

OVERVIEW OF GOVERNOR WHITMER'S FY 2021-22 BUDGET



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APPROPRIATIONS 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 2.0% proposed 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 School Aid Fund (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 \$588.2 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 2-4 compare the Governor's FY 2021-22 recommendation for Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2020-21 year-to-date appropriations. Table 5 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 6 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 7 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 8 and 9 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 \$588.2 million GF/GP. Table 10 shows that the \$588.2 million GF/GP increase consists of \$275.8 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 \$63.2 million GF/GP reduction due to fund shifts, and an increase of \$3.4 million due to economic and unclassified salaries' adjustments. Tables 11-16 provide the details for these changes.

The FY 2021-22 School Aid Fund budget changes proposed by the Governor are outlined in Table 17. As the table indicates, the net change in K-12 appropriations is an increase of \$327.9 million.

Tables 18-29 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 30 and 31. Tables 32-41 provide recent

State appropriation history. Figure D illustrates the recent history of GF/GP revenue collection and the statutory changes that have diverted money for specified purposes, which otherwise would have been available for the General Fund.

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

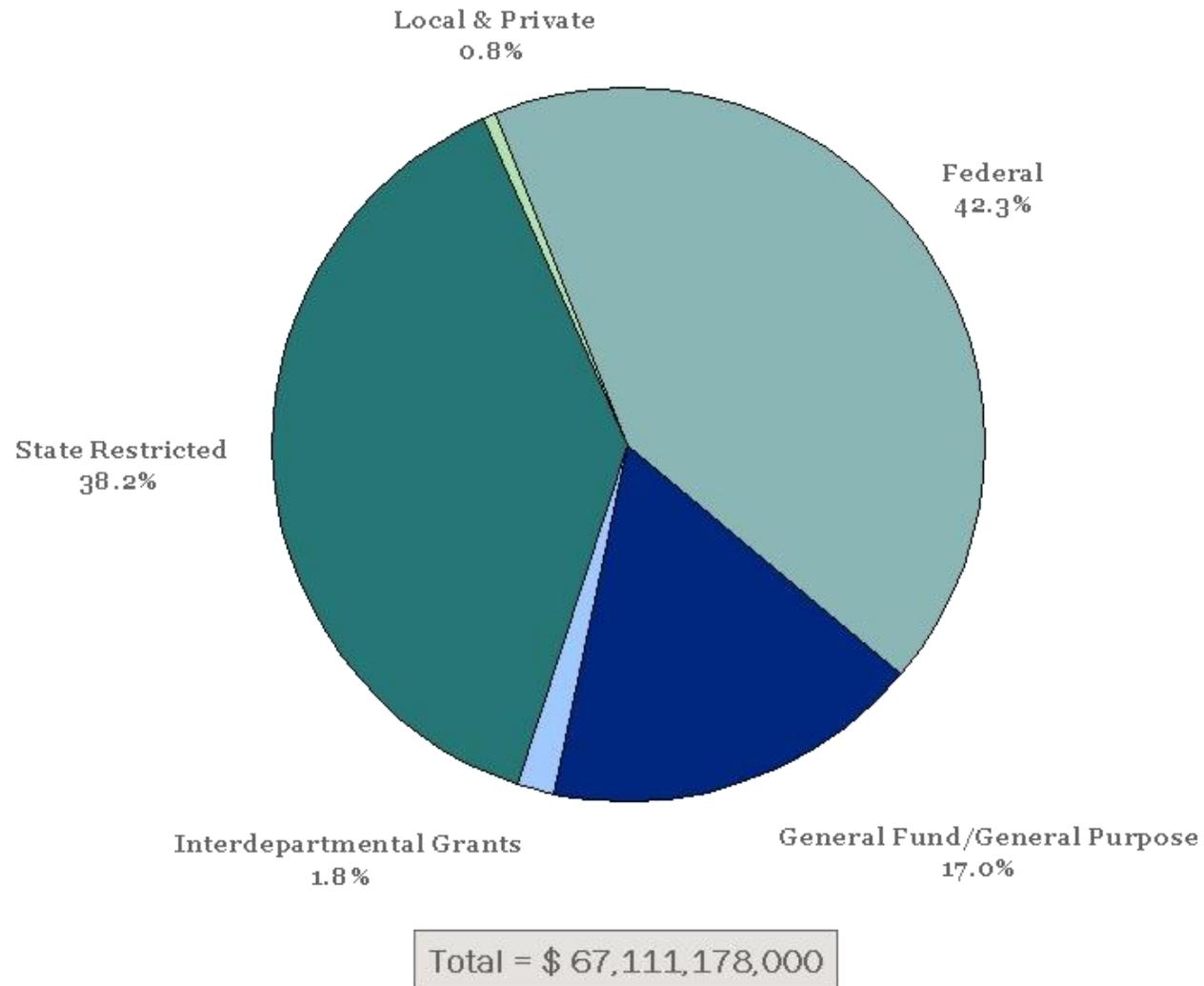
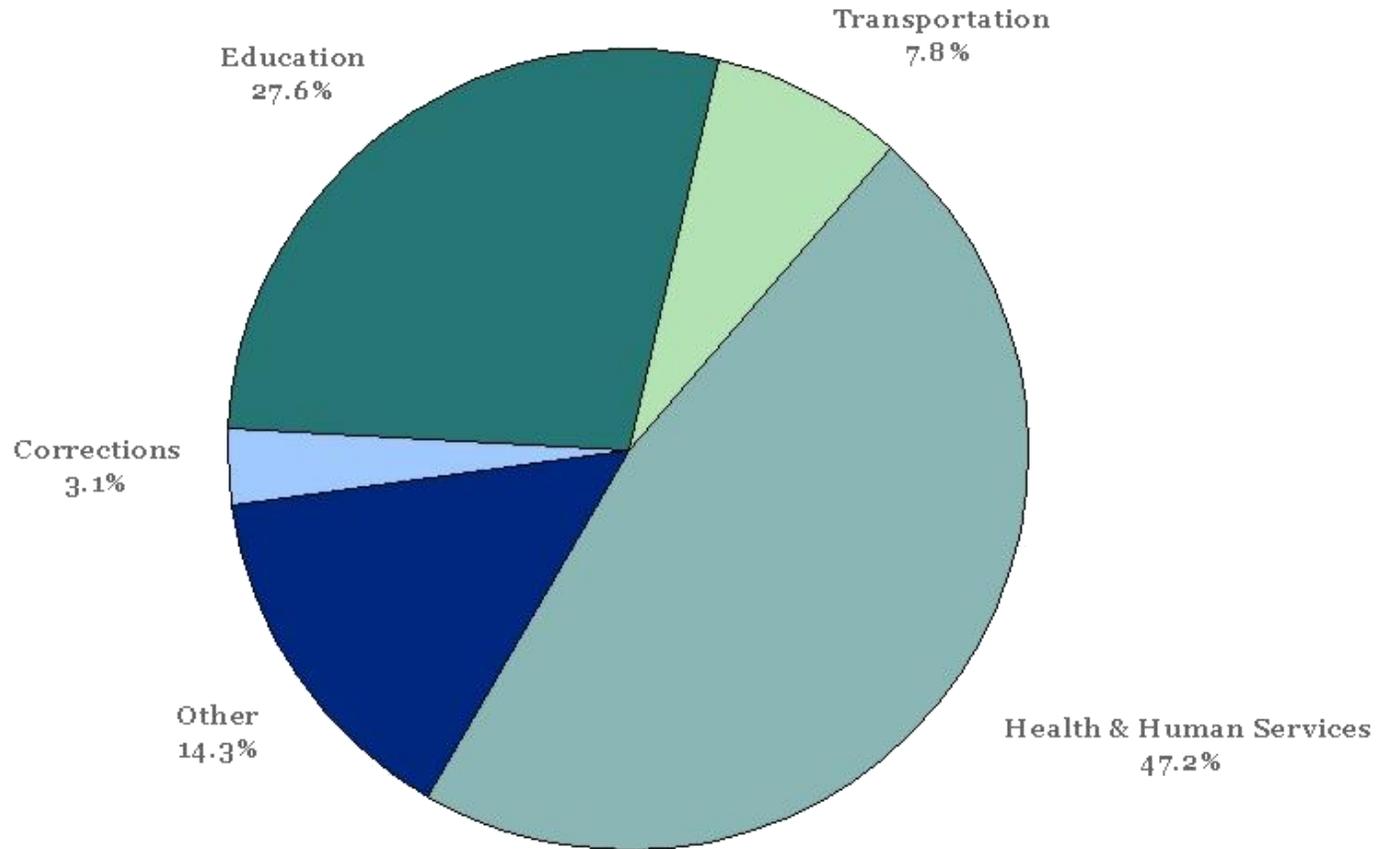


Figure B

Gross Appropriations by Major Category

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

Table 3

**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

Table 4

**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

Table 5

**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%

*As of February 8, 2021

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

Table 6

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

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 & 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
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

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

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
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 7

**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 8

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 Book-closing 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 9

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
Ongoing Revenue:			
Consensus Revenue Estimate (January 2021)	\$14,002.4	\$14,030.2	\$14,423.7
Other Revenue Adjustments:			
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
Non-ongoing Revenue:			
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:			
Ongoing Appropriations:			
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
One-Time and Other Appropriations:			
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

FY 2021-22 Gross and
GF/GP
Budget Changes

Table 10

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 11

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

FY 2021-22 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
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

Table 12

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 FY21 Savings Must Be Reflected in FY20 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

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

Budget Area/Program	Gross	GF/GP
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 FY22	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
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 FY21	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

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

Budget Area/Program	Gross	GF/GP
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 FY21	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 FY22	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
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 marijuana	648,000	0
Underground natural gas storage inspection program	352,500	0
Local indigent defense reimbursement.....	100,000	0

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

Budget Area/Program	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
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
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

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

Budget Area/Program	Gross	GF/GP
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
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 13

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 14

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		
MPSERS 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)

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

Budget Area/Program	Gross	GF/GP
One-Time Nonprofit mental health clinics.....	(200,000)	(200,000)
One-Time Senior citizen center program grants	(150,000)	(150,000)
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)

Table 15

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 Re-align 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)

Table 16

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.....	157,500	157,500
TOTAL PROGRAM TRANSFERS	\$0	\$0

FY 2021-22
School Aid
Budget Changes

School Aid

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 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 (GSRP) - 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 MPERS increased \$109.2 million primarily because of legislation enacted to phase-out assumed increases in wages; MPERS hold-harmless payments are expected to increase \$22.3 million; and MPERS defined contribution 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 Education

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 17

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
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)

FY 2021-22 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
Recommended Appropriation Eliminations or Reductions (continued):	
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

Major Budget Areas Appropriation Summaries

Capital Outlay, Community Colleges, and Higher Education

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 MPSERS-related adjustments, which would bring the total MPSERS 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 [Table 18](#).

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 [Table 19](#).

Finally, the Governor included an additional \$120.0 million GF/GP to fund the Michigan Reconnect Program in the Department of Labor and Economic Opportunity. Further details on the program and funding can be found on page 36.

Table 18

**FY 2021-22 COMMUNITY COLLEGE APPROPRIATIONS:
GOVERNOR'S RECOMMENDATION**

College	FY 2020-21 Year-To-Date	FY 2021-22 Governor's Recommendation		
		Adjustments	Appropriation	Percent Change
Alpena	\$5,767,500	\$116,500	\$5,884,000	2.0%
Bay de Noc	5,719,500	110,900	5,830,400	1.9
Delta	15,208,200	299,200	15,507,400	2.0
Glen Oaks	2,651,200	66,700	2,717,900	2.5
Gogebic	4,923,300	87,100	5,010,400	1.8
Grand Rapids	19,007,000	407,700	19,414,700	2.1
Henry Ford	22,557,600	402,100	22,959,700	1.8
Jackson	12,814,200	208,000	13,022,200	1.6
Kalamazoo Valley	13,163,700	291,000	13,454,700	2.2
Kellogg	10,328,700	191,200	10,519,900	1.9
Kirtland	3,394,800	48,400	3,443,200	1.4
Lake Michigan	5,711,300	109,300	5,820,600	1.9
Lansing	33,010,000	525,800	33,535,800	1.6
Macomb	34,319,500	640,400	34,959,900	1.9
Mid Michigan	5,309,200	145,500	5,454,700	2.7
Monroe	4,746,700	102,600	4,849,300	2.2
Montcalm	3,577,700	72,300	3,650,000	2.0
Mott	16,464,000	302,000	16,766,000	1.8
Muskegon	9,363,000	153,700	9,516,700	1.6
North Central	3,562,700	92,200	3,654,900	2.6
Northwestern	9,843,100	152,300	9,995,400	1.5
Oakland	22,246,800	478,500	22,725,300	2.2
Schoolcraft	13,236,500	302,000	13,538,500	2.3
Southwestern	7,016,600	133,700	7,150,300	1.9
St. Clair	7,388,600	168,400	7,557,000	2.3
Washtenaw	13,888,200	381,700	14,269,900	2.7
Wayne County	17,608,300	347,500	17,955,800	2.0
West Shore	2,612,100	43,300	2,655,400	1.7
Subtotal Operations:	\$325,440,000	\$6,380,000	\$331,820,000	2.0%
MPSERS Normal Cost Offset	\$12,394,000	(\$694,000)	\$11,700,000	(5.6%)
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0
MPSERS Reform Costs	83,900,000	3,300,000	87,200,000	3.9
Renaissance Zone Reimbursements	2,200,000	0	2,200,000	0.0
Total Appropriations:	\$425,667,600	\$8,986,000	\$434,653,600	2.1%
State School Aid Fund	\$425,667,600	\$8,986,000	\$434,653,600	2.1%
GF/GP	\$0	\$0	\$0	0.0%

Table 19
FY 2021-22 Higher Education Appropriations

University	FY 2020-21 Year-To-Date	Governor's Recommendation		
		FY 2021-22 Gov. Rec.	Dollar Change	Percent Change
Central	\$89,564,500	\$91,316,500	\$1,752,000	2.0%
Eastern	77,555,200	79,078,500	1,523,300	2.0
Ferris	55,934,300	57,091,800	1,157,500	2.1
Grand Valley	73,490,700	74,937,000	1,446,300	2.0
Lake Superior ¹	15,252,100	14,499,600	(752,500)	(4.9)
Michigan State	288,935,700	295,011,100	6,075,400	2.1
Michigan Tech	50,795,200	51,872,900	1,077,700	2.1
Northern	48,869,700	49,816,800	947,100	1.9
Oakland	53,413,500	54,544,300	1,130,800	2.1
Saginaw Valley	30,803,300	31,349,400	546,100	1.8
UM-Ann Arbor	322,931,100	329,485,100	6,554,000	2.0
UM-Dearborn	26,334,800	26,855,300	520,500	2.0
UM-Flint	23,964,400	24,433,500	469,100	2.0
Wayne State	203,458,900	207,526,300	4,067,400	2.0
Western	112,363,900	114,547,900	2,184,000	1.9
Subtotal University Operations:	\$1,473,667,300	\$1,502,366,000	\$28,698,700	1.9%
MPERS Reimbursement	\$11,695,000	\$13,495,000	\$1,800,000	15.4%
MPERS Normal Cost Offset	1,200,000	4,740,000	3,540,000	295.0
MSU AgBioResearch	34,937,300	35,636,000	698,700	2.0
MSU Extension	30,136,100	30,738,800	602,700	2.0
Higher Education Database	200,000	200,000	0	0.0
Midwest Higher Ed Compact	115,000	116,800	1,800	1.6
King-Chavez-Parks	2,691,500	2,691,500	0	0.0
Total Universities	\$1,554,642,200	\$1,589,984,100	\$35,341,900	2.3%
School Aid Fund	356,063,300	361,403,300	5,340,000	1.5
State GF/GP	\$1,198,578,900	\$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	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	\$141,983,200	(\$3,300,000)	(2.3%)
Federal Higher Ed Act	3,200,000	3,200,000	0	0.0
Federal TANF	122,826,400	119,526,400	(3,300,000)	(2.7)
State GF/GP	\$19,256,800	\$19,256,800	\$0	0.0%
TOTAL HIGHER EDUCATION				
TOTAL ALL FUNDS	\$1,699,925,400	\$1,731,967,300	\$32,041,900	1.9%
TOTAL FEDERAL	126,026,400	122,726,400	(3,300,000)	(2.6)
TOTAL STATE RESTRICTED	356,063,300	361,403,300	5,340,000	1.5
TOTAL STATE GF/GP	\$1,217,835,700	\$1,247,837,600	\$30,001,900	2.5%

¹ Governor's Rec. amount for LSSU reflects the removal of a \$1.0 million one-time passthrough payment to Bay Mills Community College.

Department of Labor and Economic Opportunity

The Governor's budget recommendation for the Department of Labor and Economic Opportunity 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 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 Department of Health and Human Services in FY 2020-21 and is recommended to continue in FY 2021-22 in the Department of Education budget. Finally, the Governor recommends \$2,820,000 in FY 2020-21 to support the Department of Education'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 the Department of Labor and Economic Growth, which are proposed 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 due to 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 only results in marginal savings of \$1.7 million GF/GP compared to the current FY 2020-21 budget, as the current budget only assumes the enhancement through December 2020. The actual savings from the enhancement would be in the range of \$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 a recognition 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 \$0.25 million GF/GP. Lastly, in awareness that the RTA legislative package will take effect 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 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/hour wage increase for Direct Care Workers that was implemented during the COVID-19 pandemic using Coronavirus Relief Fund 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 \$0.6 million 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 information technology 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 only receiving 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 range from 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, to 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 or debt obligations. All other requirements would remain the same

Summary of Other General Appropriation Issues

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% 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 (MSP) 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 23 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 GF/GP). The State's portion of the cost of longevity payments and employee health insurance is estimated to increase by \$1.3 million (\$0.6 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 (OERC), 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 OERC 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 23
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 unfunded accrued liabilities in the system, and Public Act 92 of 2017 implemented a cap on the rate employers pay toward the optional defined contribution plan, with any payments above the cap paid by the State. Public Act 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 unfunded accrued liabilities (which measure the difference between assets in the system and the value of all earned benefits, if those benefits had to be paid out today). Employers pay 20.96% applied to payroll to pay off the legacy debt, and the State is required to pay any annual payments in excess of that cap. For FY 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 assumed rate of return (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 unfunded accrued liability (UAL) payments, but not the increase in normal costs.

Under Public Act 92 of 2017, the State is required to pay any additional defined contribution costs in excess of 4.0% of payroll for participating employees. 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 24 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Beginning in FY 2012-13, the 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 24

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2021-22 Change
<u>State Employees' Retirement System</u>¹⁾				
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 25 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 25

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>	43.28%	40.36%	39.50%	36.01%	36.87%	36.01%	42.42%	42.21%
State Subsidy	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 26 outlines the FY 2021-22 estimated contributions to SERS and MPERS 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 26

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 (MPERS)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 MPERS (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 MPERS (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 unfunded accrued liability 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 State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs) and a payment toward the accrual of service credit in the future (normal costs). As shown on Table 26, the total contributions in 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 27 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 27**FY 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 28 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 the Department of Labor and Economic Opportunity; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in MDOT; and general obligation bonds in the Department of 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 the Department of Labor and Economic Opportunity.

Table 28

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 U.S. tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As [Table 29](#) illustrates, there are several transfers out of the tobacco settlement revenue before it is deposited into the Merit Award Trust Fund, where it is available for appropriation by the Legislature. Pursuant to law, \$75.0 million of the tobacco settlement revenue is earmarked each fiscal year, from FY 2007-08 through FY 2022-23, for the 21st Century Jobs Trust Fund. Also pursuant to law, \$17.5 million of the tobacco settlement revenue is deposited each fiscal year, from FY 2014-15 through FY 2034-35, into the Budget Stabilization Fund as repayment for 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 29
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:			
21st 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.....	\$57,565,140	\$66,499,600	\$4,599,310
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.....	\$43,869,700	\$63,881,400	\$20,011,700
MERIT AWARD TRUST FUND YEAR-END BALANCE	\$13,695,440	\$2,618,200	(\$11,077,240)

Data Source: State Budget Office

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.

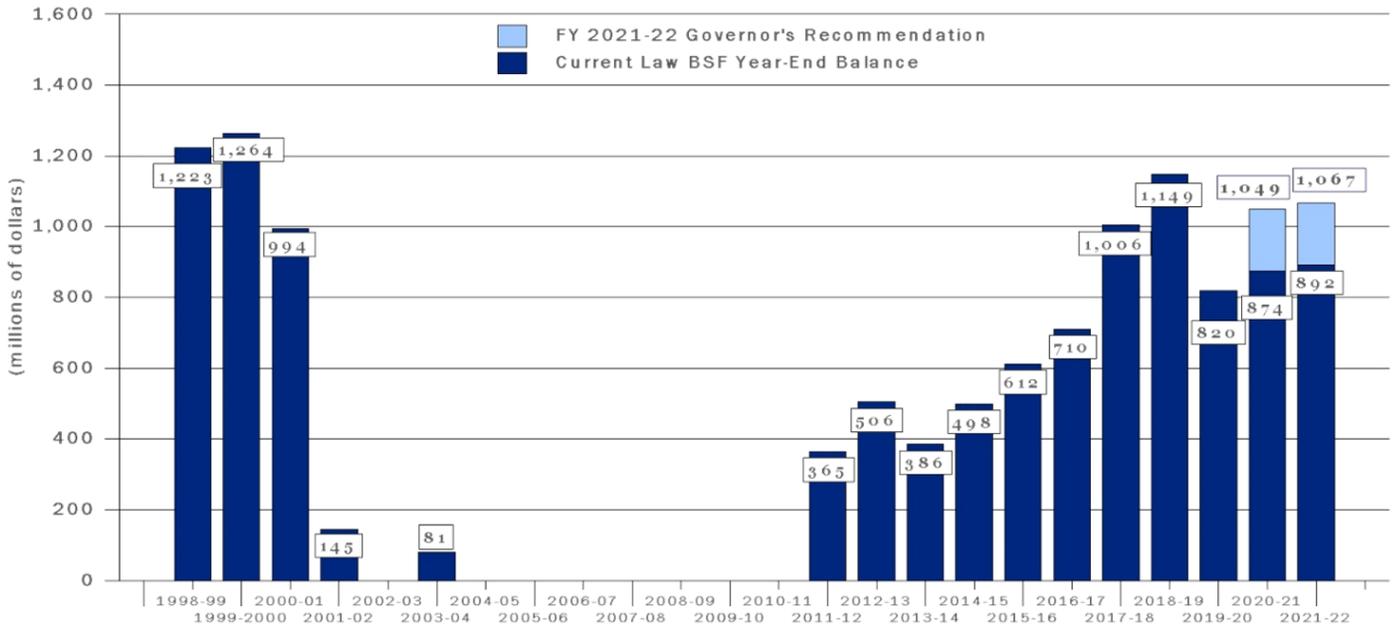
The Governor recommends a deposit of \$175.0 million to the BSF in FY 2020-21. If this deposit were enacted, it would bring the closing balance estimate for FY 2020-21 up to \$1,048.6 million. The closing balance estimate for FY 2021-22 would be \$1,067.1 million.

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 C](#).

Figure C

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**

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 30](#) 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 31](#).

Table 30

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 Healthy Michigan Plan caseload, which has grown by over 200,000 cases since the beginning of the COVID-19 pandemic. Human services base and caseload costs are actually 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). At present the wage increase would expire on February 28, 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 31

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
Health and Human Services (continued)				

FY 2020-21 SUPPLEMENTAL RECOMMENDATIONS BY FUND SOURCE

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
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

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 & 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

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)

Recent State Appropriation History

Table 32

ADJUSTED GROSS APPROPRIATION HISTORY (millions of dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
2005-06	\$41,322.7	\$1,414.2	3.5%
2006-07	41,851.8	529.1	1.3
2007-08	43,616.5	1,764.7	4.2
2008-09	47,942.0	4,325.5	9.9
2009-10	45,656.6	(2,285.3)	(4.8)
2010-11	48,089.6	2,433.0	5.3
2011-12	47,598.1	(491.6)	(1.0)
2012-13	47,758.6	160.6	0.3
2013-14	50,199.5	2,440.9	5.1
2014-15	53,247.0	3,047.5	6.1
2015-16	53,540.8	293.8	0.6
2016-17	54,574.3	1,033.5	1.9
2017-18	55,868.7	1,294.4	2.4
2018-19	58,340.7	2,472.0	4.4
2019-20	67,177.7	8,837.1	15.1
2020-21 (YTD)	61,974.6	(5,203.1)	(7.7)
2021-22 (Gov's Rec)	65,884.9	3,910.3	6.3
Change FY 2011-12 to FY 2021-22		\$18,362.3	38.6%
State and Local Gov't Price Deflator 10-Yr % Change			23.0%
Detroit CPI 10-Year Percent Change			15.0%
Note:	Does not include Budget Stabilization Fund appropriations of \$362.7 million, \$140.0 million, \$75.0 million, \$94.0 million, \$95.0 million, \$75.0 million, \$265.0 million, \$100 million, and \$35.0 million for FYs 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2020-21, respectively; includes \$147.1 million FY 2013-14 appropriation and \$82.9 million FY 2014-15 appropriation from the Roads and Risks Reserve Fund.		

Table 33

STATE SPENDING FROM STATE RESOURCES APPROPRIATION HISTORY (millions of dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
2005-06	\$27,704.0	\$1,418.7	5.4%
2006-07	27,928.6	224.6	0.8
2007-08	28,441.3	512.7	1.8
2008-09	26,309.9	(2,131.4)	(7.5)
2009-10	25,239.0	(1,070.8)	(4.1)
2010-11	26,266.7	1,027.7	4.1
2011-12	27,346.9	1,080.3	4.1
2012-13	27,847.1	500.2	1.8
2013-14	29,164.7	1,317.6	4.7
2014-15	29,867.7	703.0	2.4
2015-16	30,342.2	474.4	1.6
2016-17	31,223.0	880.8	2.9
2017-18	32,812.7	1,589.7	5.1
2018-19	34,368.2	1,555.5	4.7
2019-20	33,046.5	(1,321.7)	(3.8)
2020-21 (YTD)	35,642.7	2,596.1	7.9
2021-22 (Gov's Rec)	37,014.2	1,371.5	3.8
Change FY 2011-12 to FY 2021-22		\$9,667.3	35.4%
State and Local Gov't Price Deflator 10-Yr % Change			23.0%
Detroit CPI 10-Year Percent Change			15.0%
Note:	Does not include Budget Stabilization Fund appropriations of \$362.7 million, \$140.0 million, \$75.0 million, \$94.0 million, \$95.0 million, \$75.0 million, \$265.0 million, \$100 million, and \$35.0 million for FYs 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2020-21, respectively; includes \$147.1 million FY 2013-14 appropriation and \$82.9 million FY 2014-15 appropriation from the Roads and Risks Reserve Fund.		

Table 34

GENERAL FUND/GENERAL PURPOSE APPROPRIATION HISTORY (millions of dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
2005-06	\$9,106.3	\$403.5	4.6%
2006-07	9,118.7	12.4	0.1
2007-08	9,980.7	862.0	9.5
2008-09	8,568.7	(1,412.0)	(14.1)
2009-10	7,787.4	(781.2)	(9.1)
2010-11	8,424.6	637.2	8.2
2011-12	8,341.1	(83.6)	(1.0)
2012-13	9,024.2	683.2	8.2
2013-14	9,571.3	547.1	6.1
2014-15	9,691.1	119.8	1.3
2015-16	10,157.9	466.8	4.8
2016-17	10,057.5	(100.4)	(1.0)
2017-18	10,231.3	173.8	1.7
2018-19	10,559.6	328.3	3.2
2019-20	9,463.0	(1,096.5)	(10.4)
2020-21 (YTD)	10,845.5	1,382.4	14.6
2021-22 (Gov's Rec)	11,403.6	558.2	5.1
Change FY 2011-12 to FY 2021-22		\$3,062.5	36.7%
State and Local Gov't Price Deflator 10-Yr % Change			23.0%
Detroit CPI 10-Year Percent Change			15.0%
Note:	Does not include Budget Stabilization Fund appropriations of \$362.7 million, \$140.0 million, \$75.0 million, \$94.0 million, \$95.0 million, \$75.0 million, \$265.0 million, \$100 million, and \$35.0 million for FYs 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2020-21, respectively; includes \$147.1 million FY 2013-14 appropriation and \$82.9 million FY 2014-15 appropriation from the Roads and Risks Reserve Fund.		

Table 35

FEDERAL FUNDS APPROPRIATED IN MICHIGAN BUDGET (millions of dollars)			
Fiscal Year	Federal Funds	Adjusted Gross Appropriations	Federal as Percent of Total Adjusted Gross
2005-06	\$13,179.90	\$41,322.70	31.9%
2006-07	13,436.10	41,851.80	32.1
2007-08	14,669.50	43,616.50	33.6
2008-09	21,124.70	47,941.90	44.1
2009-10	19,940.90	45,656.60	43.7
2010-11	21,314.50	48,089.60	44.3
2011-12	19,730.50	47,598.10	41.5
2012-13	19,372.70	47,758.60	40.6
2013-14	20,500.20	50,199.50	40.8
2014-15	22,840.10	53,247.00	42.9
2015-16	22,799.40	53,540.80	42.6
2016-17	22,956.10	54,574.30	42.1
2017-18	22,671.80	55,868.70	40.6
2018-19	23,554.88	58,340.67	40.4
2019-20	33,673.57	67,177.73	50.1
2020-21 (YTD)	25,830.63	61,974.62	41.7
2021-22 (Gov's Rec)	28,358.29	65,884.89	43.0
Change FY 2011-12 to FY 2021-22	43.7%	38.6%	

Table 36

APPROPRIATED FULL-TIME EQUATED CLASSIFIED POSITIONS (FTEs) IN MICHIGAN STATE BUDGET			
Fiscal Year	FTEs	Change	Percent Change
2005-06	56,436.4	(591.9)	(1.0%)
2006-07	56,760.3	323.9	0.6
2007-08	57,041.7	281.4	0.5
2008-09	56,491.1	(550.6)	(1.0)
2009-10	55,597.2	(893.9)	(1.6)
2010-11	56,089.3	492.1	0.9
2011-12	54,795.5	(1,293.8)	(2.3)
2012-13	53,583.5	(1,212.0)	(2.2)
2013-14	52,797.5	(786.0)	(1.5)
2014-15	52,853.5	56.0	0.1
2015-16	52,702.9	(150.6)	(0.3)
2016-17	52,756.0	53.1	0.1
2017-18	53,010.5	254.5	0.5
2018-19	53,789.0	778.5	1.5
2019-20	53,940.6	151.6	0.3
2020-21 (YTD)	54,233.6	293.0	0.5
2021-22 (Gov's Rec)	54,233.6	293.0	0.5
Change FY 2011-12 to FY 2021-22		(1,255.8)	(2.2%)
State and Local Gov't Price Deflator 10-Yr % Change			23.0%
Detroit CPI 10-Year Percent Change			15.0%

Note: Includes exempt positions in Judiciary.

Table 37

SCHOOL AID K-12 APPROPRIATION HISTORY (millions of dollars)			
State-Funded K-12			
Fiscal Year	Appropriations	Dollar Change	Percent Change
2004-05	\$11,113.5	\$54.2	0.5%
2005-06	11,308.0	194.5	1.8
2006-07	11,597.0	288.9	2.6
2007-08	11,421.8	(175.2)	(1.5)
2008-09	11,097.8	(324.0)	(2.8)
2009-10	10,675.1	(422.7)	(3.8)
2010-11	10,803.4	128.3	1.2
2011-12	11,088.9	285.5	2.6
2012-13	11,211.0	122.1	1.1
2013-14	11,506.1	295.1	2.6
2014-15	11,865.8	359.7	3.1
2015-16	11,960.5	94.7	0.8
2016-17	12,323.2	362.7	3.0
2017-18	12,955.7	632.5	5.1
2018-19	13,065.3	109.6	0.8
2019-20	13,051.6	(13.7)	(0.1)
2020-21 (YTD)	13,718.3	666.7	5.1
2021-22 (Gov's Rec)	14,030.6	312.3	2.3
Change FY 2011-12 to FY 2021-22		\$2,941.7	26.5%
State and Local Gov't Price Deflator 10-Yr % Change			23.0%
Detroit CPI 10-Year Percent Change			15.0%

Table 38

PUPIL MEMBERSHIP HISTORY FY 1995-96 to FY 2021-22				
Blend Calculation	Fiscal Year	Local Districts	Charter Schools	Total
50/50	1995-96	1,610,130	4,790	1,614,920
50/50	1996-97	1,634,074	11,520	1,645,594
60/40	1997-98	1,651,011	19,202	1,670,213
60/40	1998-99	1,656,186	31,109	1,687,295
75/25	1999-2000	1,651,300	45,290	1,696,590
80/20	2000-01	1,649,085	55,072	1,704,157
80/20	2001-02	1,647,459	62,113	1,709,572
80/20	2002-03	1,647,531	67,336	1,714,867
80/20	2003-04	1,640,929	73,473	1,714,402
75/25	2004-05	1,626,289	81,491	1,707,780
75/25	2005-06	1,607,880	89,654	1,697,534
75/25	2006-07	1,584,435	96,627	1,681,062
75/25	2007-08	1,553,568	98,987	1,652,555
75/25	2008-09	1,517,714	102,030	1,619,744
75/25	2009-10	1,487,297	108,425	1,595,722
75/25	2010-11	1,457,160	112,276	1,569,436
90/10	2011-12	1,432,200	119,900	1,552,100
90/10	2012-13	1,405,599	130,390	1,535,989
90/10 CY	2013-14	1,374,800	147,828	1,522,628
90/10 CY	2014-15	1,356,640	151,368	1,508,008
90/10	2015-16	1,344,369	151,611	1,495,980
90/10	2016-17	1,338,231	152,933	1,491,164
90/10	2017-18	1,336,720	145,011	1,481,731
90/10	2018-19	1,323,703	145,318	1,469,021
90/10	2019-20	1,313,665	146,862	1,460,527
90/10	2020-21 Est.	1,301,100	148,000	1,449,100
90/10	2021-22 Est.	1,285,500	149,500	1,434,500

Table 39

STATE SPENDING PER PUPIL HISTORY			
Fiscal Year	State-Funded Approps. (millions of dollars)	Pupils (millions)	Appropriations Per Pupil
2005-06	11,308.1	1.6975	6,661
2006-07	11,597.0	1.6811	6,898
2007-08	11,421.8	1.6526	6,911
2008-09	11,097.8	1.6197	6,851
2009-10	10,675.1	1.5957	6,690
2010-11	10,803.4	1.5694	6,884
2011-12	11,088.9	1.5521	7,144
2012-13	11,211.0	1.5360	7,299
2013-14	11,506.1	1.5226	7,557
2014-15	11,865.8	1.5080	7,869
2015-16	11,960.5	1.4960	7,995
2016-17	12,323.2	1.4912	8,264
2017-18	12,955.7	1.4817	8,744
2018-19	13,065.3	1.4690	8,894
2019-20	13,051.6	1.4605	8,936
2020-21 (YTD)	13,718.3	1.4491	9,467
2021-22 (Gov's Rec)	14,030.6	1.4345	9,781

Table 40

K-12 SCHOOLS MINIMUM FOUNDATION ALLOWANCE HISTORY				
Fiscal Year	Enacted Per Pupil	After Reductions	Percent Change	
2004-05	\$6,700	\$6,700	1.1%	
2005-06	6,875	6,875	2.6	
2006-07	7,108	7,108	3.4	
2007-08	7,204	7,204	1.4	
2008-09	7,316	7,316	1.6	
2009-10	7,316	7,151	(2.3)	
2010-11	7,316	7,146	0.0	
2011-12	6,846	6,846	(4.2)	
2012-13	6,966	6,966	1.8	
2013-14	7,076	7,076	1.6	
2014-15	7,251	7,251	2.5	
2015-16	7,391	7,391	1.9	
2016-17	7,511	7,511	1.6	
2017-18	7,631	7,631	1.6	
2018-19	7,871	7,871	3.1	
2019-20	8,111	7,936	0.8	
2020-21 (YTD)	8,111	8,111	2.2	
2021-22 (Gov's Rec)	8,275	8,275	2.0	
10-Year Change	\$1,429	\$1,429		
10-Year % Change	20.9%	20.9%		
State and Local Gov't Price Deflator 10-Yr % Change			23.0%	
Detroit CPI 10-Year % Change			15.0%	

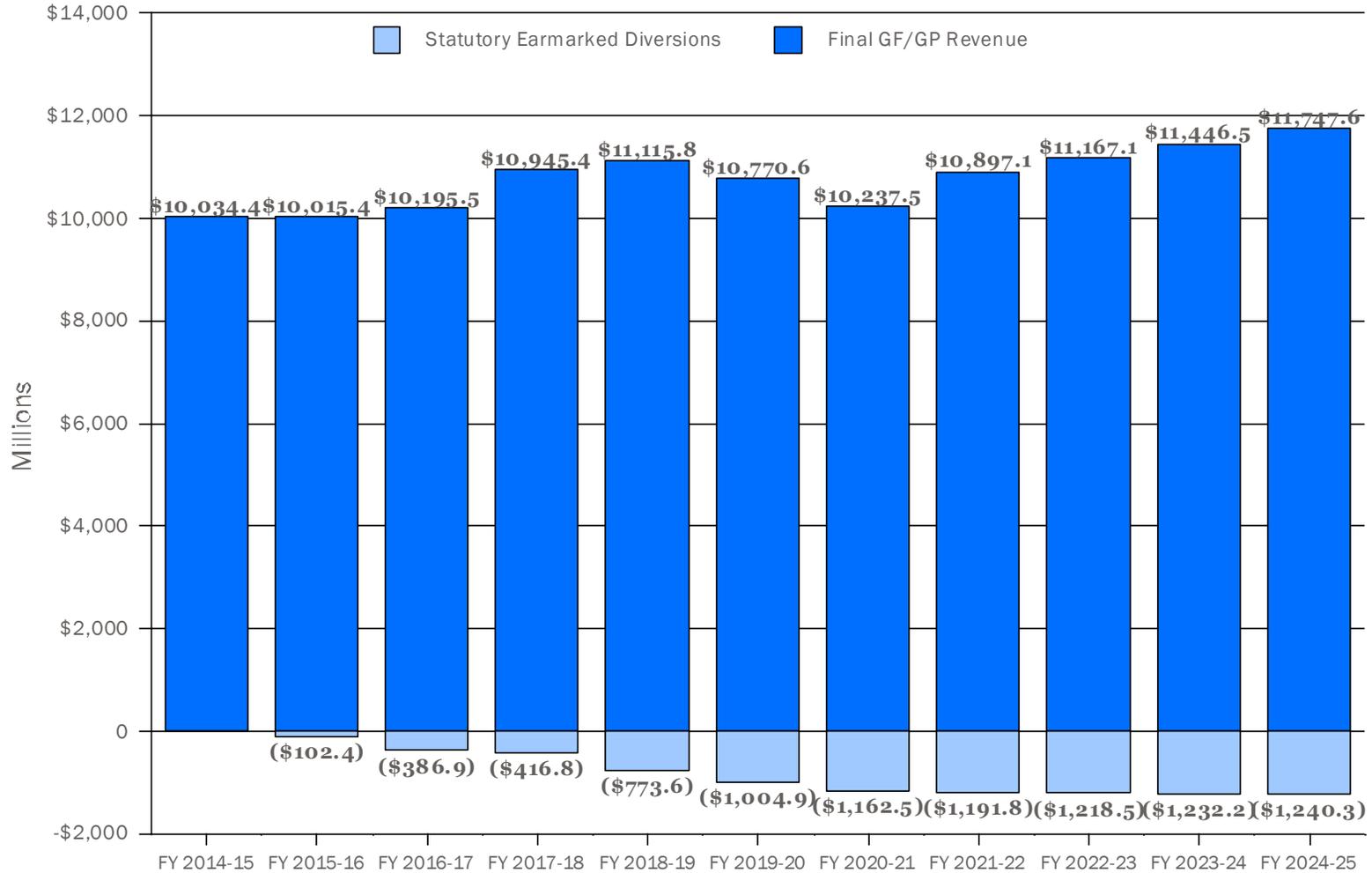
Table 41

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.				

Figure D

General Fund Revenue Growth

Actual Revenue and Statutory Earmarks Compared



Source: Senate Fiscal Agency, January 2021 Consensus Revenue Estimates

Note: Diversions exclude annually determined transfers, such as GF appropriations to the School Aid Fund, as well as any tax increases/decreases adopted concurrent with enacted diversions. Assumes the School Aid Fund Individual Income Tax earmark is restored to the level prior to PA 588 of 2018.