

GENERAL GOVERNMENT TOTALS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analysts: Ben Gielczyk and Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$1,024,134,300	\$1,099,669,700	\$75,535,400	7.4
Federal	1,002,960,800	1,185,185,200	182,224,400	18.2
Local	21,437,000	26,297,200	4,860,200	22.7
Private	6,943,100	11,950,100	5,007,000	72.1
Restricted	2,342,240,100	2,432,301,600	90,061,500	3.8
GF/GP	1,110,223,100	1,297,539,900	187,316,800	16.9
Gross	\$5,507,938,400	\$6,052,943,700	\$545,005,300	9.9
FTEs	9,922.0	9,994.0	72.0	0.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as “one-time.”
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General; Civil Rights; State; Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs); Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service); and Labor and Economic Opportunity (including the Michigan Strategic Fund/Michigan Economic Development Corporation, Michigan State Housing Development Authority, Employment Services, Unemployment Insurance Agency, Michigan Rehabilitation Services, and Workforce Development). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2020-21 General Government appropriations bill follow this page.

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor’s signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 204. Internet Availability of Required Reports – REVISED

Requires departments to use the internet to fulfill reporting requirements; authorizes transmission of reports via email. Revises to require reports to be placed on an internet site.

GENERAL GOVERNMENT TOTALS

Major Boilerplate Changes from FY 2019-20

Sec. 206. Disciplinary Action Against State Employees – REVISED

Prohibits departments from taking disciplinary action against state civil service employees for communicating with legislators or their staff. Revises to stipulate disciplinary action is permissible if the communication is prohibited by law and the department is exercising its authority in taking disciplinary action as provided by law.

Sec. 210. Countercyclical Budget and Economic Stabilization Fund (BSF) – REVISED

Provides BSF calculations for pay-in and pay-out as required by Section 352 of the Management and Budget Act. States that no funds are deposited in the Countercyclical Budget and Economic Stabilization Fund in FY 2019-20. Revises calculation tables; includes a deposit of \$35.0 million GF/GP and an amount equal to 100% of the FY 2019-20 GF/GP lapses as a FY 2020-21 BSF deposit.

Sec. 216. FTE Vacancies and Remote Work Report – NEW

Requires departments and agencies to provide quarterly reports that provide FTE counts by classification and actual FTE position counts compared to authorized FTE position counts. Requires reports by April 1, and semiannually thereafter, that specifies the number of employees engaged in remote work in 2020, number of employees authorized to work remotely and the actual number working remotely, estimated net cost savings from remote work, and the reduced use of office space associated with remote work.

Sec. 217. Work Project Expenditures – REVISED

Prohibits appropriations in part 1 from being expended in cases where existing work project authorization is available for the same expenditures. Revises by adding “to the extent possible” to the prohibition of spending appropriations prior to the exhaustion of work project authorization.

Sec. 218. State Administrative Board Transfers – NEW

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

Sec. 219. Reporting Requirement Penalties – DELETED

Requires departments and agencies to provide all reports by the indicated due date and to provide information requested by a member of the legislature, his or her staff, or the House and Senate fiscal agencies in a timely manner. Indicates that if the report is not provided by the required due date or a request for information is not received within 30 days of the request date, state funds appropriated in part 1 shall be reduced by 5%. Authorizes departments and agencies to request a waiver if chairs of the subcommittees on general government are notified.

Sec. 222. Work Plan Changes for Coronavirus Relief Fund – NEW

Requires the state budget director to provide written notification of any changes to work planned spending categories for work projects containing Coronavirus Relief Funds for FY 2019-20 prior to expenditures occurring from new or increased spending categories.

Sec. 223. Coronavirus Relief Fund Transfer to Unemployment Trust Fund – NEW

Requires any Coronavirus Relief Fund appropriations in part 1 for which expenditures have not been incurred as of December 30, 2020 to be deposited into the Unemployment Insurance Trust Fund.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – RETAINED (UNENFORCEABLE)

Requires departments to report on efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Authorizes the Auditor General to perform and charge for a subsequent audit to ensure that the initiatives related to savings and efficiencies have been implemented if the required report is not received within 6 months of the release of the audit.

(Governor’s signing letter states this section is unenforceable.)

Sec. 237. Information Technology Project Guidance – REVISED

Requires information technology projects funded by appropriations in part 1 to utilize information technology project management best practices and services as defined or recommended by the Enterprise Portfolio Management Office of DTMB and comply with the requirements of the State Unified Information Technology Environment (SUITE) methodology as it applies to all information technology project management processes. Revises by renumbering the section and transferring it to General Sections to apply to all departments and agencies in Article 5.

DEPARTMENT OF ATTORNEY GENERAL
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$34,373,000	\$35,285,800	\$912,800	2.7
Federal	9,713,700	9,906,100	192,400	2.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,159,800	20,488,300	328,500	1.6
GF/GP	41,736,300	41,148,400	(587,900)	(1.4)
Gross	\$105,982,800	\$106,828,600	\$845,800	0.8
FTEs	542.4	543.4	1.0	0.2

Notes:

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- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The attorney general serves as legal counsel for state departments, agencies, boards, and commissions, and their officers; brings actions and intervenes in cases on the state's behalf; and represents legislators and judges who may be sued while acting in their official capacities. The attorney general issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, issues legal opinions that have the force of law until reversed by legislative or judicial action, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Elder Abuse Task Force

Authorizes \$387,500 GF/GP to support three investigators to serve the Elder Abuse Task Force, a joint initiative between the department, Michigan Supreme Court, legislature, and other organizations, to implement changes recommended by previous task forces to prevent elder abuse, neglect, and exploitation and to support abuse victims. Previous task forces are the 1998 Supreme Court Task Force on Guardianships and Conservatorships and the 2007 Governor's Task Force on Elder Abuse.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
FTE	NA	3.0
Gross	NA	\$387,500
GF/GP	NA	\$387,500

2. Ok2Say Transfer to State Police

Reduces \$1.5 million Gross (\$1.0 million GF/GP), and 2.0 FTE positions to reflect the transfer of administrative and promotional functions of the Ok2Say multimedia student safety reporting hotline to the Michigan State Police (MSP). MSP currently staffs and operates the hotline call center.

FTE	2.0	(2.0)
Gross	\$1,472,300	(\$1,481,000)
Restricted	472,300	(469,600)
GF/GP	\$1,000,000	(\$1,011,400)

GENERAL GOVERNMENT: ATTORNEY GENERAL

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>			
3. Public Safety Initiative	FTE	1.0	0.0
Reduces \$21,100 GF/GP for additional prosecutorial services to reduce the backlog of outstanding warrants in Saginaw, Flint, Pontiac, and Wayne County due to more than sufficient funding being available for the number of outstanding warrants and cases.	Gross	\$906,200	(\$21,100)
	GF/GP	\$906,200	(\$21,100)
4. Technical Adjustment from Ad Board Transfer	Gross	\$4,300	(\$4,300)
Removes \$4,300 Gross (\$500 GF/GP) by eliminating 43 \$100 line item placeholders remaining after Administrative Board Resolution 2019-12 consolidated unrolled line items.	IDG	2,300	(2,300)
	Federal	200	(200)
	Restricted	1,300	(1,300)
	GF/GP	\$500	(\$500)
5. Discretionary Spending Reductions	Gross	NA	(\$648,000)
Reduces \$648,000 GF/GP to reflect departmentwide savings in costs towards discretionary personnel contracts, and travel expenses, and aligns funding with expenses. Reductions are as follows: \$305,900 for the department operations line; \$269,800 for sexual assault law enforcement due to the availability of prior year funding to support the program; \$40,700 for Prosecuting Attorneys Coordinating Council; and \$31,600 for child support enforcement.	GF/GP	NA	(\$648,000)
6. GF Fund Shift – Attorney General’s Operations Fund	Gross	\$766,200	\$0
Appropriates available state restricted Attorney General’s Operations Fund revenue to offset a corresponding GF/GP reduction. The Attorney General Operations Fund receives a portion of fees collected by the Friend of the Court Michigan State Disbursement Unit. Fee revenue is authorized to be used to support department operation costs.	Restricted	766,200	352,000
	GF/GP	\$0	(\$352,000)
7. Economic Adjustments	Gross	NA	\$2,612,700
Reflects increased costs of \$2.6 million Gross (\$1.1 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	IDG	NA	915,100
	Federal	NA	192,600
	Restricted	NA	447,400
	GF/GP	NA	\$1,057,600

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor’s signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

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Sec. 308. Appropriation of Litigation Expense Reimbursements – NEW

Appropriates up to \$500,000 from litigation expense reimbursements for court fees and legal costs assessed against the governor, the office of the governor, the attorney general, and the office of the attorney general when acting as the named party in litigation against the state; authorizes unexpended funding, up to \$250,000, to be carried forward.

Sec. 320. Lawsuit Settlement Notification and Adherence to State Laws – REVISED

Requires department to notify of lawsuit settlements with a fiscal impact for the state of \$5.0 million or more; prohibits department from entering into a lawsuit that is contrary to state laws; requires department to enforce state laws. Revises dollar amount of settlement size requiring notification to \$2.0 million.

Major Boilerplate Changes from FY 2019-20

Sec. 321. Attorney General Presentation on Federal Lawsuits – REVISED

Requires department to submit notification upon entering lawsuit against federal government and estimated costs for participating in the lawsuit; requires attorney general to appear before House and Senate subcommittees on General Government within 30 days from a request of the chairperson of either subcommittee. Revises by eliminating requirement for attorney general to appear before the subcommittees.

Sec. 322. Department Initiatives Quarterly Expenditure Report – NEW

Requires department to submit quarterly expenditure reports by line item and fund source for the following initiatives and activities: Catholic Church Investigation, Elder Abuse Task Force, Conviction Integrity Unit, Opioid Litigation, Hate Crimes Unit, Michigan State University Investigation, PFAS Contamination, Human Trafficking, and Robocall Enforcement.

**DEPARTMENT OF CIVIL RIGHTS
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)**

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$298,500	\$299,800	\$1,300	0.4
Federal	2,816,900	2,868,200	51,300	1.8
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	13,195,700	14,792,200	1,596,500	12.1
Gross	\$16,388,300	\$18,037,400	\$1,649,100	10.1
FTEs	116.0	116.0	0.0	0.0

Notes:

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- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as “one-time.”
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to “secure the equal protection of such civil rights without such discrimination.” The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Museums Support	Gross	\$0
Includes \$1.5 million GF/GP to support the Arab American National Museum in Dearborn, the Charles H. Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills with \$500,000 each.	GF/GP	\$1,500,000
2. Discretionary Reductions	Gross	(\$250,000)
Reduces \$250,000 GF/GP to reflect cost savings from two vacant positions and decreased travel expenses.	GF/GP	(\$250,000)
3. Economic Adjustments	Gross	\$399,100
Reflects increased costs of \$399,100 Gross (\$346,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	IDG	1,300
	Federal	51,300
	GF/GP	\$346,500

Major Boilerplate Changes from FY 2019-20

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- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 402. Training and Information Dissemination – REVISED

Authorizes department to receive and expend local and private funds pertaining to employer training, publication and sale of informational material, copy and witness fees, mediation activities, workshops and seminars, and related staffing costs. Revises to cap authorized revenues between local and private sources to \$85,000.

Sec. 411. Museums Support – NEW

Allocates \$500,000 each to the Arab American National Museum in Dearborn, the Charles H. Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills from \$1.5 million appropriated for Museums Support.

**EXECUTIVE OFFICE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)**

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	7,114,300	7,114,300	0	0.0
Gross	\$7,114,300	\$7,114,300	\$0	0.0
FTEs	89.2	89.2	0.0	0.0

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Operational Adjustments

There are no changes to the Executive Office for FY 2020-21.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$7,114,300	\$0
GF/GP	\$7,114,300	\$0

Major Boilerplate Changes from FY 2019-20

There are no major boilerplate changes for FY 2020-21.

LEGISLATURE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,514,100	4,637,300	123,200	2.7
GF/GP	170,576,000	170,702,600	126,600	0.1
Gross	\$175,490,100	\$175,739,900	\$249,800	0.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, Property Management, and the Independent Citizens Redistricting Commission. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes from FY 2019-20 YTD Appropriations

1. Legislative Operations Adjustment

Reflects increased costs of \$123,200 Gross (\$0 GF/GP) related to legislative staff and other operations.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Gross	\$172,127,300	\$123,200
Private	400,000	0
Restricted	4,514,100	123,200
GF/GP	\$167,213,200	\$0

2. Independent Citizens Redistricting Commission

Reduces Independent Citizens Redistricting Commission operations by \$213,400 GF/GP, for a total of \$3.1 million GF/GP. The Michigan Constitution requires an appropriation of not less than 25% of the GF/GP budget for the Secretary of State for Independent Citizens Redistricting Commission operations. The appropriation reflects 25% of Secretary of State GF/GP appropriations.

Gross	\$3,362,800	(\$213,400)
GF/GP	\$3,362,800	(\$213,400)

GENERAL GOVERNMENT: LEGISLATURE

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>			
3. Senate and House of Representatives Census Tracking/ Reapportionment	Gross GF/GP	NA NA	\$340,000 \$340,000
Includes \$340,000 GF/GP, split evenly between the Senate and House of Representatives, for costs associated with census tracking and reapportionment. Costs may include equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan.			

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
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- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 613. Senate Census Tracking/Reapportionment Work Project – NEW

Provides that funds appropriated in part 1 are work project appropriations; the purpose of the funds is to purchase equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan; estimated cost of the project is \$170,000; tentative completion date is September 30, 2025.

Sec. 614. House of Representatives Census Tracking/Reapportionment Work Project – NEW

Provides that funds appropriated in part 1 are work project appropriations; the purpose of the funds is to purchase equipment, supplies, and services needed for tracking and reporting census and reapportionment information for the state of Michigan; estimated cost of the project is \$170,000; tentative completion date is September 30, 2025.

Sec. 616. Independent Citizens Redistricting Commission – NEW

Requires council administrator to assist in administering compensation, benefits, and other personnel support for the members, employees, staff, and consultants of the Independent Citizens Redistricting Commission.

LEGISLATIVE AUDITOR GENERAL
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$6,068,400	\$6,250,400	\$182,000	3.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,077,100	2,139,500	62,400	3.0
GF/GP	17,790,300	18,324,000	533,700	3.0
Gross	\$25,935,800	\$26,713,900	\$778,100	3.0

Notes:

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- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Auditor General Operations Adjustments	Gross	\$25,935,800	\$778,100
Reflects increased costs of \$778,100 Gross (\$533,700 GF/GP) related to Auditor General staff and other operations.	IDG	6,068,400	182,000
	Restricted	2,077,100	62,400
	GF/GP	\$17,790,300	\$533,700

Major Boilerplate Changes from FY 2019-20

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GENERAL GOVERNMENT: LEGISLATIVE AUDITOR GENERAL

Major Boilerplate Changes from FY 2019-20

Sec. 626. Michigan Department of Transportation Contract Consultant Performance Audit – DELETED

Requires Auditor General to conduct a performance audit of MDOT use and procurement of contract consultants for evaluating construction material specifications and availability.

Sec. 627. Operations Work Project Language – NEW

Provides work project authorization for unexpended funds related to Field Operations. The purpose of the work project is to conduct the state of Michigan Comprehensive Annual Financial Report. The total estimated cost is \$3.0 million and the tentative completion date is September 30, 2025.

DEPARTMENT OF STATE
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			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	215,431,700	220,189,900	4,758,200	2.2
GF/GP	13,451,200	12,597,500	(853,700)	(6.3)
Gross	\$250,393,000	\$254,297,500	\$3,904,500	1.6
FTEs	1,592.0	1,592.0	0.0	0.0

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of State is the oldest department in Michigan state government. It is administered by the secretary of state, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Enhanced Driver License Fee Fund Shift	Gross	NA	\$0
Reduces GF/GP by \$663,200 and replaces it with a corresponding amount of state restricted funding from the Enhanced Driver License and Enhanced Official State Personal Identification Card Fund.	Restricted	NA	663,200
	GF/GP	NA	(\$663,200)
2. Branch Office Savings	Gross	\$91,450,900	(\$870,000)
Reduces \$870,000 GF/GP to reflect cost savings from fewer in-person customer transactions at secretary of state branch offices because of the availability of online services and appointments.	IDG	20,000,000	0
	Restricted	69,086,900	0
	GF/GP	\$2,364,000	(\$870,000)
3. Information Technology Savings	Gross	\$38,625,700	(\$130,000)
Reduces \$130,000 GF/GP to reflect information technology cost reductions and cost savings gained through the implementation of the vehicle portion of the Customer Automotive Records System (CARS), the department's modernized computer system.	Restricted	37,026,000	0
	GF/GP	\$1,599,700	(\$130,000)
4. Economic Adjustments	Gross	NA	\$4,904,500
Reflects increased costs of \$4.9 million Gross (\$809,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	4,095,000
	GF/GP	NA	\$809,500

GENERAL GOVERNMENT: STATE (DEPARTMENT)

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 701. Contingency Funding – REVISED

Appropriates up to \$2.0 million in federal, \$2.5 million in state restricted, \$25,000 in local, and \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$500,000 in federal, and \$500,000 in state restricted contingency funds.

FY 2019-20 Supplemental Appropriation Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

**Appropriation
Change**

1. Help America Vote Act

Includes authorization to receive \$13.9 million in federal funding for improvement of administration of elections for federal office. Funding includes \$12.1 million in Election Security Grants appropriated by Congress in the Consolidated Appropriations Act, 2020 and authorization for \$1.8 million, which is the remaining balance of interest earned on prior Help America Vote Act funding. The \$12.1 million in grant funding will support enhancements to the Qualified Voter File voter registration database, risk limiting auditing, voter registration security, network upgrades for local clerks, and other election security purposes. The \$1.8 million from interest earned on prior HAVA funds will support maintenance and upgrades to the Qualified Voter File.

Gross	\$13,909,000
Federal	13,909,000
GF/GP	\$0

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 601. Help America Vote Act

Designates the unexpended funds as a work project appropriation; specifies that the purpose of the project is to provide election security improvements to the election system, equipment, and processes used in federal elections in support of local and county elections officials; requires quarterly reports on the status of the monthly process for eliminating deceased voters from the Qualified Voter File; prohibits funding from being used for statewide ballot application or absentee ballot mailings; authorizes funding to be used for grants to local and county election clerks for mailing-related expenses; requires the secretary of state to use information from returned mail from previous ballot application mailings for Qualified Voter File maintenance.

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Michael Cnossen

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$950,488,800	\$1,024,720,900	\$74,232,100	7.8
Federal	4,968,400	5,139,300	170,900	3.4
Local	2,321,200	2,337,700	16,500	0.7
Private	131,100	134,600	3,500	2.7
Restricted	117,916,800	123,046,400	5,129,600	4.4
GF/GP	493,574,200	516,326,100	22,751,900	4.6
Gross	\$1,569,400,500	\$1,671,705,000	\$102,304,500	6.5
FTEs	3,132.0	3,139.0	7.0	0.2

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Venture Michigan Fund II Voucher Purchase	Gross	NA
Provides \$37.2 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$7.5 million in FY 2020-21 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.	GF/GP	\$37,200,000

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Budget Changes from FY 2019-20 YTD Appropriations		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
2. State Psychiatric Facilities Special Maintenance		Gross	NA
Authorizes \$15.0 million of one-time GF/GP to the Enterprisewide Special Maintenance program to support deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers. Funds would be distributed to the following facilities: Walter Reuther Psychiatric Hospital in Westland, Kalamazoo Psychiatric Hospital in Kalamazoo, Caro Center in Caro, Center for Forensic Psychiatry in Ann Arbor, and Hawthorn Center in Northville.		GF/GP	NA
			\$15,000,000
			\$15,000,000
3. Retirement Services Customer Relationship Management		Gross	NA
Authorizes \$2.5 million of state restricted Pension Trust Funds to support the replacement of the existing Customer Relationship Management System used by the Office of Retirement Services (ORS) and its ongoing maintenance. Of the \$2.5 million, \$2.1 million is recommended as one-time funding to develop and implement the system and \$400,000 is recommended as ongoing funding to maintain the system.		Restricted	NA
		GF/GP	NA
			\$2,500,000
			2,500,000
			\$0
4. Retirement Services Financial Reporting Compliance		Gross	NA
Authorizes \$400,000 of state restricted Pension Trust Funds to allow ORS to comply with updated Government Accounting and Standards Board auditing and actuarial requirements and to administer increased reporting standards related to the Military Retirement System becoming a prefunded system under a qualified trust.		Restricted	NA
		GF/GP	NA
			\$400,000
			400,000
			\$0
5. State Police Retirement System Supplemental Payments		Gross	\$10,000
Reduces \$5,000 of GF/GP that was used for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2020-21 is \$77,000 for 20 beneficiaries, a decrease of \$5,000 GF/GP from FY 2019-20.		GF/GP	\$10,000
			(\$5,000)
			(\$5,000)
6. FY 2020-21 IT IDG Baseline Adjustment		FTE	1,460.5
Authorizes \$59.4 million of IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Authorizes 2.0 FTE positions to reflect ongoing IT support for the Lawful Sports Betting Act, 2019 PA 149. Technology service appropriation lines are prorated by department based on their total IT budget.		Gross	\$770,504,200
		IDG	770,504,200
		GF/GP	\$0
			\$59,425,400
			59,425,400
			\$0
			\$0
7. DTMB Rate Changes for Vehicle Services		Gross	NA
Authorizes \$962,600 of IDG funding to reflect increased rate agreements for vehicle travel services agreed upon by the rate committee based on projected miles driven and discontinuation of certain models of state-owned vehicles.		IDG	NA
		GF/GP	NA
			\$962,600
			962,600
			\$0
8. SWCAP Adjustment		Gross	NA
Reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and an increase of \$196,500 GF/GP.		IDG	NA
		Restricted	NA
		GF/GP	NA
			\$0
			481,500
			(678,000)
			\$196,500
9. Supplier Relationship Management and MiDeal		Gross	NA
Authorizes \$585,000 of state restricted funds for three procurement-related recommendations: \$110,000 for a comprehensive supplier risk and information subscription used for the Pre-Contract Risk Assessment program appropriated in 2017 PA 107; \$75,000 to offset costs of Michigan small business suppliers attending the Michigan Supplier Summit; and \$400,000 to continue support of MiDeal, which allows local units of government use of state-negotiated contracts.		Restricted	NA
		GF/GP	NA
			\$585,000
			585,000
			\$0

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
10. D.J. Jacobetti Home for Veterans Accounting Center	FTE	NA	5.0
Authorizes receipt of \$710,000 of IDG funding and 5.0 FTE positions from the Department of Military and Veterans Affairs to reflect the transfer of Accounting Service Center staff members serving the D.J. Jacobetti Home for Veterans to DTMB. Accounting staff members would continue to serve the veterans' home.	Gross	NA	\$710,000
	IDG	NA	710,000
	GF/GP	NA	\$0
11. Administrative Services Reduction	Gross	\$24,357,700	(\$500,000)
Reduces \$500,000 GF/GP from Administrative Services from identification of administrative cost savings.	IDG	13,255,500	0
	Restricted	5,224,300	0
	GF/GP	\$5,877,900	(\$500,000)
12. Business Support Services GF Reduction Fund Shift	Gross	\$12,911,300	\$0
Reduces GF/GP by \$1.5 million and replaces it with a corresponding amount of state restricted Special Revenue, Internal Service, and Pension Trust Funds available from contract revenue.	IDG	457,000	0
	Federal	100	0
	Restricted	6,601,900	1,500,000
	GF/GP	\$5,852,300	(\$1,500,000)
13. Michigan Cyber Command Center Transfer to MSP	Gross	\$14,755,000	(\$665,100)
Transfers \$665,100 GF/GP and expenses for the Michigan Cyber Command Center to the Michigan State Police (MSP) budget. MSP currently administers the center.	GF/GP	\$14,755,000	(\$665,100)
14. Public-Private Partnership	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million of state restricted fund authorization for the Public- Private Partnership program authorized under 2013 PA 59. Revenue for the program was never realized.	Restricted	1,500,000	(1,500,000)
	GF/GP	\$0	\$0
15. Technical Adjustment from Ad Board Transfer	Gross	\$500	(\$500)
Eliminates five \$100 placeholder line items, for a total reduction of \$500 GF/GP. Administrative Board Resolution 2019-12 consolidated unrolled line items.	GF/GP	\$500	(\$500)
16. Professional Development Funds Transfer	Gross	\$1,100,000	\$0
Transfers \$50,000 of IDG funding from Professional Development Fund - MPE, SEIU, Scientific and Engineering Unit to Professional Development Fund - MPE, SEIU, Technical Unit to reflect collective bargaining agreements identified by the Office of the State Employer. The net change is \$0 Gross.	IDG	1,100,000	0
	GF/GP	\$0	\$0
17. SBA Rent Adjustment	Gross	\$246,570,600	(\$15,000,000)
Reduces \$15.0 million GF/GP for funds appropriated for debt obligations to finance major capital outlay construction projects from savings achieved through restructured bond agreements and funding alignment with projected debt obligations.	GF/GP	\$246,570,600	(\$15,000,000)
18. Information Technology Investment Fund (ITIF)	Gross	\$35,000,000	(\$2,500,000)
Transfers \$20.0 million GF/GP from the General Services line to the Information Technology Investment Fund line after being unrolled and consolidated in the FY 2019-20 budget and reduces \$2.5 million through deferred projects for GF/GP savings.	GF/GP	\$35,000,000	(\$2,500,000)
19. Federal Funding Alignment Transfer	Gross	\$18,695,700	\$0
Transfers \$100 of federal funding from the Business Support Services line to the Bureau of Labor Market Information and Strategies line to align with available federal funding.	IDG	457,000	0
	Federal	4,855,700	0
	Local	35,000	0
	Restricted	6,601,900	0
	GF/GP	\$6,746,100	\$0

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>
20. Removal of Current Year One-Time Funding		Gross	\$21,948,200
Eliminates \$21.9 million Gross (\$21.9 million GF/GP) of one-time funding appropriated in FY 2019-20: \$10.0 million for 2020 census-related activities; \$5.0 million for Enterprisewide Special Maintenance for State Facilities; \$4.9 million for the Michigan Public Safety Communication System; \$2.0 million for Proposal 2 implementation; and \$100 of state restricted funding for a Flint drinking water emergency placeholder.		Restricted	100
		GF/GP	\$21,948,100
			(\$21,948,200)
			(100)
			(\$21,948,100)
21. Discretionary Spending Reductions		Gross	NA
Reduces \$1.0 million GF/GP from savings from discretionary spending reductions and through continuation of a hiring freeze. Reductions include savings from vacant positions and reduced non-essential travel, conference attendance, and supplies and are made to the following line items:		GF/GP	NA
<ul style="list-style-type: none"> • Business Support Services: (\$318,900) • Information Technology Services and Projects: (\$200,000) • Enterprise Identity Management: (\$213,600) • Michigan Public Safety Communication System: (\$200,000) • Agency Services: (\$13,300) • Executive Direction: (\$10,600) • Human Resources Operations: (\$18,600) • Office of the State Employer: (\$50,000) 			(\$1,025,000)
			(\$1,025,000)
22. Training Class Materials Reduction		Gross	NA
Reduces \$725,000 GF/GP from foregoing the purchase of civil service employee training class materials for FY 2020-21.		GF/GP	NA
			(\$725,000)
23. Enterprisewide Special Maintenance		Gross	NA
Reduces \$3.0 million GF/GP for various general maintenance and demolition projects of state-owned facilities across the state. Funding is used for maintenance, demolition, and upkeep of state facilities.		GF/GP	NA
			(\$3,000,000)
24. Executive Budget Revision Motor Vehicle Fleet		Gross	\$75,949,700
Provides \$5.0 million in IDG funding authorization to support the state's centralized motor vehicle fleet and travel operations for FY 2020-21 and FY 2021-22, for additional motor vehicle leases and expected vehicle maintenance costs, and for information technology software.		IDG	75,949,700
		GF/GP	\$0
			\$5,000,000
			5,000,000
			\$0
			\$0
25. Broadband Expansion		Gross	NA
Provides \$14.3 million GF/GP to fund the Connecting Michigan Communities (CMIC) grant program to expand broadband internet connectivity to underserved communities throughout Michigan using a competitive application process.		GF/GP	NA
			\$14,305,000
			\$14,305,000
26. Economic Adjustments		Gross	NA
Reflects increased costs of \$13.1 million Gross (\$2.9 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	NA
		Federal	7,652,600
		Local	170,900
		Private	16,500
		Restricted	3,500
		GF/GP	NA
			\$13,085,300
			2,322,700
			\$2,919,100
			\$2,919,100

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 809. Computer Contracts – REVISED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000, individually or in aggregate. Revises by lowering contract value changes amount from \$500,000 to \$250,000.

Sec. 822b. Public Private Partnership Investments – DELETED

Creates Public-Private Partnership Investment Fund and provides for its expenditure on certain projects; requires annual report on the fund and associated projects; requires DTMB to monitor fund revenue and request legislative transfers as necessary to pay the amount appropriated for public-private partnership investments.

Sec. 822o. Northern Satellite Psychiatric Facility – DELETED

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility; the capital outlay project was approved for planning authorization under Article II of 2017 PA 107.

Sec. 831. Information Technology Services Billing – REVISED

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 45 days after the end of the month in which services were provided. Revises the start of the 45 day from after the end of the month in which services were provided to the day which DTMB received approval from departments to pay vendor invoices.

Sec. 837. EPMO Management of Projects – REVISED

Requires projects expending more than \$250,000 to utilize information technology project management best practices as defined or recommended by Enterprise Portfolio Management Office and comply with state SUITE methodology and requirements. Revises to eliminate \$250,000 spending threshold and rennumbers as Section 237 under General Sections.

Sec. 838. Clawback Provisions in State Procurement Contracts – REVISED

Requires department to develop policies and procedures that will require all new procurement contracts to include clawback repayment provisions in event of a breach of contract by vendor. Revises language from requiring clawback repayment provisions to require performance-related liquidated damages or performance targets with incentives.

Sec. 841. Connecting Michigan Communities Broadband Expansion Grants – NEW

Requires funds to be awarded as grants through a competitive grant process to areas underserved by broadband internet providers delineated by census blocks; provides definitions of terms used in the section; lists information required from applicants to receive a grant; permits applicants to delineate an area within a census block and provides requirements from applicants to establish a delineated area; provides requirements for the grant process including criteria and priorities by which administrators will determine grant awards; lists factors that would disqualify an applicant from receiving a grant, including if a broadband network is planned for the area of the proposed project or if the area of the project has been selected to receive federal grant money for broadband expansion; requires DTMB to publish details of each applicant's proposed project; requires DTMB to establish a period of at least 60 days to accept comments or objections after publishing award recommendations and requires DTMB to take certain actions upon receiving comments or objections; provides conditions on DTMB awarding grants, including awarding initial grant money within 270 days and prohibiting awarding more than \$5.0 million to any one project or applicant; requires DTMB to provide notice and details of grant awards on its website; requires applicants to submit semiannual reports on use of grant money and progress of each project.

Sec. 867. Farnum Building – DELETED

Allocates proceeds from sale of the Farnum Building to DTMB; requires shortfall to be appropriated by legislature if net proceeds are less than \$7.0 million.

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Boilerplate Changes from FY 2019-20

Sec. 880. Drinking Water Declaration of Emergency Reserve Fund – DELETED

Provides information on Drinking Water Declaration of Emergency Reserve Fund; requires legislative appropriation or transfer for spending use; authorizes end of year balance to be carried forward.

Sec. 882. Department of Health and Human Services – Caro Center Replacement – DELETED

Revises scope for DHHS – Caro Center Replacement capital outlay project that was approved for construction in 2017 PA 107 at a total estimated cost of \$115.0 million entirely funded by the state; requires department to build a new 100-bed facility at current location of Caro Regional Mental Health Center.

FY 2019-20 Supplemental Boilerplate Items

Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 701. Coronavirus Relief Fund Appropriation Reduction

Reduces appropriation from the Coronavirus Relief Fund, made under section 302 of 2020 PA 67 for additional future response activities, by \$9.0 million.

DEPARTMENT OF TREASURY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$12,905,600	\$13,112,800	\$207,200	1.6
Federal	27,242,500	27,421,800	179,300	0.7
Local	13,215,800	13,059,500	(156,300)	(1.2)
Private	27,500	28,900	1,400	5.1
Restricted	1,786,008,300	1,789,352,600	3,344,300	0.2
GF/GP	210,476,800	323,667,200	113,190,400	53.8
Gross	\$2,049,876,500	\$2,166,642,800	\$116,766,300	5.7
FTEs	1,884.5	1,934.5	50.0	2.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the department.

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Constitutional Revenue Sharing	Gross	\$865,441,900	(\$13,571,600)
Decreases by \$13.6 million of restricted sales tax revenue relative to the FY 2019-20 budget act appropriated amount. Appropriation reflects August 2020 CREC estimate for FY 2020-21.	Restricted	865,441,900	(13,571,600)
	GF/GP	\$0	\$0
2. City, Village, and Township (CVT) Revenue Sharing	Gross	\$261,024,600	\$0
Retains initially enacted FY 2019-2020 funding levels for CVT Revenue Sharing.	Restricted	261,024,600	0
	GF/GP	\$0	\$0
3. County Revenue Sharing/County Incentive Program	Gross	\$226,508,100	\$21,300
Retains initially enacted FY 2019-20 revenue sharing levels for eligible counties and includes \$21,300 to accommodate the return of Leelanau County to state revenue sharing payments after it exhausts its revenue sharing reserve fund in 2021.	Restricted	226,508,100	21,300
	GF/GP	\$0	\$0
4. Michigan Infrastructure Council	FTE	NA	3.0
Includes \$850,000 Gross (\$600,000 GF/GP) and authorizes 3.0 FTE positions to support ongoing activities of the Michigan Infrastructure Council created under 2018 PA 323. Activities of the council have been supported with \$1.5 million in work project appropriations from FY 2017-18.	Gross	NA	\$850,000
	IDG	NA	250,000
	GF/GP	NA	\$600,000

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
5. General Obligation Bond Debt Service		Gross	\$104,335,000
Increases by \$9.4 million GF/GP to accommodate increased debt service requirements from new bond issuances for Clean Michigan Initiative, Quality of Life, and Great Lakes Water Quality.		GF/GP	\$104,335,000
6. Adult-Use (Recreational) Marihuana Grants to Locals		Gross	\$20,250,000
Includes \$3.2 million Marihuana Regulation Fund to adjust the level of payments to locals based on estimated revenues to the fund. Payments to locals are estimated to total \$23.4 million in FY 2020-21. These payments comprise 30% of the Marihuana Regulation Fund allocations and are split evenly between counties and other municipalities and distributed proportionately based on the number of marihuana retail stores and microbusinesses within the county or municipality.		Restricted	20,250,000
		GF/GP	\$0
7. Adult-Use (Recreational) Marihuana Administration		FTE	2.0
Increases Tax Administration Services Bureau by \$725,800 Marihuana Regulation Fund and authorizes 5.0 FTE positions to accommodate full year costs for adult-use (recreational) marihuana administration.		Gross	\$200,100
		Restricted	200,100
		GF/GP	\$0
8. Wrongful Imprisonment Compensation Fund		Gross	\$10,000,000
Includes \$3.0 million GF/GP for deposit into the Wrongful Imprisonment Compensation Fund to provide payments to individuals who were wrongly convicted of crimes and imprisoned pursuant to the provisions of the Wrongful Imprisonment Compensation Act, 2016 PA 343. Funds were considered one-time appropriations in FY 2019-20 and would be designated ongoing in FY 2020-21.		Restricted	5,000,000
		GF/GP	\$5,000,000
9. Historic Preservation		Gross	NA
Includes \$5.0 million GF/GP, considered one-time appropriations, for the implementation of SB 54. Funds may be spent only if the bill is enacted into law.		GF/GP	NA
10. School District Debt Relief Support		Gross	NA
Includes \$2.0 million GF/GP, considered one-time appropriations, for grants to school districts to be used for the prepayment of long-term debt payments owed to the state of Michigan.		GF/GP	NA
11. Blight Removal Grants		Gross	NA
Includes \$800,000 GF/GP, considered one-time appropriations, for blight removal projects located in redevelopment ready communities. Individual grants would be capped at \$200,000.		GF/GP	NA
12. Disaster Relief		Gross	NA
Provides \$24.0 million GF/GP, considered one-time appropriations, for grants to support disaster relief efforts. Specific grants are described in Section 949o.		GF/GP	NA
13. Teacher COVID-19 Grants		Gross	NA
Includes \$53.0 million GF/GP, considered one-time appropriations, to provide hazard pay to K-12 school teachers. Funding would support equal one-time payments to classroom teachers who teach in a public school or nonprofit nonpublic school. Payments would be capped at \$500 per full-time equated teacher. The Department of Treasury would be authorized to retain up to 0.5% for administration. <i>Note: Funding was originally included in 2020 PA 144 and was funded with Coronavirus Relief Fund. That funding would be eliminated as part of a FY 2019-20 supplemental and replaced with this GF/GP appropriation.</i>		GF/GP	NA

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
14. School Support Staff COVID-19 Grants	Gross	NA	\$20,000,000
Includes \$20.0 million GF/GP, considered one-time appropriations, to provide payments to school support staff to recognize the additional time spend outside of normal working hours, hazardous conditions, and additional costs staff have incurred. Payments would be capped at \$250 per full-time equated school support staff employee.	GF/GP	NA	\$20,000,000
15. Supervision of the General Property Tax Law	Gross	\$16,366,100	\$1,150,000
Increases by \$1.2 million GF/GP to provide assistance to financially distressed communities and other local governments services.	Local	140,000	0
	Restricted	3,600,300	0
	GF/GP	\$12,625,800	\$1,150,000
16. General Fund Target Reductions	Gross	NA	(\$1,500,000)
Reduces various line items by \$1.5 million GF/GP to reach targeted GF/GP reduction amount. Reductions are made to the following line items:	GF/GP	NA	(\$1,500,000)
<ul style="list-style-type: none"> • Executive Direction and Operations: (\$275,000) • Department Services: (\$150,000) • Collections Services Bureau: (\$100,000) • Office of Accounting Services: (\$10,000) • Office of Financial Services: (\$25,000) • Property Management: (\$20,000) • Tax Compliance: (\$350,000) • Tax and Economic Policy: (\$75,000) • Office of Revenue and Tax Analysis: (\$25,000) • Tax Processing: (\$350,000) • Tobacco Tax Enforcement: (\$50,000) • State and Authority Finance: (\$10,000) • Student Financial Assistance Program: (\$15,000) • Treasury Information Technology: (\$45,000) 			
17. Municipal Cost Sharing Grants and Ad Board Placeholders	Gross	\$1,250,500	(\$1,250,500)
Eliminates \$1.3 million GF/GP (designated as one-time appropriations in FY 2019-20) for Municipal Cost Sharing Grants for Dearborn 911 consolidation. Removes \$400 GF/GP that remained in line items after State Administrative Board Resolution 2019-4.	Restricted	100	(100)
	GF/GP	\$1,250,400	(\$1,250,400)
18. Dual Enrollment Payments	Gross	\$2,007,600	\$325,000
Includes \$325,000 GF/GP to align appropriation to August Consensus Revenue Estimating Conference estimate for dual enrollment payments. Dual enrollment appropriation pays tuition costs of eligible nonpublic school students enrolled in postsecondary institutions.	GF/GP	\$2,007,600	\$325,000
19. Payments in Lieu of Taxes	Gross	\$27,351,600	\$640,600
Includes adjustment of \$640,600 Gross (\$165,900 GF/GP) to reflect current estimate of payments based on taxable values and millage rates. Pursuant to statute payments are required to be made in full.	Private	27,500	1,400
	Restricted	5,332,900	473,300
	GF/GP	\$21,991,200	\$165,900
20. Convention Facility Development Fund	Gross	\$105,356,300	\$2,531,600
Increases by \$2.5 million Convention Facility Development Fund to accommodate anticipated increased revenue to the fund. Funds are distributed pursuant to statute to the Detroit Regional Convention Facility Authority (DRCFA) for debt service on the Cobo bonds, to DRCFA for operations shortfalls, to counties equal to 101% of their prior year amount, and any remainder to DRCFA to retire Cobo bonds early. Statute annually distributes 100% of the funds.	Restricted	105,356,300	2,531,600
	GF/GP	\$0	\$0

GENERAL GOVERNMENT: TREASURY

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>			
21. Implementation of Internet Gaming and Sports Betting	FTE	NA	23.0
Includes \$5.5 million of restricted gaming revenues and authorizes 23.0 FTE positions to implement and enforce the new internet gaming and sports betting legislation. Funding would allow department to hire new technicians, financial analysts, regulation officers, and auditors. The \$5.5 million appropriation would be allocated as follows: \$4.6 million for administration and \$850,000 for IT.	Gross	NA	\$5,450,000
	Restricted	NA	5,450,000
	GF/GP	NA	\$0
22. Gaming Control Board IT Legacy System Upgrade	Gross	NA	\$4,025,000
Includes \$4.0 million of restricted gaming revenues (designated one-time appropriations) for the completion of the Case Handling and Information Processing System (CHIPS).	Restricted	NA	4,025,000
	GF/GP	NA	\$0
23. Bureau of State Lottery Staffing	FTE	196.0	4.0
Includes \$508,700 State Lottery Fund and authorizes 4.0 FTE positions to increase administration and oversight capabilities necessary due to the increased points of sale and iLottery operations.	Gross	\$26,937,600	\$508,700
	Restricted	26,937,600	508,700
	GF/GP	\$0	\$0
24. Other Fund Sourcing and FTE Position Adjustments	FTE	NA	15.0
Includes the following adjustments to fund sources and FTE positions:	Gross	NA	(\$391,500)
• Reduces IDG from Account Services Center User Charges by \$150,300 to reflect retirement of MGCB-assigned employee.	IDG	NA	(150,300)
• Reduces Local – Audit Charges revenue by \$241,200 to more accurately reflect anticipated revenues.	Federal	NA	(5,800)
• Authorizes 15.0 FTE positions Casino Gaming Control Operations to offset a portion of the 20.0 FTE positions that were moved to a new Millionaire Party Regulation line item in FY 2019-20.	Local	NA	(241,200)
• Shifts \$5,800 economic increase from capped federal fund to delinquent tax collection revenue.	Restricted	NA	5,800
	GF/GP	NA	\$0
25. Economic Adjustments	Gross	NA	\$6,901,900
Reflects increased costs of \$6.9 million Gross (\$1.5 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	107,500
	Federal	NA	185,100
	Local	NA	84,900
	Restricted	NA	5,024,500
	GF/GP	NA	\$1,499,900

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 911. Refundable Tax Credit, Tax Refund, and Interest Payments – REVISED

Appropriates an amount sufficient to recognize and pay refundable tax credits, tax refunds, and interest; requires appropriations to be funded by restricting tax revenue. Revises to reflect accounting processes for the State of Michigan Comprehensive Annual Financial Report.

Major Boilerplate Changes from FY 2019-20

Sec. 921. Revenue Bulletins, Notices, and Administrative Rules Notices – NEW

Requires the department to notify the legislature on any revenue bulletins, administrative rules involving tax administration or collection, or notices interpreting changes in law.

Sec. 927. Personal Property Tax Audits – REVISED

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits. Revises to eliminate personal property tax audits from the annual progress reports because the department no longer conducts personal property tax audits.

Sec. 936. Financial Data Analytical Tool Guidance – DELETED

Requires department to maintain the financial data analytic tool reimbursement work project for counties, cities, villages, townships, and regional councils of governments that reimburses participating local units for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by Department of Technology, Management, and Budget (DTMB) in FY 2017-18. Allows for proration of available funds. Requires department to continue work project authorization for any unexpended funds.

Sec. 942. Maintenance of Existing Contracts – DELETED

Requires department to prioritize maintaining existing contracts associated with the property services division as a condition of receiving funds for Supervision of the General Property Tax Law.

Sec. 949. Fraud Prevention Appropriation – REVISED

Specifies that the department may contract with private agencies from the funds appropriated in part 1 to prevent the disbursement of fraudulent tax refunds. Appropriates a total amount not to exceed \$1.2 million from the fund or account to which the revenues being collected are recorded or dedicated to pay contract costs or fund operations designed to reduce fraudulent income tax refund payments. Requires report. Revises appropriation maximum to \$1.5 million.

Sec. 949a. City Income Tax Expansion – REVISED

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city. Revises to authorize, not require, department to expand services to additional cities.

Sec. 949i. Historic Preservation – NEW

Prohibits funds appropriated in part 1 from being expended unless Senate Bill 54 is enacted into law. Requires funds appropriated to be used for implementation of the bill.

Sec. 949m. Municipal Cost Sharing Grants – DELETED

Allocates \$500,000 for security camera installation around the Capitol Complex, \$500,000 for police department services during large events at the Capitol Building, and \$1.3 million for a grant to a consolidated police and EMS dispatch center in Dearborn. Governor vetoed the security camera installation grant and the large events policy services grant, both dedicated to the City of Lansing.

Sec. 949n. Student Loan Refinancing Program Study – DELETED

Requires the department to conduct a feasibility study concerning the implementation of a student loan refinancing program. *Note: Ad Board transferred all but \$100 in associated line item in FY 2019-20.*

Sec. 949m. Blight Removal Grants – NEW

Requires funds appropriated in part 1 for Blight Removal Grants to be awarded to projects in redevelopment ready communities certified by MEDC. Individual grants would be capped at \$200,000 with priority given to projects that pose an immediate public safety or health risk.

Sec. 949n. School District Debt Relief Support – NEW

Provides that funding appropriated in part 1 for School District Debt Relief Support must be awarded at the discretion of the state treasurer to eligible school districts; defines eligible school districts; caps awards at \$1.0 million.

Sec. 949o. Disaster Relief – NEW

Provides that funds appropriated in part 1 be provided to the following: Midland/Gladwin Flooding (\$15.0 million); Arenac County Flooding (\$500,000); Houghton/Baraga Flooding (\$4.0 million); Newaygo County Flooding (\$400,000); Ionia County Flooding (\$164,000); and Ecorse River Watershed Flooding (\$3.0 million).

Sec. 949p. Teacher COVID-19 Grants – NEW

Requires \$53.0 million appropriation to be distributed as equal payments to eligible K-12 classroom teachers who teach in a public school or nonprofit nonpublic school; caps payments at \$500 per FTE teacher; authorizes the department to retain up to 0.5% for administration.

GENERAL GOVERNMENT: TREASURY

Major Boilerplate Changes from FY 2019-20

Sec. 949q. School Support Staff COVID-19 Grants – NEW

Requires \$20.0 million appropriation to be distributed as equal payments to eligible school support staff; caps payments at \$250 per FTE school support staff; authorizes the department to retain up to 0.5% for administration.

REVENUE SHARING

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$261.0 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 102.3% of its FY 2018-19 eligible payment. To qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Requires eligible CVTs to allocate an amount equal to their FY 2019- 20 eligible payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises eligible payments for CVTs to an amount equal to FY 2019-20 eligible payment.

Sec. 955. County Revenue Sharing – RETAINED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 104.5619% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Requires counties receiving a payment to allocate their FY 2019-20 payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Retains payments for counties at FY 2019-20 payments.

Sec. 1102. Excess Facility Revenue – RETAINED (UNENFORCEABLE)

Requires facility revenue in excess of operation costs to be credited to General Fund to offset rent obligations associated with retirement of bonds.

(Governor’s signing letter states this section is unenforceable.)

FY 2019-20 Supplemental Appropriation Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

1. Dual Enrollment Payments

Includes \$325,000 GF/GP to align appropriation to August Consensus Revenue Estimating Conference estimate for dual enrollment payments. Dual enrollment appropriation pays tuition costs for eligible nonpublic school students enrolled in postsecondary institutions.

	Appropriation Change
Gross	\$325,000
GF/GP	\$325,000

2. First Responder Hazard Pay

Includes a net \$60.0 million reduction reappropriation of First Responder Hazard Pay Premiums (appropriated in 2020 PA 144) to facilitate a revision of boilerplate (Sec. 752) to change the date by which hazard pay premiums must be paid to employees to be eligible for reimbursement from September 30, 2020 to October 31, 2020. Reappropriation provides a total of \$40.0 million Coronavirus Relief Fund available for the program, which is a net reduction of \$60.0 million.

Gross	(\$60,000,000)
Federal	(60,000,000)
GF/GP	\$0

3. Teacher COVID-19 Grants

Unappropriates \$53.0 million of Coronavirus Relief Fund originally appropriated in 2020 PA 144 for Teacher COVID-19 Grants. Program will be funded with a corresponding amount of GF/GP in the FY 2020-21 appropriations act.

Gross	(\$53,000,000)
Federal	(53,000,000)
GF/GP	\$0

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 751. Refundable Tax Credit, Tax Refund, and Interest Payments

Appropriates an amount sufficient to recognize and pay refundable tax credits, tax refunds, and interest; requires appropriations to be funded by restricting tax revenue; revises existing Section 911 in the Department of Treasury appropriations act to reflect accounting processes for the State of Michigan Comprehensive Annual Financial Report.

FY 2019-20 Supplemental Boilerplate Items
Public Act 166 of 2020 (House Bill 5396, Article 14)

Sec. 752. First Responder Hazard Pay Premiums

Requires appropriation to be used for the payment or reimbursement of first responder hazard pay premiums provided to first responders who have performed hazardous duty or work related to COVID-19; lists eligible first responders as law enforcement officers, firefighters, emergency medical technicians, paramedics, 9-1-1 operators, local unit of government corrections officers, airport public safety officers, and eligible personnel associated with ambulance operations; authorizes lump sum payments or hourly rate enhancements; caps the reimbursement amount at \$1,000 per eligible employee; requires the department to make all forms and information needed to apply available on its website; prohibits more than \$5.0 million from being awarded to any applicant; requires the department to report on grants awarded; designates unexpended funding as a work project appropriation; revises Section 801 of 2020 PA 144 to amend the date by which hazard pay premiums have to be paid to employees to be eligible for reimbursement from September 30, 2020 to October 31, 2020.

REPEALERS

Sec. 800. Repealers

- (1) Repeals section 911 of 2019 PA 56 and replaces it with section 751 of this article.
- (2) Repeals sections 801 and 802 of 2020 PA 144 and replaces section 801 with section 752 of this article.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
Summary of FY 2020-21 Enacted
Public Act 166 of 2020 (House Bill 5396, Article 5)

Analyst: Ben Gielczyk

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
Federal	956,759,300	1,138,389,800	181,630,500	19.0
Local	5,900,000	10,900,000	5,000,000	84.7
Private	6,315,700	11,317,800	5,002,100	79.2
Restricted	196,073,800	272,389,100	76,315,300	38.9
GF/GP	142,308,300	192,867,600	50,559,300	35.5
Gross	\$1,307,357,100	\$1,625,864,300	\$318,507,200	24.4
FTEs	2,565.9	2,579.9	14.0	0.5

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Labor and Economic Opportunity (LEO) engages in economic development; community growth and development; affordable housing, tourism; job creation, retention, and training; and workforce development and preparedness. LEO includes the Michigan Strategic Fund (MSF)/Michigan Economic Development Corporation (MEDC), Bureau of Employment Relations, Bureau of Services for Blind Persons, Michigan Occupational Safety & Health Administration (MIOSHA), Workforce Development, Michigan Rehabilitation Services, Office of Global Michigan, Unemployment Insurance Agency (UIA), Workers' Disability Compensation Agency, State Land Bank, and Michigan State Housing Development Authority (MSHDA).

Major Budget Changes from FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
1. Business Attraction and Community Revitalization			
Provides a net increase of \$20.6 million Gross, for a total appropriation of \$100.0 million Gross (\$40.7 million GF/GP), by increasing 21 st Century Jobs Fund appropriations \$31.8 million and reducing GF/GP appropriations \$11.1 million.	Gross	\$79,379,900	\$20,620,100
	Restricted	27,600,000	31,750,000
	GF/GP	\$51,779,900	(\$11,129,900)
2. Entrepreneurship Eco-System Target Reduction			
Reduces by \$750,000 of restricted 21st Century Jobs Trust Fund. Funds are transferred to Business Attraction and Community Revitalization (Item #1) to offset a corresponding amount of GF/GP to realize GF/GP savings.	Gross	\$16,400,000	(\$750,000)
	Restricted	16,400,000	(750,000)
	GF/GP	\$0	\$0
3. Arts and Cultural Grants Target Reduction			
Reduces by \$650,000 GF/GP.	Gross	\$10,150,000	(\$650,000)
	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$9,000,000	(\$650,000)
4. Community Development Block Grants			
Increases federal authorization by \$15.0 million to recognize higher Community Development Block Grant funding from the CARES Act in FY 2020-21.	Gross	\$47,000,000	\$15,000,000
	Federal	47,000,000	15,000,000
	GF/GP	\$0	\$0

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

<u>Major Budget Changes from FY 2019-20 YTD Appropriations</u>	<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Enacted Change</u>	
5. Pure Michigan	Gross	\$0	\$25,000,000
Includes \$15.0 million GF/GP for Pure Michigan program and authorizes the receipt of up to \$5.0 million in matching contributions from the local and private tourism industries to augment state appropriations. <i>Note: Program funding was vetoed in FY 2019-20.</i>	Local	0	5,000,000
	Private	0	5,000,000
	GF/GP	\$0	\$15,000,000
6. Job Creation Services Target Reduction	FTE	120.0	0.0
Reduces by \$432,000 GF/GP.	Gross	\$22,293,000	(\$432,000)
	Federal	2,773,300	0
	Private	250,000	0
	Restricted	4,616,600	0
	GF/GP	\$14,653,100	(\$432,000)
7. Michigan Enhancement Grants	Gross	NA	\$31,288,800
Includes \$31.3 million GF/GP, considered one-time appropriations, for 33 Michigan enhancement grants. Specific grant awards are included in Section 1047.	GF/GP	NA	\$31,288,800
8. Michigan Reconnect Grant Program	FTE	0.0	12.0
Includes \$30.0 million in one-time restricted funding and authorization for 12.0 FTE positions for the Michigan Reconnect Grant program, which would provide last-dollar financial aid funding for Michigan residents who are at least 25 years old, do not currently have a college degree, and are seeking an associate degree or certificate at a community college or eligible institution. <i>Note: \$35.0 million for this program was vetoed in SB 151.</i>	Gross	\$0	\$30,000,000
	Restricted	0	30,000,000
	GF/GP	\$0	\$0
9. Coronavirus Relief Fund Grants	Gross	NA	\$10,000,000
Includes \$10.0 million Coronavirus Relief Fund to support 8 grant awards. Specific grant awards are included in Section 1052.	Federal	NA	10,000,000
	GF/GP	NA	\$0
10. Going Pro	Gross	\$0	\$28,670,700
Includes \$28.7 million GF/GP for Going Pro. Program primarily provides employer-based training grants. Of total, \$1.5 million is specifically allocated to Graduation Alliance Program (Sec. 1070). <i>Note: Program funding was vetoed in FY 2019-20.</i>	Restricted	0	9,540,800
	GF/GP	\$0	\$19,129,900
11. First Responder Presumed Coverage Claims	Gross	\$250,000	\$3,750,000
Includes \$4.0 million First Responder Presumed Coverage Fund to pay benefit claims authorized Section 405 of the Worker's Disability Compensation Act, 1969 PA 317. The recently enacted internet gaming (2019 PA 152) and sports wagering (2019 PA 149) legislation annually deposits \$4.0 million into the fund. This represents a net increase of \$3.8 million Gross compared to FY 2019-20.	Restricted	0	4,000,000
	GF/GP	\$250,000	(\$250,000)
12. Centers for Independent Living	Gross	\$12,031,700	\$3,500,000
Increases by \$3.5 million GF/GP for a total appropriation of \$15.5 million Gross (\$7.1 million GF/GP). Grants assist persons with disabilities to increase their ability to perform everyday activities; to coordinate independent living services with other federal, state, and local agencies; and to provide outreach services.	Federal	8,451,600	0
	Private	10,000	0
	GF/GP	\$3,570,100	\$3,500,000
13. Workforce Development Program Target Reduction	Gross	\$388,773,400	(\$3,168,000)
Reduces by \$3.2 million GF/GP.	Federal	364,026,500	0
	Local	500,000	0
	Private	3,796,400	0
	Restricted	10,999,900	0
	GF/GP	\$9,450,600	(\$3,168,000)

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
Major Budget Changes from FY 2019-20 YTD Appropriations			
14. Compensation Supplement Fund Target Reduction	Gross	\$1,820,000	(\$1,000,000)
Reduces by \$1.0 million GF/GP.	Restricted	820,000	0
	GF/GP	\$1,000,000	(\$1,000,000)
15. Unemployment Insurance Agency Federal Fund Authorization	FTE	736.0	0.0
Increases federal funds authorization by \$159.9 million to accommodate increased federal fund award due to high unemployment rates in the state of Michigan.	Gross	\$134,452,500	\$159,883,800
	Federal	113,203,000	159,883,800
	Restricted	21,249,500	0
	GF/GP	\$0	\$0
16. Removal of One-Time Appropriations	Gross	\$2,000,600	(\$2,000,600)
Removes \$2.0 million Gross (\$2.0 million GF/GP) appropriated for one-time grants in FY 2019-20:	Federal	100	(100)
<ul style="list-style-type: none"> Alpena Community College: \$500,000 Belleville seawall repair: \$250,000 Saginaw County Community Corrections: \$250,000 Focus: HOPE: \$1.0 million Removal of \$600 Gross (\$400 GF/GP) that remained in 6 line items after State Administrative Board Resolution 2019-14 transferred funds 	Restricted	300	(300)
	GF/GP	\$2,000,200	(\$2,000,200)
17. Blight Elimination Grants	Gross	\$250,000	(\$250,000)
Removes \$250,000 GF/GP for rural blight elimination grants.	GF/GP	\$250,000	(\$250,000)
18. Revenue Adjustments to Align with Fund Sourcing and FTE Adjustment	FTE	NA	2.0
Reduces by \$7.8 million Gross and increases by \$176,900 GF/GP to accommodate fund sourcing adjustments necessary to align with actual revenues:	Gross	NA	(\$7,753,900)
<ul style="list-style-type: none"> Reduces federal funds to reflect actual revenues: (\$7.7 million) Reduces federal and restricted funds that cannot support economics increases: (\$70,600) Replaces \$176,900 of federal funds in Michigan Rehabilitation Services line item with corresponding amount of GF/GP Authorizes an additional 2.0 FTE positions for the Office of Global Michigan (includes no accompanying appropriations) 	Federal	NA	(7,868,700)
	Restricted	NA	(62,100)
	GF/GP	NA	\$176,900
19. Economic Adjustments	Gross	NA	\$6,798,300
Reflects increased costs of \$6.8 million Gross (\$343,800 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	4,615,500
	Private	NA	2,100
	Restricted	NA	1,836,900
	GF/GP	NA	\$343,800

Major Boilerplate Changes from FY 2019-20

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

Sec. 983. Broadband Bonding Prohibition – RETAINED (UNENFORCEABLE)

Prohibits DLEO, the Michigan Strategic Fund (MSF), and the Michigan State House Development Authority (MSHDA) from issuing or refinancing bonds or using any funds for broadband construction, expansion, repairs, or upgrades. (*Governor's signing letter states this section is unenforceable.*)

Sec. 989. Workers' Compensation Agency Health Care Services Rules Update – NEW

Expresses legislative intent that the Workers' Compensation Agency annually update its health care services rules as required under statute.

STATE LAND BANK AUTHORITY

Sec. 998. Blight Removal Grants – DELETED

Requires \$500,000 appropriated in part 1 for Blight Removal Grants to be allocated in the following manner: (1) \$250,000 for blight removal projects located in counties with populations under 50,000, with priority given to communities with the greatest population loss since 2000 and grants capped at \$50,000; (2) \$250,000 awarded to blight removal projects in the city of Detroit performed and administered by nonprofits. *Note: Ad Board transferred all but \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.*

MICHIGAN STRATEGIC FUND

Sec. 1005a. Pure Michigan Appropriations – NEW

Requires GF/GP appropriated in part 1 for Pure Michigan to be appropriated for certain specified purposes. Authorizes fund to contract any of the authorized activities. Authorizes fund to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns.

Sec. 1005b. Local Promotion Fund – NEW

Creates a local promotion fund whereby the fund could receive funds from local units of government and non-profit entities. Specifies that funds received are available for expenditure. Authorizes funds to be used for media production and placements, national and international marketing campaigns, and for other activities that promote Michigan as a tourist destination.

Sec. 1005c. Private Promotion Fund – NEW

Creates a private promotion fund whereby the fund could receive funds from private entities. Specifies that funds received are available for expenditure. Authorizes funds to be used for media production and placements, national and international marketing campaigns, and for other activities that promote Michigan as a tourist destination.

Sec. 1047. Michigan Enhancement Grants – DELETED

Specifies appropriation in part 1 shall be awarded to the following: Center for Employment Opportunities (\$662,000), County E-Recording grants (\$166,000), Van Andel Institute (\$1.0 million), Western Upper Peninsula workforce development retirement shortfall (\$971,000). *Note: Ad Board transferred all by \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.*

Sec. 1047. Michigan Enhancement Grants – NEW

Specifies one-time appropriation in part 1 for Michigan Enhancement Grants shall be awarded to the following: (1) E-Recording Commission (\$600,000), (2) Western Upper Peninsula Workforce Development Retirement Shortfall (\$1.1 million), (3) Holy Cross Services (\$1.0 million), (4) Rural Jobs Investment Fund (\$1.5 million), (5) McLaren – Cheboygan (\$3.0 million), (6) McLaren – Greenlawn (\$5.0 million), (7) Michigan Center for Civic Education (\$220,000), (8) Naval Museum Infrastructure Grant (\$200,000), (9) Governor Warner Historic Mansion Renovation (\$85,000), (10) Sloan Museum (\$1.0 million), (11) Langley Covered Bridge (\$750,000), (12) North Flint Food Market (\$506,800), (13) Helmets to Hardhats (\$250,000), (14) United Methodist Community House (\$1.0 million), (15) Michigan Aerospace Manufacturers Association (\$500,000), (16) Pershing High School Military Training (\$300,000), (17) Detroit Public Schools Air Filters (\$250,000), (18) Kent County Youth Sex Offender Diversion Program (\$75,000), (19) Statewide Preapprenticeship Program (\$3.0 million), (20) US 131 Interchange Kalamazoo County Planning and Design (\$1.8 million); (21) UCAN Addiction Recovery (\$200,000), (22) Amity Foundation (\$750,000), (23) Grand Traverse County Railway Improvements (\$500,000), (24) Chippewa County Railway Improvements (\$200,000), (25) Alcona County Railway Improvements (\$300,000), (26) Gaylord/Otsego County Railway Improvements (\$154,000), (27) Arenac County Railway Improvements (\$41,000), (28) Bay County Railway Improvements (\$94,000), (29) Gratiot County Railway Improvements (\$211,000), (30) Forest Road Roundabout (\$1.7 million), (31) Child Care Pilot Project (\$1.0 million), (32) Allegan County Bridge Repairs (\$3.0 million), and (33) Van Andel Institute (\$1.0 million).

Sec. 1048. Michigan Enhancement Grants Grant Agreements – NEW

Requires MSF to execute a grant agreement with certain requirements for each Michigan Enhancement Grant awarded; requires quarterly updates on grant status; requires recipients to respond to reasonable requests.

GENERAL GOVERNMENT: LABOR AND ECONOMIC OPPORTUNITY

Sec. 1052. Coronavirus Relief Fund Grants – NEW

Specifies one-time appropriation in part 1 for Coronavirus Relief Fund Grants shall be awarded to the following for eligible expenses: (1) Wolverine Human Services (\$2.4 million), Spectrum Human Services (\$1.9 million), Orchard's Children Services (\$81,900), Oakland Family Services (\$77,100), Ennis Center (\$85,800), Hospital UV Air Cleaner Grant Program (\$2.0 million), Michigan Tech COVID Testing Facility (\$400,000), and Rapid COVID Testing (\$3.0 million).

WORKFORCE DEVELOPMENT AND UNEMPLOYMENT

Sec. 1070. Dropout Support and Career Training Grant – NEW

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures.

Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – RETAINED

Requires \$3.8 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program.

Sec. 1073. GED-to-School Work Project Authorization – DELETED

Requires unexpended funds appropriated in FY 2014-15 for the GED-to-School program in work project status to be reauthorized as a work project. This would authorize continued usage of funds for the High School Equivalency-to-School program.

Sec. 1074. Michigan Reconnect Grant Program – NEW

Provides requirements for the Michigan Reconnect grant program; requires the department to allocate 10.0 FTE positions for navigators who provide support services and 2.0 FTE positions for oversight and implementation of the program.

Sec. 1075. Unemployment Insurance Agency Claimants and Trust Fund Reporting – NEW

Requires the department to provide a monthly report that provides 4-week average number of unique claimants, 4-week average number of eligible claimants with certification, 4-week average number of claims paid, total amount of standard unemployment insurance payments paid for the month, total amount of unemployment insurance tax generated for the quarter, and balance of the Michigan unemployment trust fund at the end of the quarter.

Sec. 1080. Community Ventures Matching Funds – DELETED

Stipulates that up to \$1.0 million of the funding in part 1 for the Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised. Note: Ad Board transferred all but \$100 of associated line item in FY 2019-20 to Workforce Development Programs for Healthy Michigan work requirement assistance.