

# **PRELIMINARY REVIEW**

of the

## **FY 2024-25**

## **Executive Budget Recommendation**



**Mary Ann Cleary, Director**  
**February 9, 2024**



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## HFA STAFF LIST



**OVERVIEW OF  
FY 2024-25 EXECUTIVE BUDGET RECOMMENDATION**  
*Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director*

The FY 2024-25 executive budget recommendation incorporates the January 2024 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$14,022.2 million and School Aid Fund (SAF) of \$18,307.0 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2023-24 balances of \$1,106.2 million GF/GP and \$564.1 million SAF.

The executive recommendation also assumes a caregiver tax credit starting in FY 2023-24 estimated at \$22.5 million and increasing to \$37.5 million annually in FY 2024-25.

The FY 2024-25 executive budget recommendation includes \$80,721.6 million in adjusted gross appropriations, an increase of \$321.1 million, or 0.4%. The table below compares current-year appropriations to the executive proposal.

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
<b>Adjusted Gross</b>	\$80,400.5	\$80,721.6	\$321.1	0.4%
<b>Federal</b>	\$32,866.2	\$33,869.9	\$1,003.7	3.1%
<b>Local/Private</b>	\$520.3	\$526.8	\$6.6	1.3%
<b>Restricted</b>	\$31,820.5	\$32,013.5	\$192.9	0.6%
<b>GF/GP</b>	\$15,193.5	\$14,311.3	(\$882.2)	(5.8%)

Of the \$46,324.8 million in state resources recommended for appropriation in FY 2024-25, \$24,580.6.0 million (53.1% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The executive proposal includes adjustments to both the current FY 2023-24 budget via supplemental requests and the FY 2024-25 budget.

The executive proposal includes three FY 2023-24 supplementals totaling \$1,771.2 million Gross (\$287.5 million GF/GP and \$57.8 million SAF):

- Departmental appropriation adjustments of \$1,642.7 million Gross (\$287.5 million GF/GP) include the following:
  - \$1,318.8 million Gross (\$58.8 million GF/GP), which includes caseload and special financing adjustments. (DHHS) (2024-2)
  - \$49.0 million GF/GP for lump sum payments of up to \$2,250 per eligible employee. (2024-2)
  - \$150.0 million GF/GP for targeted energy investment related to the reopening of Palisades Nuclear Plant. (2024-2)
  - \$124.9 million Gross (\$29.6 million GF/GP) for additional appropriations spread over 13 departments. (2024-2)
- School Aid supplemental increase of \$101.1 million Gross (\$57.8 million SAF) for CREC caseload costs and additional funding for the free school breakfast and lunch program in school aid. (2024-3)
- Natural Resources Trust Fund projects totaling \$27.3 million Gross. (2024-4)

GF/GP current services baseline increases in the FY 2024-25 executive recommendation include:

- \$229.3 million GF/GP for caseload adjustments. (DHHS and MDE)
- \$128.0 million GF/GP for state employee compensation-related costs. (Most budgets)
- \$135.2 million GF/GP for all other current services baseline costs. (Most budgets)

Total investments of \$451.9 million GF/GP for FY 2024-25. Major department increases include:

- \$214.8 million (49.1%) including increases for existing programs and funding new programs within DHHS.
- \$112.5 million (25.7%) increase for operations, scholarships for universities and students, and fund shifts.
- \$19.0 million (4.6%) increase for childcare rate increase of 10% in MiLEAP.
- \$15.5 million (3.5%) for program increases in LARA.

One-time allocations total \$669.3 million GF/GP for FY 2024-25. Total increases for departments include:

- \$185.0 million (27.6%) for MDOT.
- \$131.0 million (19.6%) for LEO.
- \$90.0 million (13.4%) for EGLE.
- \$77.6 million (11.6%) for DHHS.
- \$76.8 million (11.5%) for DTMB.
- \$60.0 million (9.0%) for MiLEAP.
- \$31.0 million (4.6%) for Treasury.

Major reductions and increases proposed for FY 2024-25 for School Aid, and Community College funding include:

- \$631.7 million reduction for other post-employment benefits (OPEB) contributions.
- \$316.0 million increases to district foundation allowances of \$241 per pupil (2.5%).
  - \$27.0 million savings by reducing cyber school foundation allowances to 80% of the foundation.
- \$155.0 million for literacy supports to districts and ISDs.
- \$150.0 million (one-time) for the Mi Kids Back on Track plan.
- 106.2 million for Great Start Readiness program (GSRP).
- \$90.0 million grant program for services for low-income students.
- \$70.0 million increase for school lunch and breakfast program.
- \$50.0 million (one-time) for grow your own programs.
- \$9.0 million increase of 2.5% ongoing for community college operations.

Revenue Sharing changes included in the executive recommendation for FY 2024-25 include:

- \$14.7 million increase, 5.0% ongoing for city, village, and townships (CVTs).
- \$12.8 million increase, 5.0% ongoing for counties.
- \$11.0 million increase, 2.0% one-time to CVTs and counties for local public safety initiatives added to revenue sharing distributions.
- \$16.5 million increase, 3.0% one-time to CVTs and counties that have obligated all local ARP funds added to revenue sharing distributions.

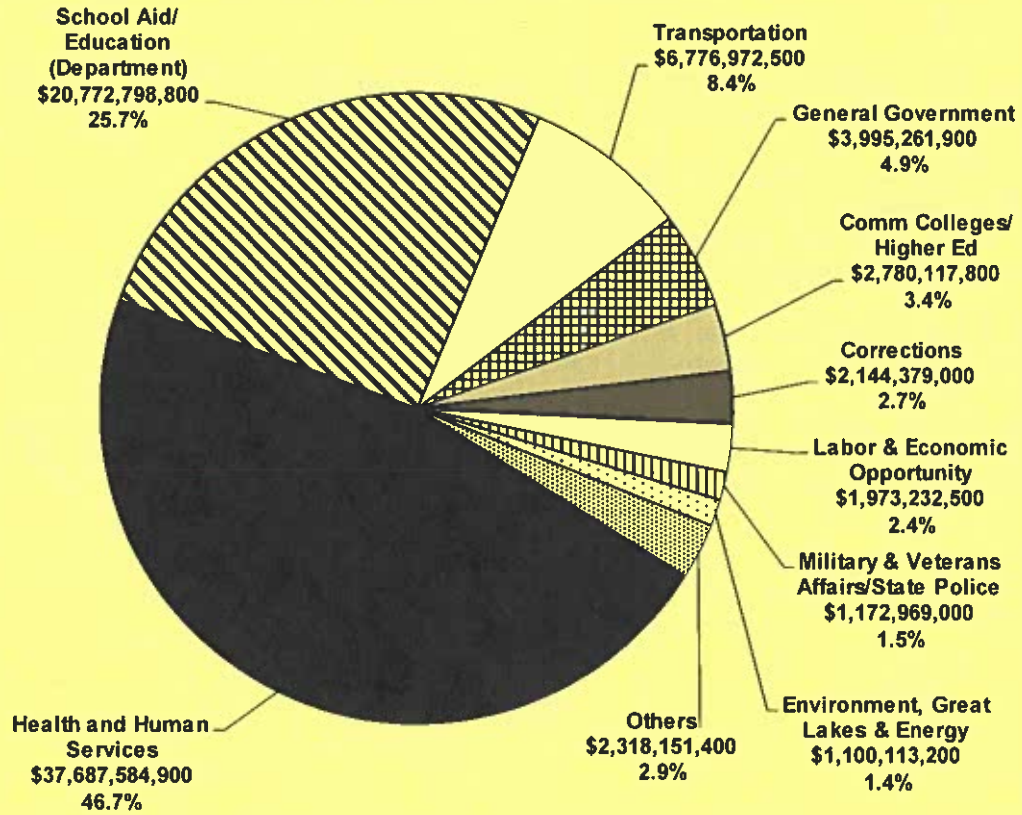
Includes a one-time deposit of \$100.0 million into the Budget Stabilization Fund (BSF).

A more detailed summary of major budget changes by individual budget area begins on page 17.

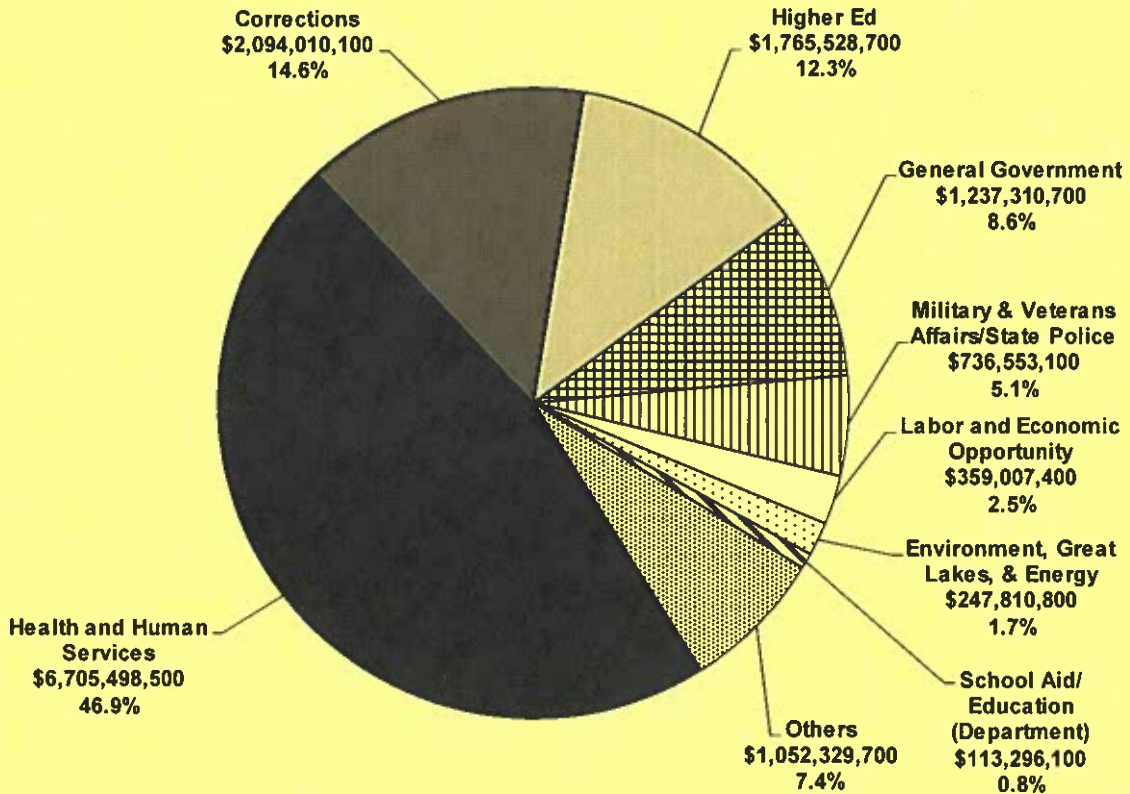
This preliminary review provides a brief summary of the FY 2024-25 Executive Budget Recommendation. The House Fiscal Agency's full Review and Analysis of the FY 2024-25 Executive Budget Recommendation will be available within two weeks and will contain a more detailed review of major budget and boilerplate changes by budget area.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to contact us if you have questions regarding this information.

**FY 2024-25 Executive Recommendation  
Adjusted Gross = \$80,721,581,000**



**FY 2024-25 Executive Recommendation  
General Fund/General Purpose (GF/GP) = \$14,311,345,100**



## CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2024-25 and FY 2025-26 Executive Recommendation

The executive budget recommendation for FY 2024-25 increases adjusted gross appropriations by \$321.1 million (0.4%) from FY 2023-24 enacted amounts:

- GF/GP appropriations are decreased by \$882.2 million (-5.8%)
- State restricted appropriations are increased by \$192.9 million (0.6%)
- Federal appropriations are increased by \$1,003.7 million (3.1%)
- Local and private appropriations are decreased by \$6.6 million (1.3%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2024-25 executive budget recommendation is decreased by \$689.3 million (-1.5%) from FY 2023-24 enacted amounts.

Projected appropriation amounts for FY 2025-26 under the executive budget (which are presented only for planning purposes) reflect a 4.6% decrease in GF/GP appropriations, a 3.3% decrease in total state spending from state sources, and a 2.0% decrease in adjusted gross appropriations.



**FY 2024-25 and FY 2025-26  
Executive Budget Appropriation Changes  
Millions of Dollars**

	<u>Enacted Recommendation FY 2023-24</u>	<u>Executive Recommendation FY 2024-25</u>	<u>Change Amounts</u>	<u>Executive Recommendation FY 2025-26</u>	<u>Change Amounts</u>
General Fund/General Purpose	\$15,193.5	\$14,311.3	(\$882.2)	\$13,649.0	(\$662.3)
State Restricted	<u>31,820.5</u>	<u>32,013.5</u>	<u>192.9</u>	<u>31,127.6</u>	<u>(885.9)</u>
<b>Total State-Source Appropriations</b>	<b>\$47,014.1</b>	<b>\$46,324.8</b>	<b>(\$689.3)</b>	<b>\$44,776.6</b>	<b>(\$1,548.2)</b>
Federal	\$32,866.2	\$33,869.9	\$1,003.7	\$33,835.5	(\$34.5)
Local	297.0	301.1	4.1	301.1	0.0
Private	223.2	225.7	2.5	225.7	0.0
<b>Total Adjusted Gross</b>	<b>\$80,400.5</b>	<b>\$80,721.6</b>	<b>\$321.1</b>	<b>\$79,138.9</b>	<b>(\$1,582.7)</b>

**General Fund/General Purpose (GF/GP):** Unrestricted General Fund revenue available for basic state programs and other purposes determined by the legislature.

**State Restricted:** State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

**State-Source Appropriations:** Appropriations from state-level revenue sources: State Restricted plus GF/GP.

**Federal Funds:** Federal grant or match revenue; generally dedicated to specific programs or purposes.

**Local/Private Funds:** Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

**Adjusted Gross:** Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGs) or intradepartmental transfers (IDTs).

**Notes:**

- (1) Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."
- (2) Numbers may not add due to rounding.

## RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

Resources used to fund General Fund/General Purpose, School Aid Fund, and Tobacco Settlement / Merit Award Trust Fund expenditures in the Executive Budget Recommendation are reported below.

FY 2023-24 Through FY 2025-26 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars			
	FY 2023-24	FY 2024-25	FY 2025-26
<b>Beginning Balance</b>	<b>\$3,934.6</b>	<b>\$1,106.2</b>	<b>\$10.8</b>
<b><u>Resources</u></b>			
Consensus Revenue Estimate: January 2024	\$13,597.4	\$14,022.2	\$14,707.6
Caregiver Tax Credit	(22.5)	(37.5)	(37.5)
Research and Development Tax Credit	0.0	0.0	(100.0)
Miscellaneous Adjustments	(27.6)	(27.6)	(27.6)
Revenue Sharing (Ongoing and One-Time)	<u>(562.7)</u>	<u>(607.3)</u>	<u>(579.8)</u>
<b>Total Resources</b>	<b>\$12,984.6</b>	<b>\$13,349.8</b>	<b>\$13,962.7</b>
<b><u>Expenditures</u></b>			
Appropriations: Ongoing	\$12,706.8	\$13,560.9	\$13,591.9
GF to SAF (Ongoing)	82.6	115.1	50.1
Appropriations: One-Time	2,436.9	669.3	0.0
Supplementals - Current Law	103.7	--	--
Proposed Supplementals (2024-2)	287.5	--	--
BSF Deposit	100.0	100.0	--
Lapses	(46.5)	--	--
Other/Lawsuits/Audit/Legal	<u>142.0</u>	--	--
<b>Total Expenditures</b>	<b>\$15,813.0</b>	<b>\$14,445.3</b>	<b>\$13,649.1</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$1,106.2</b>	<b>\$10.8</b>	<b>\$331.5</b>

Numbers may not add due to rounding.

<b>FY 2023-24 Through FY 2025-26 Executive Recommendation</b>			
<b>School Aid Fund (SAF)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Beginning Balance</b>	<b>\$2,192.5</b>	<b>\$564.1</b>	<b>\$12.0</b>
<b><u>Resources</u></b>			
Consensus Revenue Estimates: January 2024	\$17,946.8	\$18,307.0	\$18,706.0
GF/GP Grant	120.6	116.6	50.1
Detroit Public Trust Fund	72.0	41.0	0.0
Restricted Reserve Funds	767.8	328.1	0.0
Federal Aid	<u>2,218.1</u>	<u>2,272.8</u>	<u>2,272.8</u>
<b>Total Resources</b>	<b>\$21,125.2</b>	<b>\$21,065.5</b>	<b>\$21,028.9</b>
<b><u>Expenditures</u></b>			
Appropriations: Ongoing	\$19,135.6	\$19,553.7	\$19,923.5
January 2024 CREC Baseline Adjustments	57.8	99.6	(124.1)
Appropriations: One-Time	2,324.1	953.0	--
Supplemental: Current Law	161.1	--	--
Proposed Supplemental (2024-3)	43.3	--	--
Community Colleges	544.5	465.9	469.5
Higher Education	<u>487.2</u>	<u>545.5</u>	<u>545.0</u>
<b>Total Expenditures</b>	<b>\$22,753.5</b>	<b>\$21,617.6</b>	<b>\$20,814.0</b>
<b>Projected Ending Balance / (Shortfall)</b>	<b>\$564.1</b>	<b>\$12.0</b>	<b>\$226.9</b>

*Numbers may not add due to rounding.*

<b>FY 2024-25 and FY 2025-26 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars</b>		
	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Beginning Balance</b>	<b>\$28.6</b>	<b>\$7.0</b>
<b><u>Resources</u></b>		
Tobacco Settlement MSA Payment	\$269.8	\$296.8
Debt Service on 2006/2007 Securitization Bonds (13.34%/10.77%)	(65.0)	(65.0)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	(17.5)
Community District Trust Fund	(41.0)	0.0
Interest	<u>2.1</u>	<u>2.1</u>
<b>Total Resources</b>	<b>\$73.4</b>	<b>\$141.4</b>
<b><u>Expenditures</u></b>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite care	4.1	4.1
DHHS: Medicaid Long Term Care	88.2	88.2
State Police: Criminal Investigations/IT	1.0	1.0
Treasury: Student Financial Services Programs	<u>1.2</u>	<u>1.2</u>
<b>Total Expenditures</b>	<b>\$95.0</b>	<b>\$95.0</b>
<b>Estimated Ending Balance</b>	<b>\$7.0</b>	<b>\$53.4</b>

*Numbers may not add due to rounding.*

## BUDGET SUMMARY TABLES

The following pages include seven tables summarizing the executive budget recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- Some appropriation items in the FY 2023-24 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2024-25 executive budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**TABLE 1  
FY 2024-25 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDI</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Agriculture & Rural Development	\$144,218,900	\$332,400	\$143,886,500	\$20,357,900	\$0	\$21,300	\$46,450,900	\$77,056,400
Attorney General	128,549,700	39,465,600	89,084,100	10,391,600	0	0	22,283,400	56,409,100
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	32,320,500	0	32,320,500	2,890,900	0	18,700	58,500	29,352,400
Community Colleges	465,920,800	0	465,920,800	0	0	0	465,920,800	0
Corrections	2,144,379,000	0	2,144,379,000	5,180,500	11,694,000	0	33,494,400	2,094,010,100
Education	162,825,100	0	162,825,100	82,550,500	5,868,500	2,542,200	10,117,800	61,746,100
Environment, Great Lakes, & Energy	1,104,199,100	4,085,900	1,100,113,200	463,788,900	0	1,364,200	387,149,300	247,810,800
Executive Office	9,337,100	0	9,337,100	0	0	0	0	9,337,100
Health and Human Services	37,702,292,800	14,707,900	37,687,584,900	26,755,591,000	162,870,000	179,764,200	3,883,861,200	6,705,498,500
Higher Education	2,314,197,000	0	2,314,197,000	3,200,000	0	0	545,468,300	1,765,528,700
Insurance & Financial Services	77,771,400	753,500	77,017,900	700,000	0	0	76,317,900	0
Judiciary	371,816,400	1,902,300	369,914,100	7,132,600	0	1,905,300	95,887,300	264,988,900
Labor & Economic Devel. (MSF)	1,973,232,500	0	1,973,232,500	1,177,165,800	10,700,000	12,584,600	413,774,700	359,007,400
Legislative Auditor General	21,427,100	0	21,427,100	0	0	0	100	21,427,000
Legislature	200,503,600	0	200,503,600	0	0	467,700	5,422,500	194,613,400
Licensing & Regulatory Affairs	635,467,200	27,682,800	607,784,400	30,471,300	0	0	280,707,400	296,605,700
Lifelong, Ed., Adv., & Potential	576,985,400	0	576,985,400	413,951,400	0	250,000	1,862,300	160,921,700
Military & Veterans Affairs	267,052,100	101,800	266,950,300	144,036,800	0	100,000	13,221,400	109,592,100
Natural Resources	542,770,100	207,000	542,563,100	96,140,700	0	7,609,200	371,056,200	67,757,000
School Aid	20,609,973,700	0	20,609,973,700	2,272,793,500	0	0	18,285,630,200	51,550,000
State	291,839,900	20,000,000	271,839,900	1,460,000	0	50,100	256,919,700	13,410,100
State Police	933,208,500	27,189,800	906,018,700	99,062,700	4,975,700	35,000	174,984,300	626,961,000
Tech., Mgmt. & Budget: Operations	1,611,005,600	1,119,848,200	491,157,400	4,393,300	2,334,000	189,200	130,096,500	354,144,400
Tech., Mgmt. & Budget: SBA Rent	246,170,600	0	246,170,600	0	0	0	0	246,170,600
Transportation	6,781,289,200	4,316,700	6,776,972,500	2,253,675,100	87,448,500	18,800,000	4,232,048,900	185,000,000
Treasury: Operations	836,215,600	11,188,500	825,027,100	25,011,400	15,207,100	36,600	567,412,400	217,359,600
Treasury: Debt Service	95,087,000	0	95,087,000	0	0	0	0	95,087,000
Treasury: Revenue Sharing	1,713,307,500	0	1,713,307,500	0	0	0	1,713,307,500	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$81,993,363,400</b>	<b>\$1,271,782,400</b>	<b>\$80,721,581,000</b>	<b>\$33,869,945,900</b>	<b>\$301,097,800</b>	<b>\$225,738,300</b>	<b>\$32,013,453,900</b>	<b>\$14,311,345,100</b>

*Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."*

TABLE 2

ADJUSTED GROSS APPROPRIATIONS  
 FY 2024-25 and FY 2025-26 Executive Recommendation Compared with FY 2023-24 Enacted

Department/Budget Area	Enacted	Exec. Rec.	Difference	Exec. Rec.	Difference
	FY 2023-24	FY 2024-25	FY 2024-25 vs. FY 2023-24	FY 2025-26	FY 2025-26 vs. FY 2024-25
Agriculture & Rural Development	\$168,285,700	\$143,886,500	(\$24,399,200)	\$143,886,500	\$0
Attorney General	106,562,900	89,084,100	(17,478,800)	89,084,100	0
Capital Outlay	0	0	0	0	0
Civil Rights	31,710,000	32,320,500	610,500	32,320,500	0
Community Colleges	544,517,500	465,920,800	(78,596,700)	469,520,800	3,600,000
Corrections	2,086,250,000	2,144,379,000	58,129,000	2,140,979,000	(3,400,000)
Education	647,380,900	162,825,100	(484,555,800)	162,825,100	0
Environment, Great Lakes, & Energy	1,047,576,800	1,100,113,200	52,536,400	1,010,113,200	(90,000,000)
Executive Office	8,905,400	9,337,100	431,700	9,337,100	0
Health and Human Services	35,719,906,100	37,687,584,900	1,967,678,800	37,575,575,100	(112,009,800)
Higher Education	2,291,048,800	2,314,197,000	23,148,200	2,313,697,000	(500,000)
Insurance & Financial Services	73,415,800	77,017,900	3,602,100	76,767,900	(250,000)
Judiciary	354,025,900	369,914,100	15,888,200	370,120,400	206,300
Labor & Economic Devel. (MSF)	2,867,264,800	1,973,232,500	(894,032,300)	1,732,232,500	(241,000,000)
Legislative Auditor General	22,828,300	21,427,100	(1,401,200)	21,427,100	0
Legislature	192,343,800	200,503,600	8,159,800	200,503,600	0
Licensing & Regulatory Affairs	581,043,700	607,784,400	26,740,700	606,534,400	(1,250,000)
Lifelong, Ed., Adv., & Potential	0	576,985,400	576,985,400	516,985,400	(60,000,000)
Military & Veterans Affairs	248,238,600	266,950,300	18,711,700	255,450,300	(11,500,000)
Natural Resources	572,045,500	542,563,100	(29,482,400)	542,563,100	0
School Aid	21,459,651,300	20,609,973,700	(849,677,600)	19,802,173,700	(807,800,000)
State	284,209,500	271,839,900	(12,369,600)	271,839,900	0
State Police	867,096,700	906,018,700	38,922,000	901,018,700	(5,000,000)
Tech., Mgmt. & Budget: Operations	737,480,400	491,157,400	(246,323,000)	414,406,400	(76,751,000)
Tech., Mgmt. & Budget: SBA Rent	236,570,600	246,170,600	9,600,000	252,970,600	6,800,000
Transportation	6,622,196,900	6,776,972,500	154,775,600	6,634,853,800	(142,118,700)
Treasury: Operations	866,528,000	825,027,100	(41,500,900)	796,345,100	(28,682,000)
Treasury: Debt Service	100,084,100	95,087,000	(4,997,100)	95,087,000	0
Treasury: Revenue Sharing	1,663,359,200	1,713,307,500	49,948,300	1,700,260,400	(13,047,100)
<b>TOTAL</b>	<b>\$80,400,527,200</b>	<b>\$80,721,581,000</b>	<b>\$321,053,800</b>	<b>\$79,138,878,700</b>	<b>(\$1,582,702,300)</b>

(14.5%) (16.4%) -- 1.9% (14.4%) 2.8% (74.8%) 5.0% 4.8% 5.5% 1.0% 4.9% 4.5% (31.2%) (6.1%) 4.2% 4.6% -- 7.5% (5.2%) (4.0%) (4.4%) 4.5% (33.4%) 4.1% 2.3% (4.8%) (5.0%) 3.0% 0.4%

**TABLE 5**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2024-25 Executive Recommendation Compared with FY 2023-24 Enacted**

<u>Department/Budget Area</u>	<u>Enacted FY 2023-24</u>	<u>Executive Recommendation FY 2024-25</u>	<u>Difference FY 2024-25 vs. FY 2023-24</u>	
Agriculture & Rural Development	550.0	579.0	29.0	5.3%
Attorney General	611.4	626.4	15.0	2.5%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	166.0	195.0	29.0	17.5%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,206.0	13,226.0	20.0	0.2%
Education	640.5	572.5	(68.0)	(10.6%)
Environment, Great Lakes, & Energy	1,616.0	1,704.0	88.0	5.4%
Executive Office	96.2	96.0	(0.2)	(0.2%)
Health and Human Services	15,861.5	15,923.5	62.0	0.4%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	394.5	401.5	7.0	1.8%
Judiciary	598.0	654.5	56.5	9.4%
Labor & Economic Devel. (MSF)	2,648.9	2,678.5	29.6	1.1%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,893.9	1,818.0	(75.9)	(4.0%)
Lifelong, Ed., Adv., & Potential	0.0	340.0	340.0	--
Military & Veterans Affairs	1,060.0	1,060.0	0.0	0.0%
Natural Resources	2,555.3	2,545.3	(10.0)	(0.4%)
School Aid	0.0	0.0	0.0	--
State	1,625.0	1,635.0	10.0	0.6%
State Police	3,832.0	3,856.0	24.0	0.6%
Tech., Mgmt. & Budget: Operations	3,220.0	3,249.5	29.5	0.9%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	3,224.3	3,228.3	4.0	0.1%
Treasury: Operations	2,013.5	2,011.5	(2.0)	(0.1%)
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>55,813.0</b>	<b>56,400.5</b>	<b>587.5</b>	<b>1.1%</b>

\*Includes classified, unclassified, and nonlegislative exempt positions.



**TABLE 6  
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**

<u>Department/Budget Area</u>	<u>FY 2024-25 Executive Recommendation</u>		
	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture & Rural Development	\$123,507,300	\$7,800,000	6.3%
Attorney General	78,692,500	0	0.0%
Capital Outlay	0	0	--
Civil Rights	29,410,900	0	0.0%
Community Colleges	465,920,800	465,920,800	100.0%
Corrections	2,127,504,500	123,656,000	5.8%
Education	71,863,900	17,917,700	24.9%
Environment, Great Lakes, & Energy	634,960,100	85,933,300	13.5%
Executive Office	9,337,100	0	0.0%
Health and Human Services	10,589,359,700	1,876,944,500	17.7%
Higher Education	2,310,997,000	0	0.0%
Insurance & Financial Services	76,317,900	0	0.0%
Judiciary	360,876,200	151,885,500	42.1%
Labor & Economic Devel. (MSF)	772,782,100	96,674,900	12.5%
Legislative Auditor General	21,427,100	0	0.0%
Legislature	200,035,900	0	0.0%
Licensing & Regulatory Affairs	577,313,100	280,345,300	48.6%
Lifelong, Ed., Adv., & Potential	162,784,000	0	0.0%
Military & Veterans Affairs	122,813,500	4,178,000	3.4%
Natural Resources	438,813,200	12,971,900	3.0%
School Aid	18,337,180,200	16,757,266,500	91.4%
State	270,329,800	11,715,900	4.3%
State Police	801,945,300	45,441,500	5.7%
Tech., Mgmt. & Budget Operations	484,240,900	1,000,000	0.2%
Tech., Mgmt. & Budget SBA Rent	246,170,600	0	0.0%
Transportation	4,417,048,900	2,594,248,300	58.7%
Treasury: Operations	784,772,000	333,364,800	42.5%
Treasury: Debt Service	95,087,000	0	0.0%
Treasury: Revenue Sharing	1,713,307,500	1,713,307,500	100.0%
<b>TOTALS APPROPRIATED</b>	<b>\$46,324,799,000</b>	<b>\$24,580,572,400</b>	<b>53.1%</b>



## FY 2024-25 EXECUTIVE BUDGET HIGHLIGHTS

### Major Changes Proposed

#### Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$327,000	\$332,400	\$5,400	1.7
Federal	29,762,700	20,357,900	(9,404,800)	(31.6)
Local	0	0	0	--
Private	21,300	21,300	0	0.0
Restricted	45,719,900	46,450,900	731,000	1.6
GF/GP	92,781,800	77,056,400	(15,725,400)	(16.9)
<b>Gross</b>	<b>\$168,612,700</b>	<b>\$144,218,900</b>	<b>(\$24,393,800)</b>	<b>(14.5)</b>
FTEs	550.0	579.0	29.0	5.3

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

#### Major Budget Changes from FY 2023-24 Enacted Appropriations

##### **Farm to Family Program**

Recommends \$4.0 million GF/GP and authorization for 6.0 FTE positions for a new ongoing program to support regenerative farming, agriculture supply chains, and promote Michigan food products.

##### **MAEAP Staffing – Local Conservation Technicians to State Employees**

Requests authorization for 25.0 FTE positions in support of the Michigan Agriculture Environmental Assurance Program (MAEAP). The department would shift program delivery from Local Conservation District contract technicians to classified state employees with the goal of increased flexibility (cross county responsibility) and accountability. There is no funding impact associated with this change in program delivery.

##### **Unclassified Salaries**

Requests \$335,100 Gross increase (\$0 GF/GP) to support 6.0 authorized unclassified FTE positions.

##### **Recognize Federal USDA Emergency Management**

Includes \$600,000 federal funds increase in Emergency Management to recognize federal United States Department of Agriculture (USDA) grants awarded to the department for incident command training and other services.

##### **Office of Rural Development Transfer**

Reflects Executive Order 2023-6 transfer of the Office of Rural Development to the Department of Labor and Economic Opportunity (LEO). In effect, \$697,400 GF/GP and 1.0 FTE position is shifted from the MDARD budget to the LEO budget.

##### **Eliminate One-Time Funding Items**

Removes one-time appropriations totaling \$30.6 million Gross (\$20.5 million GP/GP).

##### **Economic Adjustments**

Reflects increased costs of \$2.0 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

#### Supplemental Recommendations for FY 2023-24 Appropriations

##### **Employee Lump Sum Payments**

Includes \$780,000 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## Community Colleges

Analyst: Perry Zielak

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	544,517,500	465,920,800	(78,596,700)	(14.4)
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$544,517,500</b>	<b>\$465,920,800</b>	<b>(\$78,596,700)</b>	<b>(14.4)</b>

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Community College Operations Increase**

Includes a net increase of \$9.0 million School Aid Fund (SAF) for community college operations, a 2.5% increase. This includes:

- \$8.9 million SAF, or 2.5%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$49,100 SAF increase based on FY 2022-23 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 5.0% or \$241. Projected funding increases for individual community colleges would range from 2.0% to 3.8%. Total funding for operations would be \$366.9 million SAF.

#### **Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment**

Decreases funding by \$43.7 million SAF for the state's share of community colleges' MPERS UAAL, a 41.3% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS would be \$62.1 million SAF.

#### **MPERS Community College Payroll Cap Reduction**

Adds \$5.7 million SAF to lower community college's MPERS UAAL employer contribution cap from 20.96% to 20.0%. Payments would be made to MPERS through the community colleges. Total funding for the MPERS community college payroll cap reduction would be \$5.7 million SAF.

#### **MPERS Normal Cost Offset**

Decreases funding by \$1.2 million SAF for the community colleges' MPERS normal cost offset, a 5.2% decrease, due to maintaining the assumed rate of return at 6.0%. Total funding for the MPERS normal cost offset would be \$21.8 million SAF.

#### **Removal of One-Time Funding**

Removes \$48.4 million SAF through the removal of five one-time projects: Infrastructure, Technology, Equipment, Maintenance, and Safety (\$32.8 million SAF); Critical Incident Mapping (\$5.0 million SAF); Career and Education Navigators for Adult Learners (\$5.0 million SAF); Michigan Reconnect Entry Point Program (\$5.0 million SAF); and Kalamazoo Valley Community College Workforce Development Grants (\$530,000 SAF).

## Corrections

Analyst: Robin R. Risko

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	17,143,500	5,180,500	(11,963,000)	(69.8)
Local	9,805,100	11,694,000	1,888,900	19.3
Private	0	0	0	--
Restricted	29,805,500	33,494,400	3,688,900	12.4
GF/GP	2,029,495,900	2,094,010,100	64,514,200	3.2
<b>Gross</b>	<b>\$2,086,250,000</b>	<b>\$2,144,379,000</b>	<b>\$58,129,000</b>	<b>2.8</b>
FTEs	13,206.0	13,226.0	20.0	0.2

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### ***Prisoner Health Care Services Contract Adjustment***

Includes \$16.2 million GF/GP to cover increased costs of the prisoner health care services contract. In addition to standard inflationary adjustments and increased medical costs, funding will support the increase in usage resulting from an increase in the prisoner population. The contract covers onsite medical and behavioral health care, specialty care, and pharmaceutical services.

#### ***Nursing Cost Variance from Civil Service to Contracted Nursing***

Includes \$10.4 million GF/GP to cover increased costs associated with utilizing contracted nursing staff. Due to the number of vacant civil service nursing positions, the department has been forced to contract for nursing providers. Contracted RNs are about 31% more expensive than the average civil service RN, and contracted LPNs are roughly 17% more expensive.

#### ***University and Vocational Center at Thumb Correctional Facility***

Includes an additional \$3.4 million in state restricted funding and reinvests \$483,600 of existing GF/GP to support costs of expanding educational programming at the Thumb Correctional Facility. The \$3.4 million would be one-time funding, appropriated from the Program and Special Equipment Fund, to be used to support construction costs for converting an old MSI factory located on the property into additional classroom space. The \$483,600 would be reallocated from Offender Success Services to cover costs of additional staff and operations.

#### ***Peer-Led Reentry Services***

Reinvests \$1.5 million of existing GF/GP from Offender Success Services to support peer-led reentry services. Regional offender success services providers would utilize former offenders to work with eligible parolees. Peer-led services would include mentoring, peer recovery coaching, navigating resources, and assisting with transportation.

#### ***In-Reach Services Expansion***

Reinvests \$900,000 of existing GF/GP from Offender Success Services and authorizes an additional 6.0 FTE positions to expand the department's ability to provide in-reach parole planning services to more parolees prior to release from prison. Planning for parole includes addressing housing needs, and other needs such as clothing, bus passes, scheduling medical appointments, etc.

#### ***Economic Adjustments***

Reflects increased costs of \$46.9 million Gross (\$46.3 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### ***Employee Lump Sum Payments***

Includes \$12.1 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## Education (Department)

Analyst: Noel Benson

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	458,009,100	82,550,500	(375,458,600)	(82.0)
Local	5,856,000	5,868,500	12,500	0.2
Private	2,791,300	2,542,200	(249,100)	(8.9)
Restricted	50,072,000	10,117,800	(39,954,200)	(79.8)
GF/GP	130,652,500	61,746,100	(68,906,400)	(52.7)
Gross	\$647,380,900	\$162,825,100	(\$484,555,800)	(74.8)
FTEs	640.5	572.5	(68.0)	(10.6)

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### ***Transfer of Programs to MiLEAP***

Transfers \$430.9 million Gross (\$53.9 million GF/GP) and 77.0 FTE positions to the new Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP).

#### ***Infrastructure and Consolidation Administration***

Provides \$750,000 GF/GP and authorization for 2.0 FTE positions to administer funding for school consolidation, infrastructure, and the Healthy Schools Program that was appropriated in the School Aid budget in FY 2023-24. Allocates \$375,000 to partner with the Department of Technology, Management, and Budget (DTMB). This line item was previously funded in FY 2023-24 as a one-time appropriation.

#### ***Grant Management Systems Administration***

Provides \$520,000 GF/GP and authorization for 3.0 FTE positions to support the administration of grant funds to districts and to ensure that all state and federal requirements are met.

#### ***Summer EBT Food Benefits***

Provides \$500,000 GF/GP and authorization for 2.0 FTE positions to administer a summer food benefit program for low-income children and to meet the state's administrative match requirement for an associated federal grant program, which would provide an estimated \$108.0 million in federally funded benefits. Additional administration and food assistance appropriations are included in the Department of Health and Human Services.

#### ***Mental Health Administration***

Provides \$500,000 GF/GP and authorization for 2.0 FTE positions to expand behavioral health supports and assist schools with mental health programs.

#### ***Career and Technical Education Administration***

Provides \$350,000 GF/GP and authorization for 2.0 FTE positions to support career and technical programs.

#### ***Poet Laureate***

Provides \$100,000 GF/GP to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts. This line item was previously funded as a one-time appropriation.

#### ***Economic Adjustments***

Reflects increased costs of \$2.1 million Gross (\$710,000 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### ***Employee Lump Sum Payments***

Includes \$309,200 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## Environment, Great Lakes, and Energy

Analyst: Austin Scott

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24
			Amount	%
IDG/IDT	\$4,035,100	\$4,085,900	\$50,800	1.3
Federal	441,297,200	463,788,900	22,491,700	5.1
Local	0	0	0	--
Private	1,360,700	1,364,200	3,500	0.3
Restricted	358,966,800	387,149,300	28,182,500	7.9
GF/GP	245,952,100	247,810,800	1,858,700	0.8
Gross	\$1,051,611,900	\$1,104,199,100	\$52,587,200	5.0
FTEs	1,616.0	1,704.0	88.0	5.4

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Fee Increase – Landfill Tipping Fee**

Appropriates \$80.0 million from the Renew Michigan Fund and authorization for 36.0 FTE positions to integrate a proposed increase in the landfill tipping fee from \$0.36 per ton to \$5.00 per ton. New revenue would be expended in accordance with the Renew Michigan Program's statutory purposes: environmental remediation and brownfield redevelopment, recycling, and solid waste programs.

#### **GF/GP Match for Federal Lead Line Replacement Funding**

Provides \$40.0 million GF/GP (\$5.0 million ongoing, \$35.0 million one-time) to access available federal funding for lead service line replacement projects.

#### **Clean Fuel and Charging Infrastructure (One-time)**

Includes \$25.0 million GF/GP for electric vehicle charging stations and hydrogen fueling facilities.

#### **Clean Fleets (One-time)**

Appropriates \$20.0 million GF/GP for grants to local governments, transit authorities, colleges, universities, ports, and airports for the purchase of electric and hydrogen vehicles.

#### **Water State Revolving Funds – Federal Infrastructure Act IIJA**

Provides \$25.0 million Gross (\$3.5 million GF/GP) for local water infrastructure projects. The GF/GP funding is to be used as match to access federal Infrastructure Act funding.

#### **Stormwater Grants**

Includes \$15.3 million GF/GP (\$5.3 million ongoing, \$10.0 million one-time) and authorization for 1.0 FTE position for grants to local governments for stormwater projects that mitigate climate change.

#### **Permitting Outreach Staff**

Appropriates \$4.4 million GF/GP and authorization for 26.0 FTE positions for staff to improve permit applications.

#### **Economic Adjustments**

Reflects increased costs of \$5.8 million Gross (\$2.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### **Energy Programs**

Includes \$22.7 million Gross (\$0 GF/GP) for hydrogen fueling stations for heavy duty vehicles (\$22.3 million federal IIJA) and for the Rural Energy for America Program Technical Assistance Grant (\$363,000 federal IRA).

#### **Oil, Gas, and Mineral Services**

Includes \$7.0 million in federal funding for the Methane Emissions Reduction Program (\$5.0 million IRA) and the Underground Injection Control Class VI Wells Program (\$1.9 million IIJA).

## **All General Government**

Analysts: Viola Bay Wild and Michael Crossen

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted		Executive	Amount
	as of 2/7/24			
IDG/IDT	\$1,156,861,300	\$1,190,502,300	\$33,641,000	2.9
Federal	44,035,500	44,147,200	111,700	0.3
Local	17,372,800	17,541,100	168,300	1.0
Private	684,800	762,300	77,500	11.3
Restricted	2,629,280,600	2,695,500,600	66,220,000	2.5
GF/GP	1,559,208,500	1,237,310,700	(321,897,800)	(20.6)
Gross	\$5,407,443,500	\$5,185,764,200	(\$221,679,300)	(4.1)
FTEs	7,732.1	7,813.4	81.3	1.1

Note: Appropriation figures for FY 2024-25 includes all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### ***Budget Stabilization Fund Deposit***

Includes \$100.0 million GF/GP for a Countercyclical Budget and Economic Stabilization Fund deposit in FY 2024-25.

Summary pages for individual department/agency budgets contained within the current FY 2023-24 General Government appropriations bill follow this page.



**Attorney General**

Analyst: Michael Crossen

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$36,235,500	\$39,465,600	\$3,230,100	8.9
Federal	10,063,800	10,391,600	327,800	3.3
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,773,100	22,283,400	1,510,300	7.3
GF/GP	75,726,000	56,409,100	(19,316,900)	(25.5)
<b>Gross</b>	<b>\$142,798,400</b>	<b>\$128,549,700</b>	<b>(\$14,248,700)</b>	<b>(10.0)</b>
FTEs	611.4	626.4	15.0	2.5

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Utility Consumer Representation Fund***

Includes \$900,000 of state restricted revenue and authorization for 1.0 FTE position for participation in administrative and judicial proceedings in various utility rate oversight cases. The increased amount reflects the department's share of the increased assessment to certain electric and gas utilities, authorized under 2023 PA 231, and deposited into the Utility Consumer Representation Fund. The assessment increased from \$900,000 to \$1.8 million under the act.

***Michigan State Housing Development Authority (MSHDA) COVID Funds Fraud Recovery Legal Services***

Includes \$850,000 in IDG funding to provide legal support to MSDHA in prosecuting cases of fraudulently obtained COVID relief funds and to recover those funds. Efforts will focus on funding received through the COVID Emergency Rental Assistance (CERA) program which received over 300,000 applications and provided nearly \$1.0 billion to assist individuals and landlords with unpaid back rent due to financial hardship.

***Cannabis Regulatory Agency Legal Services***

Includes \$780,500 in IDG funding and authorization for 5.0 FTE positions to provide additional legal services to the Cannabis Regulatory Agency within the Department of Licensing and Regulatory Affairs in response to increased caseloads related to marijuana sales.

***Department of Lifelong Education, Advancement, and Potential (MILEAP) Legal Services***

Includes \$740,000 in IDG funding and authorization for 4.0 FTE positions to provide legal services to the newly created department MILEAP as part of the Department of Attorney General's role of serving as legal counsel for state departments.

***Criminal Trials Services***

Provides \$515,000 GF/GP and authorization for 3.0 FTE positions for additional staffing resources for various criminal law programs and units, including the address confidentiality program, special prosecutor assignments, unemployment benefits fraud, the hate crimes unit, and cold case homicide investigations and prosecutions.

***Economic Adjustments***

Reflects increased costs of \$3.0 million Gross (\$1.5 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2023-24 Appropriations**

***Employee Lump Sum Payments***

Includes \$563,000 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## **Civil Rights**

Analyst: Michael Crossen

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/DT	\$0	\$0	\$0	--
Federal	2,890,900	2,890,900	0	0.0
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	28,741,900	29,352,400	610,500	2.1
Gross	\$31,710,000	\$32,320,500	\$610,500	1.9
FTEs	166.0	195.0	29.0	17.5

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### ***Complaint Investigation and Enforcement Staffing***

Provides \$5.0 million GF/GP and authorization for 29.0 FTE positions to establish 3 additional enforcement teams to assist in reducing a backlog of discrimination complaint cases that accrued following the pandemic, to keep up with increasing new complaint cases from expansion of the Elliott-Larsen Civil Rights Act in 2023, and to reduce the average complaint investigation completion time to 6 to 9 months on an ongoing basis. From these amounts, \$534,600 and 2.0 FTE positions would go to the Executive Office.

#### ***Economic Adjustments***

Reflects increased costs of \$610,500 GF/GP for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### **Supplemental Recommendations for FY 2023-24 Appropriations**

#### ***Employee Lump Sum Payments***

Includes \$209,300 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

**Executive Office**

Analyst: Viola Bay Wild

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	8,905,400	9,337,100	431,700	4.8
Gross	\$8,905,400	\$9,337,100	\$431,700	4.8
FTEs	96.2	96.0	0.0	0.0

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Executive Office Economic Adjustments***

Reflects increased costs of \$431,700 GF/GP for negotiated salary and wage increases (5.0% on October 1, 2024) for employees.

**Supplemental Recommendations for FY 2021-22 Appropriations**

***Employee Lump Sum Payments***

Includes \$167,900 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

**Legislature**

Analyst: Viola Bay Wild

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	445,400	467,700	22,300	5.0
Restricted	5,164,300	5,422,500	258,200	5.0
GF/GP	186,734,100	194,613,400	7,879,300	4.2
<b>Gross</b>	<b>\$192,343,800</b>	<b>\$200,503,600</b>	<b>\$8,159,800</b>	<b>4.2</b>
FTEs	0.0	0.0	0.0	--

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Legislature Operations Adjustment***

Reflects increased costs of \$8.1 million Gross (\$7.9 million GF/GP) for legislative employees, operations, and property management.

***Independent Citizens Redistricting Commission (ICRC)***

Includes \$21,400 GF/GP to cover additional costs of the ICRC. The Michigan Constitution requires the terms of commissioners to expire once the commission has completed its work for a census cycle.

**Supplemental Recommendations for FY 2023-24 Appropriations**

None

**Legislative Auditor General**

Analyst: Viola Bay Wild

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$6,921,900	\$0	(\$6,921,900)	(100.0)
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,421,600	100	(2,421,500)	(100.0)
GF/GP	20,406,700	21,427,000	1,020,300	5.0
<b>Gross</b>	<b>\$29,750,200</b>	<b>\$21,427,100</b>	<b>(\$8,323,100)</b>	<b>(28.0)</b>
FTEs	0.0	0.0	0.0	--

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Legislative Auditor General Economic Adjustments***

Reflects increased costs of \$1.0 million GF/GP for economic adjustments.

***Auditor General Fund Source Adjustment***

Reduces Gross funding by \$9.3 million, IDG funding by \$6.9 million, and state restricted funding by \$2.4 million.

**Supplemental Recommendations for FY 2023-24 Appropriations**

None

**State (Department)**

Analyst: Michael Crossen

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24 Amount
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	0	0	--
Private	50,100	50,100	0	0.0
Restricted	269,374,700	256,919,700	(12,455,000)	(4.6)
GF/GP	13,324,700	13,410,100	85,400	0.6
<b>Gross</b>	<b>\$304,209,500</b>	<b>\$291,839,900</b>	<b>(\$12,369,600)</b>	<b>(4.1)</b>
FTEs	1,625.0	1,635.0	10.0	0.6

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Departmental Staffing Increases***

Provides \$5.3 million Gross (\$669,300 GF/GP) and transfers authorization for 23.0 FTE positions to various line items, for a net-zero change to total FTE authorization, to support hiring up to 41 new employees across six line items. Funding increases and FTE transfers by line item are:

- \$2.5 million to support 18 positions for Legal Services Operations, adds authorization for 18.0 FTE positions
- \$841,200 to support 8 positions for Branch Operations, reduces authorization for 23.0 FTE positions
- \$669,300 to support 5 positions for Election Administration and Support, adds authorization for 5.0 FTE positions
- \$599,100 to support 4 positions for Department Services Operations
- \$439,800 to support 4 positions for Central Operations
- \$264,600 to support 2 positions for Executive Direction

***Proposal 22-1 Financial Disclosure Reporting Implementation***

Provides \$1.1 million and authorization for 8.0 FTE positions to oversee and implement the Public Officers Financial Disclosure Act, 2023 PA 281, and the Candidate for Office Financial Disclosure Act, 2023 PA 282. These acts require financial disclosure reporting by current elected officials and candidates for elected office and codify the Michigan Constitution as amended by Ballot Proposal 22-1.

***Postal and Mailing Service Rate Increase***

Provides \$1.1 million of state restricted revenue from the Transportation Administration Support Fund to cover anticipated postage and mailing rate increases.

***Economic Adjustments***

Reflects increased costs of \$5.3 million Gross (\$185,400 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2023-24 Appropriations**

***Help America Vote Act (HAVA) Election Security Grants***

Provides \$5.7 million in federal funding to authorize expenditure for two Election Security grants of \$1.8 million each authorized under the Consolidated Appropriations Act of 2022 and Consolidated Appropriations Act of 2023 as well as \$2.2 million of interest accrued from past and current HAVA fund balances. Funding would support local election website domain migration, election day equipment upgrades, voting system security and testing procedures, and the development and distribution of information materials to local election officials.

***Proposal 22-1 Financial Disclosure Reporting Implementation***

Provides \$942,300 million and authorization for 8.0 FTE positions to oversee and implement the Public Officers Financial Disclosure Act, 2023 PA 281, and the Candidate for Office Financial Disclosure Act, 2023 PA 282. These acts require financial disclosure reporting by current elected officials and candidates for elected office by April 15, 2024 and codify the Michigan Constitution as amended by Ballot Proposal 22-1.

**Department of Corrections Vehicle License Plate Manufacturing**

Includes \$1.1 million in state restricted funding to authorize expenditure of funding for the purchase agreement between the Department of State and Department of Corrections for the manufacturing of vehicle license plates. This request is a technical adjustment that would move spending authorization currently under boilerplate section 704 to a line item under Part 1 and would not reflect an increase of costs or spending.

**Employee Lump Sum Payments**

Includes \$110,400 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## **Technology, Management, and Budget**

Analyst: Michael Crossen

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$1,082,606,600	\$1,119,848,200	\$37,241,600	3.4
Federal	4,699,000	4,393,300	(305,700)	(6.5)
Local	2,334,700	2,334,000	(700)	0.0
Private	137,400	189,200	51,800	37.7
Restricted	134,180,400	130,096,500	(4,083,900)	(3.0)
GF/GP	832,699,500	600,315,000	(232,384,500)	(27.9)
Gross	\$2,056,657,600	\$1,857,176,200	(\$199,481,400)	(9.7)
FTEs	3,220.0	3,249.5	29.5	0.9

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### ***State Employee Flexible Spending Account Dependent Care Match (One-Time)***

Provides \$31.5 million GF/GP to provide state employees a one to one match, up to \$2,500, with employee contributions of payroll deducted pre-tax dollars to pay for dependent care through flexible spending accounts (FSAs). The program would be established to help recruit and retain state employees and would run from January 2025 through December 2027. Approximately 1,200 state employees currently use a dependent care FSA.

#### ***Make it in Michigan Competitive Fund (One-Time)***

Provides \$25.0 million GF/GP for deposit into the Make it in Michigan Competitiveness Fund to set aside funds to leverage major funding opportunities available from recent federal legislation including, but not limited to, the Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and the Inflation Reduction Act. An interagency evaluation committee formed by the Michigan Infrastructure Office in collaboration with the state budget director recommends how to distribute funds to the legislature. Funds in the Make it in Michigan Competitive Fund are subject to appropriation or administrative transfer for expenditure.

#### ***State Property Self Insurance Fund (One-Time)***

Provides \$10.0 million GF/GP to create a self-sustaining fund to self-insure property and building contents at state-owned facilities against damages. The fund would provide the state with reserve funding to draw from to help counter rising insurance premiums. Savings from decreased property insurance rates charged to state agencies would be deposited into the fund.

#### ***State Fleet Electric Vehicle Transition (One-Time)***

Provides \$2.0 million GF/GP towards ongoing efforts to transition the state's motor vehicle fleet to electric vehicles (EV) by 2040 in accordance with Executive Directive 2023-5. Funding would supplement \$1.0 million in recommended ongoing FY 2024-25 funding and would support the purchase of EVs as well as changes to motor pool operations.

#### ***Economic Adjustments***

Reflects increased costs of \$11.8 million Gross (\$3.3 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### **Supplemental Recommendations for FY 2023-24 Appropriations**

#### ***Make it in Michigan Contingency Placeholders***

Includes three \$100 GF/GP placeholders for federal, local, and private funding sources to facilitate a legislative transfer process to recognize a federal award or other complementary local and/or private revenues in support of projects financed from the Make it in Michigan Competitiveness Fund (MIMCF).

#### ***Employee Lump Sum Payments***

Includes \$1.3 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.



## Treasury – Operations/Debt Service

Analyst: Viola Bay Wild

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$11,097,300	\$11,188,500	\$91,200	0.8
Federal	24,921,800	25,011,400	89,600	0.4
Local	15,038,100	15,207,100	169,000	1.1
Private	33,200	36,600	3,400	10.2
Restricted	533,948,800	567,412,400	33,463,600	6.3
GF/GP	392,670,200	312,446,600	(80,223,600)	(20.4)
Gross	\$977,709,400	\$931,302,600	(\$46,406,800)	(4.7)
FTEs	2,013.5	2,011.5	(2.0)	(0.1)

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### ***MI Vehicle Rebate Program***

Includes \$25.0 million GF/GP for the MI Vehicle Rebate Program that would provide point-of-sale consumer rebates for battery electric, plug-in hybrid, and internal combustion vehicles on a first come first serve basis. Rebates of \$1,000 are provided for internal combustion vehicles and rebates of \$2,000 are provided for electric vehicles. An additional \$500 rebate is provided for union-assembled vehicles.

#### ***Recreational Marihuana Grants to Locals***

Includes \$24.7 million in state restricted funding to align grant payments to municipalities and counties with the expected increase in Marihuana Regulation Fund revenues.

#### ***Transfers to MiLEAP***

Reflects the transfer of \$5.9 million Gross (\$4.7 million GF/GP) and 33.0 FTE positions for the Student Financial Assistance program and \$3.0 million Gross (\$3.0 million GF/GP) for Dual Enrollment Payments from Treasury to the new MiLEAP department.

#### ***Debt Service Adjustments***

Reduces general obligation debt service by \$5.0 million GF/GP based on existing debt service schedules and projected new debt service issues for Clean Michigan Initiative, Quality of Life Bonds, and Great Lakes Water Quality Bonds.

#### ***Secure Retirement for Small Businesses***

Includes \$3.0 million GF/GP to establish a state-managed retirement plan marketplace that will allow small businesses with less than 100 employees to provide optional retirement savings plans.

#### ***Michigan's Achieving a Better Life Experience (MiABLE) Program***

Includes \$3.0 million GF/GP to allow for promotion and education of the MiABLE program that allows disabled individuals to create accounts for disability-related expenses without impacting their eligibility for public benefits.

#### ***Payment in Lieu of Taxes (PILT)***

Includes \$2.9 million Gross (\$2.2 million GF/GP) for increased PILT payments to local units of government for state lands owned by the Department of Natural Resources. Funding will align payments with current property tax estimates.

#### ***Gaming Control – Internet Gaming and Sports Betting***

Includes \$1.9 million in state restricted funding to support an additional 14.0 FTE positions that would perform auditing, licensing and investigations, and gaming laboratory functions primarily. Additional staff are needed because of increasing work volumes from the popularity of internet gaming and sports betting.

#### ***Michigan State Lottery***

Includes \$1.0 million in state restricted funding to support efforts to sell and promote Lottery products through online and retail outlets.

***Economic Adjustments***

Reflects increased costs of \$6.4 million Gross (\$1.1 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2021-22 Appropriations**

***Special Election Costs***

Includes \$750,000 GF/GP for special election costs. Funding would be used to reimburse local clerks in Warren and Westland for expenses associated with conducting special elections to fill vacancies in the 13th and 25th state House districts.

***Lottery Operations***

Includes \$540,800 in restricted funding for Lottery operations. Of that amount, \$405,800 would be used to support sales and promotion of Lottery games online and in retail locations, and \$135,000 would be used for building and security improvements for the Lottery headquarters building located in downtown Lansing.

***Employee Lump Sum Payments***

Includes \$1.2 million Gross (\$641,200 GF/GP) to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

**Treasury – Revenue Sharing**

Analyst: Viola Bay Wild

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,663,359,200	1,713,307,500	49,948,300	3.0
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$1,663,359,200</b>	<b>\$1,713,307,500</b>	<b>\$49,948,300</b>	<b>3.0</b>
FTEs	0.0	0.0	0.0	--

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

**Constitutional Revenue Sharing**

Includes increase of \$5.4 million restricted sales tax revenue relative to the FY 2023-24 budget act appropriated amount. Appropriation for FY 2024-25 represents a \$3.0 million decrease from January 2024 CREC estimates for FY 2023-24 payments.

**City, Village, and Township (CVT) Revenue Sharing**

Includes a net increase of \$23.8 million of restricted sales tax revenue for CVT revenue sharing. The net increase reflects the removal of \$5.6 million considered one-time appropriations in FY 2023-24. Specifically, \$14.7 million would support a 5.0% ongoing increase for CVT revenue sharing and \$14.7 million would support a 5.0% one-time increase (10% total). The 5% one-time payment includes the following:

- 2% one-time payment for local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements.
- 3% one-time payment for local units that certify they have fully obligated their federal ARP – local fiscal recovery funds by October 1, 2024.

**County Revenue Sharing**

Includes a net increase of \$20.7 million of restricted sales tax revenue. The net increase reflects the removal of \$4.9 million considered one-time appropriations in FY 2023-24. Specifically, \$12.8 million would support a 5.0% ongoing increase for county revenue sharing and \$12.8 million would support a 5.0% one-time increase (10% total). The 5% one-time payment includes the following:

- 2% one-time payment for local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements.
- 3% one-time payment for local units that certify they have fully obligated their federal ARP – local fiscal recovery funds by October 1, 2024.

## **Health and Human Services**

Analysts: Sydney Brown, Kent Dell, and Kevin Koorstra

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$14,676,900	\$14,707,900	\$31,000	0.2
Federal	25,806,821,200	26,755,591,000	948,769,800	3.7
Local	162,620,500	162,870,000	249,500	0.2
Private	179,694,600	179,764,200	69,600	0.0
Restricted	3,106,634,400	3,883,861,200	777,226,800	25.0
GF/GP	6,464,135,400	6,705,498,500	241,363,100	3.7
<b>Gross</b>	<b>\$35,734,583,000</b>	<b>\$37,702,292,800</b>	<b>\$1,967,709,800</b>	<b>5.5</b>
FTEs	15,861.5	15,929.5	68.0	0.4

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### **BEHAVIORAL AND HEALTH SERVICES**

##### ***Traditional Medicaid Cost Adjustments***

Includes a net increase of \$701.2 million Gross (\$293.6 million GF/GP) to support actuarial soundness, caseload, utilization, inflation, and financing adjustments for the Traditional Medicaid program. The FY 2024-25 FMAP is 65.13% (increase of 0.19% from FY 2023-24) plus a backout of the final quarter of pandemic-related E-FMAP.

##### ***Healthy Michigan Plan (HMP) Cost Adjustments***

Includes a net increase of \$86.4 million Gross (\$9.5 million GF/GP) to support actuarial soundness, caseload utilization, and inflation adjustments for the Healthy Michigan Plan program.

##### ***Medicaid Managed Care Payments Rule Change***

Includes net increase of \$2,090.9 million Gross (net reduction of \$96.9 million GF/GP) from increased QAAP-funded Hospital Rate Adjustments (HRA) to align with recently increased federal upper payment limit. Net amount includes a reduction of \$233.5 million Gross (increase of \$8.7 million GF/GP) from the removal of Disproportionate Share Hospital (DSH) payments that hospitals would no longer be eligible for as a result of the HRA increase. The corresponding GF/GP adjustments are associated with a statutory state retainer that is tied to the federal share of these QAAP-funded hospital payments.

##### ***Medicaid Buy-In Compliance***

Reduces a net of \$25.7 million Gross (increases a net of \$8.8 million GF/GP) to comply with the federally mandated inclusion of Medicare Part B premium reimbursements for Medicaid recipients that are eligible for both Medicare and traditional Medicaid (dual-eligible). The Medicare Part B premium payments are 100% GF/GP, and the assumed Medicaid Third Party Liability savings are shared between state and federal reimbursements.

#### **COMMUNITY SERVICES AND OUTREACH**

##### ***TANF Housing Assistance***

Includes \$3.5 million federal TANF to support families involved in the child welfare system that face housing insecurity.

##### ***Statewide Emergency Shelter Support (One-Time)***

Includes \$7.3 million GF/GP to support statewide emergency shelter operations. Amount includes \$4.5 million GF/GP to support families involved in the child welfare system with housing security, \$2.0 million GF/GP to support construction of family shelters, and \$750,000 GF/GP for short term hoteling.

##### ***Weatherization Assistance-IIJA (One-Time)***

Includes \$5.0 million GF/GP to draw down the federal infrastructure, Investment, and Jobs Act (IIJA) grant matching funds for weatherization assistance. The 5-year annual IIJA grant amount is \$41.8 million.

## CHILDREN'S SERVICES AGENCY – CHILD WELFARE

### ***Child Welfare Caseload Adjustments***

Reduces funding for child welfare programs by \$2.1 million Gross (increases \$16.2 million GF/GP) for current caseload projections for Adoption Subsidies, Child Care Fund, Foster Care Payments, and Guardianship Assistance Program. Amount includes \$291,900 GF/GP increase from changes in the FY 2024-25 FMAP up to 65.13% and a backout of the final quarter of pandemic-related E-FMAP.

### ***Child Caring Institution Rate Restructure***

Includes \$37.5 million Gross (\$30.0 million GF/GP) to restructure contracts to private residential child placing agencies to provide upfront funding based on available beds rather than a per child per day payment.

### ***Raise the Age Fund Elimination***

Removes \$22.2 million GF/GP through the elimination of the Raise the Age Fund (\$13.2 million GF/GP) and the lowering of the reimbursement rate to counties for 17-year-old juvenile offenders from 100% to 50% (\$9.0 million GF/GP) resulting from the statutory change implemented in PA 297 of 2023.

### ***Juvenile Justice Investments***

Includes \$11.9 million Gross (\$10.7 million GF/GP) and authorizes an additional 21.0 FTE positions to implement recommendations from the Governor's Task Force on Juvenile Justice Reform. Funding will be used in part to support staffing at the two state residential facilities, Bay Pines and Shawono Center. Amount also includes \$5.0 million GF/GP on a one-time basis for capital improvements at the two state residential facilities.

### ***Title IV-E Payments to Unlicensed Relatives***

Includes \$10.0 million GF/GP savings due to a recent federal rule change that allows federal Title IV-E funds to now be used to provide payments to unlicensed relatives. Previously, only licensed caregivers were eligible to receive Title IV-E funds. Payments to unlicensed relatives were exclusively funded by GF/GP.

### ***Modified Implementation, Sustainability, and Exit Plan (MISEP) Strategy and Improvements***

Includes \$10.0 million GF/GP for provide program and staffing supports in order to meet identified MISEP benchmarks.

## PUBLIC ASSISTANCE

### ***Michigan Energy Assistance Program***

Includes \$15.0 million GF/GP to increase the pool for State Emergency Relief (SER) energy assistance grants to low-income residents. MEAP is primarily funded through the Low-Income Energy Assistance Fund (LIEAF), which is supported by a per-customer utility surcharge.

### ***Assistance Programs – Increase TANF Support***

Includes \$100.0 million Temporary Assistance for Needy Families (TANF) block grant revenues to support a new program and supplement various other public assistance programs. These increases include: \$36.0 million to increase the FIP payment standard by 35% and increase the state lifetime FIP limit from 48 months to 60 months in accordance with federal statute (PRWORA); \$30.0 million to increase the pool for local office emergency relief grants; \$24.0 million to create an ongoing Prenatal and Infant Support program; and \$10.0 million to increase the Family Independence Program – Young Child Supplement per child, per case monthly supplementary amount to \$150.

### ***Public Assistance Caseload Adjustment***

Includes a net reduction of \$1.3 billion Gross (increase of \$2.3 million GF/GP) for current-year and FY 2024-25 caseload adjustments for the Family Independence Program, Food Assistance Program, State Disability Assistance, and State Supplementation. The reduction primarily results from a decrease in Food Assistance Program caseloads.

### ***Employment and Training Support (One-Time)***

Includes \$5.0 million GF/GP on a one-time basis to increase the grant pool for employment support services, such as vehicle repair/purchases, transportation assistance, work clothing, and tools.

## BEHAVIORAL HEALTH

### ***Certified Community Behavioral Health Clinics Expansion***

Adds \$193.3 million Gross (a net increase of \$35.6 million GF/GP) and authorization for 12.0 FTE positions to expand the number of CCBHCs by approximately 12 (depending on the size of the CCBHC) to provide services to an additional 50,000 individuals. CCBHCs provide 24-hour crisis services, screenings, treatment planning, outpatient behavioral health services, outpatient primary care, target case management, psychiatric rehabilitation, and peer supports. Assumes GF/GP savings of \$12.4 million from current Medicaid mental health programming being eligible for enhanced FMAP reimbursements of 75.59% rather than 65.13% provided at CCBHCs.

### ***Waskul Settlement – Community Living Supports***

Includes \$11.5 million Gross (\$4.0 million GF/GP) to address a settlement agreement that raises the community living support services for Habilitation Supports Waiver recipients that use self-determination up to \$31 per hour.

### ***Michigan Crisis and Access Line***

Includes \$8.3 million Gross (\$7.3 million GF/GP) to make a one-time \$5.0 million grant ongoing support, for increased costs of the 988 suicide and crisis lifeline, and to offset reduction of federal funds.

### ***Multicultural Integration (One-time)***

Includes \$8.6 million GF/GP to continue one-time grant funding to multicultural integration organizations.

### ***Behavioral Health Workforce Initiatives***

Includes \$3.5 million Gross (\$500,000 GF/GP) for 1) ongoing GF/GP support to assist with examination fees and supervision costs of behavioral health professionals and 2) \$3.0 million federal State Fiscal Recovery Funds to support internship and scholarship opportunities for behavioral health professionals.

### ***First Responder Mental Health Services (One-time)***

Includes \$2.5 million GF/GP to continue one-time grant funding for first responder mental health services.

## PUBLIC HEALTH

### ***Racial Disparity Task Force Initiatives***

Includes \$35.0 million Gross (\$10.0 million GF/GP) to support community health services targeted to assist high health disparity regions within the state, including community-based health clinics, mobile health units, and Healthy Community Zone sites. Amount includes \$25.0 million in State Fiscal Recovery Fund (SFRF) revenue on a one-time basis.

### ***Smoking Prevention and Cessation Increase***

Includes \$5.0 million GF/GP to expand tobacco cessation and prevention programming across the state.

### ***Sexual Assault Victim Services***

Includes \$2.0 million GF/GP to expand sexual assault treatment services and maintain sexual assault examiner program. Funding includes \$1.0 million GF/GP to restore one-time funding from FY 2019-20 for comprehensive sexual assault services and \$1.0 million GF/GP to backfill the sexual assault victim's prevention fund.

### ***Family Planning and Local Agreements (One-Time)***

Includes \$14.2 million GF/GP to support statewide family planning services such as planning births, preventing unplanned pregnancies, and preventive health screenings.

### ***Nursing Loan Repayment Program (One-Time)***

Includes \$10.0 million GF/GP to provide student loan repayment for eligible nurses employed by public and private health facilities in the state.

### ***Maternal Health Services (One-Time)***

Includes \$7.5 million GF/GP for the continuation of Perinatal Quality Collaboratives (\$5.0 million GF/GP) and the Centering Pregnancy program (\$2.5 million GF/GP) in order to improve maternal and infant health.

### ***ARP-Community Violence Prevention-Community Grant Program (One-Time)***

Includes \$5.0 million in State Fiscal Recovery Fund (SFRF) revenue to support community providers of violence prevention programming and their efforts to reduce gun violence.

***Firearm Injury and Violence Prevention Grant (One-Time)***

Includes \$4.3 million GF/GP allocated as grants to University of Michigan for the following:

- \$2.6 million GF/GP for technical training, assistance, and program evaluation associated with the implementation of statutory changes to extreme risk protection orders.
- \$1.0 million GF/GP for training, technical assistance, and program evaluation of strategies to reduce school violence and firearm injuries.
- \$750,000 GF/GP to support data collection about fatal and non-fatal firearm injuries in the state.

***Firefighter Healthcare (One-Time)***

Includes \$3.5 million GF/GP to provide health screenings for firefighters.

**HEALTH SERVICES**

***Medicaid Double-Billing Remediation***

Includes a net reduction of \$17.1 million Gross (\$3.5 million GF/GP) to recognize savings resulting from Office of Inspector General (OIG) efforts to mitigate the double-billing of Medicaid contractual payments. Amount includes \$1.8 million Gross (\$900,000 GF/GP) to support an additional 14.0 FTE positions within the OIG.

***Behavioral Health Provider Rate Increase***

Includes \$36.1 million Gross (\$10.2 million GF/GP) to increase reimbursement rates for Medicaid behavioral health service providers to better align the rates provided to mild and moderate behavioral diagnoses with the rates provided through the prepaid inpatient health plans (PHIPs).

***Incarcerated Individuals Medicaid Benefit***

Includes \$30.5 million Gross (\$5.6 million GF/GP) and authorization for 3.0 FTE positions to provide Medicaid-funded health care supports for incarcerated individuals about to reenter society.

***Medicaid Health Plan Procurement Revisions***

Includes \$20.0 million Gross (\$7.6 million GF/GP) and authorization for 14.0 FTE positions to implement a new Medicaid Health Plan Procurement program including various services. These services include:

- \$10.0 million Gross (\$3.5 million GF/GP) to create a pool for hospitals to draw from to provide food insecurity services.
- \$7.0 million Gross (\$2.5 million GF/GP) to provide reimbursements for providers participating in the Vaccines for Children program.
- \$3.0 million Gross (\$1.6 million GF/GP) for DHHS administrative costs.

***Direct / Non-Direct Care Workers Wages***

Includes \$14.0 million Gross (\$49.0 million GF/GP) from the federal reimbursement rate reduction related to long-term care direct care worker wages (\$35.0 million GF/GP) and increases non-direct care worker wages by \$0.85 per hour (\$14.0 million GF/GP).

***Medicaid Birth Expenses Recovery***

Adds \$13.7 million Gross (\$4.8 million GF/GP) to eliminate the requirement that a father of a child born out of wedlock, and to a mother who is a Medicaid beneficiary, must pay for a portion of the birth expenses.

***Peer Support SUD Services***

Includes \$8.3 million Gross (\$2.5 million GF/GP) to establish Medicaid reimbursements for Peer Recovery Specialists providing hospital-based substance use disorder services.

***Healthy Moms / Healthy Babies***

Includes \$8.1 million Gross (\$2.9 million GF/GP) to provide increased reimbursement rates for providers participating in the Maternal Infant Health Program, as well as increase rates and provide training services for doulas – including \$2.9 million on a one-time basis.

***Medicaid MI Choice Structured Family Caregiving***

Includes \$5.0 million Gross (\$1.7 million GF/GP) for training supports and stipends for live-in family members that provide caregiving supports to MI Choice beneficiaries.

***PACE Site Expansion***

Includes \$3.4 million Gross (\$1.1 million GF/GP) to expand PACE sites in Huron Valley, Traverse City, Genesee, and Wayne Counties, and the Central Michigan location.

***MIChild Monthly Premiums***

Adds \$1.8 million GF/GP to eliminate the \$10 monthly MIChild premium.

***Restricted Fund Adjustments***

Includes net-zero funding adjustments (including a net reduction of \$18.0 million GF/GP) to offset revenue shortfalls and surpluses within the Insurance Provider Assessment (IPA), Medicaid Benefits Trust Fund (MBFT), Healthy Michigan Fund (HMF), and the Merit Award Trust Fund.

**Supplemental Recommendations for FY 2023-24 Appropriations**

**BEHAVIORAL AND HEALTH SERVICES**

***Traditional Medicaid Cost Adjustments***

Includes an increase of \$311.6 million Gross (\$122.6 million GF/GP) for traditional Medicaid caseload, cost, utilization, and financing adjustments. Over half of the GF/GP increase is from revised cost estimates of the federal Medicare pharmaceutical program.

***Healthy Michigan Plan (HMP) Cost Adjustments***

Includes an increase of \$95.9 million Gross (\$11.8 million GF/GP) for Healthy Michigan Plan caseload, cost, and utilization adjustments.

***Medicaid Managed Care Payments Rule Change***

Includes net increase of \$2,090.9 million Gross (net reduction of \$90.1 million GF/GP) from increased QAAP-funded Hospital Rate Adjustments (HRA) to align with recently increased federal upper payment limit. Net amount includes a reduction of \$233.5 million Gross (increase of \$13.3 million GF/GP) from the removal of Disproportionate Share Hospital (DSH) payments that hospitals would no longer be eligible for as a result of the HRA increase. The corresponding GF/GP adjustments are associated with a statutory state retainer that is tied to the federal share of these QAAP-funded hospital payments.

***Medicaid Electronic Visit Verification***

Includes \$14.7 million GF/GP from federal financial FMAP penalties from noncompliance with electronic visit verification implementation requirements.

**CHILDREN'S SERVICES AGENCY – CHILD WELFARE**

***Child Welfare Caseload Adjustments***

Decreases funding for child welfare programs by \$28.5 million Gross (\$6.7 million GF/GP) for FY 2023-24 based on current caseload projections for Adoption Subsidies, Child Care Fund, Foster Care Payments, and Guardianship Assistance Program.

**PUBLIC ASSISTANCE**

***Public Assistance Caseload Adjustment***

Includes a net reduction of \$1,248.1 million Gross (increase of \$2.2 million GF/GP) for caseload and cost adjustments for the Family Independence Program, Food Assistance Program, State Disability Assistance, and State Supplementation. The Gross reduction is primarily from a decrease in Food Assistance Program authorization.

**OTHER AND ONE-TIME**

***Federal COVID Public Health Response Grants***

Includes \$21.9 million of federal COVID response grants for epidemiology, public health infrastructure, influenza hospitalizations, emerging infections, and immunization grants.

***Home and Community Based Supportive Housing***

Includes \$20.0 million Gross (\$10.0 million GF/GP) for employment and stability services for individuals living in supportive housing or who are homeless and moving into supportive housing.

***Employee Lump Sum Payments***

Includes \$14.6 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

***Reproductive Health Access Expansion***

Includes \$5.0 million GF/GP for state costs associated with state statute, program policy, or administrative rule changes related to reproductive health access.



**Child Support Enforcement and Navigator Pilot**

Includes \$8.5 million Gross (\$0 GF/GP) to assist families within the child support program navigate the program and to connect and provide those families with information on other community resources.

**Higher Education**  
Analyst: Perry Zielak

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	vs. FY 2023-24
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	131,026,400	3,200,000	(127,826,400)	(97.6)
Local	0	0	0	--
Private	0	0	0	--
Restricted	482,268,300	545,468,300	63,200,000	13.1
GF/GP	1,677,754,100	1,765,528,700	87,774,600	5.2
<b>Gross</b>	<b>\$2,291,048,800</b>	<b>\$2,314,197,000</b>	<b>\$23,148,200</b>	<b>1.0</b>

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

**University Operations Increase**

Includes a net increase of \$41.3 million Gross (\$52.5 million GF/GP reduction) for university operations, a 2.5% increase. This includes:

- \$40.7 million GF/GP ongoing increase to operations grants for universities, with all universities receiving a 2.5% increase.
- \$507,800 GF/GP increase based on FY 2022-23 North American Indian Tuition Waiver program costs reported by institutions.
- Replaces \$93.8 million GF/GP with a corresponding amount of School Aid Fund (SAF).

Attainment of the operations increase would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 5.0% or \$781 (set at 4.5% or \$676 in the current year). Projected funding changes for universities would range from 1.9% to 2.7%. Total funding for operations would be \$1.7 billion Gross (\$1.1 billion GF/GP).

**Michigan State University Extension and AgBioResearch Programs Increase**

Includes a net increase of \$1.8 million GF/GP for MSU's AgBioResearch and Extension program funding. This includes:

- \$963,000 GF/GP ongoing operations increase for the MSU AgBioResearch program, a 2.5% increase.
- \$830,600 GF/GP ongoing operations increase for the MSU Extension program, a 2.5% increase.

Total funding for AgBioResearch and Extension programs would be \$73.5 million GF/GP.

**Michigan Reconnect Program**

Transfers \$62.0 million GF/GP from the Michigan Department of Labor and Economic Opportunity (LEO) for the Michigan Reconnect Program. The program provides last-dollar scholarships primarily to individuals 25 or older (temporarily expanded to 21-24 year-olds through November 2024) with a high school diploma or equivalency certificate to complete a Pell-eligible associate degree or skills-based certificate. Total funding for the Michigan Reconnect Program would be \$62.0 million GF/GP.

**Michigan Achievement Scholarship/Postsecondary Scholarship Fund Deposit**

Includes a net increase of \$30.0 million GF/GP for deposit into the Postsecondary Scholarship Fund, a 10.0% increase, which is the funding source for Michigan Achievement Scholarships. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. Includes the new Community College Guarantee, which would expand last-dollar aid and a \$1,000 needs-based stipend for community college students. After a total \$330.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2024-25 would be \$330.0 million restricted.

**Tuition Incentive Program**

Includes a net increase of \$20.0 million Gross (\$93.8 million GF/GP) for the Tuition Incentive Program (TIP), a 27.1% Gross increase. This includes adding GF/GP to replace federal Temporary Assistance for Needy Families (TANF) funding that would instead be used to increase supports for low-income families including cash assistance rate increases, emergency relief, and child care rate increases. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase addresses increased student participation and increased tuition and fees. Total funding for TIP would be \$93.8 million GF/GP.

***Tuition Grant Program***

Includes a net decrease of \$7.1 million Gross (increase of \$34.9 million GF/GP) for the Tuition Grant Program, a 16.9% Gross decrease. This includes adding GF/GP to replace federal TANF funding that would instead be used to increase supports for low-income families including cash assistance rate increases, emergency relief, and child care rate increases. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. The reduction is due to the anticipated phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Tuition Grants would be \$34.9 million GF/GP.

***Michigan Competitive Scholarships***

Includes a net decrease of \$6.9 million Gross (increase of \$19.9 million GF/GP) for Michigan Competitive Scholarships, a 25.8% Gross decrease. This includes adding GF/GP to replace federal TANF funding that would instead be used to increase supports to low-income families including cash assistance rate increases, emergency relief, and child care rate increases. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the anticipated phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$19.9 million GF/GP.

***Removal of One-Time Funding***

Removes \$117.0 million Gross (\$87.0 million GF/GP) through the removal of five one-time projects: Infrastructure, Technology, Equipment, Maintenance, and Safety (\$79.0 million GF/GP); MSU Engineering and Digital Innovation Center (\$30.0 million SAF); Critical Incident Mapping (\$5.0 million GF/GP); Michigan Geological Survey (\$3.0 million SAF); and Michigan Technological University Bachelor of Science in Nursing Program Creation (\$870,000 GF/GP).

**Insurance and Financial Services**

Analyst: Marcus Coffin

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/DT	\$732,100	\$753,500	\$21,400	2.9
Federal	1,017,100	700,000	(317,100)	(31.2)
Local	0	0	0	--
Private	0	0	0	--
Restricted	72,398,700	76,317,900	3,919,200	5.4
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$74,147,900</b>	<b>\$77,771,400</b>	<b>\$3,623,500</b>	<b>4.9</b>
FTEs	394.5	401.5	7.0	1.8

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes from FY 2023-24 Enacted Appropriations**

***Staffing Increase***

Includes an additional \$1.3 million of state restricted funding authorization and authorization for 7.0 FTE positions to onboard additional staff to support increased work volumes due to growth of the insurance sector.

***Pharmacy Benefit Managers***

Includes an additional \$660,000 of state restricted funding authorization to support regulatory activities related to pharmacy benefit managers, as necessitated by 2022 PA 11.

***Insurance Complaints and Health Care Appeals Outreach***

Includes \$250,000 of state restricted funding authorization (one-time) to support a campaign to make Michigan residents aware of their rights and ability to file insurance complaints and to seek appeals of health insurance denials.

***Economic Adjustments***

Reflects increased costs of \$1.4 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

## Judiciary

Analyst: Robin R. Risko

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$1,902,300	\$1,902,300	\$0	\$0
Federal	6,751,300	7,132,600	381,300	5.6
Local	0	0	0	—
Private	1,903,900	1,905,300	1,400	0.1
Restricted	95,152,600	95,887,300	734,700	0.8
GF/GP	250,218,100	264,988,900	14,770,800	5.9
<b>Gross</b>	<b>\$355,928,200</b>	<b>\$371,816,400</b>	<b>\$15,888,200</b>	<b>4.5</b>
FTEs	598.0	654.5	56.5	9.4

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Statewide Case Management System**

Includes \$4.6 million GF/GP and authorization for 19.0 new FTE positions for continued support of the statewide judicial case management system. Funding would be used to support staff and operating costs as additional trial courts transition to the system from locally managed systems.

#### **Appellate Indigent Defense Workload Standards**

Includes \$3.3 million GF/GP to support costs of attorneys and support staff for the State Appellate Defender's Office (SADO) for a three-year, phased implementation of workload standards, based on a workload assessment from the National Center for State Courts. Standards are developed in parallel with separate workload standards for trial-level public defenders through the Michigan Indigent Defense Commission.

#### **SADO Salary Adjustments**

Includes \$1.1 million GF/GP to cover costs of negotiated pay increases for UAW-represented employees of SADO (\$856,100) and costs of pay increases for non-represented employees (\$205,600) to bring them in line with similar civil service positions.

#### **Conversion of Contracted Positions to State Positions**

Includes \$934,700 GF/GP to cover costs of converting positions in SADO, the Michigan Justice Institute, the Court of Appeals, and the Supreme Court from contracted positions to state employees, as recommended by the IRS in a recent audit.

#### **Judgeship Changes**

Includes \$305,500 Gross (\$171,700 GF/GP) to cover partial year costs of two new judgeships: one probate court judgeship in Macomb County and one district court judgeship in Kent County.

#### **SOCC Recommendations for Supreme Court Justices**

Includes \$166,600 GF/GP to support the May 2023 SOCC recommendations to provide annual 7% pay increases for Supreme Court justices in FY 2024-25 and FY 2025-26, and to provide a \$10,000 expense allowance for each Supreme Court Justice. (Legislative approval of SOCC recommendations via a concurrent resolution would be needed.)

#### **Economic Adjustments**

Reflects increased costs of \$9.6 million Gross (\$8.9 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### **Employee Lump Sum Payments**

Includes \$1.0 million GF/GP to cover costs of one-time lump sum payments for eligible state employees.

## Labor and Economic Opportunity

Analyst: Viola Bay Wild

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,183,654,200	1,177,165,800	(6,488,400)	(0.5)
Local	10,700,000	10,700,000	0	0.0
Private	12,539,200	12,584,600	45,400	0.4
Restricted	358,863,400	413,774,700	54,911,300	15.3
GF/GP	1,301,508,000	359,007,400	(942,500,600)	(72.4)
Gross	<b>\$2,867,264,800</b>	<b>\$1,973,232,500</b>	<b>(\$894,032,300)</b>	<b>(31.2)</b>
FTEs	2,648.9	2,678.5	29.6	1.1

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Michigan Innovation Fund**

Includes \$60.0 million of Venture Michigan Fund investment proceeds (one-time) for deposit into a new innovation fund that would support startups and make investments that would improve the startup and innovation ecosystem, including programming, technical assistance, and other support services. (Note: would require statutory change to authorize use of Venture Michigan Fund investment returns)

#### **Build Ready Sites Program**

Includes \$25.0 million GF/GP (one-time) to create development-ready sites to attract and promote business throughout the state.

#### **Business Attraction and Community Revitalization**

Includes \$20.0 million GF/GP (one-time) to augment existing \$100.0 million in ongoing funds for business development and community revitalization programs and the expansion of small business services.

#### **Michigan Marketing Initiatives**

Includes \$20.0 million GF/GP (\$15.0 million GF/GP considered one-time) for marketing initiatives that focus on talent attraction, labor retention, and population growth.

#### **Going Pro**

Includes \$20.0 million GF/GP (one-time) to augment existing \$54.8 million Gross for Going Pro program, which would increase employer training grants in FY 2024-25.

#### **Talent Solutions**

Includes \$20.0 million GF/GP (one-time) to support initiatives providing economic assistance to businesses locating or expanding in Michigan, specifically around workforce needs. Funding would also support development of customized talent solutions to help fill identified needs in certain industries.

#### **New Michigander - Immigration and Legal Services**

Includes \$8.0 million GF/GP (one-time) for immigrant integration services that are not provided through the federal refugee resettlement program.

#### **Federal Vocational Rehabilitation State Match**

Includes \$5.9 million Gross (\$1.3 million GF/GP) to increase authorization in the Bureau of Services for Blind Persons (\$272,900) and Michigan Rehabilitation Services (\$5.6 million) to expand vocational rehabilitation services.

#### **Community and Worker Economic Transition Office**

Includes \$5.0 million GF/GP and authorization for 20.0 FTE positions for the Community and Worker Economic Transition Office developed in 2023 PA 232. Office goals include ensuring communities, workers, and businesses are supported in navigating the state's economic transition from internal combustion engines to electric vehicles, the shift to renewable energy, and the decarbonization of the manufacturing industry. (Note: prorated funding is included in FY 2023-24 supplemental request noted below)

**Arts and Cultural Grants**

Includes \$5.0 million GF/GP (one-time) to augment existing \$11.1 million GF/GP ongoing appropriation to provide additional arts and cultural grants.

**Community and Neighborhood Initiatives**

Includes \$5.0 million GF/GP (one-time) for grants to community and neighborhood organizations for programs and initiatives that would build strong communities through education programs, workforce training services, recreational activities, senior programming, and other wraparound services. Grants would support projects that are free and open to the community in which they are located or serve.

**Global Talent and Retention**

Includes \$4.0 million GF/GP (one-time) and authorization for 1.0 FTE position to improve the integration of individuals from foreign countries seeking education and/or employment in the state. Funds would support activities that would increase direct connections between universities and employers and lowering barriers to employment by improving licensing and certification processes.

**Michigan Growth Office**

Includes \$4.0 million GF/GP (one-time) to fund efforts that would build off and expand the work of the Growing Michigan Together Council, identify barriers to economic and population growth in the state, and support community growth opportunities statewide.

**Office of Rural Prosperity Grants**

Includes \$2.5 million GF/GP (one-time) for grants that would improve shovel-ready projects that meet statewide priorities, including enhancing or elevating broadband, housing, infrastructure, education, and workforce development. Funds would also support building and enhancing regional and statewide coordination of services and programming in rural communities.

**Workers' Disability Compensation Agency Fee Proposal**

Includes \$1.5 million restricted Workers' Compensation Administrative Revolving Fund to recognize increased revenues from a proposed expansion in redemption fees and establishment of coverage reporting filing fees. (Note: legislation would be needed to effectuate the fee increase and expansion.)

**Focus: HOPE**

Includes \$1.0 million GF/GP (one-time) for grant to Focus: HOPE for education and workforce development programming.

**Executive Order 2023-6 Transfers**

Shifts \$68.7 million GF/GP and authorization for 12.0 FTE positions for Reconnect and the Tri-Share Child Care program to the new MiLEAP department pursuant to Executive Order 2023-6. Also includes \$697,400 GF/GP and authorization for 1.0 FTE due to the shift of the Office of Rural Prosperity from MDARD to LEO.

**Removal of Enacted Budget One-Time Appropriations**

Removes \$1.0 billion Gross and GF/GP funding appropriated in FY 2023-24 budget for various one-time projects.

**Economic Adjustments**

Reflects increased costs of \$11.0 million Gross (\$1.6 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2023-24 Appropriations****Targeted Energy Investment**

Includes \$150.0 million GF/GP (one-time) to support efforts to restart the Palisades nuclear power generation reactor. The funds augments \$150.0 million GF/GP appropriated in 2023 PA 119. Expenditure of funds would be contingent upon conditional commitments from the U.S. Department of Energy for the support of efforts to restart the facility.

**Office of Global Michigan**

Includes \$28.1 million Federal to support Ukrainian and Afghan specific grants and increases in Office of Refugee Resettlement support service grants, administrative support grants, and the unaccompanied refugee minor program.

***Community and Worker Economic Transition Office and Pilot Program***

Includes a total of \$12.5 million GF/GP and authorization for 20.0 FTE positions for the Community and Worker Economic Transition Office and an associated Community and Worker Economic Transition Fund Pilot. Of the total, \$2.5 million GF/GP and authorization for 20.0 FTE positions is included for the Community and Worker Economic Transition Office developed in 2023 PA 232. Office goals include ensuring communities, workers, and businesses are supported in navigating the state's economic transition from internal combustion engines to electric vehicles, the shift to renewable energy, and the decarbonization of the manufacturing industry. The pilot program would be supported with \$10.0 million GF/GP and would provide resources to support communities, workers, and businesses navigating the transition. Activities would include technical assistance and capacity building, training and education, and other supportive services.

***Mobility Hub Project***

Includes \$11.0 million Federal to support a project to develop a demonstration model enabling companies to transition fleets to electric vehicles and test new technologies, digital services, and business models.

***Bureau of Services for Blind Persons***

Recognizes \$5.0 million Federal to be used for one-time projects including training center renovations, software and financial literacy applications, and lease revisions. Sufficient matching funds already exist for the additional federal funding.

***State Manufacturing Leadership Program***

Recognizes \$2.0 million Federal grant to support Michigan's industry 4.0 program to provide financial assistance to implement smart manufacturing projects for small- and medium-size manufacturing firms across the state. The expanded funding will focus on supporting minority-owned small- and medium-sized manufacturing firms and those located in disadvantaged communities.

***Housing Readiness Incentive Grant Program***

Includes \$1.0 million GF/GP to augment the existing \$5.0 million GF/GP appropriated in 2023 PA 119. The funds would support grants to cities, villages, townships, and counties to cover costs associated with adopting land use policies, master plan updates, zoning text amendments, and additional actions that would improve housing supply and affordability.

***Radiological Health Fees***

Recognizes \$582,000 restricted radiological health fees to accommodate the fee increase approved in 2023 and provides authorization for 4.6 FTE positions. Funds would support staffing and purchases to replace outdated equipment.

***Employee Lump Sum Payments***

Includes \$727,000 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for people employed full-time as of December 23, 2023.



## Licensing and Regulatory Affairs

Analyst: Marcus Coffin

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$46,897,200	\$27,682,800	(\$19,214,400)	(41.0)
Federal	50,004,200	30,471,300	(19,532,900)	(39.1)
Local	0	0	0	--
Private	0	0	0	--
Restricted	259,708,400	280,707,400	20,999,000	8.1
GF/GP	271,331,100	296,605,700	25,274,600	9.3
Gross	\$627,940,900	\$635,467,200	\$7,526,300	1.2
FTEs	1,893.9	1,818.0	(75.9)	(4.0)

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Michigan Indigent Defense Commission (MIDC) Grants Existing Standards Funding Increase**

Includes an additional \$24.6 million GF/GP for costs incurred by district and circuit court funding units for continued compliance with MIDC standards 1, 2, 3, 4, 5, and 8 and the indigency standard. Standards 1, 2, 3, 4, 5, and 8 relate to education and training of defense counsel, timing and location of attorney-client interviews, defense investigations and experts, presence of counsel at first appearance and other trial stages, indigent defense system independence from the judiciary, and attorney compensation, respectively. District and circuit court funding units receive grants to implement plans to ensure compliance with approved MIDC standards.

#### **MIDC Grants Standards 6 and 7 Compliance Costs**

Includes \$12.9 million GF/GP for costs incurred by district and circuit court funding units for compliance with MIDC Standards 6 and 7, which pertain to indigent defense workloads and attorney qualification and review, respectively.

#### **Michigan Public Service Commission Clean Energy Implementation**

Includes \$5.8 million of state restricted funding authorization to support the implementation of 2023 PAs 229, 231, 233, 234, and 235, colloquially referred to as the "clean energy package." The funding would support responsibilities related to renewable energy plan reviews, reviews of Integrated Resource Plan and Energy Waste Reduction filings, and renewable energy facility siting.

#### **Elevator Inspectors**

Includes an additional \$4.4 million of state restricted funding authorization and authorization for 10.0 FTE positions to hire additional elevator inspectors.

#### **Cannabis Regulatory Agency Staffing Increase**

Includes an additional \$3.4 million of state restricted funding authorization and authorization for 9.0 FTE positions to increase enforcement activity, licensing support, and safety inspections within the marijuana sector and to support the statewide marijuana monitoring system.

#### **Nursing Home Surveys and Investigations**

Includes an additional \$1.9 million GF/GP and authorization for 12.0 FTE positions to onboard additional staff to conduct comprehensive surveys and investigations of nursing homes.

#### **Economic Adjustments**

Reflects increased costs of \$5.9 million Gross (\$907,400 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### **Employee Lump Sum Payments**

Includes \$511,200 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## Lifelong Education, Advancement, and Potential

Analysts: Perry Zielak and Noel Benson

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	NA
Federal	0	413,951,400	413,951,400	NA
Local	0	0	0	NA
Private	0	250,000	250,000	NA
Restricted	0	1,862,300	1,862,300	NA
GF/GP	0	160,921,700	160,921,700	NA
<b>Gross</b>	<b>\$0</b>	<b>\$576,985,400</b>	<b>\$576,985,400</b>	<b>NA</b>
FTEs	0.0	334.0	334.0	NA

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Office of Early Childhood Education Program Transfers**

Transfers \$429.9 million Gross (\$53.4 million GF/GP) and authorization for 77.0 FTE positions from the Michigan Department of Education (MDE), \$25.6 million Gross (\$3.8 million GF/GP) and authorization for 147.0 FTE positions from the Michigan Department of Licensing and Regulatory Affairs (LARA), and \$3.4 million GF/GP from the Michigan Department of Labor and Economic Opportunity (LEO) into the new Office of Early Childhood Education to support the Child Development and Care, Head Start, Great Start Collaboratives, and Tri-Share Child Care programs.

#### **Office of Education Partnerships Program Transfers**

Transfers \$1.0 million GF/GP and authorization for 6.0 FTE positions from MDE for the new Office of Education Partnerships to support the Family and Community Engagement program, the Governor's Educator Advisory Council, and the Michigan PreK-12 Literacy Commission.

#### **Office of Higher Education Program Transfers**

Transfers \$3.3 million GF/GP and authorization for 12.0 FTE positions from LEO and \$8.9 million Gross (\$7.7 million GF/GP) and authorization for 33.0 FTEs from the Michigan Department of Treasury for the new Office of Higher Education to provide administrative support for the Sixty by 30 Initiative, Michigan Reconnect, Future for Frontliners, some student financial assistance programs, and the Michigan Student Scholarship and Grants portal.

#### **Child Development and Care Investments**

Provides \$106.5 million Gross (\$79.0 million GF/GP) for new investments in the Child Development and Care program. Includes \$37.9 million Gross (\$19.0 million GF/GP) to increase hourly reimbursement rates by 10%; \$8.5 million Federal to increase reimbursement rates for foster care children by 30%; and \$60.0 million GF/GP one-time to create a pilot program to provide child care workers with child care related subsidies.

#### **Facility Inspections**

Provides \$4.8 million Federal and authorization for 30.0 FTE positions to increase staff support for child care facility inspections.

#### **Family Child Care Networks**

Provides \$4.0 million Federal to maintain family child care networks that provide support to home-based child care providers. The networks were originally funded using COVID-19 stimulus funds.

#### **Out-of-School Time Administration**

Provides \$366,500 GF/GP and authorization for 2.0 FTE positions to provide support for the Michigan Out-of-School Time program in the School Aid budget.

#### **Departmental Administration and Support**

Provides \$8.8 million Gross (\$7.8 million GF/GP) and authorization for 30.0 classified and 6.0 unclassified FTE positions for departmental administration and support, including executive direction and operations and property management.

#### **Information Technology**

Provides \$1.0 million Gross (\$776,300 GF/GP) for information technology services and projects.

***Economic Adjustments***

Reflects increased costs of \$101,800 Gross (\$8,500 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

## **Military and Veterans Affairs**

Analyst: Michael Crossen

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	135,035,900	144,036,800	9,000,900	6.7
Local	0	0	0	--
Private	100,000	100,000	0	0.0
Restricted	14,213,400	13,221,400	(992,000)	(7.0)
GF/GP	98,889,300	109,592,100	10,702,800	10.8
<b>Gross</b>	<b>\$248,340,400</b>	<b>\$267,052,100</b>	<b>\$18,711,700</b>	<b>7.5</b>
FTEs	1,060.0	1,060.0	0.0	0.0

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### ***Veteran Homes Operating Expenses Adjustment***

Provides \$16.4 million Gross (\$10.2 million GF/GP) to the three state veteran home facilities to reflect operating cost increases for contracted nursing services, state healthcare employee wages, medical supplies and services, utilities, and DTMB accounting services fees. Funding increases to each of the 3 homes would be:

- \$9.7 million for the Grand Rapids Home for Veterans
- \$5.0 million for the Chesterfield Township Home for Veterans
- \$1.6 million for the D.J. Jacobetti Home for Veterans

#### ***Selfridge Air National Guard Base (One-Time)***

Includes \$10.0 million GF/GP for shifting runway placement at Selfridge Air National Guard Base to help attract new aircraft flying missions. The runway adjustment is necessary to comply with Air Installation Compatible Use Zone Program requirements and to correct an ongoing concern with real estate development encroaching on the base.

#### ***Veteran Homelessness Grants (One-Time)***

Provides \$1.5 million GF/GP for MVAA to continue the pilot grant program to provide grants to non-profit organizations to provide, or assist in providing, housing for homeless veterans and their families in an effort to eliminate veteran homelessness.

#### ***Michigan Veterans' Facility Authority Administrative Operating Expenses Adjustment***

Provides \$941,900 GF/GP to cover increased costs related to Auditor General service fees, DTMB accounting services, and increased costs for medical billing services, telecommunications, and other services.

#### ***Economic Adjustments***

Reflects increased costs of \$3.1 million Gross (\$1.6 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### **Supplemental Recommendations for FY 2023-24 Appropriations**

#### ***SSG Parker Gordon Fox Suicide Prevention Federal Grant Program***

Provides \$750,000 in federal funds authorized under the VA Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program. Grants are awarded to eligible entities that provide outreach for suicide prevention services. Funding would build off current work for suicide prevention outreach being done through the Governor's Challenge initiative.

#### ***Employee Lump Sum Payments***

Includes \$757,400 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## Natural Resources

Analyst: Austin Scott

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$202,600	\$207,000	\$4,400	2.2
Federal	122,923,800	96,140,700	(26,783,100)	(21.8)
Local	0	0	0	--
Private	7,289,200	7,609,200	320,000	4.4
Restricted	353,778,000	371,056,200	17,278,200	4.9
GF/GP	88,054,500	67,757,000	(20,297,500)	(23.1)
<b>Gross</b>	<b>\$572,248,100</b>	<b>\$542,770,100</b>	<b>(\$29,478,000)</b>	<b>(5.2)</b>
FTEs	2,555.3	2,545.3	(10.0)	(0.4)

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Recreation Passport Default Opt-in Revenue**

Includes \$17.2 million in new restricted authorization in anticipation of Recreation Passport sales changing from an opt-in model to an opt-out model; motorists would purchase a passport by default unless they choose to opt-out when renewing motor vehicle registration. Passports would be provided free of charge to resident military veterans.

#### **Capital Outlay Adjustments**

Provides a net reduction of \$8.7 million Gross (\$0 GF/GP) for funding decreases to Forest Development Infrastructure; Shooting Range Development, Enhancement, and Restoration; State Game and Wildlife Area Infrastructure; and State Parks Repair and Maintenance. Funding increases are also included to Wetlands Restoration, Enhancement, and Acquisition; Local Boating Infrastructure and Maintenance; and State Boating Infrastructure and Maintenance.

#### **Nature Awaits**

Reduces GF/GP authorization by \$4.0 million for grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system.

#### **Archives of Michigan**

Transfers funding for the Michigan Historical Center by \$1.9 million GF/GP to reflect Executive Order 2023-6 which moved the Archives of Michigan from DNR to DTMB.

#### **Economic Adjustments**

Reflects increased costs of \$6.9 million Gross (\$608,900 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### **Straits State Park Interpretive Site**

Authorizes spending of a \$3.6 million private grant to enhance the grounds and construct an interpretive/meeting building in the west unit of Straits State Park.

#### **Decree Negotiations**

Provides \$2.3 million GF/GP to acquire and retire a state commercial fishing license now prohibited under the new Great Lakes Consent Decree (2023) signed by Michigan, the United States, and five tribal governments.

#### **Brandon Road Lock and Dam**

Includes \$1.5 million GF/GP to support the Brandon Road Interbasin Project to block invasive species from Lake Michigan.

#### **Employee Lump Sum Payments**

Includes \$561,900 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

## **School Aid**

Analysts: Jacqueline Mullen and Noel Benson

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,200,793,500	2,272,793,500	72,000,000	3.3
Local	0	0	0	--
Private	0	0	0	--
Restricted	19,170,957,800	18,285,630,200	(885,327,600)	(4.6)
GF/GP	87,900,000	51,550,000	(36,350,000)	(41.4)
<b>Gross</b>	<b>\$21,459,651,300</b>	<b>\$20,609,973,700</b>	<b>(\$849,677,600)</b>	<b>(4.0)</b>

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes from FY 2023-24 Enacted Appropriations**

#### ***Foundation Allowance***

Increases by \$316.0 million to increase the foundation allowance by \$241 per pupil to \$9,849, a 2.5% increase.

#### ***Cyber Schools Foundation Allowance Reduction***

Reduces cyber school foundation allowances to 80% of the foundation, or \$7,879 per pupil, creating an estimated cost savings of \$27.0 million.

#### ***Michigan Public School Employees' Retirement System (MPSERS)***

Reduces by \$631.7 million SAF the other post-employment benefits (OPEB) contribution for unfunded actuarial accrued liability (UAAL) by removing the requirement that the contribution must be at least equal to the contribution in the prior year (the OPEB system is expected to be fully funded in the next valuation, which would satisfy the statutory condition authorizing the removal of the UAAL contribution floor). Provides \$94.3 million SAF to effectively reduce districts' 20.96% contribution cap for unfunded liability costs to an estimated 20.0%. Revises \$11.9 million one-time SAF to ongoing to continue a cost offset expansion to ISDs and district libraries. Increases by \$42.9 million Gross, including a decrease of \$200,000 GF/GP, in cost adjustments.

#### ***Per-Pupil Mental Health and School Safety Grant***

Provides \$300.0 million SAF (\$150.0 million ongoing; \$150.0 million one-time) for per-pupil payments to districts, ISDs, and the Michigan Schools for the Deaf and Blind for activities to improve mental health and improve school safety. (This section also provided \$310.0 million SAF and \$18.0 million GF/GP in FY 2023-24.) Strikes nonpublic schools as eligible recipients and strikes requirement that at least 50% of funds be spent on mental health. Adds emergency infrastructure needs as an allowable use of funds with MDE approval.

#### ***Literacy Supports***

Provides \$155.0 million one-time SAF for payments to districts and ISDs to improve educational outcomes in literacy. Creates a Committee for Literacy Development within MiLEAP to evaluate and maintain a ranked list of available literacy-related curricula, professional development, and tools or services. Requires funding to be tied to the rankings. Awards members of the committee up to an \$8,000 annual stipend.

#### ***MI Kids Back on Track***

Provides an additional \$150.0 million one-time SAF for districts, ISDs, and the Michigan Schools for the Deaf and Blind to implement a MI Kids Back on Track plan to address unfinished learning. (This section also provided \$150.0 million one-time SAF in FY 2022-23. There was no funding appropriated in FY 2023-24.)

#### ***Transportation Costs***

Provides an additional \$125.0 million one-time School Transportation Fund to districts based on riders per square mile. (This section also provided \$125.0 million one-time School Transportation Fund in FY 2023-24.)

**Great Start Readiness Program (GSRP)**

Increases by \$106.2 million SAF for a total of \$649.6 million Gross (\$0 GF/GP) for school readiness preschool programs for 4-year-old children. Increases the allocation per child in line with the 2.5% foundation increase plus an additional 5% increase, to \$10,342 for a full-day program and \$5,171 for a part-day program. Also increases the per child allocation to \$12,107 for an extended program. Strikes household income eligibility threshold and instead requires prioritization of children in low-income households. Expands to include young 4-year-olds (birthdays between September 1 and December 1). Allows MDE to waive program eligibility requirements for certain licensed child care providers; provides intent that this provision is to expand access to GSRP. In addition to an ongoing allocation of \$10.0 million SAF for transportation costs, also retains \$18.0 million one-time GSRP Reserve Fund.

**Universal School Meals**

Increases the ongoing SAF appropriation by \$70.0 million for a total of \$170.0 million and provides an additional \$30.0 million one-time School Meals Reserve Fund (this section also provided \$60.0 million one-time School Meals Reserve Fund in FY 2023-24) for providing free school lunch and breakfast for all PreK-12 students.

**Services for Low-Income Students**

Provides \$90.0 million SAF for competitive grants to districts and ISDs to support the academic, social-emotional, and physical needs of students from low-income households. Also provides \$250,000 GF/GP to MDE for administration.

**Enrollment Stabilization**

Provides an additional \$71.0 million one-time Enrollment Stabilization Fund to offset a portion of the cost of declining enrollment. (This section also provided \$71.0 million one-time Enrollment Stabilization Fund in FY 2023-24.)

**Grow Your Own Programs**

Provides an additional \$50.0 million one-time SAF for grants to districts and ISDs to provide a no-cost pathway for support staff members to become certified teachers. (This section also provided \$20.0 million one-time SAF and \$155.0 million one-time federal in FY 2022-23. There was no funding appropriated in FY 2023-24.)

**Mentoring Grants**

Provides an additional \$50.0 million one-time SAF for grants to districts for mentoring teachers, school counselors, and administrators. (This section also provided \$50.0 million one-time SAF in FY 2023-24.)

**Before and After School Programs**

Provides an additional \$50.0 million one-time SAF to Clinton County RESA to award competitive grants for before and after school programs and summer school programs. (This section also provided \$50.0 million one-time SAF in FY 2023-24.)

**Special Education Millage Equalization**

Increases by \$50.0 million SAF for a total of \$124.2 million SAF. Revises funding formulas (currently, a millage equalization program and a millage incentive program) to a formula based on the difference between an ISD's special education costs and its state and local special education revenue. Provides the amount necessary to cap an ISD's uncompensated special education costs at 24% of their total special education costs, prorated to 22.6% for FY 2024-25.

**Free Application for Federal Student Aid (FAFSA) Completion Challenge**

Provides an additional \$40.0 million one-time SAF to extend the FAFSA completion challenge by at least four years. (This section also provided \$10.0 million one-time SAF in FY 2023-24.) Caps expenditures at \$10.0 million per year. The program provides districts with two payments equal to \$50 per 12th grade student.

**GSRP Classroom Start-Up Grants**

Provides an additional \$35.0 million one-time SAF for grants of up to \$25,000 for each new or expanded GSRP classroom. (This subsection also provided \$35.0 million one-time SAF in FY 2022-23. There was no funding appropriated in FY 2023-24.)

**At-Risk**

Increases by \$23.8 million SAF (2.5% in line with the proposed foundation increase) for a total of \$975.8 million SAF for instructional programs and direct noninstructional services for at-risk pupils. Adds provision for certain districts to use up to 30% of funds for retention and recruitment of instructional staff and staff providing services related to mental, emotional, or physical health.

**Special Education Foundation Allowances**

Increases by \$23.2 million SAF for a total of \$514.4 million SAF to continue funding special education pupils' foundation allowances separately from the cost reimbursements required by *Durant v. State of Michigan*.

**Career Education Planning District (CEPD) Key Industry Grants**

Provides \$20.0 million one-time SAF for competitive grants to eligible CEPDs to provide payments to local partner businesses or trade associations for student apprenticeship programs in key industries.

**Economic Adjustments**

Reflects increased costs of \$301,400 Gross (\$230,600 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2023-24 Appropriations**

**GEER Fund Reallocation**

Reallocates \$13.3 million (out of a total \$86.9 million) in federal American Rescue Plan Act (ARPA) funding originally appropriated for the Emergency Assistance to Nonpublic Schools (EANS) Program. Under ARPA, unobligated EANS funds revert to Governor's Emergency Education Relief (GEER) Fund and may be reallocated for other purposes. The proposed reallocation of the reverted GEER Fund would allocate to districts and ISDs the same proportion of federal GEER Fund they received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.



## State Police

Analyst: Marcus Coffin

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24		Executive	Amount
IDG/IDT	\$26,244,400	\$27,189,800	\$945,400	3.6
Federal	88,805,100	99,062,700	10,257,600	11.6
Local	4,904,800	4,975,700	70,900	1.4
Private	35,000	35,000	0	0.0
Restricted	165,787,800	174,984,300	9,196,500	5.5
GF/GP	607,564,000	626,961,000	19,397,000	3.2
<b>Gross</b>	<b>\$893,341,100</b>	<b>\$933,208,500</b>	<b>\$39,867,400</b>	<b>4.5</b>
FTEs	3,832.0	3,856.0	24.0	0.6

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### ***FY 2023-24 Trooper Recruit School Annualization***

Includes \$5.5 million GF/GP to support salaries, benefits, and administrative costs (IT, fleet, etc.) associated with 50 troopers expected to graduate trooper recruit school in FY 2023-24.

#### ***Law Enforcement Training, Recruitment, and Retention Grants***

Includes \$5.0 million GF/GP to support application-based grants available to local law enforcement agencies for the purposes of recruiting, training, integrating, and retaining licensed law enforcement officers.

#### ***Contracts and Services***

Includes \$2.0 million GF/GP for executive security services.

#### ***Capitol Security***

Includes \$1.4 million GF/GP and authorization for 13.0 FTE positions to hire additional State Property Security Officer staffing to operate weapons detection equipment installed at entrances to the State Capitol Building.

#### ***Economic Adjustments***

Reflects increased costs of \$21.8 million Gross (\$17.4 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

### Supplemental Recommendations for FY 2023-24 Appropriations

#### ***Disaster and Emergency Contingency Fund***

Includes \$10.0 million GF/GP for deposit into the Disaster and Emergency Contingency Fund to support response and recovery activities and financial assistance to local units of government in the event of a disaster or emergency.

#### ***Employee Lump Sum Payments***

Includes \$5.2 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

#### ***Hazard Mitigation Assistance Loan Program***

Includes \$500,000 GF/GP (one-time) to provide the required state match for the federal Safeguarding Tomorrow Through Ongoing Risk Mitigation (STORM) Act grant. The STORM Act would provide a capitalization grant that would in turn be used to establish a revolving loan fund to assist local governments with mitigating and reducing risks from natural hazards and disasters.

## Transportation

Analyst: William E. Hamilton

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	Difference: FY 2024-25 vs. FY 2023-24	
			Amount	%
IDG/IDT	\$4,353,000	\$4,316,700	(\$36,300)	(0.8)
Federal	2,149,121,400	2,253,675,100	104,553,700	4.9
Local	85,773,500	87,448,500	1,675,000	2.0
Private	16,800,000	18,800,000	2,000,000	11.9
Restricted	4,082,402,000	4,232,048,900	149,646,900	3.7
GF/GP	288,100,000	185,000,000	(103,100,000)	(35.8)
<b>Gross</b>	<b>\$6,626,549,900</b>	<b>\$6,781,289,200</b>	<b>\$154,739,300</b>	<b>2.3</b>
FTEs	3,224.3	3,228.3	4.0	0.1

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2023-24 Enacted Appropriations

#### **Revenue Adjustments for Road and Bridge Programs**

Recognizes additional revenue for state and local road and bridge programs including \$163.6 million increase in federal-aid highway funds made available under the Infrastructure Investment and Jobs Act of 2021 (IIJA). Also reflects \$183.6 million increase in estimated Michigan Transportation Fund (MTF) revenue – primarily from increases in estimated motor fuel taxes and vehicle registration taxes. MTF revenue is allocated in the budget to the State Trunkline Fund (STF) and to local road agencies in accordance with Public Act 51 of 1951 formulas.

#### **State Trunkline Highway Maintenance**

Includes \$17.9 million STF increase to reflect increase costs of state trunkline maintenance materials and services.

#### **Public Transportation Programs**

Includes additional funding for public transportation programs from increases in estimated available Comprehensive Transportation Fund (CTF) revenue of \$35.9 million and additional estimated federal aid of \$38.8 million. Specific program increases include local bus operating, transit capital, marine passenger, and rail operations and infrastructure.

#### **One-Time \$150.0 million GF/GP for IIJA Match and Local Programs**

Provides \$150.0 million GF/GP of which an estimated \$95.0 million would be used to ensure funds sufficient to match all available federal aid available to Michigan through IIJA. The balance of the \$150.0 million would be used to support local road agency bridge and culvert projects.

#### **One-Time \$30.0 million GF/GP for Transit Innovation Grants**

Includes \$30.0 million GF/GP to support local transit agency technology and innovation grants.

#### **Debt Service**

Reduces debt service payments by \$3.0 million, for a total of \$340.7 million. (FY 2023-24 was based on estimates that were higher than actual debt service schedules).

#### **Aeronautics Program Funding/Aircraft Registration Tax Increase**

Recognizes increases in estimated state and federal funding for airport capital improvement programs including \$1.5 million increase in baseline state restricted revenue and \$20.0 million in estimated federal aid. Budget also recognizes \$2.5 million in additional revenue from a proposed increase in aircraft registration taxes.

#### **Eliminate One-Time Funding Items**

Removes one-time appropriations totaling \$407.0 million Gross (\$288.1 million GP/GP).

#### **Economic Adjustments**

Reflects increased costs of \$10.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

**Supplemental Recommendations for FY 2023-24 Appropriations**

***Employee Lump Sum Payments***

Includes \$8.4 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.





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Agriculture and Rural Development .....	William E. Hamilton
Capital Outlay .....	Perry Zielak
Community Colleges .....	Perry Zielak
Corrections .....	Robin R. Risko
Education (Department) .....	Noel Benson
Environmental Quality .....	Austin Scott
<b>General Government:</b>	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget .....	Michael Crossen
Executive Office/ Legislature/Legislative Auditor General/Lottery/	
Treasury .....	Viola Bay Wild
<b>Health and Human Services:</b>	
Child Welfare, Child Support, Community Services, Public Health, Aging .....	Sydney Brown
Medicaid, Physical and Behavioral Health .....	Kevin Koorstra
Public Assistance, Field Operations, Medicaid-backup .....	Kent Dell
Higher Education .....	Perry Zielak
Insurance and Financial Services .....	Marcus Coffin
Judiciary .....	Robin R. Risko
Labor and Economic Opportunity .....	Viola Bay Wild
Licensing and Regulatory Affairs .....	Marcus Coffin
Lifelong Education, Advancement, and Potential .....	Noel Benson; Perry Zielak
Military and Veterans Affairs .....	Michael Crossen
Natural Resources .....	Austin Scott
Natural Resources Trust Fund .....	Austin Scott
School Aid .....	Noel Benson; Jacqueline Mullen
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Local Finance/Revenue Sharing/Tax Analysis .....	Jim Stansell; Benjamin Gielczyk
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