

**SENATE FISCAL AGENCY
MEMORANDUM**



DATE: June 29, 2023
TO: Members of the Michigan Senate
FROM: Kathryn R. Summers, Director
RE: Summary of the FY 2023-24 Appropriations Conference Reports

The Conference Committees for the Senate- and House-passed omnibus Conference Reports for the fiscal year (FY) 2023-24 State budget met on June 28, 2023. This memo provides a summary of those reports.

General Omnibus (Excluding School Aid, Higher Education, Community Colleges)

The General omnibus budget is contained in House Bill (HB) 4437 CR-1. The HB 4437 Conference Report includes FY 2023-24 Gross appropriations of \$57.4 billion and General Fund/General Purpose (GF/GP) appropriations of \$13.4 billion for State departments and budget areas. Funding for school aid, higher education, and community colleges is included in the Conference Report for Senate Bill (SB) 173 (S-3) (CR-1), which includes FY 2023-24 Gross appropriations of \$24.3 billion and GF/GP appropriations of \$1.8 billion. Combined, the FY 2023-24 Gross appropriations for the entire State budget are \$81.7 billion, or \$2.6 billion (3.3%), above the FY 2022-23 year-to-date amount (using a year-to-date spending level as of February 7, 2023, when the Executive budget was released). The combined GF/GP appropriations are \$15.2 billion, or \$1.8 billion (10.4%), below the FY 2022-23 year-to-date amount (as of 2/7/23).

The Conference Reports are based on the consensus revenue assumptions determined in May 2023 and do not include assumptions related to any monthly revenue adjustments reported since that time.

Table 1 lists the FY 2023-24 Gross appropriation amounts by budget area for the two Conference Reports. Table 2 lists the FY 2023-24 GF/GP appropriation amounts by budget area for the two Conference Reports. Included in the General omnibus, HB 4437, are FY 2022-23 supplemental appropriations for various State budget areas. The Conference Report for SB 173 also includes an FY 2022-23 supplemental for school aid and universities. Table 3 summarizes the FY 2022-23 supplemental appropriations.

Estimated Year-End Balances: General Fund/General Purpose

The FY 2022-23 and FY 2023-24 GF/GP balance sheet is outlined in Table 4 and is based on the May 2023 consensus revenue estimate of \$14.9 billion for FY 2022-23, and \$14.4 billion for FY 2023-24. The balance sheet revenue adjustments reflect ongoing earmarks from tax changes (not yet reflected in baseline revenues) and payments for revenue sharing. Based on these assumptions and including the \$3.1 billion estimated beginning balance, total FY 2023-24 estimated GF/GP revenue is \$15.7 billion.

On the expenditure side of the FY 2023-24 GF/GP balance sheet, the \$15.2 billion of spending in the Conference Reports represents a decrease of \$1.8 billion below current FY 2022-23 GF/GP appropriations (excluding appropriations for the Budget Stabilization Fund and proposed FY 2022-23 supplementals). If the FY 2022-23 supplementals included in the Conference Reports, and the additional \$200.0 million Budget Stabilization Fund deposits are taken into account, comparing FY 2023-24 estimated GF/GP revenue to FY 2023-24 estimated GF/GP expenditures shows an FY 2023-24 projected year-end GF/GP balance of \$393.8 million (all ongoing), which would be available to carry forward into subsequent fiscal years.



Table 1
FY 2022-23 and FY 2023-24 Gross Appropriations
(includes both ongoing and one-time appropriations)

Department/Budget Area	FY 2022-23 Year-to-Date*	FY 2023-24 Conference Reports	FY 2023-24 Conference Change to FY 22 YTD	
			Dollars	Percent
Agriculture and Rural Development.....	\$187,715,100	\$168,612,700	(\$19,102,400)	(10.2%)
Attorney General.....	118,273,000	142,798,400	24,525,400	20.7
Capital Outlay	487,400,000	0	(487,400,000)	(100.0)
Civil Rights	21,601,600	31,710,000	10,108,400	46.8
Community Colleges.....	529,758,000	544,517,500	14,759,500	2.8
Corrections.....	2,124,968,000	2,086,250,000	(38,718,000)	(1.8)
Education	420,581,000	647,380,900	226,799,900	53.9
Environment, Great Lakes, and Energy.....	728,654,300	1,051,611,900	322,957,600	44.3
Executive.....	8,533,600	8,905,400	371,800	4.4
Health and Human Services	33,438,302,800	35,734,583,000	2,296,280,200	6.9
Higher Education	2,016,635,700	2,291,048,800	274,413,100	13.6
Insurance and Financial Services.....	74,335,500	74,147,900	(187,600)	(0.3)
Judiciary	483,505,700	355,928,200	(127,577,500)	(26.4)
Labor and Economic Opportunity	4,689,486,200	2,869,264,800	(1,820,221,400)	(38.8)
Legislature	218,452,900	222,094,000	3,641,100	1.7
Licensing and Regulatory Affairs	539,834,400	627,940,900	88,106,500	16.3
Military and Veterans Affairs.....	362,366,000	248,340,400	(114,025,600)	(31.5)
Natural Resources	535,482,800	572,248,100	36,765,300	6.9
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	19,642,816,400	21,459,651,300	1,816,834,900	9.2
State.....	255,196,700	304,209,500	49,012,800	19.2
State Police.....	843,705,800	893,341,100	49,635,300	5.9
Technology, Management, and Budget.....	1,835,139,700	2,056,657,600	221,517,900	12.1
Transportation.....	6,129,448,900	6,626,549,900	497,101,000	8.1
Treasury-Debt Service	100,084,100	100,084,100	0	0.0
Treasury-Operations	1,604,358,500	877,625,300	(726,733,200)	(45.3)
Treasury-Revenue Sharing.....	1,627,796,000	1,663,359,200	35,563,200	2.2
Total Appropriations.....	\$79,024,432,700	\$81,658,860,900	\$2,634,428,200	3.3%

*Year-to-Date: As of February 7, 2023

Table 2
FY 2022-23 and FY 2023-24 GF/GP Appropriations
(includes both ongoing and one-time appropriations)

Department/Budget Area	FY 2022-23 Year-to-Date*	FY 2023-24 Conference Reports	FY 2023-24 Conference Change to FY 22 YTD	
			Dollars	Percent
Agriculture and Rural Development.....	\$122,989,800	\$92,781,800	(\$30,208,000)	(24.6%)
Attorney General.....	51,429,800	75,726,000	24,296,200	47.2
Capital Outlay	109,000,000	0	(109,000,000)	(100.0)
Civil Rights	18,633,500	28,741,900	10,108,400	54.2
Community Colleges.....	0	0	0	0.0
Corrections.....	2,080,108,300	2,029,495,900	(50,612,400)	(2.4)
Education	99,591,500	130,652,500	31,061,000	31.2
Environment, Great Lakes, and Energy.....	98,835,800	245,952,100	147,116,300	148.8
Executive.....	8,533,600	8,905,400	371,800	4.4
Health and Human Services	6,242,365,800	6,464,135,400	221,769,600	3.6
Higher Education	1,540,221,000	1,677,754,100	137,533,100	8.9
Insurance and Financial Services.....	0	0	0	0.0
Judiciary	370,774,900	250,218,100	(120,556,800)	(32.5)
Labor and Economic Opportunity	2,940,839,900	1,303,508,000	(1,637,331,900)	(55.7)
Legislature	204,074,800	207,140,800	3,066,000	1.5
Licensing and Regulatory Affairs	213,822,400	271,331,100	57,508,700	26.9
Military and Veterans Affairs.....	142,465,000	98,889,300	(43,575,700)	(30.6)
Natural Resources	94,404,000	88,054,500	(6,349,500)	(6.7)
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	124,200,000	87,900,000	(36,300,000)	(29.2)
State.....	12,679,300	13,324,700	645,400	5.1
State Police.....	572,709,200	607,564,000	34,854,800	6.1
Technology, Management, and Budget.....	657,109,000	832,699,500	175,590,500	26.7
Transportation.....	91,250,000	288,100,000	196,850,000	215.7
Treasury-Debt Service.....	100,084,100	100,084,100	0	0.0
Treasury-Operations.....	1,061,440,500	292,586,100	(768,854,400)	(72.4)
Treasury-Revenue Sharing.....	0	0	0	0.0
Total Appropriations.....	\$16,957,562,200	\$15,195,545,300	(\$1,762,016,900)	(10.4%)

*Year-to-Date: As of February 7, 2023

Table 3

Article 16: FY 2022-23 Supplemental Appropriations (General plus Education) House Bill 4437 (CR-1) and Senate Bill 173 (S-3) (CR-1)					
Department/Budget Area	FY 2022-23				
	FY 2022-23 Gross Appropriation	Federal Non-SFRF Appropriations	FY 2022-23 Federal SFRF Appropriation	FY 2022-23 Other Appropriation	FY 2022-23 GF/GP Appropriation
Agriculture and Rural Dev.	\$10,260,000	\$260,000	\$0	\$0	\$10,000,000
Attorney General	11,285,000	0	0	11,285,000	0
Civil Rights	750,000	0	0	0	750,000
Corrections	250,000	250,000	347,800,000	0	(347,800,000)
Education	21,869,800	16,621,500	0	630,200	4,618,100
Env., Great Lakes, and Energy	450,613,100	90,384,100	241,200,000	11,000,000	108,029,000
Health and Human Services	2,449,015,800	2,737,356,300	88,000,000	34,686,400	(411,026,900)
Judiciary	11,700,000	10,000,000	0	0	1,700,000
Higher Education	202,500,000	2,500,000	0	200,000,000	0
Labor and Economic Opportunity	2,017,634,600	1,616,944,600	95,000,000	100,250,000	205,440,000
Legislature	5,100,000	0	0	0	5,100,000
Licensing and Regulatory Affairs	1,001,000	366,000	0	635,000	0
Military and Veterans Affairs	3,200,000	0	0	0	3,200,000
Natural Resources	123,182,500	4,812,700	23,000,000	7,169,800	88,200,000
School Aid	549,346,000	7,800,000	0	541,396,000	150,000
State	11,575,000	0	0	11,575,000	0
State Police	21,890,000	0	0	11,890,000	10,000,000
Tech., Management, and Budget	84,065,200	23,877,100	0	0	60,188,100
Transportation	125,648,700	125,648,700	0	0	0
Treasury	18,099,000	0	0	3,400,000	14,699,000
Total Supplemental	\$6,118,985,700	\$4,634,321,000	\$795,000,000	\$933,917,400	(\$246,752,700)

Estimated Year-End Balances: School Aid Fund (SAF)

Table 5 provides the FY 2022-23 and FY 2023-24 SAF balance sheet using the May 2023 consensus revenue estimate of \$17.6 billion for FY 2022-23 and \$17.9 billion for FY 2023-24. The balance sheet outlined in Table 5 reflects the Conference Report for school aid, higher education, and community colleges included in SB 173 (S-3) CR-1.

On the expenditure side of the FY 2023-24 SAF balance sheet, there are \$19.1 billion of ongoing K-12 appropriations (including State plus Federal), \$2.3 billion in one-time K-12 appropriations, \$544.6 million of one-time and ongoing community college appropriations, and appropriations of \$482.3 million for universities. In addition, for FY 2022-23, \$200.0 million SAF is appropriated for higher education MPSERS retirement costs, which will assist with maintenance of effort costs associated with Federal stimulus dollars.

Comparing estimated FY 2023-24 SAF revenue to estimated FY 2023-24 SAF expenditures shows an FY 2023-24 projected year-end SAF balance of \$222.3 million.

Table 4
General Fund/General Purpose (GF/GP)
Revenue, Expenditures, and Year-End Balance Estimates
(millions of dollars)

	Conference FY 2022-23	Conference FY 2023-24
Revenue:		
Beginning Balance.....	\$7,463.5	\$3,140.2
<u>Ongoing Revenue:</u>		
Consensus Revenue Estimate (January 2023).....	\$14,777.9	\$15,092.2
Consensus Revenue Estimate Change (May 2023)	(989.9)	(1,853.9)
Subtotal: Unadjusted CREC Forecast (May 2023).....	\$13,788.0	\$13,238.3
SFA Adjustments: Restore temp. revenue losses to baseline (May 2023)	1,080.8	1,162.4
Adjusted CREC Forecast Ongoing Revenue Estimate (May 2023).....	\$14,868.8	\$14,400.7
<u>Other Ongoing Revenue Adjustments:</u>		
Adjustments (PPT hold harmless)	(\$75.0)	(\$75.0)
Liquor Purchase Revolving Fund – authorized distribution agent adj....	(18.5)	(19.1)
Revenue Sharing Payments.....	(525.6)	(551.8)
Subtotal Ongoing Revenue	\$14,249.7	\$13,754.8
<u>Non-Ongoing Revenue:</u>		
Legal Settlements/Redirection of Restricted Revenue.....	(\$2.6)	(\$2.6)
Additional year of EITC (FY 23 paid in FY 24)	0.0	(384.0)
Three-year CIT RAP earmark.....	(50.0)	(50.0)
Three-year CIT SOAR earmark.....	(500.0)	(500.0)
Income tax reduction (ie, trigger) - 4/10/23: AG opinion 1-year impact .	(530.8)	(228.4)
Revenue Sharing One-Time Payments.....	(4.9)	(10.5)
Subtotal Non-Ongoing Revenue.....	(\$1,088.3)	(\$1,175.5)
Total Estimated GF/GP Revenue Including Beginning Balance.....	\$20,624.9	\$15,719.6
Total Estimated GF/GP Revenue Excluding Beginning Balance.....	\$13,161.4	\$12,579.4
Expenditures:		
<u>Ongoing Appropriations:</u>		
Ongoing Appropriations.....	\$11,963.6	\$12,727.6
Ongoing Community District Trust Fund GF payment	0.0	28.2
Subtotal Ongoing Appropriations.....	\$11,963.6	\$12,755.8
<u>One-Time and Other Appropriations:</u>		
Estimated One-Time Appropriations	\$3,292.3	\$2,468.0
BSF Deposit	100.0	100.0
PAs 8, 9, 10 of 2023 - effective 90 days after sine die	0.0	2.1
Supplemental HB 4437	(246.9)	0.0
Enacted Supplementals.....	2,530.4	0.0
Treasury boilerplate appropriation.....	50.0	0.0
Additional K-12 GF for Community District Trust Fund (moved to ongoing)	22.4	0.0
Estimated Lapses	(227.2)	0.0
Subtotal One-Time and Other Appropriations	\$5,521.0	\$2,570.1
Total Estimated GF/GP Expenditures.....	\$17,484.6	\$15,325.8
Projected Year-End GF/GP Balance (Total)	\$3,140.2	\$393.8
Projected Year-End GF/GP Balance (Ongoing)	\$2,286.1	\$999.1
Projected Year-End GF/GP Balance (One-time)	\$854.2	(\$605.3)

Table 5
School Aid Fund (SAF)
Revenue, Expenditures, and Year-End Balance Estimates
(millions of dollars)

	Conference FY 2022-23	Conference FY 2023-24
Revenue:		
Beginning Balance	\$4,622.5	\$1,735.7
<u>Ongoing Revenue:</u>		
Consensus Revenue Estimate (January 2023)	\$17,635.1	\$17,846.0
Consensus Revenue Estimate Change (May 2023)	<u>106.5</u>	<u>42.1</u>
Subtotal: Unadjusted CREC Forecast (May 2023)	\$17,741.6	\$17,888.1
SFA Adjustments: Remove temp. revenue gains from baseline (May 2023)	(102.6)	(9.7)
Adjusted CREC Forecast Ongoing Revenue Estimate (May 2023)	\$17,639.0	\$17,878.4
<u>Other Revenue Adjustments:</u>		
General Fund/General Purpose (GF/GP) Grant	\$48.6	\$49.3
Community District Education Trust Fund	72.0	72.0
Federal Ongoing Aid	2,199.0	2,200.8
Subtotal Ongoing Revenue	\$19,958.6	\$20,200.4
<u>Non-Ongoing Revenue:</u>		
Federal Stimulus	\$414.2	\$0.0
Additional Federal Funds	27.9	0.0
Income tax reduction (ie, trigger) - 4/10/23	102.6	9.7
MPERS Reserve Fund	140.4	215.8
Additional fund usage (Fed, restricted)	25.4	519.0
Revenue Deposits – Infrastructure/MPERS	(425.0)	0.0
Additional One-Time GF	75.6	40.0
GF/GP for DPSCD Additional Cost Exceeding CDTF \$72m/year	22.4	28.2
Subtotal Non-Ongoing Revenue	\$383.5	\$812.7
Total Estimated SAF Revenue Including Beginning Balance	\$24,964.6	\$22,748.9
Total Estimated SAF Revenue Excluding Beginning Balance	\$20,342.1	\$21,013.1
Expenditures:		
<u>Ongoing Appropriations:</u>		
Initial Ongoing K-12 Appropriations	\$15,457.2	\$16,934.8
School Aid Federal Funds	2,274.2	2,200.8
State Funds Cost Adjustments	0.0	0.0
Federal Funds Cost Adjustments	27.9	0.0
Fund Community Colleges with SAF	448.6	496.2
Partially Fund Higher Education with SAF	347.9	482.3
Subtotal Ongoing Appropriations	\$18,555.8	\$20,114.1
<u>One-Time and Other Appropriations:</u>		
Initial One-Time K-12 Appropriations	\$1,871.3	\$2,324.1
Initial One-Time Community Colleges Appropriations	81.2	48.4
Initial One-Time University Appropriations	200.0	0.0
Fund deposits (MPERS, Consolidation, Teacher Recruitment)	1,959.0	0.0
Michigan School for the Deaf	0.0	40.0
Supplementals	549.3	0.0
Enacted FY 22 and FY 23 Supplemental (including SB 8)	12.2	0.0
Subtotal One-Time and Other Appropriations	\$4,673.0	\$2,412.5
Total Estimated School Aid Fund Expenditures	\$23,228.9	\$22,526.5
Projected Year-End SAF Balance (Total)	\$1,735.7	\$222.3
Projected Year-End SAF Balance (Ongoing)	\$1,430.7	\$86.4
Projected Year-End SAF Balance (One-time)	\$305.0	\$135.9

The Senate Fiscal Agency website (<http://www.senate.michigan.gov/sfa/>) includes detailed decision documents for each budget area, and the Agency will publish a comprehensive report on the initial FY 2023-24 appropriations after the Governor signs the budget into law. In the meantime, if you have any questions, please contact me at 373-2768 or ksummers@senate.michigan.gov.

/lms

c: David Ettinger, Senate Majority Policy Office
Tom Davis, Senate Republican Office
Senate Fiscal Agency Fiscal Analysts