

FY 2021-22



APPROPRIATIONS REPORT
Part I - Governor's Recommendations

March 2021



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.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

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.



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OVERVIEW SUMMARY

On February 11, 2021, Governor Gretchen Whitmer presented her Executive Budget recommendations for fiscal year (FY) 2021-22 and budget projections for FY 2022-23. 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 2021-22 appropriation recommendation.

The FY 2021-22 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 15, 2021. The FY 2021-22 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$10.9 billion. This represents a 6.4% increase from the revised consensus estimates for FY 2020-21. The FY 2020-21 School Aid Fund (SAF) consensus revenue estimate is \$14.4 billion, a 2.8% increase from the revised consensus estimates for FY 2020-21. The Governor's proposal includes three changes to GF/GP consensus revenue estimates. The recommendation includes the use of available one-time revenue, in a FY 2020-21 supplemental recommendation, and Venture Michigan Fund reserves of \$60.7 million to purchase the remaining outstanding liability backed by tax vouchers issued by the Venture Michigan Fund, which would affect both revenue and expenditures and is projected to result in savings to the General Fund for FYs 2021-22 and 2022-23. Also, the Governor recommends exempting feminine hygiene products from sales and use tax, which is projected to reduce GF/GP revenue by \$6.5 million. A proposed 2.0% increase in statutory revenue sharing would reduce available revenue by \$9.8 million, and an increase in baseline revenue sharing payments for counties, to reflect the full-year return of Leelanau County to State revenue sharing, would reduce available GF/GP revenue by an additional \$447,800. In addition to these revenue changes for the balance sheet, the Governor proposes a number of fee increases for the Department of Environment, Great Lakes, and Energy (EGLE), totaling an additional \$7.8 million of restricted fund revenue.

The Governor's proposal for the SAF recommends additional SAF in FY 2021-22 for an increase in the foundation allowance (\$203.0 million SAF), a one-time declining enrollment payment to pay districts 70% of blended pupil count lost from FY 2020-21 to FY 2021-22 (\$200.0 million SAF), and an out-of-school time learning opportunity program (\$60.0 million SAF) proposed for FY 2020-21 and continuing through FY 2021-22. The Governor also is recommending an additional \$32.2 million SAF for higher per-slot funding of the Great Start Readiness Program (GSRP), and a 2% increase for at risk, bilingual education, intermediate school district (ISD) operational programming, isolated/rural district funding, and additional reimbursements for special education costs. In total, the Governor proposes an additional \$327.9 million in K-12 appropriations compared to FY 2020-21.

The Governor is proposing to maintain the SAF appropriation to the public universities and community colleges at the level appropriated in FY 2020-21 with increases to accommodate Michigan Public School Employees' Retirement System (MPERS) costs (\$5.3 million and \$2.6 million respectively). Additionally, the Governor recommends a one-time 2.0% increase in funding to both universities and community colleges. The recommended increase for community colleges operations of \$6.5 million would be supported with SAF while the \$29.2 million operations increase recommended for public universities would be financed with GF/GP.

The Governor recommends FY 2021-22 Gross appropriations of \$67.1 billion and Adjusted Gross appropriations of \$65.9 billion. Included in this appropriation total are \$28.4 billion of Federal funds, \$512.4 million of local and private funds, \$25.6 billion of State Restricted revenue, and \$11.4 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 2020-21 year-to-date appropriations, the Governor's FY 2021-22 budget includes a Gross appropriation increase of \$3.9 billion, or 6.2%, an increase in State Spending from State Resources appropriations of \$1.4 billion, or 3.8%, and an increase in GF/GP appropriations of \$558.2 million, or 5.1%.

The principal reasons for the increase in State Spending from State Resources appropriations are related to the use of remaining Great Lakes Water Quality Protection Bond resources into the Strategic Water Quality Initiatives Fund, the funding increase in the School Aid budget for the foundation allowance and declining enrollment support, caseloads and the Medicaid match in the Department of Health and Human Services (DHHS), proposals to pay for specified debt obligations with one-time resources, and program increases recommended in State departments. Tables 2-5 compare the Governor's FY 2021-22 recommendation for Gross, Adjusted Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2020-21 year-to-date appropriations. Table 6 compares the FY 2021-22 recommended number of 54,833.5 full-time equated (FTE) positions to the FY 2020-21 level of 54,160.6 FTEs, an increase of 672.9 positions, or 1.2%.

The FY 2021-22 recommendation includes appropriations that the Governor has designated as either "ongoing" or "one-time". Table 7 outlines the proposed FY 2021-22 one-time appropriations by fund source, with a Gross total for all budget areas of \$1.2 billion. The Governor's budget does not include a recommended appropriation for the Budget Stabilization Fund (BSF) for FY 2021-22 but does propose a mid-year supplemental appropriation to the BSF of \$175.0 million in FY 2020-21.

Table 8 lists the estimated State payments to local units of government for FYs 2020-21 and 2021-22, of \$19.9 billion and \$20.7 billion, respectively.

Tables 9 and 10 present the GF/GP and SAF balance sheets as presented by the Governor for FY 2019-20, FY 2020-21, and FY 2021-22, which reflect positive ending balances for all three years.

The total Gross and GF/GP dollar changes from FY 2020-21 to FY 2021-22 are an increase of \$3.9 billion Gross and an increase of \$558.2 million GF/GP. Table 11 shows that the \$558.2 million GF/GP increase consists of \$215.8 million of GF/GP funding for new programs, \$1.0 billion of GF/GP funding increases, a \$338.0 million reduction from GF/GP program eliminations, \$334.8 million of GF/GP program reductions, a \$3.2 million GF/GP reduction due to fund shifts, and an increase of \$3.4 million due to economic and unclassified salaries adjustments. Tables 12-18 provide the details for these changes.

The FY 2021-22 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 \$327.9 million.

Tables 20-35 outline background information regarding major budget areas and other general appropriation issues.

The Governor's FY 2021-22 proposal was accompanied by four supplemental requests for FY 2020-21. These four supplemental requests total \$2.9 billion Gross and reduce GF/GP by \$50.6 million. These recommendations are included in Tables 36 and 37. Tables 38-40 provide recent State appropriation history.

On an overall basis, the Governor's FY 2021-22 budget proposal increases Gross appropriations by 6.2% and State Spending from State Resources by 3.8%, and GF/GP by 5.1%. The primary reason for these increases is because of additional Federal resources associated with the COVID-19 pandemic, baseline increases related to the DHHS, recommended increases in department programs and School Aid Fund appropriations, and increases to public universities, community colleges, and local units of government.

Table 1

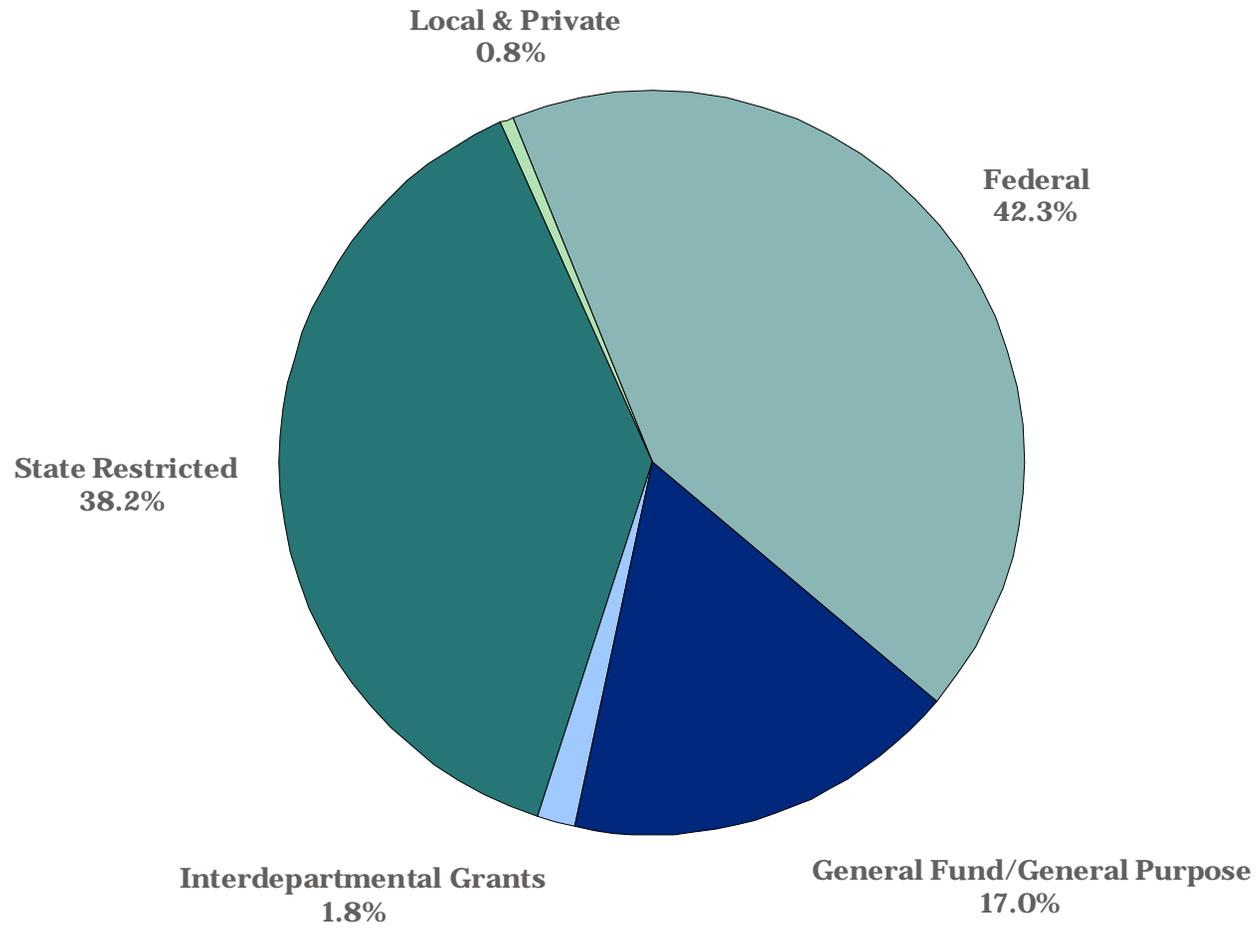
**FY 2021-22 GOVERNOR'S RECOMMENDATION
BY SOURCE OF FUNDS**

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$116,252,300	\$320,000	\$115,932,300	\$13,599,800	\$71,300	\$44,377,300	\$57,883,900
Attorney General	107,338,800	35,083,600	72,255,200	9,868,400	0	20,390,800	41,996,000
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	17,584,100	298,900	17,285,200	2,850,700	18,700	58,500	14,357,300
Community Colleges	434,653,600	0	434,653,600	0	0	434,653,600	0
Corrections	2,079,027,000	0	2,079,027,000	5,364,100	9,646,100	45,493,400	2,018,523,400
Education	531,091,400	0	531,091,400	344,304,100	8,108,800	9,785,400	168,893,100
Environment, Great Lakes, & Energy	906,016,900	3,544,900	902,472,000	171,889,200	1,411,200	600,471,200	128,700,400
Executive	7,318,600	0	7,318,600	0	0	0	7,318,600
Health & Human Services	31,647,234,200	13,791,400	31,633,442,800	22,910,690,100	351,956,700	3,094,113,000	5,276,683,000
Higher Education	1,731,967,300	0	1,731,967,300	122,726,400	0	361,403,300	1,247,837,600
Insurance & Financial Services	72,987,600	724,600	72,263,000	1,017,100	0	71,245,900	0
Judiciary	319,505,100	1,652,300	317,852,800	6,374,800	8,842,400	94,312,700	208,322,900
Labor & Economic Opportunity	1,830,177,600	0	1,830,177,600	1,143,364,800	22,167,000	243,502,700	421,143,100
Legislature	210,057,800	6,345,200	203,712,600	0	406,000	6,877,300	196,429,300
Licensing & Regulatory Affairs	519,486,400	45,079,800	474,406,600	29,030,900	0	259,429,800	185,945,900
Military & Veterans Affairs	217,688,100	101,800	217,586,300	120,015,300	640,000	21,336,700	75,594,300
Natural Resources	456,341,400	203,100	456,138,300	91,291,300	7,039,200	309,695,300	48,112,500
Natural Resources (Trust Fund)	0	0	0	0	0	0	0
School Aid	15,853,068,000	0	15,853,068,000	1,822,478,500	0	13,990,589,500	40,000,000
State	252,164,300	20,000,000	232,164,300	1,460,000	50,100	218,218,600	12,435,600
State Police	773,164,700	24,816,300	748,348,400	80,953,100	4,867,700	145,998,100	516,529,500
Technology, Mgt., & Budget	1,699,769,800	1,057,210,900	642,558,900	5,129,800	2,463,400	121,020,600	513,945,100
Transportation	5,236,519,200	4,044,800	5,232,474,400	1,448,519,000	81,682,000	3,702,273,400	0
Treasury (Debt Service)	99,064,000	0	99,064,000	0	0	0	99,064,000
Treasury (Operations)	625,135,900	13,073,500	612,062,400	27,361,400	13,063,000	447,723,800	123,914,200
Treasury (Revenue Sharing)	1,367,563,900	0	1,367,563,900	0	0	1,367,563,900	0
TOTAL APPROPRIATIONS	\$67,111,178,000	\$1,226,291,100	\$65,884,886,900	\$28,358,288,800	\$512,433,600	\$25,610,534,800	\$11,403,629,700

Figure A

Gross Appropriations by Source of Funds

FY 2021-22 Governor's Recommendation



Total = \$ 67,111,178,000

Table 2
GROSS APPROPRIATIONS
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION

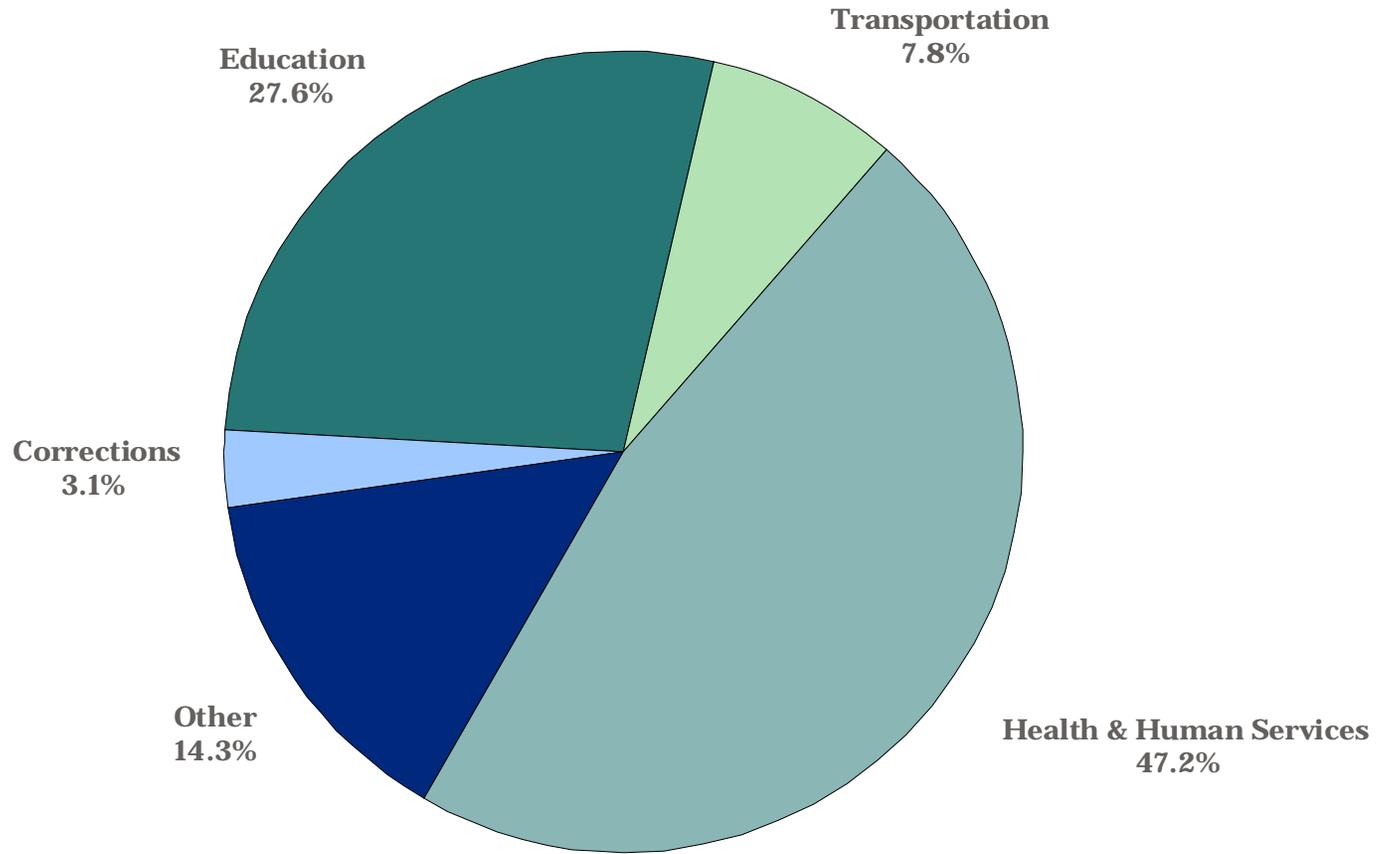
Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$121,295,000	\$116,252,300	(\$5,042,700)	(4.2%)
Attorney General	106,828,600	107,338,800	510,200	0.5
Capital Outlay.....	1,000	0	(1,000)	(100.0)
Civil Rights	18,037,400	17,584,100	(453,300)	(2.5)
Community Colleges	425,667,600	434,653,600	8,986,000	2.1
Corrections	2,060,788,400	2,079,027,000	18,238,600	0.9
Education	451,695,700	531,091,400	79,395,700	17.6
Environment, Great Lakes, & Energy	511,359,200	906,016,900	394,657,700	77.2
Executive.....	7,114,300	7,318,600	204,300	2.9
Health & Human Services.....	28,726,411,000	31,647,234,200	2,920,823,200	10.2
Higher Education.....	1,699,925,400	1,731,967,300	32,041,900	1.9
Insurance & Financial Services.....	73,315,700	72,987,600	(328,100)	(0.4)
Judiciary	313,641,200	319,505,100	5,863,900	1.9
Labor & Economic Opportunity	1,684,364,300	1,830,177,600	145,813,300	8.7
Legislature.....	202,453,800	210,057,800	7,604,000	3.8
Licensing & Regulatory Affairs.....	484,389,600	519,486,400	35,096,800	7.2
Military & Veterans Affairs.....	228,951,500	217,688,100	(11,263,400)	(4.9)
Natural Resources	469,594,100	456,341,400	(13,252,700)	(2.8)
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	15,525,164,800	15,853,068,000	327,903,200	2.1
State	254,297,500	252,164,300	(2,133,200)	(0.8)
State Police	767,615,500	773,164,700	5,549,200	0.7
Technology, Management, & Budget.....	1,674,955,000	1,699,769,800	24,814,800	1.5
Transportation	5,107,470,600	5,236,519,200	129,048,600	2.5
Treasury (Debt Service).....	113,735,000	99,064,000	(14,671,000)	(12.9)
Treasury (Operations).....	758,483,500	625,135,900	(133,347,600)	(17.6)
Treasury (Revenue Sharing).....	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
TOTAL APPROPRIATIONS.....	\$63,169,743,000	\$67,111,178,000	\$3,941,435,000	6.2%

* As of February 8, 2021

Figure B

Gross Appropriations by Major Category

FY 2021-22 Governor's Recommendation



Total = \$ 67,111,178,000

Table 3
ADJUSTED GROSS APPROPRIATIONS
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$120,970,600	\$115,932,300	(\$5,038,300)	(4.2%)
Attorney General	71,542,800	72,255,200	712,400	1.0
Capital Outlay.....	1,000	0	(1,000)	(100.0)
Civil Rights	17,737,600	17,285,200	(452,400)	(2.6)
Community Colleges.....	425,667,600	434,653,600	8,986,000	2.1
Corrections	2,060,788,400	2,079,027,000	18,238,600	0.9
Education	451,695,700	531,091,400	79,395,700	17.6
Environment, Great Lakes, & Energy	508,021,500	902,472,000	394,450,500	77.6
Executive.....	7,114,300	7,318,600	204,300	2.9
Health & Human Services.....	28,712,581,100	31,633,442,800	2,920,861,700	10.2
Higher Education.....	1,699,925,400	1,731,967,300	32,041,900	1.9
Insurance & Financial Services.....	72,587,100	72,263,000	(324,100)	(0.4)
Judiciary	312,088,400	317,852,800	5,764,400	1.8
Labor & Economic Opportunity	1,684,364,300	1,830,177,600	145,813,300	8.7
Legislature.....	196,203,400	203,712,600	7,509,200	3.8
Licensing & Regulatory Affairs.....	437,725,000	474,406,600	36,681,600	8.4
Military & Veterans Affairs.....	228,849,700	217,586,300	(11,263,400)	(4.9)
Natural Resources	469,391,000	456,138,300	(13,252,700)	(2.8)
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	15,525,164,800	15,853,068,000	327,903,200	2.1
State	234,297,500	232,164,300	(2,133,200)	(0.9)
State Police	742,965,900	748,348,400	5,382,500	0.7
Technology, Management, & Budget.....	650,234,100	642,558,900	(7,675,200)	(1.2)
Transportation	5,103,407,500	5,232,474,400	129,066,900	2.5
Treasury (Debt Service).....	113,735,000	99,064,000	(14,671,000)	(12.9)
Treasury (Operations).....	745,370,700	612,062,400	(133,308,300)	(17.9)
Treasury (Revenue Sharing).....	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
TOTAL APPROPRIATIONS.....	\$61,974,617,700	\$65,884,886,900	\$3,910,269,200	6.3%

* As of February 8, 2021

Figure C

Adjusted Gross Appropriations by Major Category

FY 2021-22 Governor's Recommendation

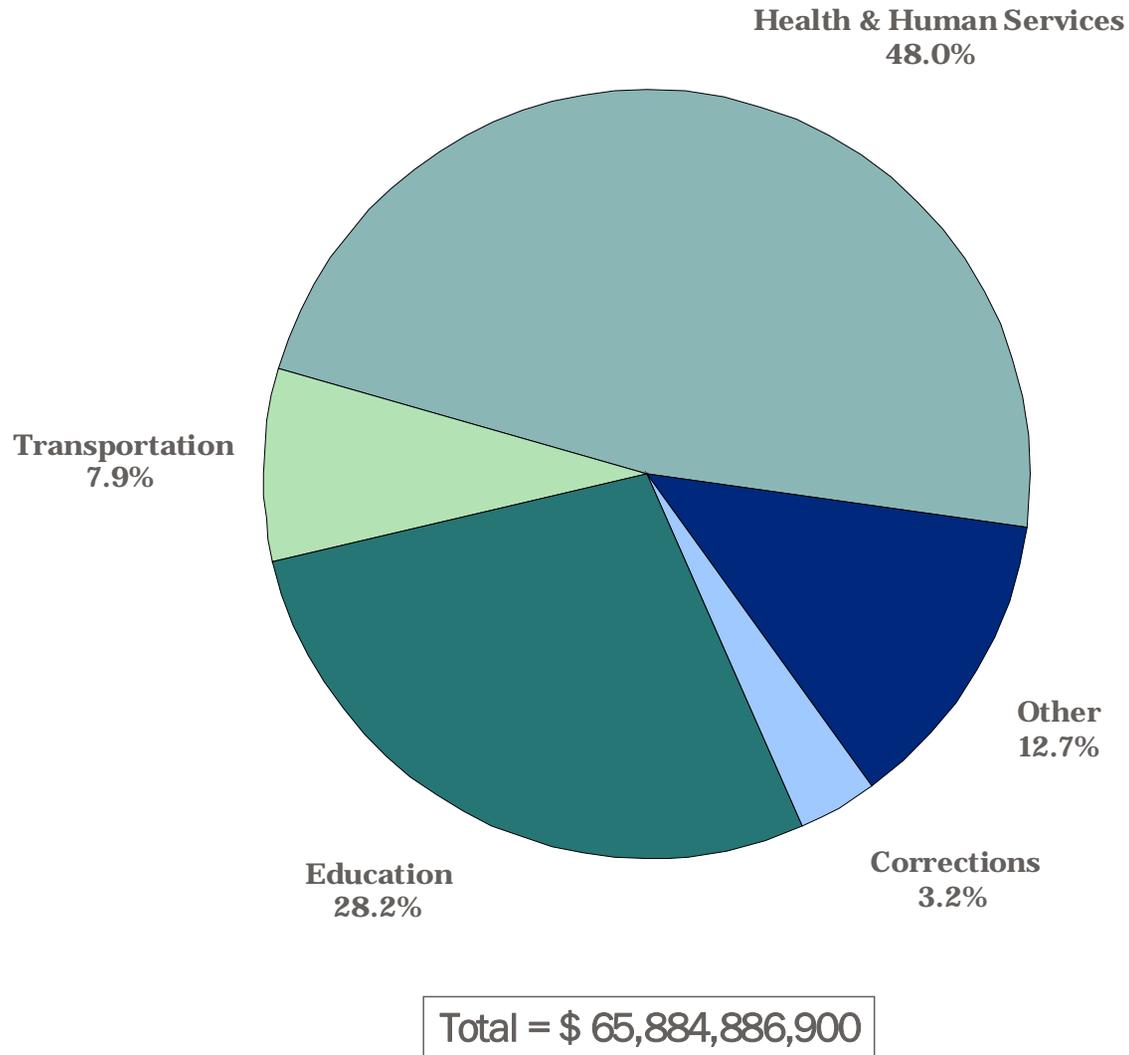


Table 4
STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION

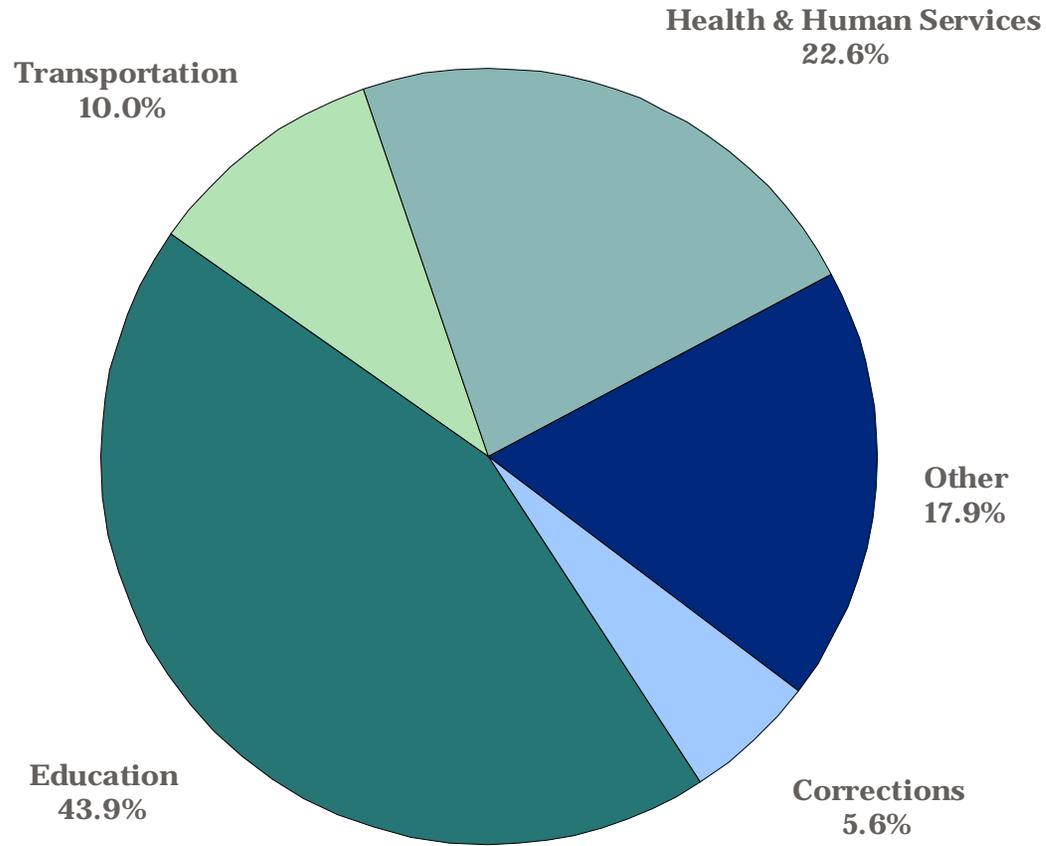
Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$107,769,800	\$102,261,200	(\$5,508,600)	(5.1%)
Attorney General.....	61,636,700	62,386,800	750,100	1.2
Capital Outlay	1,000	0	(1,000)	(100.0)
Civil Rights	14,850,700	14,415,800	(434,900)	(2.9)
Community Colleges.....	425,667,600	434,653,600	8,986,000	2.1
Corrections.....	1,854,736,900	2,064,016,800	209,279,900	11.3
Education	99,882,600	178,678,500	78,795,900	78.9
Environment, Great Lakes, & Energy	334,635,700	729,171,600	394,535,900	117.9
Executive.....	7,114,300	7,318,600	204,300	2.9
Health & Human Services.....	8,214,319,000	8,370,796,000	156,477,000	1.9
Higher Education	1,573,899,000	1,609,240,900	35,341,900	2.2
Insurance & Financial Services	71,570,000	71,245,900	(324,100)	(0.5)
Judiciary.....	296,811,900	302,635,600	5,823,700	2.0
Labor & Economic Opportunity.....	523,756,700	664,645,800	140,889,100	26.9
Legislature	195,803,400	203,306,600	7,503,200	3.8
Licensing & Regulatory Affairs.....	408,901,300	445,375,700	36,474,400	8.9
Military & Veterans Affairs.....	104,593,600	96,931,000	(7,662,600)	(7.3)
Natural Resources	373,498,100	357,807,800	(15,690,300)	(4.2)
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	13,718,286,300	14,030,589,500	312,303,200	2.3
State.....	232,787,400	230,654,200	(2,133,200)	(0.9)
State Police.....	584,455,900	662,527,600	78,071,700	13.4
Technology, Management, & Budget	639,372,500	634,965,700	(4,406,800)	(0.7)
Transportation.....	3,597,529,400	3,702,273,400	104,744,000	2.9
Treasury (Debt Service).....	113,735,000	99,064,000	(14,671,000)	(12.9)
Treasury (Operations).....	704,860,500	571,638,000	(133,222,500)	(18.9)
Treasury (Revenue Sharing).....	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
TOTAL APPROPRIATIONS.....	\$35,642,662,600	\$37,014,164,500	\$1,371,501,900	3.8%

* As of February 8, 2021

Figure D

State Spending From State Resources

FY 2021-22 Governor's Recommendation



Total = \$ 37,014,164,500

**Table 5
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION**

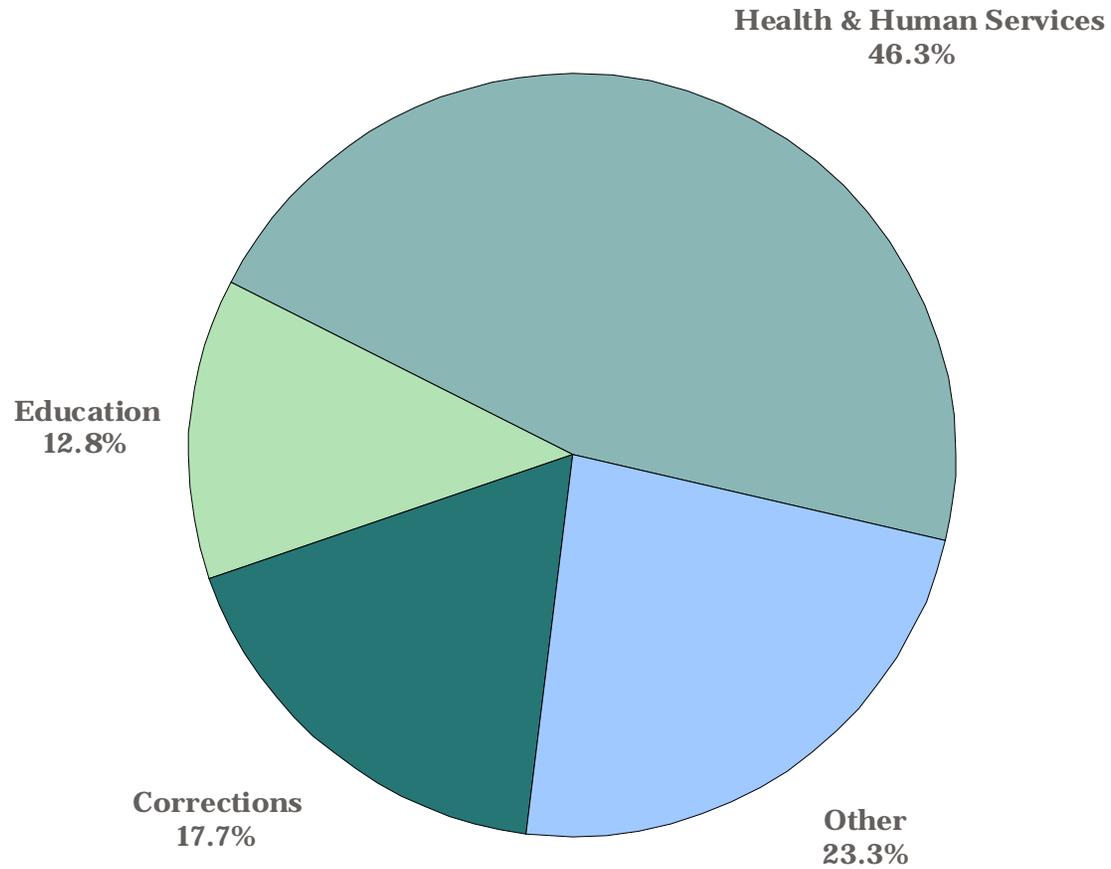
Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$63,616,800	\$57,883,900	(\$5,732,900)	(9.0%)
Attorney General.....	41,148,400	41,996,000	847,600	2.1
Capital Outlay	1,000	0	(1,000)	(100.0)
Civil Rights	14,792,200	14,357,300	(434,900)	(2.9)
Community Colleges.....	0	0	0	0.0
Corrections.....	1,809,258,400	2,018,523,400	209,265,000	11.6
Education	90,067,100	168,893,100	78,826,000	87.5
Environment, Great Lakes, & Energy	59,443,900	128,700,400	69,256,500	116.5
Executive.....	7,114,300	7,318,600	204,300	2.9
Health & Human Services.....	5,224,838,900	5,276,683,000	51,844,100	1.0
Higher Education	1,217,835,700	1,247,837,600	30,001,900	2.5
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	201,934,300	208,322,900	6,388,600	3.2
Labor & Economic Opportunity.....	251,367,600	421,143,100	169,775,500	67.5
Legislature	189,026,600	196,429,300	7,402,700	3.9
Licensing & Regulatory Affairs.....	149,605,600	185,945,900	36,340,300	24.3
Military & Veterans Affairs.....	84,280,200	75,594,300	(8,685,900)	(10.3)
Natural Resources	50,697,300	48,112,500	(2,584,800)	(5.1)
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	50,964,600	40,000,000	(10,964,600)	(21.5)
State.....	12,597,500	12,435,600	(161,900)	(1.3)
State Police.....	439,376,600	516,529,500	77,152,900	17.6
Technology, Management, & Budget	516,326,100	513,945,100	(2,381,000)	(0.5)
Transportation.....	0	0	0	0.0
Treasury (Debt Service).....	113,735,000	99,064,000	(14,671,000)	(12.9)
Treasury (Operations).....	257,432,200	123,914,200	(133,518,000)	(51.9)
Treasury (Revenue Sharing).....	0	0	0	0.0
TOTAL APPROPRIATIONS.....	\$10,845,460,300	\$11,403,629,700	\$558,169,400	5.1%

* As of February 8, 2021

Figure E

General Fund/General Purpose

FY 2021-22 Governor's Recommendation



Total = \$ 11,403,629,700

Table 6
FULL-TIME EQUATED CLASSIFIED POSITIONS
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development	519.0	520.0	1.0	0.2%
Attorney General.....	537.4	541.4	4.0	0.7
Civil Rights	110.0	109.0	(1.0)	(0.9)
Corrections.....	13,686.8	13,484.4	(202.4)	(1.5)
Education	614.5	615.0	0.5	0.1
Environment, Great Lakes, & Energy.....	1,418.0	1,460.0	42.0	3.0
Executive	79.2	79.2	0.0	0.0
Health & Human Services	15,481.0	15,583.5	102.5	0.7
Insurance & Financial Services	372.5	382.5	10.0	2.7
Judiciary.....	513.0	521.0	8.0	1.6
Labor & Economic Opportunity	2,545.4	3,061.4	516.0	20.3
Licensing & Regulatory Affairs	1,827.9	1,827.9	0.0	0.0
Military & Veterans Affairs	1,052.0	1,054.5	2.5	0.2
Natural Resources	2,346.1	2,354.9	8.8	0.4
State.....	1,586.0	1,586.0	0.0	0.0
State Police.....	3,596.0	3,651.0	55.0	1.5
Technology, Management, & Budget.....	3,133.0	3,141.0	8.0	0.3
Transportation.....	2,818.3	2,936.3	118.0	4.2
Treasury (Operations)	1,924.5	1,924.5	0.0	0.0
TOTAL POSITIONS	54,160.6	54,833.5	672.9	1.2%

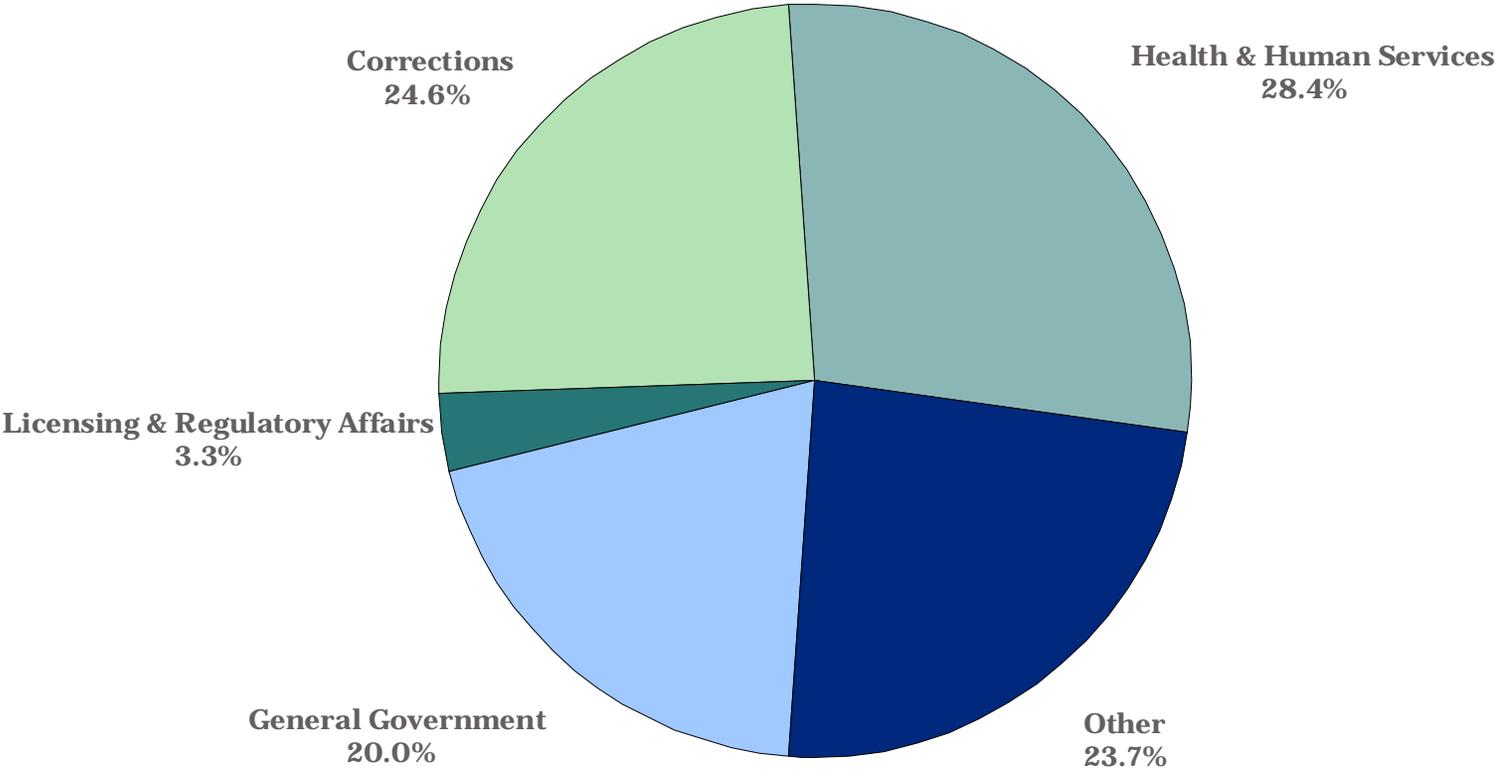
Note: Full-Time Equated classified positions include exempt positions in Judiciary.

* As of February 8, 2021

Figure F

Full-Time Equated Classified Positions

FY 2021-22 Governor's Recommendation



Total = 54,833.5

Table 7

FY 2021-22 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS BY FUND SOURCE

Budget Area/Program	Gross	Federal	State	
			Restricted	GF/GP
Attorney General				
Address confidentiality program.....	\$500,000	\$0	\$0	\$500,000
Attorney General Total	\$500,000	\$0	\$0	\$500,000
Community Colleges				
One-time 2% operations increase.....	\$6,473,100	\$0	\$6,473,100	\$0
Community Colleges Total.....	\$6,473,100	\$0	\$6,473,100	\$0
Corrections				
John Doe v. MDOC settlement agreement.....	\$40,000,000			\$40,000,000
Corrections Total	\$40,000,000	\$0	\$0	\$40,000,000
Education				
Childhood development and care public assistance.....	\$78,000,000	\$0	\$0	\$78,000,000
Education Total	\$78,000,000	\$0	\$0	\$78,000,000
Environment, Great Lakes, and Energy				
Increase MI Clean Water Plan	\$290,000,000	\$0	\$290,000,000	\$0
High Water Infrastructure Grants	40,000,000	0	0	40,000,000
Contaminated Site Cleanup	20,000,000	0	0	20,000,000
Dam Safety Emergency Fund	15,000,000	0	0	15,000,000
Environment, Great Lakes, and Energy Total	\$365,000,000	\$0	\$290,000,000	\$75,000,000
Health and Human Services				
Nursing home support payment.....	\$37,500,000	\$25,136,300	\$3,363,700	\$9,000,000
E-FMAP redetermination compliance	23,160,000	11,660,000	0	11,500,000
CCWIS modules.....	16,824,200	8,075,600	0	8,748,600
Lead poisoning prevention fund.....	10,000,000	0	0	10,000,000
Home health and safety program.....	5,000,000	0	0	5,000,000
Health disparity reduction initiatives.....	5,000,000	2,500,000	0	2,500,000
Cross-enrollment expansion	2,500,000	1,175,000	0	1,325,000
Health and Human Services Total.....	\$99,984,200	\$48,546,900	\$3,363,700	\$48,073,600
Higher Education				
One-time 2% operations increase.....	\$29,214,700	\$0	\$0	\$29,214,700
One-time 2% increase for MSU AgBioResearch	698,700	0	0	698,700
One-time 2% increase for MSU Extension	602,700	0	0	602,700
Higher Education Total.....	\$30,516,100	\$0	\$0	\$30,516,100

Table 7 - continued

FY 2021-22 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS BY FUND SOURCE				
Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Labor and Economic Opportunity				
Michigan reconnect grant program	\$120,000,000	\$0	\$0	\$120,000,000
Futures for frontliners	39,100,000	0	0	39,100,000
Mobility futures initiative	25,000,000	0	0	25,000,000
Going pro	15,000,000	0	0	15,000,000
Housing and community development.....	10,000,000	0	0	10,000,000
Wraparound services	6,000,000	0	0	6,000,000
Child care facilitator pilot program	2,200,000	0	0	2,200,000
Child savings account	2,000,000	0	0	2,000,000
Poverty task force	1,000,000	0	0	1,000,000
Focus: HOPE	1,000,000	0	0	1,000,000
Labor and Economic Opportunity Total	\$221,300,000	\$0	\$0	\$221,300,000
Legislature				
Capitol Security	\$5,000,000			\$5,000,000
Legislature Total	\$5,000,000	\$0	\$0	\$5,000,000
Licensing and Regulatory Affairs				
Michigan saves green bank reserve fund and credit enhancement	\$5,000,000	\$0	\$0	\$5,000,000
Nursing home infection control surveys	1,100,000	0	0	1,100,000
Urban search and rescue.....	1,000,000	0	0	1,000,000
Licensing and Regulatory Affairs Total.....	\$7,100,000	\$0	\$0	\$7,100,000
Military and Veterans Affairs				
Grand Rapids home for veterans FY 2021-22 transition costs.....	\$6,456,000	\$1,831,000	\$560,000	\$4,065,000
Military and Veterans Affairs Total.....	\$6,456,000	\$1,831,000	\$560,000	\$4,065,000
Natural Resources				
Capital Outlay - Fish Hatchery Energy Efficiencies	\$1,995,800	\$0	\$0	\$1,995,800
Natural Resources Total.....	\$1,995,800	\$0	\$0	\$1,995,800
School Aid				
Enrollment stability supports	\$200,000,000	\$0	\$200,000,000	\$0
Out-of-school learning opportunities	60,000,000	0	60,000,000	0
Flint Educare	1,000,000	0	0	1,000,000
School Aid Total.....	\$261,000,000	\$0	\$260,000,000	\$1,000,000

Table 7 - continued

FY 2021-22 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS BY FUND SOURCE				
Budget Area/Program	Gross	Federal	State Restricted	GF/GP
State Police				
Joint task force on jail and pretrial incarceration FY 2021-22.....	\$10,200,000	\$0	\$0	\$10,200,000
Trooper school FY 2021-22	4,885,500	0	0	4,885,500
State Police Total	\$15,085,500	\$0	\$0	\$15,085,500
Technology, Management, and Budget				
Advanced persistent cyber threats.....	\$20,000,000	\$0	\$0	\$20,000,000
State psychiatric hospital special maintenance	15,000,000	0	0	15,000,000
Information technology investment fund	15,000,000	0	0	15,000,000
Green revolving fund.....	5,000,000	0	0	5,000,000
Legal services funding	5,000,000	0	0	5,000,000
Technology, Management, and Budget Total	\$60,000,000	\$0	\$0	\$60,000,000
Treasury - Operations				
Local first responder training and recruitment grants	\$5,000,000	\$0	\$0	\$5,000,000
Treasury - Operations Total	\$5,000,000	\$0	\$0	\$5,000,000
Treasury - Revenue Sharing				
City, village, and township revenue sharing increase.....	\$5,220,500	\$0	\$5,220,500	\$0
County revenue sharing increase	4,539,500	0	4,539,500	0
Treasury - Revenue Sharing Total	\$9,760,000	\$0	\$9,760,000	\$0
TOTAL ONE-TIME BUDGET AREA APPROPRIATIONS	\$1,213,170,700	\$50,377,900	\$570,156,800	\$592,636,000

Table 8
STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
FY 2020-21 YEAR-TO-DATE VERSUS FY 2021-22 GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2020-21 Year-to-Date Appropriations*	FY 2021-22 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$8,800,000	\$8,800,000	\$0	0.0%
Attorney General.....	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges.....	425,667,600	434,653,600	8,986,000	2.1
Corrections.....	123,330,800	122,895,500	(435,300)	(0.4)
Education	15,267,700	15,267,700	0	0.0
Environment, Great Lakes, & Energy	44,000,600	326,521,000	282,520,400	642.1
Executive	0	0	0	0.0
Health & Human Services.....	1,673,960,400	1,743,164,400	69,204,000	4.1
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	146,925,300	148,056,300	1,131,000	0.8
Labor & Economic Opportunity.....	39,115,200	52,863,300	13,748,100	35.1
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs.....	137,967,400	169,417,400	31,450,000	22.8
Military & Veterans Affairs	4,136,500	4,136,500	0	0.0
Natural Resources	10,409,300	10,491,100	81,800	0.8
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	13,546,289,200	13,873,111,900	326,822,700	2.4
State.....	1,041,800	1,343,800	302,000	29.0
State Police.....	15,899,900	18,253,300	2,353,400	14.8
Technology, Management, & Budget	0	0	0	0.0
Transportation.....	2,125,342,100	2,196,114,200	70,772,100	3.3
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	247,351,800	238,834,700	(8,517,100)	(3.4)
Treasury (Revenue Sharing)	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
TOTAL APPROPRIATIONS	\$19,947,692,900	\$20,731,488,600	\$783,795,700	3.9%

* As of February 8, 2021

Table 9

**FEBRUARY 2021 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP)
REVENUE, EXPENDITURES, AND YEAR-END BALANCE (millions of dollars)**

	FY 2019-20 Year-to-Date	FY 2020-21 YTD Adjusted for Exec Rec	FY 2021-22 Exec Rec
Revenue:			
Beginning Balance	\$916.2	\$2,364.3	\$1,005.6
Ongoing Revenue:			
Consensus Revenue Estimate (January 2021)	\$10,770.6	\$10,237.5	\$10,897.1
Other Revenue Adjustments:			
Revenue Sharing Payments	(\$490.1)	(\$490.1)	(\$490.5)
Revenue Sharing One-Time Reduction	96.5	0.0	0.0
PA 126 of 2020	(3.8)	0.0	0.0
Shift VMF II to Voucher Purchase	0.0	0.0	75.0
Treasury Bookclosing Revenue Adjustments	9.6	0.0	0.0
Exec Rec - Revenue Sharing Increase: 2%	0.0	0.0	(9.8)
Exec Rec - Exempt Tax on Menstrual Products	0.0	0.0	(6.5)
Subtotal Ongoing Revenue	\$10,382.9	\$9,747.4	\$10,465.3
Non-ongoing Revenue:			
Reimbursement for Implementation of Recreational Marihuana	\$4.3	\$5.7	\$0.0
Legal Settlements/Redirection of Restricted Revenue	(5.2)	(2.6)	(2.6)
Restricted Revenue Redirected to GF	163.8	13.0	0.0
GF-equivalent Lapsed Work Projects	0.6	0.0	0.0
GF-equivalent Restricted Revenue	0.0	0.8	0.0
Coronavirus Relief Fund: Interest Earnings	5.8	0.0	0.0
Increase Unassigned Fund Balance - Amount Reduced in FY 20	0.0	155.9	0.0
Subtotal Non-Ongoing Revenue	\$169.3	\$172.8	(\$2.6)
Total Estimated GF/GP Revenue	\$11,468.4	\$12,284.6	\$11,468.3
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing Appropriations	\$9,940.0	\$10,329.9	\$10,329.9
Subtotal Ongoing Appropriations	\$9,940.0	\$10,329.9	\$10,329.9
One-Time and Other Appropriations:			
Estimated One-Time Appropriations	\$175.1	\$272.3	\$592.6
Enacted Supplementals	502.1	243.3	0.0
EO 2020-155 Reductions	(620.0)	0.0	0.0
Additional COVID-19 FMAP Offset	(523.3)	(753.1)	(249.3)
Defined Calculations/Employee Economics	0.0	0.0	3.4
Exec Rec FY 20 Supplemental Requests	6.5	0.0	0.0
Exec Rec FY 20 Bookclosing Adjustments	150.8	0.0	0.0
Exec Rec FY 21 Supplemental Requests	0.0	976.6	0.0
Exec Rec FY 22 Baseline Adjustments	0.0	0.0	280.0
Debt Service Savings	0.0	0.0	(14.7)
GF to Offset Payroll Shifted to CRF	0.0	0.0	259.0
Exec Rec FY 22 Investments	0.0	0.0	222.7
Exec Rec FY 22 Reductions	0.0	0.0	(19.9)
BSF Deposit	0.0	210.0	0.0
Estimated Department and Work Project Lapses	(527.1)	0.0	0.0
Subtotal One-Time and Other Appropriations	(\$836.0)	\$949.1	\$1,073.8
Total Estimated GF/GP Expenditures	\$9,104.1	\$11,278.9	\$11,403.7
PROJECTED YEAR-END GF/GP BALANCE	\$2,364.3	\$1,005.6	\$64.6

Table 10

**FEBRUARY 2021 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE (millions of dollars)**

	FY 2019-20 Year-to-Date	FY 2020-21 YTD Adjusted for Exec Rec	FY 2021-22 Exec Rec
Revenue:			
Beginning Balance	\$194.7	\$1,182.6	\$306.8
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2021)	\$14,002.4	\$14,030.2	\$14,423.7
<u>Other Revenue Adjustments:</u>			
General Fund/General Purpose (GF/GP) Grant	\$62.6	\$51.0	\$40.0
Community District Education Trust Fund	\$75.9	\$79.8	\$72.0
Federal Ongoing Aid	\$1,749.6	\$1,806.9	\$1,822.5
Marihuana Tax Adjustment	<u>\$0.0</u>	<u>\$0.0</u>	<u>(\$7.0)</u>
Subtotal Ongoing Revenue	\$15,890.5	\$15,967.8	\$16,351.2
<u>Non-ongoing Revenue:</u>			
Budget Stabilization Fund Deposit	\$350.0	\$0.0	\$0.0
Federal CRF	\$712.0	\$0.0	\$0.0
Talent Investment Fund	\$9.7	\$0.0	\$0.0
One-Time GF Deposit	\$42.0	\$0.0	\$0.0
GF/GP for summer school	\$0.0	\$60.0	\$0.0
One-Time Federal GEER funds	\$0.0	\$130.3	\$0.0
Reserve fund for MPSERS	\$31.9	\$0.0	\$0.0
Exec Rec FY 20 Revenue Adjustment	(\$5.8)	\$0.0	\$0.0
CEPI Work Project Lapse	<u>\$3.9</u>	<u>\$0.0</u>	<u>\$0.0</u>
Subtotal Non-Ongoing Revenue	\$1,143.8	\$190.3	\$0.0
Total Estimated School Aid Fund Revenue	\$17,229.0	\$17,340.7	\$16,657.9
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 Appropriations	\$15,106.8	\$15,430.2	\$15,349.3
Cost Adjustments (January/May/August 2020)	(\$89.2)	(\$80.9)	\$63.0
Enacted Supplementals (PA 265 of 2018, PA 162 of 2019)	\$59.9	\$0.0	\$0.0
Exec Rec Ongoing Investments	\$0.0	\$0.0	\$179.8
Fund Community Colleges with SAF	\$414.7	\$425.7	\$434.8
Partially Fund Higher Education with SAF	\$349.4	\$356.1	\$361.4
Subtotal Ongoing Appropriations	\$15,841.6	\$16,131.0	\$16,388.2
<u>One-Time and Other Appropriations:</u>			
Initial One-Time K-12 Appropriations	\$0.0	\$95.0	\$261.0
Enacted Supplementals	\$235.8	\$0.0	\$0.0
PA 165 of 2020 Expenditure Adjustments	\$0.0	\$0.0	\$0.0
Pending Supplemental Request 2021-4	\$0.0	\$300.0	\$0.0
Exec Rec FY 20 Supplemental Requests	\$8.1	\$0.0	\$0.0
Exec Rec FY 21 Supplemental Requests: K-12	\$0.0	\$495.3	\$0.0
Exec Rec FY 21 Supplemental Requests: Community Colleges	\$0.0	\$12.7	\$0.0
Exec Rec Enrollment Stability Payments	\$0.0	\$0.0	\$0.0
Exec Rec Educare Investment	\$0.0	\$0.0	\$0.0
Exec Rec Community College 2% Increase	\$0.0	\$0.0	\$0.0
Estimated Lapses/Year End Change	<u>(\$39.1)</u>	<u>\$0.0</u>	<u>\$0.0</u>
Subtotal One-Time and Other Appropriations	\$204.8	\$903.0	\$261.0
Total Estimated School Aid Fund Expenditures	\$16,046.4	\$17,034.0	\$16,649.2
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$1,182.6	\$306.8	\$8.7

SUMMARY OF MAJOR FY 2021-22 GROSS AND GF/GP APPROPRIATION CHANGES

The Governor's FY 2021-22 budget includes a Gross appropriation increase of 6.2%, and a GF/GP appropriation increase of 5.1%, compared to FY 2020-21. [Table 11](#) provides a comparison of the Governor's recommended FY 2021-22 Gross and GF/GP appropriations to the FY 2020-21 year-to-date levels as of February 8, 2021. The Governor's FY 2021-22 recommendation of \$67.1 billion Gross and \$11.0 billion GF/GP represents an appropriation increase of \$3.9 billion Gross and an appropriation increase of \$558.2 million GF/GP. The net change in GF/GP appropriations can be categorized as new GF/GP programs of \$215.8 million, GF/GP funding increases of \$1.0 billion, GF/GP funding eliminations of \$338.0 million, GF/GP funding reductions of \$334.8 million, and fund shifts that result in a \$3.2 million reduction 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 three programs among departments, resulting in a net \$0 impact to GF/GP; added an unclassified salaries increase of \$557,400 Gross and \$330,700 GF/GP; and included net economic adjustments reducing Gross appropriations by \$14.7 million and increasing GF/GP by \$3.1 million.

Table 11

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION SUMMARY OF CHANGES FROM FY 2020-21 YEAR-TO-DATE GROSS AND GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS		
	Gross	GF/GP
FY 2020-21 Year-To-Date Appropriation¹	\$63,169,743,000	\$10,845,460,300
Changes for FY 2021-22:		
New Programs.....	\$804,943,900	\$215,840,500
Program Increases.....	4,676,955,900	1,014,911,300
Program Eliminations.....	(548,706,000)	(338,026,000)
Program Reductions.....	(977,670,000)	(334,755,300)
Major Fund Shifts Affecting GF/GP.....	0	(3,189,500)
Other Technical Program Transfers/Adjustments.....	0	0
Economic Adjustments.....	(14,646,200)	3,057,700
Unclassified Salaries Adjustments (Executive Branch).....	557,400	330,700
Total Changes.....	\$3,941,435,000	\$558,169,400
FY 2021-22 Governor's Recommendation.....	\$67,111,178,000	\$11,403,629,700

¹ Appropriation as of February 8, 2021.

[Table 12](#) outlines the details of the \$804.9 million Gross and \$215.8 million GF/GP for new programs. The largest Gross increase for new programming is in EGLE. The Governor proposes using the remaining bonding authority approved by voters in 2002 under the Great Lakes Water Quality Protection Bond (\$290.0 million Gross and \$0 GF/GP). The proposal would allow bonds to be issued to provide wastewater infrastructure grants to local units of government over the next few years. In addition to an appropriation in the budget, additional legislation would be required to enact this proposal. Additionally, EGLE is recommended to include a new high water infrastructure grant program (\$40 million GF/GP), \$29.3 million of State restricted funds related to a legal settlement pertaining to cleanup at gasoline stations formerly owned by The Premcor Refining Group, Inc, and \$15.0 million GF/GP is recommended for a dam safety emergency fund. The School Aid budget is recommended to have a Gross increase for new programs of \$267.5 million (\$0 GF/GP). School Aid programs include enrollment stability supports to address declining enrollment associated with the COVID-19 pandemic (\$200.0 million SAF), out-of-school learning opportunities (\$60 million Gross and \$0 GF/GP), and a \$7.5 million Gross appropriation for brownfield redevelopment reimbursements. The Department of Labor and Economic Opportunity (LEO) is proposed to include \$120.3 million Gross and \$119.1 million GF/GP for new programs; including \$39.1 million GF/GP for the Futures for Frontliners scholarship program, \$35.0 million GF/GP to the Flint Drinking Water settlement debt service, \$25.0 million GF/GP to a mobility futures initiative.

Table 12

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Attorney General		
Clean slate for Michigan - criminal record expungement	\$560,000	\$560,000
Address confidentiality program	500,000	500,000
Education		
Educator shortage	\$2,895,000	\$2,895,000
Poet laureate	100,000	100,000
Environment, Great Lakes, and Energy		
One time: Increase MI Clean Water Plan	\$290,000,000	\$0
One time: High Water Infrastructure Grants	40,000,000	40,000,000
Premcor Settlement	29,300,000	0
One time: Dam Safety Emergency Fund	15,000,000	15,000,000
Health and Human Services		
Office of Race, Equity, Diversity, and Inclusion Enhancement	\$2,113,900	\$1,585,500
Labor and Economic Opportunity		
Futures for frontliners	\$39,100,000	\$39,100,000
Flint settlement debt service	35,000,000	35,000,000
Mobility futures initiatives	25,000,000	25,000,000
Housing and community development	10,000,000	10,000,000
Wraparound services	6,000,000	6,000,000
Child savings account	2,000,000	2,000,000
Brownfield redevelopment fund	1,175,000	0
Poverty task force	1,000,000	1,000,000
Focus: HOPE	1,000,000	1,000,000
Licensing and Regulatory Affairs		
Nursing home infection control surveys	\$1,100,000	\$1,100,000
Marihuana social equity program	500,000	0
Military and Veterans Affairs		
Camp Grayling morale, welfare and recreation program	\$100,000	\$0
School Aid		
Enrollment stability supports	\$200,000,000	\$0
Out-of-school learning opportunities	60,000,000	0
Brownfield redevelopment reimbursement	7,500,000	0
Technology, Management, and Budget		
Advanced persistent cyber threats	\$20,000,000	\$20,000,000
Green revolving fund	5,000,000	5,000,000
Legal services funding	5,000,000	5,000,000
Treasury - Operations		
Local first responder training and recruitment grants	\$5,000,000	\$5,000,000
TOTAL NEW PROGRAMS	\$804,943,900	\$215,840,500

The details of the \$4.7 billion Gross and \$1.0 billion GF/GP funding increases recommended by the Governor are listed in [Table 13](#). A significant amount, \$1.3 billion of the recommended Gross increases, can be attributed to the recommended increase in Food Assistance Program base and caseload adjustments within the DHHS. An additional \$379.0 million Gross increase (\$37.9 million GF/GP) in the DHHS is attributable to the Governor's Healthy Michigan Plan (HMP) base and caseload adjustments. Other major recommended funding increases include \$360.0 million Gross (\$121.4 million GF/GP) to continue a \$2.00 per hour wage increase for direct care workers; \$272.6 million Gross (a reduction of \$15.8 million GF/GP) related to Medicaid and Healthy Michigan special financing adjustments; and \$203.0 million SAF to increase the foundation allowance by 2x (a range of \$82 to \$164 per pupil).

Table 13

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Laboratory integration of food safety system	\$600,000	\$0
Maintenance and support for licensing and inspection systems	254,900	210,000
Rural development specialist	175,000	0
Community Colleges		
One-Time 2% operations increase	\$6,473,100	\$0
MPSERS UAAL stabilization payment	3,300,000	0
Corrections		
John Doe v. MDOC settlement agreement	\$40,000,000	\$40,000,000
New corrections officer training	7,373,700	7,373,700
Employee wellness program	809,400	809,400
Administrative hearings and rules caseload increases	204,000	204,000
Transportation/Prison industries services	72,000	0
Education		
Child development and care public assistance	\$78,000,000	\$78,000,000
Environment, Great Lakes, and Energy		
One-Time Contaminated Site Cleanup	\$20,000,000	\$20,000,000
Increase Land and Water Resources Fees	5,317,000	0
Drinking Water Laboratory	1,450,000	0
Brownfield Redevelopment Fund	1,100,000	0
Federal Oil and Gas Program Oversight Activities	370,000	0
Increase Drinking Water and Industrial Stormwater Operator Certification Fees	309,400	0
Increase Nat'l Pollutant Discharge Elimination System (NPDES) and Storm Water Fees	194,900	0
Increase Hazardous Waste Site Identification Fees	100,000	0
Health and Human Services		
Food Assistance Program Base and Caseload	\$1,271,662,300	\$0
HMP - Physical Health Base and Caseload	379,000,000	37,900,000
Continuation of Direct Care Wage Increase	360,000,000	121,356,000
Medicaid and Healthy Michigan Plan Special Financing Adjustments	272,600,200	(15,804,800)
Risk Corridor Backout: Budgeted FY 21 Savings Must Be Reflected in FY 20 Bookclosing	175,046,000	48,100,000
Traditional Medicaid - Physical Health Base and Caseload	132,064,000	47,073,400
Medicaid- HMO: Actuarial Soundness	100,000,000	32,970,000
KB vs. Lyon Agreement	90,991,800	30,000,000
HMP - Physical Health: Actuarial Soundness	75,000,000	7,500,000
Autism Base and Caseload	70,154,800	23,130,100
Medicaid Behavioral Health - PIHP: Actuarial Soundness	66,000,000	21,760,200
Children's Special Health Care Services Base and Caseload	45,612,900	19,399,200
Behavioral Health - PIHP Base and Caseload	44,214,200	14,577,500
Pharmacy Federal Authorization Increase	42,000,000	0
One-Time Nursing Home Support Payment	37,500,000	9,000,000
New State Opioid Response (SOR 2) Grant	36,440,900	0
Raise the Age - 1st Year Cost Phase-In	29,100,000	24,200,000
Certified Community Behavioral Health Clinics Demonstration Program	26,497,300	4,950,000
One-Time E-FMAP Redetermination Compliance	23,160,000	11,500,000
MI Choice Expansion: 1,000 Slots	19,125,000	6,305,500
One-Time CCWIS Modules	16,824,200	8,748,600
Integrated Care Organizations: Actuarial Soundness	15,200,000	5,011,400
Autism: Actuarial Soundness	15,000,000	4,945,500
Qualified Residential Treatment Program (QRTP) Compliance Child Caring Institutions Rate Increase FY 22	14,362,500	9,991,900
HMP - Behavioral Health: Actuarial Soundness	12,000,000	1,200,000
Additional Private Funds for HIV/AIDS Program	9,414,500	0
County Child Care Fund Base and Caseload	9,146,400	6,767,100

Table 13 - continued

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Health Disparity Reduction Initiatives.....	8,375,000	5,125,000
One-Time Lead Poisoning Prevention Fund.....	8,000,000	8,000,000
Healthy Moms, Healthy Babies Adjustments.....	7,602,900	1,699,900
Home and Community Based Waiver: Actuarial Soundness.....	7,500,000	2,472,700
Home Visiting Expansion.....	7,410,000	6,250,000
CSHCS: Coverage for Adult Sickle Cell Disease Patients.....	6,650,000	6,650,000
Tribal Pharmacy Federal Reimbursement and Private Authorization Increase ...	5,500,000	0
One-Time Home Health and Safety Program.....	5,000,000	5,000,000
Nutrition and Community Services Federal Authorization.....	4,500,000	0
PACE: Actuarial Soundness.....	4,300,000	1,417,700
QRTP Compliance Child Caring Institutions Rate Increase FY 21.....	4,208,100	3,898,500
Cross-Enrollment Expansion.....	3,500,000	1,950,000
FFPSA Foster Care Prevention Proposal.....	3,461,300	2,142,000
IT - New Child Welfare IT System Maintenance and Operating Costs for Licensing Module.....	3,355,200	2,550,000
Dental Services: Actuarial Soundness.....	2,600,000	857,200
Recognize Violence Prevention Grant and Carryover funds.....	2,370,000	0
IT - Child Protective Services Technology Changes.....	2,345,200	1,836,900
Substance Use Disorder: Actuarial Soundness.....	2,000,000	659,400
Civil Monetary Penalty Revenue Adjustment.....	2,000,000	0
Recognize Dental Oral Health Screenings Costs.....	1,760,000	1,760,000
QRTP CCI rate and assessments for WMPC.....	1,739,100	1,499,800
Annualize Foster Care CCI Third Party Assessments.....	1,700,200	1,246,300
Electronic Visit Verification Requirements.....	1,622,000	811,000
Tribal Pharmacy Administration.....	1,500,000	0
WIC Vendor Fines and Penalties Revenue Adjustment.....	1,040,700	0
Child and Adolescent Health Care Local Revenue Adjustment.....	900,000	0
Federal Lab Services Grants.....	715,000	0
Vital Records Backfill - PA 53 & 54 of 2020 Implementation.....	600,000	1,445,900
Raise the Age IT System Changes.....	581,700	442,100
Cognitive Behavioral Therapy Title IV-E match.....	501,500	0
Federal Authorization for BP Sec. 401(3).....	500,100	0
Recognize State Psych Hospitals Pharmacy Inflation Costs.....	490,900	426,200
Federal Minority Health Grant.....	450,000	0
EMS Fee Revenue.....	300,000	0
Increased CSHCS Administration Federal Revenue.....	300,000	0
State Supplementation Base and Caseload.....	243,300	243,300
Guardianship Assistance Payment Base and Caseload.....	141,400	97,600
Child Welfare Settlement Monitor Contract Increase FY 21.....	110,000	92,900
Increase in Community-Based Child Abuse Prevention Grant.....	100,000	0
Newborn Screening Revenue Adjustments.....	89,300	0
Child Welfare Settlement Monitor Contract Increase FY 22.....	75,800	63,900
Marihuana Regulatory Fund Revenue Adjustment.....	59,700	0
Food Assistance Program Reinvestment (FTE Authorization).....	0	0
Higher Education		
One-Time 2% operations increase.....	\$29,214,700	\$29,214,700
MPSERS normal cost offset payment.....	3,540,000	0
Tuition Incentive Program - increase for anticipated program growth.....	2,500,000	0
MPSERS UAAL stabilization payment.....	1,800,000	0
One-Time 2% increase for MSU AgBioResearch.....	698,700	698,700
One-Time 2% increase for MSU Extension.....	602,700	602,700
North American Indian tuition waiver reimbursement adjustment.....	484,000	484,000
Midwestern Higher Education Compact - 1.5% increase in dues.....	1,800	1,800

Table 13 - continued

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Judiciary		
Juvenile lifer unit funding	\$939,100	\$939,100
Statewide e-File project implementation	821,800	0
Expungement legislation implementation costs	605,000	605,000
Problem solving courts	600,000	600,000
Court of Appeals operations.....	547,900	547,900
State Appellate Defender Office (SADO) minimum funding	360,700	360,700
Innovative pretrial services.....	325,700	325,700
Maintaining the Michigan Legal Help website	200,000	200,000
Justice training grant revenue	100,000	0
Labor and Economic Opportunity		
Michigan reconnect grant program.....	\$90,000,000	\$120,000,000
Going pro.....	15,000,000	15,000,000
Workforce development programs	13,075,000	0
Statewide pre-apprenticeship program	3,000,000	3,000,000
Child care facilitator pilot program.....	2,200,000	2,200,000
State historic preservation office	2,100,000	0
Technical adjustment	1,719,000	78,100
Legislature		
One-Time Capitol Security improvements	\$5,000,000	\$5,000,000
House legislature adjustment	1,045,300	1,045,300
Senate legislature adjustment	741,500	741,500
Office of the Auditor General legislature adjustment.....	400,700	274,900
Property management legislature adjustment.....	312,000	312,000
Legislative Council legislature adjustment	283,000	277,000
State Capitol Historic Site legislature adjustment	121,500	70,700
Legislative Retirement System legislature adjustment	80,500	61,800
Licensing and Regulatory Affairs		
Michigan indigent defense grants (standards 1-4)	\$19,350,000	\$19,350,000
Michigan indigent defense grants (standard 5)	12,000,000	12,000,000
Michigan saves green bank reserve fund and credit enhancement.....	5,000,000	5,000,000
Inspections related to adult-use marihuana	648,000	0
Underground natural gas storage inspection program.....	352,500	0
Local indigent defense reimbursement	100,000	0
Military and Veterans Affairs		
Chesterfield Township home for veterans.....	\$12,394,700	\$1,529,700
Special maintenance - National Guard	10,000,000	0
One-Time Grand Rapids home for veterans	6,456,000	4,065,000
Michigan veterans trust fund	1,247,200	0
Military retirement payments	217,000	217,000
Test project fees for military training sites.....	100,000	0
Establish rental fees for Camp Graying commander's cottage	25,000	0
Establish private fund authorization for MVAA.....	10,000	0
Natural Resources		
Align Land and Water Conservation Fund Authority with Projected Federal Revenue	\$7,000,000	\$0
One-Time Capital Outlay - Fish Hatchery Energy Efficiencies	1,995,800	1,995,800
Improve State Park Experiences and Employee Recruitment and Retention	1,486,400	0
CSB Technical.....	1,194,800	0
Align Off-Road Vehicle Trail Improvement Fund Authority with Available Revenue	1,000,000	0
Recreational Search Software.....	320,000	0

Table 13 - continued

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
School Aid		
Foundation allowance increase - \$82-\$164 per pupil (2% increase).....	\$203,000,000	\$0
MPSERS rate stabilization payment	109,200,000	0
Special education required reimbursement cost increase	41,500,000	0
Great Start Readiness Program (GSRP) - increase \$ per slot	32,200,000	0
MPSERS normal cost offset.....	22,254,000	(10,000)
MPSERS additional normal and defined contribution costs.....	13,900,000	0
At risk - 2% increase	12,500,000	0
State school breakfast payments	7,400,000	0
Federal school lunch grants	6,000,000	0
Federal special education grants	5,000,000	0
Federal grants	4,600,000	0
Promise Zone payments	4,100,000	0
Literacy and math essentials.....	2,000,000	0
Center for Educational Performance and Information (CEPI).....	2,000,000	2,000,000
Intermediate school district operations - 2% increase.....	1,383,000	0
Special education additional reimbursement - 2% increase	1,200,000	0
State school lunch payments	694,400	0
Court-placed children	500,000	0
Robotics for public schools.....	300,000	0
Bilingual education - 2% increase	260,000	0
GSRP additional cost for longitudinal study	250,000	250,000
Isolated districts - 2% increase.....	140,000	0
State		
Motorcycle safety fund increased authorization	\$300,000	\$0
State Police		
Task force on jail and pretrial incarceration training - one-time	\$10,200,000	\$10,200,000
FY 2020-21 recruit school annualization	4,914,100	4,914,100
One-Time FY 2021-22 trooper recruit school.....	4,885,500	4,885,500
Field operations	3,200,000	3,200,000
Ongoing FY 2021-22 trooper recruit school	2,793,300	2,793,300
Adjustment to align funding with authorization.....	2,102,200	0
Clean slate criminal records expungement costs.....	1,050,000	1,050,000
State emergency operations center	407,000	407,000
MCOLES information tracking system increase.....	358,000	0
MCOLES staffing enhancement.....	306,500	0
Technology, Management, and Budget		
Information technology IDG baseline adjustments.....	\$33,138,500	\$0
Information technology investment fund	17,500,000	17,500,000
State psychiatric hospitals special maintenance.....	15,000,000	15,000,000
SIGMA data storage and agency services.....	1,650,000	1,650,000
Veterans homes accounting services alignment.....	1,051,900	0
Office of Retirement Services.....	400,000	0
Office of the Children's Ombudsman	200,000	200,000
Public safety officers survivors benefits	43,000	43,000
Statewide Cost Allocation Plan (SWCAP) adjustments	0	(212,600)
Transportation		
Debt service increase	\$38,547,300	\$0
County road and bridge construction	33,925,900	0
City and village road and bridge construction	18,915,200	0
Transportation economic development programs.....	12,807,400	0
Rail operations and infrastructure	5,618,200	0
Highway maintenance materials costs	4,108,800	0
Highway maintenance direct force increase	3,500,000	0

Table 13 - continued

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
Budget Area/Program	Gross	GF/GP
Transportation (continued)		
Local bus operating	3,000,000	0
Highway maintenance Monroe County	2,900,000	0
Service initiatives.....	2,829,300	0
State trunkline road and bridge construction.....	1,881,200	0
Detroit Metro/Wayne County Airport	897,000	0
Local bridge program	812,500	0
Intercity services.....	800,000	0
Airport safety, protection, and improvement program.....	500,000	0
Aviation services.....	413,600	0
Movable bridge	108,900	0
Marine passenger services	84,000	0
Van pooling.....	45,000	0
Treasury - Debt Service		
Great Lakes water quality bond	\$24,383,000	\$24,383,000
Treasury - Operations		
Wrongful imprisonment compensation fund.....	\$7,000,000	\$7,000,000
Recreational marihuana grants	6,600,000	0
Unisys mainframe and servers.....	2,600,000	2,600,000
Payments in lieu of taxes	2,183,200	1,774,500
Primary information technology system support	2,000,000	2,000,000
Senior citizen cooperative housing.....	500,000	500,000
Dual enrollment payments.....	167,400	167,400
Home heating assistance	2,000	0
Treasury - Revenue Sharing		
City, village, and township revenue sharing increase	\$5,220,500	\$0
County revenue sharing increase.....	4,539,500	0
County revenue sharing (Leelanau County)	447,800	0
TOTAL - PROGRAM INCREASES.....	\$4,676,955,900	\$1,014,911,300

Table 14 provides the details of the \$548.7 million of Gross, and \$338.0 million of GF/GP funding eliminations in the Governor's FY 2021-22 budget. Of the \$338.0 million of the GF/GP reductions, \$104.8 million represents the elimination of one-time FY 2020-21 COVID-19 related program spending in the Department of Treasury. The details of the \$977.7 million Gross and \$344.8 million GF/GP funding reductions recommended by the Governor are listed in Table 15. The technical foundation allowance reductions recommended for School Aid represent the single largest reduction recommended at \$192.0 million Gross, and \$0 GF/GP. Many other reduction recommendations are related to COVID-19 program spending in the DHHS and Michigan State Police (MSP). Additionally, recommended spending in the DHHS for the HMP behavioral health caseload are reduced by \$75.3 million Gross (\$7.5 million GF/GP), and Family Independence Program base and caseload are reduced by \$33.4 million Gross (\$33.5 million GF/GP).

Table 14

**FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION
FUNDING ELIMINATIONS**

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
One-Time Conservation reserve enhancement program	(\$4,400,000)	(\$4,400,000)
Higher Education		
One-Time passthrough payment to Bay Mills Tribal College.....	(\$1,000,000)	(\$1,000,000)
Labor and Economic Opportunity		
FY 2020-21 supplemental removal	(\$58,500,000)	(\$58,500,000)
FY 2020-21 One-Time appropriations	(41,288,800)	(31,288,800)
Military and Veterans Affairs		
Camp Grayling National Guard readiness center	(\$18,905,000)	\$0
Veterans benefits eligibility study - one-time	(250,000)	(250,000)
Natural Resources		
Remove Local Marine Patrol Grants.....	(\$1,750,000)	(\$1,750,000)
School Aid		
One-Time per-pupil increase (roughly \$66 per pupil)	(\$95,000,000)	\$0
Growing districts categorical.....	(66,000,000)	0
Teacher incentives.....	(5,000,000)	0
Michigan Reading Corps	(2,773,000)	(2,773,000)
Attendance recovery program	(2,000,000)	(2,000,000)
Virtual education supports	(2,000,000)	0
Value-added growth and projection analytics (EVAAS).....	(2,000,000)	(2,000,000)
Detroit Public TV.....	(2,000,000)	0
Michigan Kindergarten Entry Observation (MKEO) tool	(1,500,000)	0
Imagine Learning	(1,500,000)	(1,500,000)
School meal debt forgiveness.....	(1,000,000)	0
Boys and Girls Club	(1,000,000)	(1,000,000)
Algebra Nation	(1,000,000)	(1,000,000)
Teach for America	(1,000,000)	(1,000,000)
Orton Gillingham dyslexia tool	(500,000)	(500,000)
Chaldean Community Foundation	(500,000)	(500,000)
Digital learning preparation	(500,000)	(500,000)
Michigan Fitness Foundation.....	(400,000)	(400,000)
Robotics for nonpublic schools	(300,000)	(300,000)
Children's Choice Initiative.....	(250,000)	(250,000)
Conductive Learning Center	(250,000)	(250,000)
Michigan Council for Women in Technology	(150,000)	(150,000)
Distance learning study	(150,000)	(150,000)
Industrial and technological education (MITES)	(50,000)	(50,000)
Education reform commission placeholder.....	(100)	(100)
State Police		
Joint task force on jail and pretrial incarceration FY 2020-21 one-time.....	(\$4,200,000)	(\$4,200,000)
Trooper school FY 2020-21 one-time	(3,509,100)	(3,509,100)
Technology, Management, and Budget		
Removal of Venture Michigan Fund II line item	(\$37,200,000)	(\$37,200,000)
One-Time special maintenance funds	(15,000,000)	(15,000,000)
Removal of FY 2020-21 statewide broadband grant funds	(14,305,000)	(14,305,000)
Removal of FY 2020-21 supplemental coronavirus relief funds	(3,250,000)	0
Treasury - Operations		
One-Time FY 2020-21 appropriations	(\$108,825,000)	(\$104,800,000)
FY 2020-21 supplemental removal.....	(47,500,000)	(47,500,000)
Compulsive gaming prevention fund	(2,000,000)	0
TOTAL FUNDING ELIMINATIONS	(\$548,706,000)	(\$338,026,000)

Table 15

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION
FUNDING REDUCTIONS

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Michigan animal agriculture alliance	(\$1,253,000)	(\$1,253,000)
Information technology technical adjustment.....	(3,900)	0
Capital Outlay		
One-Time State Building Authority Construction Authorizations	(\$1,000)	(\$1,000)
Community Colleges		
MPERS normal cost offset payment	(\$694,000)	\$0
North American Indian tuition waiver reimbursement adjustment	(93,100)	0
Corrections		
One-Time FY 2020-21 funding	(\$15,000,000)	(\$15,000,000)
Detroit Re-Entry Center closure full-year savings.....	(10,523,600)	(10,523,600)
Environment, Great Lakes, and Energy		
One-Time Removal of Current Year One-Time Funding.....	(\$5,560,000)	(\$5,560,000)
CSB Technical Adjustment	(2,000,000)	0
Health and Human Services		
One-Time Direct care worker temporary wage increase	(\$150,000,000)	(\$40,000,000)
One-Time Removal of SB 748 Coronavirus related funding	(122,074,000)	(107,801,100)
One-Time removal of SB 748 wage increase extension	(100,000,000)	(26,666,700)
HMP - Behavioral Health Base and Caseload.....	(75,258,800)	(7,525,900)
Family Independence Program Base and Caseload	(33,430,000)	(33,506,600)
One-Time Skilled nursing facility personal protective equipment.....	(20,000,000)	0
Adult Home Help Payment Changes	(12,431,100)	(8,922,200)
Behavioral Health - Substance Use Disorder Base and Caseload.....	(8,674,300)	(2,859,900)
Removal of SB 748 Federal immunization grant	(5,888,400)	0
QRTP Savings	(4,917,500)	(2,396,600)
CCWIS - Licensing Module FY21 Removal.....	(3,977,500)	(2,346,700)
MI HealthLink - Non-PERS Service	(3,750,000)	(1,236,400)
ClaimSure Contract Savings.....	(3,744,400)	(1,234,500)
One-Time Statewide health information exchange projects	(2,750,000)	(2,750,000)
One-Time First responder and public safety staff mental health	(2,500,000)	(2,500,000)
Family Support Subsidy Base and Caseload	(1,817,600)	0
State Disability Assistance Base and Caseload	(1,751,600)	(1,354,100)
One-Time Unified clinics resiliency center for families and children.....	(1,500,000)	(1,500,000)
Reduced Lease Space - Downtown Lansing Office Space	(1,074,300)	(429,700)
One-Time Infant rapid whole genome sequencing project	(1,000,000)	(250,000)
One-Time Special Olympics capital improvement project	(1,000,000)	(1,000,000)
Adoption Subsidies - Federal Medical Subsidies Reduction	(976,700)	0
Adoption Subsidies - Adoption and Legal Guardian Grant decrease	(850,000)	0
Reduce Private Funds for WIC Vendor	(840,700)	0
Foster Care Pmts Base and Caseload	(705,400)	(1,570,000)
Raise the Age - System Changes FY21 Removal.....	(581,700)	(442,100)
Analytical Lab Equipment Lapse.....	(500,000)	(500,000)
Medical/Psychiatric Evals Lapse.....	(300,000)	(300,000)
One-Time Healthy communities grant	(300,000)	(300,000)
One-Time Actuarial study	(275,000)	(275,000)
One-Time County coronavirus related youth funding	(250,000)	(250,000)
One-Time Great Lakes recovery center	(250,000)	(250,000)
One-Time Kids' food basket.....	(250,000)	(250,000)
One-Time Autism train the trainer grant	(244,800)	(244,800)
Adoption Subsidies Program Base and Caseload.....	(209,700)	6,508,500
One-Time Children's center	(200,000)	(200,000)
One-Time Nonprofit mental health clinics	(200,000)	(200,000)
One-Time Senior citizen center program grants.....	(150,000)	(150,000)

Table 15 - continued

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
One-Time Substance abuse community and school outreach	(100,000)	(100,000)
One-Time Vision clinic	(100,000)	(100,000)
One-Time Legal assistance	(60,000)	(60,000)
Family Emergency Readiness Expo	(25,000)	(25,000)
Higher Education		
Tuition Incentive Program - cap univ. payments at 2.5x com. coll. rate	(\$5,800,000)	\$0
Judiciary		
One-Time prior-year appropriations	(\$1,806,800)	(\$1,806,800)
Remove one district judge position	(164,400)	(164,400)
Legislature		
Census Tracking	(\$340,000)	(\$340,000)
Independent Citizens Redistricting Commission	(40,500)	(40,500)
Licensing and Regulatory Affairs		
CSB technical adjustments	(\$1,398,400)	\$0
One-Time FY 2020-21 funding	(1,000,000)	(1,000,000)
Military and Veterans Affairs		
One-Time Grand Rapids home for veterans FY 2020-21 transition costs	(\$13,233,000)	(\$13,233,000)
Grand Rapids home for veterans funding adjustment	(6,598,400)	1,841,600
Adjustment for FY 2020-21 supplemental	(2,859,000)	(2,859,000)
Adjustment for restricted revenue received	(84,000)	0
Natural Resources		
Capital Outlay - 2021 Appropriations No Longer Needed	(\$11,000,000)	\$0
One-Time FY 2020-21 funding	(8,400,000)	(2,500,000)
Capital Outlay - State Parks Repair and Maintenance	(2,925,000)	0
Capital Outlay - State Boating Infrastructure Maintenance	(350,000)	0
Reduce Deer Range Improvement Grants	(245,800)	(245,800)
Capital Outlay - Local Boating Infrastructure Maintenance and Improvements ...	(150,000)	0
School Aid		
Technical foundation allowance cost adjustments	(\$192,000,000)	\$0
Cyber school reduction - 20%	(30,200,000)	0
SAF cash flow borrowing costs	(1,900,000)	0
State		
Reinstatement fee revenue adjustment	(\$1,204,300)	\$0
State Police		
Adjustment for FY 2020-21 boilerplate appropriations	(\$29,530,000)	\$0
Technology, Management, and Budget		
Retirement Services Customer Relationship Management System	(\$2,100,000)	\$0
MSP retirement system supplemental payments	(27,000)	(27,000)
Transportation		
Interdepartmental grant adjustments	(\$391,100)	\$0
Treasury - Debt Service		
Clean Michigan initiative	(\$25,743,000)	(\$25,743,000)
Quality of life bond	(13,311,000)	(13,311,000)
Treasury - Revenue Sharing		
Constitutional revenue sharing grants	(\$24,831,200)	\$0
TOTAL FUNDING REDUCTIONS	(\$977,670,000)	(\$334,755,300)

The details of the net reduction of \$3.2 million in fund shifts that increase and decrease GF/GP appropriations are listed in [Table 16](#). The largest fund shift amount, \$190.2 million, is in the Department of Corrections to replace one-time Federal Coronavirus Relief Fund (CRF) dollars with GF/GP to support the Department's payroll. A similar shift of \$47.4 million GF/GP also is recommended for the MSP. A \$174.4 million decrease in GF/GP appropriations is recommended to reflect a change in the Federal match rate for Medicaid caseload.

Table 16

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
Budget Area/Program	GF/GP
Agriculture and Rural Development	
Pesticide and plant pest management.....	\$0
Corrections	
Coronavirus Relief Fund reversal	\$190,164,500
Education	
Child development and care matching adjustment.....	(\$1,019,600)
Health and Human Services	
Remove One-Time CRF Funding from State Facilities	\$22,358,000
Health and Safety Fund GF Backfill.....	1,489,900
Restore GF/GP from Laboratory Fee Balance and Realign authorization	1,000,000
Capped Federal Defined Calculation Offset	(724,000)
Continuation of enhanced Medicaid match rate thru 12/31/21	(1,704,000)
Additional GF Savings from School Based Services.....	(29,252,300)
Medicaid Restricted Fund Adjustments	(60,000,000)
Change in Base Medicaid Match Rate from 64.08% to 65.48%	(174,386,600)
Judiciary	
Reduced court fee fund for judicial compensation.....	\$1,358,600
School Aid	
Replace SAF with GF/GP	\$164,900
Replace Community District Trust Fund with SAF (\$5.7m).....	0
State Police	
Public safety payroll shift - from CRF to GF/GP	\$47,361,100
Fund shift/cost allocation	0
TOTAL GF/GP FUND SHIFTS	(\$3,189,500)

The Governor's FY 2021-2022 budget recommendation includes various other changes from FY 2020-21, including program transfers, and adjustments for unclassified salaries and economic factors. Table 17 presents program transfers that result in a \$0 Gross (\$0 GF/GP) impact.

Table 17

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION PROGRAM TRANSFERS		
Budget Area/Program	Gross	GF/GP
<u>Educare</u>		
From: Department of Education	(1,000,000)	(1,000,000)
To: School Aid	1,000,000	1,000,000
<u>Women's Commission (1.0 FTE)</u>		
From: Department of Civil Rights	(366,800)	(366,800)
To: Department of Labor and Economic Opportunity	366,800	366,800
<u>Michigan Public Safety Communications Systems Leases</u>		
From: Department of State Police.....	(157,500)	(157,500)
To: Department of Technology Management Budget (DTMB)	157,500	157,500
TOTAL PROGRAM TRANSFERS	\$0	\$0

Table 18 outlines the Governor's FY 2021-22 Gross and GF/GP changes by budget area for unclassified salaries and economic factors. The Governor recommends a Gross increase of \$557,400 (\$330,700 GF/GP) for unclassified salaries, and economic adjustments are recommended to reduce spending by \$14.6 million Gross and increase by \$3.1 million GF/GP.

Table 18

FY 2021-22 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.....	\$18,000	\$18,000	(\$433,700)	(\$307,900)
Attorney General	24,900	24,900	(574,700)	(237,300)
Civil Rights	21,800	21,800	(108,300)	(89,900)
Corrections	59,100	59,100	(4,756,000)	(3,822,100)
Education	27,400	21,100	(626,700)	(170,500)
Environment, Great Lakes, & Energy.....	25,100	0	(948,700)	(183,500)
Executive	40,800	40,800	163,500	163,500
Health & Human Services	36,900	25,000	(10,734,500)	(4,778,500)
Insurance & Financial Services.....	24,700	0	(352,800)	0
Judiciary	0	0	3,334,900	3,422,800
Labor & Economic Opportunity	122,100	10,700	(2,255,800)	(191,300)
Licensing & Regulatory Affairs	77,100	1,000	(1,632,400)	(110,700)
Military & Veterans Affairs.....	47,000	47,000	69,100	(44,200)
Natural Resources.....	25,100	0	(1,454,000)	(84,800)
School Aid	0	0	(55,100)	(46,400)
State	20,700	20,700	(1,249,600)	(182,600)
State Police	(99,300)	8,900	12,828,500	10,199,600
Technology, Management, & Budget.....	28,400	11,700	(2,472,500)	(198,600)
Transportation	24,800	0	(2,279,400)	0
Treasury (Operations)	32,800	20,000	(1,108,000)	(279,900)
TOTAL CHANGES	\$557,400	\$330,700	(\$14,646,200)	\$3,057,700

SUMMARY OF MAJOR SCHOOL AID APPROPRIATION CHANGES

Overall, for FY 2021-22, the Governor is recommending a Gross appropriation increase of \$327.9 million compared with current law, or an \$86.5 million decrease compared with a recommended supplemental level of spending for FY 2020-21. The recommendation would decrease GF/GP support of the budget by \$11.0 million, from \$51.0 million in current law to \$40.0 million in FY 2021-22, would increase Federal funds by \$15.6 million, and would increase State restricted appropriations by \$323.3 million. For FY 2020-21 recommended School Aid supplementals, see page 55.

Foundation Allowance - Additional \$290 Million

The Governor is recommending an increase ranging from \$82 per pupil for districts with foundation allowances at or above the target foundation (which is \$8,529 for FY 2020-21), up to \$164 per pupil for districts at the minimum foundation allowance (which is \$8,111 for FY 2020-21). The proposal uses a "2x" formula, which would provide two 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 "2x". Under the proposal, the target would increase to \$8,611 and the minimum to \$8,275. The total cost of the proposal is \$203.0 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 reduce funding to cyber schools by an estimated \$30.2 million.

One-Time Programs

The Governor is recommending \$200.0 million to pay districts that experience declining enrollment. The payments would be calculated at 70% of the loss from a district's FY 2020-21 'superblend' to the district's FY 2021-22 'normal' blend (90% fall 2021 count plus 10% spring 2021 count). The Governor also is proposing \$60.0 million for out-of-school learning opportunities (which would be a second year of funding given the request for this program in the FY 2020-21 supplemental), and \$1.0 million for Flint Educare, transferred from the Michigan Department of Education (MDE) budget.

At Risk, Additional Special Education Reimbursement, Bilingual Education, ISD Operations, and Isolated/Rural Districts - Additional 2% Each

The Governor is proposing to increase at risk, bilingual education, ISD operational funding, isolated/rural district funding, and the additional reimbursements for special education costs by 2% in each categorial. Those costs translate to increases of \$12.5 million for at risk, \$1.4 million for ISD operations, \$1.2 million for additional special education cost reimbursements, \$260,000 for bilingual education, and \$140,000 for isolated/rural districts.

Great Start Readiness Program - Additional \$32.2 Million

The Governor is proposing to increase the full-day payment from \$7,250 per child in GSRP to \$8,275 per child, which is the same as the proposed minimum foundation allowance for K-12 pupils.

Other Major Increases

The required payments for the rate cap in MPSERS increased \$109.2 million primarily because of legislation enacted to phase-out assumed increases in wages; MPSERS hold-harmless payments are expected to increase \$22.3 million; and MPSERS defined contribution (DC) costs are increasing \$13.9 million. Standard special education cost increases are expected to total \$41.5 million. Payments for school breakfasts are increased \$7.4 million and payments for school lunches are increased \$694,400.

Program Reductions or Eliminations

The Governor is proposing the elimination of several items. Some of the larger changes include \$95.0 million eliminated for one-time per-pupil payments, \$66.0 million eliminated for growing districts, \$5.0 million eliminated for first-year teacher incentives, and \$2.8 million eliminated for Michigan Reading Corps. In addition, technical foundation allowance costs are reduced \$192.0 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 2021-22 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
FY 2020-21 Year-to-Date Gross Appropriations	\$15,525.2
FY 2021-22 Governor's Recommended Gross Appropriations	15,853.1
Net Change in School Aid Appropriations	\$327.9
Recommended Appropriations for New Programs:	
Enrollment stability supports	200.0
Out-of-school learning opportunities	60.0
Brownfield redevelopment reimbursement	7.5
Flint Educare (transferred from MDE)	1.0
Subtotal Appropriation New Programs	\$268.5
Recommended Appropriation Increases in Existing Programs:	
Foundation allowance: \$82 to \$164 (2x formula) - 2%	203.0
Michigan Public School Employees' Retirement System (MPSERS)	145.3
Special education - technical cost adjustments	41.5
Great Start Readiness Program per-slot payment	32.2
Federal grants	15.6
At risk - 2% increase	12.5
School breakfast	7.4
Promise Zone reimbursement	4.1
Literacy and math essentials	2.0
Center for Educational Performance and Information (CEPI)	2.0
Intermediate school district operations - 2%	1.4
Special education additional reimbursement - 2%	1.2
State school lunch payments	0.7
Court-placed children	0.5
Robotics for public schools	0.3
Bilingual education - 2%	0.3

Table 19 - continued

FY 2021-22 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
Recommended Appropriation Increases in Existing Programs (continued):	
GSRP study cost.....	0.3
Isolated districts - 2%.....	0.1
Subtotal Appropriation Increases in Existing Programs	\$470.4
Recommended Appropriation Eliminations or Reductions:	
Technical foundation allowance cost adjustments (pupils, taxable values).....	(192.0)
One-time per-pupil payment	(95.0)
Growing districts categorical	(66.0)
20% reduction in cyber schools' foundation allowances	(30.2)
Teacher incentives	(5.0)
Michigan Reading Corps.....	(2.8)
Attendance recovery program.....	(2.0)
Virtual education supports	(2.0)
Value-added growth and projection analytics (EVAAS).....	(2.0)
Detroit Public Television	(2.0)
Cash flow borrowing costs	(1.9)
Michigan Kindergarten Entry Observation (MKEO) tool	(1.5)
Imagine Learning	(1.5)
School meal debt forgiveness.....	(1.0)
Boys and Girls Club	(1.0)
Algebra Nation	(1.0)
Teach for America.....	(1.0)
Orton Gillingham dyslexia tool	(0.5)
Chaldean Community Foundation	(0.5)
Digital learning preparation	(0.5)
Michigan Fitness Foundation	(0.4)
Robotics for nonpublic schools	(0.3)
Children's Choice Initiative	(0.3)
Conductive Learning Center	(0.3)
Michigan Council for Women in Technology.....	(0.2)
Distance learning study.....	(0.2)
Industrial and technological education (MITES)	(0.1)
Education reform commission placeholder	(0.0)
Economics	(0.0)
Subtotal Appropriation Eliminations or Reductions	(\$411.0)
TOTAL RECOMMENDED APPROPRIATION CHANGES.....	\$745.8

SUMMARY OF OTHER MAJOR FY 2021-22 APPROPRIATION ISSUES

Capital Outlay

The Governor's FY 2021-22 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 \$6.5 million, or 2.0%, one-time SAF increase for community college operations using the existing performance funding formula. This proposed increase differs from those proposed or enacted in previous years in that the increase presumably would not be rolled into the base when the FY 2022-23 budget is considered next year. The amounts that were separately identified and appropriated for the reimbursement of costs incurred under the North American Indian Tuition Waiver (ITW) were adjusted by a negative \$93,100 to reflect the most recent ITW cost data. The Governor also proposes a net increase of \$2.6 million for MPERS-related adjustments, which would bring the total MPERS amounts appropriated in the Community Colleges budget to \$100.6 million. Finally, the Governor proposes tuition restraint similar to language found in the Higher Education budget. Tuition restraint for community colleges is recommended at 4.2%. Details are included in the Appendix.

Higher Education and Financial Aid

The Governor's budget recommendation for Higher Education includes a \$30.5 million, or 2.0%, one-time GF/GP increase for university operations, distributed proportionately to FY 2020-21 funding. The amounts that were separately identified and appropriated for the reimbursement of costs incurred under the ITW were increased by \$484,000 to reflect the most recent ITW cost data. Tuition restraint for resident undergraduate students is recommended at the greater of a 4.2%, or \$590, increase. Michigan Public School Employees Retirement System reimbursements and hold-harmless payments would be increased by \$5.3 million, from \$12.9 million to \$18.2 million.

The Tuition Incentive Program (TIP) would be decreased by \$3.3 million on account of two proposed changes. The first is a boilerplate change that would restrict Phase I payments to 2.5 times the average in-district tuition at community colleges resulting in a savings of \$5.8 million. The second change is a proposed increase of \$2.5 million to account for an expected increase in demand for the program. On net, the Governor's proposal for TIP would reduce appropriations for the program from \$68.8 million to \$65.5 million. Additional Higher Education funding details are included in the Appendix.

Finally, the Governor included an additional \$120.0 million GF/GP to fund the Michigan Reconnect Program in LEO. Further details of the program and funding are discussed in the Department of Labor and Economic Opportunity portion of this section.

Department of Labor and Economic Opportunity

The Governor's budget recommendation for LEO includes several General Fund, one-time enhancements for FY 2021-22 to support economic and workforce development. The Governor recommends \$174.1 million to various workforce development initiatives. Of the total, \$120.0 million is recommended to support the Michigan Reconnect Grant program to ensure full two-year funding through FY 2022-23 for adults over age 25 gaining post-secondary certificate and associates degrees. The program began in FY 2020-21 with \$30.0 million. Another workforce development recommendation is \$39.1 million for the Futures for Frontliners program in FY 2021-22, in addition to \$21.3 million recommended in a supplemental for FY 2020-21. The Futures for Frontliners program is designed to provide tuition-free pathways to degrees or certifications for COVID-19 frontline workers. Finally, the Governor proposes an additional \$15.0 million to the Going Pro program, which would represent a 55.2% increase to the Going Pro program.

The Governor recommends \$25.0 million to the Mobility Futures Initiative to support the Office of Future Mobility and Electrification. The Office would work in coordination with EGLE and the Department of Transportation (MDOT) on initiatives to address environmental sustainability, connected and autonomous vehicle deployment, economic and workforce development, and mobility inequalities.

Finally, the Governor recommended \$22.2 million to support economic and workforce development efforts. Of the total, \$10.0 million is recommended for the Housing and Community Development Fund to alleviate housing affordability needs for low income families and revitalize downtown areas. Another \$6.0 million is recommended to provide wraparound services to support single parents enrolled in the Michigan Reconnect Grant and Futures for Frontliners programs; the services include childcare, tutoring, and career counseling. The Governor recommended \$2.2 million to continue a Child Care Facilitator Pilot Program to increase access to high quality and affordable child care to workers in collaboration with the State and business partners. Another \$2.0 million is recommended to support a Child Savings Accounts pilot project in two communities to match outside contributions to child savings accounts. The Governor recommends \$1.0 million to the Michigan Poverty Task Force to conduct research and address barriers limiting access to State benefit programs and \$1.0 million to Focus: HOPE to support workforce development, youth development, and community empowerment and advocacy programs.

Department of Education

The Governor's budget recommendation for the Department of Education includes \$78.0 million in one-time GF/GP for the Child Development and Care (CDC) program in FY 2021-22 in combination with \$292,115,000 in additional Federal funds recommended in a supplemental for FY 2020-21. The additional Federal funds are available from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), Public Law 116-260, which was passed in December 2020. The recommendation includes several temporary and ongoing enhancements to the CDC program.

The first major enhancement is to increase the income entry threshold from 150% to 200% of the Federal Poverty Level (FPL) from April 1, 2021, to September 30, 2022, and then establish the income entry threshold at 160% of the FPL afterwards. For FY 2020-21 and FY 2021-22, this is expected to cost an additional \$139.2 million. The next ongoing enhancement is to increase the provider reimbursement rate by 10%, which is estimated to cost an additional \$52.2 million for FY 2020-21 and FY 2021-22.

The next enhancement is to waive the \$10 family contribution copay from April 1, 2021, to September 30, 2022, for FY 2020-21 and FY 2021-22, which is expected to cost an additional \$19.5 million. Another enhancement is to pay providers based on enrollment of children instead of based on attendance between April 1, 2021, and September 30, 2022, which is estimated to cost an additional \$44,025,000. A total of \$55.0 million is being recommended in FY 2021-22 to provide business support grants to child care providers who are open and serving families. Another temporary enhancement is to continue \$1.5 million for infant and early childhood mental health consultation to child-care providers. This funding began in the DHHS in FY 2020-21 and is recommended to continue in FY 2021-22 in the MDE budget. Finally, the Governor recommends \$2,820,000 in FY 2020-21 to support the MDE's administration of the proposed enhancements. The breakdown of the different proposed enhancements is shown in [Table 20](#). The Governor recommends \$370,115,000 in total appropriations to support the \$314,245,000 in total enhancements and to ensure solvency of the CDC program through FY 2023-24.

Table 20

CHILD DEVELOPMENT AND CARE ENHANCEMENTS			
Enhancement	FY 2020-21	FY 2021-22	Total
200% FPL Income Entry Threshold Increase	\$46,400,000	\$92,800,000	\$139,200,000
Waive Family Contribution Copays	6,500,000	13,000,000	19,500,000
10% Provider Reimbursement Rate Increase	17,400,000	34,800,000	52,200,000
Providers Paid by Enrollment	29,350,000	14,675,000	44,025,000
Business Support Grant	55,000,000	0	55,000,000
Mental Health Consultation	0	1,500,000	1,500,000
Department of Education Administration	2,820,000	0	2,820,000
Total	\$157,470,000	\$156,775,000	\$314,245,000

Proposed Fee Adjustments and Proposed MI Clean Water Bond

Department of Environment Great Lakes, and Energy User Fees

The budget for EGLE is derived largely from user fees that are credited to State restricted funds that are statutorily earmarked for specific purposes. In FY 2020-21, 31.4% of the EGLE budget is supported directly by user fees or funds tied to user fees. The Governor has recommended a number of fee increases for FY 2021-22 in five categories, increasing the revenue derived from these fees by 99.4%. These fee increases would generate an additional \$7.8 million in FY 2021-22, and some fees are proposed to adjust for inflation annually starting after January 1, 2022. Of the five fee categories with proposed changes, two are set to expire in FY 2020-21 and the other three in FY 2022-23. The Governor's proposal includes the elimination of these sunsets. The proposed changes are shown in the [Table 21](#) below.

Table 21

FY2021-22 GOVERNOR'S RECOMMENDATION EGLE Fee Adjustments - Revenue Projections					
Fee Category	Proposed User Fee Changes	Current Fee Revenue	FY 21-22 Proposed Increase	Last Fee Change	Current Sunset Date
Operator Certification	21	\$503,900	\$375,100	2011	10/1/2021
Hazardous Waste Site ID	1	25,000	\$100,000	2011	10/1/2021
Land and Water Resource ¹⁾	79	2,883,000	\$5,317,000	1995	10/1/2023
National Pollutant Discharge Elimination System (NPDES) ¹⁾	23	2,900,000	\$1,600,000	2004	10/1/2023
Stormwater ¹⁾	13	1,540,000	\$415,800	2004	10/1/2023
Total	136	\$7,851,900	\$7,807,900		

¹⁾ Governor's Proposal includes future inflationary increases.

Department of Environment, Great Lakes, and Energy Proposed Bond

The Governor's Recommendation includes an appropriation of the remaining \$290.0 million in bonding authority approved by voters in 2002 under the Great Lakes Water Quality Protection Bond. The proposal would allow bonds to be issued to provide wastewater infrastructure grants to local units of government over the next few years. In addition to an appropriation in the budget, additional legislation would be required to enact this proposal.

The proposal would direct \$235.0 million to clean water infrastructure grants for purposes such as eliminating sanitary sewer overflows, correcting combined sewer overflows, and increasing green infrastructure. The proposal also would appropriate \$20.0 million in grants to mitigate significant public health risks such as direct and continuous discharges of raw sewage to ground or surface water. The final \$35.0 million is recommended to fund a new program to help eliminate failing septic systems.

Additional Department Fee Proposals

The Governor also proposes a variety of medical fee increases in LEO, which are estimated to generate an additional \$500,000 in revenue for FY 2021-22. The commercial look-up fee is proposed to be increased from \$11 to \$15 in the Department of State to increase available revenue by \$19.0 million in FY 2021-22. The Michigan State Police traffic crash report fee is proposed to increase from \$10 to \$15, which would increase revenue by \$300,000 for the Department.

Department of Health and Human Services

Governor Whitmer's proposed FY 2021-2022 budget for the DHHS increases funding by \$2.9 billion Gross and \$51.8 million GF/GP when compared to the year-to-date FY 2020-21 DHHS budget (which includes supplemental funding from Public Act 257 of 2020).

The proposed budget, on a policy basis, largely is a continuation budget. However, continued adjustments tied to rising caseloads, in particular for the Food Assistance Program and Medicaid, along with GF/GP savings due to changes in Federal and restricted fund sources, lead to a budget that has a large Gross increase and a relatively small GF/GP increase.

Base, Caseload, and Fund Source Adjustments

The base Medicaid match rate will increase from 64.08% to 65.48% in FY 2021-22, decreasing costs by \$166.3 million GF/GP. In FY 2021-2022, the match rate for the State Children's Health Insurance Program will increase from 74.86% to 75.84%, for a savings of \$8.1 million GF/GP. General Fund/General Purpose costs are projected to decrease by \$60.0 million because of growing restricted revenue 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 a decrease in GF/GP costs of \$234.4 million.

The Governor's budget assumes an increase in base and caseload Medicaid costs of \$587.1 million Gross and \$131.7 million GF/GP. The budget also includes a number of base and caseload adjustments to human services programs, most notably a \$1.2 billion Gross (all Federal) increase in Food Assistance, an increase in Child Care Fund costs of \$9.1 million Gross and \$6.7 million GF/GP, and a decrease in Family Independence Program of \$33.4 million Gross and \$33.5 million GF/GP. The net impact of Human Services base and caseload adjustments is an increase of \$1.2 billion Gross and a decrease of \$22.8 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 2.5% increase for Medicaid behavioral health, a 2.5% increase for Medicaid physical health, a 4.5% increase for Medicaid autism services, and a 2.5% increase in payment rates for the Program for All-Inclusive Care for the Elderly. The total impact of these changes is an increase of \$299.6 million Gross and an increase of \$78.8 million GF/GP.

The total impact of these fund source, base and caseload, and actuarial soundness adjustments is an increase of \$2.1 billion Gross and a decrease of \$50.7 million GF/GP.

Enhanced FMAP

The Governor's budget assumes that the 6.2% enhancement in the base Medicaid match rate, which will last as long as the Federal COVID-19 emergency lasts, will continue through at least December 2021. This assumption results in only marginal savings of \$1.7 million GF/GP compared to the current FY 2020-21 budget, as the current budget assumes the enhancement only through December 2020. The actual savings from the enhancement would be roughly \$250.0 million GF/GP per calendar quarter. This large quarterly savings amount is reflected in the Governor's proposed FY 2020-21 supplemental for the Department, which reflects an additional three calendar quarters of the enhanced match rate for a savings of \$753.1 million GF/GP.

Federal Family Prevention Services Act (FFPSA) & 'Raise the Age' (RTA) Implementation

The Governor's budget includes several changes that continue the implementation of the FFPSA as well as recognize that the age of criminal liability in Michigan will be raised to 18. The first adjustment is an acknowledgement that the FFPSA requires a new set of care protocols for residential treatment facilities (congregate care) and a rate increase is necessary to deliver these services. The rates were increased for part of the year for FY 2020-21 and the proposed adjustment of \$18.6 million Gross and \$13.8 million GF/GP will provide a full fiscal year increase. The FFPSA also requires that assessments be completed on congregate care settings to ensure proper placements for children; the budget includes \$1.7 million Gross and \$1.2 million GF/GP to conduct these assessments for the full fiscal year. The budget identifies both costs and savings in providing prevention services to children, with a net savings of \$1.5 million Gross and \$250,000 GF/GP. Lastly, in awareness that the RTA legislative package will take effect on October 1, 2021, the budget dedicates \$29.6 million Gross and \$24.6 million GF/GP of new funding to provide a 'phase-in' of services for adding a new population to the existing juvenile justice treatment array. The funding includes services reimbursements, allocations from the RTA Fund, and information technology (IT) changes.

Program Enhancements and Other Cost Increases

The budget includes several program enhancements and cost increases. The budget proposes the permanent continuation of the \$2.00-per-hour wage increase for Direct Care Workers that was implemented during the COVID-19 pandemic using CRF dollars and would apply to the same categories of workers. The budget includes \$360.0 million Gross and \$121.4 million GF/GP for this initiative, an increase of \$110.0 million Gross, \$54.7 million GF/GP over the partial-year funding included thus far in the FY 2020-21 budget.

The budget includes \$91.0 million Gross and \$30.0 million GF/GP to implement policy changes that resulted from the *KB v. Lyon* lawsuit settlement. The policy changes resulting from the settlement aim to improve the provision of behavioral health services and supports to children enrolled in Medicaid and those children served through the child welfare system. Also, in the Behavioral Health Services Unit, is \$26.5 million Gross and \$5.0 million GF/GP to implement a two-year Certified Community Behavioral Health Clinics Demonstration program. The program would establish 14 sites across the State that would provide integrated behavioral and physical health care services for adults and children with mental health issues.

The Governor proposes \$37.5 million Gross and \$9.0 million GF/GP in one-time funding for a payment to support nursing home providers during the COVID-19 pandemic. Nursing homes would receive the funding through a 1.5% increase in the per-bed day variable cost reimbursement rate.

The Governor's budget includes \$19.1 million Gross and \$6.3 million GF/GP to fund 1,000 additional slots in the Mi Choice program by the end of FY 2021-22. Additionally, the budget includes \$7.6 million Gross and \$1.7 million GF/GP to annualize costs related to the Healthy Moms, Healthy Babies initiative that was phased in during FY 2020-21.

The budget proposes \$3.4 million Gross and \$2.6 GF/GP in ongoing and \$5.0 million Gross and \$2.5 million GF/GP in one-time funding to support initiatives aimed at reducing health disparities. This funding would be used to improve the capabilities of the Michigan Health Information Network to support screening, data sharing, and interoperability of health data as well as provide funding to support navigators to increase access to health care coverage. Additionally, the Governor has included \$1.0 million Gross and \$600,000 GF/GP in ongoing and \$2.5 million Gross and \$1.3 million GF/GP in one-time funding for the Cross-Enrollment Expansion initiative to enhance MiBridges to allow for the application to additional public assistance programs not currently supported on MiBridges. The funding also would support data sharing and analysis activities to identify low-income families that may be eligible for public assistance programs.

The budget includes \$6.7 million Gross and GF/GP to expand the coverage for adults with Sickle Cell Disease through the Children's Special Health Care Program. This funding would extend coverage of Sickle Cell Disease treatments to approximately 400 adults annually and expand statewide clinical services for this disease. The budget also offers a new program office dedicated to Race, Equity, Diversity, and Inclusion Enhancement with 13.0 new FTEs at a cost of \$2.1 million Gross and \$1.6 million GF/GP.

Program Reductions and Savings

The Governor's Budget recognizes \$12.3 million Gross and \$8.9 million GF/GP in savings from IT system upgrades in the Adult Home Help program to ensure that claims are paid appropriately. Additionally, the budget utilizes the ClaimSure system contract to more effectively identify Medicaid claims that are unallowable, resulting in savings of \$3.7 million Gross and \$1.2 million GF/GP.

Finally, the Governor's budget realigns beneficiaries in the MiHealth Link program to a lower cost tier if the beneficiary is receiving only the Personal Emergency Response System Service. This will allow capitation rates to more accurately reflect the cost of service provision without affecting actual service provision for beneficiaries. This change results in savings of \$3.8 million Gross and \$1.2 million GF/GP.

Other Issues

Although there are not any major changes to specific pieces of boilerplate, the Governor's budget eliminates a significant number of boilerplate sections from the previous year. The reasons stated include the removal of associated funding, removal of language that was declared unenforceable in the previous fiscal year, that the policy the boilerplate requires is current policy, or the removal of reporting requirements claimed to be burdensome.

Revenue Sharing Payments

The Governor recommends revenue sharing payments of approximately \$1.4 billion in FY 2021-22, a decrease of 1.1%, or \$14.6 million, from FY 2020-21 year-to-date appropriations. This decrease is because of an estimated \$24.8 million decrease in constitutional revenue sharing for cities, villages, and townships (CVTs). The Governor recommends a \$5.2 million increase in funding for CVT "statutory" revenue sharing, and a net increase in payments to counties of \$5.0 million. The Governor's recommendation is shown in Table 22.

Table 22

REVENUE SHARING APPROPRIATION SUMMARY				
Program Name	FY 2020-21 Year-to-Date	FY 2021-22 Governor's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing ^{a)}	\$892,133,300	\$867,302,100	(\$24,831,200)	(2.8%)
CVT Revenue Sharing	261,024,600	266,245,100	5,220,500	2.0
County Revenue Sharing ^{b)}	226,529,400	231,516,700	4,987,300	2.2
Financially Distressed CVTs	2,500,000	2,500,000	0	0.0
TOTAL	\$1,382,187,300	\$1,367,563,900	(\$14,623,400)	(1.1%)
a) Reflects the January 2021 consensus revenue estimate for sales tax revenue.				
b) Includes County Revenue Sharing and County Incentive Program.				

Constitutional revenue sharing is estimated at \$867,302,100 in FY 2021-22 based on the January 2021 consensus revenue estimates. This would provide CVTs with a 2.8% decrease in payments from the revised FY 2020-21 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 \$88.03 per capita in FY 2021-22.

For CVT revenue sharing ("statutory"), the Governor recommends \$266,245,100 in FY 2021-22. All eligible CVTs would receive a 2.0% increase from FY 2020-21 statutory payments. The increased portion of payments is designated as one-time funding. 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 2.2% to \$231,516,700. County Revenue Sharing would increase by \$4,897,800 to \$188,097,900 and the County Incentive Program would increase by \$89,500 to \$43,418,800. This would include adjustments to revenue sharing payments to counties to cover the cost of Leelanau County, which will receive its first full-year payments in FY 2021-22, and then a 2.0% increase to all eligible counties from FY 2020-21. 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 2020-21 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 2019-20 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 (UALs) 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 23](#) summarizes the FY 18-19 through FY 2020-21 State appropriations that have been enacted explicitly for this emergency and outlines the Governor's recommendations for FY 2021-22. Cumulative total State appropriations, assuming the Governor's recommendations for FY 2021-22 funding are adopted, would be \$692.5 million Gross and \$316.9 million GF/GP.

Table 23

**FLINT DRINKING WATER DECLARATION OF EMERGENCY
SUMMARY OF GROSS AND GF/GP STATE APPROPRIATIONS
FY 2018-19 through FY 2021-22 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	Totals through FY 2018-19		FY 2019-20 Year-to-Date		FY 2020-21 Year-to-Date		FY 2021-22 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	12,100,000	3,000,000	2,600,000	0	0	0	0	0	14,700,000	3,000,000
Education	36,335,300	8,685,000	0	0	0	0	0	0	36,335,300	8,685,000
Env., Great Lakes, & Energy ¹⁾	179,953,800	69,176,500	100	0	0	0	0	0	179,953,900	69,176,500
Health & Human Services	96,867,900	34,618,600	4,621,100	4,621,100	4,621,100	4,621,100	4,621,100	4,621,100	110,731,200	48,481,900
HHS Medicaid Waiver	111,920,100	22,765,000	30,352,500	6,098,100	30,352,500	6,098,100	30,352,500	6,098,100	202,977,600	41,059,300
Labor & Economic Opportunity ²⁾	3,908,200	0	0	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	33,790,300	31,302,500	8,075,100	0	8,075,100	3,075,000	9,075,000	4,075,000	59,015,500	38,452,500
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	100	0	0	0	0	0	53,900,100	53,900,000
Reserve Fund Withdrawals	-53,901,900	0	0	0	0	0	0	0	(53,901,900)	0
Tech., Man., & Budget	500,100	0	0	0	0	0	0	0	500,100	0
Treasury	73,693,300	44,130,000	100	0	0	0	0	0	73,693,400	44,130,000
Total	\$559,777,300	\$277,587,600	\$45,649,000	\$10,719,200	\$43,048,700	\$13,764,200	\$44,048,700	\$14,764,200	\$692,523,600	\$316,895,200

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	Cumulative State Appropriations =	<u>Gross</u>	<u>GF/GP</u>
		\$692,523,600	\$316,895,200
	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 specifies 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 16, 2020, approved a one-year agreement for wages and benefits for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) for FY 2021-22. The Commission approved a 2.0% base wage increase to become effective October 1, 2021, and another 1.0% base wage increase to become effective April 1, 2022, for most represented employees. No lump-sum payment will be provided in FY 2021-22. Michigan State Police enlisted members have not yet entered into collective bargaining for FY 2021-22. 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 State classified employees (NEREs) for FY 2021-22. Effective October 1, 2021, NEREs will receive a 2.0% base wage increase and another 1.0% base wage increase to become effective April 1, 2022. Also, no lump-sum payment will be provided in FY 2021-22. They, too, will continue to pay 20% of their health insurance premiums in FY 2021-22. Total Gross employee wages and salaries in the FY 2021-22 Governor's budget are an estimated \$3.6 billion, while other total Gross employee benefit costs are an estimated \$2.6 billion.

Table 24 provides a summary of the incremental State employee economic cost changes for FY 2021-22 recommended in the Governor's budget, including Gross employee salary increases of \$105.0 million (\$50.1 million GF/GP). The State's portion of the cost of longevity payments and employee health insurance is estimated to increase by \$1.3 million (\$600,000 GF/GP) for FY 2021-22. The amount contributed to the State employee retirement systems in FY 2021-22 results in an increase in costs. Retirement contributions, excluding payments for legacy pension costs, will increase \$16.9 million Gross and \$7.8 million GF/GP. Other employee retirement costs (OERCs), including legacy pension costs and retiree health care costs, for FY 2021-22 will be substantially lower than the costs in FY 2020-21 due to rebased rates based on new actuarial studies. The negative OERC adjustment results in an overall negative economic adjustment for most departments in FY 2021-22. A gross decrease for OERCs totals a negative \$141.7 million (negative \$60.4 million GF/GP). The total increase in worker's compensation and other economic costs is \$4.6 million gross (\$5.3 million GF/GP). The total GF/GP impact of economic adjustments for FY 2021-22 is an increase of \$3.4 million.

Table 24

FY 2021-22 STATE BUDGET RECOMMENDATION ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET (millions of dollars)		
	Gross	GF/GP
Wages and Salaries	\$105.0	\$50.1
Longevity and Employee Insurance Costs	1.3	0.6
Retirement Contributions	16.9	7.8
Other Employee Retirement Costs (OERC).....	(141.7)	(60.4)
Workers' Compensation	0.5	0.8
All Other Economics	4.1	4.5
TOTAL ECONOMICS	(\$13.9)	\$3.4

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 MPSERS. 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 MPSERS pay toward the UALs in the system, and Public Act 92 of 2017 implemented a cap on the rate employers pay toward the optional DC plan, with any payments above the cap paid by the State. Public Act 181 of 2018 requires assumed wage growth to be reduced by 50 basis points each year, starting with FY 2021-22, until assumed wage growth is zero (thereby effectively converting the amortization method to level dollar).

Public Act 300 of 2012

Public Act 300 of 2012 capped how much employers in MPSERS pay toward UALs (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 2021-22, the State's required payment for the rate cap (across the K-12, community colleges, and higher education budgets) is \$1.4 billion.

Lowering the Assumed Rate of Return (AROR), Public Acts 92 of 2017 and 181 of 2018

Beginning in FY 2017-18, as reflected in Tables 24 and 25, the AROR in most of the State's retirement plans was lowered from 8% to 7.5%. The AROR for MPSERS was lowered one-quarter point to 7.75%. Continuing in FY 2018-19, the MPSERS AROR was reduced another one-quarter point, from 7.75% to 7.5%. Because of the adoption of a "dedicated gains" policy by the various retirement system boards, beginning in FY 2019-20 for MPSERS, 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 MPSERS, the AROR for FY 2021-22 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 MPSERS; the State is not required to reimburse employers for increases in normal costs (however, the Governor's budget proposal for FY 2021-22 continues the previous years' policy to hold districts harmless from all the costs, normal and legacy, related to lowering the AROR).

In FY 2021-22, the increase in normal costs required to be paid by schools and colleges because of the dedicated gains policy and adjustment to assumed wage growth is estimated at \$25.1 million, and the Governor is proposing to hold local employers harmless from these costs. (The total cost in FY 2021-22 for this hold-harmless payment related to AROR/wage growth is \$193.9 million.) Starting in FY 2021-22, 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 UAL payments, but not the increase in normal costs.

Under Public Act 92 of 2017, the State is required to pay any additional DC costs in excess of 4.0% of payroll for participating employees. Also, the Governor is proposing to continue covering 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). These two components combined are estimated to cost \$65.3 million for FY 2021-22, an increase of \$13.9 million above FY 2020-21 costs.

Fiscal year 2021-22 is the first year in which the assumed rate of wage growth will be lowered by a half of a percentage point, from 3.5% to 3.0%. Each year after FY 2021-22, this assumed rate of wage growth will be reduced another 50 basis points, until assumed wage growth is 0%, which will effectively mean that the MPSERS will be converted to a level dollar method of amortization, rather than level percentage of payroll. The requirement to reduce the assumed rate of wage growth was contained in Public Act 181 of 2018.

Contribution Rates and Estimated Costs for SERS and MPSERS

Table 25 provides a three-year summary of the contribution rates for defined benefit (DB) and DC retirement for SERS. Beginning in FY 2012-13, the UAL 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 25

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2021-22 Change
State Employees' Retirement System¹⁾				
Defined Benefit Pension	23.82%	23.90%	23.97%	0.07%
Defined Benefit Health Care	20.67	23.09	17.26	(5.83)
Total Defined Benefit Costs	44.49%	46.99%	41.23%	(5.76%)
Defined Contribution Retirement	23.69%	25.63% ²⁾	25.75% ²⁾	0.12%
Defined Contribution Health Care	20.67	23.76 ³⁾	17.93 ³⁾	(5.83)
Total Defined Contribution Costs	44.38%	49.39%	43.68%	(5.71%)
¹⁾ Public Act 264 of 2011 required the UAL to be spread across both DB and DC payroll. Also, FY 2021-22 will be the 11 th year of prefunding retiree health. ²⁾ Assumes mandatory 4% employer contribution plus average of 2.7% matching contribution (maximum is 3%), plus 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, 1/3 of 2% is included here).				

Table 26 provides a look at the FY 2021-22 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 DC 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 26

FY 2021-22 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	6.41%	3.49%	3.49%	0.00%	0.00%	0.00%	6.41%	6.20%
Pension UAL	13.73	13.73	13.73	13.73	13.73	13.73	13.73	13.73
Pension Total Rate	20.14%	17.22%	17.22%	13.73%	13.73%	13.73%	20.14%	19.93%
<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	7.23	7.23	7.23	7.23	7.23	7.23	7.23	7.23
Health Total Rate	8.09%	8.09%	7.23%	7.23%	8.09%	7.23%	7.23%	7.23%
DB CONTRIBUTION TOTAL	28.23%	25.31%	24.45%	20.96%	21.82%	20.96%	27.37%	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	43.28%	40.36%	39.50%	36.01%	36.87%	36.01%	42.42%	42.21%
	15.05	15.05	15.05	15.05	15.05	15.05	15.05	15.05
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund								
Note: The Governor's budget includes \$1.33 billion in the K-12 budget, \$87.2 million in the Community Colleges budget, and \$13.5 million in the Higher Education budget to pay the required State subsidy for the UAL rate cap, and \$65.3 million in the K-12 budget for the increased cost for the enhanced DC matching and 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, that began February 1, 2018). The Governor's budget includes \$177.5 million in the K-12 budget, \$11.7 million in the Community Colleges budget, and \$4.7 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.								

Source: State Budget Office

Table 27 outlines the FY 2021-22 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 \$5.3 billion.

Table 27

FY 2021-22 ESTIMATED CONTRIBUTIONS TO THE STATE'S TWO LARGEST RETIREMENT SYSTEMS (millions of dollars)	
<u>State Employees' Retirement System (SERS)¹⁾</u>	
Defined Benefit Payroll Pension Normal Costs	\$32.0
Defined Contribution Payroll 401k Costs	233.8
Legacy Pension Unfunded Accrued Actuarial Liability (UAAL) Costs.....	709.6
Legacy Retiree Health UAAL Costs	547.6
Retiree Health Care and Health Savings Normal Costs	117.4
Subtotal State Employees' Retirement System ²⁾	\$1,640.4
<u>Michigan Public School Employees' Retirement System (MPSERS)³⁾</u>	
<u>Local Share</u>	
Defined Benefit Pension	\$1,345.1
Defined Benefit Health Care.....	492.5
"401k" for Health Care.....	40.0
Subtotal MPSERS (Local)	\$1,877.6
<u>State Share</u>	
Statutory Cap on Unfunded Accrued Liabilities (Pension and Health).....	\$1,429.7
Statutory Payments Required under PA 92 of 2017	65.3
Hold Harmless Payments for Reductions in AROR	193.9
Offset Payments	101.7
Subtotal MPSERS (State)	\$1,790.6
Subtotal Michigan Public School Employees' Retirement System.....	\$3,668.2
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	\$5,308.6
FY 2020-21 Estimated State Share Subsidy Per K-12 Pupil on Average.....	\$1,095
1) Public Act 264 of 2011 requires the UAL to be spread across both DB and 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 SERS. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past UALs for benefits already earned (legacy costs) and a payment toward the accrual of service credit in the future (normal costs). As shown on Table 27 the total contributions in SERS are estimated by the Senate Fiscal Agency at \$1.6 billion, and of that total, \$1.3 billion is estimated by the State Budget Office for legacy costs (both pension and health), with the remaining \$383.2 million for normal costs including State DC contributions for SERS and health care savings accounts. Table 28 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 28**FY 2021-22****DEPARTMENT SERS LEGACY COSTS BREAKOUT – PENSIONS & HEALTH CARE**

Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	\$6,617,900	\$5,194,400	\$11,812,300
Attorney General	9,544,500	7,491,500	17,036,000
Civil Rights	1,356,000	1,064,300	2,420,300
Corrections	156,450,700	122,799,000	279,249,700
Education	7,716,600	6,056,800	13,773,400
Environment, Great Lakes, & Energy	18,851,400	14,796,600	33,648,000
Health & Human Services	182,808,800	143,487,700	326,296,500
Insurance & Financial Services	5,369,000	4,214,100	9,583,100
Judiciary	7,844,500	6,157,200	14,001,700
Labor and Economic Opportunity	33,467,000	26,268,500	59,735,500
Licensing & Regulatory Affairs	23,116,100	18,144,000	41,260,100
Military & Veterans Affairs	10,316,900	8,097,800	18,414,700
Natural Resources	24,387,100	19,141,500	43,528,600
State	16,470,600	12,927,900	29,398,500
State Police	83,109,900	55,845,700	138,955,600
Technology, Management & Budget	45,777,800	35,931,200	81,709,000
Transportation	37,452,900	29,397,000	66,849,900
Treasury	23,198,100	18,208,300	41,406,400
TOTAL	\$709,594,200	\$547,576,800	\$1,257,171,000

Source: State Budget Office

Debt Service Adjustments

Table 29 provides a summary of debt service appropriations for FY 2021-22. These include State park improvement revenue bonds appropriated in the Department of Natural Resources; School Bond Loan Fund bonds in K-12 School Aid; debt service costs related to the Facility for Rare Isotope Beams and the Community College Skilled Trades Equipment Program appropriated in LEO; State Building Authority rent payments appropriated in the DTMB; various transportation-related bonds in MDOT; and general obligation bonds in Treasury. Gross appropriations for debt service on these bonds total \$743.4 million for FY 2021-22. This represents a \$58.9 million (8.6%) increase from the \$684.5 million debt service appropriations in FY 2020-21. This increase is primarily driven by increased debt service for State Trunkline in MDOT and the addition of the Flint Settlement Debt Service payment in LEO.

Table 29
DEBT SERVICE APPROPRIATIONS
FY 2020-21 COMPARED WITH FY 2021-22

Department/Program	FY 2020-21 Gross Appropriation	FY 2021-22 Governor's Rec.	Dollar Change	Percent Change
Natural Resources				
State Park Improvement Revenue Bonds	\$1,201,300	\$1,201,800	\$500	0.4%
Subtotal Natural Resources	\$1,201,300	\$1,201,800	\$500	0.4%
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 and 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
Flint Settlement (MSF)	0	35,000,000	35,000,000	N/A
Subtotal Talent & Economic Dev	\$11,900,000	\$46,900,000	\$35,000,000	294.1%
DTMB-State Building Authority Rent				
State Agencies	\$63,393,700	\$68,293,700	\$4,900,000	7.7%
Universities.....	134,995,300	130,595,300	(4,400,000)	(3.3)
Community Colleges	33,181,600	32,681,600	(500,000)	(1.5)
Subtotal Technology, Mgt., & Budget.....	\$231,570,600	\$231,570,600	\$0	0.0%
Transportation				
State Trunkline	\$180,133,000	\$218,679,300	\$38,546,300	21.4%
Economic Development	11,485,800	11,485,600	(200)	0.0
Local Bridge Fund	2,330,700	2,330,400	(300)	0.0
Blue Water Bridge Fund	6,810,900	6,809,800	(1,100)	0.0
Airport Safety and Protection Plan	3,432,000	3,438,700	6,700	0.2
Comprehensive Transportation	10,903,900	10,899,800	(4,100)	0.0
Subtotal Transportation.....	\$215,096,300	\$253,643,600	\$38,547,300	17.9%
Treasury				
Clean Michigan Initiative	\$49,514,000	\$23,771,000	(\$25,743,000)	(51.9%)
Great Lakes Water Initiative	47,600,000	71,983,000	24,383,000	51.2
Quality of Life Bond	16,621,000	3,310,000	(13,311,000)	(80.1)
Subtotal Treasury.....	\$113,735,000	\$99,064,000	(\$14,671,000)	(12.9%)
TOTAL	\$684,503,200	\$743,380,000	\$58,876,800	8.6%

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 US tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As Table 30 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 BSF as repayment for an 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 funding mechanism for Detroit Public Schools to repay its outstanding debt.

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 2021-22 year-end balance of \$2.6 million in the Merit Award Trust Fund.

Table 30
TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS
FY 2020-21 COMPARED TO FY 2021-22 GOVERNOR'S RECOMMENDATION
(actual dollars)

	FY 2020-21 Year-To-Date	FY 2021-22 Gov's Rec.	Gov's Rec. Chg. From FY 2020-21
Revenue			
Unreserved Balance From Prior Fiscal Year	\$905,160	\$13,695,440	\$12,790,280
Total Annual Payments.....	291,290,000	286,209,200	(5,080,800)
Interest Earnings.....	100,000	100,000	0
Total Tobacco Settlement Revenue	<u>\$292,295,160</u>	<u>\$300,004,640</u>	<u>\$7,709,480</u>
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.....	(38,858,090)	(38,180,310)	(1,720,850)
Payment on 2007 Bond Securitization.....	<u>(31,371,930)</u>	<u>(30,824,730)</u>	<u>(1,389,320)</u>
Total Transfers Out.....	<u>(\$234,730,020)</u>	<u>(\$233,505,040)</u>	<u>(\$3,110,170)</u>
Net Revenue To Merit Award Trust Fund	<u>\$57,565,140</u>	<u>\$66,499,600</u>	<u>\$4,599,310</u>
Appropriations			
<u>Attorney General</u>			
Operations	526,600	524,000	(2,600)
<u>Health and Human Services</u>			
Medicaid Base - Long-term Care	37,200,000	37,200,000	0
Aging-Respite Care	4,068,700	4,068,700	0
Current Services Budget Adjustment.....	0	20,000,000	20,000,000
<u>State Police</u>			
Tobacco Tax Enforcement.....	854,400	872,400	18,000
<u>Department of Treasury</u>			
Student Financial Services Administration	1,220,000	1,216,300	(3,700)
Total Merit Award Trust Fund Appropriations	<u>\$43,869,700</u>	<u>\$63,881,400</u>	<u>\$20,011,700</u>
MERIT AWARD TRUST FUND YEAR-END BALANCE	<u>\$13,695,440</u>	<u>\$2,618,200</u>	<u>(\$11,077,240)</u>

Data Source: State Budget Office

State Spending from State Resources Appropriations

Table 31 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 2011-12 to FY 2021-22, which reflects the Governor's recommendation. As the table indicates, total State Spending appropriations are estimated to increase by 35.4% over the 10-year period. The Detroit Consumer Price Index is estimated to increase by 15.0% over the same time period.

Table 31

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (millions of dollars)				
Budget Area	FY 2011-12 Year-to-Date Appropriations	FY 2021-22 Gov's Rec. Appropriations	Dollar Difference	Percent Change
Health and Human Services	\$5,995.1	\$8,370.8	\$2,375.7	39.6%
Corrections	1,979.8	2,064.0	84.2	4.3
K-12 School Aid	11,088.9	14,030.6	2,941.7	26.5
Community Colleges	283.9	434.7	150.8	53.1
Higher Education	1,265.9	1,609.2	343.4	27.1
Revenue Sharing-Constitutional	707.5	867.3	159.8	22.6
Revenue Sharing-Nonconstitutional	340.0	500.3	160.3	47.1
All Other Programs	5,685.9	9,137.3	3,451.4	60.7
Total State Spending	\$27,346.9	\$37,014.2	\$9,667.2	35.4%
Addendum:				
Medicaid Caseload	1,920,204	2,777,674	857,470	44.7
Prison Population	42,904	33,635	(9,269)	(21.6)
K-12 Pupil Count	1,552,100	1,434,500	(117,600)	(7.6)
University Students	264,913	255,155	(9,758)	(3.7)
Community College Students	164,380	108,318	(56,062)	(34.1)
Michigan Personal Income (millions)	\$381,574.2	\$515,504.5	\$133,930.3	35.1
Detroit Consumer Price Index	215.1	247.3	32.2	15.0%
NOTES: Revenue Sharing: Constitutional number is the January 2021 Consensus Revenue Estimating Conference (CREC) estimate. Medicaid Caseload: Number for FY 2021-22 includes the estimated 720,892 individuals who are eligible under the expansion of Medicaid. Caseload redeterminations have been suspended for all fiscal year quarters in which Enhanced FMAP has been accepted by the state from the COVID-19 pandemic. Prison Population: These are the most recent year-end numbers published by the Department of Corrections for calendar years 2012 and 2020, respectively. K-12 Pupils: FY 2021-22 pupil count is the January 2021 CREC estimate. Community College and University Students: Numbers in FY 2021-22 column reflect the most recent data available, which are FY 2020-21 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 2021-22 numbers are January 2021 CREC estimates.				

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2021-22 is based on the consensus economic forecast adopted at the January 15, 2021, CREC. This economic forecast is summarized in [Table 32](#).

US Economy

The longest economic expansion on record, based on the National Bureau of Economic Research dating recessions as far back as December 1854, ended in first quarter of 2020, as inflation-adjusted Gross Domestic Product (GDP) declined 5.0%. While a single quarter of decline would not mark the end of an expansion period, the economic disruption associated with COVID-19 resulted in 31.4% decline (at an annual rate) during the second quarter of 2020, the largest single quarter decline in quarterly records going back to 1947. Two consecutive quarters of decline in inflation-adjusted GDP generally is considered sufficient to mark a recession. While the third quarter of 2020 exhibited growth at a 33.1% annual rate, the 10.1% decline in inflation-adjusted GDP between the fourth quarter of 2019 and the second quarter of 2020 exceeds the peak-to-trough decline of any recession since at least World War II. (The 2008-2009 recession represents the second largest peak-to-trough decline in inflation-adjusted GDP, with a 4.0% drop.) The 3.5% decline in inflation-adjusted GDP in 2020 is the most significant annual decline in GDP since the 11.6% contraction in 1946 from post-war demobilization.

While at the time, the 2008-2009 recession represented the most severe economic contraction in more than 70 years, the years following the 2008-2009 recession also represented the weakest recovery experienced during those 70 years, with the most recent recovery being less than half as strong as the average of other long recoveries. The economy averaged only 2.2% annual growth during the expansion, compared with an average of 3.8% annual growth over the longest recoveries since World War II (42 quarters after the end of the 1961, 1982, and 1991 recessions). Most of the weakness during the recovery reflected particularly slow growth in personal consumption spending (which generally has accounted for two-thirds of economic activity) through the first quarter of 2014, combined with flat-to-declining activity in the government sector.

The weak recovery from the 2008-09 recession meant that, despite the record-setting duration, the US economy was more likely to see the expansion's gains erased quickly. By the second quarter of 2020, the recessionary effects of the COVID-19 pandemic on inflation-adjusted GDP erased all of the growth experienced since the first quarter of 2015. Similarly, while total employment increased by 20.7 million jobs between the employment trough in December 2009 and February 2020, between February and April of 2020, total employment declined by 25.4 million jobs—more than wiping out all of the employment gains of the preceding 20 years and returning employment to levels not experienced since June 1999—before the 2001 recession. For economic variables, such as housing starts and industrial production, that had yet to recover to pre-recession peaks before the 2008-2009 recession, the current recession will further delay any recovery.

The economic contraction associated with COVID-19 has been rapid and global. For many economic variables, the changes already have been of unprecedented magnitudes—even compared to the changes over the duration of entire recessions that have occurred previously. While the reduction in inflation-adjusted GDP in the second quarter of 2020 ranks as the most significant quarterly decline since before World War II, even the decline in the first quarter of 2020 ranks as the eighth largest. In comparison, the 1957-58 recession exhibited declines at an annual rate of 4.1% in the fourth quarter of 1957 and 10.0% in the first quarter of 1958, reflecting the second wave of the H2N2 flu pandemic, representing the 14th and second most significant quarterly declines in inflation-adjusted GDP.

Job losses associated with the COVID-19 pandemic were significant and employment remains well below the prerecession peak. The loss of 22.2 million payroll employment jobs (as opposed to total employment, which also includes self-employed workers and agricultural workers) between February and April 2020 not only erased nearly all of the 22.8 million payroll jobs created since February 2010 (the employment trough from the 2008-09 recession), but is almost three times the record-setting employment decline experienced during the 2008-09 recession. Job losses associated with COVID-19 pushed the April 2020 unemployment rate to an all-time post-World War II record high of 14.7%. The previous record was 10.8% in November and December of 1982. Since April 2020, payroll employment has grown, although the growth rate has consistently slowed since June 2020, and as of January 2021 was still 6.5% below the February 2020 level. While the number of initial claims for unemployment insurance has fallen from the record peaks in March 2020, during January 2021 average initial unemployment claims averaged 842,000 per week—21.2% above the all-time pre-COVID-19 record of 695,000 during the week of October 2, 1982.

The impact of COVID-19 has lowered economic activity across a wide variety of sectors. Industrial production in the manufacturing sector, which had not yet recovered to pre-2008 recession peaks before the COVID-19 pandemic, fell to the lowest level since December 1997 in April 2020, and as of January 2021 was still 1.0% below the level in December 2019. While the manufacturing sector exhibited a slowing expansion during the year before the COVID-19 pandemic, and the sector contracted significantly during April and May of 2020, the sector generally has been expanding since May. However, employment in nonmanufacturing has been slow to recover and did not exhibit expansion until September 2020. Among nonmanufacturing services most substantially affected by COVID-19, the travel/transportation, hospitality, and food services (i.e. restaurants) sectors have experienced the most substantial declines with some sectors, at various points of the last year, experiencing year-over-year declines in activity of between 90% and 100%. While many sectors have improved from activity levels earlier in the year, most service sectors remain substantially below year-ago levels and, as of December 2020, nationally activity in major service sectors remained at levels down approximately 60% from December 2019.

Furthermore, economic growth generally is 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 growth have combined to limit the maximum potential economic growth the economy can achieve. Many of these factors have been exacerbated by the COVID-19 situation, which has seen much greater declines in labor force participation among women and those age 65 or older. To the extent that these individuals will re-enter the labor force at some point is unknown, especially given that after both the 2001 and 2008-2009 recessions, many workers who left the labor force did not return.

Against this backdrop, inflation-adjusted GDP is expected to increase 3.6% in 2021, with growth slowing to a 2.8% rate in 2022 and 2.5% in 2023. The unemployment rate is estimated to decline from 8.1% in 2020 to 6.4% in 2021, 5.8% in 2022, and 5.3% in 2023. Housing starts are expected to remain relatively flat over the forecast, at slightly more than 1.35 million starts per year, while light vehicle sales are expected to increase from 14.5 million units in 2020 to 16.0 million units in 2021, 16.2 million units in 2022 and 16.3 million units in 2023.

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, at the time, 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%.

Between 2010 and February 2020, the Michigan economy grew. 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.

The impact of COVID-19 on the Michigan economy was, and continues to be, substantial. Between February 2020 and April 2020, Michigan payroll employment declined by 23.8%, or approximately 1.1 million jobs. As of December 2020, payroll employment in Michigan was up 561,400 jobs from the April 2020 trough, but was still 11.2% below the level in February 2020 and roughly on par with the level in June 2011. The rapid recovery in motor vehicle sales at the national level has helped Michigan's employment levels recover more rapidly than in many other states. Michigan's disproportionate participation in a variety of Federal stimulus programs, such as the Federal workshare program, also helped reduce COVID-19-related losses to personal income in Michigan and thus maintained consumption and employment at higher levels than would have otherwise occurred.

Michigan's economy is expected to expand in 2021 through 2023, following the national trend of slowing growth over the forecast. Wage and salary employment is projected to rise 3.0% in 2021, 2.9% in 2022, and 1.6% in 2023. The unemployment rate is expected to decline from 9.8% in 2020 to 7.1% in 2021, 6.2% in 2022, and 5.4% in 2023. Personal income, adjusted for inflation, will decline an estimated 5.0% in 2021, reflected declining Federal stimulus not being fully offset by employment and wage income gains, before growing 0.4% in 2022 and 1.9% in 2023. Inflation, as measured by the Detroit Consumer Price Index, will increase 2.3% in 2021 and 2.1% in 2022, after rising 1.6% in 2020.

Revenue Estimates

Based on the economic forecast summarized above, it is estimated that revenue totaling \$67.4 billion will be available in FY 2021-22 to support Governor Whitmer's proposed budget. This represents a 6.3% decrease from the revised estimate of the total revenue that the Governor expects will be available for FY 2020-21. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in [Table 33](#). The revenue does reflect the Governor's tax policy recommendations, which include 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 2021-22 revenue by \$75.0 million) and exempting certain feminine hygiene products from sales and use taxes.

The following are summaries of the revenue estimates on which the Governor's proposed GF/GP and SAF budgets are based.

General Fund/General Purpose and School Aid Fund

The General Purpose portion of the General Fund and the SAF portions of the overall State budget accounts for \$28.1 billion, or 41.7%, of the total State government revenue estimated for FY 2021-22. Detailed estimates of GF/GP and SAF revenue for FY 2020-21 and FY 2021-22

are presented in [Table 34](#) and [Table 35](#), 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 15, 2021, CREC. 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 34](#), GF/GP revenue is expected to total \$11.5 billion in FY 2021-22, which represents a 6.6% decrease from the revised FY 2020-21 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 \$1.4 billion reduction in the projected carry-over balance from the previous fiscal year, and 2) a \$175.4 million revenue reduction from the depletion of certain unassigned fund balances. Revenue from ongoing sources is forecast to increase 6.4% in FY 2021-22, to \$10.9 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2021-22 will total an estimated \$16.7 billion, representing a 3.9% decrease from the revised estimate for FY 2020-21. This projected decrease in SAF revenue reflects 2.8% growth in revenue from ongoing State sources and a 0.9% increase in Federal Aid that is more than offset by an \$11.0 million decrease in the primary grant from the General Fund, the loss of \$60.0 million of GF/GP money for summer school, the exhaustion of \$130.3 million in one-time Federal revenue available in FY 2020-21 from the Governor's Emergency Education Relief Fund, and an \$875.8 million decline in the balance carried forward from the previous fiscal year. The estimate of SAF revenue in FY 2021-22 summarized in [Table 35](#) includes ongoing earmarked tax and lottery revenue totaling an estimated \$14.4 billion, a 2.8% increase from the revised estimate for FY 2020-21. In addition, the SAF revenue estimate for FY 2021-22 includes Federal aid totaling \$1.8 billion, a \$40.0 million grant from the General Fund, and \$72.0 million from the Community District Education Trust Fund.

Table 32

**CONSENSUS ECONOMIC FORECAST
JANUARY 15, 2021**

	Calendar 2020 Forecast	Calendar 2021 Forecast	% Change From Prior Year	Calendar 2022 Forecast	% Change From Prior Year	Calendar 2023 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2009 dollars)	18,404	19,067	3.6%	19,601	2.8%	20,091	2.5%
Consumer Price Index (1982-84=100)	258.686	264.121	2.1%	269.900	2.2%	275.703	2.2%
3-Month Treasury Bills (Interest Rate, %).....	0.4%	0.1%	---	0.1%	---	0.1%	---
Unemployment Rate (%).....	8.1%	6.4%	---	5.8%	---	5.3%	---
Light Vehicle Sales (millions of units)	14.5	16.0	10.3%	16.2	1.3%	16.3	0.6%
Michigan:							
Wage and Salary Employment (thousands)	4,012	4,132	3.0%	4,252	2.9%	4,320	1.6%
Unemployment Rate (%).....	9.8%	7.1%	---	6.2%	---	5.4%	---
Personal Income (billions of dollars).....	\$521,130	\$506,017	(2.9%)	\$518,667	2.5%	\$539,933	4.1%
Real Personal Income (billions of 1982-84 dollars)...	\$219,015	\$207,956	(5.0%)	\$208,727	0.4%	\$212,697	1.9%
Detroit Consumer Price Index (1982-84=100).....	237.943	243.329	2.3%	248.491	2.1%	253.851	2.2%

Source: Estimates adopted at the January 15, 2021, Consensus Revenue Estimating Conference.

Table 33

**GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2019-20 THROUGH FY 2021-22
(millions of dollars)**

Fund	FY 2019-20 Estimate	FY 2020-21 Estimate	% Change FY 2020-22/ FY 2019-20	FY 2021-22 Estimate	% Change FY 2021-22/ FY 2020-21
General Fund/General Purpose:					
Beginning Balance.....	\$916.2	\$2,364.3	----	\$1,005.6	----
Revenue From Ongoing Sources ¹⁾	10,770.6	10,237.5	(4.9%)	10,897.1	6.4%
Proposed Tax/Fee Changes	0.0	0.0	----	58.7	----
One-Time Revenue Adjustments & Other.....	(218.5)	(317.3)	45.2	(493.1)	55.4
Total GF/GP Revenue.....	\$11,468.4	\$12,284.6	7.1%	\$11,468.3	(6.6%)
School Aid Fund:					
Beginning Balance.....	\$194.7	\$1,182.6	----	\$306.8	----
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	14,002.4	14,030.2	0.2%	14,423.7	2.8%
Proposed Tax/Revenue Changes	(5.8)	0.0	----	(7.0)	----
Federal Aid	2,461.6	1,806.9	(26.6)	1,822.5	0.9
Other Revenue (General Fund grant, etc.).....	576.0	321.1	(44.3)	112.0	(65.1)
Total SAF Revenue.....	\$17,229.0	\$17,340.7	0.6%	\$16,657.9	(3.9%)
Other Funds:					
Gen'l Fund/Special Purpose & Special Rev./Perm. Funds ..	\$7,587.3	\$8,107.3	6.9%	\$7,926.5	(2.2%)
Federal Aid (not included elsewhere).....	21,679.2	27,749.9	28.0	25,087.6	(9.6)
Transportation Funds	6,060.9	7,092.8	17.0	6,898.3	(2.7)
Budget Stabilization Fund Beginning Balance/Revenue.....	1,148.6	829.2	(27.8)	1,059.4	27.8
Other Beginning Fund Balances (primarily GFSP)	62.5	270.5	333.0	20.2	(92.5)
Adjustments & Balances (not included elsewhere)	0.9	0.3	----	0.2	----
Total Other Funds with Beginning Balance	36,539.4	44,050.1	20.6	40,992.2	(6.9)
Gross Revenue	\$65,236.7	\$73,675.4	12.9%	\$69,118.4	(6.2%)
Less Interfund Transfers.....	(1,454.8)	(1,721.8)	18.4	(1,691.7)	(1.7)
Net Total Revenue	\$63,781.9	\$71,953.6	12.8%	\$67,426.8	(6.3%)

¹⁾ Estimates adopted at the January 15, 2021, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2021-22, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency.

Table 34

GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2020-21 and FY 2021-22 (millions of dollars)			
	FY 2020-21	FY 2021-22	Percent Change
Beginning Balance	\$2,364.3	\$1,005.6	(57.5%)
Consensus Estimates for Ongoing Revenue Sources¹⁾			
Taxes:			
Net Income Tax.....	\$6,491.3	\$6,952.3	7.1%
Michigan Business Tax.....	(626.9)	(592.9)	(5.4)
Corporate Income Tax.....	1,074.4	1,117.6	4.0
Sales.....	1,274.7	1,345.7	5.6
Use.....	818.3	830.9	1.5
Cigarette.....	174.7	171.8	(1.7)
Beer and Wine/Liquor.....	121.0	122.0	0.8
Insurance Company Premiums.....	398.7	410.0	2.8
Oil/Gas Severance.....	12.0	15.5	29.2
Essential Services Assessment.....	126.0	135.0	7.1
All Other Taxes.....	2.0	6.0	200.0
Subtotal Taxes	\$9,866.3	\$10,513.9	6.6%
Nontax Revenue.....	371.3	383.2	3.2
Total GF/GP Consensus Revenue Estimates	\$10,237.5	\$10,897.1	6.4%
Revenue Sharing Payments (Ongoing Plus One-Time).....	(\$490.1)	(\$490.5)	0.1%
Other Revenue Adjustments ²⁾	172.8	(2.6)	(101.5)
Proposed Tax Policy/Enforcement Changes.....	0.0	58.7	----
Total GF/GP Revenue (Current Fiscal Year)	\$9,920.3	\$10,462.7	5.5%
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$12,284.6	\$11,468.3	(6.6%)
¹⁾ Estimates adopted at the January 15, 2021, Consensus Revenue Estimating Conference. ²⁾ Includes the following: a \$13.0 million redirection of restricted revenue, \$5.7 million in reimbursements for the implementation of recreational marihuana, \$800,000 from GF-equivalent restricted revenue, and \$155.9 million in higher unassigned fund balances in FY 2020-21. In both FY 2020-21 and FY 2021-22, a \$2.6 million reduction for legal settlements also is included.			

Table 35

SCHOOL AID FUND REVENUE ESTIMATES: FY 2020-21 and FY 2021-22
(millions of dollars)

	FY 2020-21	FY 2021-22	Percent Change
Beginning Balance	\$1,182.6	\$306.8	(74.1%)
Consensus Estimates for Earmarked Tax & Lottery Revenue¹⁾			
Taxes:			
Sales Tax & Use Tax	\$6,788.7	\$6,948.1	2.3%
Income Tax.....	2,993.0	3,151.5	5.3
State Education Property Tax	2,237.6	2,273.4	1.6
Real Estate Transfer Tax	363.6	371.6	2.2
Tobacco Taxes.....	322.3	316.5	(1.8)
Casino Gaming Tax	116.5	149.0	27.9
Other Tax Revenue.....	150.4	174.1	15.8
Subtotal Taxes	\$12,972.1	\$13,384.2	3.2%
Lottery	1,058.1	1,039.6	(1.8)
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$14,030.2	\$14,423.7	2.8%
GF/GP Grant	\$51.0	\$40.0	(21.6%)
Federal Aid	1,806.9	1,822.5	0.9
Proposed Tax Policy/Enforcement Changes	0.0	0.0	----
Other Revenue Adjustments ²⁾	270.1	65.0	(75.9)
Total SAF Revenue (Current Fiscal Year)	\$16,158.2	\$16,351.2	1.2%
TOTAL SAF REVENUE WITH BEGINNING BALANCE	\$17,340.7	\$16,657.9	(3.9%)

¹⁾ Estimates adopted at the January 15, 2021, Consensus Revenue Estimating Conference.

²⁾ Includes the following: \$79.8 million in FY 2020-21 and \$72.0 million in FY 2021-22 from the Community District Trust Fund, \$130.3 million in FY 2020-21 from Federal GEER funds, \$60.0 million in FY 2020-21 in GF/GP funding for summer school, and a \$7.0 million negative revenue adjustment related to the Marihuana Excise Tax in FY 2021-22.

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 estimated to be \$820.3 million at the close of FY 2019-20, after a payout of \$350.0 million was authorized by PA 146 of 2020. Deposits of \$52.5 million have been appropriated for FY 2020-21. Public Act 166 of 2020 appropriated \$35.0 million GF/GP to the BSF in FY 2020-21 and 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 2020-21 is estimated at \$873.6 million. Assuming no further deposits or withdrawals and estimated interest earnings, the BSF balance at the close of FY 2021-22 would be \$892.0 million.

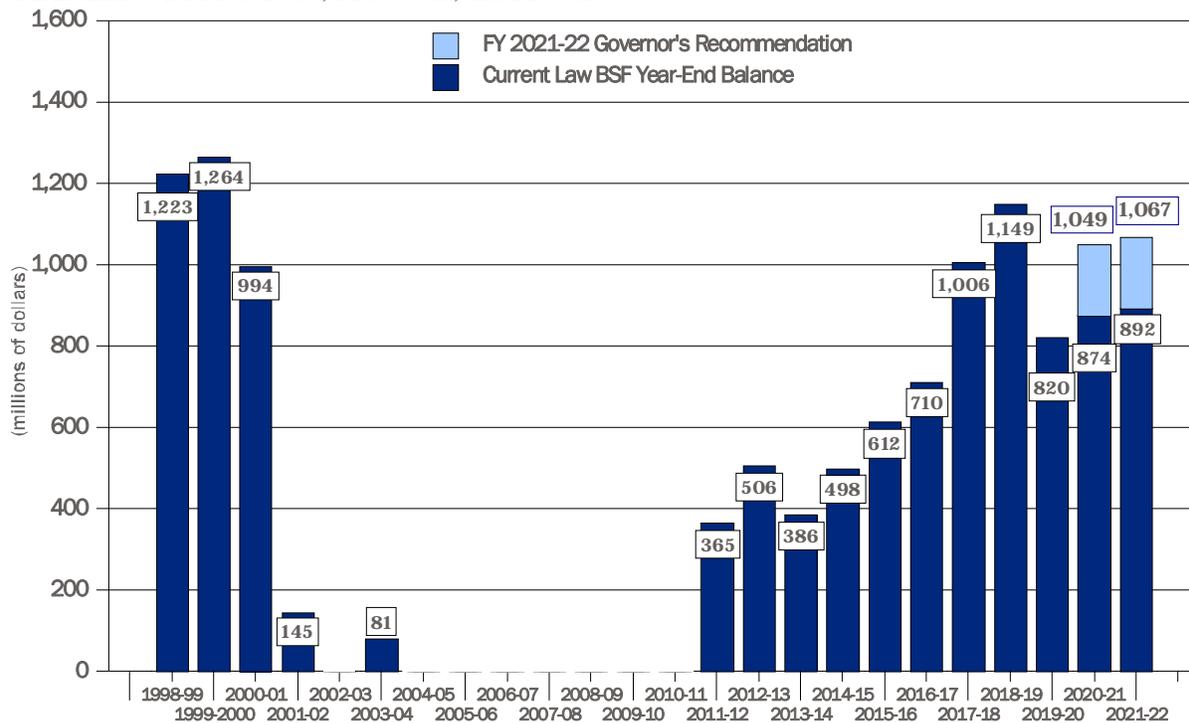
The Governor recommends an additional deposit of \$175.0 million to the BSF as an FY 2020-21 supplemental request. If this deposit were enacted, it would bring the closing balance estimate for FY 2020-21 up to \$1,048.6 million. The closing balance estimate for FY 2021-22 would be \$1,067.1 million.

The history of the BSF year-end balances and the estimates for FY 2019-20, FY 2020-21, and FY 2021-22 are shown in [Figure G](#).

Figure G

Budget Stabilization Fund Year-End Balance

With Estimates for FY 2019-20, FY 2020-21, and FY 2021-22



Source: Michigan Comprehensive Annual Financial Reports through FY 2018-19, Public Act 146 of 2020, Public Act 166 of 2020, FY 2021-22 Executive Budget Recommendation, and Senate Fiscal Agency

FY 2020-21 SUPPLEMENTAL REQUESTS

In addition to the Executive Budget recommendations for FY 2021-22 and budget projections for FY 2022-23, Governor Whitmer also recommended a number of current year, FY 2020-21, supplementals. These supplementals, supplemental request 2021-5 through 2021-8, represent meaningful alterations to the current year budget and are in addition to already-pending supplemental requests. In total, these four supplemental requests propose to increase current year spending by \$2.9 billion Gross, \$2.6 billion Federal, \$334.2 million State Restricted funds, and reduce GF/GP by \$50.6 million. [Table 36](#) lists the individual requests by fund sources. Highlights of the various supplemental requests are included below and a listing of supplemental requests delivered with the FY 2021-22 Executive Recommendation, by department, are included in [Table 37](#).

Table 36

FY 2021-22 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE				
Budget Area/Program	Gross	Federal	State	
			Restricted	GF/GP
Supplemental 2021-5	\$1,584,534,600	\$1,677,265,800	\$59,657,700	(\$167,916,400)
Supplemental 2021-6	484,353,300	130,258,900	236,790,400	117,304,000
Supplemental 2021-7	805,497,800	805,497,800	0	0
Supplemental 2021-8	39,189,600	1,400,000	37,789,600	0
TOTAL FY 2020-21 SUPPLEMENTAL REQUESTS	\$2,913,575,300	\$2,614,422,500	\$334,237,700	(\$50,612,400)

School Aid: The Governor's FY 2020-21 supplemental request (2021-6) would increase spending by \$414.4 million above year-to-date appropriations. Of that, \$130.3 million would be from Federal funds, \$60.0 million would be from GF/GP, \$2.1 million would be from the Community District Trust Fund, and the remaining \$222.0 million would be from the SAF. The primary components of the supplemental are \$250.0 million SAF for student recovery payments to ISDs; \$125.7 million in Federal Governor's Emergency Education Relief (GEER) funds; \$60.0 million GF/GP for out-of-school learning opportunities; \$55.0 million for drinking water fixture replacement; and, technical cost adjustments in the foundation allowance, special education, and other program areas.

The \$250.0 million proposed for student recovery payments would provide student recovery payments to ISDs, distributed based on each ISD's share of statewide 'weighted pupils', special education costs, and geographic size, and would be used to support student recovery and learning. The \$125.7 million in Federal GEER funds are proposed to be allocated for nonpublic schools (\$86.8 million as required under Federal law), and \$38.9 million to ISDs for 10 specified activities to address COVID-19. The \$60.0 million for out-of-school learning opportunities would be distributed to ISDs based on each ISD's share of economically disadvantaged pupils statewide, with the grants designed to address student learning loss and the academic, social, mental, and physical well-being of students. The \$55.0 million for drinking water fixture replacement would provide grants of \$2,950 per fixture, with funding sufficient to provide at least one drinking water fixture for every 100 students and staff per building.

The supplemental listed above for FY 2020-21 is in addition to the Governor's supplemental request 2021-4, issued January 20, 2021, that would appropriate Federal Elementary and Secondary School Emergency Relief (ESSER) funds of roughly \$1.7 billion and \$300.0 million in SAF to provide payments to districts and ISDs to mitigate the impacts of COVID-19 on student achievement.

Department of Education: The Governor's FY 2020-21 supplemental budget recommendation for the Department of Education includes \$292,115,000 in additional Federal funds for child-care enhancements. The additional Federal funds are available from CRRSAA, Public Law 116-260, which was passed in December 2020. The recommendation includes several temporary and ongoing enhancements to the CDC program.

The first major ongoing enhancement is to increase the income entry threshold from 150% to 200% of the FPL, beginning on April 1, 2021. This is expected to cost an additional \$46.4 million for FY 2020-21. The next major ongoing enhancement is to increase the provider reimbursement rate by 10%. This is estimated to cost an additional \$17.4 million for FY 2020-21.

The first temporary enhancement is to waive the \$10 family contribution copay beginning on April 1, 2021, and ending September 30, 2022, which is estimated to cost an additional \$17.4 million for FY 2020-21. Another temporary enhancement is to pay providers based on enrollment of children instead of based on attendance beginning April 1, 2021, and ending September 30, 2022, which is estimated to cost an additional \$29.4 million for FY 2020-21. For FY 2020-21, \$55.0 million is being recommended to provide business support grants to child care providers who are open and serving families. Finally, the Governor recommends \$2.8 million in FY 2020-21 to support the Department of Education's administration of the proposed enhancements.

Community Colleges and Universities: The Governor's FY 2020-21 supplemental request is for \$12.7 million from the School Aid Fund for community college operations and \$57.3 million GF/GP for State university operations. For both universities and community colleges, the funds would be distributed proportionately based on their FY 2020-21 State operating amounts, providing a 3.9% one-time increase to each institution. The request was precipitated by a concern that the reduction of State funding enacted in Public Act 146 of 2020, which reduced School Aid Fund appropriations by 11.2% and appropriated a like amount of Federal Coronavirus Relief Funds, could cause the State to run afoul of maintenance of State effort (MOE) requirements in the CARES Act. The CARES Act requires states to maintain state-funded support of postsecondary institutions in FY 2019-20 and 2020-21 at levels at least equal to the average of the previous three fiscal years. At this time, it is too late to appropriate additional funds for FY 2019-20, so this appropriation for FY 2020-21 would bring the average FY 2019-20 and FY 2020-21 per-FTE State funding to a level sufficient to meet the MOE requirement.

Attorney General, Corrections, Judiciary, and State Police: Supplemental request 2021-5 includes \$19.0 million in restricted revenue to pay statewide implementation costs of the Departments of Attorney General, Corrections, State Police and the Judiciary for criminal record expungement reform as directed within PAs 187 through 193 of 2020.

Department of Labor and Economic Opportunity: The Governor's FY 2020-21 supplemental recommendation for the Department of Labor and Economic Opportunity includes \$21.3 million for the Futures for Frontliners program. The Futures for Frontliners program is designed to provide tuition-free pathways to degrees or certifications for COVID-19 frontline workers. This would provide funding for the first year of the program with the second year recommended in FY 2021-22.

Department of Technology, Management, and Budget: Supplemental Letter 2021-5 includes \$80.0 million GF/GP for the purchase of outstanding Venture Michigan Fund vouchers. These vouchers initially were issued as a result of Public Act 296 of 2003 with the intention of encouraging venture capital industry activity in Michigan. This purchase, which also would use remaining Venture Michigan Fund II reserves, would eliminate the State's liability with respect to the vouchers. It also would result in General Fund savings of \$75.0 million in FY 2021-22.

Department of Transportation: The Governor's \$300.0 million GF/GP supplemental request would allow MDOT to manage a bridge bundling initiative to repair, replace, or remove up to 120 locally owned bridges statewide over a two-year period. There is no set list of local bridges to repair, but bridges that are closed or have restricted weight limits would be given highest priority. Bridge bundling allows MDOT to group multiple bridge projects across local jurisdictional lines into a single contract, which has the potential for cost savings. Although all the money would benefit local governments, MDOT would manage the program.

Additionally included in the Governor's supplemental recommendations is Federal funding passed in December; the CRRSAA included \$70.0 million for Michigan airports, \$55.4 million for rural Michigan transit agencies, and \$261.3 million in 100% match Surface Transportation Block Grants, of which 25% would be spent on local projects. (The CRRSAA also provided \$86.7 million in direct aid to urban transit agencies, but because it was direct aid, it did not require an appropriation by the Legislature.) This Federal aid cannot be spent by the State or local governments until it is appropriated.

Department of Treasury: The Governor's FY 2020-21 supplemental budget recommendation for the Department of Treasury includes \$70.0 million for city income tax loss relief for cities that levy a local income tax. The amount a city would receive is based on the amount of 2019 city income taxes collected by that city out of all local city income taxes collected by all cities in the State in 2019. There is a cap of \$25.0 million on the amount a single city could receive. There are 22 Michigan cities that impose a local income tax. These cities are Albion, Battle Creek, Big Rapids, Detroit, Grand Rapids, Grayling, Hamtramck, Highland Park, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Saginaw, Springfield, and Walker.

The Governor's FY 2020-21 supplemental budget recommendation for the Department of Treasury also includes a \$7.0 million deposit into the Wrongful Imprisonment Compensation Fund. The Legislature received a notice on January 22, 2021, that the Wrongful Imprisonment Compensation Fund has insufficient funds to support the number of anticipated claims that will need to be paid within the next 60 days. There are 13 individuals seeking compensation totaling \$8.8 million. This amount does not include the final attorney fees and costs, which could be as high as \$530,679. Attorney fees and costs are capped at 10% of the total settlement or \$50,000, whichever is less. The Wrongful Imprisonment Compensation Fund had a balance of \$2.9 million in January 2021, which means that the Wrongful Imprisonment Compensation Fund needs over \$6.4 million to cover the remaining claims.

Department of Health and Human Services: The proposed supplemental for the Department includes the usual base and caseload adjustments for Medicaid and human services program. Of particular note is the \$596.7 million Gross and \$93.6 million GF/GP increase for the Medicaid program. This reflects the continued growth in the HMP caseload, which has grown by over 200,000 cases since the beginning of the COVID-19 pandemic. Human services base and caseload costs actually are down by \$49.3 million Gross and \$13.0 million GF/GP in the supplemental. There are also a number of Federal grant adjustments. Of particular note is an increase in funding for the Federal Mental Health Block Grant (\$48.0 million) and the Substance Abuse Prevention and Treatment Block Grant (\$52.2 million). Both increases were included in the Federal December 2020 supplemental.

The Governor's supplemental also includes funding to extend the direct care worker \$2.00-per-hour wage increase through the end of FY 2020-21 (in concert with her proposal to make the funding permanent in the FY 2021-22 budget). A \$2.25 per hour extension of the increase through September 30, 2021, was included in Public Act 2 of 2021.

The largest item in State GF/GP terms is the assumed extension of the enhanced Medicaid match rate through the end of calendar year 2021. This 6.2% increase in the match rate, which was originally assumed to expire December 31, 2020, would save the State over \$250.0 million GF/GP per quarter and this three quarter extension in FY 2020-21 would save the State \$753.2 million GF/GP in the fiscal year.

The total impact of these adjustments is an increase in Gross spending of \$1,152.6 million Gross and GF/GP savings, largely due to the enhanced Medicaid match rate, of (\$658.4) million GF/GP.

Table 37

FY 2020-21 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Agriculture and Rural Development				
Coronavirus response activities.....	\$1,000,000	\$0	\$0	\$1,000,000
Agriculture and Rural Development Total.....	\$1,000,000	\$0	\$0	\$1,000,000
Attorney General				
Document retention costs for clergy abuse investigation.....	\$150,000	\$0	\$0	\$150,000
Attorney General Total.....	\$150,000	\$0	\$0	\$150,000
Community Colleges				
Additional operations payment to meet Federal MOE requirements.....	\$12,696,000	\$0	\$12,696,000	\$0
Community Colleges Total.....	\$12,696,000	\$0	\$12,696,000	\$0
Education				
Child care stimulus.....	\$292,115,000	\$292,115,000	\$0	\$0
Education Total.....	\$292,115,000	\$292,115,000	\$0	\$0
Environment, Great Lakes, and Energy				
Superfund site clean up.....	\$10,000,000	\$10,000,000	\$0	\$0
Energy infrastructure program.....	5,000,000	0	0	5,000,000
Premcor remediation activities.....	5,000,000	0	5,000,000	0
Environment, Great Lakes, and Energy Total.....	\$20,000,000	\$10,000,000	\$5,000,000	\$5,000,000
Health and Human Services				
Physical health Medicaid base/caseload.....	\$588,001,000	\$512,291,000	\$0	\$75,710,000
Medicaid Special Payments.....	272,154,400	257,828,400	36,213,600	(17,633,400)
Direct Care Worker Wage Extension.....	110,000,000	66,881,500	0	43,118,500
Substance Abuse Prevention and Treatment Block Grant.....	52,228,000	52,228,000	0	0
Mental Health Block Grant.....	47,969,000	47,969,000	0	0
Pharmaceutical Services Rebate Processing.....	42,000,000	42,000,000	0	0
Federal State Opioid Response Grant Authorization.....	36,440,900	36,440,900	0	0
Federal FFPSA Transition Grant.....	15,622,000	15,622,000	0	0
Chafee Foster Care Program.....	10,220,000	10,220,000	0	0
AIDS Drug Assistance Program Rebate Revenue.....	9,414,500	0	0	0
Behavioral health lines base/caseload.....	8,704,200	(9,196,200)	0	17,900,400

Table 37 - continued

FY 2020-21 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Health and Human Services (continued)				
Tribal Pharmacy Services.....	7,000,000	6,350,000	0	0
Certified Community Behavioral Health Clinic Demonstration Project.....	6,555,000	5,330,000	0	1,225,000
Congregate and Home Delivered Meals	5,303,700	5,303,700	0	0
Food Assistance Program Reinvestment	5,192,100	0	0	5,192,100
Child and Adolescent Health Care and Centers Local Authorization.....	4,900,000	0	0	0
Federal Authorization for Nutrition Services and Community Services.....	4,500,000	4,500,000	0	0
Foster Care QRTP Residential Rate Increase	4,208,100	309,600	0	3,898,500
COVID Immunization and Vaccine Grant Support	4,121,400	4,121,400	0	0
State Emergency Grant Funding for SUD and Mental Illness	2,860,000	2,860,000	0	0
Federal Violence Prevention Grant Authorization	2,370,000	2,370,000	0	0
Civil Monetary Penalty Revenue Adjustment	2,000,000	0	0	0
Promoting Safe and Stable Families Support.....	1,995,000	1,995,000	0	0
Chafee Education and Training Vouchers.....	1,324,000	1,324,000	0	0
WIC Vendor Fines and Penalties Revenue Adjustment.....	1,040,700	0	0	0
Federal Lab Services Grants	715,000	715,000	0	0
Raise the Age IT Systems Changes.....	581,700	139,600	0	442,100
New Federal Minority Health Grant	450,000	450,000	0	0
Oral Health Assessment Program	385,000	0	0	385,000
EMS Fee Revenue	300,000	0	300,000	0
Settlement Monitor Contract Costs.....	110,000	17,100	0	92,900
Community-Based Child Abuse Prevention Federal Grant Increase	100,000	100,000	0	0
Marihuana Regulatory Fund Revenue Adjustment	59,700	0	59,700	0
GF Backfill of Health and Safety Fund	0	0	(1,389,900)	1,389,900
Public assistance programs base/caseload	(36,849,700)	(915,500)	(397,500)	(35,536,700)
EFMAP annualized adjustments	(30,000,000)	703,425,500	0	(733,425,500)
New EFMAP Savings (not captured by CREC).....	(16,000,000)	3,685,600	0	(19,685,600)
Children's welfare services base/caseload.....	(12,418,400)	(12,064,600)	0	(1,485,300)
Adoption Subsidies Capped Federal Funds Reduction.....	(976,700)	(976,700)	0	0
Health and Human Services Total.....	\$1,152,580,600	\$1,761,324,300	\$34,785,900	(\$658,412,100)
Higher Education				
Additional operations payment to meet Federal MOE requirements	\$57,304,000	\$0	\$0	\$57,304,000
Higher Education Total	\$57,304,000	\$0	\$0	\$57,304,000

Table 37 - continued

FY 2020-21 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Judiciary				
Statewide e-File project implementation.....	\$821,800	\$0	\$821,800	\$0
State court administrative office federal COVID-19.....	260,000	260,000	0	0
Justice training grant revenue	45,000	0	0	0
Judiciary Total	\$1,126,800	\$260,000	\$821,800	\$0
Labor and Economic Opportunity				
Futures for frontliners.....	\$21,300,000	\$0	\$0	\$21,300,000
Workforce development programs	9,916,800	9,916,800	0	0
Workforce program administration	1,845,800	1,845,800	0	0
Labor and Economic Opportunity Total.....	\$33,062,600	\$11,762,600	\$0	\$21,300,000
Licensing and Regulatory Affairs				
Underground natural gas storage inspection program	\$200,000	\$200,000	\$0	\$0
Licensing and Regulatory Affairs Total.....	\$200,000	\$200,000	\$0	\$0
Military and Veterans Affairs				
Military training sites and support facilities	\$50,000	\$0	\$50,000	\$0
Special maintenance - National Guard	20,000,000	20,000,000	0	0
Coronavirus response activities - MVFA	27,300	27,300	0	0
Military and Veterans Affairs Total	\$20,077,300	\$20,027,300	\$50,000	\$0
Natural Resources				
Natural Resources Trust Fund Recommendation	\$39,189,600	\$1,400,000	\$37,789,600	\$0
Natural Resources Total	\$39,189,600	\$1,400,000	\$37,789,600	\$0
School Aid				
Student recovery payments	\$250,000,000	\$0	\$250,000,000	\$0
Governor's Emergency Education Relief (GEER) Fund	125,658,900	125,658,900	0	0
Out-of-school learning opportunities.....	60,000,000	0	0	60,000,000
Drinking fountain fixtures	55,000,000	0	55,000,000	0
School breakfast costs.....	7,400,000	0	7,400,000	0
Federal funds adjustment - Section 39a(1)	3,100,000	3,100,000	0	0
Promise Zone reimbursement	1,600,000	0	1,600,000	0
Federal funds adjustment - Section 39a(2)	1,500,000	1,500,000	0	0
School lunch costs.....	694,400	0	694,400	0

Table 37 - continued

FY 2020-21 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE				
Budget Area/Program	Gross	Federal	State Restricted	GF/GP
School Aid (continued)				
Court-placed pupils.....	500,000	0	500,000	0
Adjustment in foundation allowance costs - Section 22a	(57,500,000)	0	(57,500,000)	0
Growing districts categorical.....	(16,000,000)	0	(16,000,000)	0
Adjustment in foundation allowance costs - Section 22b	(11,500,000)	0	(11,500,000)	0
Adjustment in state special education costs.....	(3,400,000)	0	(3,400,000)	0
School Aid Fund cash flow borrowing costs.....	(2,700,000)	0	(2,700,000)	0
School Aid Total	\$414,353,300	\$130,258,900	\$224,094,400	\$60,000,000
State Police				
Clean slate for Michigan - one-time.....	\$19,000,000	\$0	\$19,000,000	\$0
Post operations	2,400,000	0	0	2,400,000
State Police Total.....	\$21,400,000	\$0	\$19,000,000	\$2,400,000
Technology, Management, and Budget				
Venture Michigan fund II voucher purchase.....	\$80,000,000	\$0	\$0	\$80,000,000
Interdepartmental grant from user fees account.....	3,545,700	0	0	3,545,700
Administrative services	600,000	0	0	0
Office of children's ombudsman	100,000	0	0	100,000
Technology, Management, and Budget Total.....	\$84,245,700	\$0	\$0	\$83,645,700
Transportation				
Local bridge bundling.....	\$300,000,000	\$0	\$0	\$300,000,000
CRRSAA grants for state roads.....	195,981,600	195,981,600	0	0
CRRSAA grants for primary airports	68,000,000	68,000,000	0	0
CRRSAA grants for local roads	65,327,200	65,327,200	0	0
CRRSAA grants for rural transit agencies	55,426,200	55,426,200	0	0
CRRSAA grants for general aviation	2,000,000	2,000,000	0	0
CRRSAA grants for mobility of seniors and persons with disabilities.....	339,400	339,400	0	0
Transportation Total.....	\$687,074,400	\$387,074,400	\$0	\$300,000,000
Treasury - Operations				
City income tax COVID loss relief.....	\$70,000,000	\$0	\$0	\$70,000,000
Wrongful imprisonment compensation fund	7,000,000	0	0	7,000,000
Treasury - Operations Total.....	\$77,000,000	\$0	\$0	\$77,000,000
TOTAL FY 2020-21 SUPPLEMENTAL REQUESTS	\$2,913,575,300	\$2,614,422,500	\$334,237,700	(\$50,612,400)

DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents tables that summarize the Governor's FY 2021-22 Gross and GF/GP appropriation changes to FY 2020-21 (as of February 8, 2021) for each department and budget area. [Tables 38](#) and [39](#) summarize the Gross and GF/GP changes, respectively. [Table 40](#) provides detail by budget area for the Gross and GF/GP changes. Following [Table 40](#) is an Appendix that includes highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2020-21 year-to-date (as of February 8, 2021) to the Governor's recommendation for FY 2021-22.

Table 38

FY 2021-22 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2020-21 YEAR-TO-DATE			
Department/Budget Area	FY 2020-21 Year-To-Date Gross Appropriations	FY 2021-22 Gov's Rec. Gross Appropriations	Gov's Gross Change To FY 2020-21
Agriculture and Rural Development	\$121,295,000	\$116,252,300	(\$5,042,700)
Attorney General	106,828,600	107,338,800	510,200
Capital Outlay	1,000	0	(1,000)
Civil Rights	18,037,400	17,584,100	(453,300)
Community Colleges	425,667,600	434,653,600	8,986,000
Corrections	2,060,788,400	2,079,027,000	18,238,600
Education	451,695,700	531,091,400	79,395,700
Environment, Great Lakes, and Energy	511,359,200	906,016,900	394,657,700
Executive	7,114,300	7,318,600	204,300
Health and Human Services	28,726,411,000	31,647,234,200	2,920,823,200
Higher Education	1,699,925,400	1,731,967,300	32,041,900
Insurance and Financial Services	73,315,700	72,987,600	(328,100)
Judiciary	313,641,200	319,505,100	5,863,900
Labor and Economic Opportunity	1,684,364,300	1,830,177,600	145,813,300
Legislature	202,453,800	210,057,800	7,604,000
Licensing and Regulatory Affairs	484,389,600	519,486,400	35,096,800
Military and Veterans Affairs	228,951,500	217,688,100	(11,263,400)
Natural Resources	469,594,100	456,341,400	(13,252,700)
Natural Resources (Trust Fund)	0	0	0
School Aid	15,525,164,800	15,853,068,000	327,903,200
State	254,297,500	252,164,300	(2,133,200)
State Police	767,615,500	773,164,700	5,549,200
Technology, Management, and Budget	1,674,955,000	1,699,769,800	24,814,800
Transportation	5,107,470,600	5,236,519,200	129,048,600
Treasury (Debt Service)	113,735,000	99,064,000	(14,671,000)
Treasury (Operations)	758,483,500	625,135,900	(133,347,600)
Treasury (Revenue Sharing)	1,382,187,300	1,367,563,900	(14,623,400)
Total Budget Area Appropriations	\$63,169,743,000	\$67,111,178,000	\$3,941,435,000

Note: Includes ongoing and one-time appropriations as of February 8, 2021.

Table 39

FY 2021-22 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2020-21 YEAR-TO-DATE			
Department/Budget Area	FY 2020-21 Year-To-Date GF/GP Appropriations	FY 2021-22 Gov's Rec. GF/GP Appropriations	Gov's GF/GP Change To FY 2020-21
Agriculture and Rural Development	\$63,616,800	\$57,883,900	(\$5,732,900)
Attorney General	41,148,400	41,996,000	847,600
Capital Outlay	1,000	0	(1,000)
Civil Rights	14,792,200	14,357,300	(434,900)
Community Colleges	0	0	0
Corrections	1,809,258,400	2,018,523,400	209,265,000
Education	90,067,100	168,893,100	78,826,000
Environment, Great Lakes, and Energy	59,443,900	128,700,400	69,256,500
Executive	7,114,300	7,318,600	204,300
Health and Human Services	5,224,838,900	5,276,683,000	51,844,100
Higher Education	1,217,835,700	1,247,837,600	30,001,900
Insurance and Financial Services	0	0	0
Judiciary	201,934,300	208,322,900	6,388,600
Labor and Economic Opportunity	251,367,600	421,143,100	169,775,500
Legislature	189,026,600	196,429,300	7,402,700
Licensing and Regulatory Affairs	149,605,600	185,945,900	36,340,300
Military and Veterans Affairs	84,280,200	75,594,300	(8,685,900)
Natural Resources	50,697,300	48,112,500	(2,584,800)
Natural Resources (Trust Fund)	0	0	0
School Aid	50,964,600	40,000,000	(10,964,600)
State	12,597,500	12,435,600	(161,900)
State Police	439,376,600	516,529,500	77,152,900
Technology, Management, and Budget	516,326,100	513,945,100	(2,381,000)
Transportation	0	0	0
Treasury (Debt Service)	113,735,000	99,064,000	(14,671,000)
Treasury (Operations)	257,432,200	123,914,200	(133,518,000)
Treasury (Revenue Sharing)	0	0	0
Total Budget Area Appropriations	\$10,845,460,300	\$11,403,629,700	\$558,169,400

Note: Includes ongoing and one-time appropriations as of February 8, 2021.

Table 40

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Agriculture and Rural Development		
Lab integration of food safety system	\$600,000	\$0
Maintenance/support of licensing and inspection system.....	254,900	210,000
Rural development specialist	175,000	0
Information technology funding adjustment	(3,900)	0
Michigan animal agriculture alliance	(1,253,000)	(1,253,000)
Conservation reserve enhancement FY 22 one-time	(4,400,000)	(4,400,000)
Unclassified salaries.....	18,000	18,000
Economic adjustments	(433,700)	(307,900)
Total Agriculture and Rural Development.....	(\$5,042,700)	(\$5,732,900)
Attorney General		
Clean slate for Michigan.....	\$560,000	\$560,000
Address confidentiality program.....	500,000	500,000
Unclassified salaries.....	24,900	24,900
Economic adjustments	(574,700)	(237,300)
Total Attorney General	\$510,200	\$847,600
Capital Outlay		
Removal of FY 2020-21 authorizations.....	(\$1,000)	(\$1,000)
Total Capital Outlay	(\$1,000)	(\$1,000)
Civil Rights		
Transfer of Women's Commission to LEO	(\$366,800)	(\$366,800)
Economic adjustments	(86,500)	(68,100)
Total Civil Rights.....	(\$453,300)	(\$434,900)
Community Colleges		
College operations - 2% one-time increase	\$6,473,100	\$0
MPSERS UAAL payments	3,300,000	0
MPSERS normal costs.....	(694,000)	0
Indian tuition waiver adjustment.....	(93,100)	0
Total Community Colleges.....	\$8,986,000	\$0
Corrections		
<i>John Doe v. MDOC</i> settlement agreement	\$40,000,000	\$40,000,000
New corrections officer training	7,373,700	7,373,700
Employee wellness program	809,400	809,400
Administrative hearings and rules caseload increases	204,000	204,000
Transportation/Prison industries services	72,000	0
Removal of FY 2020-21 one-time funding	(15,000,000)	(15,000,000)
Detroit Re-Entry Center closure full-year savings	(10,523,600)	(10,523,600)
CRF fund reversal for public safety payroll	0	190,164,500
Economic adjustments	(4,696,900)	(3,763,000)
Total Corrections	\$18,238,600	\$209,265,000
Department of Education		
Child development and care public assistance	\$78,000,000	\$78,000,000
Educator shortage	2,895,000	2,895,000
Poet laureate	100,000	100,000
Child development and care match adjustment.....	0	(1,019,600)
Educare transfer to school aid	(1,000,000)	(1,000,000)
Unclassified salaries.....	27,400	21,100

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Department of Education (continued)		
Economic adjustments	(626,700)	(170,500)
Total Department of Education	\$79,395,700	\$78,826,000
Environment, Great Lakes, and Energy		
Increase MI Clean Water Plan - one-time	\$290,000,000	\$0
High Water Infrastructure Grants - one-time	40,000,000	40,000,000
Premcor Settlement.....	29,300,000	0
Increase Land and Water Resources Fees.....	5,317,000	0
Contaminated Site Cleanup - one-time	20,000,000	20,000,000
Drinking Water Laboratory	1,450,000	0
Dam Safety Emergency Fund - one-time.....	15,000,000	15,000,000
Brownfield Redevelopment Fund	1,100,000	0
Increase Authorization for Remedial Settlement Fund	1,000,000	0
Federal Oil and Gas Program Oversight Activities	370,000	0
Increase Drinking Water & Industrial Stormwater Operator Cert. Fees.....	309,400	0
Increase NPDES and Storm Water Fees.....	194,900	0
Increase Hazardous Waste Site Identification Fees	100,000	0
Removal of FY 2020-21 One-Time Projects	(5,560,000)	(5,560,000)
Remove FY 2020-21 Use of Scrap Tire Authorization.....	(3,000,000)	0
Unclassified salaries.....	25,100	0
Economic adjustments	(948,700)	(183,500)
Total Environment, Great Lakes, and Energy	\$394,657,700	\$69,256,500
Executive		
Economic adjustments	\$204,300	\$204,300
Total Executive.....	\$204,300	\$204,300
Health and Human Services		
FAP base and caseload	\$1,271,662,300	\$0
Medicaid base and caseload adjustments	511,064,000	84,973,400
Medicaid QAAP expansion.....	272,600,200	(15,804,800)
Back out FY 2020-21 managed care risk corridor savings	175,046,000	48,100,000
Annualization of \$2/hour direct care worker wage increase	110,000,000	54,689,300
Medicaid health plans actuarial soundness	100,000,000	32,970,000
KB vs. Lyon Agreement.....	90,991,800	30,000,000
Healthy Michigan Plan actuarial soundness	75,000,000	7,500,000
Medicaid autism services base and caseload.....	70,154,800	23,130,100
Medicaid mental health actuarial soundness	66,000,000	21,760,200
CSHCS base and caseload	45,612,900	19,399,200
Medicaid mental health base and caseload	44,214,200	14,577,500
Federal pharmacy grant increase	42,000,000	0
Nursing Home Support Payment - one-time	37,500,000	9,000,000
New State Opioid response grant	36,440,900	0
Raise the age implementation costs	29,100,000	24,200,000
CMS CCBHC Demonstration Implementation	26,497,300	4,950,000
E-FMAP Redetermination Compliance - one-time	23,160,000	11,500,000
QRTP CCI rate adjustments	20,309,700	15,390,200
MI Choice Expansion	19,125,000	6,305,500
CCWIS Modules for FY 22 - one-time.....	16,824,200	8,748,600
Integrated care organizations actuarial soundness	15,200,000	5,011,400
Behavioral health autism actuarial soundness.....	15,000,000	4,945,500
Behavioral health HMP actuarial soundness	12,000,000	1,200,000
Maintain Lead Poisoning Prevention Fund - one-time	10,000,000	10,000,000

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Health and Human Services (continued)		
Additional Rebate revenue for HIV/AIDS Program & FTE Adjustment...	9,414,500	0
FFPSA Foster Care Prevention Proposal	9,233,800	4,817,000
Child Care Fund base and caseload	9,146,400	6,767,100
Annualization of Healthy Moms, Healthy Babies	7,602,900	1,699,900
MiChoice actuarial soundness	7,500,000	2,472,700
Home Visiting Expansion	7,410,000	6,250,000
Tribal pharmacy Federal and Private reimbursement.....	7,000,000	0
Cover adult sickle cell disease in CSHCS.....	6,650,000	6,650,000
Home Health and Safety - one-time	5,000,000	5,000,000
Initiatives to Reduce Health Disparities - one-time	5,000,000	2,500,000
Additional Federal grants	4,936,600	0
Increase in Federal aging nutrition & community services grants ...	4,500,000	0
PACE actuarial soundness.....	4,300,000	1,417,700
Initiatives to Reduce Health Disparities.....	3,375,000	2,625,000
Medicaid dental actuarial soundness	2,600,000	857,200
Cross-enrollment expansion - one-time	2,500,000	1,325,000
IT - System Maintenance and Operation Increases.....	2,345,200	1,836,900
Office of Race, Equity, Diversity, & Inclusion Enhancement (13.0 FTEs)....	2,113,900	1,585,500
Substance use disorder actuarial soundness	2,000,000	659,400
Expand nursing home civil monetary penalty contracts.....	2,000,000	0
Recognize Dental Oral Health Screenings Costs	1,760,000	1,760,000
Annualize Foster Care CCI Third Party Assessments	1,700,200	1,246,300
Electronic Visit Verification Requirements	1,622,000	811,000
Ongoing: Cross-enrollment expansion in public assistance	1,000,000	625,000
Child and Adolescent Health Care and Centers Local revenue.....	900,000	0
Vital Records Backfill.....	600,000	1,445,900
Recognize State Psych Hospitals Pharmacy Inflation Costs	490,900	426,200
Recognize additional EMS fee revenue	300,000	0
State supplementation base and caseload	243,300	243,300
Additional Private Funds for WIC Vendor Fines/Penalties.....	200,000	0
MISEP Settlement Monitor Contract Increase	185,800	156,800
Guardianship base and caseload.....	141,400	97,600
Recognize Newborn Screening Fee CPI Increase	89,300	0
Marihuana Regulatory Fund Adjustment.....	59,700	0
Facilities: Remove One-Time CRF Funding	0	22,358,000
Child Support enforcement IT fund source swap	0	1,606,100
Health and Safety Fund GF Backfill	0	1,489,900
Restore GF/GP from Laboratory Fee revenue.....	0	1,000,000
Capped Federal fund source swap in Child Welfare.....	0	(724,000)
Child support enforcement fund source swap.....	0	(1,606,100)
Extension of emergency FMAP.....	0	(1,704,000)
School base services GF savings from increased Federal.....	0	(29,252,300)
Medicaid Restricted funds adjustments	0	(60,000,000)
Change in Federal FMAP from 64.08% to 65.48%	0	(174,386,600)
Back out COVID grants from SB 748.....	(122,074,000)	(107,801,100)
HMP Behavioral health base and caseload	(75,258,800)	(7,525,900)
FIP base and caseload.....	(33,430,000)	(33,506,600)
Back out FY 2020-21 one-time items	(33,129,800)	(12,379,800)
Impact of home help payment changes	(12,431,100)	(8,922,200)
Medicaid substance use disorder base and caseload	(8,674,300)	(2,859,900)
Back out FY 2021 one-time supplemental immunization funding....	(5,888,400)	0
FFPSA Foster Care Prevention Proposal	(5,772,500)	(2,675,000)
QRTP Savings.....	(4,917,500)	(2,396,600)

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Health and Human Services (continued)		
MI Health Link - Non-PERS Service	(3,750,000)	(1,236,400)
ClaimSure Contract Saving	(3,744,400)	(1,234,500)
Family support subsidy base and caseload	(1,817,600)	0
State Disability assistance base and caseload	(1,751,600)	(1,354,100)
Reduction in use of leased space	(1,074,300)	(429,700)
Adoption subsidies medical subsidy reduction	(976,700)	0
Reduced Federal authorization for adoption subsidies	(850,000)	0
Foster care payments base and caseload	(705,400)	(1,570,000)
CCWIS funding adjustments	(622,300)	203,300
Lapsing analytical lab equipment funding	(500,000)	(500,000)
Medical/Psychiatric Evaluations Lapse	(300,000)	(300,000)
Adoption subsidies base and caseload	(209,700)	6,508,500
Remove Family Emergency Readiness expo	(25,000)	(25,000)
Unclassified salaries	36,900	25,000
Economic adjustments	(10,734,500)	(4,778,500)
Total Health and Human Services	\$2,920,823,200	\$51,844,100
Higher Education		
University operations - 2% one-time increase	\$29,214,700	\$29,214,700
MPSERS normal costs	3,540,000	0
Tuition Incentive Program - adjustment for demand	2,500,000	0
MPSERS UAAL payments	1,800,000	0
MSU AgBioResearch - 2% one-time increase	698,700	698,700
MSU Extension - 2% one-time increase	602,700	602,700
Indian tuition waiver adjustment	484,000	484,000
Midwest higher education compact - dues increase	1,800	1,800
Tuition Incentive Prog. limit phase I to 2.5x CC tuition	(5,800,000)	0
Remove one-time passthrough to Bay Mills	(1,000,000)	(1,000,000)
Total Higher Education	\$32,041,900	\$30,001,900
Insurance and Financial Services		
Unclassified salaries	\$24,700	\$0
Economic adjustments	(352,800)	0
Total Insurance and Financial Services	(\$328,100)	\$0
Judiciary		
Juvenile lifer resentencing ongoing increase	\$939,100	\$939,100
E-file implementation statewide	821,800	0
Expungement legislation implementation	605,000	605,000
Problem solving courts ongoing increase	600,000	600,000
Court of Appeals operations	547,900	547,900
State Appellate Defender Office restoration	360,700	360,700
Pretrial services ongoing increase	325,700	325,700
Legal aid website maintenance	200,000	200,000
Justice training grant revenue	100,000	0
Judicial compensation fund shift	0	1,358,600
One district judge reduction	(164,400)	(164,400)
One-time removal - pretrial risk assessment	(325,700)	(325,700)
One-time removal - problem solving courts	(600,000)	(600,000)
One-time removal - juvenile lifer resentencing	(881,100)	(881,100)
Unclassified salaries	0	0
Economic adjustments	3,334,900	3,422,800
Total Judiciary	\$5,863,900	\$6,388,600

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Labor and Economic Opportunity		
Michigan reconnect grant program	\$90,000,000	\$120,000,000
Futures for frontliners	39,100,000	39,100,000
Flint settlement debt service.....	35,000,000	35,000,000
Mobility futures initiative	25,000,000	25,000,000
Going pro.....	15,000,000	15,000,000
Workforce development programs	13,075,000	0
Housing and community development.....	10,000,000	10,000,000
Wraparound services	6,000,000	6,000,000
Statewide pre-apprenticeship program	3,000,000	3,000,000
Child care facilitator pilot program.....	2,200,000	2,200,000
State historic preservation office	2,100,000	0
Child savings account	2,000,000	2,000,000
Technical adjustment	1,719,000	78,100
Brownfield redevelopment fund.....	1,175,000	0
Poverty task force.....	1,000,000	1,000,000
Focus: HOPE	1,000,000	1,000,000
Michigan women's commission.....	366,800	366,800
FY 2020-21 one-time appropriations.....	(41,288,800)	(31,288,800)
FY 2020-21 supplemental removal	(58,500,000)	(58,500,000)
Unclassified salaries.....	122,100	10,700
Economic adjustments	(2,255,800)	(191,300)
Total Labor and Economic Opportunity	\$145,813,300	\$169,775,500
Legislature		
Capitol Security improvements - one-time	\$5,000,000	\$5,000,000
House legislature adjustment.....	1,045,300	1,045,300
Senate legislature adjustment.....	741,500	741,500
Office of the Auditor General legislature adjustment	400,700	274,900
Property management legislature adjustment.....	312,000	312,000
Legislative Council legislature adjustment	283,000	277,000
State Capitol Historic Site legislature adjustment	121,500	70,700
Legislative Retirement System legislature adjustment	80,500	61,800
Census Tracking	(340,000)	(340,000)
Independent Citizens Redistricting Commission.....	(40,500)	(40,500)
Total Legislature	\$7,604,000	\$7,402,700
Licensing and Regulatory Affairs		
Michigan indigent defense commission grants (Standards 1-4)	\$19,450,000	\$19,350,000
Michigan indigent defense commission grants (Standard 5)	12,000,000	12,000,000
Michigan saves.....	4,000,000	4,000,000
Nursing home infection control surveys	1,100,000	1,100,000
Marihuana regulatory inspections	648,000	0
Marihuana social equity program	500,000	0
Underground natural gas storage	352,500	0
CSB technical adjustments	(1,398,400)	0
Unclassified salaries.....	77,100	1,000
Economic adjustments	(1,632,400)	(110,700)
Total Licensing and Regulatory Affairs.....	\$35,096,800	\$36,340,300

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Military and Veterans Affairs		
Chesterfield Township home for veterans.....	\$12,394,700	\$1,529,700
Special maintenance - National Guard	10,000,000	0
Grand Rapids home for veterans - one-time.....	6,456,000	4,065,000
Michigan veterans trust fund	1,247,200	0
Military retirement payments	217,000	217,000
Test project fees for military training sites.....	100,000	0
Camp Grayling morale, welfare and recreation	100,000	0
Camp Grayling commander's cottage.....	25,000	0
MVAA - private funds	10,000	0
Adjustment for restricted revenue received.....	(84,000)	0
Veterans benefits eligibility study - one-time.....	(250,000)	(250,000)
Adjustment for FY 2020-21 supplemental.....	(2,859,000)	(2,859,000)
Grand Rapids home for veterans adjustment	(6,598,400)	1,841,600
Grand Rapids home FY 2020-21 one-time	(13,233,000)	(13,233,000)
Camp Grayling readiness center.....	(18,905,000)	0
Unclassified salaries.....	47,000	47,000
Economic adjustments	69,100	(44,200)
Total Military and Veterans Affairs.....	(\$11,263,400)	(\$8,685,900)
Natural Resources		
Align Land & Water Conserv. Fund Authority w/ Projected Fed. Rev.....	\$7,000,000	\$0
Capital Outlay - Fish Hatchery Energy Efficiencies	1,995,800	1,995,800
Improve State Park Experiences & Employee Recruitment & Retention...	1,486,400	0
CSB Technical.....	1,194,800	0
Align Off-Road Vehicle Trail Improvement Fund Auth. w/ Available Rev	1,000,000	0
Recreational Search Software	320,000	0
Capital Outlay - 2021 Appropriations No Longer Needed.....	(11,000,000)	0
Removal of Current Year One-Time Funding	(8,400,000)	(2,500,000)
Capital Outlay - State Parks Repair and Maintenance	(2,925,000)	0
Remove Local Marine Patrol Grants	(1,750,000)	(1,750,000)
Capital Outlay - State Boating Infrastructure Maintenance.....	(350,000)	0
Reduce Deer Range Improvement Grants.....	(245,800)	(245,800)
Capital Outlay - Appropriations No Longer Needed.....	(150,000)	0
Unclassified salaries.....	25,100	0
Economic adjustments	(1,454,000)	(84,800)
Total Natural Resources.....	(\$13,252,700)	(\$2,584,800)
School Aid		
Foundation allowance increase: 2x, \$82-\$164	\$203,000,000	\$0
Enrollment stability supports (70% of pupil decline)	200,000,000	0
MPSERS payments.....	145,354,000	(10,000)
Out-of-school learning opportunities	60,000,000	0
Required State special education payments.....	41,500,000	0
Great Start Readiness Program per-slot increase	32,450,000	250,000
Federal grants	15,600,000	0
At risk 2% increase.....	12,500,000	0
School breakfast and lunch	8,094,400	0
Brownfield reimbursements to ISDs.....	7,500,000	0
Promise zone payments.....	4,100,000	0
Math essentials training.....	2,000,000	0
Center for Educational Performance and Information.....	2,000,000	2,000,000
ISD operational funding - 2% increase.....	1,383,000	0
Non-required special education reimbursement - 2%	1,200,000	0

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
School Aid (continued)		
Flint Educare - transferred from MDE	1,000,000	1,000,000
Court-placed children	500,000	0
Robotics for public schools.....	300,000	0
Bilingual education - 2% increase	260,000	0
Isolated/rural districts - 2% increase	140,000	0
Fund shift.....	0	164,900
Technical foundation allowance cost adjustments	(192,000,000)	0
Elimination of one-time per-pupil payment.....	(95,000,000)	0
Elimination of growing districts categorical	(66,000,000)	0
20% reduction to cyber schools	(30,200,000)	0
Elimination of first-year teacher incentives.....	(5,000,000)	0
Elimination of Reading Corps.....	(2,773,000)	(2,773,000)
Elimination of attendance recovery	(2,000,000)	(2,000,000)
Elimination of virtual education supports.....	(2,000,000)	0
Elimination of EVAAS (value added growth model).....	(2,000,000)	(2,000,000)
Elimination of Detroit Public TV online programming.....	(2,000,000)	0
Reduction in cash flow borrowing costs	(1,900,000)	0
Elimination of kindergarten entry observation tool	(1,500,000)	0
Elimination of Imagine Learning.....	(1,500,000)	(1,500,000)
Elimination of school meal debt forgiveness	(1,000,000)	0
Elimination of Boys and Girls Club.....	(1,000,000)	(1,000,000)
Elimination of Algebra Nation.....	(1,000,000)	(1,000,000)
Elimination of Teach for America	(1,000,000)	(1,000,000)
Elimination of Orton Gillingham dyslexia tool.....	(500,000)	(500,000)
Elimination of Chaldean Community Foundation.....	(500,000)	(500,000)
Elimination of digital learning preparation	(500,000)	(500,000)
Elimination of Michigan Fitness Foundation.....	(400,000)	(400,000)
Elimination of robotics for nonpublic schools	(300,000)	(300,000)
Elimination of Children's Choice Initiative	(250,000)	(250,000)
Elimination of Conductive Learning Center.....	(250,000)	(250,000)
Elimination of Michigan Council Women in Tech.....	(150,000)	(150,000)
Elimination of distance learning study.....	(150,000)	(150,000)
Elimination of industrial and tech education (MITES).....	(50,000)	(50,000)
Elimination of placeholder education reform comm.	(100)	(100)
Economic adjustments	(55,100)	(46,400)
Total School Aid.....	\$327,903,200	(\$10,964,600)
State		
Motorcycle safety fund increased authorization	\$300,000	\$0
Reinstatement fee revenue adjustment	(1,204,300)	0
Economic adjustments	(1,228,900)	(161,900)
Total State.....	(\$2,133,200)	(\$161,900)
State Police		
Joint task force on jail/pretrial incarceration one-time.....	\$10,200,000	\$10,200,000
FY 2020-21 trooper recruit school annualization	4,914,100	4,914,100
FY 2021-22 trooper recruit school one-time.....	4,885,500	4,885,500
Field operations.....	3,200,000	3,200,000
FY 2021-22 trooper recruit school ongoing.....	2,793,300	2,793,300
Adjustment to align non-GF funds with authorization	2,102,200	0
Clean slate criminal records expungement.....	1,050,000	1,050,000
State emergency operations center info systems	407,000	407,000
MCOLES information tracking system increase	358,000	0

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
State Police (continued)		
MCOLES staffing enhancement.....	306,500	0
Public safety payroll shift from CRF to GF/GP.....	0	47,361,100
MPSCS leases transfer to DTMB.....	(157,500)	(157,500)
FY 2020-21 trooper recruit school one-time.....	(3,509,100)	(3,509,100)
Joint task force on jail/pretrial incarceration one-time.....	(4,200,000)	(4,200,000)
Adjustment for FY 2020-21 boilerplate expending.....	(29,530,000)	0
Unclassified salaries.....	(99,300)	8,900
Economic adjustments.....	12,828,500	10,199,600
Total State Police.....	\$5,549,200	\$77,152,900
Technology, Management, and Budget		
Information technology interdepartmental grant adjustments.....	\$33,138,500	\$0
Advanced persistent cyber threats.....	20,000,000	20,000,000
Information technology investment fund.....	17,500,000	17,500,000
State psychiatric hospitals special maintenance.....	15,000,000	15,000,000
Green revolving fund.....	5,000,000	5,000,000
Legal services.....	5,000,000	5,000,000
SIGMA data storage and agency services.....	1,650,000	1,650,000
Veterans homes accounting services.....	1,051,900	0
Defined Contribution plans administration.....	400,000	0
Office of the children's ombudsman.....	200,000	200,000
Transfer of radio leases from MSP.....	157,500	157,500
Survivors benefits for public safety officers.....	43,000	43,000
Removal of Venture Michigan Fund purchase.....	(37,200,000)	(37,200,000)
Removal of FY 2020-21 one-time appropriations.....	(34,655,000)	(29,305,000)
SWCAP adjustments.....	0	(212,600)
Supplemental MSP retirement payments.....	(27,000)	(27,000)
Unclassified salaries.....	28,400	11,700
Economic adjustments.....	(2,472,500)	(198,600)
Total Technology, Management, and Budget.....	\$24,814,800	(\$2,381,000)
Transportation		
Debt service increase.....	\$38,547,300	\$0
County road and bridge construction.....	33,925,900	0
City and village road and bridge construction.....	18,915,200	0
Transportation economic development programs.....	12,807,400	0
Rail operations and infrastructure.....	5,618,200	0
Highway maintenance materials costs.....	4,108,800	0
Highway maintenance direct force increase - statewide.....	3,500,000	0
Local bus operating restoration.....	3,000,000	0
Highway maintenance - Monroe County direct force.....	2,900,000	0
Service initiatives.....	2,829,300	0
State trunkline road and bridge construction.....	1,881,200	0
Detroit Metro/Wayne County Airport.....	897,000	0
Local bridge program.....	812,500	0
Intercity services.....	800,000	0
Airport safety, protection, and improvement program.....	500,000	0
Aviation services.....	413,600	0
Movable bridge inflation adjustment.....	108,900	0
Marine passenger services.....	84,000	0
Van pooling restoration.....	45,000	0
Interdepartmental grant adjustments.....	(391,100)	0
Unclassified salaries.....	24,800	0

Table 40 - continued

GOVERNOR'S FY 2021-22 GROSS AND GF/GP CHANGES TO FY 2020-21		
Budget Area/Line Items	Gov's Changes to FY 2020-21	
	Gross	GF/GP
Transportation (continued)		
Economic adjustments	(2,279,400)	0
Total Transportation	\$129,048,600	\$0
Treasury - Debt Service		
Great Lakes water quality bond	\$24,383,000	\$24,383,000
Clean Michigan initiative.....	(25,743,000)	(25,743,000)
Quality of life bond.....	(13,311,000)	(13,311,000)
Total Treasury Debt Service	(\$14,671,000)	(\$14,671,000)
Treasury - Operations		
Wrongful imprisonment compensation fund.....	\$7,000,000	\$7,000,000
Recreational marihuana grants	6,600,000	0
Local first responder training and recruitment grants.....	5,000,000	5,000,000
Unisys mainframe and servers.....	2,600,000	2,600,000
Payments in lieu of taxes	2,183,200	1,774,500
Primary information technology system support	2,000,000	2,000,000
Senior citizen cooperative housing	500,000	500,000
Dual enrollment payments.....	167,400	167,400
Home heating assistance	2,000	0
Compulsive gaming prevention fund.....	(2,000,000)	0
FY 2020-21 supplemental removal	(47,500,000)	(47,500,000)
FY 2020-21 one-time appropriations.....	(108,825,000)	(104,800,000)
Unclassified salaries.....	32,800	20,000
Economic adjustments	(1,108,000)	(279,900)
Total Treasury Operations	(\$133,347,600)	(\$133,518,000)
Treasury - Revenue Sharing		
Constitutional revenue sharing grants.....	(\$24,831,200)	\$0
CVT revenue sharing 2.0% increase	5,220,500	0
County revenue sharing 2.0% increase	4,539,500	0
Leelanau County first full year.....	447,800	0
Unclassified salaries.....	0	0
Economic adjustments	0	0
Total Treasury - Revenue Sharing	(\$14,623,400)	\$0
TOTAL BUDGET AREA CHANGES	\$3,941,435,000	\$558,169,400

APPENDIX

Governor's Recommendation
Highlight Sheets



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	519.0	520.0	1.0	0.2
GROSS	121,295,000	116,252,300	(5,042,700)	(4.2)
Less:				
Interdepartmental Grants Received	324,400	320,000	(4,400)	(1.4)
ADJUSTED GROSS	120,970,600	115,932,300	(5,038,300)	(4.2)
Less:				
Federal Funds	13,129,500	13,599,800	470,300	3.6
Local and Private	71,300	71,300	0	0.0
TOTAL STATE SPENDING	107,769,800	102,261,200	(5,508,600)	(5.1)
Less:				
Other State Restricted Funds	44,153,000	44,377,300	224,300	0.5
GENERAL FUND/GENERAL PURPOSE	63,616,800	57,883,900	(5,732,900)	(9.0)
PAYMENTS TO LOCALS	8,800,000	8,800,000	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$121,295,000	\$63,616,800

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|-------------|-------------|
| 1. Laboratory Integration of Food Safety System. The Governor recommended adding \$600,000 in available Federal fund support for an integrated food safety system. | 600,000 | 0 |
| 2. Licensing and Inspection Programs. The Governor recommended ongoing maintenance and support costs for the licensing and inspection system, including \$210,000 GF/GP and \$44,900 in restricted funds. | 254,900 | 210,000 |
| 3. Rural Development Specialist. The Governor recommended the creation of a new FTE position to specialize in rural development, at an ongoing cost of \$175,000 restricted. | 175,000 | 0 |
| 4. Conservation Reserve Enhancement Program. The Governor recommended the elimination of the one-time program from FY 2020-21. | (4,400,000) | (4,400,000) |
| 5. Michigan Animal Agriculture Alliance. The Governor recommended a reduction of \$1,253,000 from the GF/GP funded grant program designed to support agriculture animal research, which would result in a proposed appropriation of \$1,747,000 GF/GP. | (1,253,000) | (1,253,000) |
| 6. Information Technology. The Governor recommended a technical adjustment to reflect actual revenues, including a reduction of \$3,200 IDG and \$700 in State restricted funds. | (3,900) | 0 |

7. Pesticide and Plant Pest Management. The Governor recommended a shift of \$101,800 in existing revenues from restricted to Federal to accurately reflect funding.	0	0
8. Unclassified Salaries. The Governor recommended an increase from \$599,900 GF/GP for FY 2020-21 to \$617,900 GF/GP.	18,000	18,000
9. Economic Adjustments. Includes (\$433,700) Gross and (\$307,900) GF/GP for total economic adjustments, of which an estimated (\$1,592,100) Gross and (\$1,103,900) GF/GP is for legacy retirement costs.	(433,700)	(307,900)
Total Changes	(\$5,042,700)	(\$5,732,900)
FY 2021-22 Governor's Recommendation	\$116,252,300	\$57,883,900

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Acronyms and Definitions.** The Governor removed definition of "Fiscal Agencies," "HHS," "LARA," "MDEGLE," and "Subcommittee", terms currently used throughout FY 2020-21 boilerplate. (Sec. 203)
2. **Reporting Requirements.** The Governor removed a subsection that required notification when a report has been placed on the Department's website. (Sec. 204)
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. **General Fund Lapse Report.** The Governor amended the language to shift the due date of the report from no later than November 30 to December 30. (Sec. 209)
7. **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)
8. **Web-Based Fiscal Status Reporting.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO." (Sec. 211)
9. **Restricted Fund Balances Report.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO". (Sec. 212)
10. **Disciplinary Action.** The Governor recommended elimination of this section, which prohibited action against an employee for communicating with legislative staff. (Sec. 215)
11. **Quarterly Employee Status Reports.** The Governor deleted this reporting requirement. (Sec. 216)
12. **Work Project Expenditures.** The Governor deleted this section, which required that, to the extent possible, appropriations in part 1 not be spent until all existing work project funds for that same purpose have been spent. (Sec. 217)
13. **Administrative Board Transfers.** The Governor deleted this section, which allows the Legislature to transfer funds via resolution should the Administrative Board transfer funds. (Sec. 218)
14. **Retention of Reports.** The Governor recommended elimination of this section, which requires the Department to receive and retain records. (Sec. 219)
15. **Policy Changes Made to Implement Public Acts.** The Governor deleted language that required the Department to report annually on policy changes made to implement recent public acts. (Sec. 220)

16. **Costs of Whole Herd Bovine TB Testing.** The Governor added language that MDARD must pay for all "required regulatory" testing costs. (Sec. 451)
17. **MDARD Collaboration with USDA on Monitoring Bovine TB.** The Governor removed a reference to a specific memorandum of understanding (MOU) date and supplanted it with "currently required" MOU. (Sec. 454)
18. **Environmental Stewardship.** The Governor struck a reference to grants within the 2014 Federal farm bill and kept a reference to 2018 farm bill. (sec. 601)
19. **Food and Agriculture Investment Program.** The Governor amended the language by changing the tentative work project date from 2023 to 2024 and increasing the allowable percent of administration costs charged to the grant program from 5% to 10%. (Sec. 701)
20. **Double Up Food Bucks.** The Governor amended language to update reporting requirements for the program from 2021 to 2022. (Sec. 703)
21. **Agriculture Equine Industry Development Fund.** The Governor amended language to update a reference from 2021 to 2022. (Sec. 802)
22. **Conservation Reserve Enhancement Program.** The Governor deleted this language, which refers to a one-time FY 2020-21 program. (Sec. 901)

Date Completed: 3-22-21

Fiscal Analyst: Bruce Baker



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	537.4	541.4	4.0	0.7
GROSS	106,828,600	107,338,800	510,200	0.5
Less:				
Interdepartmental Grants Received	35,285,800	35,083,600	(202,200)	(0.6)
ADJUSTED GROSS	71,542,800	72,255,200	712,400	1.0
Less:				
Federal Funds	9,906,100	9,868,400	(37,700)	(0.4)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	61,636,700	62,386,800	750,100	1.2
Less:				
Other State Restricted Funds	20,488,300	20,390,800	(97,500)	(0.5)
GENERAL FUND/GENERAL PURPOSE	41,148,400	41,996,000	847,600	2.1
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$106,828,600	\$41,148,400
Changes from FY 2020-21 Year-to-Date:		
1. Clean Slate for Michigan. The Governor included \$560,000 GF/GP for costs related to recently passed criminal records expungement legislation.	560,000	560,000
2. Address Confidentiality Program. The Governor included \$500,000 GF/GP in one-time appropriations for an online system to assist crime victims in protecting their personal information.	500,000	500,000
3. Economic Adjustments. Includes negative \$549,800 Gross and negative \$212,400 GF/GP for total economic adjustments, of which an estimated negative \$2,290,300 Gross and negative \$884,300 GF/GP is for legacy retirement costs (pension and retiree health).	(549,800)	(212,400)
Total Changes	\$510,200	\$847,600
FY 2021-22 Governor's Recommendation	\$107,338,800	\$41,996,000

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Litigation Expense Reimbursements.** The Governor revised the amount of funds appropriated from up to \$500,000 to \$1.0 million. (Sec. 308)
- Reimbursements Report.** The Governor deleted a section requiring the Attorney General to report on the total amount of reimbursements received under Section 6 of the State Correctional Facility Reimbursement Act. (Sec. 309a)

3. **Legacy Cost Estimates.** The Governor provided the following legacy cost estimates for FY 2021-22. Total legacy costs estimated at \$17,036,000. Of that total, \$9,544,500 is for pension-related legacy costs and \$7,491,500 is for retiree health care legacy costs for the fiscal year ending September 30, 2022. (Sec. 315)
4. **Notification of Lawsuit Settlements.** The Governor deleted and declared unenforceable language requiring the Department to provide notification when a lawsuit settlement has a fiscal impact of \$2.0 million or more and prohibiting the Attorney General from entering any lawsuits contrary to the laws of the State. (Sec. 320)
5. **Notification of Lawsuits Against Federal Government.** The Governor deleted and declared unenforceable language requiring the Department to provide notification to the chairs of the appropriations subcommittees upon entering a lawsuit against the Federal government and to estimate the costs of that action. (Sec. 321)

Date Completed: 3-22-21

Fiscal Analyst: Elizabeth Raczkowski

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	110.0	109.0	(1.0)	(0.9)
GROSS	18,037,400	17,584,100	(453,300)	(2.5)
Less:				
Interdepartmental Grants Received	299,800	298,900	(900)	(0.3)
ADJUSTED GROSS	17,737,600	17,285,200	(452,400)	(2.6)
Less:				
Federal Funds	2,868,200	2,850,700	(17,500)	(0.6)
Local and Private.....	18,700	18,700	0	0.0
TOTAL STATE SPENDING	14,850,700	14,415,800	(434,900)	(2.9)
Less:				
Other State Restricted Funds.....	58,500	58,500	0	0.0
GENERAL FUND/GENERAL PURPOSE	14,792,200	14,357,300	(434,900)	(2.9)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$18,037,400	\$14,792,200
Changes from FY 2020-21 Year-to-Date:		
1. Transfer of Women's Commission to LEO. The Governor included the transfer of the Women's Commission to LEO, in which the State's other commissions are housed.	(366,800)	(366,800)
2. Economic Adjustments. Includes a negative \$86,500 Gross and a negative \$68,100 GF/GP for total economic adjustments, of which an estimated negative \$330,700 Gross and a negative \$270,000 GF/GP is for legacy retirement costs (pension and retiree health).	(86,500)	(68,100)
Total Changes	(\$453,300)	(\$434,900)
FY 2021-22 Governor's Recommendation	\$17,584,100	\$14,357,300

Boilerplate Changes from FY 2020-21 Year-to-Date:

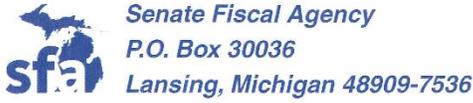
- 1. Governor:** Moved boilerplate from the FY 2020-21 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. Changes to those items can be found in the highlight sheet for the General Sections.
- 2. Contingency Funds.** The Governor increased funding for contingency funds for Federal and private funds. Federal funds limit increased from \$1.0 million to \$2.0 million and Private funds were increased from \$375,000 to \$750,000. (CL Sec. 401)

3. **Legacy Cost Estimates.** The Governor provided the following Legacy Costs estimates for FY 2021-22: Total legacy costs estimated at \$2,420,300. Of that total, \$1,356,000 is for pension-related legacy costs and \$1,064,300 is for retiree health care legacy costs for the fiscal year ending September 30, 2022. (CL Sec. 410)

Date Completed: 3-22-21

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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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	425,667,600	434,653,600	8,986,000	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	425,667,600	434,653,600	8,986,000	2.1
Less:				
Federal Funds	0	0	0	0.0
Local and Private.....	0	0	0	0.0
TOTAL STATE SPENDING	425,667,600	434,653,600	8,986,000	2.1
Less:				
Other State Restricted Funds.....	425,667,600	434,653,600	8,986,000	2.1
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	425,667,600	434,653,600	8,986,000	2.1

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$425,667,600	\$0
Changes from FY 2020-21 Year-to-Date:		
1. Community College Operational Support Payments. The Governor included a one-time increase of 2.0% as operational support payments outside of base State operations payments. The increase would be distributed using the current statutory funding formula for community colleges.	6,473,100	0
2. MPSERS 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 payroll growth assumptions. This change would bring total MPSERS UAAL stabilization payments for community colleges to \$87.2 million.	3,300,000	0
3. MPSERS Normal Cost Offset. The Governor reduced this item to a total of \$11.7 million. The change reflects the amount necessary to make required payments at the current assumed rate of return for MPSERS of 6.8%.	(694,000)	0
4. North American Indian Tuition Waiver Reimbursement Adjustment. The Governor reduced ITW reimbursements to \$1.7 million to reflect the most recent waiver cost data provided by community colleges.	(93,100)	0
Total Changes	\$8,986,000	\$0
FY 2021-22 Governor's Recommendation	\$434,653,600	\$0

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **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, and changed the schedule for MPERS payments to quarterly rather than monthly. (Sec. 206)
2. **MPERS Payment Schedule.** The Governor included additional language that would allocate MPERS payments based on quarterly payroll reports. (Sec. 207a)
3. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1.0% 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. **Campus Safety Information.** The Governor removed a requirement that colleges certify compliance with the requirements of this section, as well as the ability for the State Budget Director to withhold payments to colleges that fail to do so. (Sec. 209a)
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. **COVID-19 Report.** The Governor removed a section containing two reports that require colleges to report various information relative to their responses to COVID-19. (Sec. 226b)
9. **Campus Free Speech Report.** The Governor removed a report on activities related to free speech issues on college campuses. (Sec. 226d)
10. **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)
11. **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 2021-22 academic year less than 4.2%. (Sec. 231)

Date Completed: 3-22-21

Fiscal Analyst: Josh Sefton



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	13,686.8	13,484.4	(202.4)	(1.5)
GROSS	2,060,788,400	2,079,027,000	18,238,600	0.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	2,060,788,400	2,079,027,000	18,238,600	0.9
Less:				
Federal Funds	196,370,900	5,364,100	(191,006,800)	(97.3)
Local and Private	9,680,600	9,646,100	(34,500)	(0.4)
TOTAL STATE SPENDING	1,854,736,900	2,064,016,800	209,279,900	11.3
Less:				
Other State Restricted Funds	45,478,500	45,493,400	14,900	0.0
GENERAL FUND/GENERAL PURPOSE	1,809,258,400	2,018,523,400	209,265,000	11.6
PAYMENTS TO LOCALS	123,330,800	122,895,500	(435,300)	(0.4)

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$2,060,788,400	\$1,809,258,400

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|--------------|--------------|
| 1. Removal of FY 2020-21 One-Time Funding. The Governor removed a total of \$15.0 million of one-time funding for payments related to <i>John Doe v. MDOC</i> 2020 settlement agreement related to the incarceration of juveniles. | (15,000,000) | (15,000,000) |
| 2. John Doe v. MDOC Settlement Agreement. The Governor included the final payment for the \$80.0 million settlement reached in 2020 for the housing of underage individuals in adult facilities. Payments of \$25.0 million were made in FY 2019-20, \$15.0 million in FY 2020-21, and this final payment of \$40.0 million. | 40,000,000 | 40,000,000 |
| 3. New Custody Staff Training. The Governor provided additional support for the training of an estimated 300 new correctional officers annually to alleviate higher-than-anticipated attrition. This additional funding would allow the Department to hire and train an estimated 800 officers annually. | 7,373,700 | 7,373,700 |
| 4. Employee Wellness Enhancements. The Governor provided new funding to support additional employee wellness resources and support services for Department employees. Ideas may be submitted by employees or by worksite. | 809,400 | 809,400 |
| 5. Administrative Hearings and Rules Caseload Adjustment. The Governor included a \$204,000 increase for the Office for ongoing support for an increased caseload in administrative hearings. | 204,000 | 204,000 |

6. Fund Shift - Public Safety Payroll. The Governor included the reversal of GF/GP expenditures that helped the Department realize a savings in FY 2020-21 by including a one-time shift of \$191.0 million GF/GP to the Federal Coronavirus Relief Fund to support payroll costs during the pandemic. The expiration/exhaustion of CRF funds requires the restoration of the GF/GP funds in FY 2021-22. This shift has a zero affect in the gross appropriation while increasing GF/GP expenditures by \$190.2 million.	0	190,164,500
7. Transportation Costs. The Governor increased the spending authority from the Correctional Industries Revolving Fund to support increased transportation costs for goods made by Michigan State Industries sold to correctional facilities. Increased fund revenue from the sale of goods provides restricted funding for this increase.	72,000	0
8. Detroit Re-entry Center Savings. The Governor included the full-year savings to be realized in the fiscal year because of the closure of the Center in January 2021.	(10,523,600)	(10,523,600)
9. Economic Adjustments. Includes a negative \$4,696,900 Gross and a negative \$3,763,000 GF/GP for total economic adjustments, of which an estimated negative \$37,736,100 Gross and a negative \$33,402,600 GF/GP is for legacy retirement costs (pension and retiree health).	(4,696,900)	(3,763,000)
Total Changes	\$18,238,600	\$209,265,000
FY 2021-22 Governor's Recommendation	\$2,079,027,000	\$2,018,523,400

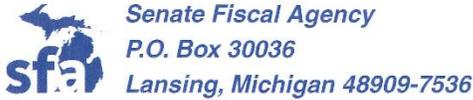
Boilerplate Changes from FY 2020-21 Year-to-Date:

- Deletions.** The Governor proposed to eliminate the following sections from current-year boilerplate: 206, 216, 221, 222, 225, 239, 248, 304, 309, 313(2), 314, 315, 316, 317, 318, 405, 409(3), 411, 417, 419(1), 423, 602, 605, 611, 612, 613, 802, 812, 901, 908, 913(2), 940, 942, 943, 944, 1011, and 1013. These deletions include a variety of reporting requirements, record retention requirements, and statements of legislative intent.
- Definitions.** Fifteen definitions were eliminated from the bill. These included acronyms that are no longer referenced in the bill, as well as the definition "offender who would likely be sentenced to imprisonment."
- Using Internet to File Reports.** The Governor expanded definition to include agencies in the definition. (Sec. 204)
- Adding MCL Citations to Various Boilerplate Sections.** The Governor added "To the extent possible under MCL XXX" to various boilerplate sections.
- Communicating with Legislators.** 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. (Sec. 206)
- 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)
- Updated Amounts for Total Legacy Costs.** The Governor updated total legacy costs section. The pension-related costs for FY 2021-22 are \$156,450,700 and the retiree health care costs are \$122,799,000. (Sec. 214)
- Staff Retention Strategies 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)
- Employee Wellness.** The Governor eliminated funding for the study and the reporting requirement. The language states only that the Department must maintain employee wellness programming, including programming focused on post-traumatic stress disorder outreach. (Sec. 312)
- New Custody Staff Trainings.** The Governor added language stating that funding must be used to hire and train new corrections officers to address attrition and reduce overtime costs. Also eliminated language on vacancy rates. (Sec. 313)

11. **Offender Success Report.** The Governor removed a requirement to report details on planned expenditures and requires only the reporting of previous-year expenditures. (Sec. 402)
12. **Vocational Education Programs.** The Governor revised language to remove a reporting requirement and to state only that the Department must ensure that the program provides relevant professional development opportunities. (Sec. 409)
13. **Community Corrections Comprehensive Plans.** The Governor eliminated all language and retained only the per diem reimbursement limit of \$55.50.
14. **Withholding of County Jail Reimbursements.** The Governor removed language that bars reimbursement for any county that enacts or enforces any law or ordinance concerning the immigration status of an individual. (Sec. 414)
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. **NEW. Food Technology Program.** The Governor relocated former section 901 regarding the enhanced food technology program. The program is maintained but rolled into the Education/Skilled Trades line item. A new section is added to state that the Education/Skilled Trades program must maintain an enhanced food technology program that will lead to food service training credentials recognized by the restaurant industry. (NEW Sec. 424)
17. **Tether Reimbursement Guidelines.** The Governor eliminated language stating that, for a fee, the Department would provide counties with the curfew monitor equipment, replacement parts, etc., and install and service the equipment. (Sec. 603)
18. **Criminal Justice Reinvestment Appropriation.** The Governor eliminated the \$600,000 earmark of funding. (Sec. 604)
19. **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: 3-22-21

Fiscal Analyst: Joe Carrasco, Jr.



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	614.5	615.0	0.5	0.1
GROSS	451,695,700	531,091,400	79,395,700	17.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	451,695,700	531,091,400	79,395,700	17.6
Less:				
Federal Funds	343,701,700	344,304,100	602,400	0.2
Local and Private.....	8,111,400	8,108,800	(2,600)	(0.0)
TOTAL STATE SPENDING	99,882,600	178,678,500	78,795,900	78.9
Less:				
Other State Restricted Funds.....	9,815,500	9,785,400	(30,100)	(0.3)
GENERAL FUND/GENERAL PURPOSE	90,067,100	168,893,100	78,826,000	87.5
PAYMENTS TO LOCALS	15,267,700	15,267,700	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$451,695,700	\$90,067,100

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|------------|-------------|
| <p>1. Child Development and Care Public Assistance. The Governor included a one-time appropriation of \$78.0 million GF/GP to continue CDC enhancements requested in a FY 2020-21 supplemental. The enhancements include an increase to the income eligibility from 150% to 200% of the FPL, support for family contribution copays, a 10% increase to the provider reimbursement rate, payments to providers based on enrollment, and a mental health initiative for children age zero to five. Additionally, the amount includes \$55.8 million to ensure funding of the Child Development and Care program through FY 2023-24.</p> | 78,000,000 | 78,000,000 |
| <p>2. Educator Shortage. The Governor included a 0.5 FTE position and \$2,895,000 GF/GP in the Educator Excellence line item to address the educator shortage in Michigan. Of the total, \$1,775,000 is designated for a Teacher Recruitment Program, \$320,000 is designated for teacher license fees for former teachers who return to the profession, and \$800,000 is designated for grants up to \$8,000 for teachers who move to high demand and critical fields.</p> | 2,895,000 | 2,895,000 |
| <p>3. Poet Laureate. The Governor created a Poet Laureate program with \$100,000 GF/GP to promote poetry, the spoken word, and literary arts.</p> | 100,000 | 100,000 |
| <p>4. Child Development and Care Matching Adjustment. The Governor shifted \$1,019,600 GF/GP to Federal revenue to align with current Federal matching requirements.</p> | 0 | (1,019,600) |

5. Educare Transfer. The Governor transferred the grant for the Early Childhood Collaborative in Genesee County to the School Aid budget.	(1,000,000)	(1,000,000)
6. Great Start Operations Rollup. The Governor rolled up the CDC Contract Services and TEACH Scholarship line items into the Great Start Operations line item.	0	0
7. Economic Adjustments. Includes economic adjustments of a negative \$599,300 Gross and \$149,400 GF/GP for total economic adjustments, of which an estimated negative \$1,860,600 Gross and \$543,300 GF/GP is for legacy retirement costs (pension and retiree health).	(599,300)	(149,400)
Total Changes	\$79,395,700	\$78,826,000
FY 2021-22 Governor's Recommendation	\$531,091,400	\$168,893,100

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Deleted Reports.** The Governor deleted a number of sections related to reporting/notification requirements, which include 216 (FTE Quarterly Report), 221 (policy change report), 223 (retention of reports), 229 (Federal Accountability Plan amendment notification), 230 (nonpublic school mandate report), 231 (school policy adoption report), 234 (postsecondary enrollment option report), 1003 (Early Childhood Comprehensive System report), and 1010 (notification of Federal changes to the Child Development and Care Program).
- Other Deleted Sections.** The Governor deleted a number of other sections, which include 218 (State Administrative Board transfers), 219 (kindergarten entry assessment requirements), 222 (protects employees who communicate with the Legislature), 224 (work project prioritization), 409 (State administrative judge hearing requirement), 501 (education personnel revocation/felony conviction files), 1004 (\$5.0 million to the TEACH Scholarship Program), and 1101 (Educare grant).
- 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)
- General Fund Lapse Report.** The Governor modified the date for the General Fund Lapse Report from November 30 to December 31. (Sec. 209)
- Contingency Funds.** The Governor doubled the contingency fund amounts for the Federal, State Restricted, and Private funds. (Sec. 210)
- Teacher Recruitment Program.** The Governor changed the appropriation for the Teacher Recruitment Program from \$100 to \$1,775,000 to recruit districts to make the program available for students and to implement a competitive grant program. (Sec. 233)
- Income Entry Threshold.** The Governor increased the CDC income entry threshold level from 150% to 200% of the FPL. (Sec. 1009)
- Technical Changes.** The Governor made a number of technical modifications that include date changes, Part 1 appropriation changes, legacy cost adjustments, and standardized language. (Secs. 201, 212, 214, 217, 601, 701, 804, 1007, and 1011)

Date Completed: 3-22-21

Fiscal Analyst: Cory Savino

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,418.0	1,460.0	42.0	3.0
GROSS	511,359,200	906,016,900	394,657,700	77.2
Less:				
Interdepartmental Grants Received	3,337,700	3,544,900	207,200	6.2
ADJUSTED GROSS	508,021,500	902,472,000	394,450,500	77.6
Less:				
Federal Funds	171,973,000	171,889,200	(83,800)	(0.0)
Local and Private	1,412,800	1,411,200	(1,600)	(0.1)
TOTAL STATE SPENDING	334,635,700	729,171,600	394,535,900	117.9
Less:				
Other State Restricted Funds	275,191,800	600,471,200	325,279,400	118.2
GENERAL FUND/GENERAL PURPOSE	59,443,900	128,700,400	69,256,500	116.5
PAYMENTS TO LOCALS	44,000,600	326,521,000	282,520,400	642.1

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$511,359,200	\$59,443,900

Changes from FY 2020-21 Year-to-Date:

- | | |
|---|-------------------------------------|
| <p>1. Increase MI Clean Water Plan (one-time). Governor recommended an appropriation of the remaining \$290.0 million in bonding authority approved by voters in 2002 under the Great Lakes Water Quality Protection Bond. The proposal would allow bonds to be issued to provide wastewater infrastructure grants to local units of government over the next few years. In addition to an appropriation in the budget, additional legislation would be required to enact this proposal.</p> | <p>290,000,000</p> <p>0</p> |
| <p>2. High Water Infrastructure Grants (one-time). Governor recommended funding to local units of government to cover high water level and climate resiliency planning and infrastructure needs. There would be \$10.0 million dedicated to planning grants and \$30.0 million for infrastructure grants. The funding would be used on projects that address flooding, coastline erosion, transportation networks, urban heat, and storm water management.</p> | <p>40,000,000</p> <p>40,000,000</p> |
| <p>3. Premcor Settlement. Governor included a proposal on how to use funding from the Premcor Administrative Consent order to fund cleanups of petroleum releases at 79 sites.</p> | <p>29,300,000</p> <p>0</p> |

<p>4. Increase Land and Water Resources Fees (35.0 FTEs). Governor recommended a statutory implementation of an increase in land and water resources fees to support permitting and compliance activities that impact wetlands, lakes and streams, floodplains, critical dunes, and dam safety. The adjustments also would include a transfer of 10.0 FTEs from Renew Michigan with the funding previously used to support staff shifted to be used for contaminated site cleanups. The proposed legislation would annualize inflationary adjustments and eliminate sunsets. The fees currently are set to expire October 1, 2023.</p>	<p>5,317,000</p>	<p>0</p>
<p>5. Contaminated Site Cleanup (one-time). Governor recommended this funding to be used to support remediation at new high-risk sites that arise throughout the year.</p>	<p>20,000,000</p>	<p>20,000,000</p>
<p>6. Drinking Water Laboratory (3.0 FTEs). Governor recommended additional funding and staff levels to support drinking water testing.</p>	<p>1,450,000</p>	<p>0</p>
<p>7. Dam Safety Emergency Fund (one-time). Governor recommended this funding so it can be used for emergency response costs related to dams in cases in which a dam owner fails to pay for necessary work.</p>	<p>15,000,000</p>	<p>15,000,000</p>
<p>8. Brownfield Redevelopment Fund. Governor recommended the use this funding source. This funding comes from a statute requiring split of Brownfield Tax Increment Revenues with the Michigan Strategic Fund. There is sufficient fund revenue to support proposed efforts within both entities.</p>	<p>1,100,000</p>	<p>0</p>
<p>9. Increase Authorization for Remedial Settlement Fund. Governor recommended this funding to be used to support one-time contamination remediation and cleanup projects.</p>	<p>1,000,000</p>	<p>0</p>
<p>10. Increase Drinking Water and Industrial Stormwater Operator Certification Fees (1.0 FTE). Governor recommended statutory implementation of an increase in drinking water and industrial stormwater operator certification fees. The additional funding would be used to support the program's current workload and 1.0 FTE who would assist with modernizing the certification and renewal tracking system, operator training, and conducting operator exams. The fees currently are set to expire October 1, 2021.</p>	<p>309,400</p>	<p>0</p>
<p>11. Federal Oil and Gas Program Oversight Activities (2.0 FTEs). Governor recommended regulatory oversight responsibilities for underground injection and gas storage wells to be transferred from the Environmental Protection Agency to the State of Michigan. This funding would be used in partnership with the Michigan Public Service Commission to regulate gas storage wells and provide funding via an interdepartmental grant.</p>	<p>370,000</p>	<p>0</p>
<p>12. Increase National Pollutant Discharge Elimination System (NPDES) and Storm Water Fees (15.0 FTEs). Governor recommended a statutory increase in the national pollutant discharge elimination system and storm water fees is assumed in the budget. The additional funding and staff would be used to support permitting and compliance activities that affect discharges into State waterways. The adjustments also reflect a transfer of 4.0 FTEs from Renew Michigan with the funding previously used to support staff shifted to cover contaminated site cleanups. The proposed legislation also would eliminate an October 1, 2023, sunset and would include annual inflationary adjustments in the fees.</p>	<p>194,900</p>	<p>0</p>

13. Increase Hazardous Waste Site Identification Fees. Governor recommended statutory implementation of an increase in hazardous waste site identification fees and to eliminate the October 1, 2021, sunset of the fee. The additional funding would support the cost of processing new sites.	100,000	0
14. Remove FY 2020-21 Use of Scrap Tire Authorization. Governor recommended removing this funding that was included in a FY 2020-21 supplemental on a one-time basis.	(3,000,000)	0
15. Removal of FY 2020-21 One-Time Projects. Governor recommended that eight one-time FY 2020-21 projects be removed from the FY 2021-22 budget, most notably the \$2.75 million for lead and copper rule support.	(5,560,000)	(5,560,000)
16. Economic Adjustments. Includes negative \$923,600 Gross and negative \$183,500 GF/GP for total economic adjustments, of which an estimated negative \$5,867,900 Gross and negative \$4,396,600 GF/GP is for legacy retirement costs (pension and retiree health).	(923,600)	(183,500)
Total Changes	\$394,657,700	\$69,256,500
FY 2021-22 Governor's Recommendation	\$906,016,900	\$128,700,400

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **New - Internet reporting requirements.** Governor added intranet sites as an additional way for the Department to publish reports and meet their reporting requirements. (Sec. 204)
2. **Deleted - Communication with the Legislature.** Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 206)
3. **New/Relocated - Deprived and Depressed Communities.** Governor relocated existing language that gives preference to local goods and services from deprived and depressed communities; preference given to the extent permissible under Management Budget and Control Act. This language was moved from Sec. 215. (Sec. 206)
4. **New – GF/GP Lapses Report.** Governor extended the reporting deadline, for the State Budget Office to deliver its report on GF/GP lapses in the previous fiscal year, from November 30 to December 31. (Sec. 209)
5. **New - Contingency Funds Limits.** Governor added contingency funding limits to Federal Funds limited at \$30.0 million and Private Funds limited at \$500,000. The Governor also increased the State Restricted Funds limit from \$3.0 million to \$5.0 million. (Sec. 210)
6. **Deleted/Relocated - Deprived and Depressed Communities.** Governor relocated existing language to Sec. 206. (Sec. 215)
7. **Deleted - Quarterly Reporting on FTE and Remote Work Status.** Governor removed language requiring the Department to provide the Senate and House quarterly reports on the FTE pay status and remote work levels. (Sec. 216)
8. **Deleted - Expending on Work Projects.** Governor removed language that encouraged the Department to spend all existing work project authorization available before using funding from part 1. (Sec. 217)
9. **Deleted - Interdepartmental Transfers.** Governor removed language that allowed for a concurrent resolution, that if passed by the Legislature, would allow for intertransfer of funds from the Department. (Sec. 218)
10. **Deleted - Report Retention.** Governor removed language requiring the Department to retain copies of all reports funded by the appropriation, and to comply with both State and Federal guidelines for short-term and long-term records retention. (Sec. 219)

11. **Deleted - Annual Policy Change Report.** Governor removed language requiring the Department to provide an annual report on April 1 of all policy changes made to implement a public act in the previous calendar year. (Sec. 220)
12. **Deleted - Impacts on Small Businesses.** The Governor removed a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
13. **Deleted - 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)
14. **Deleted - 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)
15. **Deleted - Refined Petroleum Cleanup Program.** The Governor removed a site list reporting requirement for all refined petroleum product cleanup program projects. (Sec. 306)
16. **New - Work Project Authority for Premcor Settlement.** Governor recommended statutory work project language that allows the Department to manage the Premcor legal settlement. (Sec. 312)
17. **New - Authority to Use Funds in Settlements.** Governor recommended authorizing the use of Natural Resources Damages Fund and the Environmental Response Fund to provide funding for actions by the Department when authorized by a court. (Sec. 315)
18. **Deleted - Dam Safety FTE.** Governor recommended removing the language that require that no fewer than 2.0 FTE positions are allocated to dam safety programs. (Sec. 401)
19. **Deleted - Scrap Tire Grants.** Governor recommended removing the section that included \$3.0 million in grants for a county with a specific population. (Sec. 902)
20. **Deleted - One-Time Appropriations from FY 2020-21.** Governor recommended removing the one-time appropriations from the previous fiscal year: Local water testing grants, Blanchard Dam study, cooperative lakes monitoring program, environmental cleanup project, local service line replacement, Michigan geological survey, multistate aquifer study, water treatment plant, watershed council grants. (Sec. 1005, Sec. 1006, Sec. 1007, Sec. 1008, Sec. 1009, Sec. 1010, Sec. 1011, Sec. 1012, and Sec. 1013)
21. **New - Work Project Authority for Dam Safety.** Governor recommended language authorizing the Dam Safety Emergency Fund. (Sec. 1005)
22. **New - Grants for High Water Infrastructure.** Governor recommended this section for the high water infrastructure grant program. (Sec. 1006)
23. **New - Work Project Authority for Michigan Clean Water Plan.** Governor recommended this section to advocate for statutory work project language to ensure the fund does not lapse at the end of the fiscal year into the General Fund. (Sec. 1007)

Date Completed: 3-22-21

Fiscal Analyst: Ben Dawson

Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	79.2	79.2	0.0	0.0
GROSS	7,114,300	7,318,600	204,300	2.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	7,114,300	7,318,600	204,300	2.9
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	7,114,300	7,318,600	204,300	2.9
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	7,114,300	7,318,600	204,300	2.9
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$7,114,300	\$7,114,300
Changes from FY 2020-21 Year-to-Date:		
1. Economic Adjustments. Includes \$204,300 Gross and \$204,300 GF/GP for total economic adjustments, of which an estimated \$0 Gross and \$0 GF/GP is for legacy retirement costs (pension and retiree health).	204,300	204,300
Total Changes	\$204,300	\$204,300
FY 2021-22 Governor's Recommendation	\$7,318,600	\$7,318,600

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. There is no boilerplate in for the Executive Office.

Date Completed: 3-22-21

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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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	15,481.0	15,583.5	102.5	0.7
GROSS	28,726,411,000	31,647,234,200	2,920,823,200	10.2
Less:				
Interdepartmental Grants Received	13,829,900	13,791,400	(38,500)	(0.3)
ADJUSTED GROSS	28,712,581,100	31,633,442,800	2,920,861,700	10.2
Less:				
Federal Funds	20,159,666,800	22,910,690,100	2,751,023,300	13.6
Local and Private	338,595,300	351,956,700	13,361,400	3.9
TOTAL STATE SPENDING	8,214,319,000	8,370,796,000	156,477,000	1.9
Less:				
Other State Restricted Funds	2,989,480,100	3,094,113,000	104,632,900	3.5
GENERAL FUND/GENERAL PURPOSE	5,224,838,900	5,276,683,000	51,844,100	1.0
PAYMENTS TO LOCALS	1,673,960,400	1,743,164,400	69,204,000	4.1

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$28,726,411,000	\$5,224,838,900

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|---------------|---------------|
| 1. Medicaid Match Rate Adjustments. The base Medicaid match rate will increase from 64.08% to 65.48%. In addition, the budget assumes continuation of the 6.2% COVID-19-related match rate enhancement. | 0 | (176,090,600) |
| 2. Other Fund Source Adjustments. The budget includes removal of one-time Federal Coronavirus Relief Fund revenue and increases in Restricted funds used to support Medicaid. | 0 | (65,128,400) |
| 3. Food Assistance Program (FAP) Base and Caseload. The budget reflects a large increase in FAP caseload and benefits. | 1,271,662,300 | 0 |
| 4. Medicaid Actuarial Soundness Adjustments. Budget includes increases for managed care entities that provide Medicaid services to reflect the Federal requirement that capitation rates paid be actuarially sound. | 299,600,000 | 78,794,100 |
| 5. Medicaid Special Financing and Provider Tax Adjustments. Budget includes expansion of special payments to hospitals that are funded with provider tax revenue. | 272,600,200 | (15,804,800) |
| 6. Full-year Funding for Direct Care Worker Wage Increase. Governor's proposal reflects full-year implementation of the \$2.00 per hour direct care worker wage increase on an ongoing basis. | 360,000,000 | 120,000,000 |

7. Child Welfare Services Base and Caseload. Budget includes adjustments to reflect projected child welfare caseload costs, in particular the Child Care Fund.	8,372,700	11,803,200
8. Public Assistance Base and Caseload. Budget includes adjustments to reflect projected public assistance caseloads and costs, with the largest adjustment being in the Family Independence Program.	(34,938,300)	(34,617,400)
9. Medicaid Base and Caseload. Budget includes adjustments to reflect projected costs for the Medicaid program and to remove one-time savings tied to the health plan risk corridor.	762,158,800	179,794,400
10. Program Increases. Budget includes a number of program increases, including \$91.0 million Gross and \$30.0 million GF/GP for costs related to the <i>KB v. Lyon</i> settlement, \$49.0 million Gross in Federal pharmacy grants, \$29.1 million Gross and \$24.2 million GF/GP to implement the Raise the Age legislation, \$26.5 million Gross and \$5.0 million GF/GP for a community behavioral health demonstration project, \$20.3 million Gross and \$15.4 million GF/GP for qualified residential treatment programs, \$19.1 million Gross and \$6.3 million GF/GP to add 1,000 slots to the MiChoice program, \$7.4 million Gross and \$6.3 million GF/GP to expand home visiting services, \$6.7 million Gross and GF/GP to cover services to adults with sickle cell disease, and \$5.5 million Gross and \$4.3 million GF/GP to establish an office of race, equity, diversity, and inclusion and to fund initiatives to reduce health disparities.	324,693,900	108,694,100
11. Program Reductions and Savings. Budget includes assumed savings from greater efficiencies including \$12.4 million Gross and \$8.9 million GF/GP from home help payment changes.	(20,999,800)	(11,822,800)
12. Removal of FY 2020-21 One-Time Appropriations.	(406,228,800)	(187,872,600)
13. FY 2021-22 One-Time Appropriations. Programs funded include nursing home support payments (\$37.5 million Gross, \$9.0 million GF/GP), lead poisoning prevention (\$10.0 million Gross and GF/GP), one-time health disparity initiatives (\$5.0 million Gross and GF/GP), and \$23.2 million Gross and \$11.5 million GF/GP for redetermination of Medicaid eligibility once the Federal COVID-19 emergency ends.	99,984,200	48,073,600
14. Other Changes. Other changes resulted in minor adjustments.	(5,384,400)	774,800
15. Economic Adjustments. Includes (\$10,697,600) Gross and (\$4,753,500) GF/GP for total economic adjustments, of which an estimated (\$43,970,300) Gross and (\$20,212,400) GF/GP is for legacy retirement costs (pension and retiree health).	(10,697,600)	(4,753,500)
Total Changes	\$2,920,823,200	\$51,844,100
FY 2021-22 Governor's Recommendation	\$31,647,234,200	\$5,276,683,000

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Deletions.** The Governor eliminated the following sections from current year boilerplate: 215, 218, 222, 225, 229, 232, 233, 234, 235, 240, 253, 258, 264, 274, 281, 297, 299, 309, 316, 462, 506, 509, 515, 517, 518, 527, 535, 538, 558, 595, 603, 660, 710, 912, 927, 959, 960, 964, 965, 970, 977, 978, 979, 1005, 1006, 1007, 1011, 1012, 1013, 1062, 1144, 1151, 1183, 1184, 1185, 1238, 1302, 1303, 1304, 1305, 1309, 1310, 1319, 1320, 1501, 1506, 1507, 1509, 1511, 1513, 1515, 1645, 1646, 1696, 1763, 1792, 1803, 1812, 1857, 1858, 1867, 1876, 1878, 1880, 1881, 1906, 1910, 1911, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1930, and 1932.
2. **Renumbering.** The Governor renumbered Sec. 256 as Sec. 463 (Consent Education), Sec. 295 as Sec. 1014 (Multicultural Contracts), Sec. 307 as Sec. 1152 (2-1-1 Statewide Projects), Sec. 905 as Sec. 1063 (Children's Behavioral Action Team), and Sec. 1226 as Sec. 1342 (Healthy Exercise Program Pilot).
3. **Contingency Fund Authorization.** The Governor increased Federal contingency fund limit from \$20.0 million to \$400.0 million, State restricted contingency fund limit from \$20.0 million to \$90.0 million, local contingency fund limit

from \$5.0 million to \$40.0 million, and 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 2021-22 to include \$182.8 million for pension-related costs and \$143.5 million for retiree health care costs. (Sec. 214)
5. **IT Agile Software Mandate.** The Governor removed section requiring the Department to use "agile" principles and frameworks as the Department policy for IT, issue a report upon commencement upon any project, and give updates to the subcommittees on request. (Sec. 253)
6. **Health Literacy Demonstration Project.** The Governor deleted section directing the creation of a Department-led demonstration project for a web-based intensive health literacy program within the Medicaid program. (Sec. 309)
7. **Youth in Transition and Runaway Youth.** The Governor removed subsections that detailed payment allocations for runaway and homeless youth grants such as emergency shelter and other services. (Sec. 461)
8. **Child Protective Service (CPS) Report.** The Governor eliminated reporting requirements subsections that detail demographic data on perpetrators of child abuse or child neglect and parental separation. (Sec. 514)
9. **Child Protective Service Staff Escort.** The Governor excluded section that required the Department provide an accompanying staff member for CPS worker, upon request, if CPS worker felt unsafe. (Sec. 515)
10. **Child Protective Service Supervisor Review Timeline.** The Governor dropped section that mandated CPS supervisors read initial abuse/neglect report within five business days and corrections be submitted by the frontline worker within three business days. (Sec. 518)
11. **Title IV-E Claims for Unlicensed Relatives.** The Governor deleted section that seeks to create avenue for additional Federal funding for foster care cases within the State. (Sec. 535)
12. **Psychotropic Medication Change Approval.** The Governor retained section dealing with psychotropic medication change determination timelines that was deemed unenforceable by the Governor. (Sec. 540)
13. **Child Welfare Remote Training Allowance.** The Governor removed section that allows private nonprofit child placing agencies to complete preservice training at private agency facilities internally. (Sec. 558)
14. **Child Welfare Master Settlement Exit Plan.** The Governor eliminated section detailing process for the State to exit Federal court oversight of child welfare system. (Sec. 588)
15. **Public Assistance Benefits Decrease Notification.** The Governor removed section requiring the Department to provide public assistance recipients a 15-day notice if an income change will result in a benefit decrease. (Sec. 603)
16. **Electronic Benefit Card (EBT) Replacement.** The Governor modified section dealing with the replacement of EBT cards whereupon a recipient who requires a fifth card within a 12-month period must seek permission from the Department. (Sec. 672)
17. **Raise the Age Fund.** The Governor added section that details the process for counties to receive allocations from the Raise the Age fund as new requirements for age of criminal liability go into effect. (Sec. 715)
18. **Pharmacy Dispensing Fee and Copayments.** The Governor modified language to set professional dispensing fees to specific amounts or the submitted dispensing fee, whichever is less, and clarified language relating to prescriptions indicated as preferred and prescriptions not indicated as preferred. (Sec. 1620)
19. **Independent Pharmacist Dispensing Fee Increase.** The Governor modified language to remove outdated references to "Average Wholesale Price" of prescription drugs when calculating reimbursements to independent pharmacies with seven or fewer retail outlets. (Sec. 1625)
20. **Long-Term Support Service.** The Governor removed language requiring the Department to explore the implementation of a managed care long-term support services. (Sec. 1857)
21. **MiSACWIS Replacement/Child Welfare IT Workgroup.** The Governor struck section that outlines process for child welfare stakeholders to consider improvements to MiSACWIS and successor child welfare system. (Sec. 1906)

Date Completed: 3-22-21

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

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,699,925,400	1,731,967,300	32,041,900	1.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,699,925,400	1,731,967,300	32,041,900	1.9
Less:				
Federal Funds	126,026,400	122,726,400	(3,300,000)	(2.6)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,573,899,000	1,609,240,900	35,341,900	2.2
Less:				
Other State Restricted Funds	356,063,300	361,403,300	5,340,000	1.5
GENERAL FUND/GENERAL PURPOSE	1,217,835,700	1,247,837,600	30,001,900	2.5
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$1,699,925,400	\$1,217,835,700

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|-------------------|-------------------|
| <p>1. University Operational Support Payments. The Governor included a one-time increase of 2.0% as operational support payments outside of base State operations payments. The increase would be distributed proportionately to each university's FY 2020-21 base operations amounts. This item also includes a 2.0% increase for MSU AgBioResearch and MSU Extension.</p> | <p>30,516,100</p> | <p>30,516,100</p> |
| <p>2. MPSERS 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 payroll growth assumptions. This change would bring total MPSERS UAAL stabilization payments for universities to \$13.5 million.</p> | <p>1,800,000</p> | <p>0</p> |
| <p>3. MPSERS Normal Cost Offset. The Governor increased this item to a total of \$4.7 million. The change reflects the amount necessary to make required payments at the current assumed rate of return for MPSERS of 6.8%.</p> | <p>3,540,000</p> | <p>0</p> |
| <p>4. North American ITW Reimbursement Adjustment. The Governor increased ITW reimbursements to \$12.4 million to reflect the most recent waiver cost data provided by universities.</p> | <p>484,000</p> | <p>484,000</p> |

5. Tuition Incentive Program (TIP). The Governor included two adjustments to TIP: The first would be a \$2.5 million TANF increase to account for a projected increase in demand for the program. The second is a \$5.8 million TANF reduction to reflect savings from a proposed boilerplate change that would limit TIP Phase I payments to universities to 2.5 times the average tuition rate of community colleges. In total, support for TIP under the Governor's Recommendation would decrease from \$68.8 million to \$65.5 million.	(3,300,000)	0
6. Midwest Higher Education Compact. The Governor included an increase for dues paid by Michigan to support the Compact, bringing the total to \$116,800.	1,800	1,800
7. Remove One-Time Passthrough Payment to Bay Mills Community College. The Governor removed a \$1.0 million one-time passthrough payment to Bay Mills Community College. The passthrough was performed by Lake Superior State University, so the reduction is reflected in LSSU's operations line.	(1,000,000)	(1,000,000)
Total Changes	\$32,041,900	\$30,001,900
FY 2021-22 Governor's Recommendation	\$1,731,967,300	\$1,247,837,600

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **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)
2. **Campus Safety Information.** The Governor removed the requirement that universities certify compliance with the requirements of this section, as well as the ability for the State Budget Director to withhold payments to universities that fail to do so. (Sec. 245a)
3. **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)
4. **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)
5. **Financial Aid Program Outreach.** The Governor removed a section stating the intent of the Legislature that Treasury launch an aggressive campaign to inform high school students about State financial aid programs. (Sec. 259)
6. **Financial Aid Resources Website.** The Governor removed a number of required specifications to the financial aid informational website required to be created under this section (Sec. 260)
7. **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)
8. **Tuition Restraint - Lower Threshold.** The Governor reduced the allowable tuition increase under this section from 4.25%, or \$586, to 4.2%, or \$590. (Sec. 265)
9. **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)
10. **Performance Funding.** The Governor removed the performance funding formula, and instead provided a one-time increase of 2.0% for all universities proportional to their FY 2020-21 operations funding. (Sec. 265a)
11. **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)

12. **ITW Reimbursement for Saginaw Chippewa Tribal College.** The Governor increased the passthrough payment for ITW reimbursement to Saginaw Chippewa Tribal College from \$79,700 to \$82,380 to reflect the most recent ITW cost data. (Sec. 269)
13. **ITW Reimbursement for Bay Mills Community College.** The Governor removed a shell section that provided a \$0 payment to Bay Mills Community College for reimbursement of its ITW costs. (Sec. 270)
14. **Bay Mills One-Time Passthrough Payment.** The Governor removed a one-time payment of \$1.0 million to Bay Mills Community College. (Sec. 270b)
15. **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)
16. **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)
17. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a university for each violation of certain requirements of the Management and Budget Act. (Sec. 275a)
18. **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)
19. **Campus Free Speech Report.** The Governor removed a report on activities related to free speech issues on university campuses. (Sec. 275f)
20. **COVID-19 Report.** The Governor removed a section containing two reports that require universities to report various information relative to their responses to COVID-19. (Sec. 275g)
21. **Students with Dependents Report.** The Governor removed a requirement for universities to collect demographic data about students with dependent children and report those data to the Legislature. (Sec. 275i)
22. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits of universities as deemed necessary. (Sec. 291)

Date Completed: 3-22-21

Fiscal Analyst: Josh Sefton

Table 1: HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2020-21 Year-To-Date Operations ¹	FY 2020-21 Year-To-Date ITW Reimb.	FY 2020-21 Year-To-Date Appropriation	Operations Adjustments		ITW Adjustment and Other Changes	FY 2021-22 Gov. Rec.	Dollar Change From FY 2020-21	Percent Change	Appropriation Per FYES
				2% One-Time Proportional Increase	Total Adjustment					
Central	\$87,600,000	\$1,964,500	\$89,564,500	\$1,752,000	\$1,752,000	\$0	\$91,316,500	\$1,752,000	2.0%	\$5,339
Eastern	77,253,700	301,500	77,555,200	1,545,100	1,545,100	(21,800)	79,078,500	1,523,300	2.0	5,595
Ferris	55,025,500	908,800	55,934,300	1,100,500	1,100,500	57,000	57,091,800	1,157,500	2.1	5,599
Grand Valley	72,313,500	1,177,200	73,490,700	1,446,300	1,446,300	0	74,937,000	1,446,300	2.0	3,407
Lake Superior	14,307,000	945,100	15,252,100	266,100	266,100	(1,018,600)	14,499,600	(752,500)	(4.9)	8,939
Michigan State	287,331,700	1,604,000	288,935,700	5,746,600	5,746,600	328,800	295,011,100	6,075,400	2.1	6,156
Michigan Tech	50,101,600	693,600	50,795,200	1,002,000	1,002,000	75,700	51,872,900	1,077,700	2.1	7,894
Northern	47,809,100	1,060,600	48,869,700	956,200	956,200	(9,100)	49,816,800	947,100	1.9	7,309
Oakland	53,147,400	266,100	53,413,500	1,062,900	1,062,900	67,900	54,544,300	1,130,800	2.1	3,144
Saginaw Valley	30,583,800	219,500	30,803,300	611,700	611,700	(65,600)	31,349,400	546,100	1.8	4,334
UM-Ann Arbor	321,970,100	961,000	322,931,100	6,439,400	6,439,400	114,600	329,485,100	6,554,000	2.0	6,688
UM-Dearborn	26,167,000	167,800	26,334,800	523,300	523,300	(2,800)	26,855,300	520,500	2.0	3,754
UM-Flint	23,616,200	348,200	23,964,400	472,300	472,300	(3,200)	24,433,500	469,100	2.0	4,015
Wayne State	202,996,700	462,200	203,458,900	4,059,900	4,059,900	7,500	207,526,300	4,067,400	2.0	8,945
Western	111,522,200	841,700	112,363,900	2,230,400	2,230,400	(46,400)	114,547,900	2,184,000	1.9	6,187
Subtotal University Operations:	\$1,461,745,500	\$11,921,800	\$1,473,667,300	\$29,214,700	\$29,214,700	(\$516,000)	\$1,502,366,000	\$28,698,700	1.9%	\$5,888
MPSERS Reimbursement			\$11,695,000			\$1,800,000	\$13,495,000	\$1,800,000	15.4%	
MPSERS Normal Cost Offset			1,200,000			3,540,000	4,740,000	3,540,000	295.0	
MSU AgBioResearch	34,937,300		34,937,300	698,700	698,700		35,636,000	698,700	2.0	
MSU Extension	30,136,100		30,136,100	602,700	602,700		30,738,800	602,700	2.0	
Higher Education Database			200,000				200,000	0	0.0	
Midwest Higher Ed Compact			115,000			1,800	116,800	1,800	1.6	
King-Chavez-Parks			2,691,500				2,691,500	0	0.0	
Total Universities			\$1,554,642,200	\$30,516,100	\$30,516,100	\$4,825,800	\$1,589,984,100	\$35,341,900	2.3%	
School Aid Fund			356,063,300	0	0	5,340,000	361,403,300	5,340,000	1.5	
State GF/GP			\$1,198,578,900	\$30,516,100	\$30,516,100	(\$514,200)	\$1,228,580,800	\$30,001,900	2.5%	
Grants and Financial Aid										
State Competitive Scholarships			\$29,861,700				\$29,861,700	\$0	0.0%	
Tuition Grants			42,021,500				42,021,500	0	0.0	
Tuition Incentive Program (TIP)			68,800,000			(3,300,000)	65,500,000	(3,300,000)	(4.8)	
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	
Total Grants/Financial Aid			\$145,283,200			(\$3,300,000)	\$141,983,200	(\$3,300,000)	(2.3%)	
Federal Higher Ed Act			3,200,000			0	3,200,000	0	0.0	
Federal TANF			122,826,400			(3,300,000)	119,526,400	(3,300,000)	(2.7)	
State GF/GP			\$19,256,800	\$0	\$0	\$0	\$19,256,800	\$0	0.0%	
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS			\$1,699,925,400	\$30,516,100	\$30,516,100	\$1,525,800	\$1,731,967,300	\$32,041,900	1.9%	
TOTAL FEDERAL			126,026,400	0	0	(3,300,000)	122,726,400	(3,300,000)	(2.6)	
TOTAL STATE RESTRICTED			356,063,300	0	0	5,340,000	361,403,300	5,340,000	1.5	
TOTAL STATE GF/GP			\$1,217,835,700	\$30,516,100	\$30,516,100	(\$514,200)	\$1,247,837,600	\$30,001,900	2.5%	

¹ Operations figure for LSSU includes a \$1.0 million one-time passthrough payment to Bay Mills Community College. This amount was removed, which is reflected in the ITW Adjustment and Other Changes column.



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	372.5	382.5	10.0	2.7
GROSS	73,315,700	72,987,600	(328,100)	(0.4)
Less:				
Interdepartmental Grants Received	728,600	724,600	(4,000)	(0.5)
ADJUSTED GROSS	72,587,100	72,263,000	(324,100)	(0.4)
Less:				
Federal Funds	1,017,100	1,017,100	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	71,570,000	71,245,900	(324,100)	(0.5)
Less:				
Other State Restricted Funds	71,570,000	71,245,900	(324,100)	(0.5)
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$73,315,700	\$0
Changes from FY 2020-21 Year-to-Date:		
1. Regulatory Staffing Increase. The Governor included an increase of 10.0 FTEs from Year-to-Date in Consumer Services and Protection (7.0 FTEs) and Insurance Evaluation (3.0 FTEs) to address increased workloads and statutory responsibilities. The Governor also included a net-to-zero shift of 10.0 FTEs from Consumer Services and Protection to Insurance Evaluation.	0	0
2. Net-to-Zero Fund Shift. The Governor included a net-to-zero fund shift of \$2.0 million from the Insurance Bureau Fund to Insurance Licensing and Regulation Fees within the Insurance Evaluation Program.	0	0
3. Economic Adjustments. Includes (\$328,100) Gross and \$0 GF/GP for total economic adjustments, of which an estimated (\$1,300,100) Gross and \$0 GF/GP is for legacy retirement costs (pension and retiree health).	(328,100)	0
Total Changes	(\$328,100)	\$0
FY 2021-22 Governor's Recommendation	\$72,987,600	\$0

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Disciplinary Action Against Employees.** The Governor removed language prohibiting departments from taking disciplinary action against employees for communicating with legislators or legislative staff. (Sec. 206)
2. **Out-of-State Travel Report.** The Governor revised the requirements for out-of-State travel reports and removed language specifying the conditions under which travel is permissible. (Sec. 207)
3. **Contingency Funds.** The Governor increased the amounts appropriated for contingency funds. (Sec. 210)
4. **FTE and Remote Work Report.** The Governor deleted a section requiring the department to submit a quarterly report on FTEs and remote work. (Sec. 216)
5. **Work Project Authorization Requirement.** The Governor deleted and declared unenforceable a section that prohibited the Department from spending funds until all existing work project authorization available for the same purpose were exhausted. (Sec. 217)
6. **Ad Board Transfers.** The Governor deleted and declared unenforceable a section that allowed for the intertransfer of funds by the Legislature under certain conditions if those funds had been previously transferred by the State Administrative Board. (Sec. 218)
7. **Report Retention.** The Governor deleted language requiring the Department to retain all reports funded from part 1 appropriations and to follow related State and Federal guidelines. (Sec. 219)
8. **Policy Change Reporting Requirement.** The Governor deleted a report that required the Department to specify policy changes made to implement enacted legislation in the previous fiscal year. (Sec. 220)
9. **Television and Radio Production.** The Governor deleted a section requiring the Department to submit a report on payments for TV and radio productions made to third-party vendors. (Sec. 222)
10. **Insurance Bureau Fund.** The Governor deleted a section permitting the Insurance Bureau Fund to be used to support legislative participation in activities coordinated by insurance associations, as these permissions are contained in existing statute. (Sec. 223)
11. **Health Insurance Rate Filing Report.** The Governor deleted a section requiring the Department to submit a report detailing health insurance rate filings. (Sec. 301)
12. **Conservatorship and Insurance Liquidation Funds.** The Governor removed language limiting the amount of appropriated funds spent to provide required services in relation to a conservatorship or corporate liquidation, and appropriations from revenue from providing customized listings of nonconfidential information, to \$300,000. (Secs. 302 and 303)
13. **Surprise Billing Report.** The Governor removed language requiring a report on out-of-network billing complaints. (Sec. 304)
14. **Anti-Fraud Unit Midyear Update.** The Governor deleted language requiring the Department to provide a mid-year update to the annual Anti-Fraud Unit report required by statute (MCL 500.6303). (Sec. 305)
15. **Complaints Report.** The Governor deleted language requiring the Department to provide a report on complaints received by the Office of Consumer Services and steps taken to address them. (Sec. 306)
16. **Marihuana Banking Guidance.** The Governor deleted a section requiring the Department to update examination manuals and letters of guidance to State-chartered financial institutions as necessary with relation to providing financial services to marihuana businesses. (Sec. 307)

Date Completed: 3-22-21

Fiscal Analyst: Elizabeth Raczkowski

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	513.0	521.0	8.0	1.6
GROSS	313,641,200	319,505,100	5,863,900	1.9
Less:				
Interdepartmental Grants Received	1,552,800	1,652,300	99,500	6.4
ADJUSTED GROSS	312,088,400	317,852,800	5,764,400	1.8
Less:				
Federal Funds	6,393,500	6,374,800	(18,700)	(0.3)
Local and Private	8,883,000	8,842,400	(40,600)	(0.5)
TOTAL STATE SPENDING	296,811,900	302,635,600	5,823,700	2.0
Less:				
Other State Restricted Funds	94,877,600	94,312,700	(564,900)	(0.6)
GENERAL FUND/GENERAL PURPOSE	201,934,300	208,322,900	6,388,600	3.2
PAYMENTS TO LOCALS	146,925,300	148,056,300	1,131,000	0.8

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$313,641,200	\$201,934,300

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|---------|---------|
| 1. MiFile Implementation. The Governor recommended 8.0 FTEs and restricted revenue to further implement the statewide eFile system. | 821,800 | 0 |
| 2. Expungement Package Implementation. The Governor included funding for statutory implementation required by legislation. | 605,000 | 605,000 |
| 3. Problem Solving Courts. The Governor moved additional GF/GP from previous year's one-time section to the ongoing section. | 600,000 | 600,000 |
| 4. Court of Appeals Operations. The Governor restored funding from previous year COVID-19-related reductions to cover wages and IT costs. | 547,900 | 547,900 |
| 5. State Appellate Defender Office (SADO) Minimum Funding. The Governor restored funding from previous year COVID-19 reductions, which would allow SADO to fill three vacant attorney positions. | 360,700 | 360,700 |
| 6. Innovative Pretrial Services. The Governor included funding for continued analysis of pretrial release practices and the implementation of recommendations from the Jail and Pretrial Incarceration Task Force. | 325,700 | 325,700 |
| 7. Legal Help Website Maintenance. The Governor included additional GF/GP to maintain the State's legal self-help website. | 200,000 | 200,000 |
| 8. Justice Training Grant Revenue. The Governor included IDG revenue awarded by the Michigan Commission on Law Enforcement Standards (MCOLES). | 100,000 | 0 |

9. Juvenile Lifer Resentencing. The Governor moved the appropriation to the SADO from the one-time section to the ongoing section and increased the line by \$58,000.	58,000	58,000
10. Judicial Compensation Fund Shift. The Governor recommended a shortfall in restricted revenue for judicial salaries be filled by GF/GP.	0	1,358,600
11. Recommended Judicial Reduction. The Governor removed one District Judge position as per the Judicial Resources Recommendation produced by the State Court Administrative Office (SCAO).	(164,400)	(164,400)
12. One-time Removals. The Governor removed previous year one-time items.	(925,700)	(925,700)
13. Economic Adjustments. Includes \$3,334,900 Gross and \$3,422,800 GF/GP for total economic adjustments, of which an estimated negative \$1,850,500 Gross and a negative \$1,491,300 GF/GP is for legacy retirement costs (pension and retiree health).	3,334,900	3,422,800
Total Changes	\$5,863,900	\$6,388,600
FY 2021-22 Governor's Recommendation	\$319,505,100	\$208,322,900

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Definitions.** The Governor removed definitions of acronyms not used in the recommendation. (Sec. 203)
- Domestic Goods and Services.** The Governor amended a section requiring preference be given to the purchase of domestic goods and services; preference to be given to the extent permissible under MCL 18.1261. (Sec. 205)
- Lapse Reporting.** The Governor amended a section requiring the State Budget report annually on GF/GP lapse. The amended section would push the reporting date back one month to December 31, annually. (Sec. 209)
- Deleted - Disciplinary Action.** The Governor removed a section prohibiting disciplinary action against Judicial employees who communicate with legislative members or staff. (Sec. 215)
- Deleted - Foster Parent Input.** The Governor removed a section requiring judges to publicly request input of foster parents during foster care hearings. (Sec. 216)
- Deleted - Explanation of Foster Care Service Plan Changes.** The Governor removed a section requiring judges provide an explanation of changes to a foster care family service plan. (Sec. 217)
- Deleted - Interagency Collaboration for Swift & Sure.** The Governor removed a requirement that the SCAO identify programs available for Swift & Sure participants. (Sec. 218)
- Deleted - Report Retention.** The Governor removed a requirement that the Judicial branch retain copies of all reports funded from appropriations. (Sec. 219)
- Deleted - Parental Rights Reporting Requirement.** The Governor removed a section requiring a report on the number of petitions filed and granted of minors seeking a waiver of parental consent. (Sec. 312)
- Deleted - Pretrial Risk Assessment Pilot and Report.** The Governor removed a section requiring a pretrial risk assessment tool pilot and subsequent report, as the report is due March 31, 2021. (Sec. 316)
- Swift & Sure Sanctions Amendments.** The Governor removed some reporting requirements from the annual Swift & Sure Sanctions report. (Sec. 320)
- Juvenile Lifer Resentencing and Report.** The Governor moved previous year boilerplate language concerning the Juvenile Lifer Resentencing program and annual report from the one-time section to the ongoing section. (Sec. 326)
- One-Time Removals.** The Governor removed previous year one-time boilerplate language concerning juvenile lifer resentencing and a veterans court pilot program. (Sections 402 & 403)

Date Completed: 3-22-21

Fiscal Analyst: Michael Siracuse

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,545.4	3,061.4	516.0	20.3
GROSS	1,684,364,300	1,830,177,600	145,813,300	8.7
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,684,364,300	1,830,177,600	145,813,300	8.7
Less:				
Federal Funds	1,138,389,800	1,143,364,800	4,975,000	0.4
Local and Private	22,217,800	22,167,000	(50,800)	(0.2)
TOTAL STATE SPENDING	523,756,700	664,645,800	140,889,100	26.9
Less:				
Other State Restricted Funds	272,389,100	243,502,700	(28,886,400)	(10.6)
GENERAL FUND/GENERAL PURPOSE	251,367,600	421,143,100	169,775,500	67.5
PAYMENTS TO LOCALS	39,115,200	52,863,300	13,748,100	35.1

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$1,684,364,300	\$251,367,600

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|------------|-------------|
| 1. Michigan Reconnect Grant Program. The Governor included 8.0 FTE positions and \$120.0 million General Fund/General Purpose (GF/GP) in one-time appropriations to the Michigan Reconnect Grant Program to continue funding for the program through FY 2022-23. | 90,000,000 | 120,000,000 |
| 2. Futures for Frontliners. The Governor included \$39.1 million GF/GP in one-time appropriations to provide tuition-free access to community college for COVID-19 frontline workers. | 39,100,000 | 39,100,000 |
| 3. Flint Settlement Debt Service. The Governor included \$35.0 million GF/GP for ongoing debt service payments for the Flint Settlement Bond. | 35,000,000 | 35,000,000 |
| 4. Mobility Futures Initiative. The Governor included \$25.0 million GF/GP in one-time appropriations to the Office of Future Mobility and Electrification to address environmental sustainability, connected and autonomous vehicle development, and mobility inequities. | 25,000,000 | 25,000,000 |
| 5. Going Pro. The Governor included \$15.0 million GF/GP in one-time appropriations for Going Pro in addition to the ongoing appropriations. This would bring the total FY 2021-22 Going Pro appropriations to \$43,670,700 Gross, funded from \$9,540,800 in Penalties and Interest revenue and \$34,129,900 GF/GP. | 15,000,000 | 15,000,000 |
| 6. Workforce Development Programs. The Governor included an increase of \$13,075,000 in Federal funds in Workforce Development Programs because of anticipated increases for the Michigan Learning and Education Advancement Program (\$5,950,000), Gaining Early Awareness and Readiness for Undergraduate Program (\$4,000,000), and H-1B workforce development grants (\$3,125,000). | 13,075,000 | 0 |

7. Michigan Housing and Community Development. The Governor included \$10.0 million GF/GP in one-time appropriations to address housing needs for low-income households and to revitalize downtowns.	10,000,000	10,000,000
8. Reconnect and Futures for Frontliners Wraparound Services. The Governor included \$6.0 million GF/GP in one-time appropriations to support wraparound services for single parents participating in the Michigan Reconnect and Futures for Frontliners programs, which include providing childcare, tutoring, and career counseling services.	6,000,000	6,000,000
9. Statewide Pre-Apprenticeship Program. The Governor included \$3.0 million GF/GP in ongoing appropriations for a statewide pre-apprenticeship program.	3,000,000	3,000,000
10. Child Care Facilitator Pilot Program. The Governor included \$2.2 million GF/GP in one-time appropriations to continue a pilot program to increase access to high quality child care for workers in collaboration with business partners. The pilot project is located in Kalamazoo.	2,200,000	2,200,000
11. State Historic Preservation Office. The Governor included \$2.1 million Gross, \$1.9 million Federal revenue for Federal National Park Service Grants, and \$200,000 in State Historic Preservation Office fees for the historic tax credit program created in Public Act 343 of 2020.	2,100,000	0
12. Child Savings Accounts. The Governor included \$2.0 million GF/GP in one-time appropriations to pilot a program in two communities to match outside contributions to child savings accounts.	2,000,000	2,000,000
13. Technical Adjustment. The Governor included \$1,719,00 Gross and \$78,100 GF/GP in technical adjustments to various line items.	1,719,000	78,100
14. Brownfield Redevelopment Fund. The Governor included \$1,175,000 in Brownfield Redevelopment Funds to support community redevelopment projects authorized in Public Act 502 of 2012.	1,175,000	0
15. Poverty Task Force. The Governor included \$1.0 million GF/GP in one-time appropriations to the Michigan Poverty Task Force to conduct research and address barriers limiting access to State benefit programs.	1,000,000	1,000,000
16. Focus: HOPE. The Governor included \$1.0 million GF/GP in one-time appropriations to support workforce development, youth development, and community empowerment and advocacy programs.	1,000,000	1,000,000
17. Michigan Women's Commission. The Governor transferred the Michigan Women's Commission (\$366,800 GF/GP and 1.0 FTE position) from the Department of Civil Rights to the Department.	366,800	366,800
18. One-Time and Supplemental Removal. The Governor removed \$99,788,800 Gross and \$89,788,800 GF/GP in FY 2020-21 one-time and supplemental appropriations.	(99,788,800)	(89,788,800)
19. Other Changes. The Governor transferred \$1.1 million GF/GP from Workforce Development Programs to Executive Direction and increased 7.0 FTE positions, and increased 500.0 FTE positions in the Unemployment Insurance Agency (UIA).	0	0
20. Economic Adjustments. Includes an adjustment of negative \$2,133,700 Gross and \$180,600 GF/GP for total economic adjustments, of which an estimated negative \$8,008,200 Gross and \$873,200 GF/GP is for legacy retirement costs (pension and retiree health).	(2,133,700)	(180,600)
Total Changes	\$145,813,300	\$169,775,500
FY 2021-22 Governor's Recommendation	\$1,830,177,600	\$421,143,100

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Deleted Reports.** The Governor deleted a number of sections related to reporting/notification requirements, which include 216 (quarterly FTE report), 219 (retention of reports), 220 (policy change report), 222 (work project notification), 1004 (Michigan Strategic Fund statutory report), 1006 (Business Attraction amendment report), 1033 (Michigan Film Office activity report), 1069 (Healthy Michigan quarterly report), 1082 (Michigan Rehabilitation Services report).
2. **Other Deleted Sections.** The Governor deleted a number of other sections, which include 217 (work project prioritization), 218 (State Administrative Board transfers), 221 (General Fund restriction), 223 (Coronavirus Relief Funds), 983 (MSF/MSHDA restriction on appropriations for broadband), 984 (use of SIGMA), 989 (worker's compensation legislative intent language), 1009 (limits on land purchases), 1013 (private fundraising restriction), 1041 (Business Attraction and Community Revitalization transfers), 1047 (Michigan enhancement grants), 1048 (administration of Michigan Enhancement Grants), 1052 (Coronavirus Relief Fund grants), 1067 (Going Pro Talent Fund), 1070 (Graduation Alliance), 1071 (Jobs for Michigan Graduates program), 1072 (High School Equivalency-to-School program), 1074 (Michigan Reconnect Grant Program), 1079 (TANF requirements), 1085 (Federal match requirement for community-based rehabilitation organizations), 1081 (Commission expenditure requirements).
3. **Contingency Fund.** The Governor doubled the contingency fund amounts for each fund source. (Sec. 210)
4. **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)
5. **Helmets to Hardhats.** The Governor included a \$250,000 grant from Going Pro appropriations to the Helmets to Hardhats organization to transition military service members to construction industry jobs. (Sec. 1066)
6. **Good Jobs for Michigan Fund.** The Governor included a new section that requires that the funds in the Good Jobs for Michigan Fund be distributed and used in accordance with statute. (Sec. 1053)
7. **Statewide Pre-Apprenticeship Program.** The Governor included a new section that appropriates \$3.0 million in ongoing appropriations to an organization that will administer a statewide pre-apprenticeship program. (Sec. 1073)
8. **UIA Report.** The Governor modified the UIA report from monthly to quarterly. (Sec. 1075)
9. **UIA Receive and Expend Authorization.** The Governor included a new section that allows the expenditure of Federal funds received by the UIA that are in excess of the amounts appropriated in part 1 after notification to the State Budget Director and subcommittees. (Sec. 1077)
10. **Vocational Rehabilitation Appropriations.** The Governor removed the \$50,000 appropriation for vocational rehabilitation services for agricultural workers and modified "shall" to "may." (Sec. 1083)
11. **One-Time Appropriations.** The Governor included a number of new sections that include One-Time Appropriations, which include 1093 (\$10.0 million for the Michigan Housing and Community Development program), 1094 (\$1.0 million for Focus: HOPE), 1095 (\$2.2 million for the Child Care Facilitator Pilot Project), 1096 (\$25.0 million for the Mobility Futures Initiative), 1097 (\$6.0 million for Wraparound Services), 1098 (\$2.0 million for the Child Savings Accounts pilot project), 1099 (\$1.0 million for the Poverty Task Force), 1100 (\$120.0 million for the Michigan Reconnect Grant Program), 1101 (\$39.1 million for the Futures for Frontliners program).
12. **Technical Changes.** The Governor made a number of technical modifications that include date changes, changes in Part 1 appropriations, legacy cost adjustments, standardization of language, and separating the Department from the General Government budget. (Secs. 201, 203, 211, 212, 213, 214, 1034, 1050, 1065, 1068, 1081, 1084, and 1086)

Date Completed: 3-22-21

Fiscal Analyst: Cory Savino

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	202,453,800	210,057,800	7,604,000	3.8
Less:				
Interdepartmental Grants Received	6,250,400	6,345,200	94,800	1.5
ADJUSTED GROSS	196,203,400	203,712,600	7,509,200	3.8
Less:				
Federal Funds	0	0	0	0.0
Local and Private	400,000	406,000	6,000	1.5
TOTAL STATE SPENDING	195,803,400	203,306,600	7,503,200	3.8
Less:				
Other State Restricted Funds	6,776,800	6,877,300	100,500	1.5
GENERAL FUND/GENERAL PURPOSE	189,026,600	196,429,300	7,402,700	3.9
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$202,453,800	\$189,026,600

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|-----------|-----------|
| 1. Capitol Security Improvements. The Governor included one-time GF/GP funding of \$5.0 million for security improvements at the Capitol building. | 5,000,000 | 5,000,000 |
| 2. House Increase. The Governor provided a 1.5% overall increase for the Michigan House of Representatives. | 1,045,300 | 1,045,300 |
| 3. Senate Increase. The Governor provided a 1.5% overall increase for the Michigan Senate. | 741,500 | 741,500 |
| 4. Legislative Auditor General Increase. The Governor provided a 1.5% overall increase for the Legislative Auditor General | 400,700 | 274,900 |
| 5. Property Management. The Governor provided an increase totaling \$312,000, that consists of \$185,500 for the Cora Anderson House Building and \$126,500 for the Binsfeld Office Building. | 312,000 | 312,000 |
| 6. Legislative Council Increase. The Governor provided a 1.5% overall increase for the Legislative Council. | 283,000 | 277,000 |
| 7. State Capitol Historic Site Increase. The Governor provided an increase totaling \$121,500 that consists of an increase of \$70,700 for General Operations and an increase of \$50,800 for Restoration, Renewal, and Maintenance. | 121,500 | 70,700 |
| 8. Legislative Retirement System Increase. The Governor provided a 1.5% overall increase for the Legislative Retirement System. | 80,500 | 61,800 |

9. Census Tracking. The Governor removed the funding of \$170,000 for each the House of Representatives and the Michigan Senate for census tracking costs.	(340,000)	(340,000)
10. 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 2021-22 decreased by \$161,900; thus, a reduction of \$40,500 is required for the Commission.	(40,500)	(40,500)
Total Changes	\$7,604,000	\$7,402,700
FY 2021-22 Governor's Recommendation	\$210,057,800	\$196,429,300

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Governor.** Moved boilerplate from the FY 2020-21 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 2021-22: total legacy costs estimated at \$28,091,700. Of that total, \$15,738,400 is for pension-related legacy costs and \$12,353,300 is for retiree health care legacy costs for the fiscal year ending September 30, 2022. (CL Sec. 615)
3. **Senate Census Tracking and Reapportionment.** The Governor deleted language designating unspent funds for the Senate census tracking and reapportionment project as a work project appropriation and stating the purpose of the project. (CL Sec. 613)
4. **House Census Tracking and Reapportionment.** The Governor deleted new language designating unspent funds for the House census tracking and reapportionment project as a work project appropriation and stating the purpose of the project. (CL Sec. 614)
5. **NEW Capitol Security Improvements.** The Governor included new language requiring the necessary improvements to implement a ban on weapons in any building under the control of the Michigan State Capitol Commission. (NEW Sec. 618)
6. **Confidential Information.** Legislative intent language allowing the 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)

Date Completed: 3-22-21

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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,827.9	1,827.9	0.0	0.0
GROSS	484,389,600	519,486,400	35,096,800	7.2
Less:				
Interdepartmental Grants Received	46,664,600	45,079,800	(1,584,800)	(3.4)
ADJUSTED GROSS	437,725,000	474,406,600	36,681,600	8.4
Less:				
Federal Funds	28,823,700	29,030,900	207,200	0.7
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	408,901,300	445,375,700	36,474,400	8.9
Less:				
Other State Restricted Funds	259,295,700	259,429,800	134,100	0.1
GENERAL FUND/GENERAL PURPOSE	149,605,600	185,945,900	36,340,300	24.3
PAYMENTS TO LOCALS	137,967,400	169,417,400	31,450,000	22.8

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	484,398,600	149,605,600

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|-------------------|-------------------|
| <p>1. Michigan Indigent Defense Commission Grants (Standards 1-4). The Governor included \$19.4 million GF/GP for indigent defense grants and increased the local reimbursement authorization by \$100,000 restricted.</p> | <p>19,450,000</p> | <p>19,350,000</p> |
| <p>2. Michigan Indigent Defense Commission Grants (Standard 5). The Governor included \$12.0 million GF/GP in initial funding for local system compliance with MIDC Standard 5 (independence from the judiciary).</p> | <p>12,000,000</p> | <p>12,000,000</p> |
| <p>3. Michigan Saves Green Bank Reserve Fund and Credit Enhancement. The Governor included a \$4.0 million GF/GP increase from Year-to-Date for the Michigan Saves green bank.</p> | <p>4,000,000</p> | <p>4,000,000</p> |
| <p>4. Nursing Home Infection Control Surveys. The Governor included \$1.1 million GF/GP for nursing home infection control surveys in relation to the COVID-19 pandemic.</p> | <p>1,100,000</p> | <p>1,100,000</p> |
| <p>5. Marihuana Regulatory Inspections. The Governor included \$648,000 from the Marihuana Regulation Fund for increased inspections in the adult-use marihuana market.</p> | <p>648,000</p> | <p>0</p> |
| <p>6. Marihuana Social Equity Program. The Governor included \$500,000 from the Marihuana Regulation Fund to provide greater access to loans and capital in the marihuana industry.</p> | <p>500,000</p> | <p>0</p> |

7. Underground Natural Gas Storage. The Governor included \$352,500 from a Federal grant for the Underground Natural Gas Storage Inspection Program.	352,500	0
8. CSB Technical Adjustments. The Governor included adjustments in appropriations and fund sources to various line items to reflect current costs and service levels for a Gross reduction of \$1,398,400.	(1,398,400)	0
9. Other Changes. The Governor made a net-to-zero adjustment of appropriations among Bureau of Community and Health Systems programs and moved appropriations for Urban Search and Rescue from ongoing to one-time.	0	0
10. Economic Adjustments. Includes negative \$1,555,300 Gross and negative \$109,700 GF/GP for total economic adjustments, of which an estimated negative \$5,581,700 Gross and negative \$591,000 GF/GP is for legacy retirement costs (pension and retiree health).	(1,555,300)	(109,700)
Total Changes	\$35,096,800	\$36,340,300
FY 2021-22 Governor's Recommendation	\$35,096,800	\$36,340,300

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Disciplinary Action Against Employees.** The Governor removed language prohibiting departments from taking disciplinary action against employees for communicating with legislators or legislative staff. (Sec. 206)
- Out-of-State Travel Report.** The Governor revised the requirements for out-of-State travel reports and removed language specifying the conditions under which travel is permissible. (Sec. 207)
- Contingency Funds.** The Governor increased the amounts appropriated for contingency funds. (Sec. 210)
- FTE and Remote Work Report.** The Governor deleted a section requiring the Department to submit a quarterly report on FTEs and remote work. (Sec. 216)
- Work Project Authorization.** The Governor deleted and declared unenforceable a section prohibiting the Department from spending funds until all existing work project dollars available for the same purpose were exhausted. (Sec. 217)
- Ad Board Transfers.** The Governor deleted and declared unenforceable a section allowing intertransfer of funds by the Legislature under certain conditions if the funds previously had been transferred by the State Administrative Board. (Sec. 218)
- Report Retention.** The Governor deleted language requiring the Department to retain all reports funded from part 1 appropriations and to follow related State and Federal guidelines. (Sec. 219)
- Policy Change Reporting Requirement.** The Governor deleted a report that required the Department to specify policy changes made to implement enacted legislation in the previous fiscal year. (Sec. 220)
- Regulatory Reform Report.** The Governor modified language requiring a report on regulatory activities to contain data on the previous fiscal year rather than the previous three fiscal years, as the report is annual. (Sec. 226)
- Direct Shipper Enforcement Investigations.** The Governor removed language requiring prioritization and special action for out-of-state and third-party marketer cases. (Sec. 401)
- Homeowner Construction Lien Recovery Fund.** The Governor deleted a section appropriating funds from the Homeowner Construction Lien Recovery Fund for payment of court-ordered judgments. The Fund has been insolvent since 2011 and there are no outstanding judgments or claims. (Sec. 504)
- Marihuana Social Equity Program (New).** The Governor included language directing that funds for the program be used to address social equity in the marihuana industry by expanding access to capital. (Sec. 516)
- Michigan Saves Green Bank.** The Governor updated language to reflect part 1 appropriations. (Sec. 1001)

Date Completed: 3-22-21

Fiscal Analyst: Elizabeth Raczkowski

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,052.0	1,054.5	2.5	0.2
GROSS	228,951,500	217,688,100	(11,263,400)	(4.9)
Less:				
Interdepartmental Grants Received	101,800	101,800	0	0.0
ADJUSTED GROSS	228,849,700	217,586,300	(11,263,400)	(4.9)
Less:				
Federal Funds	123,626,100	120,015,300	(3,610,800)	(2.9)
Local and Private	630,000	640,000	10,000	1.6
TOTAL STATE SPENDING	104,593,600	96,931,000	(7,662,600)	(7.3)
Less:				
Other State Restricted Funds	20,313,400	21,336,700	1,023,300	5.0
GENERAL FUND/GENERAL PURPOSE	84,280,200	75,594,300	(8,685,900)	(10.3)
PAYMENTS TO LOCALS	4,136,500	4,136,500	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$228,951,500	\$84,280,200

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|------------|-----------|
| 1. Chesterfield Township Home for Veterans. The Governor recommended funding of \$12,394,700 to reflect projected expenses at the new Chesterfield Township Home for Veterans, including \$8,525,000 Federal, \$2,340,000 restricted, and \$1,529,700 GF/GP. | 12,394,700 | 1,529,700 |
| 2. Special Maintenance - National Guard. The Governor recommended increasing available Federal authority from \$20.0 million to \$30.0 million for maintenance, modernization, and environmental projects at various National Guard facilities around the State. | 10,000,000 | 0 |
| 3. Grand Rapids Home for Veterans. The Governor recommended one-time funding adjustment with projected expenses at the new Grand Rapids home to continue operations of old building on the campus grounds during transition to the new home, including \$1,831,000 Federal, \$560,000 restricted, and \$4,065,000 GF/GP. | 6,456,000 | 4,065,000 |
| 4. Michigan Veterans Trust Fund. The Governor recommended increasing the trust fund revenue authorization to use for trust fund grants and administration (2.0 FTEs). | 1,247,200 | 0 |
| 5. Military Retirement Payments. The Governor recommended increasing Military Retirement appropriations by \$217,000 GF/GP to meet projected payment obligations for FY 2021-22 of \$875,000 GF/GP. | 217,000 | 217,000 |

6. Test Project Fees. The Governor recommended including authorization to receive and spend projected funding from private companies paying to test equipment at State military facilities.	100,000	0
7. Camp Grayling Morale, Welfare and Recreation Program. The Governor recommended the inclusion of restricted funding of \$100,000 restricted for a new program to provide for recreational opportunities for National Guard members and their families.	100,000	0
8. Commander's Cottage at Camp Grayling. The Governor recommended including authorization to receive and spend funding of \$25,000 restricted from renting the new Commander's Cottage at Camp Grayling, where the Commander pays rent to live, and funding will be used to maintain the building.	25,000	0
9. Private Funding Authorization for the Michigan Veterans Affairs Agency (MVAA). The Governor recommended the authorization to receive and spend private funds for the MVAA, including \$10,000 in private funds authorized for FY 2021-22.	10,000	0
10. Adjustment for Revenues Received. The Governor recommend an adjustment for actual restricted funds projected to be received for FY 2021-22.	(84,000)	0
11. Veterans Benefits Eligibility Study. The Governor recommended the elimination of the one-time appropriation of \$250,000 GF/GP from FY 2020-21 for a veterans eligibility study.	(250,000)	(250,000)
12. Adjustment for FY 2020-21 Supplemental. A technical adjustment to reflect the passage of FY 2020-21 supplemental appropriations.	(2,859,000)	(2,859,000)
13. Grand Rapids Home for Veterans Funding Adjustment. Governor recommended a funding adjustment of (\$5,240,00) Federal, (\$3,200,000) restricted and \$1,841,600 GF/GP to reflect ongoing funding necessary for the move to a new Grand Rapids home and its operation.	(6,598,400)	1,841,600
14. Grand Rapids Home for Veterans FY 2020-21 Transition Costs. The Governor recommended the elimination of one-time Grand Rapids Home for Veterans GF/GP needs associated with funding requirements from FY 2020-21.	(13,233,000)	(13,233,000)
15. Camp Grayling National Guard Readiness Center. The Governor eliminated funding for the building project, which was funded in its entirety in FY 2020-21 with 100% Federal revenues.	(18,905,000)	0
16. Unclassified Salaries. The Governor recommended an increase from \$1,566,700 GF/GP for FY 2020-21 to \$1,613,700 GF/GP for FY 2021-22.	47,000	47,000
17. Economic Adjustments. Includes \$69,100 Gross and (\$44,200) GF/GP for total economic adjustments, of which an estimated (\$2,487,200) Gross and (\$995,800) GF/GP is for legacy retirement costs (pension and retiree health).	69,100	(44,200)
Total Changes	(\$11,263,400)	(\$8,685,900)
FY 2021-22 Governor's Recommendation	\$217,688,100	\$75,594,300

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Acronyms and Definitions.** The Governor removed definition of "Subcommittee" and added a definition of "CENA," meaning a competency-evaluated nursing assistant. (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. **Disciplinary Action.** The Governor recommended elimination of this section, which prohibited action against an employee for communicating with legislative staff. (Sec. 206)
4. **Out of State Travel Report.** The Governor amended language by deleting reference to "agencies". (Sec. 207)
5. **General Fund Lapse Report.** The Governor amended the language to shift the due date of the report from no later than November 30 to December 30. (Sec. 209)
6. **Web-Based Fiscal Status Reporting.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO." (Sec. 211)
7. **Restricted Fund Balances Report.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO." (Sec. 212)
8. **Quarterly Employee Status Reports.** The Governor deleted this reporting requirement. (Sec. 216)
9. **Work Project Expenditures.** The Governor deleted this section, which required that, to the extent possible, appropriations in part 1 not be spent until all existing work project funds for that same purpose have been spent. (Sec. 217)
10. **Administrative Board Transfers.** The Governor deleted this section which allows the Legislature to transfer funds via resolution should the Administrative Board transfer funds. (Sec. 218)
11. **Retention of Reports.** The Governor recommended elimination of this section, which requires the Department to receive and retain records. (Sec. 219)
12. **Policy Changes Made to Implement Public Acts.** The Governor deleted language that required the Department to report annually on policy changes made to implement recent public acts. (Sec. 220)
13. **Payment of Court Judgments.** The Governor deleted language that requires a report of tentative plans of how to pay required court judgments against the Department. (Sec. 225)
14. **Test Project Fees.** The Governor recommended new language that would create a revolving account, in which testing fees received would be deposited and spent in support of program. (Sec. 309)
15. **Morale, Welfare, and Recreation Fund.** The Governor recommended new language establishing a new fund in the Department of Treasury to be administered by the DMVA, to receive money from any source in support of program operations, which would not lapse to the General Fund at the end of the year. (Sec. 310)
16. **Rental Fees Account.** The Governor recommended new language that would establish a rental fees account that would not lapse to the General Fund at the end of the year. (Sec. 311)
17. **Receive and Spend Language for Michigan Veterans Affairs Agency.** The Governor recommended new language that would allow the MVAA to receive and spend private funds over and above those appropriated in part 1, and requires a 14-day notification to the Legislature. (Sec. 404)
18. **MVAA Outreach Activities.** The Governor recommended removal of a reference to a 2013 strategic plan's performance measure, regional coordinators, reference to an April 1 report deadline, and a requirement to report the number of fully developed claims submitted to the USDVA. (Sec. 406)
19. **MVAA Grant Disbursements.** The Governor recommended removing reporting requirements on the number of fully developed claims to the USDVA. (Sec. 407)
20. **Interagency Agreement with the Department of Health and Human Services.** The Governor recommended elimination of this section calling for an interagency agreement to identify Medicaid recipients who may qualify for veterans benefits. (Sec. 409)
21. **County Veterans Service Fund.** The Governor recommended adding language which would allow the MVAA to use \$200,000 from the Fund for administration and technical assistance to counties. (Sec. 410)
22. **Veterans Cemetery Feasibility Study.** The Governor recommended elimination of this section relating to a study that must be completed before FY 2021-22. (Sec. 411)

23. **Board of Managers.** The Governor recommended elimination of this section, per the replacement of the Board's role under the Veterans Facility Authority Act. (Sec. 451)
24. **Michigan Veterans Facility.** The Governor recommended the elimination of references to the Board of Managers. (Sec. 452)
25. **Veterans Homes Quality of Care.** The Governor recommended elimination of this section which calls to "meet or exceed" the Centers for Medicare And Medicaid Services certification standards. (Sec. 453)
26. **Veterans Benefit Eligibility Study.** The Governor recommended the elimination of this section which describes a one-time appropriated study for FY 2020-21. (Sec. 601)

Date Completed: 3-22-21

Fiscal Analyst: Bruce Baker



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,346.1	2,354.9	8.8	0.4
GROSS	469,594,100	456,341,400	(13,252,700)	(2.8)
Less:				
Interdepartmental Grants Received	203,100	203,100	0	0.0
ADJUSTED GROSS	469,391,000	456,138,300	(13,252,700)	(2.8)
Less:				
Federal Funds	88,453,700	91,291,300	2,837,600	3.2
Local and Private	7,439,200	7,039,200	(400,000)	(5.4)
TOTAL STATE SPENDING	373,498,100	357,807,800	(15,690,300)	(4.2)
Less:				
Other State Restricted Funds	322,800,800	309,695,300	(13,105,500)	(4.1)
GENERAL FUND/GENERAL PURPOSE	50,697,300	48,112,500	(2,584,800)	(5.1)
PAYMENTS TO LOCALS	10,409,300	10,491,100	81,800	0.8

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$469,594,100	\$50,697,300

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|-----------|-----------|
| <p>1. Align Land and Water Conservation Fund Authority with Projected Federal Revenues. Governor recommended aligning Federal authority for Land and Water Conservation Fund grants with forecast revenue. The increased spending authority would ensure Michigan can fully use the Federal apportionment received as well as any competitive grant awards.</p> | 7,000,000 | 0 |
| <p>2. Capital Outlay - Fish Hatchery Energy Efficiencies. Governor recommended this initiative focus on capital outlay projects that incorporate renewable energy in the project designs. Priority projects include the installation of solar arrays and battery storage at State fish hatcheries.</p> | 1,995,800 | 1,995,800 |
| <p>3. Improve State Park Experiences and Employee Recruitment and Retention (8.8 FTEs). Governor recommended increase in positions, hours, and wages to assist with employee recruitment and retention. A part of this goes to support a new sanitation contract for Interlochen State Park in order to comply with EGLE regulations.</p> | 1,486,400 | 0 |
| <p>4. CSB Technical. Governor recommended a minimum wage increase, increases to the State Park and Recreation Authority for CAMIS Costs, increased State Park and Recreation Authority for Utility Costs, and State Park Improvement Bond Debt Servicing.</p> | 1,194,800 | 0 |

5. Align Off-Road Vehicle Trail Improvement Fund Authority with Available Revenue. Governor recommended increasing Off-Road Vehicle (ORV) Trail Improvement Fund spending authority to match available revenue. Under MCL 324.81119, available revenue would be distributed as follows: ORV trail maintenance and development grants (50%), ORV regulation enforcement (31.25%), grants to public agencies and nonprofits for ORV damage restoration (12.5%), additional regulation enforcement (3.125%), and administration (3.125%).	1,000,000	0
6. Recreational Search Software. Governor recommended one-time upgrades and ongoing maintenance costs for the Department's recreational search software.	320,000	0
7. Capital Outlay - Appropriations No Longer Needed. Governor recommended removing FY 2020-21 capital outlay appropriations that were needed as a one-time basis for specific projects in the previous fiscal year.	(150,000)	0
8. Reduce Deer Range Improvement Grants. Governor recommended removing General Fund support for Deer Range Improvement grants. The remaining restricted funding will support deer habitat grants in the Northern Lower Peninsula and Upper Peninsula.	(245,800)	(245,800)
9. Capital Outlay - State Boating Infrastructure Maintenance. Governor recommended an annual restricted revenue adjustment for this program that funds infrastructure improvements State harbors and over 1,100 State boating access sites owned and operated by the Department.	(350,000)	0
10. Remove Local Marine Patrol Grants. Governor recommended eliminating support for the no-wake zone patrol grants.	(1,750,000)	(1,750,000)
11. Capital Outlay - State Parks Repair and Maintenance. Governor recommended this appropriation to support maintenance, repair, and improvement needs across the State parks system. Annual Restricted fund adjustments for this program are based on projected revenue estimates. The adjustments comply with Proposal 2020-1, which amended the Michigan Constitution to change how the revenue for the State's park related funds may be spent.	(2,925,000)	0
12. Removal of Current Year One-Time Funding.	(8,400,000)	(2,500,000)
13. Capital Outlay - 2021 Appropriations No Longer Needed. Governor recommended removing the FY 2020-21 capital outlay appropriations that were needed on a one-time basis for specific projects and other FY 2021-22 capital outlay appropriations not requested based on Department's projections.	(11,000,000)	0
14. Economic Adjustments. Includes a negative \$1,428,900 Gross and a negative \$84,800 GF/GP for total economic adjustments, of which an estimated negative Gross \$5,867,900 and negative \$778,000 GF/GP is for legacy retirement costs (pension and retiree health).	(1,428,900)	(84,800)
Total Changes	(\$13,252,700)	(\$2,584,800)
FY 2021-22 Governor's Recommendation	\$456,341,400	\$48,112,500

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **New - Internet reporting requirements.** Governor added intranet sites as an additional way for the Department to publish reports and meet its reporting requirements. (Sec. 204)
2. **Deleted - Communication with the Legislature.** Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 206)

3. **New/Relocated - Deprived and Depressed Communities.** Governor relocated existing language that gives preference to local goods and services from deprived and depressed communities; preference given to the extent permissible under Management Budget and Control Act. This language was moved from Sec. 215. (Sec. 206)
4. **New - Prohibition on Hiring Outside Counsel.** Governor changed the existing language to include the principal executive, State agency, and authority; these were added in addition to the Department. (Sec. 208)
5. **New – GF/GP Lapses Report.** Governor extended the reporting deadline for the State Budget Office to deliver its report on GF/GP lapses in the previous fiscal year, from November 30 to December 31. (Sec. 209)
6. **/New - Contingency Funds Limits.** Governor added contingency funding limits to Federal Funds limited at \$3.0 million and Private Funds limited at \$1.0 million. The Governor also increased the State Restricted Funds limit from \$5.0 million to \$10.0 million (Sec. 210)
7. **Deleted/Relocated - Deprived and Depressed Communities.** Governor relocated existing language to Sec. 206. (Sec. 215)
8. **Deleted - Quarterly Reporting on FTE and Remote Work Status.** Governor removed language requiring the Department to provide the Senate and House quarterly reports on the FTE pay status and remote work levels. (Sec. 216)
9. **Deleted - Expending on Work Projects.** Governor removed language that encouraged the Department to spend all existing work project authorization available before using funding from part 1. (Sec. 217)
10. **Deleted - Interdepartmental Transfers.** Governor removed language that allowed for a concurrent resolution, that if passed by the Legislature would allow for intertransfer of funds from the Department. (Sec. 218)
11. **Deleted - Report Retention.** Governor removed language requiring the Department to retain copies of all reports funded by the appropriation, and to comply with both State and Federal guidelines for short-term and long-term records retention. (Sec. 219)
12. **Deleted - Annual Policy Change Report.** Governor removed language requiring the Department to provide an annual report on April 1 of all policy changes made to implement a public act in the previous calendar year. (Sec. 220)
13. **New - State Restricted Funds Appropriated to Other Departments.** Governor added State Restricted Fund sources for each existing department receiving funds from the Department rather than a summarized total per department; the language also added funding for the Civil Service Commission. (Sec. 221)
14. **Deleted - Land Transactions Report.** Governor removed language requiring the Department to submit a report of all land transactions approved by the Natural Resources Commission in the previous fiscal year. (Sec. 408)
15. **Deleted - Portage Restaurant Report.** Governor removed language requiring the Department to provide a report on the current and future use of the Portage Restaurant at Presque Isle State Harbor. (Sec. 409)
16. **Deleted - Land Acquisition Report.** Governor removed language requiring the Department to provide a comprehensive report on all lands acquired or in the process of being acquired since January 1, 2019. (Sec. 410)
17. **Deleted - United States Department of Agriculture Wildlife Services.** 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)
18. **New - Antlerless Deer License Fees and Discount.** Governor added language that allows the Department to control the discount period for antlerless deer licenses, and to control the allocation of the remaining funds towards costs associated with testing deer for chronic wasting disease. (Sec. 507)
19. **Deleted - Stream Habitat Improvement Grants.** Governor removed a requirement directing Stream Habitat Improvement Grants allocations. (Sec. 601)
20. **Deleted - Non-water Quality Studies.** Governor removed a requirement that the Department not impede the certification process for water control structures on Michigan waterways. (Sec. 602)
21. **Deleted - Fish Hatcheries Report.** Governor removed language requiring the Department to produce an annual report detailing fish hatcheries' performance. (Sec. 603)
22. **Deleted - Grants to County Law Enforcement Agencies.** Governor removed a section directing the Department to provide snowmobile law enforcement grants to counties from appropriations for that purpose. (Sec. 901)

23. **Deleted - Marine Safety Grant Program Report.** Governor removed a reporting requirement for watercraft registration revenues, expenditures, and grant distribution. (Sec. 902)
24. **Deleted - Deer Habitat Improvement Grants.** Governor removed a section directing the Department to make grants available through the northern Lower Peninsula deer private land assistance network. (Sec. 1002)
25. **Deleted - Local Marine Patrol Grants.** Governor removed a section directing the Department to make grants available to local sheriffs to enforce no-wake zones. (Sec. 1003)

Date Completed: 3-22-21

Fiscal Analyst: Ben Dawson

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	15,525,164,800	15,853,068,000	327,903,200	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	15,525,164,800	15,853,068,000	327,903,200	2.1
Less:				
Federal Funds	1,806,878,500	1,822,478,500	15,600,000	0.9
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	13,718,286,300	14,030,589,500	312,303,200	2.3
Less:				
Other State Restricted Funds	13,667,321,700	13,990,589,500	323,267,800	2.4
GENERAL FUND/GENERAL PURPOSE	50,964,600	40,000,000	(10,964,600)	(21.5)
PAYMENTS TO LOCALS	13,546,289,200	13,873,111,900	326,822,700	2.4

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$15,525,164,800	\$50,964,600

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|-------------|----------|
| 1. Foundation Allowance. The Governor proposed a 2x increase ranging from \$82 to \$164 per pupil. | 203,000,000 | 0 |
| 2. Enrollment Stability Supports. The Governor recommended \$200.0 million to provide declining enrollment districts with funding to restore 70% of their enrollment decline from FY 2020-21 to FY 2021-22. | 200,000,000 | 0 |
| 3. MPSERS Payments. The Governor increased MPSERS payments by a total of \$145.4 million, for a total of nearly \$1.6 billion. | 145,354,000 | (10,000) |
| 4. Out-of-School Learning Opportunities. The Governor proposed a second year of funding for summer school and other out-of-school learning opportunities to address learning loss from COVID-19. Supplemental 2021-6 included the first-year funding request. | 60,000,000 | 0 |
| 5. State Special Education Mandatory Cost Reimbursement. The Governor included an increase of \$41.5 million for required payments. | 41,500,000 | 0 |
| 6. Great Start Readiness Program (GSRP). The Governor proposed to raise the per-child full-day slot payment from \$7,250 up to the proposed minimum foundation allowance level of \$8,275, and to increase the longitudinal study appropriation from \$350,000 to \$600,000 GF/GP. | 32,450,000 | 250,000 |
| 7. Federal Grants. The Governor proposed increasing Federal grants by \$15.6 million, for a total of \$1.8 billion in ongoing Federal funds. | 15,600,000 | 0 |

<p>8. 2% Increases for At Risk, Additional Special Education Payments, ISD Operations, Bilingual Education, and Isolated/Rural Districts. The Governor proposed an increase of 2% for at risk (\$12.5 million), intermediate school district (ISD) operations (\$1.4 million), additional special education reimbursement (\$1.2 million), bilingual education (\$260,000), and isolated/rural districts (\$140,000).</p>	<p>15,483,000</p>	<p>0</p>
<p>9. School Breakfast and Lunch. The Governor proposed a continued increase in school breakfast (\$7.4 million) and school lunch (\$694,400) to reflect increased meals provided during COVID-19.</p>	<p>8,094,400</p>	<p>0</p>
<p>10. Brownfield Redevelopment Reimbursements. The Governor proposed funding pursuant to PA 279 of 2020 that requires reimbursement to ISDs for lost revenue due to brownfields.</p>	<p>7,500,000</p>	<p>0</p>
<p>11. Promise Zone Payments. The Governor proposed increasing Promise Zone reimbursement costs by \$4.1 million, to a total of \$13.8 million.</p>	<p>4,100,000</p>	<p>0</p>
<p>12. Literacy and Math Essentials. The Governor proposed \$2.0 million to provide math essentials, in addition to the existing literacy essentials.</p>	<p>2,000,000</p>	<p>0</p>
<p>13. Center for Educational Performance and Information (CEPI). The Governor proposed increasing funding to CEPI by \$2.0 million, bringing total State support of CEPI to \$18.8 million.</p>	<p>2,000,000</p>	<p>2,000,000</p>
<p>14. Flint Educare. The Governor proposed transferring Educare from the Michigan Department of Education budget to School Aid.</p>	<p>1,000,000</p>	<p>1,000,000</p>
<p>15. Court-Placed Children. The Governor proposed increasing funding for court-placed children from \$7.2 million to \$7.7 million.</p>	<p>500,000</p>	<p>0</p>
<p>16. Robotics. The Governor proposed eliminating \$300,000 for nonpublic schools' robotics and increasing public schools' robotics funding.</p>	<p>0</p>	<p>(300,000)</p>
<p>17. GF/GP to SAF Fund Shift. The Governor proposed reducing GF/GP and Community District Trust Fund and backfilling those funds with SAF.</p>	<p>0</p>	<p>164,900</p>
<p>18. Foundation Allowance Cost Adjustments. Due primarily to declining enrollment, foundation allowance costs are reduced \$192.0 million.</p>	<p>(192,000,000)</p>	<p>0</p>
<p>19. Elimination of One-Time Per-Pupil Payment. The Governor removed funding that provided roughly \$66 per pupil in one-time funding.</p>	<p>(95,000,000)</p>	<p>0</p>
<p>20. Elimination of Growing Districts Payment. The Governor removed funding for districts whose normal pupil membership blend exceeded the 'superblend' that is in place for FY 2020-21.</p>	<p>(66,000,000)</p>	<p>0</p>
<p>21. 20% Reduction to Cyber Schools. The Governor proposed a 20% reduction to foundation allowance payments for cyber schools.</p>	<p>(30,200,000)</p>	<p>0</p>
<p>22. Elimination of Categoricals. The Governor proposed eliminating first-year teacher incentives (\$5.0 million), Reading Corps (\$2.8 million), attendance recovery (\$2.0 million), virtual education supports (\$2.0 million), value-added growth and projection analytics (\$2.0 million), Detroit Public TV (\$2.0 million), Imagine Learning (\$1.5 million), kindergarten entry observation tool (\$1.5 million), school meal debt forgiveness (\$1.0 million), Boys and Girls Club (\$1.0 million), Algebra Nation (\$1.0 million), Teach for America (\$1.0 million), Orton Gillingham dyslexia tool (\$500,000), Chaldean Community Foundation (\$500,000), digital learning preparation (\$500,000), Fitness Foundation (\$400,000), Children's Choice Initiative (\$250,000), Conductive Learning Center (\$250,000), Michigan Council for Women in Technology (\$150,000), distance learning study (\$150,000), industrial and technology education (\$50,000), and a placeholder for the education reform commission (\$100).</p>	<p>(25,523,100)</p>	<p>(14,023,100)</p>

23. School Aid Fund Cash Flow Borrowing. The Governor reduced this line by \$1.9 million, for a remaining total of \$9.5 million.	(1,900,000)	0
24. Economic Adjustments. Includes negative \$55,100 Gross and negative \$46,400 GF/GP for total economic adjustments, of which an estimated negative \$259,800 Gross and negative \$222,500 GF/GP is for legacy retirement costs (pension and retiree health).	(55,100)	(46,400)
Total Changes	\$327,903,200	(\$10,964,600)
FY 2021-22 Governor's Recommendation	\$15,853,068,000	\$40,000,000

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Membership Definitions for Pandemic Learning.** The Governor eliminated special membership provisions and definitions related to pandemic learning. The calculation of pupils in membership for FY 2021-22 would be 90% applied to the count of students in October 2021 plus 10% applied to the count of students in February 2021. (Sec. 6)
- Reduction to Cyber School Foundation Allowance.** The Governor proposed a 20% reduction. (Sec. 20)
- Removal of Requirement to Comply with MKEO.** The Governor proposed eliminating the Michigan Kindergarten Entry Observation (MKEO) tool and also removed the requirement that districts comply with administering the MKEO to receive the discretionary portion of their foundation allowance. (Secs. 22b and 104)
- Extension of Date - Adopt the Michigan Data Hub Network.** The Governor extended by one year the date by which 100% of districts adopt the Michigan Data Hub Network, from September 30, 2021 to September 30, 2022. (Sec. 22m)
- At Risk.** The Governor proposed to increase the percentage, from 30% to 35%, of the amount higher-funded districts receive in per-pupil at risk payments as compared to lower-funded districts. The Governor also added school community liaison personnel as an allowable use of up to 20% of at risk funds. Finally, in this section, the Governor also added a new allowable use of up to 10% of at risk funds for districts to provide evidence-based pre-kindergarten instructional and non-instructional services to children who meet at risk criteria. (Sec. 31a)
- 10 Cents a Meal Administrative Funding.** The Governor changed the funding designated for administration, from up to 10% by districts and 6% by MDE, to up to 10% for MDE and 1% for each project partner. (Sec. 31j)
- GSRP Longitudinal Study.** The Governor removed a requirement that the GSRP longitudinal study include data from kindergarten readiness assessments, and a requirement to use children wait-listed for comparison, along with a determination of the specific GSRP program that students attended the previous year. (Sec. 32d)
- Out-of-School Learning Opportunities.** The Governor added language for this new program where funds would be distributed to each ISD proportionate to the number of pupils enrolled in the ISD or its constituent districts who are economically disadvantaged. ISDs would be required to award funding to in-person summer programs that provide opportunities for students including out-of-school time providers, day camps, child care, and other programs with a successful track record of providing programming for youth, between 5/30/22 and 9/1/22. (Sec. 35g)
- GSRP Payment per Full-Day Slot.** The Governor increased the slot payment from \$7,250 to \$8,275. (Sec. 32d)
- MiSTEM.** The Governor broadened STEM (science, technology, engineering, and math) to include arts. (Sec. 99s)
- Adult Education.** The Governor proposed to change the payments for adult education from the amounts paid in FY 2018-19 to a formula based on each ISD's population aged 18-24 who are not high school graduates (60%), each ISD's proportion of population aged 25 and up who are not high school graduates (35%), and each ISD's proportion of the State population age 18 and up who lack basic English language proficiency (5%). (Sec. 107)
- Shared Time.** The Governor included new language requiring a district offering shared time programs to report each course for which participation by nonpublic or homeschool students exceeds 50% of all students. (Sec. 166b)
- 2020-21 Terms, Definitions, Provisions.** Throughout the bill, one-year provisions related to pandemic learning, days and hours, assessments, and more are removed. (Various sections)

Date Completed: 3-22-21

Fiscal Analyst: Kathryn Summers

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



Fiscal Years 2020-21 and 2021-22 Governor's Recommendations
 FY 2020-21 Year-to-Date, Supplemental Requests 2021-4 and 2021-6, and FY 2021-22

Items in Yellow are Technical in Nature

Items in Orange are Investment/Supplemental Requests

Section	Line Item Description	1/20/2021		2/11/2021	2/11/2021
		FY 2020-21 Year-to-Date PA 165 of 2020	FY 2020-21 Supplemental Request 2021-4	FY 2020-21 Supplemental Request 2021-6	FY 2021-22 Governor's Recommendation
11d	Per-Pupil Adjustment to State Aid	\$95,000,000			\$0
11j	School Bond Loan Fund Payments - Debt Service	\$111,000,000			\$111,000,000
11m	Cash Flow Borrowing Costs	\$11,400,000		(\$2,700,000)	\$9,500,000
11s	Flint Declaration of Emergency	\$8,075,100			\$8,075,100
11s	Educare	\$0			\$1,000,000
20f	Categorical Offset Payments	\$18,000,000			\$18,000,000
21h	Partnership Model Districts	\$6,137,400			\$6,137,400
22a	Proposal A Obligation Payment	\$4,880,500,000		(\$57,500,000)	\$4,729,000,000
22b	Discretionary Payment - State	\$4,566,500,000		(\$11,500,000)	\$4,698,800,000
22d	Isolated Districts Funding	\$7,000,000			\$7,140,000
22m	Technology Regional Data Hubs	\$2,200,000			\$2,200,000
24	Court-Placed Pupils	\$7,150,000		\$500,000	\$7,650,000
24a	Juvenile Detention Facilities	\$1,355,700			\$1,355,700
25f	Strict Discipline Academies	\$1,600,000			\$1,600,000
25g	Dropout Recovery	\$750,000			\$750,000
25i	Attendance Recovery	\$2,000,000			\$0
25j	Virtual Learning Supports	\$2,000,000			\$0
26a	Renaissance Zone Costs	\$15,300,000			\$15,300,000
26b	PILT Reimbursement	\$4,645,000			\$4,645,000
26c	Promise Zone	\$9,700,000		\$1,600,000	\$13,800,000
26d	ISD Brownfield Redevelopment Reimbursement	\$0			\$7,500,000
29a	Growing Districts Categorical	\$66,000,000		(\$16,000,000)	\$0
29b	Enrollment Stability Supports	\$0			\$200,000,000
31a	"At Risk" Pupil Support - Base	\$510,000,000			\$522,500,000
31a(7)	Child and Adolescent Health Centers	\$8,000,000			\$8,000,000
31a(8)	Vision/Hearing Screening	\$5,150,000			\$5,150,000
31a(17)	At Risk Hold Harmless	\$12,000,000			\$12,000,000
31d	School Lunch Programs - State Share	\$23,144,000		\$694,400	\$23,838,400
31d	School Lunch Programs - Federal Share	\$550,000,000			\$556,000,000
31f	School Breakfast	\$4,500,000		\$7,400,000	\$11,900,000
31j	Support of Local Produce in School Meals	\$2,000,000			\$2,000,000
31k	School Meal Debt	\$1,000,000			\$0
31n	School Mental Health	\$36,900,000			\$36,900,000
31p	Drinking Water Fixture Replacement	\$0		\$55,000,000	\$0
32d	Great Start - School Readiness	\$249,950,000			\$282,400,000
32p	Great Start Early Childhood Block Grants	\$13,400,000			\$13,400,000
35a(4)	Investment in Literacy Coaches for K-3 Teachers	\$31,500,000			\$31,500,000
35a(5)	Early Literacy District Grants	\$19,900,000			\$19,900,000
35a	Michigan Education Corps	\$2,773,000			\$0
35a(7)	Literacy Essentials	\$4,000,000			\$6,000,000
35b	Children's Choice Initiative	\$250,000			\$0
35d	Orton Gillingham Dyslexic Tool	\$500,000			\$0
35e	Boys and Girls Club	\$1,000,000			\$0
35f	Chaldean Community Foundation	\$500,000			\$0
35g	Out-of-School Learning Opportunities	\$0		\$60,000,000	\$60,000,000
35p	Student Recovery Payments	\$0		\$250,000,000	\$0
39a(1)	NCLB Federal DOE Grants	\$749,200,000		\$3,100,000	\$752,300,000
39a(2)	Other Non-NCLB Federal DOE Grants	\$55,000,000		\$1,500,000	\$56,500,000
39b	ESSER II Federal Funds	\$0	\$1,656,400,000		\$0
39b	ESSER II State School Aid Fund	\$0	\$300,000,000		\$0
39c	Federal GEER Funds (including EANS)	\$0		\$125,658,900	\$0
41	Bilingual Education	\$13,000,000			\$13,260,000
51a	Special Education - Federal IDEA	\$375,000,000			\$380,000,000
51a(2)	Spec. Ed. Foundations - State Share	\$307,500,000		\$8,600,000	\$329,900,000
51a(3)	Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000,000			\$1,000,000
51a(6)	Spec. Ed. Rules Change - State Share	\$2,200,000			\$2,200,000
51a(11)	Spec. Ed. Non Sec. 52 to ISDs - State Share	\$3,000,000		(\$600,000)	\$2,500,000
51c	Special Education Headlee - State Share	\$713,400,000		(\$11,400,000)	\$733,000,000
51d	Special Education - Other Federal	\$71,000,000			\$71,000,000
51f	Special Education - additional percentage reimbursement	\$60,207,000			\$61,407,000
53a	Court-Placed Spec. Ed. FTEs - State Share	\$10,500,000			\$10,500,000
54	MI School for Deaf and Blind - State Share	\$1,688,000			\$1,688,000
54b	Integrated Behavior and Learning Support (MiBLSi)	\$1,600,000			\$1,600,000
54d	Special Ed Taskforce - Early On	\$7,150,000			\$7,150,000
55	Conductive Learning Center	\$250,000			\$0
56	Spec. Ed. Millage Equalization - State Share	\$40,008,100			\$40,008,100
61a	Vocational Education	\$37,611,300			\$37,611,300



Fiscal Years 2020-21 and 2021-22 Governor's Recommendations
 FY 2020-21 Year-to-Date, Supplemental Requests 2021-4 and 2021-6, and FY 2021-22

Items in Yellow are Technical in Nature
 Items in Orange are Investment/Supplemental Requests

Section	Line Item Description	1/20/2021		2/11/2021	2/11/2021
		FY 2020-21 Year-to-Date PA 165 of 2020	FY 2020-21 Supplemental Request 2021-4	FY 2020-21 Supplemental Request 2021-6	FY 2021-22 Governor's Recommendation
61b	Career and Technical Education/Dual Enrollment	\$8,000,000			\$8,000,000
61d	CTE Incentive Payments	\$5,000,000			\$5,000,000
62	ISD Vocational Ed Millage Equalization	\$9,190,000			\$9,190,000
65	Detroit Precollege Engineering	\$400,000			\$400,000
67	College and Career Readiness Tools	\$3,000,000			\$3,000,000
67a	MITES	\$50,000			\$0
74	Bus Driver Safety Instruction	\$2,025,000			\$2,025,000
74	School Bus Inspections	\$1,789,500			\$1,780,800
81	ISD General Operations Support	\$69,138,000			\$70,521,000
94	Advanced Placement (AP) Incentive Program	\$1,200,000			\$1,200,000
94a	Center for Educ. Perf. and Information - State Share	\$16,848,900			\$18,802,500
94a	Center for Educ. Perf. and Information - Federal	\$193,500			\$193,500
94b	Connecting Information in Education Commission	\$100			\$0
95b	EVAAS	\$2,000,000			\$0
98	Michigan Virtual High School - State	\$7,500,000			\$7,500,000
98d	DPTV Online Curriculum	\$2,000,000			\$0
99h	Robotics	\$4,400,000			\$4,700,000
99h	Robotics for Nonpublics	\$300,000			\$0
99i	Women in Technology	\$150,000			\$0
99s(2)	Comprehensive STEM Initiative (Administration)	\$300,000			\$300,000
99s(3)	Comprehensive STEM Grants	\$3,050,000			\$3,050,000
99s(4)	Math/Science Centers - Federal	\$235,000			\$235,000
99s(4)	MiSTEM Network Regions	\$3,834,300			\$3,834,300
99s(6)	MiSTEM Professional Development and Curriculum	\$750,000			\$750,000
99t	Algebra Nation	\$1,000,000			\$0
99u	Imagine Learning (1/2 for reading; 1/2 for math)	\$1,500,000			\$0
99w	Fitness Foundation	\$400,000			\$0
99x	Teach for America	\$1,000,000			\$0
99z	Teacher Retention Incentives	\$5,000,000			\$0
104	Assessment Testing - State Share	\$31,009,400			\$29,509,400
104	Assessment Testing - Federal Share	\$6,250,000			\$6,250,000
104(16)	Virtual Learning Study	\$150,000			\$0
104f	Digital Literacy Training	\$500,000			\$0
107	Adult Education - State	\$30,500,000			\$30,500,000
147a(1)	MPSERS District Reimbursement	\$100,000,000			\$100,000,000
147a(2)	MPSERS Normal Cost for Lower AROR/Dedicated Gains	\$155,206,000			\$177,460,000
147c	MPSERS Rate Cap (Section 41 of MPSERS Act)	\$1,219,800,000			\$1,329,000,000
147e	MPSERS Additional Normal/DC Costs for PA 92 of 2017	\$51,400,000			\$65,300,000
152a	<i>Adair v State of Michigan</i>	\$38,000,500			\$38,000,500
152b	Nonpublic school health/safety reimbursement	\$0			\$0
TOTAL SCHOOL AID APPROPRIATIONS		\$15,525,164,800	\$1,956,400,000	\$414,353,300	\$15,853,068,000
REVENUE SOURCES					
11	Federal Aid	\$1,806,878,500	\$1,656,400,000	\$130,258,900	\$1,822,478,500
11	School Aid Fund (SAF)	\$13,589,621,600	\$300,000,000	\$221,994,400	\$13,918,589,400
11	General Fund/General Purpose	\$50,964,600	\$0	\$60,000,000	\$40,000,000
11	Community District Trust Fund/\$100 Flint Reserve	\$77,700,100	\$0	\$2,100,000	\$72,000,100
TOTAL REVENUE		\$15,525,164,800	\$1,956,400,000	\$414,353,300	\$15,853,068,000



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,586.0	1,586.0	0.0	0.0
GROSS	254,297,500	252,164,300	(2,133,200)	(0.8)
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	234,297,500	232,164,300	(2,133,200)	(0.9)
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	232,787,400	230,654,200	(2,133,200)	(0.9)
Less:				
Other State Restricted Funds.....	220,189,900	218,218,600	(1,971,300)	(0.9)
GENERAL FUND/GENERAL PURPOSE	12,597,500	12,435,600	(161,900)	(1.3)
PAYMENTS TO LOCALS	1,041,800	1,343,800	302,000	29.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$254,297,500	\$12,597,500
Changes from FY 2020-21 Year-to-Date:		
1. Motorcycle Safety Fund Fee Increase. The Governor increased the funding authority from this fund due to increased revenue receipts resulting from the fee increase in 2017.	300,000	0
2. Reinstatement Fee Revenue Adjustment. The Governor reduced funding because of decreased revenue receipts resulting from the elimination of driver responsibility fees and recent criminal justice reforms.	(1,204,300)	0
3. Transportation Administration Collection Fund (TACF) Shortfall. The Governor included a \$4 increase in the look-up fees from \$11 to \$15 per record. The additional revenue would alleviate a shortfall in the TACF of an estimated \$7.9 million in FY 2021-22. The fee increase would hold the General Fund harmless.	0	0
4. Economic Adjustments. Includes a negative \$1,228,900 Gross and a negative \$161,900 GF/GP for total economic adjustments, of which an estimated negative \$3,976,000 Gross and a negative \$290,800 GF/GP is for legacy retirement costs (pension and retiree health).	(1,228,900)	(161,900)
Total Changes	(\$2,133,200)	(\$161,900)
FY 2021-22 Governor's Recommendation	\$252,164,300	\$12,435,600

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Governor:** Moved boilerplate from the FY 2020-21 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 Federal, State restricted funds, local funds, and private funds. Federal funds limit increased from \$500,000 to \$2.0 million; State restricted increased from \$500,000 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 \$15 per record. The increased fee is estimated to bring in additional revenues totaling \$19.0 million annually. (CL 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. **Gifts, Donations, or Contributions.** The Governor added new language stating that revenue received may be used for the departmental functions relating to licensing, regulation, or safety. (CL Sec. 717)
6. **Redistricting Commission Report.** The Governor deleted the report 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 System Replacements.** The Governor deleted language requiring the Department to modernize and expand the entire system and remove existing programs from the legacy mainframes. (CL Sec. 722)
9. **Legacy Cost Estimates.** The Governor provided the following Legacy Costs estimates for FY 2021-22: total legacy costs estimated at \$29,398,500. Of that total, \$16,470,600 is for pension-related legacy costs and \$12,927,900 is for retiree health care legacy costs for the fiscal year ending September 30, 2022. (CL Sec. 725)

Date Completed: 3-22-21

Fiscal Analyst: Joe Carrasco, Jr.



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,596.0	3,651.0	55.0	1.5
GROSS	767,615,500	773,164,700	5,549,200	0.7
Less:				
Interdepartmental Grants Received	24,649,600	24,816,300	166,700	0.7
ADJUSTED GROSS	742,965,900	748,348,400	5,382,500	0.7
Less:				
Federal Funds	151,933,800	80,953,100	(70,980,700)	(46.7)
Local and Private	6,576,200	4,867,700	(1,708,500)	(26.0)
TOTAL STATE SPENDING	584,455,900	662,527,600	78,071,700	13.4
Less:				
Other State Restricted Funds	145,079,300	145,998,100	918,800	0.6
GENERAL FUND/GENERAL PURPOSE	439,376,600	516,529,500	77,152,900	17.6
PAYMENTS TO LOCALS	15,899,900	18,253,300	2,353,400	14.8

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$767,615,500	\$439,376,600

Changes from FY 2020-21 Year-to-Date:

- | | | | | | | | | | |
|---|---|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <ol style="list-style-type: none"> 1. Task Force on Jail and Pretrial Incarceration Training - FY 2021-22 One-Time. The Governor recommended the inclusion of the second of two years' funding for the 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"). 2. FY 2020-21 Trooper Recruit School Annualization. The Governor recommended funding for the full year FY 2021-22 costs of FY 2020-21 trooper recruit school graduates. 3. FY 2021-22 Trooper Recruit School. The Governor recommended new funding for a trooper school designed to graduate 50. Funding for this school would be appropriated via one-time school costs of \$4,885,500 GF/GP and ongoing costs of \$2,793,300 GF/GP. Also proposed is an attrition school designed to graduate 70, which would be funded by attrition savings of \$10.1 million GF/GP from existing revenue made available through attrition from the ranks of enlisted personnel. 4. Field Operations. The Governor recommended an additional \$3.2 million GF/GP to allow for expanded contractual services. | <table border="0"> <tr> <td>10,200,000</td> <td>10,200,000</td> </tr> <tr> <td>4,914,100</td> <td>4,914,100</td> </tr> <tr> <td>7,678,800</td> <td>7,678,800</td> </tr> <tr> <td>3,200,000</td> <td>3,200,000</td> </tr> </table> | 10,200,000 | 10,200,000 | 4,914,100 | 4,914,100 | 7,678,800 | 7,678,800 | 3,200,000 | 3,200,000 |
| 10,200,000 | 10,200,000 | | | | | | | | |
| 4,914,100 | 4,914,100 | | | | | | | | |
| 7,678,800 | 7,678,800 | | | | | | | | |
| 3,200,000 | 3,200,000 | | | | | | | | |

5. Adjustment to Align Non-GF/GP Authorization with Available Funding. The Governor recommended aligning appropriated funds with actual available revenues, including IDGs (\$3,100), restricted (\$201,000) and \$2,306,300 in Federal funds.	2,102,200	0
6. Clean Slate Criminal Records Expungement Costs. The Governor recommended 3.0 FTEs and \$1,050,000 GF/GP to implement and support the maintenance of a record expungement process per PAs 187-193 of 2020.	1,050,000	1,050,000
7. State Emergency Operations Center. The Governor recommended an additional \$407,000 GF/GP to support increasing IT costs for the Center.	407,000	407,000
8. MCOLES Information Tracking System. The Governor recommended increasing restricted Medical Marihuana Regulatory authorization to support contractual cost increases for MCOLES Information and Tracking Network.	358,000	0
9. MCOLES Staffing Enhancement. The Governor recommended 2.0 FTEs and \$306,500 in Medical Marihuana Regulatory authorization to assist with MCOLES' increased law enforcement training, licensing, and investigative duties.	306,500	0
10. Public Safety Payroll Shift from Coronavirus Relief Funds to GF/GP. The Governor recommended \$47,361,100 GF/GP to supplant one-time FY 2020-21 support of MSP's public safety payroll with Federal CRF appropriations.	0	47,361,100
11. Michigan Public Safety Communications System Lease Transfer to the DTMB. The Governor recommended a transfer of public safety communications leasing funds to consolidate appropriations for the system within the DTMB.	(157,500)	(157,500)
12. FY 2020-21 Trooper School - One-Time. The Governor recommended the elimination of FY 2020-21 one-time costs for trooper schools.	(3,509,100)	(3,509,100)
13. Joint Task Force on Jail and Pretrial Incarceration Training - FY 2020-21 One-Time. The Governor recommended the elimination of funds for year one (FY 2020-21) of the two-year training project, which is recommended for funding of \$10.2 million in FY 2021-22.	(4,200,000)	(4,200,000)
14. Adjustment to Reflect FY 2020-21 Boilerplate Appropriations.	(29,530,000)	0
15. Unclassified Salaries. The Governor recommended a decrease from \$623,900 for FY 2020-21 to \$524,600 for FY 2021-22.	(99,300)	8,900
16. Economic Adjustments. Includes \$12,828,500 Gross and \$10,199,600 GF/GP for total economic adjustments, of which an estimated \$5,073,100 Gross and \$4,996,500 GF/GP is for legacy retirement costs.	12,828,500	10,199,600
Total Changes	\$5,549,200	\$77,152,900
FY 2021-22 Governor's Recommendation	\$773,164,700	\$516,529,500

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Payments to Locals.** The Governor amended language to update payments to reflect the executive recommendation. (Sec. 201)
2. **Acronyms and Definitions.** The Governor removed definitions of "core services" and "subcommittee" and "support services," terms currently used throughout out FY 2020-21 boilerplate. (Sec. 203)
3. **Disciplinary Action.** The Governor eliminated language prohibiting action against an employee for communicating with legislative staff. (Sec. 206)

4. **General Fund Lapse Report.** The Governor amended the language to shift the due date of the report from no later than November 30 to December 30 and removed a reference to "subcommittees." (Sec. 209)
5. **Contingency Fund Legislative Transfers.** The Governor amended language to increase the maximum of Federal fund transfers from \$2.0 million to \$8.5 million, increase the maximum for Restricted funds from \$4.0 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)
6. **Web-Based Fiscal Status Reporting.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO." (Sec. 211)
7. **Restricted Fund Balances Report.** The Governor amended language by changing that the Department shall "cooperate with the SBO" to "shall report to SBO." (Sec. 212)
8. **Quarterly Employee Status Reports.** The Governor deleted this reporting requirement. (Sec. 216)
9. **Work Project Expenditures.** The Governor deleted this section, which required that, to the extent possible, appropriations in part 1 not be spent until all existing work project funds for that same purpose have been spent. (Sec. 217)
10. **Administrative Board Transfers.** The Governor deleted this section that allows the Legislature to transfer funds via resolution should the Administrative Board transfer funds. (Sec. 218)
11. **Retention of Reports.** The Governor recommended elimination of this section, which requires the Department to receive and retain records. (Sec. 219)
12. **Policy Changes Made to Implement Public Acts.** The Governor deleted language that required the Department to report annually on policy changes made to implement recent public acts. (Sec. 220)
13. **Listing of Core Services Provided by the Department Under Part 1.** The Governor recommended elimination. (Sec. 223)
14. **Requires Notification Report Not Less Than 90 Days before Closure or Consolidation of Any State Police Post.** The Governor recommended elimination. (Sec. 224)
15. **Privatization Notification.** The Governor eliminated section that required the submission of a privatization plan to the Legislature at least 90 days before beginning efforts to privatize. (Sec. 225)
16. **Federal Revenue Receive and Expend Provision.** The Governor recommended removing language that placed a cap on Federal dollars allowed to be received and spent and removed reporting requirement. (Sec. 230)
17. **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. 231)
18. **Ticket Quotas.** The Governor recommended eliminating language prohibiting ticket quotas for infractions of the Vehicle Code. (Sec. 232)
19. **Payment of Court Judgments.** The Governor deleted language which requires a report of tentative plans of how to pay required court judgments against the Department. (Sec. 233)
20. **Coronavirus Relief Funds (CRF).** The Governor recommended the elimination of this section which requires CRF expenditures that had not occurred by December 30, 2020, to be deposited in the Unemployment Compensation Fund. (Sec. 234)
21. **Core Service Description/Performance Metrics/Reporting Requirements for Training Division.** The Governor recommended elimination of division goals. (Sec. 401)
22. **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, and removed performance metrics. (Sec. 402)
23. **Core Service Description/Performance Metrics/Reporting Requirements for MSP Forensic Science.** The Governor recommended amending the language, removing performance metrics. (Sec. 403)

24. **Core Service Description/Performance Metrics/Reporting Requirements for MSP Biometrics and ID.** The Governor recommended amending language, removing any performance metrics. (Sec. 404)
25. **Grants and Community Service Unit.** The Governor recommended adding language to include the recently acquired OKAY2Say program. (Sec. 406)
26. **School Safety Report.** The Governor recommended removal of a subsection of boilerplate that requires a report on school safety grants. (Sec. 407)
27. **Core Service Description/Performance Metrics/Reporting Requirements for MCOLES.** The Governor recommended removal of a performance metric requirement to update law enforcement within 120 days of enactment of new standards. (Sec. 501)
28. **Public Safety Officers Benefit Program.** The Governor recommended a new section that would create a Public Safety Officers Benefit Fund, appropriated in part 1 with GF/GP, and with a prohibition against lapsing funds. (Sec. 502)
29. **Core Service Description/Performance Metrics/Reporting Requirements for Post Operations.** The Governor recommended elimination of all performance metrics. (Sec. 601)
30. **Core Service Description/Performance Metrics/Reporting Requirements for Investigative Services.** The Governor recommended the elimination of all division goals and performance metrics. (Sec. 602)
31. **Core Service Description/Performance Metrics/Reporting Requirements for Tobacco Tax Enforcement.** The Governor recommended elimination of performance metrics. (Sec. 603)
32. **Core Service Description/Performance Metrics/Reporting Requirements for Fire Investigation Services.** The Governor recommended elimination of performance metrics. (Sec. 604)
33. **Core Service Description/Performance Metrics/Reporting Requirements for Intelligence Operations.** The Governor recommended elimination of all goals and performance metrics. (Sec. 701)
34. **Core Service Description/Performance Metrics/Reporting Requirements for Special Operations.** The Governor recommended the elimination of all goals and performance metrics, including for the Canine Unit, Bomb Squad, emergency support teams, aviation services, and property inspections by Capitol Security of State-owned and -leased facilities. (Sec. 702)
35. **Core Service Description/Performance Metrics/Reporting Requirements for Commercial Vehicle Regulation.** The Governor recommended eliminating performance metrics. (Sec. 703)
36. **Emergency Management and Homeland Security.** The Governor recommended removing language that places limits on receive-and-spend authority on Federal and restricted revenues, removing performance metrics, removing a requirement that funds in the Disaster and Emergency Contingency Fund not be spent unless approved by the State Budget Director and appropriations committees notified (including removal of monthly reports); removal of a requirement that upon a declaration of a state of emergency or disaster by the Governor, approval of the State Budget Director and notification of subcommittees and Fiscal Agencies, funds may be spent from any line item in part 1 for expenses incurred. The Governor also recommended the deletion of a requirement for a critical infrastructure report. (Sec. 704)
37. **Michigan Task Force on Jail and Pretrial Incarceration.** The Governor recommended continuation of this FY 2020-21 section, with updated information on recommended FY 2021-22 appropriation in the amount of \$10.2 million. (Sec. 801)

Date Completed: 3-22-21

Fiscal Analyst: Bruce Baker

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,133.0	3,141.0	8.0	0.3
GROSS	1,674,955,000	1,699,769,800	24,814,800	1.5
Less:				
Interdepartmental Grants Received	1,024,720,900	1,057,210,900	32,490,000	3.2
ADJUSTED GROSS	650,234,100	642,558,900	(7,675,200)	(1.2)
Less:				
Federal Funds	8,389,300	5,129,800	(3,259,500)	(38.9)
Local and Private	2,472,300	2,463,400	(8,900)	(0.4)
TOTAL STATE SPENDING	639,372,500	634,965,700	(4,406,800)	(0.7)
Less:				
Other State Restricted Funds	123,046,400	121,020,600	(2,025,800)	(1.6)
GENERAL FUND/GENERAL PURPOSE	516,326,100	513,945,100	(2,381,000)	(0.5)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$1,674,955,000	\$516,326,100

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|------------|------------|
| 1. IT Adjustments. The Governor included \$33.1 million in IDG adjustments to align IT support costs. | 33,138,500 | 0 |
| 2. Advanced Persistent Cyber Threats. The Governor included \$20.0 million GF/GP in one-time appropriations for cyber security improvements. | 20,000,000 | 20,000,000 |
| 3. Information Technology Investment Fund. The Governor included \$2.5 million GF/GP in ongoing appropriations to restore ITIF appropriations to previous levels, as well as \$15.0 million GF/GP in one-time funding for ITIF projects. | 17,500,000 | 17,500,000 |
| 4. State Psychiatric Hospital Special Maintenance. The Governor included \$15.0 million GF/GP for special maintenance projects at State psychiatric hospitals. | 15,000,000 | 15,000,000 |
| 5. Green Revolving Fund. The Governor included \$5.0 million GF/GP to capitalize a Green Revolving Fund for energy efficiency and renewable energy projects at State facilities. | 5,000,000 | 5,000,000 |
| 6. Legal Services Funding. The Governor included \$5.0 million GF/GP in one-time appropriations for potential litigation costs involving State agencies. | 5,000,000 | 5,000,000 |
| 7. SIGMA Data Storage and Agency Services. The Governor included \$1.7 million GF/GP to maintain funding for ongoing data storage and other agency costs. | 1,650,000 | 1,650,000 |

8. Veterans Homes Accounting Services. The Governor included \$1.0 million in interdepartmental grant funding and 8.0 FTEs to align accounting services provided to Veterans Homes.	1,051,900	0
9. Deferred Compensation. The Governor included \$400,000 in Deferred Compensation funds for the administration of Defined Contribution plans by the Office of Retirement Services (ORS).	400,000	0
10. Office of the Children's Ombudsman. The Governor included \$200,000 GF/GP to address staffing and IT needs within the Office.	200,000	200,000
11. Transfer of Radio Leases from MSP. The Governor included \$157,500 GF/GP in the Michigan Public Safety Communications System line item for radio leases that support public safety agencies including the Michigan State Police.	157,500	157,500
12. Survivor Benefits for Public Safety Officers. The Governor included \$43,000 GF/GP to provide benefits for survivors of public safety officers killed in the line of duty under Public Act 284 of 2016.	43,000	43,000
13. SBA Rent Adjustments. The Governor made net-to-zero adjustments to align State Building Authority rent appropriations with expenditures.	0	0
14. Removal of Venture Michigan II Line Item. The Governor removed the \$37.2 million GF/GP line item included in FY 2020-21 for the Venture Michigan Fund II voucher purchases.	(37,200,000)	(37,200,000)
15. Removal of FY 2020-21 One-Time Funding. The Governor removed \$31.4 million Gross and \$29.3 million GF/GP in one-time funding appropriated in FY 2020-21.	(34,655,000)	(29,305,000)
16. Statewide Cost Allocation Plan Adjustments (SWCAP). The Governor made annual SWCAP adjustments resulting in a Gross reduction of \$212,600.	0	(212,600)
17. Supplemental MSP Retirement Payments. The Governor adjusted spending on Michigan State Police retirement system supplemental payments with a \$27,000 GF/GP reduction.	(27,000)	(27,000)
18. Economic Adjustments. Includes negative \$2,444,100 Gross and negative \$186,900 GF/GP for total economic adjustments, of which an estimated negative \$11,037,100 Gross and negative \$2,060,300 GF/GP is for legacy retirement costs (pension and retiree health).	(2,444,100)	(186,900)
Total Changes	\$24,814,800	(\$2,381,000)
FY 2021-22 Governor's Recommendation	\$1,699,769,800	\$513,945,100

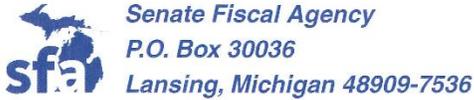
Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Contingency Funds.** The Governor doubled the amount appropriated in contingency funds. (Sec. 801)
2. **Maintenance and Services Carryforward.** The Governor modified this section to permit the carryforward of funds collected from user fees for certain maintenance and operations services provided to other agencies and entities. (Sec. 803)
3. **IT Contract Amendments Report.** The Governor modified language requiring the Department to report on IT contract amendments that result in cost changes in excess of \$250,000 to a threshold of \$500,000. (Sec. 809)
4. **Appropriation of Earned Federal and State Funds - Maintenance (NEW).** The Governor restored language appropriating Federal and State restricted funds up to the amounts that are earned from maintenance and remodeling initiatives undertaken with part 1 appropriations and requiring the Department to report those appropriations within 10 days of effectuation. (Sec. 815)

5. **Request for Proposal (RFP) Privatization Factors.** The Governor deleted and declared unenforceable a section requiring an RFP issued for the purposes of privatization to include all factors for determining price. (Sec. 816)
6. **Appropriation of Earned Federal and State Funds - IT (NEW).** The Governor restored language appropriating Federal and State restricted funds up to the amounts that are earned from enterprisewide IT initiatives undertaken with part 1 appropriations. (Sec. 816)
7. **ORS Report.** The Governor deleted a section requiring the ORS to produce a report on various State retirement systems. (Sec. 821)
8. **Rates and Fees Report.** The Governor deleted a section requiring the Department to report on its fee and rate schedules used by State departments and agencies, which are available online. (Sec. 822d)
9. **Regional Prosperity Grants.** The Governor deleted a section detailing the Regional Prosperity Grants program. (Sec. 822f)
10. **New RFPs.** The Governor deleted a section requiring all new requests for proposals to be posted online. (Sec. 822n)
11. **Center for Shared Solutions Report.** The Governor deleted a required report on funding sources and expenditures related to agreements made by the DTMB to supply spatial information and technology services to the State and local governments or other entities. (Sec. 824)
12. **IT Expenditures by Agency Report.** The Governor modified the report due date from 30 to 45 days after the end of the fiscal quarter. (Sec. 830)
13. **Enterprise Portfolio Management Office (EPMO) Report.** The Governor deleted a section requiring the Enterprise Portfolio Management Office to make a quarterly report detailing key information on projects. (Sec. 830)
14. **Child Support Enforcement System Penalty Reporting.** The Governor deleted a section requiring the DTMB to report on Federal penalties related to the system as the system received full certification in 2003. (Sec. 832)
15. **ITIF Intent Language.** The Governor deleted a section stating that ITIF funds should be used to provide the modernization of State IT systems and customer interface improvements. (Sec. 836)
16. **Procurement Contract Procedures.** The Governor deleted a section requiring the DTMB to develop policies and procedures to include performance targets and performance-related liquidated damages for procurement contracts. (Sec. 838)
17. **EPMO Metrics.** The Governor deleted a section detailing metrics to be used by the EPMO. (Sec. 840)
18. **Statewide Broadband Grants.** The Governor deleted a section detailing the statewide broadband grant program that received a one-time appropriation in FY 2020-21. (Sec. 841)
19. **Capital Outlay Project Status Report.** The Governor deleted a required report on the status of previously authorized capital outlay projects. (Sec. 862)
20. **Green Revolving Fund.** The Governor included language for the creation and capitalization of a green revolving fund in the Department of Treasury to facilitate energy efficiency and renewable energy projects. (Sec. 901)

Date Completed: 3-22-21

Fiscal Analyst: Elizabeth Raczkowski



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,818.3	2,936.3	118.0	4.2
GROSS	5,107,470,600	5,236,519,200	129,048,600	2.5
Less:				
Interdepartmental Grants Received	4,063,100	4,044,800	(18,300)	(0.5)
ADJUSTED GROSS	5,103,407,500	5,232,474,400	129,066,900	2.5
Less:				
Federal Funds	1,424,196,100	1,448,519,000	24,322,900	1.7
Local and Private	81,682,000	81,682,000	0	0.0
TOTAL STATE SPENDING	3,597,529,400	3,702,273,400	104,744,000	2.9
Less:				
Other State Restricted Funds	3,597,529,400	3,702,273,400	104,744,000	2.9
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	2,125,342,100	2,196,114,200	70,772,100	3.3

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$5,107,470,600	\$0

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|------------|---|
| 1. Local Road and Bridge Construction. The Governor recommended Michigan Transportation Fund (MTF) increases because of revenue adjustments. | 52,841,100 | 0 |
| 2. Debt Service Increase. The Governor recommended increased debt payments, mostly from the State Trunkline Fund (STF). | 38,547,300 | 0 |
| 3. Transportation Economic Development Program. The Governor recommended restoring full funding to Targeted Industries funding after previous year redirection. | 12,807,400 | 0 |
| 4. Rail Operations and Infrastructure. The Governor recommended an increase based on Comprehensive Transportation Fund (CTF) revenue. | 5,618,200 | 0 |
| 5. Highway Maintenance Materials Increases. The Governor recommended additional funding for increased gravel and sand costs. | 4,108,800 | 0 |
| 6. Highway Maintenance Direct Force Increase. The Governor recommended an STF increase and 76 FTE increase to transition from seasonal maintenance employees to full time. | 3,500,000 | 0 |
| 7. Local Bus Operating. The Governor restored funding for bus operating costs to before-pandemic funding levels. | 3,000,000 | 0 |
| 8. Highway Maintenance in Monroe County. The Governor recommended STF funding and 42 FTEs to assume maintenance duties in Monroe County after the County ended its contract with the Department in FY 2019-20. | 2,900,000 | 0 |

9. Service Initiatives. The Governor recommended an increase based on CTF revenue.	2,829,300	0
10. State Trunkline Road and Bridge Construction. The Governor recommended an increase in Federal funding of \$29.2 million, offsetting a decrease in available STF funding.	1,881,200	0
11. Detroit Metro/Wayne County Airport. The Governor recommended an increase based on expected Qualified Airport Fund revenue.	897,000	0
12. Local Bridge Program. The Governor recommended an increase based on expected MTF revenue.	812,500	0
13. Intercity Services. The Governor recommended an increase based on expected CTF revenue.	800,000	0
14. Airport Safety, Protection, and Improvement Program. The Governor recommended an increase based on expected State Aeronautics Fund revenue.	500,000	0
15. Aviation Services. The Governor recommended an increase based on expected State Aeronautics Fund revenue.	413,600	0
16. Movable Bridge Statutory Increase. The Governor recommended an increase consistent with statutory requirements.	108,900	0
17. Marine Passenger Services. The Governor recommended an increase based on expected CTF revenue.	84,000	0
18. Van Pooling. The Governor recommended an increase based on expected CTF revenue.	45,000	0
19. Unclassified Salaries. The Governor recommended an increase for unclassified positions.	24,800	0
20. Interdepartmental Grant Adjustments. The Governor recommended a decrease in overall payments to other State departments.	(391,100)	0
21. Economic Adjustments. Includes a negative \$2,279,400 Gross and \$0 GF/GP for total economic adjustments, of which an estimated negative \$8,898,500 Gross and \$0 GF/GP is for legacy retirement costs (pension and retiree health).	(2,279,400)	0
Total Changes	\$129,048,600	\$0
FY 2021-22 Governor's Recommendation	\$5,236,519,200	\$0

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Internet Reporting.** The Governor altered a section to allow the MDOT to choose whether to post reports online or email them to selected recipients. (Sec. 204)
2. **State Budget Office Lapse Reporting.** The Governor amended a section to move the reporting date for GF/GP lapse back a month to December 31. (Sec. 209)
3. **Contingency Fund Authorization.** The Governor raised contingency Federal and State restricted contingency fund authorization from \$40.0 million and \$5.0 million to \$200.0 million and \$40.0 million, respectively. (Sec. 210)
4. **Removed - Disciplinary Action.** The Governor removed a section prohibiting disciplinary action against employees who communicate with the Legislature. (Sec. 215)
5. **Removed - Report on Remote Work.** The Governor removed a section requiring MDOT to report on cost savings from remote work. (Sec. 216)
6. **Removed - Exhausting Work Project Funding.** The Governor removed a section requiring MDOT to exhaust work project authorization before spending appropriations. (Sec. 217)

7. **Removed - Intertransfer of Funds following Administrative Board Action.** The Governor removed a section allowing the Legislature to transfer funds by concurrent resolution in response to a transfer by the Administrative Board. (Sec. 218)
8. **Removed - Record Retention.** The Governor removed a section requiring MDOT to retain copies of all reports funded from appropriations. (Sec. 219)
9. **Removed - Policy Reporting.** The Governor removed a section requiring MDOT to report on all policy changes made to implement public acts. (Sec. 220)
10. **Removed - Use of Remanufactured Parts.** The Governor removed a section requiring MDOT use remanufactured parts for its vehicle fleet. (Sec. 270)
11. **Bridge Authority Hearings.** The Governor removed a subsection requiring bridge authorities hold public hearings before raising tolls. (Sec. 301)
12. **Removed - Competitive Leasing.** The Governor removed a section requiring MDOT to lease space on public transportation properties at competitive market rates. (Sec. 305)
13. **Contract Reporting.** The Governor removed language from subsections requiring reporting on MDOT's interdepartmental contracts. (Sec. 306)
14. **Removed - MDOT Real Property.** The Governor removed a section requiring MDOT to report on the value of real estate owned by the Department. (Sec. 308)
15. **Removed - Employee Monitoring.** The Governor removed a section requiring MDOT to report on all employee monitoring efforts and systems. (Sec. 309)
16. **Removed - State Infrastructure Bank Report.** The Governor removed a subsection requiring MDOT to report on the balance of the State Infrastructure Bank. (Sec. 313)
17. **Removed - Rest Area Signage.** The Governor removed a section requiring MDOT to post signs at rest areas. (Sec. 319)
18. **Removed - Freedom of Information Act Compliance.** The Governor removed a section requiring MDOT to report on Freedom of Information Act requests. (Sec. 328)
19. **Removed - Contract Payment.** The Governor removed a section requiring MDOT to report on contractor payments. (Sec. 353)
20. **Removed - Local Federal Aid Projects.** The Governor removed a section requiring MDOT to review all local Federal aid project submittals within 120 days after receipt. (Sec. 357)
21. **Removed - Groundbreaking Ceremonies.** The Governor removed a section prohibiting payments for groundbreaking ceremonies. (Sec. 375)
22. **Removed - Signage Study Ban.** The Governor removed a section prohibiting MDOT from studying the relationship between signage and highway safety. (Sec. 376)
23. **Removed - Contracting with Former Directors.** The Governor removed a section prohibiting MDOT from contracting with a vendor at which a former Director is employed for contracts in excess of \$100,000. (Sec. 377)
24. **Removed - Hazardous Materials Routing.** The Governor removed a section requiring MDOT to produce a report on hazardous materials routing. (Sec. 378)
25. **Removed - E-Verify Requirement.** The Governor removed a section requiring contractors and subcontractors to use the E-Verify system to verify employees are authorized to work in the US. (Sec. 381)
26. **Removed - Final Cost-Sharing.** The Governor removed a section requiring MDOT to submit final cost-sharing bills to local governments within two years of contract payment. (Sec. 382)
27. **Removed - Transporting Legislators.** The Governor removed a section prohibiting MDOT from transporting legislators without the approval of the Senate Majority Leader or the Speaker of the House. (Sec. 383)
28. **Removed - Toll Credit Reporting.** The Governor removed a section requiring MDOT to report on the toll credit program. (Sec. 386)

29. **Removed - Traffic Study Reporting.** The Governor removed a section requiring MDOT to report on traffic studies. (Sec. 387)
30. **Removed - Long-Term Contract Reporting.** The Governor removed a section requiring MDOT to report on any contractor agreements over five years or \$5.0 million. (Sec. 389)
31. **Removed - Restricted Fund Balances.** The Governor removed a section requiring MDOT to report on previous year restricted fund balances within 14 days of the release of the budget recommendation. (Sec. 390)
32. **Removed - Motor Fuel Quality.** The Governor removed a section prohibiting motor fuel testing. (Sec. 391)
33. **Removed - Best Transit Practices.** The Governor removed a section requiring MDOT to employ best practices related to transit services. (Sec. 393)
34. **Removed - Preserving Existing Roadways.** The Governor removed a section requiring MDOT and local agencies to prioritize existing roadways. (Sec. 394)
35. **Removed - Minimum Expenditure on Preventive Maintenance.** The Governor removed a section requiring MDOT to spend at least 10% of its road and bridge construction appropriation on capital preventive maintenance. (Sec. 399)
36. **Removed - Informational Meetings for Local Governments.** The Governor removed a section requiring that MDOT host informational meetings to help local governments understand State and Federal grant and loan programs. (Sec. 505)
37. **Removed - Warranties.** The Governor removed a section requiring MDOT to evaluate and update existing warranty policies. (Sec. 601)
38. **Removed - Contract Incentives & Disincentives.** The Governor removed a section requiring MDOT establish and report on contract incentives and disincentives for trunkline projects. (Sec. 612)
39. **Removed - Project Reporting.** The Governor removed a section requiring MDOT to report on several aspects of all capital Federal aid participating construction projects. (Sec. 613)
40. **Removed - Alternative Road Surface Materials.** The Governor removed a section requiring MDOT to report on the use of alternative road surface materials. (Sec. 660)
41. **Removed - Innovative Stakeholder Group.** The Governor removed a section creating the Innovative Stakeholder Group responsible for the review of innovative materials and design. (Sec. 661)
42. **Removed - Rail Line Abandonment.** The Governor removed a section requiring MDOT to report to the Legislature when a railroad company has filed to abandon a line. (Sec. 703)
43. **Removed - Rail Operations and Infrastructure Report.** The Governor removed a section requiring MDOT to report on rail operations and infrastructure programs. (Sec. 704)
44. **Removed - Ride-sharing for Medical/Elderly.** The Governor removed a section requiring elderly and medical transit programs solicit proposals for ride-sharing companies to provide 50% service. (Sec. 719)
45. **Removed - Farebox Goal.** The Governor removed a section encouraging transit agencies achieve a farebox recovery rate of 6%. (Sec. 720)
46. **NEW - Upper Peninsula Propane.** The Governor added a section setting aside \$10.0 million for a rail freight project to deliver and distribute propane to the Upper Peninsula. (Sec. 736)
47. **Removed - Meeting with Rail.** The Governor removed a section requiring MDOT to meet with the rail industry twice a year. (Sec. 752)
48. **Removed - Marine Passenger Spending.** The Governor removed a section directing the expenditure of the Marine Passenger appropriation. (Sec. 753)

Date Completed: 3-22-21

Fiscal Analyst: Michael Siracuse

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



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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	113,735,000	99,064,000	(14,671,000)	(12.9)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	113,735,000	99,064,000	(14,671,000)	(12.9)
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	113,735,000	99,064,000	(14,671,000)	(12.9)
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	113,735,000	99,064,000	(14,671,000)	(12.9)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

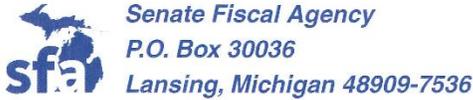
	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$113,735,000	\$113,735,000
Changes from FY 2020-21 Year-to-Date:		
1. Great Lakes Water Quality Bond. The Governor increased debt service payments to this bond because of projected new bond issuances for FY 2021-22. This would increase total debt service payments to \$71,983,000.	24,383,000	24,383,000
2. Clean Michigan Initiative. The Governor reduced debt service payments to this bond because of changes to existing debt service payments. This would decrease total debt service payments to \$23,771,000.	(25,743,000)	(25,743,000)
3. Quality of Life Bond. The Governor reduced debt service payments to this bond because of changes to existing debt service payments. This would decrease total debt service payments to \$3,310,000.	(13,311,000)	(13,311,000)
Total Changes	(\$14,671,000)	(\$14,671,000)
FY 2021-22 Governor's Recommendation	\$99,064,000	\$99,064,000

Boilerplate Changes from FY 2020-21 Year-to-Date: None

Date Completed: 3-22-21

Fiscal Analyst: Cory Savino

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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,924.5	1,924.5	0.0	0.0
GROSS	758,483,500	625,135,900	(133,347,600)	(17.6)
Less:				
Interdepartmental Grants Received	13,112,800	13,073,500	(39,300)	(0.3)
ADJUSTED GROSS	745,370,700	612,062,400	(133,308,300)	(17.9)
Less:				
Federal Funds	27,421,800	27,361,400	(60,400)	(0.2)
Local and Private	13,088,400	13,063,000	(25,400)	(0.2)
TOTAL STATE SPENDING	704,860,500	571,638,000	(133,222,500)	(18.9)
Less:				
Other State Restricted Funds	447,428,300	447,723,800	295,500	0.1
GENERAL FUND/GENERAL PURPOSE	257,432,200	123,914,200	(133,518,000)	(51.9)
PAYMENTS TO LOCALS	247,351,800	238,834,700	(8,517,100)	(3.4)

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$758,483,500	\$257,432,200

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|-----------|-----------|
| 1. Wrongful Imprisonment Compensation Fund. The Governor increased deposits into the Wrongful Imprisonment Compensation Fund from \$3.0 million GF/GP to \$10.0 million GF/GP in FY 2021-22. | 7,000,000 | 7,000,000 |
| 2. Recreational Marihuana Grants. The Governor increased the appropriations from the Marihuana Regulation Fund for grants to locals from \$23.4 million to \$30.0 million in FY 2021-22. | 6,600,000 | 0 |
| 3. Local First Responder Training and Recruitment Grants. The Governor included \$5.0 million GF/GP in one-time appropriations to support local efforts to recruit and improve training for first responders. | 5,000,000 | 5,000,000 |
| 4. Unisys Mainframe and Servers. The Governor included \$2.6 million GF/GP in Information Technology and Services to support increased costs associated with mainframe and maintenance costs. | 2,600,000 | 2,600,000 |
| 5. Payments in Lieu of Taxes. The Governor increased Payments in Lieu of Taxes \$2,183,200 Gross and \$1,774,500 GF/GP to align with estimated payments to locals in FY 2021-22. | 2,183,200 | 1,774,500 |
| 6. Primary Information Technology System Support. The Governor included \$2.0 million GF/GP to support replacement of Treasury's legacy collections systems. | 2,000,000 | 2,000,000 |

7. Senior Citizen Cooperative Housing. The Governor increased this line item \$500,000 GF/GP to account for two new qualified facilities in the City of Detroit and Farmington.	500,000	500,000
8. Dual Enrollment Payments. The Governor included an increase of \$167,400 GF/GP to align with estimated costs.	167,400	167,400
9. Home Heating Assistance. The Governor reversed an economic decrease to the Home Heating Assistance program to maintain funding.	2,000	0
10. Compulsive Gaming Prevention Fund. The Governor transferred the distribution to the Compulsive Gaming Prevention Fund to boilerplate resulting in a \$2.0 million Gross decrease in part 1 appropriations.	(2,000,000)	0
11. FY 2020-21 One-Time and Supplemental Removal. The Governor removed \$156,325,000 Gross and \$152,300,000 GF/GP in FY 2020-21 one-time and supplemental appropriations.	(156,325,000)	(152,300,000)
12. Economic Adjustments. Includes an adjustment of negative \$1,075,200 Gross and \$259,900 GF/GP for total economic adjustments, of which an estimated negative \$5,595,200 Gross and \$914,200 GF/GP is for legacy retirement costs (pension and retiree health).	(1,075,200)	(259,900)
Total Changes	(\$133,347,600)	(\$133,518,000)
FY 2021-22 Governor's Recommendation	\$625,135,900	\$123,914,200

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Deleted Sections.** The Governor deleted a number of sections, including 934 (Michigan Finance Authority report), 947 (Financial Independence Team cooperation requirement), 949l (Historic Preservation Tax Credit implementation), 949m (blight elimination grants), 949n (school district debt relief grants), 949o (disaster relief grants), 949p (teacher COVID-19 grants), 949q (school support staff COVID-19 grants).
- Contingency Funds.** The Governor doubled the contingency fund amounts for the Federal, Local, and Private funds. (Sec. 901)
- Notification of Revenue Administrative Bulletins.** The Governor modified the notification to the Legislature on Revenue Administrative Bulletins from the same day to five days after the guidance is posted. (Sec. 921)
- Good Jobs for Michigan Fund.** The Governor included a new section that requires that the funds in the Good Jobs for Michigan Fund be distributed in accordance with statute. (Sec. 949b)
- Marihuana Regulation and Taxation.** The Governor included a new section that requires that revenue generated from the Michigan Regulation and Taxation Act be used and distributed pursuant to the initiated law. (Sec. 949i)
- Horse Racing Regulatory Costs.** The Governor removed the directives if funding is higher or lower than the amount needed for the regulatory costs of conducting horse racing. (Sec. 978)
- Millionaire Party Oversight Report.** The Governor removed the Millionaire Party oversight report. (Sec. 979)
- Local First Responder Recruitment and Training Grants.** The Governor included a new section that appropriates the \$70.0 million for local first responder recruitment and training to support efforts to expand recruitment, improve training, and provide professional development and support to first responders. The section includes a cap of \$100,000 on the amount that a single applicant or program can receive. (Sec. 1201)
- Technical Modification.** The Governor updated amounts to reflect changes to appropriation in part one, dates, and the legacy cost estimates for FY 2021-22. (Secs. 915, 926, 948)

Date Completed: 3-22-21

Fiscal Analyst: Cory Savino

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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
Less:				
Other State Restricted Funds	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	1,382,187,300	1,367,563,900	(14,623,400)	(1.1)

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$1,382,187,300	\$0
Changes from FY 2020-21 Year-to-Date:		
1. Constitutional Revenue Sharing. The Governor recommended \$867,302,100 for constitutional revenue sharing for FY 2021-22, a 2.8% decrease from the January 2021 consensus revenue estimate for FY 2020-21.	(24,831,200)	0
2. City, Village, and Township Revenue Sharing. The Governor recommended a total of \$266,245,100 in FY 2021-22 for nonconstitutional or "statutory" payments to CVTs, a 2.0% increase from FY 2020-21. The increased amount was designated as one-time funding.	5,220,500	0
3. County Revenue Sharing and County Incentive Program. The Governor recommended \$231,516,700 for total payments to counties. This would be paid through two line items: \$188,097,900 for County Revenue Sharing and \$43,418,800 for the County Incentive Program. The Governor recommended increases of \$358,300 for County Revenue Sharing and \$89,500 for the County Incentive Program to cover the first full-year cost of Leelanau County, which re-entered State-paid revenue sharing in 2021. All counties would receive 106.6435% of statutory funding, a 2.0% increase from FY 2020-21. The 2.0% increase was designated as one-time funding.	4,987,300	0
Total Changes	(\$14,623,400)	\$0
FY 2021-22 Governor's Recommendation	\$1,367,563,900	\$0

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **CVT Revenue Sharing.** The Governor set the amount that an eligible local government can receive at 102.0% of its payment under Sec. 952(1) of PA 166 of 2020. (Sec. 952(1)). The Governor 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 2021-22 be 106.6435% of the payments for which counties are eligible under the Glen Steil State Revenue Sharing Act, increased from 104.5619% in FY 2020-21 (Sec. 955(1)). The Governor also removed the requirement that 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: 3-22-21

Fiscal Analyst: Ryan M. Bergan



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December 2020 <i>"FY 2020-21 Higher Education Appropriations Report"</i>	Appropriations Report	December 2019 <i>"FY 2019-20 Appropriations Report - Part II - Initial Appropriations"</i>	Appropriations Report
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Summer 2020 <i>"Information Technology Investment Fund: An Overview"</i> <i>"Michigan's Child Care Fund: History and Details of a Decentralized Juvenile Justice and Child Welfare System"</i> <i>"Tuition Incentive Program: An Update for 2020"</i> <i>"Emotional Support Animals: Reasonable Accommodations and Misrepresentation"</i>	State Notes	July 2019 <i>"FY 2017-18 Status of Lawsuits Involving the State of Michigan"</i>	Lawsuit Report
May 2020 <i>"Michigan's Economic Outlook and Budget Review FY2019-20, FY 2020-21, and FY 2021-22"</i>	Economic Outlook	May 2019 <i>"Michigan's Economic Outlook and Budget Review FY2018-19, FY 2019-20, and FY 2020-21"</i>	Economic Outlook
		April 2019 <i>"FY 2019-20 Appropriations Report - Part I - Governor's Recommendations"</i>	Appropriations Report

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*