020-21. Michigan State Police (MSP) enlisted members have not yet entered into collective bargaining for FY 2020-21. Additionally, all represented employees will continue to pay 20% of their health care premiums.

The Civil Service Commission also adopted a Coordinated Compensation Plan for nonexclusively represented (NERE) State classified employees for FY 2020-21. Effective October 1, 2020, NEREs will receive a 2.0% base wage increase and another 1.0% base wage increase to become effective April 1, 2021. Also, no lump sum payment will be provided in FY 2020-21. They, too, will continue to pay 20% of their health insurance premium in FY 2020-21. Coordinated Compensation Plans for NEREs are approved by the Civil Service Commission on an annual basis; thus, a compensation plan for FY 2021-22 will not be approved until December 2020.

Total Gross employee wages and salaries in the FY 2020-21 Governor's budget are an estimated \$3.5 billion, while other total Gross employee benefit costs are an estimated \$2.7 billion.

Table 23 provides a summary of the incremental State employee economic cost changes for FY 2020-21 recommended in the Governor's budget, including Gross employee salary increases of \$29.8 million (\$19.9 GF/GP). The State's portion of the cost of longevity payments and employee health insurance is estimated to increase by \$1.5 million (\$0.9 GF/GP) for FY 2020-21. The amount contributed to the State employee retirement systems in FY 2020-21 results in an increase in costs. Retirement contributions, excluding payments for legacy pension costs, will increase \$16.7 million Gross and \$10.6 million GF/GP. Other employee retirement costs (OERC), including legacy pension costs and retiree health care costs, for FY 2020-21 will be substantially more than the costs in FY 2019-20 due to rebased rates based on new actuarial studies. Gross increases for OERC will total \$132.4 million or \$72.0 million GF/GP. The total GF/GP impact of economic adjustments for FY 2020-21 is an increase of \$108.7 million.

Table 23

FY 2020-21 STATE BUDGET RECOMMENDATION ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET (millions of dollars)		
	Gross	GF/GP
Wages and Salaries	\$29.8	\$19.9
Longevity and Employee Insurance Costs	1.5	0.9
Retirement Contributions	16.7	10.6
Other Employee Retirement Costs (OERC)	132.4	72.0
Workers' Compensation	0.4	0.4
All Other Economics	14.0	4.9
TOTAL ECONOMICS	\$194.8	\$108.7

Employer Retirement Contribution Rates

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay toward the retirement accounts of their employees. The Governor's budget includes the required employer contribution rates to the two largest plans: the State Employees' Retirement System (SERS) and MPERS. The State also has retirement plans for State Police, Judiciary, and the Legislature, but those systems are not discussed here as they are much smaller in scale. Public Acts 300 of 2012 and 136 of 2016 implemented a cap on the rate school employers in MPERS pay toward the unfunded accrued liabilities in the system, and Public Act 92 of 2017 implemented a cap on the rate employers pay toward the optional defined contribution plan, with any payments above the cap paid by the State.

Public Act 300 of 2012

Public Act 300 of 2012 capped how much employers in MPERS pay toward unfunded accrued liabilities (which measure the difference between assets in the system and the value of all earned benefits, if those benefits had to be paid out today). Employers pay 20.96% applied to payroll to pay off the legacy debt, and the State is required to pay any annual payments in excess of that cap. For FY 2020-21, the State's required payment for the rate cap (across the K-12, community colleges, and higher education budgets) is \$1.3 billion.

Lowering the Assumed Rate of Return (AROR), Public Act 92 of 2017, and Experience Study

Beginning in FY 2017-18, as reflected in Tables 24 and 25, the assumed rate of return (AROR) in most of the State's retirement plans was lowered from 8% to 7.5%. The AROR for MPERS was lowered one-quarter point to 7.75%. Continuing in FY 2018-19, the MPERS AROR was reduced another one-quarter point, from 7.75% to 7.5%. Due to the adoption of a "dedicated gains" policy by the various retirement system boards, beginning in FY 2019-20 for MPERS, and in FY 2020-21 for the other State systems, the ARORs will be adjusted downward any time there are gains that exceed the AROR (i.e., excess gains will be "dedicated" to "buying down" the ARORs). For legacy pensions in MPERS, the AROR for FY 2020-21 is 6.8%.

Any time the AROR is lowered, there are increases in both the payments for liabilities accrued in the past (legacy costs) and the amount required to pay for benefits earned today (normal cost). The State is required to pay any legacy costs that exceed the statutory caps for local employers in MPERS; the State is not required to reimburse employers for increases in normal costs (however, the Governor's budget proposal for FY 2020-21 continues the previous years' policy to hold districts harmless from all the costs, normal and legacy, related to lowering the AROR).

In FY 2020-21, the increase in normal costs required to be paid by schools and colleges because of the dedicated gains policy is estimated at \$8.3 million, and the Governor is proposing to hold local employers harmless from the AROR change by reimbursing districts for those costs out of the School Aid budget. (The total cost in FY 2020-21 for this hold-harmless payment related to AROR is \$193.8 million.) Starting in FY 2020-21, there are additional normal costs required to be paid by the State for the other State retirement systems. These costs will occur any time "dedicated gains" are used to "buy down" the AROR. The excess gains pay for the increase in legacy unfunded accrued liability (UAL) payments, but not the increase in normal costs.

Under Public Act 92 of 2017, the State is required to pay any additional defined contribution costs in excess of 4.0% of payroll for participating employees. This is estimated to cost \$38.9 million for FY 2020-21, an increase of \$5.9 million above FY 2019-20 costs. Also, the Governor is proposing to cover the increase in employer normal costs due to PA 92 of 2017 (which arise because the hybrid plan assumes 6.0% rate

of return, making the plan more expensive today but less expensive later), estimated to total \$12.5 million for FY 2020-21, an increase of \$3.0 million compared to the prior year.

Fiscal year 2020-21 is the year in which the results from the most recent experience study will be rolled into the base costs of MPSERS and other State systems. The biggest driver of additional costs from this experience study is the extension of life expectancy, meaning pensions will be paid out longer than originally estimated.

Contribution Rates and Estimated Costs for SERS and MPSERS

Table 24 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Beginning in FY 2012-13, the unfunded accrued liability in SERS was spread across both DB and DC payroll, rather than just the declining DB payroll as had been the case previously. Also, beginning in FY 2011-12, the funding methodology for retiree health care was changed from a cash basis to a prefunding basis, requiring larger contributions up front in order to save money down the road. The State Employees' Retirement System pension component was closed to newly-hired employees on March 31, 1997, and the retiree health care premium coverage component was closed to new employees on January 1, 2012.

Table 24

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2018-19	FY 2019-20	FY 2020-21	2020-21 Change
State Employees' Retirement System¹⁾				
Defined Benefit Pension	21.97%	23.82%	23.90%	0.08%
Defined Benefit Health Care	23.81	20.67	23.09	2.42
Total Defined Benefit Costs	45.78%	44.49%	46.99%	2.50%
Defined Contribution Retirement	24.38%	23.69%	25.63% ²⁾	1.94%
Defined Contribution Health Care	23.81 ²⁾	20.67	23.76 ³⁾	3.09
Total Defined Contribution Costs	48.19%	44.38%	49.39%	5.03%
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2020-21 will be the 10 th year of prefunding retiree health. ²⁾ Assumes mandatory 4% employer contribution plus average of 2.7% matching contribution (maximum is 3%), plus 0.51% administration expenses (applied on all payroll). ³⁾ For DC employees hired after January 1, 2012, cost can be up to 2% higher to pay the 401k health match (since 1/3 of DC hired since 2012, including 1/3 of 2% here in FY 2020-21).				

Table 25 provides a look at the FY 2020-21 contribution rates for the eight different retirement plan combinations in MPSERS. Before the enactment of significant MPSERS reforms in 2010 and 2012, there were two principal types of retirement plans available to school employees, based on hire date: the basic system and the Member Investment Plan (MIP) system. Since the passage of the reforms that began in 2010, there are now eight combinations of retirement and retiree health care plans in MPSERS, including the earlier basic and MIP plans (no longer available to new employees), the Pension Plus hybrid plan (available between July 2010 and January 2018), a straight defined contribution plan (available since September 2012), and a second hybrid plan (available since February 2018). Retiree health care for school employees first hired since September 4, 2012, is now strictly a personal health fund (401k or similar savings account) and does not contain any health care premium subsidy. All employees hired before September 4, 2012, also were given an opportunity to "cash out" the value of their health care premium subsidy and convert to a personal health fund. Similar to one of the SERS reforms, prefunding of retiree health care is now a component of MPSERS.

Table 25

FY 2020-21 MPSERS EMPLOYER CONTRIBUTION RATES								
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF	Pension Plus 2 with PHF
<u>Pension Contributions</u>								
Pension Normal Cost	6.39%	3.43%	3.43%	0.00%	0.00%	0.00%	6.39%	6.20%
Pension UAL	13.39	13.39	13.39	13.39	13.39	13.39	13.39	13.39
Pension Total Rate	19.78%	16.82%	16.82%	13.39%	13.39%	13.39%	19.78%	19.59%
<u>Health Contributions</u>								
Health Normal Cost	0.86%	0.86%	0.00%	0.00%	0.86%	0.00%	0.00%	0.00%
Health UAL	7.57	7.57	7.57	7.57	7.57	7.57	7.57	7.57
Health Total Rate	8.43%	8.43%	7.57%	7.57%	8.43%	7.57%	7.57%	7.57%
DB CONTRIBUTION TOTAL	28.21%	25.25%	24.39%	20.96%	21.82%	20.96%	27.35%	27.16%
<u>DC Contributions</u>								
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%	2.00%
<u>Total Uncapped Rate (w/o DC)</u>								
State Subsidy	42.72%	39.76%	38.9%	35.47%	36.33%	35.47%	41.86%	41.67%
	14.51	14.51	14.51	14.51	14.51	14.51	14.51	14.51
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund								
Note: The Governor's budget includes \$1.22 billion in the K-12 budget, \$83.9 million in the Community Colleges budget, and \$11.7 million in the Higher Education budget to pay the required State subsidy for the UAL rate cap, and \$38.9 million in the K-12 budget for the increased cost for the enhanced DC matching. The Governor's budget includes \$180.1 million in the K-12 budget, \$12.4 million in the Community Colleges budget, and \$1.2 million in the Higher Education budget to hold the entities harmless from increased pension and health care normal costs due to a lowering in the assumed rate of return. Further, the budget includes \$12.5 million to hold employers harmless from the increase in normal costs associated with the hybrid plan's 6% assumed rate of return (for new hires choosing the plan, beginning February 1, 2018).								

Source: State Budget Office

Table 26 outlines the FY 2020-21 estimated contributions to SERS and MPSERS by the State and local employers, as proposed in the Governor's budget. The total combined cost of the estimated employer (State and local) contributions is approximately \$5.2 billion.

Table 26

FY 2020-21 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS (millions of dollars)	
<u>State Employees' Retirement System (SERS)¹⁾</u>	
Defined Benefit Payroll Pension Normal Costs	\$44.1
Defined Contribution Payroll 401k Costs	185.4
Legacy Pension Unfunded Accrued Actuarial Liability (UAAL) Costs.....	659.6
Legacy Retiree Health UAAL Costs	699.8
Retiree Health Care and Health Savings Normal Costs	123.5
Subtotal State Employees' Retirement System ²⁾	\$1,712.4
<u>Michigan Public School Employees' Retirement System (MPSERS)³⁾</u>	
<u>Local Share</u>	
Defined Benefit Pension	\$1,197.9
Defined Benefit Health Care.....	605.3
"401k" for Health Care.....	38.0
Subtotal MPSERS (Local)	\$1,841.2
<u>State Share</u>	
Statutory Cap on Unfunded Accrued Liabilities (Pension and Health).....	\$1,315.4
Statutory Payments Required under PA 92 of 2017	51.4
Hold Harmless Payments for Reductions in AROR	193.8
Offset Payments	101.7
Subtotal MPSERS (State)	\$1,662.3
Subtotal Michigan Public School Employees' Retirement System.....	\$3,503.5
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	\$5,215.9
FY 2020-21 Estimated State Share Subsidy Per K-12 Pupil on Average.....	\$1,067
1) Public Act 264 of 2011 requires the unfunded accrued liability to be spread across both Defined Benefit and Defined Contribution (DC) payroll.	
2) Excludes FICA.	
3) Excludes DC contributions for pension plans; includes DC contributions for health.	

The Governor's proposed budget includes a boilerplate section for each department identifying how much of the appropriation is in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs) and a payment toward the accrual of service credit in the future (normal costs). As shown on Table 26, the total contributions in the SERS are estimated by the Senate Fiscal Agency at \$1.7 billion, and of that total, \$1.4 billion is estimated by the State Budget Office for legacy costs (both pension and health), with the remaining \$300 million for normal costs including State DC contributions for SERS and health care savings accounts. Table 27 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 27
FY 2020-21
SERS LEGACY COSTS BREAKOUT – PENSIONS AND HEALTH CARE

Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	\$6,528,200	\$7,077,500	\$13,605,700
Attorney General	9,109,000	9,875,500	18,984,500
Civil Rights	1,337,900	1,450,500	2,788,400
Corrections	156,416,200	169,578,300	325,994,500
Education	7,166,100	7,769,100	14,935,200
Environment, Great Lakes, & Energy	18,668,000	20,238,900	38,906,900
Health & Human Services	172,398,600	186,905,600	359,304,200
Insurance & Financial Services	4,941,400	5,357,200	10,298,600
Judiciary	7,316,800	7,932,500	15,249,300
Labor & Economic Opportunity	28,272,000	30,651,000	58,923,000
Licensing & Regulatory Affairs	22,721,300	24,633,200	47,354,500
Military & Veterans Affairs	9,768,500	10,590,500	20,359,000
Natural Resources	24,216,200	26,253,900	50,470,100
State	15,923,000	17,262,900	33,185,900
State Police	72,052,800	62,792,200	134,845,000
Technology, Management, & Budget	44,974,200	48,758,600	93,732,800
Transportation	35,479,800	38,465,400	73,945,200
Treasury	22,289,000	24,164,600	46,453,600
TOTAL	\$659,579,000	\$699,757,400	\$1,359,336,400

Source: State Budget Office

Debt Service Adjustments

Table 28 provides a summary of recommended debt service appropriations for FY 2020-21. These include School Bond Loan Fund bonds in K-12 School Aid; State park improvement revenue bonds appropriated in the Department of Natural Resources; debt service costs related to the Facility for Rare Isotope Beams and the Community College Skilled Trades Equipment Program appropriated in the Department of Labor and Economic Opportunity; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget (DTMB); various transportation-related bonds in the Department of Transportation; and general obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds would total \$684.7 million for FY 2020-21. This represents a \$4.2 million (0.6%) decrease from the \$688.9 million debt service appropriations in FY 2019-20.

Table 28

DEBT SERVICE APPROPRIATIONS FY 2020-21 COMPARED WITH FY 2019-20				
Department/Program	FY 2019-20 Gross Appropriation	FY 2020-21 Governor's Rec.	Dollar Change	Percent Change
Natural Resources				
State Park Improvement Revenue Bonds	\$1,197,500	\$1,201,300	\$3,800	0.3%
Subtotal Natural Resources	\$1,197,500	\$1,201,300	\$3,800	0.3%
School Aid				
School Bond Loan	\$111,000,000	\$111,000,000	\$0	0.0%
Subtotal School Aid	\$111,000,000	\$111,000,000	\$0	0.0%
Labor & Economic Opportunity¹				
Facility for Rare Isotope Beams (MSF)	\$7,300,000	\$7,300,000	\$0	0.0%
Community College Skilled Trades Equipment Program (MSF)	4,600,000	4,600,000	0	0.0
Subtotal Labor & Economic Opportunity	\$11,900,000	\$11,900,000	\$0	0.0%
DTMB-State Building Authority Rent				
State Agencies	\$47,024,300	\$65,028,900	\$18,004,600	38.3%
Department of Corrections	20,369,400	0	(20,369,400)	100.0
Universities	144,995,300	145,845,500	850,200	0.6
Community Colleges	34,181,600	35,696,200	1,514,600	4.4
Subtotal Technology, Mgt., & Budget	\$246,570,600	\$246,570,600	\$0	0.0%
Transportation				
State Trunkline	\$178,660,600	\$165,094,300	(\$13,566,300)	(7.6%)
Economic Development	11,638,000	11,638,000	0	0.0
Local Bridge Fund	2,380,700	2,380,900	20	0.0
Blue Water Bridge Fund	6,886,400	6,888,600	2,200	0.0
Airport Safety and Protection Plan	3,435,800	3,432,000	(3,800)	(0.1)
Comprehensive Transportation	10,896,000	10,903,900	7,900	0.1
Subtotal Transportation	\$213,897,500	\$200,337,700	(\$13,559,800)	(6.3%)
Treasury				
Quality of Life Bond	\$16,536,000	\$16,621,000	\$85,000	0.5%
Clean Michigan Initiative	49,027,000	49,514,000	487,000	0.9
Great Lakes Water Initiative	38,772,000	47,600,000	8,828,000	22.8
Subtotal Treasury	\$104,335,000	\$113,735,000	\$9,400,000	9.0%
TOTAL	\$688,900,600	\$684,744,600	(\$4,156,000)	(0.6%)

¹ Does not include Michigan Strategic Fund (MSF) bonding for the Cadillac Place, House Office Building, or Senate Office Building, or debt issued by authorities other than the State Building Authority (such as MSHDA or the Michigan Finance Authority).

Tobacco Settlement Revenue and Appropriations

In 1998, a Master Settlement Agreement was reached between 46 states, including Michigan, and certain U.S. tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As Table 29 illustrates, there are several transfers out of the tobacco settlement revenue before it is deposited into the Merit Award Trust Fund, where it is available for appropriation by the Legislature. Pursuant to law, \$75.0 million of the tobacco settlement revenue is earmarked each fiscal year, from FY 2007-08 through FY 2022-23, for the 21st Century Jobs Trust Fund. Also pursuant to law, \$17.5 million of the tobacco settlement revenue is deposited each fiscal year, from FY 2014-15 through FY 2034-35, into the Budget Stabilization Fund as repayment for a FY 2013-14 State appropriation of \$194.8 million to the Settlement Administration Fund to help mitigate the impact of the City of Detroit bankruptcy on its pensioners. A statutory earmark for the Community District Trust Fund of \$72.0 million annually, for 10 years, was enacted in FY 2016-17 to implement a new system for schools in Detroit.

The other transfer of funds from tobacco settlement revenue is for debt service on the securitization of a portion of the tobacco settlement revenue in 2006 and 2007. Under the Governor's proposal, there would be an estimated FY 2020-21 year-end balance of \$2.9 million in the Merit Award Trust Fund.

Table 29

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS			
FY 2019-20 COMPARED TO FY 2020-21 GOVERNOR'S RECOMMENDATION			
(actual dollars)			
	FY 2019-20 Year-To-Date	FY 2020-21 Gov's Rec.	Gov's Rec. Chg. From FY 2019-20
Revenue			
Unreserved Balance From Prior Fiscal Year	\$17,007,000	\$2,911,170	(\$14,095,840)
Total Annual Payments.....	266,969,900	264,525,600	(2,444,300)
Interest Earnings.....	140,000	140,000	0
Total Tobacco Settlement Revenue	\$284,116,910	\$267,576,770	(\$16,540,140)
Less Transfers Out For:			
21 st Century Jobs Trust Fund	(75,000,000)	(75,000,000)	0
Detroit Public Schools Trust Fund	(72,000,000)	(72,000,000)	0
Payment to Budget Stabilization Fund (Detroit).....	(17,500,000)	(17,500,000)	0
Payment on 2006 Bond Securitization.....	(35,613,780)	(35,287,720)	326,060
Payment on 2007 Bond Securitization.....	(28,752,660)	(28,489,410)	263,250
Total Transfers Out.....	(\$228,866,440)	(\$228,277,130)	\$589,310
Net Revenue To Merit Award Trust Fund	\$55,250,470	\$39,299,640	(\$15,950,830)
Appropriations			
Attorney General			
Operations.....	\$515,600	\$526,600	\$11,000
Health and Human Services			
Medicaid Base-Long-term Care	45,700,000	45,700,000	0
Aging-Respite Care.....	4,068,700	4,068,700	0
Current Services Budget Adjustment.....	0	(16,000,000)	(16,000,000)
State Police			
Tobacco Tax Enforcement.....	851,500	854,300	2,800
Department of Treasury			
Student Financial Services Administration.....	1,203,500	1,220,000	16,500
Total Merit Award Trust Fund Appropriations	\$52,339,300	\$36,369,600	(\$15,969,700)
MERIT AWARD TRUST FUND YEAR-END BALANCE	\$2,911,170	\$2,930,040	(\$14,095,840)

Data Source: State Budget Office

State Spending from State Resources Appropriations

Table 30 compares State Spending from State Resources appropriations (a combination of State Restricted and State GF/GP appropriations) for selected State budget areas over the time period from FY 2010-11 to FY 2020-21, which reflects the Governor's recommendation. As the table indicates, total State Spending appropriations are estimated to increase by 38.5% over the 10-year period. The Detroit Consumer Price Index is estimated to increase by 15.3% over the same time period.

Table 30

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (millions of dollars)				
Budget Area	FY 2010-11 Year-to-Date Appropriations	FY 2020-21 Gov's Rec. Appropriations	Dollar Difference	Percent Change
Health and Human Services	\$5,417.2	\$8,104.1	\$2,686.8	49.6%
Corrections	1,980.4	2,066.2	85.8	4.3
K-12 School Aid	10,803.4	14,116.3	3,312.9	30.7
Community Colleges	295.9	433.8	137.9	46.6
Higher Education	1,486.4	1,627.8	141.5	9.5
Revenue Sharing-Constitutional	664.7	902.6	237.9	35.8
Revenue Sharing-Nonconstitutional	426.8	499.7	72.9	17.1
All Other Programs	5,191.8	8,627.7	3,435.9	66.2
Total State Spending	\$26,266.7	\$36,378.3	\$10,111.6	38.5%
Addendum:				
Medicaid Caseload	1,933,951	2,450,812	516,861	26.7%
Prison Population	45,478	38,077	(7,401)	(16.3)
K-12 Pupil Count	1,569,436	1,453,600	(115,836)	(7.4)
University Students	264,903	256,090	(8,813)	(3.3)
Community College Students	176,356	116,340	(60,016)	(34.0)
Michigan Personal Income (millions)	\$365,679.8	\$534,689.3	\$169,009.5	46.2%
Detroit Consumer Price Index	210.0	242.2	32.2	15.3%
NOTES: Revenue Sharing: Constitutional number is the January 2020 Consensus Revenue Estimating Conference (CREC) estimate. Medicaid Caseload: Number for FY 2020-21 includes the estimated 680,000 individuals who are eligible under the expansion of Medicaid. Prison Population: These are the most recent year-end numbers published by the Department of Corrections for calendar years 2011 and 2019, respectively. K-12 Pupils: FY 2020-21 pupil count is the January 2020 CREC estimate. Community College and University Students: Numbers in FY 2020-21 column reflect the most recent data available, which are FY 2019-20 fiscal-year-equated-students as reported in the Michigan Community College Data Inventory Report and the Higher Education Institutional Data Inventory (HEIDI). Michigan Personal Income and Detroit CPI: Numbers are fiscal year averages; FY 2020-21 numbers are January 2020 CREC estimates.				

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2020-21 is based on the consensus economic forecast adopted at the January 10, 2020, Consensus Revenue Estimating Conference. This economic forecast is summarized in [Table 31](#).

U.S. Economy

Since the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years, the economy has grown slowly. Some fundamental elements of the economy remain well below their prerecession peaks, and many components that have recovered have done so more slowly than during almost any other post-World War II recovery. As of the third quarter of 2019, the economy had been in recovery for 41 quarters after the recession trough in the second quarter of 2009. Four recoveries since World War II lasted 20 quarters or more, although only two recoveries lasted 35 quarters or more (none have lasted 41 quarters), and at this point the current recovery is approximately half as strong as the average of those recoveries, even including the impact of the recessions that interrupted those recoveries.

Inflation-adjusted Gross Domestic Product (GDP) has averaged only 2.3% annual growth since the end of the recession, compared with an average of 3.9% annual growth over the three longest recoveries since World War II. Most of the weakness in the recovery has reflected particularly slow growth through the first quarter of 2014: personal consumption spending (which generally has accounted for two-thirds of economic activity) grew at a rate of 1.7% per year between the recession trough and the first quarter of 2014 while the government sector contracted by 1.9% per year. However, growth in consumption since the first quarter of 2014 has been offset by a marked slowing in business investment from 7.2% growth in 2014 to an average annual rate of 0.3% over the first three quarters of 2019.

Furthermore, economic growth is generally limited by the combination of population growth (specifically the portion of the population that enters the labor force and finds work) and productivity growth. During the 1983-2005 period, productivity (measured by output per hour in the nonfarm business sector) grew by approximately 2.3% per year, while productivity has averaged 0.8% annual growth and has grown by less than 1.6% per year in every year since 2010 - the longest and most severe slowdown in productivity experienced since at least World War II. Productivity increased 1.6% in 2019, the strongest growth since 2010 and only the fourth time since 2010 that productivity growth exceeded 0.8%. Slow population growth, declining labor force participation rates (exacerbated by the demographics of an aging population), and low productivity have combined to limit the maximum potential economic growth the economy can achieve.

Housing construction, which counts as residential investment rather than consumption spending, increased in 2019, but remains weak by almost any historical measure. Housing starts totaled 1.3 million units in 2019, the tenth consecutive annual increase in starts. However, the number of starts during 2019 was less than the number of starts in any year during the period of 1994 to 2007, despite the 24.8% increase in the U.S. population between 1994 and 2019. Residential construction as a share of GDP continues to remain at record lows. Between 1995 and 2003, residential investment represented approximately 5.2% of inflation-adjusted GDP. At the recession low for housing starts, in the first quarter of 2009, residential construction comprised 2.8% of GDP, and averaged less than 3.3% of GDP during 2018 - down slightly from 2017.

Despite the improvements in the economy, job growth has remained relatively weak. Although employment has increased since 2010, payroll employment did not reach the prerecession peak until May 2014. As of December 2019, payroll employment has averaged 1.6% annual growth since

the February 2010 trough. The combined effect of an improving economy, consistent payroll employment growth, and low productivity on the unemployment rate has been significant, especially given the underlying demographics affecting the labor force. The unemployment rate fell from a peak of 10.0% in October 2009, to 3.5% in December 2019. However, through 2013, the labor force grew much more slowly than the working age population and declines in the unemployment rate often reflected a stagnant or declining labor force as much as increased employment. Between the December 2009 trough in total employment (as opposed to payroll employment) and September 2014, the labor force averaged 0.3% per year annual growth. As of September 2014, total employment had surpassed the prerecession peak of November 2007 and the December 2019 level of total employment set an all-time record.

Inflation-adjusted GDP is expected to increase at a rate of 1.8% in 2020, slower than the 2.3% growth experienced in 2019, and continue slowing to 1.7% growth in 2021 and 1.5% in 2022. The unemployment rate is estimated to decline from 3.7% in 2019 to 3.5% in both 2020 and 2021. Housing starts are expected to remain relatively flat over the forecast, at slightly less than 1.3 million starts per year, while light vehicle sales are expected to decrease from 17.0 million units in 2019 to 16.8 million units in 2020 and 16.6 million units in 2021.

Michigan Economy

Like the national economy, Michigan's economic activity also was very weak in 2009 and 2010. Wage and salary employment declined 7.0% from the 2008 level in 2009, marking nine consecutive years that wage and salary employment declined from the previous year's level, and the loss of 291,700 jobs in 2009 represented the largest one-year loss of payroll jobs since the Great Depression. Between the April 2000 peak and Michigan's March 2010 employment trough, Michigan lost 859,200 jobs, a decline of 18.7%.

Since 2010, however, the Michigan economy has grown. Payroll employment increased for a ninth consecutive year in 2019, rising 0.5%, slower than the 1.1% growth rate in 2018. Personal income grew approximately 3.8% during 2019, slower than the 4.9% growth in 2018.

In 2020 and 2021, Michigan's economy is expected to continue expanding, but more slowly than in recent years. Wage and salary employment is projected to rise 0.6% in 2020, 0.5% in 2021, and 0.3% in 2022. The unemployment rate is expected to decline from 4.1% in 2019 to 3.8% in 2020, and 3.7% in 2021. Personal income, adjusted for inflation, will grow an estimated 1.8% in both 2020 and 2021, after growing 2.7% in 2019. Inflation, as measured by the Detroit Consumer Price Index, will increase 1.8% in 2020 and 1.7% in 2021, after rising 1.1% in 2019.

Revenue Estimates

Based on the economic forecast summarized above, it is estimated that revenue totaling \$63.0 billion will be available in FY 2020-21 to support Governor Whitmer's proposed budget. This represents a 1.1% increase from the revised estimate of the total revenue that the Governor expects will be available for FY 2019-20. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in [Table 32](#). The revenue does reflect the Governor's tax policy recommendations for FY 2019-20 that are included in the FY 2020-21 budget proposal. Those recommendations include changing the individual income tax earmark back to the level before Public Act 588 of 2018 (the change would shift \$173.2 million in FY 2019-20 and \$179.4 million in FY 2020-21 from the General Fund to the School Aid) and purchasing tax vouchers associated with the Venture Michigan Fund II Program directly instead of letting the vouchers be sold on the market at a discount (the change would increase General Fund revenue in FY 2019-20 revenue by \$22.9 million and \$67.6 million in FY 2020-21). The change in the

individual income tax earmark would implement changes agreed to as part of the FY 2019-20 budget but that have yet to be enacted into law.

Following are summaries of the revenue estimates on which the Governor's proposed General Fund/General Purpose and School Aid Fund budgets are based.

General Fund/General Purpose and School Aid Fund

The General Purpose portion of the GF/GP and the SAF portions of the overall State budget accounts for \$27.8 billion, or 44.2%, of the total State government revenue estimated for FY 2020-21. Detailed estimates of GF/GP and SAF revenue for FY 2019-20 and FY 2020-21 are presented in [Table 33](#) and [Table 34](#), respectively. The estimates for GF/GP and SAF revenue derived from ongoing revenue sources and enacted tax policy changes are the consensus estimates adopted by the Administration, Senate Fiscal Agency, and House Fiscal Agency at the January 10, 2020, Consensus Revenue Estimating Conference. In addition to the consensus estimates, the total GF/GP and SAF revenue estimates include the Administration's initial estimates of one-time revenue adjustments, grants and transfers, Federal aid, beginning carry-over balances, and the impact of any tax policy recommendations.

General Fund/General Purpose Revenue

As shown in [Table 33](#), GF/GP revenue is expected to total \$11.1 billion in FY 2020-21, which represents a 1.5% decrease from the revised FY 2019-20 estimates. This decline in total GF/GP revenue is attributable to growth in revenue from ongoing sources and a revenue increase created by purchasing Venture Michigan Fund II vouchers directly being more than offset by: 1) a \$375.0 million reduction in the projected carry-over balance from the previous fiscal year, and 2) a \$179.4 million revenue reduction from reversing the 2018 change in the earmark of individual income tax revenue to the School Aid Fund. Revenue from ongoing sources is forecast to increase 1.7% in FY 2020-21, to \$11.2 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2020-21 will total an estimated \$16.7 billion, representing a 3.2% increase from the revised estimate for FY 2019-20. This projected increase in SAF revenue reflects 2.8% growth in revenue from ongoing State sources, a 2.7% increase in Federal Aid, a \$17.4 million increase in the grant from the General Fund and a \$50.6 million increase in the balance carried forward from the prior fiscal year. The estimate of SAF revenue in FY 2020-21 summarized in [Table 34](#) includes ongoing earmarked tax and lottery revenue totaling an estimated \$14.3 billion, a 2.8% increase from the revised estimate for FY 2019-20. In addition, the SAF revenue estimate for FY 2020-21 includes Federal aid totaling \$1.8 billion, an \$80.0 million grant from the General Fund, \$78.4 million in transfers from other funds, and \$179.4 million from reversing the 2018 change in the earmark of individual income tax revenue to the School Aid Fund.

Table 31

CONSENSUS ECONOMIC FORECAST JANUARY 10, 2020							
	Calendar 2019 Forecast	Calendar 2020 Forecast	% Change From Prior Year	Calendar 2021 Forecast	% Change From Prior Year	Calendar 2022 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2012 dollars)	19,067	19,410	1.8%	19,740	1.7%	20,036	1.5%
Consumer Price Index (1982-84=100)	255.488	258.966	1.4%	263.723	1.8%	268.864	1.9%
3-Month Treasury Bills (Interest Rate, %).....	2.10%	1.50%		1.60%		1.70%	
Unemployment Rate (%).....	3.7%	3.5%		3.5%		3.6%	
Light Vehicle Sales (millions of units)	17.0	16.8	(1.2%)	16.6	(1.2%)	16.4	(1.2%)
Michigan:							
Wage and Salary Employment (thousands)	4,441	4,467	0.6%	4,490	0.5%	4,503	0.3%
Unemployment Rate (%).....	4.1%	3.8%		3.7%		3.8%	
Personal Income (billions of dollars).....	\$502,423	\$521,013	3.7%	\$539,248	3.5%	\$557,583	3.4%
Real Personal Income (billions of 1982-84 dollars) ...	\$213,944	\$217,855	1.8%	\$221,695	1.8%	\$225,086	1.5%
Detroit Consumer Price Index (1982-84=100).....	234.838	239.156	1.8%	243.239	1.7%	247.720	1.8%

Source: Estimates adopted at the January 10, 2020, Consensus Revenue Estimating Conference.

Table 32

**GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2018-19 THROUGH FY 2020-21
(millions of dollars)**

Fund	FY 2018-19 Estimate	FY 2019-20 Estimate	% Change FY 2019-20/ FY 2018-19	FY 2020-21 Estimate	% Change FY 2020-21/ FY 2019-20
General Fund/General Purpose:					
Beginning Balance.....	\$788.3	\$899.5	----	\$524.5	----
Revenue From Ongoing Sources ¹⁾	11,108.0	11,012.1	(0.9%)	11,194.5	1.7%
Proposed Tax/Fee Changes	0.0	(150.3)	----	(111.8)	----
One-Time Revenue Adjustments & Other.....	(271.9)	(487.7)	79.4	(502.3)	3.0
Total GF/GP Revenue.....	\$11,624.4	\$11,273.6	(3.0%)	\$11,104.9	(1.5%)
School Aid Fund:					
Beginning Balance.....	\$320.5	\$212.5	----	\$263.1	----
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	13,560.0	13,925.5	2.7%	14,317.5	2.8%
Proposed Tax/Revenue Changes	0.0	173.2	----	179.4	----
Federal Aid	1,658.3	1,759.6	6.1	1,806.9	2.7
Other Revenue (General Fund grant, etc.).....	242.2	140.3	(42.1)	158.4	12.9
Total SAF Revenue.....	\$15,781.1	\$16,211.1	2.7%	\$16,725.3	3.2%
Other Funds:					
Gen'l Fund/Special Purpose & Special Revenue Funds.....	\$6,488.1	\$6,780.2	4.5%	\$6,892.4	1.7%
Federal Aid (not included elsewhere).....	19,057.6	20,563.2	7.9	20,664.0	0.5
Transportation Funds	5,858.8	6,608.8	12.8	6,923.0	4.8
Fund Balances:					
Budget Stabilization Fund Beginning Balance/Revenue.....	1,006.0	1,148.6	14.2	1,201.1	4.6
Other Fund Balances.....	<u>1,358.2</u>	<u>1,284.3</u>	(5.4)	<u>1,155.0</u>	(10.1)
Total Fund Balances.....	2,364.2	2,432.9	2.9	2,356.1	(3.2)
Adjustments (not included elsewhere)	(27.0)	72.3	----	65.9	----
Total Other Funds with Beginning Balance.....	33,741.6	36,457.4	8.0	36,901.5	1.2
Gross Revenue	\$61,147.1	\$63,942.0	4.6%	\$64,731.7	1.2%
Less Interfund Transfers.....	(1,575.6)	(1,664.0)	5.6	(1,756.6)	5.6
Net Total Revenue	\$59,571.5	\$62,278.1	4.5%	\$62,975.1	1.1%

¹⁾ Estimates adopted at the January 10, 2020, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2020-21, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency.

Table 33

GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2019-20 and FY 2020-21
(millions of dollars)

	FY 2019-20	FY 2020-21	Percent Change
Beginning Balance	\$899.5	\$524.5	(41.7%)
Consensus Estimates for Ongoing Revenue Sources¹⁾			
<u>Taxes:</u>			
Net Income Tax.....	\$7,180.1	\$7,294.5	1.6%
Michigan Business Tax.....	(641.0)	(643.9)	0.5
Corporate Income Tax.....	1,210.1	1,171.3	(3.2)
Sales.....	1,355.9	1,418.3	4.6
Use.....	749.0	749.0	0.0
Cigarette.....	169.1	165.2	(2.3)
Beer and Wine/Liquor.....	113.0	114.5	1.3
Insurance Company Premiums.....	361.8	387.4	7.1
Oil/Gas Severance.....	22.0	24.0	9.1
Essential Services Assessment.....	121.0	130.0	7.4
All Other Taxes.....	<u>10.0</u>	<u>12.0</u>	<u>20.0</u>
Subtotal Taxes.....	\$10,651.0	\$10,822.4	1.6%
Nontax Revenue.....	361.1	372.1	3.0
Total GF/GP Consensus Revenue Estimates	\$11,012.1	\$11,194.5	1.7%
Revenue Sharing Payments (Ongoing Plus One-Time).....	(\$490.1)	(\$502.3)	2.5%
Other Revenue Adjustments ²⁾	2.4	0.0	(100.0)
Proposed Tax Policy/Enforcement Changes.....	(150.3)	(111.8)	----
Total GF/GP Revenue (Current Fiscal Year)	\$10,374.1	\$10,580.4	2.0%
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$11,273.6	\$11,104.9	(1.5%)
¹⁾ Estimates adopted at the January 10, 2020, Consensus Revenue Estimating Conference. ²⁾ Includes the following: a \$7.6 million redirection of restricted revenue and \$10.0 million in reimbursements for the implementation of recreational marijuana in FY 2019-20.			

Table 34

SCHOOL AID FUND REVENUE ESTIMATES: FY 2019-20 and FY 2020-21
(millions of dollars)

	FY 2019-20	FY 2020-21	Percent Change
Beginning Balance	\$212.5	\$263.1	(23.8%)
Consensus Estimates for Earmarked Tax & Lottery Revenue¹⁾			
Taxes:			
Sales Tax & Use Tax	\$6,932.7	\$7,162.7	3.3%
Income Tax.....	2,860.7	2,943.0	2.9
State Education Property Tax	2,170.9	2,223.0	2.4
Real Estate Transfer Tax	361.0	370.7	2.7
Tobacco Taxes.....	319.4	310.7	(2.7)
Casino Gaming Tax	121.3	151.9	25.2
Other Tax Revenue.....	149.5	169.5	13.4
Subtotal Taxes	\$12,915.5	\$13,331.5	3.2%
Lottery	1,010.0	986.0	(2.4)
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$13,925.5	\$14,317.5	2.8%
GF/GP Grant	\$62.6	\$80.0	27.8%
Federal Aid	1,759.6	1,806.9	2.7
Proposed Tax Policy/Enforcement Changes	173.2	179.4	----
Other Revenue Adjustments ²⁾	77.7	78.4	0.9
Total SAF Revenue (Current Fiscal Year)	\$15,998.6	\$16,462.2	2.9%
TOTAL SAF REVENUE WITH BEGINNING BALANCE	\$16,211.1	\$16,725.3	3.2%

¹⁾ Estimates adopted at the January 10, 2020, Consensus Revenue Estimating Conference.

²⁾ Includes the following: \$75.8 million in FY 2019-20 and \$78.4 million in FY 2020-21 from the Community District Trust Fund, and \$1.9 million in FY 2019-20 from the MPSERS Reserve Fund.

Budget Stabilization Fund

The Budget Stabilization Fund is the State's "Rainy Day" fund or cash reserve. In years of economic growth, deposits may be made to the Fund, and in years of recession, money may be withdrawn to cushion the budgetary impact of declining State revenue. Statutory formulas direct the amount of the pay-in or pay-out from the BSF; however, the Legislature has the authority to appropriate the formula amount or a different amount.

The BSF balance was an estimated \$1,152.7 million at the close of FY 2018-19. One deposit of \$17.5 million has been appropriated for FY 2019-20. The Michigan Trust Fund Act requires the deposit of \$17.5 million from tobacco settlement revenue into the BSF each year from FY 2014-15 to FY 2034-35. The Trust Fund Act transfers reimburse the BSF for a \$194.8 million withdrawal in FY 2013-14 related to the Detroit bankruptcy settlement. Based on the appropriated deposits and estimated interest earnings, the BSF balance at the close of FY 2019-20 is estimated at \$1,205.9 million.

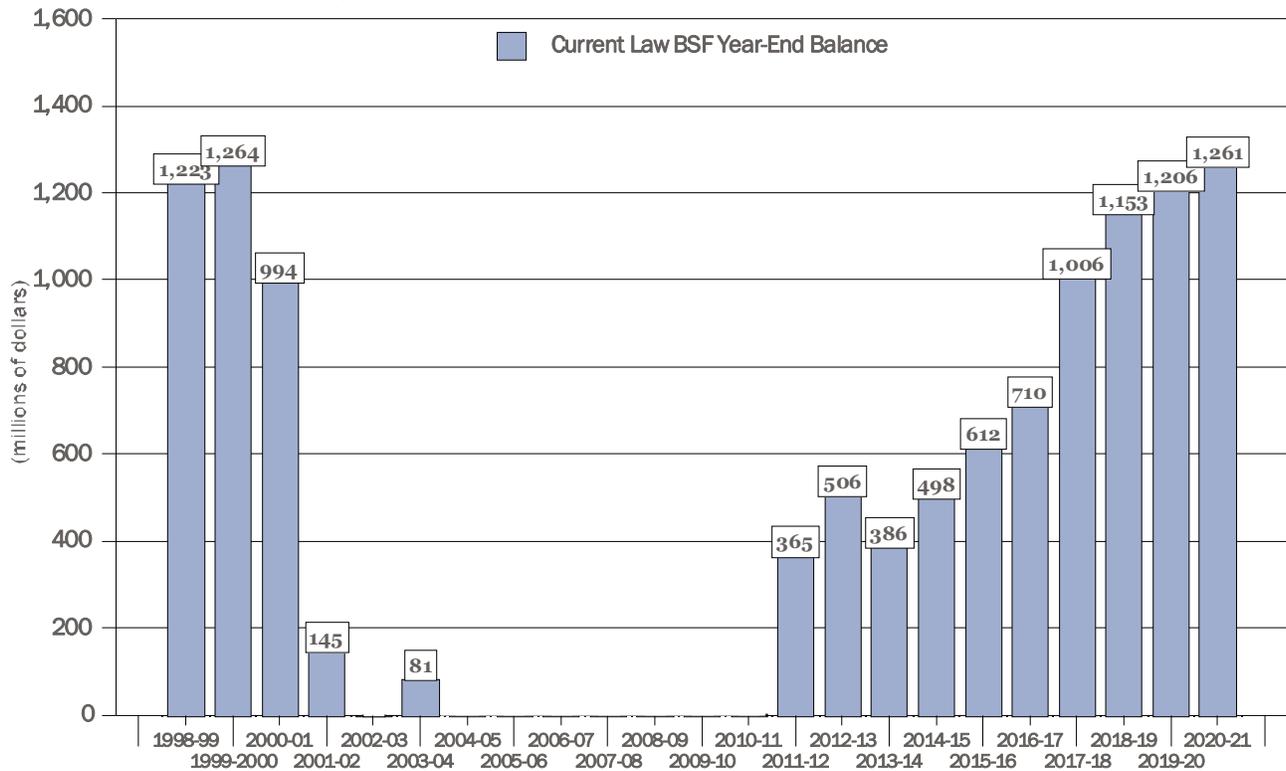
The Michigan Trust Fund Act requires \$17.5 million to be appropriated in FY 2020-21 and the Governor does not recommend an additional deposit.

Based on current appropriations and estimated interest earnings, the BSF balance at the close of FY 2020-21 is estimated at \$1,260.8 million. The history of the BSF year-end balances and the estimate for FY 2020-21 are shown in [Figure G](#).

Figure G

Budget Stabilization Fund Year-End Balance

With Estimates for FY 2018-19, FY 2019-20, and FY 2020-21



Source: Michigan Comprehensive Annual Financial Reports through FY 2017-18, Public Act 618 of 2018, FY 2020-21 Executive Budget Recommendation, and Senate Fiscal Agency

DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents tables that summarize the Governor's FY 2020-21 Gross and GF/GP appropriation changes to FY 2019-20 (as of February 6, 2020) for each department and budget area. Tables 35 and 36 summarize the Gross and GF/GP changes, respectively. Table 37 provides detail by budget area for the Gross and GF/GP changes. Following Table 37 is an Appendix that includes highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2019-20 year-to-date (as of February 6, 2020) to the Governor's recommendation for FY 2020-21.

Table 35

FY 2020-21 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2019-20 YEAR-TO-DATE			
Department/Budget Area	FY 2019-20 Year-To-Date Gross Appropriations	FY 2020-21 Gov's Rec. Gross Appropriations	Gov's Gross Change To FY 2019-20
Agriculture and Rural Development	\$111,417,500	\$120,349,400	\$8,931,900
Attorney General	105,982,800	106,976,600	993,800
Capital Outlay	0	0	0
Civil Rights	16,388,300	16,787,400	399,100
Community Colleges	414,719,000	433,792,400	19,073,400
Corrections	2,042,261,300	2,081,251,700	38,990,400
Education	419,783,700	452,178,600	32,394,900
Environment, Great Lakes, and Energy	614,665,800	523,049,200	(91,616,600)
Executive	7,114,300	7,276,500	162,200
Health and Human Services	26,358,046,300	27,148,828,900	790,782,600
Higher Education	1,691,395,000	1,743,845,600	52,450,600
Insurance and Financial Services	72,062,800	73,315,700	1,252,900
Judiciary	311,113,500	314,761,800	3,648,300
Labor and Economic Opportunity	1,307,357,100	1,385,441,600	78,084,500
Legislature	201,425,900	207,165,400	5,739,500
Licensing and Regulatory Affairs	435,285,600	487,589,600	52,304,000
Military and Veterans Affairs	204,065,100	224,342,500	20,277,400
Natural Resources	438,685,400	468,258,900	29,573,500
Natural Resources (Trust Fund)	0	0	0
School Aid	15,177,263,600	15,923,137,100	745,873,500
State	250,393,000	256,087,500	5,694,500
State Police	753,559,000	735,585,500	(17,973,500)
Technology, Management, and Budget	1,569,400,500	1,743,750,000	174,349,500
Transportation	5,021,408,000	5,259,273,100	237,865,100
Treasury (Debt Service)	104,335,000	113,735,000	9,400,000
Treasury (Operations)	590,066,900	666,177,900	76,111,000
Treasury (Revenue Sharing)	1,376,191,700	1,404,870,900	28,679,200
Total Budget Area Appropriations	\$59,594,387,100	\$61,897,828,800	\$2,303,441,700

Note: Includes ongoing and one-time appropriations as of February 6, 2020.

Table 36

FY 2020-21 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2019-20 YEAR-TO-DATE			
Department/Budget Area	FY 2019-20 Year-To-Date GF/GP Appropriations	FY 2020-21 Gov's Rec. GF/GP Appropriations	Gov's GF/GP Change To FY 2019-20
Agriculture and Rural Development	\$55,979,900	\$63,471,200	\$7,491,300
Attorney General	41,736,300	41,648,400	(87,900)
Capital Outlay	0	0	0
Civil Rights	13,195,700	13,542,200	346,500
Community Colleges	0	0	0
Corrections	1,980,137,900	2,020,721,700	40,583,800
Education	87,212,000	89,447,100	2,235,100
Environment, Great Lakes, and Energy	168,577,400	74,133,900	(94,443,500)
Executive	7,114,300	7,276,500	162,200
Health and Human Services	4,769,278,700	5,088,366,400	319,087,700
Higher Education	1,207,949,300	1,271,755,900	63,806,600
Insurance and Financial Services	150,000	0	(150,000)
Judiciary	201,443,600	203,834,300	2,390,700
Labor and Economic Opportunity	142,308,300	186,869,500	44,561,200
Legislature	188,366,300	193,738,200	5,371,900
Licensing and Regulatory Affairs	111,606,400	153,155,600	41,549,200
Military and Veterans Affairs	73,247,500	79,671,200	6,423,700
Natural Resources	46,985,000	49,362,100	2,377,100
Natural Resources (Trust Fund)	0	0	
School Aid	62,620,000	80,000,000	17,380,000
State	13,451,200	19,087,200	5,636,000
State Police	475,701,700	484,376,600	8,674,900
Technology, Management, and Budget	493,574,200	594,121,100	100,546,900
Transportation	25,000,000	0	(25,000,000)
Treasury (Debt Service)	104,335,000	113,735,000	9,400,000
Treasury (Operations)	106,141,800	152,101,300	45,959,500
Treasury (Revenue Sharing)	0	0	0
Total Budget Area Appropriations	\$10,376,112,500	\$10,980,415,400	\$604,302,900

Note: Includes ongoing and one-time appropriations as of February 6, 2020.

Table 37

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Agriculture and Rural Development		
Conservation Reserve Enhancement Program	\$10,600,000	\$10,600,000
Hemp - pesticide and plant pest management	602,900	0
Feed and fertilizer compliance audit program.....	504,000	0
Industrial hemp - lab and central licensing	469,000	0
Licensing and inspection IT hosting costs	225,000	210,000
Cervid program certification for breeding herds licensing	76,900	76,900
Food and agriculture investment grant program.....	(4,000,000)	(4,000,000)
Farm stress program - one-time	(500,000)	(500,000)
Technical - to align authorization with revenues.....	(498,600)	0
Industrial hemp program - one-time.....	(360,000)	(150,000)
Unclassified salaries	3,200	3,200
Economic adjustments.....	1,809,500	1,251,200
Total Agriculture and Rural Development.....	\$8,931,900	\$7,491,300
Attorney General		
Elder abuse task force	\$387,500	\$387,500
Public safety initiative.....	(521,100)	(521,100)
OK2SAY administration	(1,481,000)	(1,011,400)
Elimination of \$100 line items	(4,300)	(500)
Unclassified salaries	4,400	4,400
Economic adjustments.....	2,608,300	1,053,200
Total Attorney General	\$993,800	(\$87,900)
Civil Rights		
Unclassified salaries	\$3,800	\$3,800
Economic adjustments.....	395,300	342,700
Total Civil Rights.....	\$399,100	\$346,500
Community Colleges		
MPSERS UAL stabilization payment.....	\$10,800,000	\$0
Community college operations increase.....	8,091,400	0
MPSERS normal cost offset	182,000	0
Total Community Colleges.....	\$19,073,400	\$0
Corrections		
New custody staff training.....	\$8,465,800	\$8,465,800
Corizon health care contract adjustment	\$4,239,500	\$4,239,500
Water rate increases for Jackson area prisons	\$575,500	\$575,500
Employee wellness enhancements	500,000	500,000
Green Oaks training facility staff from DHHS	106,700	106,700
Removal of FY 2019-20 one-time funding	(15,033,900)	(15,033,900)
Relocation of special alternative to incarceration program.....	(10,046,700)	(10,046,700)
Detroit Detention Center local revenue adjustment.....	(2,287,700)	0
Unclassified salaries	10,600	10,600
Economic adjustments.....	52,460,600	51,766,300
Total Corrections	\$38,990,400	\$40,583,800
Department of Education		
Child development and care eligibility increase.....	\$25,725,000	\$0
PBS Early Childhood initiative	1,800,000	1,800,000
Child development and care external support - background checks ...	1,300,000	0
Camp Tuhsmeheeta maintenance and facility upkeep.....	202,000	0

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Department of Education (continued)		
MOECS IT system maintenance	\$200,000	\$0
Educator Excellence	180,000	180,000
Michigan School for the Deaf increase of restricted authorization	112,800	
Poet laureate.....	100,000	100,000
Child development and care matching adjustment.....	0	(597,800)
Placeholder removal	(300)	0
Unclassified salaries	6,600	5,100
Economic adjustments.....	2,768,800	747,800
Total Department of Education	\$32,394,900	\$2,235,100
Environment, Great Lakes, and Energy		
Environmental contamination rapid response.....	\$20,000,000	\$20,000,000
Oil and gas program restoration	4,000,000	4,000,000
Renew Michigan restoration	500,000	0
Increase MAHS IDG authorization.....	500,000	129,000
Increase workshops and conferences authorization	335,900	0
Efficiency and renewable energy revolving loan fund	250,000	0
Remediation and redevelopment authorization alignment	243,900	0
Financial support transfer	0	218,000
Cost allocation plan.....	0	(210,000)
Remove water infrastructure innovation initiatives	(120,000,000)	(120,000,000)
Align oil and gas program authorization	(3,900,000)	0
Remove drinking water declaration of emergency placeholder.....	(100)	0
Unclassified salaries	4,500	1,400
Economic adjustments.....	6,449,200	1,418,100
Total Environment, Great Lakes, and Energy	(\$91,616,600)	(\$94,443,500)
Executive		
Executive office operations	\$162,200	\$162,200
Unclassified salaries	0	0
Economic adjustments.....	0	0
Total Executive.....	\$162,200	\$162,200
Health and Human Services		
Expand Medicaid outpatient hospital HRA payments.....	\$352,646,000	(\$16,708,100)
Traditional Medicaid base and caseload	302,046,400	93,783,100
Medicaid and HMP actuarial soundness (2%).....	140,298,000	39,053,100
Expansion Medicaid base and caseload	103,000,000	10,300,000
Expand MiDOCS GME consortium.....	83,520,000	20,130,000
Medicaid behavioral health actuarial soundness (2%)	49,509,000	17,783,700
HMP behavioral health base and caseload	42,157,000	4,215,700
Healthy Moms, Healthy Babies initiative.....	37,519,600	17,591,500
Autism services base and caseload	35,835,800	12,872,200
AIDS medications private and Federal adjustments.....	32,750,000	0
Medicaid behavioral health base and caseload.....	27,003,600	9,699,700
Child care fund base and caseload	26,069,600	35,564,300
Replacement of MiSACWIS (24.0 FTEs).....	20,623,600	12,216,100
Long term care counseling services (4.0 FTEs)	20,250,000	8,500,000
Fed. reimbursement for tribal pharmacy (2.0 FTEs).....	17,150,000	75,000
Foster care child caring institution rate increase	14,400,000	9,347,900
Foster care payments base and caseload.....	12,482,600	10,464,300
One-time: Opioid response services.....	12,250,000	10,000,000
Social determinants of health funding (4.0 FTEs)	11,650,000	7,100,000

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Health and Human Services (continued)		
Autism services actuarial soundness (6%)	\$11,491,000	\$4,127,600
Food assistance program reinvestment (6.0 FTEs)	10,466,000	10,466,000
One-time: Lead poisoning prevention fund	10,000,000	10,000,000
Increase Medicaid private duty nursing rates 25%	8,656,300	3,109,300
Recognition of local public health funding from K-12	8,442,700	0
Changes in Federal authorization	6,942,900	0
HMP behavioral health actuarial soundness (2%)	6,515,000	651,500
Assessments for foster care residential treatment	5,165,700	3,786,500
Shift reduced CMH local match to CMH line	5,096,000	900
More staff at State psychiatric facilities (60.0 FTEs)	5,000,000	5,000,000
Behavioral health redesign (16.0 FTEs)	5,000,000	3,000,000
Creation of Medicaid transformation office	5,000,000	2,500,000
Medicaid special financing adjustments	4,589,400	361,300
New CPS legal representation programs	4,263,300	0
West Mich. partnership for children rate increase	3,200,000	2,240,000
Civil monetary penalty contracts	2,600,000	0
One-time: First responder mental health	2,500,000	2,500,000
Dental screenings/oral health initiative	2,000,000	2,000,000
Nursing home PAS/ARR-OBRA cost increase	1,631,100	407,700
Newborn screening fee COLA increase	1,516,200	0
Transfer in campus sexual assault program (DSP)	1,321,000	1,321,000
Children's spec. health care base and caseload	1,128,400	(4,328,800)
Recognize additional gambling prevention revenue	1,000,000	0
Non-state owned building lease adjustments	866,300	671,400
Electronic visit verification staff/admin. (8.0 FTEs)	814,000	407,000
Increased Health Endowment Fund revenue in MSA	750,000	0
Inflation at State psychiatric facilities	515,000	446,800
Increase in private aging services revenue	500,000	0
Increase in Attorney General Wayne County contract	352,500	257,200
Private grant from Kresge Foundation	250,000	0
License plate revenue in cancer prevention line	200,000	0
Raise the age staffing adjustments (1.0 FTE)	139,800	103,000
State disability assistance base and caseload	119,900	1,563,100
Increase in medical marihuana revenue	78,700	0
Technical adjustments to State Psych DSH funding	100	(7,409,200)
Replace Medicaid Trust Fund revenue with GF	0	39,000,000
Change in Title XXI match rate (86.34% to 74.86%)	0	28,196,500
Annualize 90.0% expansion Medicaid match rate	0	22,488,300
Replace unavailable Merit Award funding with GF	0	16,000,000
Replace expiring HICA revenue with GF	0	7,245,400
Replace unavailable HMF revenue with GF	0	4,900,000
Higher base Medicaid match (64.06% to 64.08%)	0	(2,161,000)
Recognize CSHCS parent fee revenue	0	(500,000)
One-time: Removal of FY 20 projects (-10.0 FTEs)	(199,255,700)	(67,714,800)
Single PDL for Medicaid/independent pharmacy dispensing fee	(182,900,000)	(45,774,800)
Food assistance program base and caseload	(174,652,700)	0
Nursing facility rate redesign	(84,354,100)	(30,300,000)
Third party liability collaboration savings	(49,721,600)	(17,860,000)
Prevention of foster care adjustments (10.0 FTEs)	(7,619,800)	(2,333,200)
Child support operations reduction	(3,900,000)	(1,326,000)
Adoption subsidies base and caseload	(3,374,800)	(681,300)
Family independence program base and caseload	(3,023,100)	(2,227,600)
Remove foster care relative licensure funds	(2,250,000)	(800,000)

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Health and Human Services (continued)		
Adjustments tied to EO 2019-13 (MRS, CIL).....	(\$2,015,600)	\$200,200
End of non-emergency transportation contracts.....	(1,774,900)	(637,500)
Remove vacancies from OIG (-10.0 FTEs)	(1,303,100)	(671,900)
Remove FY 20 state opioid recovery grants.....	(1,200,000)	(1,200,000)
Remove FY 20 increase for loan repayments	(1,000,000)	(1,000,000)
Reduction in outstate dental clinic funding	(1,000,000)	(1,000,000)
Remove FY 20 funding for Strong Beginnings	(1,000,000)	(1,000,000)
Supplemental security income base and caseload	(857,400)	(857,400)
Family support subsidy base and caseload.....	(487,300)	0
Remove vacancies from family health services unit.....	(260,000)	(260,000)
Change in sexually transmitted disease funding	(250,000)	(250,000)
Transfer Maxey School facility manager to DOC	(106,700)	(106,700)
Technical adjustments to critical access hospitals	(74,300)	43,100
Guardianship assistance base and caseload	(5,400)	(181,300)
Remove remaining court guardian funding.....	(1,100)	(1,100)
Remove FY 20 child advocacy center increase	(100)	(100)
Remove remaining CASA funding	(100)	(100)
Make Flint drinking water funding ongoing	(100)	(100)
Unclassified salaries	6,400	1,000
Economic adjustments.....	53,891,600	34,687,300
Total Health and Human Services.....	\$790,782,600	\$319,087,700
Higher Education		
University operations - 2.5% across the board increase	\$36,521,800	\$36,521,800
Michigan student loan refinance program - one-time	10,000,000	10,000,000
Tuition incentive program increase.....	9,000,000	9,000,000
MPSERS UAL stabilization payment.....	6,678,000	0
MSU AgBioResearch operations increase	873,400	873,400
MSU Extension operations increase.....	753,400	753,400
Michigan tuition grants - fund shift TANF to GF/GP	0	12,000,000
Michigan tuition grants projected cost alignment.....	(\$6,000,000)	0
Tuition incentive program tuition cap savings.....	(5,342,000)	(5,342,000)
MPSERS normal cost offset	(34,000)	0
Total Higher Education.....	\$52,450,600	\$63,806,600
Insurance and Financial Services		
Discontinuation of Healthy Michigan Plan report.....	(\$150,000)	(\$150,000)
Unclassified salaries	4,400	0
Economic adjustments.....	1,398,500	0
Total Agriculture and Rural Development.....	\$1,252,900	(\$150,000)
Judiciary		
Direct trial court automation support revenue increase	\$920,500	\$0
Louisiana v. Montgomery compliance - one-time to ongoing	39,200	39,200
Judicial tenure commission - one-time to ongoing	0	0
Pretrial risk assessment - one-time to ongoing.....	0	0
Supreme Court website upgrade - one-time.....	(1,475,000)	(1,475,000)
Problem solving courts expansion - one-time.....	(400,000)	(400,000)
Unclassified salaries	0	0
Economic adjustments.....	4,563,600	4,226,500
Total Judiciary.....	\$3,648,300	\$2,390,700

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Labor and Economic Opportunity		
Going Pro program restoration	\$27,920,700	\$27,920,700
Business attraction and community revitalization	20,620,100	(10,379,900)
Pure Michigan program restoration	15,000,000	15,000,000
Nature, science, and culture experience grant	10,000,000	10,000,000
First responders presumed coverage claims	3,750,000	(250,000)
Executive order 2019-13 technical adjustments	2,570,100	118,200
Centers for independent living	2,000,000	2,000,000
Postsecondary best practice grants	1,000,000	1,000,000
Focus: HOPE	0	0
Technical revenue adjustment	(7,753,900)	0
Removal of grants	(1,250,100)	(1,250,100)
Placeholder removal	(600)	(200)
Unclassified salaries	6,100	600
Economic adjustments	4,222,100	401,900
Total Labor and Economic Opportunity	\$78,084,500	\$44,561,200
Legislature		
Independent Citizens Redistricting Commission	\$1,409,000	\$1,409,000
House 2% increase	1,393,600	1,393,600
Senate 2% increase	988,500	988,500
Auditor General 3% increase	778,100	533,700
Property Management 2% increase	416,000	416,000
Legislative Council 2% increase	366,300	366,300
State Capitol Historic Site 2% increase	239,900	141,200
Legislative Retirement System 2% increase	148,100	123,600
Total Legislature	\$5,739,500	\$5,371,900
Licensing and Regulatory Affairs		
MIDC grants increase	\$36,467,800	\$36,467,800
Michigan Saves green bank reserve fund	\$5,000,000	\$5,000,000
Childcare licensing background checks costs	1,300,000	0
Marijuana Regulatory Agency staffing	1,116,800	0
Corporations, Securities, and Commercial Licensing alignment	925,100	0
Marihuana regulation fund alignment - recreational	302,000	0
Marihuana regulatory fund adjustment - medical	280,000	0
Adult-use marijuana IT funding	250,000	0
Bureau of Fire Services fireworks safety fund	200,000	0
Bureau of Professional Licensing	80,000	0
MIDC grant management IT costs	72,000	72,000
Bureau of Construction Codes shift	0	(100,000)
Adjustments related to LARA and LEO reorganization	(1,096,700)	(141,500)
Urban search and rescue	(600,100)	(600,000)
One-time refugee services database funding	(520,000)	0
Property management restricted fund reduction	(410,300)	0
Technical adjustments	(207,300)	0
One-time marijuana educational materials funding	(10,000)	0
Unclassified salaries	32,000	1,100
Economic adjustments	9,122,700	849,800
Total Licensing and Regulatory Affairs	\$52,304,000	\$41,549,200

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Military and Veterans Affairs		
New armory at Grayling Army Airfield.....	\$18,905,000	\$0
Michigan Job ChalleNGe program.....	2,011,000	0
New veterans homes ongoing costs.....	1,160,800	7,649,000
Technical adjustments to align authorization with revenues	(5,737,700)	0
County Veteran Service Fund.....	(2,000,000)	(2,000,000)
Eliminate board of managers authorization	(400,000)	0
Michigan veterans facility authority - efficiencies.....	(250,000)	(250,000)
Armory maintenance - one-time	(65,100)	(65,100)
Unclassified salaries	8,400	8,400
Economic adjustments.....	6,645,000	1,081,400
Total Military and Veterans Affairs.....	\$20,277,400	\$6,423,700
Natural Resources		
Increase good neighbor authorization	\$8,143,400	\$0
Newberry mass timber building	5,000,000	0
Shooting range development, enhancement, and restoration.....	4,400,000	0
Milliken visitor center.....	2,500,000	2,500,000
Fish hatchery infrastructure improvement	2,500,000	0
Repair and replace aging wildfire equipment.....	1,375,000	0
Michigan conservation corps restoration	1,000,000	1,000,000
Wetland restoration, enhancement, and acquisition.....	1,000,000	0
Improve state park employee retention	567,800	0
Improve sustainability of cedar forests	500,000	0
Local boating infrastructure maintenance and improvements	472,500	0
Minimum wage increase	277,500	0
Increase Belle Isle authorization.....	200,000	0
Increase sportsmen against hunger authorization.....	173,600	0
State boating infrastructure maintenance	27,500	0
Remove wildlife management one-time.....	(2,000,000)	(2,000,000)
State parks repair and maintenance adjustment.....	(1,975,000)	0
Forest development infrastructure adjustment	(1,650,000)	0
Remove wildlife and fisheries health study.....	(200,000)	(200,000)
Other changes	(118,500)	0
Recognize conservation officer travel savings.....	(91,700)	(91,700)
Unclassified salaries	4,400	0
Economic adjustments.....	7,467,000	1,168,800
Total Natural Resources.....	\$29,573,500	\$2,377,100
School Aid		
Foundation allowance increase: 1.5x, \$150-\$225 per-pupil increase	\$290,000,000	\$0
MPSERS	205,866,000	(13,000)
At risk increase	60,000,000	0
Special education - additional 2% reimbursement	60,000,000	0
Federal grants.....	57,300,000	0
Expanded preschool access program	42,000,000	0
School infrastructure grants - one-time.....	40,000,000	40,000,000
State special education - required funding increase.....	39,900,000	0
Great Start Readiness Program per child increase	35,500,000	0
Teacher reimbursement for supplies - one-time.....	25,000,000	0
Three-year average pupil blend for eligible districts	6,000,000	0
Reorganization/cooperation grants - one-time.....	5,000,000	0
Professional development - one-time	5,000,000	0
Bilingual education (increase from \$13m to \$18m).....	5,000,000	0

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
School Aid (continued)		
Literacy essentials (increase from \$1m to \$4m).....	\$3,000,000	\$0
Intermediate school district operations 3% increase	2,074,200	0
Michigan Education Corps	2,000,000	2,000,000
Teacher cadet program.....	1,500,000	0
Promise zone cost increase.....	1,300,000	0
School meal debt forgiveness - one-time	1,000,000	0
10 Cents a Meal.....	1,000,000	0
Fund shift: GF/GP to SAF.....	0	(24,648,700)
Cost adjustments for the foundation allowance	(101,000,000)	0
20% reduction to cyber schools.....	(24,000,000)	0
School safety grants (elimination).....	(10,000,000)	0
Summer school reading programs (elimination).....	(5,000,000)	0
Strict discipline academies (elimination).....	(1,600,000)	0
Dropout recovery (elimination).....	(750,000)	0
Autism intervention (elimination).....	(350,000)	(350,000)
Multisensory education (elimination)	(300,000)	0
Economic adjustments.....	433,300	391,700
Total School Aid.....	\$745,873,500	\$17,380,000
State		
Branch security pilot program	\$790,000	\$790,000
Restoration of GF/GP to replace TACF fund shift	0	4,699,700
GF reduction replaced with enhanced driver license revenue.....	0	(663,200)
Unclassified salaries	3,700	3,700
Economic adjustments.....	4,900,800	805,800
Total State.....	\$5,694,500	\$5,636,000
State Police		
Jail and pretrial incarceration - training.....	\$7,200,000	\$7,200,000
FY 2020-21 trooper recruit school one-time cost	2,509,100	2,509,100
Annualization of FY 2019-20 trooper school costs	2,012,200	2,012,200
OK2SAY administration transfer from AG	906,000	436,400
Fund shift, state services fee fund to GF/GP.....	0	2,900,000
Fund shift, IDG-DTMB to GF/GP.....	0	665,100
Disaster and emergency assistance - boilerplate	(25,235,500)	0
FY 2019-20 trooper recruit school one-time cost	(5,321,600)	(5,321,600)
In-car camera video network - one-time	(2,766,500)	(2,766,500)
Secondary road patrol grant program.....	(2,000,000)	(2,000,000)
Sexual assault initiative - transfer to DHHS.....	(1,321,000)	(1,321,000)
Technical - to align authorization with revenues.....	(489,300)	0
First responder communication network.....	(100)	(100)
Unclassified salaries	3,700	1,600
Economic adjustments.....	6,529,500	4,359,700
Total State Police.....	(\$17,973,500)	\$8,674,900
Technology, Management, and Budget		
IT IDG baseline adjustments	\$59,425,400	\$0
Venture Michigan Fund II voucher purchase	56,300,000	56,300,000
State psychiatric hospitals special maintenance	30,000,000	30,000,000
Advanced persistent cyber threats	20,000,000	20,000,000
Paid parental leave	10,000,000	10,000,000
Green revolving fund.....	5,000,000	5,000,000
Retirement svcs customer relationship mgmt software replacement...	2,100,000	0

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Technology, Management, and Budget (continued)		
Rate changes	\$962,600	\$0
Jacobetti Home for Veterans accounting services transfer from DMVA....	710,000	0
Retirement services customer relationship management.....	400,000	0
MiDeal operations to DTMB budget.....	400,000	0
Retirement services accounting activities.....	400,000	0
Comprehensive risk and information subscription report	110,000	0
Michigan supplier summit	75,000	0
Statewide cost allocation adjustments.....	0	196,500
Procurement adjustments.....	0	(750,000)
2020 census funding.....	(10,000,000)	(10,000,000)
Enterprisewide special maintenance for state facilities	(5,000,000)	(5,000,000)
MPSCS upgrades	(4,948,100)	(4,948,100)
Proposal 2 implementation	(2,000,000)	(2,000,000)
Public private partnership	(1,500,000)	0
Michigan Cyber Command Center funding to MSP.....	(665,100)	(665,100)
Administrative services	(500,000)	(500,000)
Michigan State Police retirement system payments.....	(5,000)	(5,000)
State Administrative Board transfer placeholders	(500)	(500)
Drinking water declaration of emergency placeholder.....	(100)	0
Unclassified salaries	5,100	2,400
Economic adjustments.....	13,080,200	2,916,700
Total Technology, Management, and Budget.....	\$174,349,500	\$100,546,900
Transportation		
County road commissions road and bridge	\$76,171,300	\$0
State trunkline road and bridge.....	74,894,100	0
Cities and villages road and bridge.....	42,468,900	0
Airport improvement program	28,206,500	0
Local federal aid road and bridge	12,187,500	0
Rail operations and infrastructure.....	12,000,000	0
Highway maintenance.....	7,625,600	0
Transit capital.....	7,164,000	0
Marine passenger	5,000,000	0
Service initiatives	3,886,000	0
Rebuilding Michigan office of accountability and transparency.....	3,000,000	0
Program development and delivery	2,400,000	0
Intercity services	2,000,000	0
Detroit metropolitan Wayne County airport.....	1,820,000	0
Interdepartmental grants.....	872,800	0
Restore defined calculations.....	207,300	0
Restore vetoed reporting requirements	122,000	0
Movable bridge	106,800	0
Rail grade separation project - one-time.....	(22,700,000)	(11,999,900)
Debt service	(13,559,800)	0
General fund fixing roads and bridges.....	(13,000,100)	(13,000,100)
Economic development.....	(1,433,500)	0
Carbide dock/Soo Locks project - one-time.....	(1,000,000)	0
Local bridge program	(545,500)	0
Unclassified salaries	4,500	0
Economic adjustments.....	9,966,700	0
Total Transportation.....	\$237,865,100	(\$25,000,000)

Table 37 - continued

GOVERNOR'S FY 2020-21 GROSS AND GF/GP CHANGES TO FY 2019-20		
Budget Area/Line Items	Gov's Changes to FY 2019-20	
	Gross	GF/GP
Treasury - Debt Service		
Great Lakes water quality bond	\$8,828,000	\$8,828,000
Clean Michigan initiative	487,000	487,000
Quality of life bond	85,000	85,000
Total Treasury Debt Service	\$9,400,000	\$9,400,000
Treasury - Operations		
Local climate resilient infrastructure grants	\$40,000,000	\$40,000,000
Marihuana grants	16,650,000	0
Internet and sports betting implementation.....	5,450,000	0
Michigan gaming control board IT upgrade	4,025,000	0
Supervision of the general property tax law.....	2,600,000	2,600,000
Convention facility development fund adjustment	2,531,600	0
Collection system upgrade	2,000,000	2,000,000
Michigan infrastructure council	860,000	610,000
Marihuana administration	725,800	0
State lottery administration	508,700	0
Senior citizen cooperative housing	500,000	500,000
Wrongful imprisonment compensation fund	(5,000,000)	0
Municipal cost sharing grants	(1,250,000)	(1,250,000)
Audit charge revenue adjustment	(241,200)	0
Accounting service center revenue adjustment.....	(150,300)	0
Placeholder removal	(500)	(400)
Unclassified salaries	5,300	3,400
Economic adjustments.....	6,896,600	1,496,500
Total Treasury Operations	\$76,111,000	\$45,959,500
Treasury - Revenue Sharing		
Constitutional state general revenue sharing grants	\$16,469,100	\$0
City, village, and township revenue sharing increase of 2.5%	6,525,600	0
County revenue sharing increase of 2.5%.....	5,680,400	0
County incentive program partial-year payment to Leelanau County	4,100	0
Total Treasury - Revenue Sharing	\$28,679,200	\$0
TOTAL BUDGET AREA CHANGES	\$2,303,441,700	\$604,302,900

APPENDIX

Governor's Recommendation
Highlight Sheets



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	508.0	514.0	6.0	1.2
GROSS	111,417,500	120,349,400	8,931,900	8.0
Less:				
Interdepartmental Grants Received	1,315,700	324,400	(991,300)	(75.3)
ADJUSTED GROSS	110,101,800	120,025,000	9,923,200	9.0
Less:				
Federal Funds	12,636,400	13,129,500	493,100	3.9
Local and Private	101,800	71,300	(30,500)	(30.0)
TOTAL STATE SPENDING	97,363,600	106,824,200	9,460,600	9.7
Less:				
Other State Restricted Funds	41,383,700	43,353,000	1,969,300	4.8
GENERAL FUND/GENERAL PURPOSE	55,979,900	63,471,200	7,491,300	13.4
PAYMENTS TO LOCALS	9,650,000	8,800,000	(850,000)	(8.8)

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$111,417,500	\$55,979,900

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|-------------------|-------------------|
| <p>1. Conservation Reserve Enhancement Program. The Governor recommended \$10.0 million in one-time GF/GP and \$600,000 in ongoing GF/GP in MDARD to reestablish the Conservation Reserve Enhancement Program, a partnership between the State, the Federal government, and MDARD, designed to reduce nonpoint source pollution from crop production. The program, which began in 2000, once affected 76,219 acres, but because of a lack of State matching funds, dwindled to 29,600 acres when the program was suspended in 2016. One-time funds would be used to provide a 50% match required of producers for Federal dollars that would pay the cost of management practices that protect water quality. Federal funds would flow directly to producers to support conservation practices. The Department would use ongoing funds to administer the program and provide education and outreach. Initial goals would be to reduce algal blooms in the Lake Erie basin, and pollution in the Saginaw Bay, the Southeast Michigan River Basin, and Lake Macatawa watersheds.</p> | <p>10,600,000</p> | <p>10,600,000</p> |
| <p>2. Industrial Hemp Pesticide and Plant Pest Management. The Governor recommends 3.0 FTEs and \$602,900 Restricted to support a hemp program within the Pesticide and Plant Pest Management division.</p> | <p>602,900</p> | <p>0</p> |
| <p>3. Industrial Hemp Laboratory and Central licensing. The Governor recommended 2.5 FTE and \$469,000 Restricted to support licensing and testing requirements for industrial hemp regulation per PA 641 of 2018.</p> | <p>469,000</p> | <p>0</p> |

4. Feed and Fertilizer Audit Program. The Governor recommended 4.0 FTEs and \$504,000 Restricted to support auditor positions to monitor industry compliance with statutory reporting requirements.	504,000	0
5. Licensing and Inspection IT System. The Governor recommended \$225,000 Gross, \$15,000 Restricted, \$210,000 GF/GP, to support maintenance and hosting costs for Phase I of a consolidated licensing and inspections system upgrade.	225,000	210,000
6. Cervid Program Licensing. The Governor recommended 1.0 FTE and \$76,900 GF/GP to support chronic wasting disease certification for all breeding herds, per PA 132 of 2019.	76,900	76,900
7. Food and Agriculture Investment Program - Elimination. The Governor recommended the elimination of the \$4.0 million GF/GP grant program.	(4,000,000)	(4,000,000)
8. Elimination of FY 2019-20 One-Time Appropriations. The Governor recommended the elimination of FY 2019-20 one-time appropriations, including \$500,000 GF/GP for Farm Stress Program and \$360,000 Gross, \$210,000 Restricted, \$150,000 GF/GP and 4.5 FTEs for the Industrial Hemp Program.	(860,000)	(650,000)
9. Technical Adjustment to Align Authorization with Revenues. The Governor recommended an adjustment across several budget lines to reflect actual funds received, including a net reduction in Interdepartmental Grants (IDGs) of \$797,300, an increase in Federal funds of \$309,200 a reduction in local funds of \$30,500, and an increase of \$20,000 in Restricted funds.	(498,600)	0
10. Unclassified Salaries. The Governor recommended an increase from \$596,700 GF/GP for FY 2019-20 to \$599,900 GF/GP for FY 2020-21.	3,200	3,200
11. Economic Adjustments. Includes \$1,809,500 Gross and \$1,251,200 GF/GP for total economic adjustments.	1,809,500	1,251,200
Total Changes	\$8,931,900	\$7,491,300
FY 2020-21 Governor's Recommendation	\$120,349,400	\$63,471,200

Boilerplate Changes from FY 2019-20 Year-to-Date:

- 1. Acronyms and Definitions.** The Governor removed definition of "EPA," "FDA," "Fiscal Agencies," "HHS," "LARA," "LCC," "MDEGLE," "MDNR," "MOU," and "Subcommittee", terms currently used throughout FY 2019-20 boilerplate. (Sec. 203)
- 2. Reporting Requirements.** The Governor removed a subsection that required notification when a report has been placed on the Department website. (Sec. 204-2)
- 3. Purchase of Goods and Services.** The Governor amended language that required preferences, all things being equal, to purchase USA, Michigan, and veteran-owned business goods and services, by adding "to the extent possible under MCL 18.1261". (Sec. 205)
- 4. Contractual Services and Supplies in Deprived and Depressed Communities.** The Governor amended language requiring that steps be taken to ensure businesses in deprived and depressed communities compete for State business, by adding "to the extent permissible under the management and budget act". (Sec. 206)
- 5. Out of State Travel Report.** The Governor amended language by adding reference to MCL 18.1217. (Sec. 207)
- 6. Contingency Fund Legislative Transfers.** The Governor amended language to increase the maximum of Federal fund transfers from \$3.0 million to \$5.0 million, increase the maximum for Restricted funds from \$2.0 million to \$6.0 million, and keep the local and private funds limit at \$100,000 that would be eligible for transfer. (Sec. 210)
- 7. Disciplinary Action.** The Governor recommended elimination of this section, which prohibited action against an employee for communicating with legislative staff. (Sec. 215)

8. **Retention of Reports.** The Governor recommended elimination of this section, which requires the Department to receive and retain records. (Sec. 234)
9. **Grant Notification to Legislature.** The Governor recommended elimination of this section, which requires notification of grants to local units of government, institutions of higher education, or nonprofit organizations no less than seven days before grant recipients are notified. (Sec. 302)
10. **Food and Agriculture Investment Program.** The Governor recommended elimination of this section, which provides grant program guidelines for a program the Governor chose not to recommend for FY 2020-21. (Sec. 701)
11. **Farm Stress Program.** The Governor recommended elimination of this section, which provides program guidelines for the \$500,000 GF/GP program the Governor chose not to recommend to fund for FY 2020-21. (Sec. 901 from PA 65 of 2019 - vetoed, and Sec. 302 from PA 154 of 2019)

Date Completed: 2-19-20

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	536.4	534.4	(2.0)	(0.4)
GROSS	105,982,800	106,976,600	993,800	0.9
Less:				
Interdepartmental Grants Received	34,373,000	35,285,800	912,800	2.7
ADJUSTED GROSS	71,609,800	71,690,800	81,000	0.1
Less:				
Federal Funds	9,713,700	9,906,100	192,400	2.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	61,896,100	61,784,700	(111,400)	(0.2)
Less:				
Other State Restricted Funds	20,159,800	20,136,300	(23,500)	(0.1)
GENERAL FUND/GENERAL PURPOSE	41,736,300	41,648,400	(87,900)	(0.2)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$105,982,800	\$41,736,300

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|-------------|-------------|
| 1. Transfer of OK2SAY to Michigan State Police. The Governor transferred all funding and 2.0 FTEs for this program, including administration and outreach/public relations functions, to the MSP. The MSP already operates the 24-hour hotline and would add these functions from the Attorney General. | (1,481,000) | (1,011,400) |
| 2. Elder Abuse Task Force. As a result of the of the Elder Abuse Task Force the Governor provided funding to support three investigators to work on protecting vulnerable seniors from financial abuse. | 387,500 | 387,500 |
| 3. Public Safety Initiative. The Governor reduced funding for this item because of a significant reduction in the backlog of outstanding warrants. The focus of the project was to reduce the backlog in Wayne County, Saginaw, Flint, and Pontiac. | (521,100) | (521,100) |
| 4. Elimination of Remaining \$100 Line Items. The Governor eliminated the 43 line items that remained budgeted at \$100, each of which were unrolled in the original legislatively approved budget. All but \$100 of each of the 43 line items were rolled into the Attorney General line item via Administrative Board action. The FTEs in the 43 line items were restored to the Attorney General line item. | (4,300) | (500) |

5. Economic Adjustments. Includes \$2,612,700 Gross and \$1,057,600 GF/GP for total economic adjustments, of which an estimated \$2,016,700 Gross and \$798,600 GF/GP are for legacy retirement costs (pension and retiree health).	2,612,700	1,057,600
Total Changes	\$993,800	(\$87,900)
FY 2020-21 Governor's Recommendation	\$106,976,600	\$41,648,400

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Litigation Expense Reimbursement.** The **Governor** reinstated previous language that appropriates up to \$1.0 million from litigation expense reimbursements awarded to the State for specific purposes. (**NEW** Sec. 308)
2. **Report on Reimbursements.** Requires the Department to report the total amount of reimbursements received under Section 6 of the State Correctional Facility Reimbursement Act. The **Governor** deleted this language. (Sec. 309a)
3. **Legacy Cost Estimates.** The **Governor** provided the following Legacy Costs estimates for FY 2020-21. Total legacy costs estimated at \$18,984,500. Of that total, \$9,109,000 is for pension-related legacy costs and \$9,875,500 is for retiree health care legacy costs for the fiscal year ending September 30, 2020. (CL Sec. 315)
4. **Notification of Lawsuit Settlements.** Requires the Department to notify the appropriations chairs and fiscal agencies of all lawsuit settlements with a fiscal impact of \$5.0 million or more and not to enter into any lawsuit contrary to the laws of the State. The **Governor** deleted this language. (Sec. 320)
5. **Notification of Lawsuits Against Federal Government.** Requires the Department to notify the chairs of the appropriations subcommittees upon entering into a lawsuit against the Federal government. Requires the Attorney General to appear before the subcommittees within 30 days of filing such a suit upon request of the chairs. The notice includes estimated costs. The **Governor** deleted this language. (Sec. 321)

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	110.0	110.0	0.0	0.0
GROSS	16,388,300	16,787,400	399,100	2.4
Less:				
Interdepartmental Grants Received	298,500	299,800	1,300	0.4
ADJUSTED GROSS	16,089,800	16,487,600	397,800	2.5
Less:				
Federal Funds	2,816,900	2,868,200	51,300	1.8
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,254,200	13,600,700	346,500	2.6
Less:				
Other State Restricted Funds	58,500	58,500	0	0.0
GENERAL FUND/GENERAL PURPOSE	13,195,700	13,542,200	346,500	2.6
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$16,388,300	\$13,195,700
Changes from FY 2019-20 Year-to-Date:		
1. Economic Adjustments. Includes \$399,100 Gross and \$346,500 GF/GP for total economic adjustments, of which an estimated \$299,900 Gross and \$259,000 GF/GP are for legacy retirement costs (pension and retiree health).	399,100	346,500
Total Changes	\$399,100	\$346,500
FY 2020-21 Governor's Recommendation	\$16,787,400	\$13,542,200

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Submission of Complaints to Federal Departments.** The **Governor** removed a requirement that the Department provide notification before submitting a report or complaint to the United States Commission on Civil Rights or other Federal departments. (Sec. 405)
- Museums Support.** The **Governor** removed language appropriating funds to support three museums. (Sec. 411)

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



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Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	414,719,000	433,792,400	19,073,400	4.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	414,719,000	433,792,400	19,073,400	4.6
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	414,719,000	433,792,400	19,073,400	4.6
Less:				
Other State Restricted Funds	414,719,000	433,792,400	19,073,400	4.6
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	414,719,000	433,792,400	19,073,400	4.6

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$414,719,000	\$0
Changes from FY 2019-20 Year-to-Date:		
1. Community Colleges Operations. The Governor included a 2.5% increase in community college operations. The increase would be distributed through the existing performance funding formula developed by the 2016 Performance Indicators Review Task Force. The formula allocates the money as follows: 30% proportional to FY 2019-20 base appropriation, 25% weighted contact hours, 10% performance improvement, 10% performance completion number, 10% performance completion rate, 5% administrative costs, 5% local strategic value, 5% lowest taxable value.	8,091,400	0
2. Michigan Public School Employees' Retirement System (MPSERS) Unfunded Accrued Actuarial Liability (UAAL) Stabilization Payments. The Governor included an increase for this item to reflect an increase in the State's share of costs above the statutory cap. The increase is largely due to updated plan assumptions stemming from the 2018 MPSERS experience study. This change would bring total MPSERS UAAL stabilization payments for community colleges to \$83.9 million.	10,800,000	0
3. MPSERS Normal Cost Offset. The Governor increased this item to a total of \$12.4 million. The increase reflects the continued reduction to the assumed rate of return for MPSERS from 7.05% to 6.8%.	182,000	0
Total Changes	\$19,073,400	\$0
FY 2020-21 Governor's Recommendation	\$433,792,400	\$0

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **FY 2021-22 Anticipated Appropriations.** The Governor removed a section that states intent for FY 2021-22 appropriations and provides an estimate of FY 2021-22 MPSERS costs to be included in the FY 2021-22 budget. (Sec. 201a)
2. **Schedule of Payments to Community Colleges.** The Governor removed language requiring the State Budget Director to notify the House and Senate subcommittees before funds are withheld because of a failure to report certain information as required by statute. (Sec. 206)
3. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a community college for each violation of certain requirements of the Management and Budget Act. (Sec. 208)
4. **Transparency Reporting - Noncompliance Penalty.** The Governor removed language that allows the State Budget Director to withhold monthly payments to community colleges if the colleges do not comply with statutory transparency reporting requirements. The Governor also removed various reporting requirements from this section. (Sec. 209)
5. **Academic Program Partnerships.** The Governor removed a section requiring the Michigan Community College Association, Michigan Independent Colleges and Universities, and the Michigan Association of State Universities to submit a report on academic partnership programs. (Sec. 210f)
6. **Cost Containment.** The Governor removed a section requiring community colleges to pursue various efficiencies in their operations. (Sec. 212)
7. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits on community colleges. (Sec. 220)
8. **Tuition and Fees Report.** The Governor removed language requiring community colleges to include the annual cost of tuition and fees based on a full-time course load of 30 credits in their tuition and fees report. (Sec. 225)
9. **Communication with the Legislature.** The Governor removed a section prohibiting a community college from taking disciplinary action against an employee who communicates with members of the Legislature or their staff. (Sec. 228)
10. **Tuition Restraint.** The Governor included a new section that would make the receipt of performance funding contingent upon keeping increases in tuition and fee rates for the 2020-21 academic year less than 4.25%. (Sec. 231)

Date Completed: 2-19-20

Fiscal Analyst: Josh Sefton



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	13,778.3	13,686.8	(91.5)	(0.7)
GROSS	2,042,261,300	2,081,251,700	38,990,400	1.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	2,042,261,300	2,081,251,700	38,990,400	1.9
Less:				
Federal Funds	5,323,700	5,370,900	47,200	0.9
Local and Private	11,687,200	9,680,600	(2,006,600)	(17.2)
TOTAL STATE SPENDING	2,025,250,400	2,066,200,200	40,949,800	2.0
Less:				
Other State Restricted Funds	45,112,500	45,478,500	366,000	0.8
GENERAL FUND/GENERAL PURPOSE	1,980,137,900	2,020,721,700	40,583,800	2.0
PAYMENTS TO LOCALS	122,635,700	123,880,800	1,245,100	1.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$2,042,261,300	\$1,980,137,900

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|--------------|--------------|
| 1. Elimination of FY 2019-20 One-Time Items. The Governor removed one-time funding totaling \$15.0 million, all General Fund. Funding removed as follows: \$10.4 million for New Custody Staff Training and \$4.6 million for the replacement of electronic monitoring devices and services. | (15,033,900) | (15,033,900) |
| 2. New Custody Staff Training. The Governor provided additional support for the training of 330 new correctional officers annually to alleviate higher than anticipated attrition. | 8,465,800 | 8,465,800 |
| 3. Corizon Health Care Contract Adjustment. The Governor included additional funding for inflationary contract adjustment. The current contract expires in May 2021. | 4,239,500 | 4,239,500 |
| 4. Water Rate Increase. The Governor provided additional funding for increased water rates in Jackson because of new lead and copper rules. Facilities affected include Charles E. Egeler, Parnall, G. Roberts Cotton, and Cooper Street Correctional Facilities. | 575,500 | 575,500 |
| 5. Employee Wellness Enhancements. The Governor provided new funding to support additional employee wellness resources and support services for Department employees. Ideas can be submitted by employees or by worksite. | 500,000 | 500,000 |

<p>6. Green Oaks Training Facility Staff. The Governor transferred 1.0 FTE from DHHS to MDOC to support continued maintenance at the facility, which will become the new training academy for new corrections officers. The facility currently is operated by the DHHS along with the 1.0 FTE that provides maintenance. The MDOC will retain the 1.0 FTE through an interagency agreement between the DHHS and the MDOC for continued maintenance.</p>	109,200	109,200
<p>7. Detroit Detention Center (DDC). The Governor included a negative adjustment for the final year of current contract with the Detroit Detention Center. The Department operates the DDC on behalf of the City of Detroit Police Department; the DDC serves as the initial lock-up for individuals arrested in the City of Detroit.</p>	(2,287,700)	0
<p>8. Special Alternative to Incarceration Program. The Governor included the realization of the full-year savings from the relocation of the Special Alternative to Incarceration Program. Camp Cassidy Lake in Washtenaw County has been the location of this program (male boot camp) for several years; however, participation in this program has declined nearly in half because fewer offenders are eligible for and sentenced to the program. The program will be relocated to the Cooper Street Correctional Facility in Jackson in March 2020, resulting in a reduction of 92.5 FTE positions and \$10.0 million in annual savings.</p>	(10,046,700)	(10,046,700)
<p>9. Economic Adjustments. Includes \$52,468,700 Gross and \$51,774,400 GF/GP for total economic adjustments, of which an estimated \$36,939,300 Gross and \$36,455,500 GF/GP are for legacy retirement costs (pension and retiree health).</p>	52,468,700	51,774,400
<p>Total Changes</p>	\$38,990,400	\$40,583,800
<p>FY 2020-21 Governor's Recommendation</p>	\$2,081,251,700	\$2,020,721,700

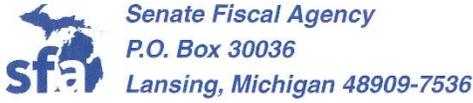
Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Deletions.** The **Governor** proposed to eliminate the following sections from current-year boilerplate: 216, 225, 239, 248, 304, 309, 310, 313 (2), 314, 315, 316, 317, 405, 411, 412, 417, 419(1), 422, 602, 611, 612, 613, 802, 812, 816, 901, 913(2), 940, 943, 944, 1013, and 1100. These deletions include a variety of reporting requirements, record retention requirements, and statements of legislative intent.
2. **Definitions.** Seventeen definitions were eliminated from the bill. These included acronyms that are no longer referenced in the bill, as well as the definitions of "cost per prisoner" and "offender who would likely be sentenced to imprisonment".
3. **Using Internet to File Reports.** The **Governor** expanded definition to include agencies in the definition. (Sec. 204.)
4. **Adding MCL Citations to Various Boilerplate Sections.** The **Governor** added "To the extent possible under MCL XXX" to various boilerplate sections.
5. **Buy American.** The **Governor** rewrote section in a new format but no substantive change. (Sec. 205)
6. **Deprived and Depressed Communities.** The **Governor** eliminated language stating that the Department cannot take disciplinary action against an employee or prisoner for communicating with a legislator or his or her staff. Language replaced with new language requiring the Department to take all reasonable steps to ensure that business in deprived or depressed communities compete for and perform contracts to provide services or supplies, or both. (Sec. 206)
7. **Contingency Funds.** The current budget provided only Federal contingency funds up to \$2.5 million. The **Governor** restored all contingency funds, including increasing the Federal limit to \$10.0 million and providing up to \$10.0 million for State Restricted Funds and up to \$2.0 million each for local or private funds. (Sec. 210)
8. **Updated amounts for Total Legacy Costs.** The **Governor** updated total legacy costs section. The pension-related costs for FY 2020-21 are \$156,416,200 and the retiree health care costs are \$169,578,300. (Sec. 214)

9. **Swift and Sure.** The **Governor** revised the language to state that the Department must provide the State Court Administrative Office with the data sufficient to administer the program rather than assist the Office with compilation of the data. (Sec. 247)
10. **Staff Ratio Report.** The **Governor** eliminated the specific reporting requirements and, instead, stated that the report must be submitted by March 1 and must include the Department's staff retention strategies. (Sec. 302)
11. **Employee Wellness.** The **Governor** eliminated the reporting requirement. The language states only that the Department must maintain an employee wellness programming, including programming focused on PTSD outreach. (Sec. 312)
12. **Offender Success Report.** The **Governor** removed the requirement to report details on planned expenditures and requires only the reporting of previous-year expenditures. (Sec. 402)
13. **Vocational Education Programs.** The **Governor** revised the language to remove the reporting requirement and to state only that the Department must ensure that the program provides relevant professional development opportunities. (Sec. 409)
14. **Community Corrections Comprehensive Plans.** The **Governor** eliminated all language and only retained the per diem reimbursement limit of \$52.50.
15. **Documents for Prisoners.** The **Governor** removed language requiring relevant departments to cooperate with access to documents, such as birth certificates and DDE form 214 for military service, and to require instead that the MDOC facilitate prisoners' access to these records. Also requires the MDOC to retain the prisoner's identification materials in the prisoner's personal file but only if the prisoner provides these documents. (Sec. 418)
16. **Tether Reimbursement Guidelines.** The **Governor** eliminated the requirement for prisoners, probationers, or parolees to reimburse the Department for costs associated with their participation in the program. (Sec. 603)
17. **Residential Alternative to Prison Program.** The **Governor** removed the specific metrics and stated that the Department must measure and set metric goals. (Sec. 617)

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	614.5	615.0	0.5	0.1
GROSS	419,783,700	452,178,600	32,394,900	7.7
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	419,783,700	452,178,600	32,394,900	7.7
Less:				
Federal Funds	315,342,100	344,804,700	29,462,600	9.3
Local and Private	7,929,600	8,111,400	181,800	2.3
TOTAL STATE SPENDING	96,512,000	99,262,500	2,750,500	2.8
Less:				
Other State Restricted Funds	9,300,000	9,815,400	515,400	5.5
GENERAL FUND/GENERAL PURPOSE	87,212,000	89,447,100	2,235,100	2.6
PAYMENTS TO LOCALS	14,517,700	14,267,700	(250,000)	(1.7)

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$419,783,700	\$87,212,000

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|------------|-----------|
| 1. Child Development and Care (CDC) Public Assistance. The Governor increased the program by \$25.7 million Gross and Federal funds to increase the income entry threshold from 130% to 150% of the Federal Poverty Level (FPL). The increase would provide funding for three quarters of FY 2020-21. | 25,725,000 | 0 |
| 2. PBS High Quality Supports. The Governor included \$1.8 million to PBS programming for PBS KIDS, Ready to Learn, and Pre-School U programs to support early childhood education. | 1,800,000 | 1,800,000 |
| 3. CDC External Support. The Governor included \$1.3 million Gross and Federal funds to cover the cost to local child care providers for employee background checks. | 1,300,000 | 0 |
| 4. Camp Tuhsmebeta. The Governor included an additional \$202,000 to Camp Tuhsmebeta for upkeep of the camp's facilities. | 202,000 | 0 |
| 5. Michigan Online Educator Certification System (MOECS) IT System Maintenance. The Governor increased Information Technology funding \$200,000 Gross and Teacher Certification Fees for maintenance of the MOECS. | 200,000 | 0 |
| 6. Educator Excellence. The Governor included an additional \$180,000 Gross and GF/GP to address teacher shortage and retention. | 180,000 | 180,000 |
| 7. Michigan School for the Deaf and Blind. The Governor increased the line by \$112,800 Gross and Restricted to allow Medicaid dollars to be used on eligible students at the school. | 112,800 | 0 |

8. Poet Laureate. The Governor created a Poet Laureate program with 0.5 FTE and \$100,000 to promote poetry, the spoken word, and literary arts.	100,000	100,000
9. CDC Matching Adjustment. The Governor shifted \$597,800 GF/GP to Federal revenue to align with current Federal matching requirements.	0	(597,800)
10. Placeholder Removal. The Governor removed three \$100 placeholders for the three departmental administrative reserve funds.	(300)	0
11. Great Start Operations Rollup. The Governor rolled CDC Contract Services and TEACH Scholarship line items into Great Start Operations.	0	0
12. Economic Adjustments. Includes \$2,775,400 Gross and \$752,900 GF/GP for total economic adjustments, of which an estimated increase of \$1,687,500 Gross and \$503,700 GF/GP are for legacy retirement costs.	2,775,400	752,900
Total Changes	\$32,394,900	\$2,235,100
FY 2020-21 Governor's Recommendation	\$452,178,600	\$89,447,100

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Deleted Reports.** The Governor deleted a number of sections related to reporting/notification requirements. These include 229 (notification when entering into contracts over \$1.0 million), 230 (nonpublic school mandate report), 235 (association/consortium report), 239 (Labor Day study), 325 (Federal and Private grant report), and 1003 (Early Childhood Investment Corporation Report).
- Other Deleted Sections.** The Governor deleted a number of other sections, which include 219 (GSRP identification on kindergarten entry assessments), 222 (protects employees who communicate with the Legislature), 225 (2.5% penalty for failure to award grants in the School Aid Act in time), 227 (1% penalty for failure to report to the Legislature within 30 days), 236 (administrative reserve fund 1), 237 (administrative reserve fund 2), 238 (administrative reserve fund 3), 302 (State Board travel reimbursement cap), 409 (state administrative judge hearing requirement), and 1004 (appropriation to the TEACH Scholarship program).
- Contingency Funds.** The Governor doubled the contingency fund amounts for the Federal, State Restricted, and Private funds. (Sec. 210)
- Extent Permissible.** The Governor included the phrase "to the extent permissible under statute" to the sections related to Buy American, ensuring business in deprived areas, and out-of-State travel. (Secs. 205, 206, 207)
- Hourly Reimbursement Rate.** The Governor removed the CDC hourly reimbursement rate increase. (Sec. 1002)
- Income Entry Threshold.** The Governor increased the CDC income entry threshold level from 130% to 150% of the FPL. (Sec. 1009)
- Educator Excellence.** The Governor included a new section that would appropriate \$180,000 from Educator Excellence to focus on teacher shortage, retention, and diversity in Michigan. (Sec. 508)
- Poet Laureate.** The Governor included a new section that would appropriate \$100,000 to establish a Poet Laureate program to promote poetry, the spoken word, and literacy arts across the State. (Sec. 804)
- PBS Support.** The Governor appropriated \$1.8 million to a community licensed public television station that provides direct services to educators, parents, and informal and formal caregivers to improve school readiness. The appropriation must be focused on reading and literacy, community education camps, and professional development training programs. (Sec. 1102)
- Technical Changes.** The Governor made a number of technical modifications that include date changes, Part 1 appropriations, legacy cost adjustments, and removing legislative intent language. (Secs. 201, 203, 212, 214, 231, 602, 701, 804, 1007, 1008, and 1011)

Date Completed: 2-19-20

Fiscal Analyst: Cory Savino

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,416.0	1,416.0	0.0	0.0
GROSS	614,665,800	523,049,200	(91,616,600)	(14.9)
Less:				
Interdepartmental Grants Received	3,176,600	3,337,700	161,100	5.1
ADJUSTED GROSS	611,489,200	519,711,500	(91,777,700)	(15.0)
Less:				
Federal Funds	175,269,900	171,973,000	(3,296,900)	(1.9)
Local and Private	1,201,800	1,412,800	211,000	17.6
TOTAL STATE SPENDING	435,017,500	346,325,700	(88,691,800)	(20.4)
Less:				
Other State Restricted Funds	266,440,100	272,191,800	5,751,700	2.2
GENERAL FUND/GENERAL PURPOSE	168,577,400	74,133,900	(94,443,500)	(56.0)
PAYMENTS TO LOCALS	19,646,000	37,200,600	17,554,600	89.4

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$614,665,800	\$168,577,400

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|------------|------------|
| 1. Environmental Contamination Rapid Response. The Governor included one-time GF/GP to support the identification, prioritization, and initial abatement of contaminated properties across the State. | 20,000,000 | 20,000,000 |
| 2. Oil and Gas Program Restoration. The Governor included GF/GP to restore GF/GP funding to the Oil and Gas Program. | 4,000,000 | 4,000,000 |
| 3. Renew Michigan Restoration. The Governor included increased Renew Michigan Fund authorization to restore program funding to the amount defined in statute. | 500,000 | 0 |
| 4. Increase MAHS IDG Authorization. The Governor included an adjustment to increase authorization to support additional billings for the Environmental Permit Review Committee from the Department of Licensing and Regulatory Affairs. | 500,000 | 129,000 |
| 5. Increase Workshops and Conferences Authorization. The Governor included an adjustment to align authorization with anticipated revenue from increased conference and workshop fees. | 335,900 | 0 |
| 6. Efficiency and Renewable Energy Revolving Loan Fund. The Governor included authorization for a Restricted fund source received as part of the Executive Order 2019-6 reorganization. This adjustment appropriates a portion of the Fund to accurately charge administrative costs. | 250,000 | 0 |

7. Remediation and Redevelopment Authorization. The Governor included an adjustment to align authorization with anticipated revenue and statutorily allowable uses of funds.	243,900	0
8. Financial Support Transfer. The Governor included a transfer of a portion of the Financial support appropriation to Executive direction and Environmental support.	0	218,000
9. Align Oil and Gas Program Authorization. The Governor included an adjustment to align authorization with anticipated revenue and to account for GF/GP restoration in the Oil and Gas Program.	(3,900,000)	0
10. Cost Allocation Plan. The Governor included adjustments across several administrative line items to align authorization with the Department's updated cost allocation plan.	0	(210,000)
11. Remove FY 2019-20 Supplemental and One-Time Appropriations. The Governor removed FY 2019-20 one-time funding for drinking water protection and innovation initiatives that were not included as part of the Department's base budget.	(120,000,100)	(120,000,000)
12. Other Changes. The Governor included several program transfers and fund shifts with a net zero Gross and GF/GP impact.	0	0
13. Economic Adjustments. Includes \$6,453,700 Gross and \$1,419,500 GF/GP for total economic adjustments, of which an estimated \$4,240,600 Gross and \$922,500 GF/GP are for legacy retirement costs (pension and retiree health).	6,453,700	1,419,500
Total Changes	(\$91,616,600)	(\$94,443,500)
FY 2020-21 Governor's Recommendation	\$523,049,200	\$74,133,900

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Contingency Funds.** The Governor included increased contingency fund authorization allowing the Department to draw down Federal, increased Restricted, and Private contingency funds. (Sec. 210)
2. **Communication with the Legislature.** The Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
3. **Rule Promulgation - Small Business Impact.** The Governor removed a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
4. **Flint Water Crisis Legal Fees.** The Governor removed language directing the use of funds for legal defense of Department employees named in lawsuits or investigations related to the Flint Water Crisis. (Sec. 237)
5. **Report on Fees Charged.** The Governor removed a reporting requirement containing information on all fees charged by the Department, associated revenues, and all State and Federal fund sources used by the Department. (Sec. 238)
6. **Refined Petroleum Fund (RPF) Repayment.** The Governor removed a statement of legislative intent that the \$70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
7. **Refined Petroleum Cleanup Program.** The Governor removed a site list reporting requirement for all refined petroleum product cleanup program projects. (Sec. 306)
8. **Climate and Energy.** The Governor removed language allowing the Department to enter into a memorandum of understanding between the Public Service Commission and the Office of Climate and Energy. (Sec. 601)

9. **Renew Michigan Program.** The Governor included new work project language for the Renew Michigan Program allowing the Department to carry forward program funds. (Sec. 801)
10. **Volkswagen Settlement.** The Governor included new language allowing the Department to receive and expend funds related to the Volkswagen settlement and reporting requirements on related expenditures. (Sec. 901)
11. **Environmental Contamination Rapid Response.** The Governor included new work project language for part 1 one-time environmental contamination response funds allowing the Department to carry forward program funds. (Sec. 1001)
12. **Lead and Copper Rule Implementation.** The Governor removed a section directing allowable uses and grant amounts for the FY 2019-20 one-time Lead and Copper Rule Implementation part 1 appropriation. (Sec. 1001)
13. **PFAS and Emerging Contaminants.** The Governor removed a section directing allowable uses and grant amounts for the FY 2019-20 one-time PFAS and emerging contaminants part 1 appropriation. (Sec. 1002)
14. **Drinking Water Infrastructure Grants.** The Governor removed a section directing allowable uses and grant amounts for the FY 2019-20 one-time drinking water revolving fund loan forgiveness part 1 appropriation. (Sec. 1003)
15. **Affordability and Planning.** The Governor removed a section directing allowable uses and grant amounts for the FY 2019-20 one-time affordability and planning part 1 appropriation. (Sec. 1004)
16. **Private Well Testing.** The Governor removed a section directing allowable uses and grant amounts for the FY 2019-20 one-time private well testing part 1 appropriation. (Sec. 1005)

Date Completed: 2-19-20

Fiscal Analyst: Abbey Frazier



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	79.2	79.2	0.0	0.0
GROSS	7,114,300	7,276,500	162,200	2.3
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	7,114,300	7,276,500	162,200	2.3
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	7,114,300	7,276,500	162,200	2.3
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	7,114,300	7,276,500	162,200	2.3
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$7,114,300	\$7,114,300
Changes from FY 2019-20 Year-to-Date:		
1. Executive Office Increase. The Governor provided an overall 2.5% increase totaling \$162,000, all GF/GP.	162,000	162,000
Total Changes	\$162,000	\$162,000
FY 2020-21 Governor's Recommendation	\$7,276,300	\$7,276,300

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. There is no boilerplate for the Executive Office.

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	15,432.0	15,598.0	166.0	1.1
GROSS	26,358,046,300	27,148,828,900	790,782,600	3.0
Less:				
Interdepartmental Grants Received	13,819,300	13,829,900	10,600	0.1
ADJUSTED GROSS	26,344,227,000	27,134,999,000	790,772,000	3.0
Less:				
Federal Funds	18,306,958,900	18,688,919,000	381,960,100	2.1
Local and Private	289,205,500	341,995,600	52,790,100	18.3
TOTAL STATE SPENDING	7,748,062,600	8,104,084,400	356,021,800	4.6
Less:				
Other State Restricted Funds	2,978,783,900	3,015,718,000	36,934,100	1.2
GENERAL FUND/GENERAL PURPOSE	4,769,278,700	5,088,366,400	319,087,700	6.7
PAYMENTS TO LOCALS	1,566,525,200	1,671,291,600	104,766,400	6.7

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$26,358,046,300	\$4,769,278,700

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|---------------|-------------|
| 1. Medicaid Match and Fund Source Adjustments. Traditional Medicaid match will increase to 64.08%, SCHIP match will drop to 74.86%, and expansion match will be 90.0% for the full year. Shortfalls in Merit Award Trust Fund, Healthy Michigan Fund, and Medicaid Benefits Trust Fund will lead to increased GF/GP costs of almost \$60.0 million. | 0 | 115,669,200 |
| 2. Changes in Federal Authorization. Budget reflected a net increase in available Federal grants. | 6,942,900 | 0 |
| 3. Medicaid Actuarial Soundness Adjustments. Budget included 2.0% actuarial soundness adjustments for all Medicaid physical health and most Medicaid behavioral health along with a 6.0% adjustment for Medicaid autism services. | 207,813,000 | 61,615,900 |
| 4. Medicaid Special Financing Adjustments. Budget included minor adjustments to reflect available special financing mechanisms. | 4,589,500 | (7,047,900) |
| 5. Food Assistance Program Base and Caseload. Budget reflected a continued decline in the FAP caseload. | (174,652,700) | 0 |
| 6. Child Welfare Services Base and Caseload. Budget included adjustments for child welfare caseload accounts, including significant increases in the Foster Care Payments and Child Care Fund lines. | 35,172,000 | 45,166,000 |
| 7. Public Assistance Caseloads. Budget included minor adjustments for public assistance caseloads as the caseloads are relatively flat. | (3,760,600) | (1,521,900) |

8. Medicaid Base and Caseload. Budget included large adjustments for Medicaid programs, including \$302.0 million Gross and \$93.8 million GF/GP for traditional physical health Medicaid, \$145.2 million Gross and \$14.5 million GF/GP for the Healthy Michigan Plan, and \$35.8 million Gross and \$12.9 million GF/GP for Medicaid autism services.	511,171,200	126,541,900
9. Program Increases. Budget included a number of program expansions, including the MiDOCS consortium (\$83.5 million Gross and \$20.1 million GF/GP), the Healthy Moms/Healthy Babies initiative (\$37.5 million Gross and \$17.6 million GF/GP), replacement of the MiSACWIS system (\$20.6 million Gross and \$12.2 million GF/GP), long term care counseling services to provide more direction in placement (\$20.3 million Gross and \$8.5 million GF/GP), and a 25.0% increase in Medicaid reimbursement for private duty nursing services (\$8.7 million Gross and \$3.1 million GF/GP).	277,999,500	103,682,800
10. Program Reductions and Savings. The budget included assumed savings from a number of initiatives, including creating a single preferred drug list for managed care services and retaining increased rebate savings (\$182.9 million Gross and \$45.8 million GF/GP savings), reduced rates to Medicaid health plans under the assumption of greater third party liability savings (\$49.7 million Gross and \$17.9 million GF/GP savings), and a redesign of Medicaid nursing facility rates (\$84.4 million Gross and \$30.3 million GF/GP savings).	(318,750,600)	(94,572,300)
11. Increase in Provider Tax Funded Medicaid Outpatient Hospital Payments. The budget included a 22.0% increase in Medicaid outpatient hospital payment rates with the State share funded through an increase in the hospital provider assessment.	352,646,000	(16,708,100)
12. Removal of FY 2019-20 One-Time Appropriations. The budget reflected the removal of most one-time appropriations from FY 2019-20.	(199,255,700)	(67,714,800)
13. FY 2020-21 One-Time Appropriations. The budget included several new one-time appropriations, including a lead poisoning prevention fund (\$10.0 million Gross and GF/GP) and opioid response services (\$12.3 million Gross and \$10.0 million GF/GP).	24,750,000	22,500,000
14. Other Changes. Other changes result in a small adjustment to the overall budget.	12,220,100	(3,211,400)
15. Economic Adjustments. Includes \$53,898,000 Gross and \$34,688,300 GF/GP for total economic adjustments, of which an estimated \$40,456,000 Gross and \$26,800,000 GF/GP are for legacy retirement costs (pension and retiree health).	53,898,000	34,688,300
Total Changes	\$790,782,600	\$319,087,700
FY 2020-21 Governor's Recommendation	\$27,148,828,900	\$5,088,366,400

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Deletions.** The Governor eliminated the following sections from current year boilerplate: 215, 218, 220, 222, 225, 229, 232, 240, 253, 257, 264, 274, 293, 294, 297, 298, 299, 450, 459, 515, 518, 521, 527, 532, 535, 536, 537, 538, 558, 559, 573, 595, 596, 603, 625, 825, 912, 915, 926, 927, 950, 959, 960, 964, 965, 970, 972, 973, 974, 977, 978, 979, 994, 1053, 1057, 1060, 1141, 1144, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1158, 1228, 1238, 1302, 1303, 1304, 1305, 1307, 1309, 1310, 1312, 1319, 1320, 1340, 1350, 1425, 1502, 1504, 1507, 1508, 1515, 1645, 1646, 1659, 1696, 1730, 1763, 1790, 1791, 1792, 1793, 1800, 1803, 1804, 1805, 1806, 1807, 1812, 1857, 1858, 1867, 1878, 1906, 1908, 1909, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, and 1937.

2. **Renumbering.** The Governor renumbered Sec. 1910 as Sec. 1306, reflecting the movement of Flint Drinking Water Emergency Funding from one-time to ongoing.
3. **Contingency Fund Authorization.** The Governor increased the Federal Contingency Fund limit from \$80.0 million to \$400.0 million, the State restricted contingency fund limit from \$45.0 million to \$90.0 million, the local contingency fund limit from \$5.0 million to \$40.0 million, and the private contingency fund limit from \$2.0 million to \$60.0 million. (Sec. 210)
4. **Legacy Costs.** The Governor modified language to specify legacy costs for FY 2020-21 to include \$172.4 million for pension-related costs and \$186.9 million for retiree health care costs. (Sec. 214)
5. **Child Support Incentive Innovation Program.** The Governor modified language to allow for excess child support incentives to be used for a child support innovation program for grants to counties or to be used by the State for performance-based projects. (Sec. 401)
6. **Child Advocacy Centers.** The Governor removed language that allocated a \$1.0 million grant to child advocacy centers for children who are victims of abuse; \$999,900 of the current year funding was removed as a part of the October 2018 administrative board transfers. (Sec. 450)
7. **Campus Sexual Assault.** The Governor included language and funding to prevent sexual assault at high schools and higher education institutions. (Sec. 460)
8. **Master Contract Changes Report.** The Governor modified language that provided notification when changes to a child welfare master contract template had been made. (Sec. 531)
9. **Unlicensed Relative Licensure Incentives.** The Governor removed language allocated funding to nonprofit private child placing agencies that successfully assisted in licensing a relative foster home. (Sec. 574)
10. **Partial Child Care Fund Reimbursement.** The Governor modified language that described the procedures for the determination of disputed reimbursements for the Child Care Fund. (Sec. 598)
11. **Inappropriate Use of Electronic Benefit Card (EBT).** The Governor revised language associated with disallowed food assistance activity. Revised language refers to "food assistance trafficking" rather than "inappropriate use". (Sec. 672)
12. **Heat and Eat Program.** The Governor retained language supporting a \$20.01 annual standard utility allowance but removed language that allocated \$6,766,800.00 in Federal funding to support the Heat and Eat program. (Sec. 688)
13. **Vehicle Repair Program Limitation.** The Governor removed language that capped vehicle repairs funded through public assistance programs at \$500 (up to \$900 under Department discretion). (Sec. 825)
14. **CMH Funding Using Local Funds as State Match.** The Governor modified language directing the use of local funds as State match for Medicaid mental health funding to remove language stating legislative intent that local funding used to pull down match be phased out over five years and replaced with GF/GP. (Sec. 928)
15. **Executive Order 2019-13.** The Governor removed several language sections to reflect the transfer of Michigan Rehabilitation Services, Centers for Independent Living, Michigan Civil Service Commission, and related administrative funding to the Department of Labor and Economic Opportunity. (Secs. 1152, 1153, 1154, 1155, 1156, and 1158)
16. **Independent Pharmacist Dispensing Fee Increase.** The Governor rewrote existing language to require reimbursement to independent pharmacies include the lesser of a professional dispensing fee comparable to \$3, or the pharmacy's usual customary cash charge. (Sec. 1625)
17. **Hospice Room and Board.** The Governor modified language to require the Department to contract with qualifying hospice residencies that had been enrolled with Medicaid by October 1, 2014, to provide room and board for Medicaid recipients who meet hospice eligibility requirements. (Sec. 1856)
18. **Long-Term Support Service.** The Governor removed language requiring the Department to explore the implementation of a managed care long-term support service. (Sec. 1857)
19. **Single Preferred Drug List.** The Governor included new language requiring the Department to maintain a single, standard preferred drug list to be used by all Medicaid managed care programs. (Sec. 1878)

20. **MiSACWIS Workgroup.** The Governor removed language that provided reports from a workgroup established to recommend successor system to MiSACWIS. (Sec. 1906)
21. **Information Technology Project Prioritization.** The Governor eliminated section that stated intent for investment in information technology be applied to certain public health activities. (Sec .1908)
22. **First Responders Mental Health Grant Program.** The Governor included new language appropriating \$2.5 million to provide grants to behavioral health providers for services to first responders suffering from mental health conditions. (Sec. 1911)
23. **Lead Poisoning Prevention Fund.** The Governor included new language appropriating \$10.0 million to establish a Lead Poisoning Prevention Fund to support loans to landlords and homeowners remediating lead hazards from their property. (Sec. 1913)
24. **Opioid Crisis Response.** The Governor included new language appropriating \$12.2 million to establish a revolving fund to expand Substance use Division (SUD) recovery housing, support criminal justice diversion efforts, provide SUD training to health and child welfare staff, and support data collection efforts to identify best practices to combat the opioid crisis. (Sec. 1918)

Date Completed: 2-19-20

Fiscal Analyst: Ellyn Ackerman, Steve Angelotti, and John Maxwell

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,691,395,000	1,743,845,600	52,450,600	3.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,691,395,000	1,743,845,600	52,450,600	3.1
Less:				
Federal Funds	134,026,400	116,026,400	(18,000,000)	(13.4)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,557,368,600	1,627,819,200	70,450,600	4.5
Less:				
Other State Restricted Funds	349,419,300	356,063,300	6,644,000	1.9
GENERAL FUND/GENERAL PURPOSE	1,207,949,300	1,271,755,900	63,806,600	5.3
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$1,691,395,000	\$1,207,949,300

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|-------------------|-------------------|
| <p>1. University Operations Increase. The Governor included a 2.5% across-the-board increase based on each university's FY 2019-20 operations funding. This item also includes a 2.5% increase for MSU AgBioResearch and Extension.</p> | <p>38,148,600</p> | <p>38,148,600</p> |
| <p>2. Michigan Student Loan Refinance Program. The Governor included \$10.0 million in one-time GF/GP as seed money for a revolving fund that would allow qualifying Michigan residents to refinance up to \$50,000 in student loans at a lower interest rate.</p> | <p>10,000,000</p> | <p>10,000,000</p> |
| <p>3. Michigan Public School Employees' Retirement System (MPSERS) Unfunded Accrued Actuarial Liability (UAAL) Stabilization Payments. The Governor included an increase for this item to reflect an increase in the State's share of costs above the statutory cap. The increase is largely due to updated plan assumptions stemming from the 2018 MPSERS experience study. This change would bring total MPSERS UAAL stabilization payments for universities to \$11.7 million.</p> | <p>6,678,000</p> | <p>0</p> |
| <p>4. MPSERS Normal Cost Offset. The Governor reduced this item to a total of \$1.2 million. The adjustment reflects the continued reduction to the assumed rate of return for MPSERS from 7.05% to 6.8%.</p> | <p>(34,000)</p> | <p>0</p> |

5. Tuition Incentive Program. The Governor included boilerplate that would limit payments to 2.5 times the average rate for in-district tuition at community colleges. This change is estimated to save \$5.3 million. The Governor also included an additional \$9.0 million to reflect an anticipated increase in demand for this program. On net, these changes would bring total funding for the program to \$68.0 million.	3,658,000	3,658,000
6. Michigan Tuition Grant Reduction. The Governor reduced TANF support for this program to align program appropriations with anticipated expenditures. This change would bring total support for the program to \$32.0 million.	(6,000,000)	0
7. Michigan Tuition Grant Fund Shift. The Governor included a \$12.0 million TANF to GF/GP fund shift in this program.	0	12,000,000
Total Changes	\$52,450,600	\$63,806,600
FY 2020-21 Governor's Recommendation	\$1,743,845,600	\$1,271,755,900

Boilerplate Changes from FY 2019-20 Year-to-Date:

- FY 2021-22 Anticipated Appropriations.** The Governor removed a section that states intent for FY 2021-22 appropriations and provides an estimate of FY 2021-22 MPSERS costs to be included in the FY 2021-22 budget. (Sec. 236a)
- Receipt of Federal and Private Funds.** Specifies that Federal and private funds received by the State for use of a college or university are appropriated for the purposes for which they are received. The Governor removed a sentence that specifies that the acceptance of funds does not obligate the Legislature to continue the purposes for which the funds are made available. (Sec. 242)
- Transparency Reporting.** The Governor removed certain transparency reporting requirements as well as language that allows the State Budget Director to withhold monthly payments to universities if they fail to comply with statutory financial transparency requirements. (Sec. 245)
- Michigan Student Loan Refinance Program.** The Governor included a new section establishing this program. (Sec. 248)
- Michigan Student Loan Refinance Fund.** The Governor included a new section establishing this fund. The Fund would receive the \$10.0 million GF/GP included in Sec. 236 for FY 2020-21, as well as the proceeds from refinanced loan payments. (Sec. 248a)
- Michigan Tuition Grants - Institutional Limitation.** The Governor removed language that specifies that the \$4.8 million institutional limit for Tuition Grants does not apply to other financial aid programs. (Sec. 252)
- Tuition Incentive Program - Limit Payment Size.** The Governor included new language that would limit payments made to universities under Phase I of this program to a per-credit payment that does not exceed 2.5 times the average community college in-district tuition rate. (Sec. 256)
- U of M Douglas Lake Biological Station.** The Governor removed a section that designates Douglas Lake a special reserve and states the intent of the Legislature that no State programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake. (Sec. 261)
- Tuition Restraint - Lower Threshold.** The Governor reduced the allowable tuition increase under this section from 4.4% or \$587 to 4.25% or \$586. (Sec. 265)
- Tuition Restraint - Exceeding Limit.** The Governor removed language that restricts a university that exceeds the rate cap from receiving a capital outlay planning or construction authorization, as well as language that specifies that the Legislature may adjust the appropriation to any university that exceeds the rate cap. (Sec. 265)
- Performance Funding.** The Governor changed the name of "performance funding" to "student affordability funding" and replaced the funding formula with an increase of 2.5% for all universities based on their FY 2019-20 operations funding. (Sec. 265a)

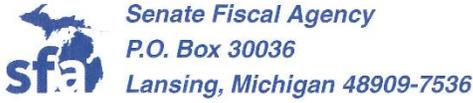
12. **Academic Program Partnerships.** The Governor removed a section requiring the Michigan Community College Association, Michigan Independent Colleges and Universities, and the Michigan Association of State Universities to submit a report on academic partnership programs. (Sec. 265c)
13. **Campus Safety Programs.** The Governor removed a section stating the intent of the Legislature that a portion of State appropriations be used for campus safety, sexual assault prevention programs, and student mental health programs. (Sec. 265e)
14. **Discouraged Instruction Activity.** The Governor removed a section stating the intent of the Legislature that public universities not use State funds to offer instructional activities that target companies or groups of companies for unionization or decertification of a union. (Sec. 271a)
15. **Human Embryonic Stem Cell Research.** The Governor removed a section stating the intent of the Legislature that public and private organizations stem cell research provide certain information to the Director of the Department of Health and Human Services. (Sec. 274)
16. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a community college for each violation of certain requirement of the Management and Budget Act. (Sec. 275a)
17. **Communications with the Legislature.** The Governor removed a section urging universities not to take disciplinary action against employees who communicate with members of the Legislature or their staff. (Sec. 275d)
18. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits of universities as deemed necessary. (Sec. 291)

Date Completed: 2-19-20

Fiscal Analyst: Josh Sefton

Table 1: HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2019-20 Year-To-Date Operations	FY 2019-20 Year-To-Date ITW Reimb.	FY 2019-20 Year-To-Date Appropriation	Formula Adjustments		Other Changes	FY 2020-21 Gov. Rec.	Dollar Change From FY 2019-20	Percent Change	Appropriation Per FYES
				2.5% Across the Board from FY 2019-20 Operations	Total Formula Distribution					
Central	\$87,629,700	\$1,598,100	\$89,227,800	\$2,190,700	\$2,190,700		\$91,418,500	\$2,190,700	2.5%	\$ 4,887
Eastern	77,253,700	302,300	77,556,000	1,931,300	1,931,300		79,487,300	1,931,300	2.5	\$ 5,242
Ferris	55,025,500	1,007,300	56,032,800	1,375,600	1,375,600		57,408,400	1,375,600	2.5	\$ 5,335
Grand Valley	72,313,500	1,075,000	73,388,500	1,807,800	1,807,800		75,196,300	1,807,800	2.5	\$ 3,351
Lake Superior	13,407,000	954,000	14,361,000	335,200	335,200		14,696,200	335,200	2.3	\$ 8,403
Michigan State	287,331,700	1,467,700	288,799,400	7,183,300	7,183,300		295,982,700	7,183,300	2.5	\$ 6,398
Michigan Tech	50,101,600	466,500	50,568,100	1,252,500	1,252,500		51,820,600	1,252,500	2.5	\$ 7,788
Northern	47,809,100	1,100,000	48,909,100	1,195,200	1,195,200		50,104,300	1,195,200	2.4	\$ 7,403
Oakland	53,147,400	285,100	53,432,500	1,328,700	1,328,700		54,761,200	1,328,700	2.5	\$ 3,156
Saginaw Valley	30,583,800	223,900	30,807,700	764,600	764,600		31,572,300	764,600	2.5	\$ 4,254
UM-Ann Arbor	321,970,100	803,500	322,773,600	8,049,300	8,049,300		330,822,900	8,049,300	2.5	\$ 6,941
UM-Dearborn	26,167,000	160,200	26,327,200	654,200	654,200		26,981,400	654,200	2.5	\$ 3,766
UM-Flint	23,616,200	277,000	23,893,200	590,400	590,400		24,483,600	590,400	2.5	\$ 4,022
Wayne State	202,996,700	417,200	203,413,900	5,074,900	5,074,900		208,488,800	5,074,900	2.5	\$ 9,125
Western	111,522,200	767,900	112,290,100	2,788,100	2,788,100		115,078,200	2,788,100	2.5	\$ 6,039
Subtotal University Operations:	\$1,460,875,200	\$10,905,700	\$1,471,780,900	\$36,521,800	\$36,521,800	\$0	\$1,508,302,700	\$36,521,800	2.5%	\$ 5,859
MPERS Reimbursement			\$5,017,000			6,678,000	\$11,695,000	\$6,678,000	133.1%	
MPERS Normal Cost Offset			1,234,000			(34,000)	1,200,000	(34,000)	(2.8)	
MSU AgBioResearch	34,937,300		34,937,300	873,400	873,400		35,810,700	873,400	2.5	
MSU Extension	30,136,100		30,136,100	753,400	753,400		30,889,500	753,400	2.5	
Higher Education Database			200,000				200,000	0	0.0	
Midwest Higher Ed Compact			115,000				115,000	0	0.0	
King-Chavez-Parks			2,691,500				2,691,500	0	0.0	
Total Universities			\$1,546,111,800	\$38,148,600	\$38,148,600	\$6,644,000	\$1,590,904,400	\$44,792,600	2.9%	
School Aid Fund			349,419,300	0	0	6,644,000	356,063,300	6,644,000	1.9	
State GF/GP			\$1,196,692,500	\$38,148,600	\$38,148,600	\$0	\$1,234,841,100	\$38,148,600	3.2%	
Grants and Financial Aid										
State Competitive Scholarships			\$38,361,700				\$38,361,700	\$0	0.0%	
Tuition Grants			38,021,500			(6,000,000)	32,021,500	(6,000,000)	(15.8)	
Tuition Incentive Program (TIP)			64,300,000			3,658,000	67,958,000	3,658,000	5.7	
Children of Veterans & Officer's Tuition			1,400,000				1,400,000	0	0.0	
Project Gear-Up			3,200,000				3,200,000	0	0.0	
Michigan Student Loan Refinance Program - one time			0			10,000,000	10,000,000	10,000,000	N/A	
Total Grants/Financial Aid			\$145,283,200			\$7,658,000	\$152,941,200	\$7,658,000	5.3%	
Federal Higher Ed Act			3,200,000			0	3,200,000	0	0.0	
Federal TANF			130,826,400			(18,000,000)	112,826,400	(18,000,000)	(13.8)	
State GF/GP			\$11,256,800	\$0	\$0	\$25,658,000	\$36,914,800	\$25,658,000	227.9%	
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS			\$1,691,395,000	\$38,148,600	\$38,148,600	\$14,302,000	\$1,743,845,600	\$52,450,600	3.1%	
TOTAL FEDERAL			134,026,400	0	0	(18,000,000)	116,026,400	(18,000,000)	(13.4)	
TOTAL STATE RESTRICTED			349,419,300	0	0	6,644,000	356,063,300	6,644,000	1.9	
TOTAL STATE GF/GP			\$1,207,949,300	\$38,148,600	\$38,148,600	\$25,658,000	\$1,271,755,900	\$63,806,600	5.3%	



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	362.5	382.5	20.0	5.5
GROSS	72,062,800	73,315,700	1,252,900	1.7
Less:				
Interdepartmental Grants Received	723,100	728,600	5,500	0.8
ADJUSTED GROSS	71,339,700	72,587,100	1,247,400	1.7
Less:				
Federal Funds	1,017,600	1,017,100	(500)	(0.0)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	70,322,100	71,570,000	1,247,900	1.8
Less:				
Other State Restricted Funds	70,172,100	71,570,000	1,397,900	2.0
GENERAL FUND/GENERAL PURPOSE	150,000	0	(150,000)	(100.0)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	72,062,800	150,000
Changes from FY 2019-20 Year-to-Date:		
1. Healthy Michigan Plan Report. The Governor removed \$150,000 GF/GP appropriated for the completion of the annual Healthy Michigan uncompensated care report. The report is completed by the DHHS.	(150,000)	(150,000)
2. Economic Adjustments. Includes \$1,402,900 Gross and \$0 GF/GP for total economic adjustments, of which an estimated \$1,106,500 Gross and \$0 GF/GP is for legacy retirement costs (pension and retiree health).	1,402,900	0
Total Changes	\$1,252,900	(\$150,000)
FY 2020-21 Governor's Recommendation	\$1,252,900	(\$150,000)

Boilerplate Changes from FY 2019-20 Year-to-Date:

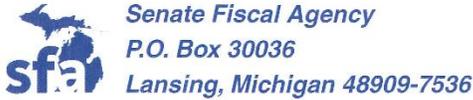
- Out-of-State Travel Report.** The Governor revised the requirements for departmental out-of-State travel reports and removed language specifying the conditions under which travel is permissible. (Sec. 207)
- Contingency Funds Increase.** The Governor increased the amounts appropriated for contingency funds. (Sec. 210)
- Communication with Legislature.** The Governor removed language prohibiting the Department from taking disciplinary action against an employee for communicating with legislative members and/or staff. The Governor declared this language unenforceable in FY 2019-20. (Sec. 216)
- Prohibition on TV and Radio Production Contracts.** The Governor removed language prohibiting the Department from using appropriated funds to contract with third-party vendors for TV and radio productions. (Sec. 217)

5. **Healthy Michigan Accounting Structure.** The Governor removed language requiring the Department to maintain an accounting structure that allows Healthy Michigan expenditures to be identified. (Sec. 218).
6. **Healthy Michigan Report.** The Governor removed language regarding appropriations for the Healthy Michigan report. The Governor removed funding for this report in part 1, as it is completed by the DHHS. (Sec. 219)
7. **Insurance Bureau Fund Expenditures.** The Governor removed language regarding expenditures from the Insurance Bureau Fund that is already reflected in statute. (Sec. 220)
8. **Health Insurance Rate Filings Report.** The Governor removed language requiring the Department to submit a report on annual rate filings from health insurance issuers. (Sec. 301)
9. **Auto Insurance Marketplace Feasibility Study.** The Governor vetoed language in FY 2019-20 requiring the Department to conduct a study of the feasibility of an auto insurance marketplace in Michigan. (Sec. 302)
10. **Anti-Fraud Unit Cost Savings Report.** The Governor vetoed language in FY 2019-20 requiring the Department to produce a report on the savings resulting from the Anti-Fraud Unit. (Sec. 305)
11. **Complaint Report.** The Governor removed language requiring the Department to produce a report on the complaints received by the Office of Consumer Services. (Sec. 306)
12. **Marijuana Banking Guidelines.** The Governor vetoed language in FY 2019-20 requiring the Department to issue an examination manual and letter of guidance to State-chartered financial institutions serving marijuana businesses. (Sec. 307)

Date Completed: 3-11-20

Fiscal Analyst: Elizabeth Raczkowski

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	509.0	512.0	3.0	0.6
GROSS	311,113,500	314,761,800	3,648,300	1.2
Less:				
Interdepartmental Grants Received	1,551,700	1,552,800	1,100	0.1
ADJUSTED GROSS	309,561,800	313,209,000	3,647,200	1.2
Less:				
Federal Funds	5,748,400	5,826,000	77,600	1.3
Local and Private	7,573,800	8,671,100	1,097,300	14.5
TOTAL STATE SPENDING	296,239,600	298,711,900	2,472,300	0.8
Less:				
Other State Restricted Funds	94,796,000	94,877,600	81,600	0.1
GENERAL FUND/GENERAL PURPOSE	201,443,600	203,834,300	2,390,700	1.2
PAYMENTS TO LOCALS	146,351,300	146,684,400	333,100	0.2

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$311,113,500	\$201,443,600

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|-------------|-------------|
| 1. Direct Trial Court Automation Revenue Increase. Additional E-file fee revenue was included to allow for an increased appropriation for this line. | 920,500 | 0 |
| 2. Louisiana v. Montgomery Compliance. The Governor slightly increased this line and moved it from the one-time section to the ongoing section. | 39,200 | 39,200 |
| 3. Judicial Tenure Commission. The Governor moved \$100,000 GF/GP for the Commission from the one-time section to the ongoing section. | 0 | 0 |
| 4. Pretrial Risk Assessment. The Governor moved \$325,700 GF/GP for this project from the one-time section to the ongoing section. | 0 | 0 |
| 5. One-Time Supreme Court Website Upgrade. The Governor removed FY 2019-20 one-time funding for this project. | (1,475,000) | (1,475,000) |
| 6. One-Time Problem Solving Courts Expansion. The Governor removed FY 2019-20 one-time funding for this expansion. | (400,000) | (400,000) |
| 7. Other Changes. The Governor added 7 FTEs to the Statewide E-file system line item. Funding for these FTEs was previously provided in Public Act 56 of 2019, but the FTEs were not added with the supplemental appropriation at that time. | 0 | 0 |

8. Economic Adjustments. Includes \$4,563,600 Gross and \$4,226,500 GF/GP for total economic adjustments, of which an estimated \$1,598,700 Gross and \$1,326,100 GF/GP are for legacy retirement costs (pension and retiree health).	4,563,600	4,226,500
Total Changes	\$3,648,300	\$2,390,700
FY 2020-21 Governor's Recommendation	\$314,761,800	\$203,834,300

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Definitions.** The Governor removed boilerplate definitions for the following terms: "DOJ", "DOT", "HHS", "SADO", "Title IV D", "Title IV E". (Sec. 203)
2. **Disciplinary Action - Removed.** The Governor removed a section prohibiting the Judicial branch from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
3. **Foster Parent Input - Removed.** The Governor removed a section requiring judges to publicly request the input of foster parents during foster care hearings. (Sec. 216)
4. **Explanation of Foster Care Service Plan Changes - Removed.** The Governor removed a section requiring judges to provide an explanation of changes to a foster care family service plan. (Sec. 217)
5. **Interagency Collaboration for Swift & Sure - Removed.** The Governor removed a requirement that the State Court Administrative Office identify programs available for Swift & Sure participants. (Sec. 218)
6. **Report Retention - Removed.** The Governor removed a requirement that the Judicial branch retain copies of all reports funded from appropriations. (Sec. 219)
7. **Reporting on the Parental Rights Restoration Act - Removed.** The Governor removed a report requiring the State Court Administrator to report on the number of petitions filed and granted of minors seeking a waiver of parental consent. (Sec. 312)
8. **Pretrial Risk Assessment Tool.** The Governor amended a reporting requirement, removing some additional reporting requirements that were added by the Legislature for FY 2019-20. (Sec. 316)
9. **Swift and Sure Sanctions Program.** The Governor amended a reporting requirement, removing subsections (2)(e) and (2)(f) that were added by the Legislature for FY 2019-20. (Sec. 320)
10. **One-Time Removals.** The Governor removed both one-time boilerplate sections from FY 2019-20. One section provided direction on spending for *Louisiana v. Montgomery* compliance (Sec. 402) and the other directed the creation of a pilot program within a veteran court to perform saliva testing for medication compliance. (Sec. 403)

Date Completed: 2-19-20

Fiscal Analyst: Michael Siracuse



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,531.4	2,533.4	2.0	0.1
GROSS	1,307,357,100	1,385,441,600	78,084,500	6.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,307,357,100	1,385,441,600	78,084,500	6.0
Less:				
Federal Funds	956,759,300	953,506,000	(3,253,300)	(0.3)
Local and Private	12,215,700	12,217,800	2,100	0.0
TOTAL STATE SPENDING	338,382,100	419,717,800	81,335,700	24.0
Less:				
Other State Restricted Funds	196,073,800	232,848,300	36,774,500	18.8
GENERAL FUND/GENERAL PURPOSE	142,308,300	186,869,500	44,561,200	31.3
PAYMENTS TO LOCALS	37,598,800	37,863,300	264,500	0.7

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$1,307,357,100	\$142,308,300

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|------------|--------------|
| 1. Going Pro. The Governor restored funding to the Going Pro program at \$27.9 million Gross and GF/GP. | 27,920,700 | 27,920,700 |
| 2. Business Attraction and Community Revitalization. The Governor increased Gross appropriations \$20.6 million and shifted \$10.4 million from GF/GP to 21 st Century Jobs Trust Fund dollars. This would bring FY 2020-21 appropriations to \$100.0 million Gross, \$58.4 million 21 st Century Jobs Trust Fund dollars, and \$41.4 million GF/GP. | 20,620,100 | (10,379,900) |
| 3. Pure Michigan. The Governor restored funding to the Pure Michigan Promotion Program at \$15.0 million Gross and GF/GP. | 15,000,000 | 15,000,000 |
| 4. Nature, Science, and Culture Experience Grants. The Governor created a new competitive grant program at \$10.0 million Gross and GF/GP to promote cultural diversity and nature within the State. | 10,000,000 | 10,000,000 |
| 5. First Responders Presumed Coverage Claims. The Governor replaced \$250,000 Gross and GF/GP with \$4.0 million Gross and Restricted due to dedicated revenue from the enactment of online sports and internet gaming. | 3,750,000 | (250,000) |
| 6. Executive Order (EO) 2019-13 Adjustment. The Governor included \$2.6 million Gross and \$118,200 GF/GP to finalize EO 2019-13. | 2,570,100 | 118,200 |

7. Centers for Independent Living. The Governor included a \$2.0 million Gross and GF/GP increase to the Centers for Independent Living, which would bring total appropriations to \$14.0 million Gross and \$5.7 million GF/GP.	2,000,000	2,000,000
8. Postsecondary Best Practice Grants. The Governor included \$1.0 million Gross and GF/GP for a competitive grant program to promote the implementation of best practices for college completion in higher education.	1,000,000	1,000,000
9. Focus: HOPE. The Governor continued a supplemental appropriation of \$1.0 million Gross and GF/GP to Focus: HOPE.	0	0
10. Technical Revenue Adjustments. The Governor included a \$7.8 million Gross reduction to various line items to align with Federal and restricted revenue projections.	(7,753,900)	0
11. Special Grants. The Governor eliminated \$500,000 to Alpena Community College, \$250,000 to Belleville Seawall Project, \$250,000 to Saginaw County Community Corrections, and \$250,100 for blight elimination.	(1,250,100)	(1,250,100)
12. Placeholders. The Governor eliminated six \$100 placeholders throughout the budget.	(600)	(200)
13. Economic Adjustments. Includes \$4,228,200 Gross and \$402,500 GF/GP for total economic adjustments, of which an estimated \$3,507,300 Gross and \$319,800 GF/GP is for legacy retirement costs (pension and retiree health).	4,228,200	402,500
Total Changes	\$78,084,500	\$44,561,200
FY 2020-21 Governor's Recommendation	\$1,385,441,600	\$186,869,500

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Deleted Reports.** The Governor deleted a number of sections related to reporting/notification requirements, which include 216 (retention of all reports), 990 (MSHDA report), 1004 (MSF statutory report), 1006 (Business Attraction amendment report), 1033 (Michigan Film Office activity report), 1065 (Going Pro award report), and a report that was transferred from the DHHS budget on improvements to Michigan Rehabilitation Services.
- Other Deleted Sections.** The Governor deleted a number of other sections, which include 217 (fund expenditure prioritization), 218 (protects employees who communicate to the Legislature), 221 (policy change report), 983 (MSF/MSHDA restriction on appropriations for broadband), 984 (use of SIGMA), 998 (blight elimination program), 1013 (private fundraising restriction), 1041 (limit amount of Business Attraction and Community Revitalization transfers), 1047 (Michigan enhancement grants), 1048 (deposit into the Rural Jobs and Capital Investment Fund), 1053 (Pure Michigan conference support), 1067 (Going Pro Talent Fund), 1070 (Graduation Alliance), 1071 (Jobs for Michigan's Graduates Program), 1072 (High School Equivalency-to-School Program), 1073 (GED-to-School work projects), 1079 (TANF requirements), 1080 (Community Ventures); deleted a section from the DHHS budget on appropriations to match Federal funds for community-based rehabilitation organizations; and deleted a section from the LARA budget on restricting appropriation to the various commissions to events directly related to the mission statement of that commission.
- Contingency Fund.** The Governor doubled the contingency fund amount for each fund source. (Sec. 201)
- Extent Permissible.** The Governor included the phrase "to the extent permissible under statute" to the sections related to Buy American, ensuring business in deprived areas, and out-of-state travel. (Sec. 205, 206, 207)
- Arts and Cultural Program.** The Governor removed the restriction on Arts and Cultural Program appropriations from being used for administration of the program. (Sec. 1035)
- Healthy Michigan Job Training Report.** The Governor modified the Healthy Michigan job training report from monthly to biannually.
- Vocational Rehabilitation Appropriations.** The Governor removed the \$50,000 appropriation for vocational rehabilitation services for agricultural workers and modified "shall" to "may". (Sec. 1082)

8. **Office of Global Michigan Report.** The Governor modified the Office of Global Michigan report to include a description of major programs and activities and the number of individuals served in each program, the number of job seekers and employers that have been served, and a description of activities the office conducted to attract international, advanced degree, and entrepreneurial talent. (Sec. 1090)
9. **Pure Michigan Promotion Program.** The Governor included a new section that allows the appropriation of additional revenue received by the Pure Michigan promotion campaign. (Sec. 1006)
10. **Postsecondary Best Practices Grants.** The Governor included a new program that allocates funds to community colleges, public universities, and independent nonprofit colleges that implement best practices identified by Complete College America to improve graduation rates. (Sec. 1091)
11. **Focus: HOPE.** The Governor included a new section that appropriated \$1.0 million to Focus: HOPE for education and workforce development. (Sec. 1092)
12. **Nature, Science, and Cultural Experiences Program.** The Governor included a new section that created the Nature, Science, and Cultural Experiences Grant program under the Michigan Council for Arts and Cultural Affairs. The section requires the criteria to be posted by December 1, that awards be made by April 15, the posting the complete list of awardees, and a status report from all award recipients. (Sec. 1093)
13. **Technical Changes.** The Governor made a number of technical modifications that include date changes, changes in Part 1 appropriations, legacy cost adjustments, and name changes because of EO 2019-13. (Secs. 201, 203, 205, 207, 214, 1050, 1060, 1061, 1062, 1063, 1064, 1066, 1068, and 1083)

Date Completed: 2-19-20

Fiscal Analyst: Cory Savino



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	201,425,900	207,165,400	5,739,500	2.8
Less:				
Interdepartmental Grants Received	6,068,400	6,250,400	182,000	3.0
ADJUSTED GROSS	195,357,500	200,915,000	5,557,500	2.8
Less:				
Federal Funds	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING	194,957,500	200,515,000	5,557,500	2.9
Less:				
Other State Restricted Funds	6,591,200	6,776,800	185,600	2.8
GENERAL FUND/GENERAL PURPOSE	188,366,300	193,738,200	5,371,900	2.9
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$201,425,900	\$188,366,300

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|-----------|-----------|
| 1. Independent Citizens Redistricting Commission. The Governor provided the statutorily required funding for the Commission. The State is required to provide funding equal to 25% of the GF/GP funding for the Department of State. The funding for the Department of State for FY 2020-21 increased by \$5,636,000; thus, an additional \$1.4 million is required for the Commission. | 1,409,000 | 1,409,000 |
| 2. House Increase. The Governor provided a 2% overall increase for the Michigan House of Representatives. | 1,393,600 | 1,393,600 |
| 3. Senate Increase. The Governor provided a 2% overall increase for the Michigan Senate. | 988,500 | 988,500 |
| 4. Legislative Auditor General Increase. The Governor provided a 2% overall increase for the Legislative Auditor General | 778,100 | 533,700 |
| 5. Property Management. The Governor provided an increase totaling \$416,00 that consists of \$247,300 for the Cora Anderson House Building and \$168,700 for the Binsfeld Office Building. | 416,000 | 416,000 |
| 6. Legislative Council Increase. The Governor provided a 2% overall increase for the Legislative Council. | 366,300 | 366,300 |

7. State Capitol Historic Site Increase. The Governor provided an increase totaling \$240,000 that consists of an increase of \$141,300 for General Operations, an increase of \$98,700 for Restoration, Renewal, and Maintenance, and removed the \$100 placeholder for bond/lease obligations.	239,900	141,200
8. Legislative Retirement System Increase. The Governor provided a 2% overall increase for the Legislative Retirement System.	148,100	123,600
Total Changes	\$5,739,500	\$5,371,900
FY 2020-21 Governor's Recommendation	\$207,165,400	\$193,738,200

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Governor:** Moved boilerplate from the FY 2019-20 general sections that applied to all General Government budgets to the Article for the Legislature. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **Legacy Cost Estimates.** The **Governor** provided the following Legacy Costs estimates for FY 2020-21: Total legacy costs estimated at \$31,774,700. Of that total, \$15,245,800 is for pension-related legacy costs and \$16,528,900 is for retiree health care legacy costs for the fiscal year ending September 30, 2021. (CL Sec. 615)
3. **Legislative Auditor General Audit of Judicial Branch.** Current law requires the Legislative Auditor General to conduct an audit of the Judicial branch. The **Governor** added the Legislature and Executive Office to the list of audits that must be conducted by the Legislative Auditor General. (Sec. 620)
4. **Confidential Information.** Legislative intent language allowing the Legislative Auditor General to access and examine confidential information and to remain subject to the same duty of confidentiality imposed by law. The **Governor** deleted the language. (CL Sec. 625)
5. **Performance Audit of MDOT.** The **Governor** deleted language requiring the Legislative Auditor General to conduct a performance audit of MDOT's use and procurement of contract consultants for evaluating construction material and specifications. (CL Sec. 626)

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,819.9	1,827.9	8.0	0.4
GROSS	435,285,600	487,589,600	52,304,000	12.0
Less:				
Interdepartmental Grants Received	44,225,300	46,664,600	2,439,300	5.5
ADJUSTED GROSS	391,060,300	440,925,000	49,864,700	12.8
Less:				
Federal Funds	28,125,600	28,823,700	698,100	2.5
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	362,934,700	412,101,300	49,166,600	13.5
Less:				
Other State Restricted Funds	251,328,300	258,945,700	7,617,400	3.0
GENERAL FUND/GENERAL PURPOSE	111,606,400	153,155,600	41,549,200	37.2
PAYMENTS TO LOCALS	102,451,400	137,967,400	35,516,000	34.7

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	435,285,600	111,606,400

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|------------|------------|
| 1. Michigan Indigent Defense Commission (MIDC) Grants. The Governor increased grant funding by \$36.5 million GF/GP to reflect approved costs of local compliance plans for Standards 1-4. | 36,467,800 | 36,467,800 |
| 2. Michigan Saves Green Banking Grant. The Governor included \$5.0 million in one-time GF/GP funding for a grant to Michigan Saves, a green bank, to incentivize loans to businesses and individuals for energy-efficiency and renewable energy projects. | 5,000,000 | 5,000,000 |
| 3. Rightsizing of Marijuana Programs. The Governor included an additional \$1.7 million in restricted funds and 8.0 FTEs for right-sizing and expenditure alignments within the Marijuana Regulatory Agency. | 1,698,800 | 0 |
| 4. Childcare Licensing Background Checks. The Governor appropriated an additional \$1.3 million in IDG funding for staff background checks at licensed childcare centers. | 1,300,000 | 0 |
| 5. Corporation, Securities, and Commercial Licensing Bureau. The Governor included an additional \$925,100 in restricted funds to reflect anticipated expenditures by the Bureau. | 925,100 | 0 |
| 6. IT Support. The Governor included \$250,000 from the Marijuana Regulation Fund to support LARA's IT needs. | 250,000 | 0 |
| 7. Fireworks Safety Enforcement. The Governor authorized a \$200,000 increase for the Fireworks Safety Fund to align appropriations with enforcement-related expenditures. | 200,000 | 0 |

8. Bureau of Professional Licensing. The Governor increased restricted spending by \$80,000 to reflect increased legal and enforcement costs due to Bureau activities.	80,000	0
9. MIDC Grant Management System. The Governor added \$72,000 GF/GP to support IT costs for the MIDC's grant management system.	72,000	72,000
10. Executive Order 2019-13. The Governor included adjustments related to the transfer of programs from LARA to LEO.	(1,096,700)	(141,500)
11. Removal of Urban Search and Rescue. The Governor removed funding for the Urban Search and Rescue program.	(600,100)	(600,000)
12. Removal of FY 2019-20 One-Times Funding. The Governor removed \$530,000 in one-time funding that was included for FY 2019-20.	(530,000)	0
13. Property Management Reduction. The Governor reduced the Property Management line item by \$410,300 in restricted funds to align appropriations with expected expenditures.	(410,300)	0
14. Technical Adjustments. The Governor included technical adjustments to align IDGs with expenditures and adhere to statutory caps on certain programs.	(207,300)	0
15. Bureau of Construction Codes. The Governor replaced \$100,000 in GF/GP funding with restricted funding from the Construction Code Fund.	0	(100,000)
16. Economic Adjustments. Includes \$9,154,700 Gross and \$850,900 GF/GP for total economic adjustments, of which an estimated \$6,420,400 Gross and \$696,700 GF/GP is for legacy retirement costs (pension and retiree health).	9,154,700	850,900
Total Changes	\$52,304,000	\$41,549,200
FY 2020-21 Governor's Recommendation	\$52,304,000	\$41,549,200

Boilerplate Changes from FY 2019-20 Year-to-Date:

- 1. Out-of-State Travel Report.** The Governor revised the requirements for departmental out-of-state travel reports and removed language specifying the conditions under which travel is permissible. (Sec. 207)
- 2. Contingency Funds Increase.** The Governor increased the amounts appropriated for contingency funds. (Sec. 210)
- 3. Communication with Legislature.** The Governor removed language prohibiting the Department from taking disciplinary action against an employee for communicating with legislative members and/or staff. The Governor declared this language unenforceable in FY 2019-20. (Sec. 216)
- 4. Prohibition on TV and Radio Production Contracts.** The Governor removed language prohibiting the Department from using appropriated funds to contract with third-party vendors for TV and radio productions. (Sec. 217)
- 5. Healthy Michigan Accounting Structure.** The Governor removed language requiring the Department to maintain an accounting structure that allows Health Michigan expenditures to be identified. (Sec. 220)
- 6. Complaint Reporting.** The Governor consolidated complaint reporting boilerplate into a single section (Sec. 514), resulting in the removal of Sec. 226. (Secs. 226, 514)
- 7. Employee Monitoring Best Practices.** The Governor removed a section requiring the Department to establish an employee monitoring process and submit a report on the same. (Sec. 227)
- 8. Michigan Liquor Control Commission (MLCC) Investigations.** The Governor modified language to expand the MLCC's investigative scope and removed reporting and notification requirements. (Sec. 401)

9. **Marijuana Programs Reporting.** The Governor consolidated several boilerplate sections to require a single comprehensive annual report on all programs administered by the Marijuana Regulatory Agency. (Sec. 505)
10. **Residential Detoxification Programs.** The Governor removed a section requiring residential detoxification programs to meet certain national standards. The Governor declared this language unenforceable in FY 2019-20. (Sec. 515)
11. **MIDC Local Compliance.** The Governor removed language making local systems' compliance dependent on legislative appropriations. This is already required by Public Act 214 of 2018. (Sec. 904)
12. **Michigan Saves Grant.** The Governor included new language specifying criteria related to the \$5.0 million grant for Michigan Saves appropriated in part 1. (Sec. 1002)
13. **Programs Transferred to LEO.** The Governor removed several boilerplate sections pertaining to programs which were moved to the Department of Labor and Economic Opportunity by Executive Order 2019-13 in FY 2019-20.

Date Completed: 2-19-20

Fiscal Analyst: Elizabeth Raczkowski

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	924.5	1,052.5	128.0	13.8
GROSS	204,065,100	224,342,500	20,277,400	9.9
Less:				
Interdepartmental Grants Received	101,800	101,800	0	0.0
ADJUSTED GROSS	203,963,300	224,240,700	20,277,400	9.9
Less:				
Federal Funds	106,177,200	123,626,100	17,448,900	16.4
Local and Private	630,000	630,000	0	0.0
TOTAL STATE SPENDING	97,156,100	99,984,600	2,828,500	2.9
Less:				
Other State Restricted Funds	23,908,600	20,313,400	(3,595,200)	(15.0)
GENERAL FUND/GENERAL PURPOSE	73,247,500	79,671,200	6,423,700	8.8
PAYMENTS TO LOCALS	4,315,000	2,136,500	(2,178,500)	(50.5)

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$204,065,100	\$73,247,500

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|------------|-----------|
| 1. National Guard Readiness Center - Grayling Army Airfield. The Governor recommended the construction of a new National Guard armory/readiness center for Camp Grayling, to be funded 100% with Federal funds. | 18,905,000 | 0 |
| 2. New Veterans Homes Ongoing Costs. The Governor recommended an adjustment (\$1,160,800 Gross, a negative \$5,856,300 Federal, a negative \$631,900 Restricted, and a positive of \$7,649,000 GF/GP) to reflect the coming ongoing operating costs of new State veterans homes in Grand Rapids and Chesterfield Township, which are projected to open in FY 2020-21. The Governor also recommended adding 115.0 FTEs to reflect opening of Chesterfield Township Home. | 1,160,800 | 7,649,000 |
| 3. Michigan Job Challenge Program Funding Adjustment. The Governor recommended properly aligning program with available Federal funds of \$2,011,000 and necessary authorization for 18.0 FTEs. | 2,011,000 | 0 |
| 4. Grand Rapids Home for Veterans Transition Costs - Shift to One-Time Appropriations. The Governor recommended shifting appropriations of \$13,233,000 GF/GP for the transitional costs of moving operations from current home to new facility to one-time appropriation status. | 0 | 0 |

5. Elimination of FY 2019-20 One-Time Appropriations. The Governor recommended the elimination of one-time funding for Armory Maintenance of \$65,100 GF/GP, leaving an ongoing appropriation of \$1.0 million for maintenance.	(65,100)	(65,100)
6. Michigan Veterans Facility Authority - Efficiencies. The Governor recommended a reduction to reflect efficiencies stemming from a position vacancy that would go unfilled and a decision to hold less frequent Board meetings.	(250,000)	(250,000)
7. Board of Managers - Elimination of Funding. The Governor recommended the elimination of Restricted funding for the current veterans homes Board of Managers, and the shifting of all Board funds and responsibilities to the Michigan Veterans Homes Administration line.	(400,000)	0
8. County Veteran Service Fund Reduction. The Governor recommended a reduction of \$2.0 million GF/GP for the grant program for County veterans service offices, leaving a total recommended appropriation of \$2.0 million GF/GP for FY 2020-21.	(2,000,000)	(2,000,000)
9. Technical Adjustment to Align Authorization with Revenues. The Governor recommended an adjustment across several budget lines to reflect actual funds received, reducing Federal funds authorization by \$2,576,000 and Restricted by \$3,161,700. The Governor also recommended the reduction of 5.0 FTEs to reflect transfer of accounting services personnel to the DTMB.	(5,737,700)	0
10. Unclassified Salaries. The Governor recommended an increase from \$1,558,300 GF/GP for FY 2019-20 to \$1,566,700 GF/GP for FY 2020-21.	8,400	8,400
11. Economic Adjustments. Includes \$6,645,000 Gross and \$1,081,400 GF/GP for total economic adjustments.	6,645,000	1,081,400
Total Changes	\$20,277,400	\$6,423,700
FY 2020-21 Governor's Recommendation	\$224,342,500	\$79,671,200

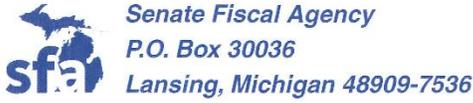
Boilerplate Changes from FY 2019-20 Year-to-Date:

- 1. Acronyms and Definitions.** The Governor removed definition of "core services" and "subcommittee," "support services," and "work project" terms currently used throughout out FY 2019-20 boilerplate. (Sec. 203)
- 2. Purchase of Goods and Services.** The Governor amended language that required preferences, all things being equal, to purchase USA, Michigan, and veteran-owned business goods and services, by adding "to the extent possible under MCL 18.1261". (Sec. 205)
- 3. Contractual Services and Supplies in Deprived and Depressed Communities.** The Governor amended language requiring that steps be taken to ensure businesses in deprived and depressed communities compete for State business by adding "to the extent permissible under the management and budget act". (Sec. 206)
- 4. Out-of-State Travel Report.** The Governor amended language, adding reference to MCL 18.1217. (Sec. 207)
- 5. General Fund Lapse Report.** The Governor removed requirement to distribute report to subcommittees. (Sec. 209)
- 6. Contingency Fund Legislative Transfers.** The Governor amended language to decrease the maximum of Federal fund transfers from \$8.0 million to \$12.0 million, increase the maximum for Restricted funds from \$1.1 million to \$3.0 million, and add local funds (\$500,000) and private funds (\$100,000) that would be eligible for transfer. (Sec. 210)
- 7. Disciplinary Action.** The Governor eliminated language prohibiting action against an employee for communicating with legislative staff. (Sec. 215)
- 8. Biannual Reports on Work Projects, Financial Status, and Performance Metrics Throughout Department.** The Governor recommended elimination of this requirement. (Sec. 216)

9. **Listing of Core Services Provided by the Department Under Part 1.** The Governor recommended elimination. (Sec. 217)
10. **Receive and Expend Authorization for Veterans Homes.** The Governor recommended new language that would allow the Department to receive and spend private funds in excess of Part 1 appropriations. (Sec. 220)
11. **Unclassified Salaries.** The Governor recommended elimination of a subsection that requires notification when an additional unclassified position is added or when a position undergoes a substantive change in duties. (Sec. 301-2)
12. **Board of Managers Regulatory and Governance Authority Over Veterans Homes.** The Governor recommended shifting this section to Sec. 451 and deleting reference to Board, which is to be dissolved. (Sec. 401)
13. **Core Service Description/Performance Metrics/Reporting Requirements for Veterans Homes.** The Governor recommended shifting this section to Sec. 452, deleting reference to Board of Managers, adding reference to new Chesterfield Township home, deleting requirement to report on not less than a monthly basis the process of complaint filing, adding a summary on the number and nature of complaints of abuse or neglect and their disposition, changing reports of homes' compliance with standards from a quarterly to biannual basis, and deleting reports on updates of modernizations of infrastructure, information technologies, fiscal management, and CMS certification. (Sec. 402)
14. **Veterans Homes Quality of Care.** The Governor recommended elimination of section that requires assurance that quality of care exceeds CMS and Medicaid Services certification standards, and a report. (Sec. 404)
15. **Core Service Description/Performance Metrics/Reporting Requirements for Michigan Veterans Trust Fund.** The Governor recommended changing due date for annual report from December 1, 2020, to February 1, 2021. (Sec. 405)
16. **Core Service Description/Performance Metrics/Reporting Requirements for Michigan Veterans Affairs Agency.** The Governor recommended the elimination of language calling to "maintain staffing partnerships and other resources necessary" to operate an outreach program and the elimination of language requiring selection of regional coordinators from veterans service organizations. (Sec. 406 - 1a, 2a)
17. **Core Service Description/Performance Metrics/Reporting Requirements for Veterans Service Grants.** The Governor recommended adding tribal governments to those eligible to receive grants. (Sec. 407-1)
18. **Interagency Agreement with Department of Health and Human Services.** The Governor recommended elimination of this section, which calls for a cooperative agreement with the Department of Health and Human Services to identify Medicaid recipients who are veterans and may be eligible for veterans benefits, and requires a report. (Sec. 409)
19. **Special Maintenance - Veterans Homes.** The Governor recommended adding new Chesterfield Township veterans home to the language. (Sec. 503-3)

Date Completed: 2-19-20

Fiscal Analyst: Bruce Baker



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,334.1	2,346.1	12.0	0.5
GROSS	438,685,400	468,258,900	29,573,500	6.7
Less:				
Interdepartmental Grants Received	197,200	203,100	5,900	3.0
ADJUSTED GROSS	438,488,200	468,055,800	29,567,600	6.7
Less:				
Federal Funds	75,501,200	88,453,700	12,952,500	17.2
Local and Private	7,431,600	7,439,200	7,600	0.1
TOTAL STATE SPENDING	355,555,400	372,162,900	16,607,500	4.7
Less:				
Other State Restricted Funds	308,570,400	322,800,800	14,230,400	4.6
GENERAL FUND/GENERAL PURPOSE	46,985,000	49,362,100	2,377,100	5.1
PAYMENTS TO LOCALS	8,122,200	8,659,300	537,100	6.6

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$438,685,400	\$46,985,000

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|-----------|-----------|
| <p>1. Increase Good Neighbor Authorization. The Governor included additional Federal spending authority to hire 7.0 FTEs to support growing timber sales. Funding would support contracted projects for tree planting, forest inventory and botany surveys, vegetation management, invasive species control, and wildlife habitat restoration.</p> | 8,143,400 | 0 |
| <p>2. Newberry Mass Timber Building. The Governor included an increase in Forest Development Funds to support a new 32,000 sq. ft. multi-division building in Newberry to consolidate space for staff and to create heated and cold storage space.</p> | 5,000,000 | 0 |
| <p>3. Shooting Range Development, Enhancement, and Restoration. The Governor included one-time Federal authorization for improvements to existing firearm and archery ranges through the State, as well as restoration of areas where unsanctioned target shooting is occurring.</p> | 4,400,000 | 0 |
| <p>4. Milliken Visitor Center. The Governor included one-time GF/GP to support the construction of a new visitor center on Mackinac Island near Arch Rock.</p> | 2,500,000 | 2,500,000 |
| <p>5. Fish Hatchery Infrastructure Improvement. The Governor included increased Game and Fish Protection fund authorization to address the backlog of deferred maintenance projects at the State's six fish production facilities.</p> | 2,500,000 | 0 |

<p>6. Repair and Replace Aging Wildfire Equipment. The Governor included \$375,000 in ongoing Forest Development Funds to support 1.0 FTE mechanic position and \$1.0 million in one-time Forest Development Funds for fire equipment repair and new equipment purchase and modification for increasing firefighting demands.</p>	<p>1,375,000</p>	<p>0</p>
<p>7. Michigan Conservation Corps Restoration. The Governor included GF/GP to restore the program to previous funding levels.</p>	<p>1,000,000</p>	<p>1,000,000</p>
<p>8. Wetland Restoration, Enhancement, and Acquisition. The Governor included an increase in Waterfowl Hunt Stamp authorization to acquire wetland/waterfowl property throughout the State with an emphasis on southern Michigan, as well as to restore existing wetlands around the State.</p>	<p>1,000,000</p>	<p>0</p>
<p>9. Improve State Park Employee Retention. The Governor included an increase in Restricted authorization to create new park supervisor positions and to support the reclassification of existing supervisor positions.</p>	<p>567,800</p>	<p>0</p>
<p>10. Improve Sustainability of Cedar Forests. The Governor included one-time Forest Development Fund authorization to support research to explore alternatives needed to diversify the age of white cedar stands.</p>	<p>500,000</p>	<p>0</p>
<p>11. Local Boating Infrastructure Maintenance and Improvements. The Governor included an increase in Michigan State Waterways authorization to allow the DNR to partner with local communities in the repair, maintenance, development, and expansion of 63 locally owned mooring facilities and 183 locally owned boating access sites.</p>	<p>472,500</p>	<p>0</p>
<p>12. Minimum Wage Increase. The Governor included additional Restricted authorization to support a minimum wage increase scheduled to occur January 1, 2021, for short-term workers.</p>	<p>277,500</p>	<p>0</p>
<p>13. Increase Belle Isle Authorization. The Governor included increased authorization to align spending authority with projected revenue for the Park Improvement - Belle Isle subaccount.</p>	<p>200,000</p>	<p>0</p>
<p>14. Increase Sportsmen Against Hunger Authorization. The Governor included an increase in spending authority to process and transport increased venison donations to local food banks and shelters.</p>	<p>173,600</p>	<p>0</p>
<p>15. State Boating Infrastructure Maintenance. The Governor included an increase in Michigan State Waterways authorization to address State boating facility maintenance, repair, and improvement needs at the State's 19 state harbors and over 1,100 State boating access sites.</p>	<p>27,500</p>	<p>0</p>
<p>16. Recognize Conservation Officer Travel Savings. The Governor included GF/GP savings to reflect the permanent assignment of conservation officers to Belle Isle State Park.</p>	<p>(91,700)</p>	<p>(91,700)</p>
<p>17. State Parks Repair and Maintenance Adjustment. The Governor included an adjustment to the Restricted funds that support the program. These adjustments are made annually by the Department based on needs and projected revenue.</p>	<p>(1,975,000)</p>	<p>0</p>
<p>18. Forest Development Infrastructure Adjustment. The Governor included an adjustment to Forest Development Funds that support the program. These adjustments are made annually by the Department based on needs and projected revenue.</p>	<p>(1,650,000)</p>	<p>0</p>
<p>19. Remove FY 2019-20 Supplemental and One-Time Appropriations.</p>	<p>(2,200,000)</p>	<p>(2,200,000)</p>

20. Other Changes. The Governor included other changes including debt service, fund shifts, and the removal of fund authorization no longer needed.	(118,500)	0
21. Economic Adjustments. Includes \$7,471,400 Gross and \$1,168,800 GF/GP for total economic adjustments, of which an estimated \$5,503,200 Gross and \$770,100 GF/GP are for legacy retirement costs (pension and retiree health).	7,471,400	1,168,800
Total Changes	\$29,573,500	\$2,377,100
FY 2020-21 Governor's Recommendation	\$468,258,900	\$49,362,100

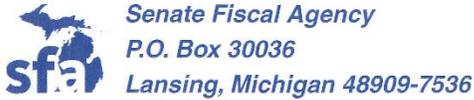
Boilerplate Changes from FY 2019-20 Year-to-Date:

- Contingency Funds.** The Governor included language allowing the Department to draw down Federal, increased Restricted, and Private contingency funds. (Sec. 210)
- Communication with the Legislature.** The Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
- Land Transaction Report.** The Governor removed a report on all land transactions approved by the Natural Resources Commission during the previous fiscal year. (Sec. 408)
- Cervid Operation Licensing Fees.** The Governor removed a report on the use of cervidae licensing and inspection fees as well as a requirement that those fees be used only for regulation of private cervid operations. (Sec. 504)
- United States Department of Agriculture Wildlife Services.** The Governor removed a section encouraging the United States Department of Agriculture Wildlife Services to harvest all deer during targeted removal required under the Enhanced Wildlife Biosecurity Program. (Sec. 506)
- Stream Habitat Improvement Grants.** The Governor removed a requirement directing Stream Habitat Improvement Grants allocations. (Sec. 601)
- Water Control Structure Certification.** The Governor removed a requirement that the Department not impede the certification process for water control structures on Michigan waterways. (Sec. 602)
- Fish Hatcheries Report.** The Governor removed an annual reporting requirement on fish hatchery performance. (Sec. 603)
- Snowmobile Law Enforcement Grants.** The Governor removed a section directing the Department to provide snowmobile law enforcement grants to counties from appropriations for that purpose. (Sec. 901)
- Marine Safety Grant Program Report.** The Governor removed a reporting requirement for watercraft registration revenues, expenditures, and grant distribution. (Sec. 902)
- Water Trails Grants.** The Governor removed language directing the Department to work with the Waterways Commission to develop a plan for implementing water trails grants. (Sec. 1002)
- Chronic Wasting Disease Research.** The Governor removed work project language for one-time FY 2019-20 wildlife management funds dedicated to research surrounding Chronic Wasting Disease. (Sec. 1203)
- Wildlife and Fisheries Health Study.** The Governor removed language referencing the one-time FY 2019-20 appropriation for a wildlife and fisheries health study. (Sec. 1206)

Date Completed: 2-19-20

Fiscal Analyst: Abbey Frazier

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	15,177,263,600	15,923,137,100	745,873,500	4.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	15,177,263,600	15,923,137,100	745,873,500	4.9
Less:				
Federal Funds	1,749,578,500	1,806,878,500	57,300,000	3.3
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	13,427,685,100	14,116,258,600	688,573,500	5.1
Less:				
Other State Restricted Funds	13,365,065,100	14,036,258,600	671,193,500	5.0
GENERAL FUND/GENERAL PURPOSE	62,620,000	80,000,000	17,380,000	27.8
PAYMENTS TO LOCALS	13,221,615,300	13,908,147,100	686,531,800	5.2

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$15,177,263,600	\$62,620,000

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|-------------|----------|
| <p>1. Foundation Allowance. The Governor recommended an increase of \$290.0 million for the foundation allowance, which would provide a \$150 per-pupil increase to districts with foundation allowances at or above the target (currently \$8,529) and 1.5 times that amount (\$225) for districts with foundation allowances at the minimum (currently \$8,111). Districts with foundation allowances between the minimum and target would receive an increase somewhere between 1-1.5 times the \$150 increase.</p> | 290,000,000 | 0 |
| <p>2. Michigan Public School Employees' Retirement System. The Governor recommended an increase of \$205.9 million for MPERS, the bulk of which would pay for increases in life expectancy.</p> | 205,866,000 | (13,000) |
| <p>3. Special Education. The Governor recommended an increase of \$60.0 million in additional (nonrequired) reimbursements to districts for special education costs. This would increase the additional reimbursements (new for FY 2019-20) from 2% to 4%.</p> | 60,000,000 | 0 |
| <p>4. At Risk. The Governor proposed a \$60.0 million increase in At Risk funds, which would increase the weight from roughly 9% currently to 10% in FY 2020-21. In addition, the Governor proposed to increase funding for higher funded districts to 50% of what lower funded districts receive (currently, those districts receive 30%).</p> | 60,000,000 | 0 |
| <p>5. Federal Grants. The Governor increased Federal grants in anticipation of actual funding levels.</p> | 57,300,000 | 0 |

6. Expanded Access Program for Preschool. The Governor included new funding for a program like the Great Start Readiness Program, but with expanded access for an estimated 5,000 children in 26 eligible districts. To be eligible, a child would have to live in a district that is a member in a Community Engagement Advisory Committee or in a district where more than 75% of third graders were identified as not meeting proficiency in English Language Arts and more than 75% of students districtwide were identified as economically disadvantaged.	42,000,000	0
7. School Infrastructure Grants. The Governor included new funding for competitive grants to improve school infrastructure.	40,000,000	40,000,000
8. Required Increases for Special Education. In addition to the increase proposed for optional reimbursements, the Governor included required cost increases for special education.	39,900,000	0
9. Great Start Readiness Program. The Governor proposed an increase in the per-child funding of GSRP, from \$7,250 for a full-day program to \$8,336, the same as the proposed minimum foundation allowance.	35,500,000	0
10. Teacher Supplies Reimbursement. The Governor proposed a new program to reimburse teachers up to \$250 for purchasing supplies.	25,000,000	0
11. Three-Year Pupil Blend for Eligible Districts. The Governor proposed a new three-year average pupil blend for districts that establish a Community Engagement Advisory Committee in partnership with the Department of Treasury. At the present time, only Benton Harbor Schools have established a committee, but more are anticipated.	6,000,000	0
12. Reorganization and Cooperative Activities Grants. The Governor proposed funding to incentivize consolidation and reorganization.	5,000,000	0
13. Professional Development. The Governor proposed a new professional development program for teachers for the development of peer-to-peer learning networks or university-partnered professional development.	5,000,000	0
14. Bilingual Education. The Governor increased bilingual education from \$13.0 million to \$18.0 million; the additional \$5.0 million would be distributed based on the number of English Language Learner students (estimated to pay districts \$50 per ELL student).	5,000,000	0
15. Literacy Essentials. The Governor proposed an increase in literacy essentials, from \$1.0 million to \$4.0 million. This program implements literacy essentials teacher and principal training modules, and face-to-face and online professional learning of literacy essentials for literacy coaches, principals, and teachers. The expansion would fund the placement of regional lead literacy coaches and earmark \$500,000 for literacy training, modeling, coaching, and feedback. Training would be required to use literacy practices created by the General Education Leadership Network as the framework.	3,000,000	0
16. Michigan Reading Corps. The Governor proposed to fund the Michigan Reading Corps program at \$2.0 million. The program was funded in FY 2018-19 but vetoed for FY 2019-20.	2,000,000	2,000,000
17. Intermediate School District (ISD) Operations. The Governor proposed a 3% increase in ISD operations.	2,074,200	0
18. Teacher Cadet Program. The Governor proposed \$1.5 million to create or expand local teacher cadet programs.	1,500,000	0
19. Other Changes. The Governor included an increase of \$1.3 million for Promise Zones based on updated cost estimates.	1,300,000	0

20. School Meal Debt Forgiveness. The Governor proposed \$1.0 million for a new program to reimburse schools that forgive school meal debt.	1,000,000	0
21. 10 Cents a Meal. The Governor proposed to fund the 10 Cents a Meal program at \$1.0 million statewide. The program was funded in FY 2018-19 but vetoed for FY 2019-20.	1,000,000	0
22. Cost Adjustments for the Foundation Allowance. The Governor included savings in baseline foundation allowance costs.	(101,000,000)	0
23. Cyber Schools - 20% Reduction. The Governor proposed reducing the foundation allowance for cyber schools by 20%.	(24,000,000)	0
24. Program Eliminations. The Governor proposed eliminating the following: school safety grants (\$10.0 million); summer school reading program (\$5.0 million); strict discipline academies (\$1.6 million); dropout recovery program (\$750,000); autism intervention (\$350,000); and, multisensory education (\$300,000).	(18,000,000)	(350,000)
25. Fund Shift. The Governor increased GF/GP support of the budget, but the increase was earmarked for infrastructure grants, necessitating a fund shift of SAF replacing GF/GP.	0	(24,648,700)
26. Economic Adjustments. Includes \$433,300 Gross and \$41,600 GF/GP for total economic adjustments, of which an estimated \$263,100 Gross and \$30,600 GF/GP is for legacy retirement costs (pension and retiree health).	433,300	391,700
Total Changes	\$745,873,500	\$17,380,000
FY 2020-21 Governor's Recommendation	\$15,923,137,100	\$80,000,000

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Three-Year Blend.** The Governor proposed to expand the existing three-year average pupil membership blend provision to include districts that have established a community engagement advisory committee in partnership with the Department of Treasury. (Sec. 6(4)(x))
- Expansion of Partnership District Funding to Include Financial Distress.** The Governor proposed to include districts demonstrating financial stress (as well as those currently demonstrating academic stress), as determined by the State Treasurer, as eligible for partnership district funding. (Sec. 21h)
- Transfers between Sections.** The Governor reinstated language that had been part of the budget prior to FY 2019-20 that allows for automatic transfers of funds between Sections 22a and 22b (foundation allowance), and 51c (special education) to fully fund the calculated allocations during the fiscal year. (Sections 22a, 22b, and 51c)
- At Risk.** The Governor increased the payment for districts with per-pupil revenue that exceeds the target foundation allowance, from 30% in current law to 50% of what lower-funded districts receive. In addition, intent language was included stating that the percentage be increased annually until reaching 100%. (Sec. 31a(2))
- 10 Cents a Meal Program.** The Governor restructured this program to be statewide with competitive grants provided to districts, rather than to specified prosperity regions. (Sec. 31j)
- School Mental Health Grants.** The Governor proposed to allow ISDs to retain up to 5% of the grant award to coordinate services and to improve or develop an integrated system of mental health and support services. In addition, the Governor included language allowing funds received in FY 2018-19, FY 2019-20, or FY 2020-21 to be used over a three-year rolling time period. (Sec. 31n)
- Report Removal.** The Governor proposed to remove a report listing each intermediate district and the number and percentage of each ISD's GSRP allocation allocated to community-based providers by provider type. (Sec. 32d)

8. **Reduction in Allowable Carryforward.** The Governor included language capping at 30% the amount of ISD early childhood funding that may be carried forward into the next year, with intent language dropping that percentage carryforward for subsequent years. (Sec. 32p)
9. **GSRP Per-Child Payment.** The Governor increased the full-day programming per-child payment in GSRP from \$7,250 to \$8,336, and the half-day programming payment from \$3,625 to \$4,168. (Sec. 39)
10. **Robotics.** The Governor proposed to reduce the local match from 50% to 25% for districts receiving robotics grants. (Sec. 99h)
11. **MiSTEM to MiSTEAM Grants.** The Governor proposed to expand MiSTEM (Michigan science, technology, engineering, mathematics) to MiSTEAM, adding arts to the list of programs eligible to compete for grants and broadening the scope of the network. (Sec. 99s)
12. **Seat-Time Waiver.** The Governor proposed to extend the length of time a seat time waiver is valid, from one year in current law to three years. (Sec. 101)
13. **Correction in Distribution of MPERS Hold Harmless Payments.** The Governor included a correction to the distribution of MPERS hold harmless payments that are paid to districts to reimburse for the additional normal costs that arise when the assumed rate of return is reduced. In current law, districts are reimbursed based on their entire payroll, but they should be reimbursed on affected payroll (i.e., payroll in basic, MIP, or the first pension plus hybrid plan). (Sec. 147a(2))
14. **Repealers.** The Governor proposed to repeal Section 152b (which appropriated funds in FY 2018-19 to nonpublic schools for mandates); Section 164g (which prohibits the use of State funds to be used by a district if suing the State); Section 164g (which prohibits a district from entering into a collective bargaining agreement that establishes racial or religious preferences, automatically deducts union dues, is in conflict with any State or Federal law regarding transparency, or includes compensation that does not comply with MCL 380.1250); and, Section 166 (which requires a district to adopt and implement a disciplinary policy for an employee or district or board official who refers a pupil for an abortion or assists a pupil in obtaining an abortion).

Date Completed: 2-20-20

Fiscal Analyst: Kathryn Summers



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,586.0	1,596.0	10.0	0.6
GROSS	250,393,000	256,087,500	5,694,500	2.3
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	230,393,000	236,087,500	5,694,500	2.5
Less:				
Federal Funds	1,460,000	1,460,000	0	0.0
Local and Private	50,100	50,100	0	0.0
TOTAL STATE SPENDING	228,882,900	234,577,400	5,694,500	2.5
Less:				
Other State Restricted Funds	215,431,700	215,490,200	58,500	0.0
GENERAL FUND/GENERAL PURPOSE	13,451,200	19,087,200	5,636,000	41.9
PAYMENTS TO LOCALS	1,127,500	1,041,800	(85,700)	(7.6)

*As of February 6, 2020.

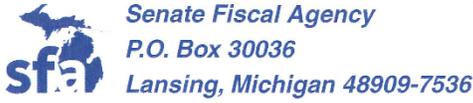
	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$250,393,000	\$13,451,200
Changes from FY 2019-20 Year-to-Date:		
1. Branch Security Pilot Program. The Governor provided funding for 10.0 FTE positions to provide security for the public and employees at the highest risk branch offices. The five branch offices affected include Detroit W. Seven Mile, Grand Rapids 28th Street, Kalamazoo, Taylor, and Wyoming.	790,000	790,000
2. General Fund Reduction. The Governor reduced General Fund appropriations by \$663,200 by replacing the GF/GP funding with increased restricted revenue from enhanced driver license transactions.	0	(663,200)
3. Transportation Administration and Collection Fund (TACF) Replacement. The Governor restored the General Fund/TACF fund shift from FY 2019-20 that replaced GF/GP funding with additional TACF funds. This fund shift increased GF/GP expenditures by \$4.7 million.	0	4,699,700
4. Economic Adjustments. Includes \$4,904,500 Gross and \$809,500 GF/GP for total economic adjustments, of which an estimated \$3,547,500 Gross and \$601,100 GF/GP are for legacy retirement costs (pension and retiree health).	4,904,500	809,500
Total Changes	\$5,694,500	\$5,636,000
FY 2020-21 Governor's Recommendation	\$256,087,500	\$19,087,200

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Governor:** Moved boilerplate from the FY 2019-20 general sections that applied to all General Government budgets to the Article for the Department of State. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **Contingency Funds.** The **Governor** increased funding for contingency funds for State restricted funds, local funds, and private funds. State restricted increased from \$2.5 million to \$7.5 million; Local increased from \$25,000 to \$50,000; and Private funds were increased from \$50,000 to \$100,000. (CL Sec. 701)
3. **Record Look-Up Fees.** The **Governor** increased the look-up fee from \$11 per record to \$13 per record. The increased fee is estimated to bring in additional revenues totaling \$9.4 million annually. (Sec. 703)
4. **Branch Office Closure Notification.** The **Governor** deleted all language requiring the Department to give at least a 180-day notice to the Legislature before any branch offices are closed, relocated, or consolidated. (CL Sec. 714)
5. **Non-Monetary Gifts.** The **Governor** added language to allow the Department to solicit funds from any private or public source in addition to accepting nonmonetary gifts from same. (Sec. 717)
6. **Redistricting Commission Report.** The **Governor** deleted the report required detailing the Department's expenditures associated with the role of the Secretary of State serving as the secretary of the Commission. (CL Sec. 721)
7. **Voter Registration Report.** The **Governor** deleted the report required detailing the Department's expenditures associated with voter registrations. (CL Sec. 721a)
8. **Legacy Cost Estimates.** The **Governor** provided the following Legacy Costs estimates for FY 2020-21: Total legacy costs estimated at \$33,185,900. Of that total, \$15,923,000 is for pension-related legacy costs and \$17,262,900 is for retiree health care legacy costs for the fiscal year ending September 30, 2020. (Sec. 725)

Date Completed: 2-19-20

Fiscal Analyst: Joe Carrasco, Jr.



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,580.0	3,546.0	(34.0)	(0.9)
GROSS	753,559,000	735,585,500	(17,973,500)	(2.4)
Less:				
Interdepartmental Grants Received	24,933,900	24,649,000	(284,900)	(1.1)
ADJUSTED GROSS	728,625,100	710,936,500	(17,688,600)	(2.4)
Less:				
Federal Funds	99,964,000	78,682,000	(21,282,000)	(21.3)
Local and Private	4,801,200	4,876,200	75,000	1.6
TOTAL STATE SPENDING	623,859,900	627,378,300	3,518,400	0.6
Less:				
Other State Restricted Funds	148,158,200	143,001,700	(5,156,500)	(3.5)
GENERAL FUND/GENERAL PURPOSE	475,701,700	484,376,600	8,674,900	1.8
PAYMENTS TO LOCALS	16,078,600	13,899,900	(2,178,700)	(13.6)

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$753,559,000	\$475,701,700

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|-----------|-----------|
| <p>1. Michigan Joint Task Force on Jail and Pretrial Incarceration - One-Time. The Governor recommended one-time appropriations of \$7.2 million GF/GP for the Michigan Council on Law Enforcement Standards (MCOLES) to train various law enforcement personnel relating to task force recommendation 7 ("provide behavioral health crisis response training for law enforcement, dispatch, and jail officers") and recommendation 17 ("invest in services and supports for crime victims").</p> | 7,200,000 | 7,200,000 |
| <p>2. Trooper Recruit School One-Time Costs. The Governor recommended funding for training costs for two trooper schools that would total 120 graduates (one to start in January; the second in July) and maintain enlisted strength at current levels. Ongoing costs of the schools would be funded by existing revenues made available because of projected attrition from enlisted personnel, mostly through retirements. A reduction of 34.0 FTE positions from post operations also was recommended to reflect the actual number of funded positions for FY 2020-21.</p> | 2,509,100 | 2,509,100 |
| <p>3. Annualize FY 2019-20 Trooper School Costs. The Governor recommended funding for the full year costs of FY 2019-20 trooper recruit school graduates.</p> | 2,012,200 | 2,012,200 |
| <p>4. OK2Say Administration and Outreach - Transfer from Department of Attorney General. The Governor recommended the transfer of \$906,000 Gross, \$469,600 Restricted, \$436,400 GF/GP to the Department of State Police, where communications associated with the program are received.</p> | 906,000 | 436,400 |

5. Secondary Road Patrol Grant Program Reduction. The Governor recommended the removal of GF/GP support (\$2.0 million) for the grant program to counties, leaving restricted revenue (\$11,074,300) as its sole fund source for FY 2020-21.	(2,000,000)	(2,000,000)
6. Fund Shift - State Services Fee Fund to GF/GP. The Governor recommended shifting support of \$2.9 million in State Services Fee Fund revenue to GF/GP.	0	2,900,000
7. Fund Shift - Interdepartmental Grant to GF/GP. The Governor recommended shifting support of \$665,100 from an IDG from the Department of Technology, Management, and Budget to GF/GP.	0	665,100
8. Elimination of FY 2019-20 One-Time Appropriations. The Governor recommended elimination of FY 2019-20 one-time appropriations, including \$5,321,600 GF/GP for Trooper School, \$2,766,500 GF/GP for In-Car Camera Video Streaming Network, \$1,321,000 GF/GP for Sexual Assault Prevention and Education Initiative, and \$100 for First Responder Communications Network.	(9,409,200)	(9,409,200)
9. Disaster and Emergency Assistance - Boilerplate Expenditures. Adjustment for FY 2019-20 expenditures (\$25,235,500 Gross, \$24,235,500 Federal, \$1.0 million Restricted) for disaster assistance made from receive-and-expend boilerplate language.	(25,235,500)	0
10. Technical Adjustment to Align Authorization with Revenues. The Governor recommended an adjustment across several budget lines to reflect actual funds received, including a reduction of \$2,808,600 Restricted and increases of \$2.3 million Federal and \$19,300 Local.	(489,300)	0
11. Unclassified Salaries. The Governor recommended an economic adjustment of \$3,700 Gross, \$2,100 Restricted, \$1,600 GF/GP, and with other adjustments, provides an appropriation of \$623,900 for FY 2020-21 from an appropriation of \$627,700 for FY 2019-20.	3,700	1,600
12. Economic Adjustments. Includes \$6,533,200 Gross and \$4,361,300 GF/GP for total economic adjustments.	6,529,500	4,359,700
Total Changes.....	(\$17,973,500)	\$8,674,900
FY 2020-21 Governor's Recommendation.....	\$735,585,500	\$484,376,600

Boilerplate Changes from FY 2019-20 Year-to-Date:

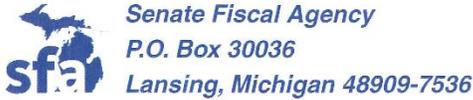
- 1. Acronyms and Definitions.** The Governor removed definition of "core services" and "subcommittee" and "support services," terms currently used throughout out FY 2019-20 boilerplate. (Sec. 203)
- 2. Purchase of Goods and Services.** The Governor amended language that required preferences, all things being equal, to purchase USA, Michigan, and veteran-owned business goods and services by adding "to the extent possible under MCL 18.1261". (Sec. 205)
- 3. Contractual Services and Supplies in Deprived and Depressed Communities.** The Governor amended language requiring that steps be taken to ensure businesses in deprived and depressed communities compete for State business, by adding "to the extent permissible under the management and budget act". (Sec. 206)
- 4. Out of State Travel Report.** The Governor amended language, adding a reference to MCL 18.1217. (Sec. 207)
- 5. General Fund Lapse Report.** The Governor removed requirement to distribute report to subcommittees. (Sec. 209)
- 6. Contingency Fund Legislative Transfers.** The Governor amended language to decrease the maximum of Federal fund transfers from \$10.0 million to \$8.5 million, increase the maximum for Restricted funds from \$3.5 million to \$5.0 million, and adding Local funds (\$1.0 million) and Private funds (\$200,000) that would be eligible for transfer. (Sec. 210)

7. **Disciplinary Action.** The Governor eliminated language prohibiting action against an employee for communicating with legislative staff. (Sec. 216)
8. **Biannual Reports on Work Projects, Financial Status, and Performance Metrics Throughout Department.** The Governor recommended elimination of this requirement. (Sec. 217)
9. **Listing of Core Services Provided by the Department Under Part 1.** The Governor recommended elimination. (Sec. 218)
10. **Requires Notification Report Not Less Than 90 Days Prior to Closure or Consolidation of Any State Police Post.** The Governor recommended elimination. (Sec. 219)
11. **Privatization Notification.** The Governor eliminated section which required the submission of a privatization plan to the Legislature at least 90 days before beginning efforts to privatize. (Sec. 220)
12. **Protection of Personal Data.** The Governor recommended the elimination of language that states that it is the intent of the Legislature that the Department take all steps necessary to protect the data and privacy of citizens who are not the focus of an investigation. (Sec. 226)
13. **Requires Using Savings for new Trooper Recruit School of 70 Troopers.** The Governor recommended elimination. (Sec. 227)
14. **Ticket Quotas.** The Governor recommended eliminating language prohibiting ticket quotas for infractions of the Vehicle Code. (Sec. 228)
15. **Core Service Description/Performance Metrics/Reporting Requirements for Training Division.** The Governor recommended elimination of entire section. (Sec. 402)
16. **Core Service Description/Performance Metrics/Reporting Requirements for Criminal Justice Information Systems.** The Governor recommended adding language raising the traffic crash report fee from \$10 to \$15, removed performance metrics requiring 30 outreach activities, a report on concealed weapons licensing activities and finances, and a report on the use of the Internet Criminal History Access Tool (ICHAT). (Secs. 402-2, 5, 8, 9)
17. **Core Service Description/Performance Metrics/Reporting Requirements for MSP Forensic Science.** The Governor recommended amending description of services, removing performance metric to require lab services to a 55-day turnaround and reporting requirements involving average turnaround times, lab staffing levels, and backlog numbers. (Sec. 403 - 1, 3, 4, 5)
18. **Core Service Description/Performance Metrics/Reporting Requirements for MSP Biometrics and ID.** The Governor recommended removing service description and metrics, leaving only requirement to notify when DNA protocol is changed. (Secs. 404-1, 2, 3)
19. **School Safety Report.** The Governor recommended removal of a subsection of boilerplate which requires a report on school safety grants. (Sec. 407-a)
20. **Core Service Description/Performance Metrics/Reporting Requirements for MCOLES.** The Governor recommended removal of performance metric requirement to update law enforcement within 120 days of enactment of new standards. (Sec. 501-2)
21. **Core Service Description/Performance Metrics/Reporting Requirements for Post Operations.** The Governor recommended elimination of performance metrics, including requiring a minimum number of patrolling hours and checks on registered sex offenders. (Secs. 601-2, 3)
22. **Core Service Description/Performance Metrics/Reporting Requirements for Investigative Services.** The Governor recommended the elimination of this entire section, including performance metrics relating to the minimum number of hours investigating, percent of case clearance rates, training provided to local law enforcement and increased investigation of opioid investigations. (Sec. 602)
23. **Core Service Description/Performance Metrics/Reporting Requirements for Tobacco Tax Enforcement.** The Governor recommended elimination of the performance metric requiring a minimum number of hours dedicated to enforcement. (Sec. 603-3)
24. **Core Service Description/Performance Metrics/Reporting Requirements for Fire Investigation Services.** The Governor recommended elimination of a performance metric requiring the capability to respond to requests for services, and that the service should be available for statewide call out 100% of the time. (Sec. 604-2)

25. **Core Service Description/Performance Metrics/Reporting Requirements for Intelligence Operations.** The Governor recommended elimination of performance metrics including providing increased casework assistance for the Cyber Command Center, Computer Crimes Unit, Internet Crimes Against Children Task Force, and criminal justice agencies statewide, and to maintain resources toward a goal of a 60-day turnaround time for digital forensic analysis services. (Secs. 701-3, 4)
26. **Core Service Description/Performance Metrics/Reporting Requirements for Special Operations.** The Governor recommended the elimination of performance metrics, including the readiness to respond to requests for services, including for the Canine Unit, Bomb Squad, emergency support teams, aviation services, and a goal for an annual minimum number of property inspections by Capitol Security of State-owned and leased facilities. (Secs. 702-2, 3, 4, 5, 6, 7, 8)
27. **Core Service Description/Performance Metrics/Reporting Requirements for Commercial Vehicle Regulation.** The Governor recommended eliminating a section that established a Commercial Vehicle Enforcement Operations Reserve Fund, requiring evidence to use, and only by legislative transfer. (Sec. 703-4)
28. **Core Service Description/Performance Metrics/Reporting Requirements for Emergency Management and Homeland Security.** The Governor recommended elimination of a section prohibiting expenditure of Disaster and Emergency Contingency Fund monies without State Budget Director approval and notifying the Appropriation committees; a requirement that upon a declaration of a State emergency or disaster by the Governor, approval by the State Budget Director, and notification of the Legislature, the Director may spend funds out of any budget line to pay for related costs; and a requirement that the Department report on a biannual basis the status of the Department's assessment of critical infrastructure vulnerabilities and the protection status of those vulnerabilities. (Secs. 704-8, 9, 10)
29. **Michigan Task Force on Jail and Pretrial Incarceration.** The Governor recommended new language that provides guidelines for expenditure of one-time funds of \$7.2 million GF/GP in accordance with Task Force training recommendations, provides for work project status and a completion date of September 30, 2025. (Sec. 800)
30. **Sexual Assault Prevention and Education Initiative.** The Governor recommended the elimination of this section, which provided guidelines for the one-time program, which has a completion date of September 30, 2020. (Sec. 801)
31. **Intent Language for FY 2020-21 Appropriations.** The Governor recommended elimination of this section. (Sec. 1001)

Date Completed: 2-19-20

Fiscal Analyst: Bruce Baker



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,126.0	3,133.0	7.0	0.2
GROSS	1,569,400,500	1,743,750,000	174,349,500	11.1
Less:				
Interdepartmental Grants Received	950,488,800	1,019,720,900	69,232,100	7.3
ADJUSTED GROSS	618,911,700	724,029,100	105,117,400	17.0
Less:				
Federal Funds	4,968,400	5,139,300	170,900	3.4
Local and Private	2,452,300	2,472,300	20,000	0.8
TOTAL STATE SPENDING	611,491,000	716,417,500	104,926,500	17.2
Less:				
Other State Restricted Funds	117,916,800	122,296,400	4,379,600	3.7
GENERAL FUND/GENERAL PURPOSE	493,574,200	594,121,100	100,546,900	20.4
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$1,569,400,500	\$493,574,200

Changes from FY 2019-20 Year-to-Date:

- | | | |
|---|------------|------------|
| 1. IT Services Adjustment. The Governor included \$59.4 million in IDG funding to align IT services for twenty-one State agencies and added 2.0 FTEs to support costs associated with new gaming regulations. | 59,425,400 | 0 |
| 2. Venture Michigan Fund II Voucher Purchase. The Governor included \$56.3 million GF/GP to purchase tax vouchers issued by the Venture Michigan Fund. | 56,300,000 | 56,300,000 |
| 3. State Psychiatric Hospitals. The Governor included \$30.0 million GF/GP in one-time funding for special maintenance projects at State psychiatric hospitals. | 30,000,000 | 30,000,000 |
| 4. Advanced Persistent Cyber Threats. The Governor included one-time funding of \$20.0 million to support efforts to protect the State from cybersecurity threats. | 20,000,000 | 20,000,000 |
| 5. Paid Parental Leave. The Governor included \$10.0 million to support paid parental leave for State workers. | 10,000,000 | 10,000,000 |
| 6. Green Revolving Fund. The Governor included \$5.0 million to capitalize a revolving fund to facilitate renewable energy and energy efficiency projects at State facilities. | 5,000,000 | 5,000,000 |
| 7. Retirement Services Customer Relationship Management. The Governor included \$2.5 million Gross for the replacement of the current Customer Relationship Management System for the Office of Retirement Services | 2,500,000 | 0 |

8. Rate Changes. The Governor included \$962,600 IDG to support rate agreements for vehicle travel services.	962,600	0
9. Jacobetti Home for Veterans. The Governor included \$710,000 IDG and 5.0 FTEs due to the transfer of the Jacobetti Home for Veterans Accounting Service Center from the DMVA to the DTMB.	710,000	0
10. Procurement Program Improvements. The Governor included \$400,000 to bring MiDeal operations into the DTMB budget, \$110,000 for Comprehensive Risk and Information Subscription, and \$75,000 for the Michigan Supplier Summit. All funding is restricted.	585,000	0
11. Financial Reporting and Compliance. The Governor included \$400,000 in restricted funding for the Office of Retirement Services to meet required accounting principles.	400,000	0
12. MSP Retirement System Supplemental Payments. The Governor removed \$5,000 GF/GP for Michigan State Police Retirement System payments due to decreased payouts in FY 2019-20.	(5,000)	(5,000)
13. Procurement Fund Shift. The Governor included a fund shift of \$400,000 from GF/GP to restricted in the Business Support Services line item.	0	(750,000)
14. Removal of Current Year One-Time Funding. The Governor removed \$21.9 million GF/GP in one-time funding from FY 2019-20.	(21,948,200)	(21,948,100)
15. Removal of Public Private Partnership. The Governor removed the Public Private Partnership line item because of a lack of past and anticipated activity.	(1,500,000)	0
16. Cyber Command Center Funding. The Governor removed \$665,100 GF/GP to simplify funding for the Michigan Cyber Command Center by including it in the Michigan State Police budget rather than as an IDG from the DTMB.	(665,100)	(665,100)
17. Administrative Services. The Governor reduced the Administrative Services line item by \$500,000 to reflect administrative efficiencies.	(500,000)	(500,000)
18. SWCAP Adjustments. The Governor included a \$196,500 Gross increase reflecting the most recent Statewide Cost Allocation data.	0	196,500
19. Removal of FY 2019-20 Placeholders. The Governor removed \$500 in GF/GP placeholders left over from FY 2019-20 State Administrative Board transfer actions.	(500)	(500)
20. Economic Adjustments. Includes \$13,085,300 Gross and \$2,919,100 GF/GP for total economic adjustments, of which an estimated \$9,987,400 Gross and \$1,991,100 GF/GP are for legacy retirement costs (pension and retiree health).	13,085,300	2,919,100
Total Changes	\$174,349,500	\$100,546,900
FY 2020-21 Governor's Recommendation	\$1,743,750,000	\$594,121,100

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **RFP Privatization Factors Requirement.** Requires an RFP issued for the purpose of privatization include all factors for determining price. Declared the section unenforceable in FY 2019-20. The **Governor** deleted this language. (Sec. 816)
2. **Deerfield Correctional Facility.** Requires \$750,000 in IDG funds to be used for the demolition of the former Deerfield Correctional Facility. The **Governor** deleted this language. (Sec. 817)

3. **Retirement Services Report.** Requires the Office of Retirement Services to produce a report on various State retirement systems. The **Governor** deleted this language. (Sec. 821)
4. **Public Private Partnership.** Language outlined criteria for investments made with the Public Private Partnership line item removed from part 1. The **Governor** deleted this language. (Sec. 822b)
5. **DTMB Rates and Fees Report.** Requires the DTMB report on its rates and fees. The **Governor** deleted this language. (Sec. 822d)
6. **Regional Prosperity Grants.** Describes the use of funds appropriated for the regional prosperity initiative. The **Governor** vetoed this language and the Regional Prosperity Grants line item in FY 2019-20. (Sec. 822f)
7. **New Proposals Posted to Webpage.** Requires the DTMB to ensure that all new requests for proposals are posted online. The **Governor** deleted this language. (Sec. 822n)
8. **Northern Satellite Psychiatric Facility.** Identification of a location for the Northern Satellite Psychiatric Facility project as authorized by Public Act 107 of 2017. The **Governor** deleted this language. (Sec. 822o)
9. **Life Cycle Costs Report.** Requires the DTMB to produce a report analyzing and making recommendations regarding the life-cycle of IT hardware and software. The **Governor** deleted this language. (Sec. 829)
10. **Child Support Enforcement System Penalty Reporting.** Requires the DTMB to report on Federal penalties related to the system as the system received full certification in 2003. The **Governor** deleted this language. (Sec. 832)
11. **Clawback Provisions Requirement.** Requires the DTMB to develop policies and procedures that require new procurement contracts to include clawback repayment divisions. The **Governor** deleted this language. (Sec. 838)
12. **Capital Outlay Project Status Report.** Requires the DTMB to report on the status of previously authorized capital outlay projects. The **Governor** deleted this language. (Sec. 862)
13. **Farnum Building Sale.** Directs proceeds from the sale of the Farnum Building, which was completed in 2019. The **Governor** deleted this language. (Sec. 867)
14. **Drinking Water Declaration of Emergency Reserve Fund.** Language for the creation and management of the Drinking Water Declaration of Emergency Reserve Fund. The **Governor** deleted this language. (Sec. 880)
15. **Caro Center.** States that the new State psychiatric hospital described in Public Act 107 of 2017 is to include construction of a new 100-bed facility at the location of the Caro Center. The **Governor** deleted this language. (Sec. 882)
16. **Northern Satellite Psychiatric Facility Changes.** Rescinds a previous planning authorization for a new psychiatric facility and creating a new authorization for a Chippewa County facility. The **Governor** vetoed this language in FY 2019-20. (Sec. 883)
17. **Green Revolving Fund.** The **Governor** added new language creating and capitalizing a green revolving fund in the Department of Treasury for the purpose of facilitating energy efficiency and renewable energy projects. (Sec. 901)
18. **Paid Parental Leave.** The **Governor** added new language specifying that the funds appropriated in part 1 for parental leave are to be used to offsets costs of the policy for departments that are disproportionately affected. (Sec. 902)

Date Completed: 2-19-20

Fiscal Analyst: Elizabeth Raczowski

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,818.3	2,826.3	8.0	0.3
GROSS	5,021,408,000	5,259,273,100	237,865,100	4.7
Less:				
Interdepartmental Grants Received	3,974,300	4,063,100	88,800	2.2
ADJUSTED GROSS	5,017,433,700	5,255,210,000	237,776,300	4.7
Less:				
Federal Funds	1,352,350,100	1,392,546,100	40,196,000	3.0
Local and Private	51,932,000	51,932,000	0	0.0
TOTAL STATE SPENDING	3,613,151,600	3,810,731,900	197,580,300	5.5
Less:				
Other State Restricted Funds	3,588,151,600	3,810,731,900	222,580,300	6.2
GENERAL FUND/GENERAL PURPOSE	25,000,000	0	(25,000,000)	(100.0)
PAYMENTS TO LOCALS	2,135,605,800	2,257,897,700	122,291,900	5.7

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$5,021,408,000	\$25,000,000

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|-------------|---|
| 1. Road and Bridge Adjustments. Adjustments based on Treasury's February revenue estimates, including income tax and recreational marijuana earmarks. Counties: \$76,171,300. Trunkline: \$74,894,100. Cities/Villages: \$42,468,900. | 193,534,300 | 0 |
| 2. Airport Improvement Program. The Governor included additional Federal authorization (\$27.0 million) and matching State Aeronautics Fund funds (\$1.2 million) in anticipation of the receipt of competitive Federal grants. | 28,206,500 | 0 |
| 3. Local Federal Aid Road and Bridge. The Governor included increased Federal authorization for local Federal aid projects. | 12,187,500 | 0 |
| 4. Rail Operations and Infrastructure. The Governor included an additional \$12.0 million Comprehensive Transportation Fund (CTF) from the balance of FY 2019-20 to support one-time track and bridge improvements throughout the State and for application-based freight projects. | 12,000,000 | 0 |
| 5. Highway Maintenance. The Governor included additional State Trunkline Fund (STF) for increased materials costs. | 7,625,600 | 0 |
| 6. Transit Capital. The Governor included additional CTF for vehicles, equipment, and facility improvements for local transit agencies to support safety and service efficiency. | 7,164,000 | 0 |
| 7. Marine Passenger. The Governor included an additional \$5.0 million CTF to support vessel replacement for two ferry service providers in the Upper Peninsula. | 5,000,000 | 0 |

8. Service Initiatives. Additional CTF was included to upgrades and implement new technology.	3,886,000	0
9. Rebuilding Michigan Office of Accountability and Transparency. The Governor included \$3.0 million STF and 8 FTEs for a new office intended to track and communicate the expenditures through the Department's new bonding programs.	3,000,000	0
10. Traffic Signal Billing Improvements. The additional Michigan Transportation Fund (MTF) is intended to support billing process improvements for state-owned traffic signals operated under cost sharing agreements with local governments.	2,400,000	0
11. Intercity Services Safety. The Governor added \$2.0 million to increase the safety of intercity bus passengers.	2,000,000	0
12. Detroit Airport Revenue Increase. The Governor directed additional Qualified Airport Fund revenue to the Detroit Airport.	1,820,000	0
13. Interdepartmental Grants. The Governor adjusted for a slight increase in interdepartmental spending to other Departments.	872,800	0
14. Movable Bridge. The statutory earmark was adjusted by inflation.	106,800	0
15. Rail Grade Separation Project Removal. The Governor removed one-time funding for the FY 2019-20 project.	(22,700,000)	(11,999,900)
16. Debt Service Adjustment. The Governor included an adjustment that reflects a drop in the use of Federal funds used for debt payments (-\$26.0 million) and in increase of STF funds for anticipated debt payments (+\$12.4 million).	(13,559,800)	0
17. General Fund Fixing Roads and Bridges. The Governor removed the FY 2019-20 GF/GP assigned to fixing Michigan bridges.	(13,000,100)	(13,000,100)
18. Economic Development Reduction. The Governor reduced the spending authorization of certain economic development programs to reflect reduced fee and fine revenue.	(1,433,500)	0
19. Carbide Dock/Soo Locks Project. The Governor removed one-time funding for the project.	(1,000,000)	0
20. Local Bridge Program. Slightly less gas tax revenue reduced this line.	(545,500)	0
21. Other Changes. The Governor restored FY 2019-20 defined calculations that were not included for the current fiscal year (\$207,300), restored funding for boilerplate reporting requirements that were vetoed for the current fiscal year (\$122,000), and slightly increased the appropriation for unclassified salaries (\$4,500).	333,800	0
22. Economic Adjustments. Includes \$9,966,700 Gross and \$0 GF/GP for total economic adjustments, of which an estimated \$7,944,700 Gross and \$0 GF/GP are for legacy retirement costs (pension and retiree health).	9,966,700	0
Total Changes	\$237,865,100	(\$25,000,000)
FY 2020-21 Governor's Recommendation	\$5,259,273,100	\$0

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **Contingency Fund Increase.** The Governor increased Federal and State contingency fund authorization to \$200.0 million and \$40.0 million, respectively, after they were reduced to \$40.0 million and \$5.0 million for FY 2019-20. (Sec. 210)

2. **Disciplinary Action - Removed.** The Governor removed a section that prohibited the Department from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
3. **Remanufactured Parts for Vehicle Fleet - Removed.** The Governor removed a section stating legislative intent for the Department to prioritize the use of remanufactured parts for the Department's vehicle fleet. (Sec. 270)
4. **General Fund for Road and Bridge - Removed.** The Governor removed a new section for FY 2019-20 that directed the spending of \$25.0 million General Fund. (Sec. 280)
5. **Bridge Authority Tolling/Hearings.** The Governor removed subsection (2) as unenforceable. The subsection required three public hearing be conducted before any toll increases. (Sec. 301)
6. **Commercial Lease of Department Property - Removed.** The Governor removed a section granting the Department permission to lease Department space at a competitive rate. (Sec. 305)
7. **Interdepartmental Grant Reporting - Removed.** The Governor declared subsections (2) & (3) unenforceable. The subsections required reports on interdepartmental contracts. (Sec. 306)
8. **Infrastructure Bank Reporting.** The Governor removed a subsection requiring the Department to report to the Legislature on the balance, loan amounts, and outstanding loans from the State infrastructure bank. (Sec. 313)
9. **Rest Area Signage - Removed.** The Governor removed a section requiring the Department to post signs at rest areas that include a number to call for unsafe or unclean conditions at those rest areas. (Sec. 319)
10. **Rail Sale Between Graying and Gaylord - Removed.** The Governor deleted a section requiring the Department to solicit proposals for the sale of a State-owned rail line. (Sec. 323)
11. **Airport Sale - Removed.** The Governor deleted a section requiring the Department to solicit proposals for the sale of the Romeo State Airport and the Linden Airport. (Sec. 324)
12. **Prompt Payment of Contractors - Removed.** The Governor removed a section requiring the prompt payment of prime contractors. (Sec. 353)
13. **Deadline for Federal Aid Project Review - Removed.** The Governor removed a section requiring the Department to complete the review process for Federal Aid Project submittals within 120 days after receipt of the request. (Sec. 357)
14. **Groundbreaking Ceremonies - Removed.** The Governor removed a section prohibiting the reimbursement of contractors or consultants for the costs of groundbreaking procedures. (Sec. 375)
15. **Signage Study Ban - Removed.** The Governor removed a section prohibiting the Department from spending appropriations to study the effects of outdoor advertising on driver safety. (Sec. 376)
16. **E-Verify Requirement - Removed.** The Governor removed a section that required contractors and subcontractors use Homeland Security's E-Verify system to verify that all individuals hired for construction, maintenance, or engineering services be legally present and authorized to work within the United States. (Sec. 381)
17. **Local Billing Deadline - Removed.** The Governor removed a section requiring the Department to send cost sharing bills to local units within two years of the Department's final contract payment. (Sec. 382)
18. **Legislative Air Travel Prohibition - Removed.** The Governor deleted a subsection prohibiting legislators or staff from traveling on state-owned aircraft without prior approval from the legislative leadership. (Sec. 383)
19. **Toll Credit Reporting - Removed.** The Governor removed a section requiring an annual report to the State Budget Director and the Legislature on the toll credit program. (Sec. 386)
20. **Traffic Study Availability - Removed.** The Governor removed a section requiring the Department to post on its website within 60 days the results of any formal traffic study. (Sec. 387)
21. **Long-term Contract Notification - Removed.** The Governor removed a section requiring the Department to notify the Legislature of the details of long-term contracts within 30 days of the agreement. (Sec. 389)
22. **Fund Balance Reporting - Removed.** The Governor removed a section requiring the Department to report to the State Budget Director and the Legislature the previous fiscal year balances for a number of funds it manages. (Sec. 390)
23. **Ban on Motor Fuel Testing - Removed.** The Governor removed a funding restriction on motor fuel quality testing by the Department. (Sec. 391)

24. **Best Practices - Removed.** The Governor removed a section requiring the Department to promote certain best practices related mostly to transit services and costs. (Sec. 393)
25. **Road Preservation Prioritization - Removed.** The Governor removed a section requiring the Department and local jurisdictions to make the preservation of existing road networks a funding priority. (Sec. 394)
26. **Contract Eligibility Assurance - Removed.** The Governor removed a section requiring the Department to obtain assurances from contractors for nonconstruction contracts that they have the requisite experience, labor, and financial capability to perform the contracts. (Sec. 396)
27. **Available Funds for Transit Buses - Removed.** The Governor removed a section requiring the Department to apply for Federal aid for replacement buses after meeting existing needs for 5310 program recipients. (Sec. 403)
28. **Warranties - Removed.** The Governor deleted a section requiring the Department to evaluate and update existing warranty policies and procedures. (Sec. 601)
29. **Flooding Mitigation - Removed.** The Governor removed a section directing the Department to address and report on flooding mitigation in southeast Michigan for FY 2018-19. (Sec. 605)
30. **Dead Deer Removal - Removed.** The Governor removed a section directing the Department to prioritize the removal of dead deer. (Sec. 610)
31. **Contract Incentives & Disincentives - Removed.** The Governor removed a section directing the Department to establish and report on contract incentives and disincentives for trunkline projects. (Sec. 612)
32. **Project Reporting - Removed.** The Governor removed a section requiring a report on several aspects of all capital Federal aid participating construction projects. (Sec. 613)
33. **Alternative Road Surface Materials - Removed.** The Governor removed a section directing the Department to report on the use of alternative road surface materials. (Sec. 660)
34. **Innovative Stakeholder Group - Removed.** The Governor removed a section creating the Innovative Stakeholder group responsible for the review of innovative materials and design. (Sec. 661)
35. **Rail Line Abandonment - Removed.** The Governor removed a section requiring the Department to report to the Legislature when a railroad company has filed to abandon a line. (Sec. 703)
36. **Rail Operations and Infrastructure Report - Removed.** The Governor removed a section requiring the Department to report on rail operations and infrastructure programs. (Sec. 704)
37. **Amtrak Report - Removed.** The Governor removed a section requiring the Department to report on rail passenger service provided by Amtrak. (Sec. 711)
38. **Grand Rapids to Chicago Round Trip Rail - Removed.** The Governor removed a section requiring the Department to solicit proposals for daily round-trip service from Grand Rapids to Chicago. (Sec. 712)
39. **Ride-sharing for Medical/Elderly Transit - Removed.** The Governor removed a section requiring elderly and medical transit systems solicit proposals for ride-sharing companies to provide 100% service. (Sec. 719)
40. **Meetings with the Rail Industry Trade Associations - Removed.** The Governor removed a section requiring the Department to meet with representatives of the rail industry twice a year. (Sec. 752)
41. **Marine Passenger Spending - Removed.** The Governor removed a section that directed the spending of the Marine Passenger appropriation. (Sec. 753)
42. **Airfleet and Airfleet Operations - Removed.** The Governor removed sections requiring the Department sell a Cessna 206 aircraft, to sell any aircraft with less than 50 logged hours, to report on the number of FTEs needed to maintain airfleet operations, and to review and report on needed changes to the Aeronautics Code. (Secs. 804, 805, & 806)
43. **One-Time Removals.** The Governor removed one-time sections that directed spending for one-time road and bridge construction, the Soo Locks project, and the Rail Grade Separation project for FY 2019-20. (Secs. 1001-1003)

Date Completed: 2-19-20

Fiscal Analyst: Michael Siracuse

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	104,335,000	113,735,000	9,400,000	9.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	104,335,000	113,735,000	9,400,000	9.0
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	104,335,000	113,735,000	9,400,000	9.0
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	104,335,000	113,735,000	9,400,000	9.0
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$104,335,000	\$104,335,000
Changes from FY 2019-20 Year-to-Date:		
1. Great Lakes Water Quality Bond. The Governor increased debt service payments for this bond. Of the total, there is a \$5.7 million decrease due to changes to existing debt payments and \$14.5 million in projected new bond issues for FY 2020-21. These would increase total debt service payments to \$47,600,000.	8,828,000	8,828,000
2. Clean Michigan Initiative. The Governor increased debt service payments for this bond. Of the total, there is a \$3.3 million decrease due to changes to existing debt payments and \$3.8 million in projected new bond issues for FY 2020-21. These would increase total debt service payments to \$49,514,000.	487,000	487,000
1. Quality of Life Bond. The Governor increased debt service payments to this bond due to increases to existing bond payments. This would increase total debt service payments to \$16,621,000.	85,000	85,000
Total Changes	\$9,400,000	\$9,400,000
FY 2020-21 Governor's Recommendation	\$113,735,000	\$113,735,000

Boilerplate Changes from FY 2019-20 Year-to-Date: None

Date Completed: 2-19-20

Fiscal Analyst: Cory Savino

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Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,874.5	1,924.5	50.0	2.7
GROSS	590,066,900	666,177,900	76,111,000	12.9
Less:				
Interdepartmental Grants Received	12,905,600	13,112,800	207,200	1.6
ADJUSTED GROSS	577,161,300	653,065,100	75,903,800	13.2
Less:				
Federal Funds	27,242,500	27,421,800	179,300	0.7
Local and Private	13,243,300	13,087,000	(156,300)	(1.2)
TOTAL STATE SPENDING	536,675,500	612,556,300	75,880,800	14.1
Less:				
Other State Restricted Funds	430,533,700	460,455,000	29,921,300	6.9
GENERAL FUND/GENERAL PURPOSE	106,141,800	152,101,300	45,959,500	43.3
PAYMENTS TO LOCALS	191,229,200	277,911,200	86,682,000	45.3

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$590,066,900	\$106,141,800

Changes from FY 2019-20 Year-to-Date:

- | | | |
|--|-------------------|-------------------|
| <p>1. Local Climate Resilient Infrastructure Grants. The Governor included \$40.0 million Gross and GF/GP to provide infrastructure and planning grants to local governments impacted by high water levels and shoreline erosion. Of the total, \$10.0 million would be dedicated for planning grants and \$30.0 million would support infrastructure grants. Boilerplate section 1201 outlines the administration of the program.</p> | <p>40,000,000</p> | <p>40,000,000</p> |
| <p>2. Marihuana Administration and Grants. The Governor increased appropriations from the Marihuana Regulation Fund to align with revenue projections. Of the total increase, \$16.7 million is for grants to local units of government and \$725,800 is for administration.</p> | <p>17,375,800</p> | <p>0</p> |
| <p>3. Internet and Sports Gaming. The Governor included additional funding and 23.0 FTEs for implementation of Sports and Internet Gaming. Of the total, \$4.6 million is for administration and \$850,000 is for IT.</p> | <p>5,450,000</p> | <p>0</p> |
| <p>4. Michigan Gaming Control Board IT. The Governor included \$4.0 million in one-time appropriations to complete the Case Handling and Information Processing System project to consolidate and upgrade all of the gaming IT systems. Of the total, \$2.1 million is related to Internet and Sports Gaming.</p> | <p>4,025,000</p> | |

5. Supervision of the General Property Tax Law. The Governor increased this line item \$2.6 million, which would bring total FY 2020-21 appropriations to \$19.3 million Gross and \$15.5 million GF/GP.	2,600,000	2,600,000
6. Convention Facility Development Fund. The Governor increased the line item to align with revenue projections, which would bring total distribution in FY 2020-21 to \$107.9 million.	2,531,600	0
7. Collection Systems Upgrade. The Governor included an additional \$2.0 million to support annual costs for the new replacement system for collection services.	2,000,000	2,000,000
8. Michigan Infrastructure Council. The Governor included \$860,000 Gross and \$610,000 GF/GP to the Council because of the depletion of work project appropriations.	860,000	610,000
9. State Lottery Administration. The Governor included an additional \$508,700 Gross and 4.0 FTEs to Lottery Operation because of increased gaming activity and iLottery.	508,700	0
10. Senior Citizen Cooperative Housing. The Governor increased this line item \$500,000 to account for two new qualified facilities in the City of Detroit and Farmington.	500,000	500,000
11. Wrongful Imprisonment Compensation Fund. The Governor reduced deposits into the Wrongful Imprisonment Compensation Fund from \$10.0 million to \$5.0 million Gross and GF/GP in FY 2020-21.	(5,000,000)	0
12. Municipal Cost Sharing Grants. The Governor removed the Municipal Cost Sharing Grants line item.	(1,250,000)	(1,250,000)
13. Audit Charge Revenue. The Governor reduced Audit Charge revenue to align with current revenue projections.	(241,200)	0
14. Accounting Service Center Revenue. The Governor reduced Accounting Service Center revenue to align with current revenue projections.	(150,300)	0
15. Placeholders. The Governor removed the Drinking Water Declaration of Emergency \$100 placeholder, and four \$100 placeholders that roll out the Supervision of the General Property Tax Law line item.	(500)	(400)
16. Economic Adjustments. Includes \$6,901,900 Gross and \$1,499,900 GF/GP for total economic adjustments, of which an estimated \$4,831,500 Gross and \$938,000 GF/GP is for legacy retirement costs (pension and retiree health).	6,901,900	1,499,900
Total Changes.....	\$76,111,000	\$45,959,500
FY 2020-21 Governor's Recommendation.....	\$666,177,900	\$152,101,300

Boilerplate Changes from FY 2019-20 Year-to-Date:

- Deleted Sections.** The **Governor** deleted a number of sections, which include 907b (tax assessor training expansion), 926 (John R Justice Grant Program), 936 (Financial Data Analytic Tool Reimbursement), 942 (prioritization of spending in the Supervision of the General Property Tax Law line item), 945 (property assessment audits), 947 (Financial Independence Team cooperation with Department of Education), 949a (city income tax administration expansion), 949k (Municipal Cost Sharing Grants), and 949n (Student Loan Refinance Program Feasibility Study).
- Contingency Funds.** The **Governor** doubled the contingency fund amounts for the Federal, Local, and Private funds. (Sec. 901)
- Personal Property Tax.** The **Governor** modified the personal property tax section to remove reference to "related property taxes levied" but maintained "current fiscal year payment". (Sec. 920)

4. **Personal Property Audit Report.** The **Governor** removed "personal property tax audits" from the report but retained the essential service assessment audits. (Sec. 927)
5. **Income Tax Fraud Prevention.** The **Governor** increased appropriations for income tax fraud prevention from \$1.2 million to \$1.5 million. (Sec. 949)
6. **Horse Racing Regulatory Costs.** The **Governor** removed reference to "horsemen's organization fund" and the directives if funding is higher or lower than the regulatory costs for conducting horse racing. (Sec. 978)
7. **Millionaire Party Oversight.** The **Governor** removed the Millionaire Party Oversight report. (Sec. 979)
8. **Local Climate Resilient Infrastructure Grants.** The **Governor** included a new grant program that appropriates \$10.0 million for planning grants and \$30.0 million for infrastructure grants. The section included a cap of \$200,000 for planning grants and \$2.5 million for infrastructure grants with a 20% matching requirement. (Sec. 1201)
9. **Technical Modification.** The **Governor** updated the legacy cost estimates for FY 2020-21. (Sec. 948)

Date Completed: 2-19-20

Fiscal Analyst: Cory Savino



Telephone: (517) 373-2768
Fax: (517) 373-1986

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2019-20 YEAR-TO-DATE*	FY 2020-21 GOV.'S REC.	CHANGES FROM FY 2019-20 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,376,191,700	1,404,870,900	28,679,200	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,376,191,700	1,404,870,900	28,679,200	2.1
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,376,191,700	1,404,870,900	28,679,200	2.1
Less:				
Other State Restricted Funds	1,376,191,700	1,404,870,900	28,679,200	2.1
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	1,376,191,700	1,404,870,900	28,679,200	2.1

*As of February 6, 2020.

	Gross	GF/GP
FY 2019-20 Year-to-Date Appropriation	\$1,376,191,700	\$0
Changes from FY 2019-20 Year-to-Date:		
1. Constitutional Revenue Sharing. The Governor recommended \$902,628,100 for constitutional revenue sharing for FY 2020-21, an increase of 1.9% from the January 2020 consensus revenue estimate for FY 2019-20.	16,469,100	0
2. City, Village, and Township (CVT) Revenue Sharing. The Governor recommended \$267,550,200 in FY 2020-21 for nonconstitutional or "statutory" payments to cities, villages, and townships, a 2.5% increase from FY 2019-20.	6,525,600	0
3. County Revenue Sharing and County Incentive Program. The Governor recommended \$232,192,600 for total payments to counties. This would be paid through two line items: \$188,863,300 for County Revenue Sharing and \$43,329,300 for the County Incentive Program. The Governor recommended increases of \$17,200 for County Revenue Sharing and \$4,100 for the County Incentive Program to cover the first partial-year cost of Leelanau County, which will re-enter State-paid revenue sharing in 2021. All counties would receive 107.176% of statutory funding, a 2.5% increase from FY 2019-20.	5,684,500	0
Total Changes	\$28,679,200	\$0
FY 2020-21 Governor's Recommendation	\$1,404,870,900	\$0

Boilerplate Changes from FY 2019-20 Year-to-Date:

1. **CVT Revenue Sharing.** The **Governor** set the amount that an eligible local government can receive at 102.5% of its payment under Sec. 952(1) of PA 56 of 2019. (Sec. 952(1)). Also removed the requirement that any CVT with a retirement benefit system that was in underfunded status must dedicate any CVT Revenue Sharing increase to that system. (Sec. 952(6))
2. **County Revenue Sharing.** The **Governor** recommended that payments in FY 2020-21 be 107.176% of the payments for which counties are eligible under the Glenn Steil State Revenue Sharing Act, increased from 104.5619% in FY 2019-20 (Sec. 955(1)). Also removed the requirement at any county with a retirement benefit system that was in underfunded status must dedicate any County Revenue Sharing increase to that system. (Sec. 955(3))
3. **Financially Distressed Cities, Villages, or Townships.** The **Governor** removed "reduction of unfunded accrued liability" and "reduction in debt obligations" from the list of eligible projects. (Sec. 956)

Date Completed: 2-19-20

Fiscal Analyst: Ryan M. Bergan



RECENT SENATE FISCAL AGENCY PUBLICATIONS

Winter 2020	State Notes	Winter 2019	State Notes
<ul style="list-style-type: none">• "A Discussion of Recent Proposed and Final Changes to Public Assistance Programs"• "North American Indian Tuition Waivers – Update on Recent Legislative Action"• "Banking Challenges for Michigan's Cannabis Industry"• "The Michigan Public School Employees' Retirement System"		<ul style="list-style-type: none">• "The Rising Costs of Road Repair"• "Sales and Use Tax Collection from Remote Sellers after Wayfair"• "Michigan Prison Closures and Prison Population Trends"• "An Overview of Michigan's Early Childhood Education Programs"	
December 2019	Economic Outlook	December 2018	Economic Outlook
<ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2018-19, FY 2019-20, FY 2020-21, and FY 2021-22"		<ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2017-18, FY 2018-19, FY 2019-20, and FY 2020-21"	
December 2019	Appropriations Report	September 2018	Appropriations Report
<ul style="list-style-type: none">• "FY 2019-20 Appropriations Report - Part II - Initial Appropriations"		<ul style="list-style-type: none">• "FY 2018-19 Higher Education Appropriations Report"	
December 2019	Boilerplate Report	Fall 2018	State Notes
<ul style="list-style-type: none">• "Reports Required by Boilerplate in Appropriation Acts"		<ul style="list-style-type: none">• "State Student Financial Aid Programs"• "Slamming the Brakes on Driver Responsibility Fees"• "Overview of State Appropriations for the Flint Drinking Water Emergency - Update"	
Summer 2019	State Notes	September 2018	Enrollment Patterns Report
<ul style="list-style-type: none">• "Occupational Licensing in Michigan"• "Motor Fuel Prices, Motor Fuel Taxes, and Transportation Revenues"		<ul style="list-style-type: none">• "Study of Michigan Public University Enrollment Patterns by County and Institution"	
July 2019	Appropriations Report	August 2018	Appropriations Report
<ul style="list-style-type: none">• "FY 2017-18 Appropriations Report Part III - Year-End Appropriations"		<ul style="list-style-type: none">• "FY 2018-19 Appropriations Report - Part II - Initial Appropriations"	
July 2019	Lawsuit Report	Summer 2018	State Notes
<ul style="list-style-type: none">• "FY 2017-18 Status of Lawsuits Involving the State of Michigan"		<ul style="list-style-type: none">• "Personal Property Tax Reform: A Continuing Story"• "An Evaluation of the Public Assistance and Child Welfare Caseload Consensus Process"• "No-Fault Reform Legislation"• "Capital Outlay Use and Finance Process"	
May 2019	Economic Outlook	August 2018	Boilerplate Report
<ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2018-19, FY 2019-20, and FY 2020-21"		<ul style="list-style-type: none">• "Reports Required by Boilerplate in Appropriation Acts"	
April 2019	Appropriations Report	Spring 2018	State Notes
<ul style="list-style-type: none">• "FY 2019-20 Appropriations Report - Part I - Governor's Recommendations"		<ul style="list-style-type: none">• "Funding Michigan Indigent Defense Commission Grants"• "Overview: Michigan's Medical Marijuana Laws and Funding"• "A Funding History of Fire Protection Grants"	
Spring 2019	State Notes	May 2018	Economic Outlook
<ul style="list-style-type: none">• "Michigan Regulation and Taxation of Marijuana Act"• "A Review of Medicaid Provider Taxes in Michigan Since Fiscal Year 2007-08"		<ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2017-18, FY 2018-19, and FY 2019-20"	
April 2019	Issue Paper	April 2018	Lawsuit Report
<ul style="list-style-type: none">• "An Overview of Michigan's Efforts in Combating the Opioid Epidemic"		<ul style="list-style-type: none">• "FY 2016-17 Status of Lawsuits Involving the State of Michigan"	

RECURRING SENATE FISCAL AGENCY REPORTS

- *Appropriations Report - Part I - Governor's Recommendations*
- *Appropriations Report - Part II - Initial Appropriations*
- *Appropriations Report - Part III - Year-End Appropriations*
- *Status of Lawsuits Against the State*
- *Higher Education Appropriations Report*
- *Michigan Economic Outlook and Budget Review*
- *Monthly Revenue Report*
- *Monthly Michigan Economic Indicators*
- *State Notes: Topics of Legislative Interest*