

PRELIMINARY REVIEW

of the

FY 2020-21

**Executive Budget
Recommendation**



Mary Ann Cleary, Director
February 11, 2020

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HFA STAFF LIST

**OVERVIEW OF
FY 2020-21 EXECUTIVE BUDGET RECOMMENDATION**
Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director

The FY 2020-21 executive budget recommendation incorporates the January 2020 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$11,194.5 million and School Aid Fund (SAF) of \$14,317.5 million. In addition to the CREC estimates, the recommendation assumes beginning balances of \$899.5 million GF/GP and \$212.5 million SAF. The proposal assumes passage of HB 4125, which restores the income tax earmark for the SAF to the October 1, 2019, level of \$179.4 million, and Venture Michigan Fund revenue of \$67.6 million.

The FY 2020-21 budget recommendation includes \$60,707.7 million in adjusted gross appropriations, an increase of \$2,252.2 million or 3.9%. The table below compares current year appropriations to the executive proposal.

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
Adjusted Gross	\$58,455.5	\$60,707.7	\$2,252.2	3.9%
Federal	\$23,372.0	\$23,866.4	\$494.4	2.1%
Local/Private	\$410.9	\$463.1	\$52.2	12.7%
Restricted	\$24,296.5	\$25,397.8	\$1,101.3	4.5%
GF/GP	\$10,376.1	\$10,980.4	\$604.3	5.8%

Of the \$36,378.3 million in state resources recommended for appropriation in FY 2020-21, \$20,486.3 million (56.3% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

Major GF/GP current services baseline increases in the executive recommendation include:

- \$469.7 million Gross (\$168.3 million GF/GP) for traditional Medicaid program caseload/utilization/inflation financing and actuarial soundness adjustments. (DHHS)
- \$229.4 million Gross (\$65.6 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation financing and actuarial soundness adjustments. (DHHS)
- \$108.6 million GF/GP for state employee compensation-related costs. (All budgets)
- \$67.1 million GF/GP to backfill declining restricted revenues. (DHHS)
- \$56.3 million GF/GP to purchase Venture Michigan Fund II vouchers. (DTMB)
- \$36.5 million GF/GP to cover the state's share of indigent defense standards 1-4. (LARA)
- \$35.2 million Gross (\$45.2 million GF/GP) for child welfare caseload adjustments. (DHHS)
- \$5.0 million GF/GP for deposit into the Wrongful Imprisonment Compensation Fund. (Treasury)

Major GF/GP program reductions of \$176.0 million proposed in the executive recommendation include:

- \$182.9 million Gross (\$45.8 million GF/GP) savings from moving to a Medicaid-managed care organization single preferred drug list. (DHHS)
- \$84.4 million Gross (\$30.3 million GF/GP) savings from redesigning the payment methodology for long-term care facilities. (DHHS)
- \$49.7 million Gross (\$17.9 million GF/GP) rate reduction for Medicaid-managed care organizations third party liability recoupments. (DHHS)
- \$10.0 million GF/GP reduction from relocation of the Special Alternative Incarceration program. (MDOC)
- \$4.0 million GF/GP savings from elimination of the Food and Agriculture Investment program. (MDARD)
- \$2.0 million GF/GP reduction to the County Veteran Service Fund. (DMVA)

Major FY 2020-21 GF/GP program increases include:

- \$37.5 million Gross (\$17.6 million GF/GP) for a new Healthy Moms, Healthy Babies initiative. (DHHS)
- \$34.5 Million for program restorations (Business Attraction/Pure Michigan/Going Pro). (LEO)
- \$20.7 million Gross (\$12.2 million GF/GP) for replacement of MISACWIS with a comprehensive child welfare information system (\$8.3 million GF/GP is one-time). (DHHS)
- \$20.3 million Gross (\$8.5 million GF/GP) to create a statewide network of independent consultants to assist Medicaid beneficiaries for long-term care services. (DHHS)
- \$11.7 million Gross (\$7.1 million GF/GP) to build a statewide infrastructure to address social determinants of health. (DHHS)
- \$7.6 million to support ongoing operations at the new homes for veterans. (DMVA)

Major one-time allocations of GF/GP funding totaling \$234.0 million for FY 2020-21 include:

- \$40.0 million for local climate resilient infrastructure grants; \$10.0 million for planning grants and \$30 million for infrastructure grants. (Treasury)
- \$30.0 million for deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers. (DTMB)
- \$61.9 million Gross (\$20.1 million GF/GP) to support MiDOCS funding. (DHHS)
- \$20.0 million to invest in a variety of tools and measures to enhance cyber security. (DTMB)
- \$20.0 million for prioritization and remediation of non-petroleum contaminated properties statewide. (DEGLE)
- \$10.0 million to offset associated costs with state workers who are eligible to take up to 12 weeks of paid parental leave. (DTMB)
- \$10.0 million to draw down \$250.0 million in federal USDA funds for the reestablishment of the Conservation Reserve Enhancement program. (MDARD)
- \$10.0 million for a nature, science, and cultural experiences competitive grant program. (LEO)
- \$10.0 million to establish a lead poisoning prevention fund. (DHHS)
- \$10.0 million for opioid crisis response service. (DHHS)

Major changes proposed for FY 2020-21 for School Aid and Higher Education funding include:

- \$290.0 million SAF for increases to district foundation allowances ranging from \$150 to \$225 per pupil based on 1.5x formula (percentages range from 1.8% to 2.8%).
- \$77.5 million SAF increase to the Great Start Readiness Program (GSRP) for school readiness preschool programs.
- \$60.0 million SAF to increase reimbursement for districts' special education costs by 4.0%.
- \$60.0 million SAF increase for academically at-risk and economically disadvantaged students.
- \$40.0 million GF/GP one-time to districts for infrastructure grants.
- \$25.0 million SAF one-time to districts for distribution to classroom teachers to purchase classroom materials and supplies.
- \$24.0 million SAF savings from reducing cyber school foundation allowances to 80% of the minimum foundation allowance.
- \$36.5 million GF/GP for a 2.5% increase in public university operations.
- \$10.0 million GF/GP for the Michigan Student Loan Refinance program. (Higher Education)
- \$8.1 million SAF for a 2.5% increase in community college operations.

MPSERS retirement changes included in the executive recommendation for FY 2020-21 include:

- \$206.4 million increase in the state share of MPSERS UAAL payments to pay for increases associated with 2018 actuarial experience study.
- \$8.2 million increase in the state share of MPSERS payments to pay for increases in normal costs associated with dedicated gains policy.

The executive recommendation for local revenue sharing programs includes:

- \$16.1 million (1.9%) increase to constitutional revenue sharing based on January 2020 CREC estimates for FY 2020-21.
- \$6.5 million for a 2.5% increase for city, village, and township revenue sharing.
- \$5.7 million for a 2.5% increase for county revenue sharing.

The executive proposal includes two recommended supplementals totaling \$474.7 million Gross (\$175.2 million GF/GP) for FY 2019-20:

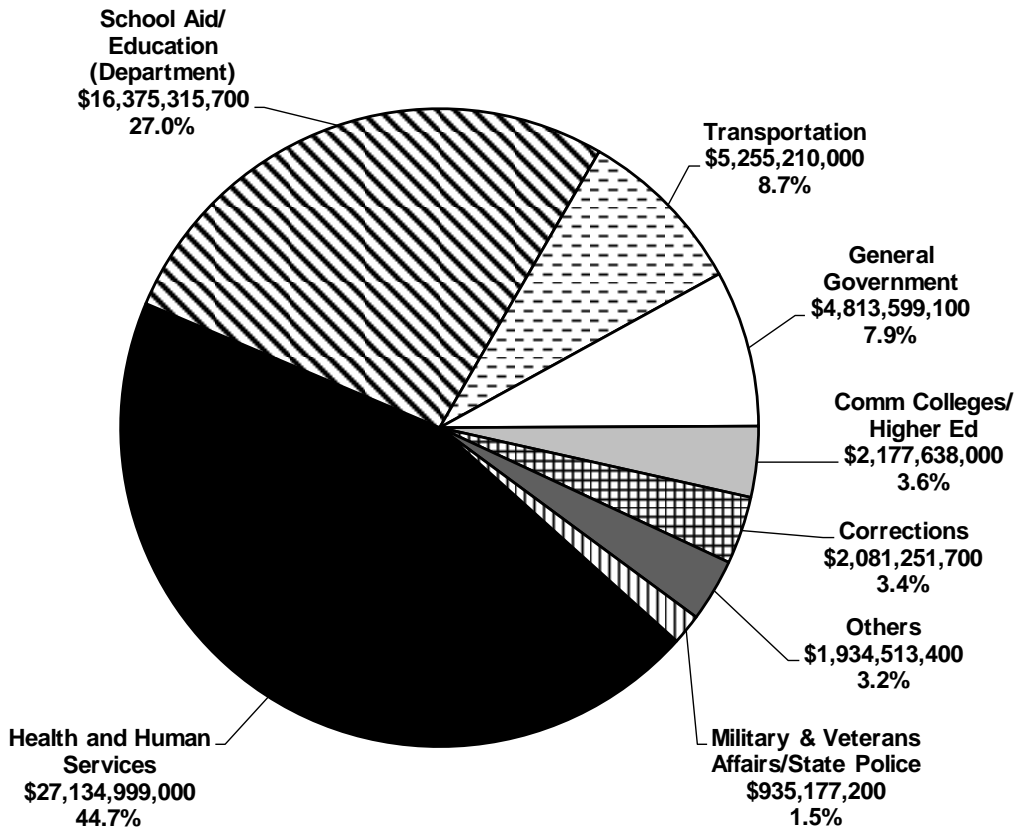
- Departmental appropriation adjustment requests of \$611.3 million Gross (\$173.0 million GF/GP), which includes caseload cost adjustments of \$457.1 million Gross (\$106.8 million GF/GP). (Request 2020-1)
- School Aid appropriation increase of \$41.6 million Gross, which includes a baseline cost reduction of \$3.8 million, federal revenue increase of \$10.0 million, and \$35.0 million from the Talent Investment Fund for the Michigan Reconnect grant program. (Request 2020-2)

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

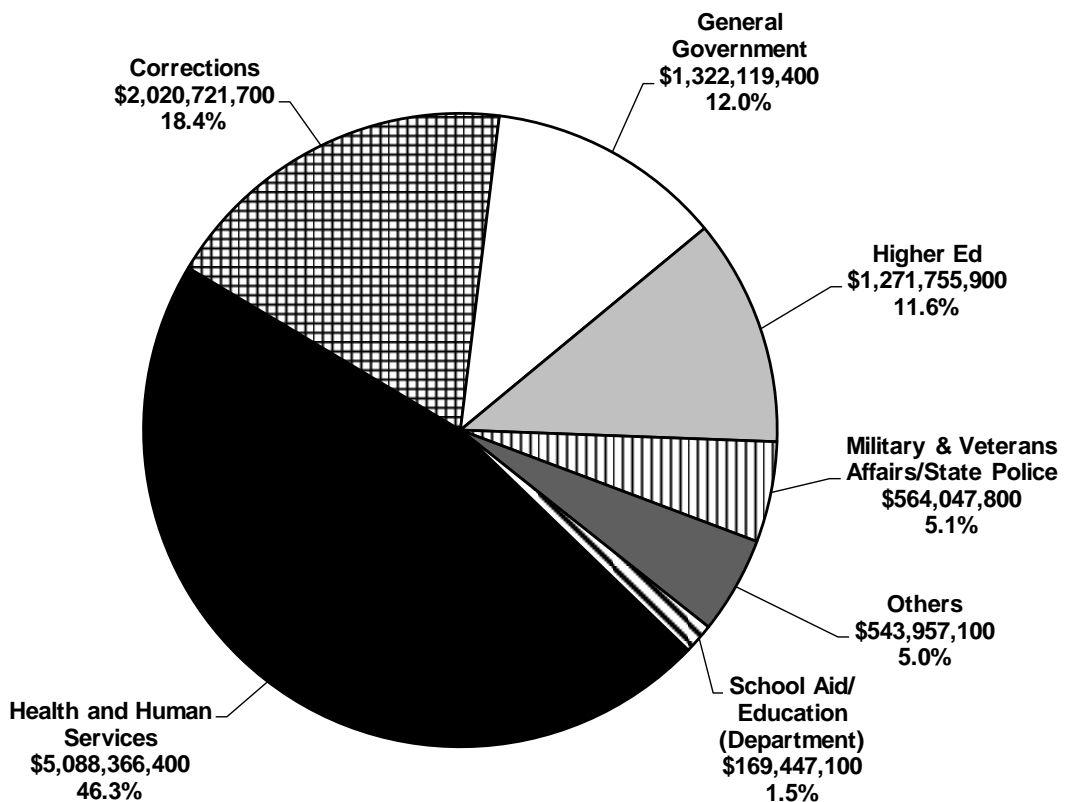
This preliminary review provides a brief summary of the executive recommendation for FY 2020-21. The House Fiscal Agency's full Review and Analysis of the FY 2020-21 Executive Budget Recommendation will be available within two weeks and will contain a more detailed review of major budget and boilerplate changes by budget area.

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

**FY 2020-21 Executive Recommendation
Adjusted Gross = \$60,707,704,100**



**FY 2020-21 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$10,980,415,400**



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2020-21 and FY 2021-22 Executive Recommendation

The executive budget recommendation for FY 2020-21 increases adjusted gross appropriations by \$2,252.2 million (3.9%) from FY 2019-20 year-to-date amounts:

- GF/GP appropriations are increased by \$604.3 million (5.8%).
- State restricted appropriations are increased by \$1,101.3 million (4.5%).
- Federal appropriations are increased by \$494.4 million (2.1%).
- Local and private appropriations are increased by \$52.2 million (12.7%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2020-21 executive budget recommendation is increased by \$1,705.6 million (4.9%) from FY 2019-20 year-to-date amounts.

Projected appropriation amounts for FY 2021-22 under the executive budget (which are presented only for planning purposes) reflect a 2.4% decrease in GF/GP appropriations, a 0.6% decrease in total state spending from state sources, and a 0.5% decrease in adjusted gross appropriations.

**FY 2020-21 and FY 2021-22
Executive Budget Appropriation Changes
Millions of Dollars**

	Year-to-Date	Executive	Change Amounts		Executive	Change Amounts	
	FY 2019-20	Recommendation FY 2020-21			Recommendation FY 2021-22		
General Fund/General Purpose	\$10,376.1	\$10,980.4	\$604.3	5.8%	\$10,720.8	(\$259.6)	(2.4%)
State Restricted	<u>24,296.5</u>	<u>25,397.8</u>	<u>1,101.3</u>	4.5%	<u>25,422.4</u>	<u>24.6</u>	0.1%
Total State-Source Appropriations	\$34,672.7	\$36,378.3	\$1,705.6	4.9%	\$36,143.2	(\$235.1)	(0.6%)
Federal	\$23,372.0	\$23,866.4	\$494.4	2.1%	\$23,796.2	(\$70.2)	(0.3%)
Local	247.6	265.4	17.8	7.2%	265.4	0.0	0.0%
Private	163.2	197.6	34.4	21.1%	197.2	(0.4)	(0.2%)
Total Adjusted Gross	\$58,455.5	\$60,707.7	\$2,252.2	3.9%	\$60,402.1	(\$305.6)	(0.5%)

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

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

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

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

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

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

Notes:

- (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

FY 2019-20 Through FY 2021-22 Executive Recommendation			
General Fund/General Purpose (GF/GP)			
Millions of Dollars			
	FY 2019-20	FY 2020-21	FY 2021-22
<u>Resources</u>			
Beginning Balance	\$899.5	\$524.6	\$1.6
Consensus Revenue Estimates: January 2020	11,012.1	11,194.5	11,518.5
Passage of HB 4125	(173.2)	(179.4)	(183.7)
Miscellaneous Other Revenue	25.3	67.6	75.0
Revenue Sharing	<u>(490.1)</u>	<u>(502.3)</u>	<u>(502.3)</u>
Total Resources	\$11,273.6	\$11,105.0	\$10,909.1
<u>Expenditures</u>			
Appropriations: Ongoing	\$10,002.6	\$10,022.0	\$10,022.0
Base: DHHS caseload	127.1	286.2	491.2
Base: Other	45.9	183.4	234.6
Base: Economics	--	108.6	153.6
Executive Investments	--	233.6	263.6
Executive Reductions	--	(176.0)	(176.0)
Appropriations: One-time	311.2	242.7	0.0
GF to School Aid	62.3	80.0	40.0
State Psych DSH penalty	62.8	59.2	59.2
Other Audit/Legal/Statutory Cost Reserves	<u>137.2</u>	<u>63.8</u>	<u>0.0</u>
Total Expenditures	\$10,749.1	\$11,103.4	\$11,088.1
Projected Ending Balance / (Shortfall)	\$524.6	\$1.6	(\$179.0)

Numbers may not add due to rounding.

FY 2019-20 Through FY 2021-22 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2019-20	FY 2020-21	FY 2021-22
<u>Resources</u>			
Beginning Balance	\$212.5	\$263.3	\$12.5
Consensus Revenue Estimates: January 2020	13,925.5	14,317.5	14,640.1
Passage of HB 4125	173.2	179.4	183.7
GF/GP Grant	62.7	80.0	40.0
Detroit Public Schools Trust Fund	75.8	78.4	78.4
MSPERS Retirement Reserve Fund	1.9	0.0	0.0
Federal Aid	<u>1,759.6</u>	<u>1,806.9</u>	<u>1,806.9</u>
Total Resources	\$16,211.2	\$16,725.5	\$16,761.6
<u>Expenditures</u>			
School Aid: Ongoing	\$15,036.7	\$15,177.3	\$15,177.3
School Aid: Net Baseline Adj	6.6	188.1	225.4
School Aid: Investments	--	508.1	508.1
School Aid: Reductions	--	(26.4)	(26.4)
School Aid: One-time	70.0	76.0	0.0
School Aid: Supplementals	70.5	0.0	0.0
Community College	414.7	433.8	439.6
Higher Education	<u>349.4</u>	<u>356.1</u>	<u>357.3</u>
Total Expenditures	\$15,947.9	\$16,713.0	\$16,681.3
Projected Ending Balance / (Shortfall)	\$263.3	\$12.5	\$80.3

Numbers may not add due to rounding.

FY 2020-21 and FY 2021-22 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars		
	FY 2020-21	FY 2021-22
<u>Resources</u>		
Beginning Balance	\$2.9	\$2.9
Tobacco Settlement MSA payment	264.5	262.7
Debt Service on 2006 / 2007 Securitization Bonds (13.34% / 10.77%)	(63.7)	(63.3)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF Repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
Total Resources	\$39.3	\$37.9
<u>Expenditures</u>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite Care	4.1	4.1
DHHS: Medicaid Long Term Care	45.7	29.7
Current Services Baseline	(16.0)	(1.5)
State Police: Criminal Investigations / IT	0.9	0.9
Treasury: Student Financial Services Programs	<u>1.2</u>	<u>1.2</u>
Total Expenditures	\$36.4	\$34.9
Estimated Ending Balance	\$2.9	\$3.0

Numbers may not add due to rounding.

BUDGET SUMMARY TABLES

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

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

- FY 2019-20 year-to-date figures include adjustments through February 6, 2020.
- Some appropriation items in the FY 2019-20 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2020-21 executive budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**TABLE 1
FY 2020-21 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

Department/Budget Area	Gross	IDG/IDT	Adjusted Gross	Federal	Local	Private	State Restricted	GF/GP
Agriculture & Rural Development	\$120,349,400	\$324,400	\$120,025,000	\$13,129,500	\$0	\$71,300	\$43,353,000	\$63,471,200
Attorney General	106,976,600	35,285,800	71,690,800	9,906,100	0	0	20,136,300	41,648,400
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,787,400	299,800	16,487,600	2,868,200	0	18,700	58,500	13,542,200
Community Colleges	433,792,400	0	433,792,400	0	0	0	433,792,400	0
Corrections	2,081,251,700	0	2,081,251,700	5,370,900	9,680,600	0	45,478,500	2,020,721,700
Education	452,178,600	0	452,178,600	344,804,700	5,872,100	2,239,300	9,815,400	89,447,100
Environment, Great Lakes, & Energy	523,049,200	3,337,700	519,711,500	171,973,000	0	1,412,800	272,191,800	74,133,900
Executive Office	7,276,500	0	7,276,500	0	0	0	0	7,276,500
Health and Human Services	27,148,828,900	13,829,900	27,134,999,000	18,688,919,000	165,059,600	176,936,000	3,015,718,000	5,088,366,400
Higher Education	1,743,845,600	0	1,743,845,600	116,026,400	0	0	356,063,300	1,271,755,900
Insurance & Financial Services	73,315,700	728,600	72,587,100	1,017,100	0	0	71,570,000	0
Judiciary	314,761,800	1,552,800	313,209,000	5,826,000	7,654,500	1,016,600	94,877,600	203,834,300
Labor & Economic Devel. (MSF)	1,385,441,600	0	1,385,441,600	953,506,000	5,900,000	6,317,800	232,848,300	186,869,500
Legislative Auditor General	26,713,900	6,250,400	20,463,500	0	0	0	2,139,500	18,324,000
Legislature	180,451,500	0	180,451,500	0	0	400,000	4,637,300	175,414,200
Licensing & Regulatory Affairs	487,589,600	46,664,600	440,925,000	28,823,700	0	0	258,945,700	153,155,600
Military & Veterans Affairs	224,342,500	101,800	224,240,700	123,626,100	0	630,000	20,313,400	79,671,200
Natural Resources	468,258,900	203,100	468,055,800	88,453,700	0	7,439,200	322,800,800	49,362,100
School Aid	15,923,137,100	0	15,923,137,100	1,806,878,500	0	0	14,036,258,600	80,000,000
State	256,087,500	20,000,000	236,087,500	1,460,000	0	50,100	215,490,200	19,087,200
State Police	735,585,500	24,649,000	710,936,500	78,682,000	4,841,200	35,000	143,001,700	484,376,600
Tech., Mgmt. & Budget: Operations	1,497,179,400	1,019,720,900	477,458,500	5,139,300	2,337,700	134,600	122,296,400	347,550,500
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	246,570,600	0	0	0	0	246,570,600
Transportation	5,259,273,100	4,063,100	5,255,210,000	1,392,546,100	51,032,000	900,000	3,810,731,900	0
Treasury: Operations	666,177,900	13,112,800	653,065,100	27,421,800	13,059,500	27,500	460,455,000	152,101,300
Treasury: Debt Service	113,735,000	0	113,735,000	0	0	0	0	113,735,000
Treasury: Revenue Sharing	1,404,870,900	0	1,404,870,900	0	0	0	1,404,870,900	0
TOTAL APPROPRIATIONS	\$61,897,828,800	\$1,190,124,700	\$60,707,704,100	\$23,866,378,100	\$265,437,200	\$197,628,900	\$25,397,844,500	\$10,980,415,400

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2020-21 and FY 2021-22 Executive Recommendation Compared with FY 2019-20 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2019-20</u>	<u>Exec. Rec. FY 2020-21</u>	<u>Difference FY 2020-21 vs. FY 2019-20</u>		<u>Exec. Rec. FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>	
Agriculture & Rural Development	\$110,101,800	\$120,025,000	\$9,923,200	9.0%	\$110,025,000	(\$10,000,000)	(8.3%)
Attorney General	71,609,800	71,690,800	81,000	0.1%	71,690,800	0	0.0%
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	16,089,800	16,487,600	397,800	2.5%	16,487,600	0	0.0%
Community Colleges	414,719,000	433,792,400	19,073,400	4.6%	439,609,400	5,817,000	1.3%
Corrections	2,042,261,300	2,081,251,700	38,990,400	1.9%	2,081,251,700	0	0.0%
Education	419,783,700	452,178,600	32,394,900	7.7%	458,953,600	6,775,000	1.5%
Environment, Great Lakes, & Energy	611,489,200	519,711,500	(91,777,700)	(15.0%)	499,711,500	(20,000,000)	(3.8%)
Executive Office	7,114,300	7,276,500	162,200	2.3%	7,276,500	0	0.0%
Health and Human Services	26,344,227,000	27,134,999,000	790,772,000	3.0%	27,006,742,300	(128,256,700)	(0.5%)
Higher Education	1,691,395,000	1,743,845,600	52,450,600	3.1%	1,735,030,600	(8,815,000)	(0.5%)
Insurance & Financial Services	71,339,700	72,587,100	1,247,400	1.7%	72,587,100	0	0.0%
Judiciary	309,561,800	313,209,000	3,647,200	1.2%	313,209,000	0	0.0%
Labor & Economic Devel. (MSF)	1,307,357,100	1,385,441,600	78,084,500	6.0%	1,373,441,600	(12,000,000)	(0.9%)
Legislative Auditor General	19,867,400	20,463,500	596,100	3.0%	20,463,500	0	0.0%
Legislature	175,490,100	180,451,500	4,961,400	2.8%	180,451,500	0	0.0%
Licensing & Regulatory Affairs	391,060,300	440,925,000	49,864,700	12.8%	415,925,000	(25,000,000)	(5.7%)
Military & Veterans Affairs	203,963,300	224,240,700	20,277,400	9.9%	192,102,700	(32,138,000)	(14.3%)
Natural Resources	438,488,200	468,055,800	29,567,600	6.7%	459,655,800	(8,400,000)	(1.8%)
School Aid	15,177,263,600	15,923,137,100	745,873,500	4.9%	15,884,420,100	(38,717,000)	(0.2%)
State	230,393,000	236,087,500	5,694,500	2.5%	236,087,500	0	0.0%
State Police	728,625,100	710,936,500	(17,688,600)	(2.4%)	701,227,400	(9,709,100)	(1.4%)
Tech., Mgmt. & Budget: Operations	372,341,100	477,458,500	105,117,400	28.2%	416,558,500	(60,900,000)	(12.8%)
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	256,824,400	10,253,800	4.2%
Transportation	5,017,433,700	5,255,210,000	237,776,300	4.7%	5,287,216,100	32,006,100	0.6%
Treasury: Operations	577,161,300	653,065,100	75,903,800	13.2%	622,454,600	(30,610,500)	(4.7%)
Treasury: Debt Service	104,335,000	113,735,000	9,400,000	9.0%	113,735,000	0	0.0%
Treasury: Revenue Sharing	1,355,474,600	1,404,870,900	49,396,300	3.6%	1,428,932,000	24,061,100	1.7%
TOTAL	\$58,455,516,800	\$60,707,704,100	\$2,252,187,300	3.9%	\$60,402,070,800	(\$305,633,300)	(0.5%)

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2020-21 and FY 2021-22 Executive Recommendation Compared with FY 2019-20 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2019-20</u>	<u>Exec. Rec. FY 2020-21</u>	<u>Difference FY 2020-21 vs. FY 2019-20</u>		<u>Exec. Rec. FY 2021-22</u>	<u>Difference FY 2021-22 vs. FY 2020-21</u>	
Agriculture & Rural Development	\$55,979,900	\$63,471,200	\$7,491,300	13.4%	\$53,471,200	(\$10,000,000)	(15.8%)
Attorney General	41,736,300	41,648,400	(87,900)	(0.2%)	41,648,400	0	0.0%
Capital Outlay	0	0	0	--	0	0	--
Civil Rights	13,195,700	13,542,200	346,500	2.6%	13,542,200	0	0.0%
Community Colleges	0	0	0	--	0	0	--
Corrections	1,980,137,900	2,020,721,700	40,583,800	2.0%	2,020,721,700	0	0.0%
Education	87,212,000	89,447,100	2,235,100	2.6%	87,647,100	(1,800,000)	(2.0%)
Environment, Great Lakes, & Energy	168,577,400	74,133,900	(94,443,500)	(56.0%)	54,133,900	(20,000,000)	(27.0%)
Executive Office	7,114,300	7,276,500	162,200	2.3%	7,276,500	0	0.0%
Health and Human Services	4,769,278,700	5,088,366,400	319,087,700	6.7%	5,041,511,300	(46,855,100)	(0.9%)
Higher Education	1,207,949,300	1,271,755,900	63,806,600	5.3%	1,261,755,900	(10,000,000)	(0.8%)
Insurance & Financial Services	150,000	0	(150,000)	(100.0%)	0	0	--
Judiciary	201,443,600	203,834,300	2,390,700	1.2%	203,834,300	0	0.0%
Labor & Economic Devel. (MSF)	142,308,300	186,869,500	44,561,200	31.3%	174,869,500	(12,000,000)	(6.4%)
Legislative Auditor General	17,790,300	18,324,000	533,700	3.0%	18,324,000	0	0.0%
Legislature	170,576,000	175,414,200	4,838,200	2.8%	175,414,200	0	0.0%
Licensing & Regulatory Affairs	111,606,400	153,155,600	41,549,200	37.2%	148,155,600	(5,000,000)	(3.3%)
Military & Veterans Affairs	73,247,500	79,671,200	6,423,700	8.8%	66,438,200	(13,233,000)	(16.6%)
Natural Resources	46,985,000	49,362,100	2,377,100	5.1%	46,862,100	(2,500,000)	(5.1%)
School Aid	62,620,000	80,000,000	17,380,000	27.8%	40,000,000	(40,000,000)	(50.0%)
State	13,451,200	19,087,200	5,636,000	41.9%	19,087,200	0	0.0%
State Police	475,701,700	484,376,600	8,674,900	1.8%	474,667,500	(9,709,100)	(2.0%)
Tech., Mgmt. & Budget: Operations	247,003,600	347,550,500	100,546,900	40.7%	288,750,500	(58,800,000)	(16.9%)
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	256,824,400	10,253,800	4.2%
Transportation	25,000,000	0	(25,000,000)	(100.0%)	0	0	--
Treasury: Operations	106,141,800	152,101,300	45,959,500	43.3%	112,101,300	(40,000,000)	(26.3%)
Treasury: Debt Service	104,335,000	113,735,000	9,400,000	9.0%	113,735,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$10,376,112,500	\$10,980,415,400	\$604,302,900	5.8%	\$10,720,772,000	(\$259,643,400)	(2.4%)

**TABLE 4
GF/GP APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2020-21 GF/GP</u>
Agriculture & Rural Development	\$10,000,000
Education	1,800,000
Environment, Great Lakes, & Energy	20,000,000
Health and Human Services	53,455,100
Higher Education	10,000,000
Labor & Economic Development	12,000,000
Licensing & Regulatory Affairs	5,000,000
Military & Veterans Affairs	13,233,000
Natural Resources	2,500,000
State Police	9,709,100
Tech., Mgmt. & Budget: Operations	65,000,000
Treasury: Operations	40,000,000
TOTAL: ONE-TIME APPROPRIATIONS	\$242,697,200

TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2020-21 Executive Recommendation Compared with FY 2019-20 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2019-20</u>	<u>Executive Recommendation FY 2020-21</u>	<u>Difference FY 2020-21 vs. FY 2019-20</u>	
Agriculture & Rural Development	514.0	520.0	6.0	1.2%
Attorney General	542.4	540.4	(2.0)	(0.4%)
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	116.0	116.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,794.3	13,702.8	(91.5)	(0.7%)
Education	620.5	621.0	0.5	0.1%
Environment, Great Lakes, & Energy	1,422.0	1,422.0	0.0	0.0%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,438.0	15,604.0	166.0	1.1%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	368.5	388.5	20.0	5.4%
Judiciary	509.0	512.0	3.0	0.6%
Labor & Economic Devel. (MSF)	2,565.9	2,567.9	2.0	0.1%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,849.9	1,857.9	8.0	0.4%
Military & Veterans Affairs	933.5	1,061.5	128.0	13.7%
Natural Resources	2,340.1	2,352.1	12.0	0.5%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,602.0	10.0	0.6%
State Police	3,583.0	3,549.0	(34.0)	(0.9%)
Tech., Mgmt. & Budget: Operations	3,132.0	3,139.0	7.0	0.2%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,824.3	2,832.3	8.0	0.3%
Treasury: Operations	1,884.5	1,934.5	50.0	2.7%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	54,119.1	54,412.1	293.0	0.5%

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

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

FY 2020-21 Executive Recommendation

<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture & Rural Development	\$106,824,200	\$8,800,000	8.2%
Attorney General	61,784,700	0	0.0%
Capital Outlay	0	0	--
Civil Rights	13,600,700	0	0.0%
Community Colleges	433,792,400	433,792,400	100.0%
Corrections	2,066,200,200	123,880,800	6.0%
Education	99,262,500	14,267,700	14.4%
Environment, Great Lakes, & Energy	346,325,700	37,200,600	10.7%
Executive Office	7,276,500	0	0.0%
Health and Human Services	8,104,084,400	1,671,291,600	20.6%
Higher Education	1,627,819,200	0	0.0%
Insurance & Financial Services	71,570,000	0	0.0%
Judiciary	298,711,900	146,684,400	49.1%
Labor & Economic Devel. (MSF)	419,717,800	37,863,300	9.0%
Legislative Auditor General	20,463,500	0	0.0%
Legislature	180,051,500	0	0.0%
Licensing & Regulatory Affairs	412,101,300	137,967,400	33.5%
Military & Veterans Affairs	99,984,600	2,136,500	2.1%
Natural Resources	372,162,900	8,659,300	2.3%
School Aid	14,116,258,600	13,908,147,100	98.5%
State	234,577,400	1,041,800	0.4%
State Police	627,378,300	13,899,900	2.2%
Tech., Mgmt. & Budget: Operations	469,846,900	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	0.0%
Transportation	3,810,731,900	2,257,897,700	59.3%
Treasury: Operations	612,556,300	277,911,200	45.4%
Treasury: Debt Service	113,735,000	0	0.0%
Treasury: Revenue Sharing	1,404,870,900	1,404,870,900	100.0%
TOTALS APPROPRIATED	\$36,378,259,900	\$20,486,312,600	56.3%

FY 2020-21 EXECUTIVE BUDGET HIGHLIGHTS

Major Changes Proposed

Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20	Executive	Amount	%
IDG/IDT	\$1,315,700	\$324,400	(\$991,300)	(75.3)
Federal	12,636,400	13,129,500	493,100	3.9
Local	0	0	0	--
Private	101,800	71,300	(30,500)	(30.0)
Restricted	41,383,700	43,353,000	1,969,300	4.8
GF/GP	55,979,900	63,471,200	7,491,300	13.4
Gross	\$111,417,500	\$120,349,400	\$8,931,900	8.0
FTEs	514.0	520.0	6.0	1.2

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Conservation Reserve Enhancement Program (CREP)

Includes \$10.6 million GF/GP for targeted program that provides enhanced incentives to qualified producers and land owners in priority watershed areas to implement specific conservation practices designed to prevent soil erosion and improve water quality and wildlife habitat. Under CREP, farmers and other landowners who agree to enroll eligible parcels in the program for 15 years would receive cost-share assistance in establishing riparian buffers, field windbreaks, filter strips, wetland restoration, shallow-water wildlife areas, controlled livestock access, and other prescribed conservation practices. The federal program also provides annual rental payments to program participants for land enrolled in the program. [Federal funds are paid directly to program participants and are not reflected in the MDARD budget.]

CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. Of the \$10.6 million in state funds, \$10.0 million, identified as one-time, would be used to provide part of the 50% required non-federal cost-share for capital projects; \$600,000 is identified ongoing for education, outreach, and technical assistance. State program support would leverage an estimated \$250.0 million in federal CREP funds (including direct federal payments to program participants).

Food and Agriculture Investment Program

Eliminates program that provides grants for agri-business development projects. The program is funded at \$4.0 million GF/GP in the current year.

Economic Adjustments

Reflects increased costs of \$1.8 million Gross (\$1.3 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.

Community Colleges

Analyst: Perry Zielak

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	414,719,000	433,792,400	19,073,400	4.6
GF/GP	0	0	0	--
Gross	\$414,719,000	\$433,792,400	\$19,073,400	4.6

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Community Colleges Operations Increase

Increases funding by \$8.1 million School Aid Fund (SAF) to increase operations grants to community colleges by 2.5%, which would be distributed through the performance formula. Attainment of the increase, labeled performance funding, would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.25%. Projected increases for individual community colleges range from 2.0% to 5.2%. Total funding for operations would be \$333.6 million SAF.

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

Increases funding by \$10.8 million SAF for the state's share of community colleges' UAAL to MPSERS due to implementing recommendations made by the 2018 Actuarial Experience Study. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPSERS would be \$83.9 million SAF.

MPSERS Normal Cost Offset

Increases funding by \$182,000 SAF for the community colleges' normal cost portion, which would cover the cost to lower the assumed rate of return for MPSERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPSERS Normal Cost Offset would be \$12.4 million SAF.

Corrections

Analyst: Robin R. Risko

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	5,323,700	5,370,900	47,200	0.9
Local	11,687,200	9,680,600	(2,006,600)	(17.2)
Private	0	0	0	--
Restricted	45,112,500	45,478,500	366,000	0.8
GF/GP	1,980,137,900	2,020,721,700	40,583,800	2.0
Gross	\$2,042,261,300	\$2,081,251,700	\$38,990,400	1.9
FTEs	13,794.3	13,702.8	(91.5)	(0.7)

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Funding for Training New Custody Staff

Includes \$8.5 million GF/GP to train an additional 330 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. At least 50 custody staff are projected to retire each month in the next year. With the additional funding added to the FY 2019-20 base of \$9.5 million, the department will be able to train about 700 new officers in FY 2020-21.

Corizon Health Care Contract Adjustment

Includes \$4.2 million GF/GP to cover costs of required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals. FY 2020-21 will be the last year of the 5-year contract.

City of Jackson Water Rate Increase

Includes \$575,500 GF/GP to cover costs of a water rate increase in the City of Jackson. The water rate increase is a result of changes in the state's lead and copper rules and will impact the four correctional facilities located in the Jackson area.

Employee Wellness Enhancements

Includes \$500,000 GF/GP for additional employee wellness resources and support services for department employees.

Green Oaks Training Facility

Reflects the transfer of \$109,200 GF/GP and 1.0 FTE position from DHHS to MDOC to provide continued maintenance services at the Green Oaks facility in Whitmore Lake. MDOC is taking over operations of the facility, which will be refurbished and utilized as the new Corrections Officer Training Academy.

Relocation of the Special Alternative Incarceration Program

Reflects full-year savings of \$10.0 million GF/GP and a reduction of 92.5 FTE positions from relocation of the Special Alternative Incarceration program from Camp Cassidy Lake in Chelsea to the Cooper Street Correctional Facility in Jackson.

Detroit Detention Center

Reflects a reduction of \$2.3 million in local revenue from the City of Detroit for operation of the Detroit Detention Center. MDOC operates the facility for the city and the city pays MDOC. The reduction from the current year base of \$11.4 million reflects estimated costs for FY 2020-21 under the new contract agreement.

Removal of Current Year One-Time Funding

Reduces the budget by \$15.0 million GF/GP to reflect removal of one-time funding included in the FY 2019-20 budget. Funding removed includes: \$10.5 million for new custody staff training and \$4.6 million for electronic tether replacement.

Economic Adjustments

Reflects increased costs of \$52.5 million Gross (\$51.8 million 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 premium costs, building occupancy charges, and food, fuel, and utility costs. *Note: \$5.6 million of the increase will cover employee-related costs resulting from pre-shift staff line-up meetings, which will be reinstated starting October 1, 2020, according to a new agreement between the state and the Michigan Corrections Organization.*

Education (Department)

Analyst: Samuel Christensen

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	315,342,100	344,804,700	29,462,600	9.3
Local	5,893,400	5,872,100	(21,300)	(0.4)
Private	2,036,200	2,239,300	203,100	10.0
Restricted	9,300,000	9,815,400	515,400	5.5
GF/GP	87,212,000	89,447,100	2,235,100	2.6
Gross	\$419,783,700	\$452,178,600	\$32,394,900	7.7
FTEs	620.5	621.0	0.5	0.1

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Child Development and Care (CDC) – Entrance Eligibility Threshold Increase

Provides \$25.7 million in federal funding to increase the entrance eligibility threshold from 130% of the federal poverty guidelines (\$34,060 for a family size of four in FY 2020-21) to 150% of the federal poverty guidelines (\$39,300 for a family size of four) beginning January 1, 2021. This represents three quarters of the estimated annual cost of \$34.3 million.

One-Time Appropriation –Public Broadcasting Service (PBS) Early Childhood Initiative

Provides \$1.8 million GF/GP in one-time funding for a community licensed public television station PBS to provide direct services to educators, parents, and caregivers to improve school readiness. The services and supports must include reading and literacy, community education camps, and professional development training programs. PBS would provide these services through the expansion of PBS programming such as PBS KIDS, Ready to Learn, and Pre-School U.

CDC – Background Checks (Licensing and Regulatory Affairs (LARA))

Provides \$1.3 million federal Child Care Development Fund (CCDF) for LARA to continue to provide federally required background checks for any employee working at a child care facility.

Teacher Shortage, Retention, and Diversity Initiative

Provides \$180,000 GF/GP to expand the teacher workforce through a new teacher shortage, retention, and diversity initiative. The initiative would include \$140,000 GF/GP and repurposing 1.0 FTE in the Office of Educator Excellence (OEE) and allotting \$40,000 for website development. The initiative would provide a more streamlined certification process for individuals with out-of-state teaching certificates (known as reciprocity agreements), create a website modeled after TeachWA.org in order to increase transparency about the process for entering the teaching profession and listing open job opportunities by region and school district, and promote diversity efforts to ensure the teacher population more closely reflects the makeup of the student population.

Michigan's Poet Laureate

Provides \$100,000 GF/GP and authorizes 0.5 FTE positions to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts.

Economic Adjustments

Reflects increased costs of \$2.3 million Gross (\$752,900 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.

Supplemental Recommendations for FY 2019-20 Appropriations

Michigan School for the Deaf and Blind

Increases Student Insurance Revenue authorization by \$112,800 to be able to fully draw down federal Medicaid reimbursement for the Michigan School for the Deaf and Blind.

Environment, Great Lakes, and Energy

Analyst: Austin Scott

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$3,176,600	\$3,337,700	\$161,100	5.1
Federal	175,269,900	171,973,000	(3,296,900)	(1.9)
Local	0	0	0	--
Private	1,201,800	1,412,800	211,000	17.6
Restricted	266,440,100	272,191,800	5,751,700	2.2
GF/GP	168,577,400	74,133,900	(94,443,500)	(56.0)
Gross	\$614,665,800	\$523,049,200	(\$91,616,600)	(14.9)
FTEs	1,422.0	1,422.0	0.0	--

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Environmental Contamination Rapid Response (One-Time)

Includes \$20.0 million GF/GP for the prioritization and remediation of non-petroleum contaminated properties statewide. Sites may include PFAS, vapor intrusion, or other emerging contaminants.

Oil, Gas, and Mineral Services

Replaces \$3.9 million in restricted funding with \$4.0 million GF/GP for an increase of \$100,000 Gross for oil, gas, and mineral services. This program regulates oil and natural gas exploration, mineral mining, and orphan well closure.

Environmental Permit Review Committee – Administrative Hearings Officers

Adds \$500,000 Gross (\$129,000 GF/GP) to Administrative Hearings Officers for increased environmental permit reviews.

Renew Michigan Program

Restores \$500,000 in restricted funding for the Renew Michigan Program to return funding to \$69.0 million. In FY 2019-20, the governor vetoed a \$500,000 earmark for the Michigan Geological Survey, which reduced program funding to \$68.5 million. This supports environmental remediation at non-petroleum contaminated sites, recycling, and solid waste management; it is funded by an income tax earmark.

Removal of FY 2019-20 One-Time Funding

Removes \$120.0 million GF/GP for drinking water initiatives included in the FY 2019-20 budget. Initiatives included Drinking Water Revolving Fund loan forgiveness, lead and copper rule implementation, PFAS and emerging contaminant remediation, and grants for the development of asset management plans.

Economic Adjustments

Reflects increased costs of \$6.5 million Gross (\$1.4 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.

Supplemental Recommendations for FY 2019-20 Appropriations

Superfund Cleanup

Appropriates an additional \$3.0 million of federal funding for contractual support to remediate contaminated sites that qualify as federal Superfund sites. This additional funding is targeted for groundwater and soil contamination at the Spartan Chemical site in Kent County. The FY 2019-20 EGLE budget presently includes \$1.0 million of federal funding for this purpose.

Environmental Cleanup Support

Appropriates an additional \$2.0 million from the Environmental Response Fund for contractual support for emergencies, special projects, and negotiated settlements associated with contaminated sites. This additional funding is targeted for groundwater and soil contamination at the Michelin-Uniroyal site in Wayne County. The FY 2019-20 EGLE budget presently includes \$1.0 million from the Environmental Response Fund for this purpose.

All General Government

Analysts: Ben Gielczyk and Michael Crossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$1,024,134,300	\$1,094,669,700	\$70,535,400	6.9
Federal	1,002,960,800	1,000,301,400	(2,659,400)	(0.3)
Local	21,437,000	21,297,200	(139,800)	(0.7)
Private	6,943,100	6,948,700	5,600	0.1
Restricted	2,342,240,100	2,462,932,400	120,692,300	5.2
GF/GP	1,110,223,100	1,322,119,400	211,896,300	19.1
Gross	\$5,507,938,400	\$5,908,268,800	\$400,330,400	7.3
FTEs	9,922.0	9,989.0	67.0	0.7

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Summary pages for individual department/agency budgets contained within the current FY 2019-20 General Government appropriations bill follow this page.

Attorney General

Analyst: Michael Crossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	20,136,300	(23,500)	(0.1)
GF/GP	41,736,300	41,648,400	(87,900)	(0.2)
Gross	\$105,982,800	\$106,976,600	\$993,800	0.9
FTEs	542.4	540.4	(2.0)	(0.4)

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Elder Abuse Task Force

Includes \$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 elder abuse task forces to prevent elder abuse and to support abuse victims.

Ok2Say Transfer to State Police

Transfers \$1.5 million Gross (\$1.0 million GF/GP) and 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.

Public Safety Initiative

Reduces the budget by \$521,100 GF/GP that was appropriated for additional prosecutorial services to reduce the backlog of outstanding warrants in Saginaw, Flint, Pontiac, and Wayne County. The reduction is possible due to more than sufficient funding being available for the number of outstanding warrants.

Economic Adjustments

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 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2019-20 Appropriations

Wrongful Conviction DNA Testing

Includes \$275,600 in federal funding for post-conviction DNA testing to help ensure conviction integrity by reviewing new evidence associated with post-conviction claims of innocence.

PACC NextGen Case Tracking IT System

Includes \$128,800 in federal funding to support the continued development of the Nextgen prosecutor case management tracking system used to replace the legacy IT system of the Prosecuting Attorneys Coordinating Council.

Civil Rights

Analyst: Michael Crossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	13,542,200	346,500	2.6
Gross	\$16,388,300	\$16,787,400	\$399,100	2.4
FTEs	116.0	116.0	0.0	0.0

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Economic Adjustments

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 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Executive Office

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	7,276,500	162,200	2.3
Gross	\$7,114,300	\$7,276,500	\$162,200	2.3
FTEs	89.2	89.2	0.0	0.0

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Operational Adjustments

Reflects increased costs of \$162,200 GF/GP related to Executive Office staff and other operations.

Labor and Economic Opportunity

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	956,759,300	953,506,000	(3,253,300)	(0.3)
Local	5,900,000	5,900,000	0	0.0
Private	6,315,700	6,317,800	2,100	0.0
Restricted	196,073,800	232,848,300	36,774,500	18.8
GF/GP	142,308,300	186,869,500	44,561,200	31.3
Gross	\$1,307,357,100	\$1,385,441,600	\$78,084,500	6.0
FTEs	2,565.9	2,567.9	2.0	0.1

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Business Attraction and Community Revitalization

Provides a net increase of \$20.6 million Gross, for a total appropriation of \$100.0 million Gross (\$41.4 million GF/GP), by increasing 21st Century Jobs Fund appropriations \$31.0 million and reducing GF/GP appropriations \$10.4 million.

Going Pro

Includes \$27.9 million GF/GP for Going Pro. Program primarily provides employer-based training grants.

Pure Michigan

Includes \$15.0 million GF/GP for Pure Michigan program and authorizes the receipt of matching contributions from the tourism industry to augment state appropriations.

Nature, Science, and Cultural Experiences Grant Program

Includes \$10.0 million GF/GP (designated one-time appropriations) for a new competitive grant program that would award grants to cultural, educational, or governmental organizations for projects that bring art, science, nature, history, and culture to Michigan residents, provide economic benefits to Michigan communities, and preserve and celebrate Michigan's culture and natural environment. The program would be administered by the Michigan Council for Arts and Cultural Affairs.

First Responder Presumed Coverage Claims

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 compared to FY 2019-20.

Centers for Independent Living

Increases by \$2.0 million GF/GP for a total appropriation of \$14.0 million Gross (\$5.7 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.

Other One-Time Grants

Includes \$1.0 million GF/GP (designated one-time appropriations) to provide incentive grants for universities and community colleges that exhibit best practices with college completion efforts identified by Complete College America. Includes \$1.0 million GF/GP (designated one-time appropriations) to support Focus: HOPE operations which maintains FY 2019-20 appropriation.

Economic Adjustments

Reflects increased costs of \$4.2 million Gross (\$402,500 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.

Legislature

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	175,414,200	4,838,200	2.8
Gross	\$175,490,100	\$180,451,500	\$4,961,400	2.8

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Legislative Operations Adjustments

Reflects increased costs of \$3.6 million Gross (\$3.4 million GF/GP) related to legislative staff and other operations.

Independent Citizens Redistricting Commission

Includes \$1.4 million GF/GP, for a total of \$4.8 million GF/GP, for Independent Citizens Redistricting Commission operations. 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.

Legislative Auditor General

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Auditor General Operations Adjustments

Reflects increased costs of \$778,100 Gross (\$533,700 GF/GP) related to Auditor General staff and other operations.

State (Department)

Analyst: Michael Cnossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	215,490,200	58,500	0.0
GF/GP	13,451,200	19,087,200	5,636,000	41.9
Gross	\$250,393,000	\$256,087,500	\$5,694,500	2.3
FTEs	1,592.0	1,602.0	10.0	0.6

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Enhanced Branch Office Security Pilot Program

Includes \$790,000 GF/GP and authorization for 10.0 FTE positions to provide state fire and safety officers for greater security for the public and state employees at five Secretary of State branch offices that have reported an increase in incidents of threatening and disorderly behavior.

TAC Fund Shift, GF Increase

Replaces \$4.7 million in state restricted funding from the Transportation Administration Collection Fund (TACF) with a corresponding amount of GF/GP for a net change of \$0 Gross in anticipation of potential insufficient TACF revenue to cover future appropriations.

Enhanced Driver License Fee Fund Shift, GF Reduction

Replaces \$663,200 GF/GP with a corresponding amount of state restricted funding from Enhanced Driver License Fees for a net change of \$0 Gross to achieve GF/GP savings.

Economic Adjustments

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 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2019-20 Appropriations

Enhanced Branch Office Security Pilot Program

Includes \$395,000 GF/GP and authorization for 10.0 FTE positions to provide state fire and safety officers for greater security for the public and state employees at five Secretary of State branch offices that have reported an increase in incidents of threatening and disorderly behavior.

Technology, Management, and Budget

Analyst: Michael Cnossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$950,488,800	\$1,019,720,900	\$69,232,100	7.3
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	122,296,400	4,379,600	3.7
GF/GP	493,574,200	594,121,100	100,546,900	20.4
Gross	\$1,569,400,500	\$1,743,750,000	\$174,349,500	11.1
FTEs	3,132.0	3,139.0	7.0	0.2

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Venture Michigan Fund II Voucher Purchase

Includes \$56.3 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and subsequently 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 \$11.3 million in FY 2020-21 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and the necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.

Cyber Security Preparedness for Advanced Persistent Threats

Includes \$20.0 million GF/GP in one-time funding to invest in a variety of tools and measures to enhance Michigan's cyber security defense capabilities against persistent and sophisticated threats from hostile countries and actors.

State Psychiatric Facilities Special Maintenance

Includes \$30.0 million GF/GP in one-time funding for the Enterprisewide Special Maintenance program to support deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers.

Paid Parental Leave

Includes \$10.0 million GF/GP in one-time funding to offset additional labor costs, such as overtime wages or new temporary hires, related to filling in for state workers who are eligible to take up to 12 weeks of paid parental leave for a qualifying birth or adoption.

Green Revolving Fund

Includes \$5.0 million GF/GP in one-time funding to capitalize a fund for providing up-front financing for projects at state facilities that achieve energy efficiency or renewable energy. Funding will allow for re-investment of resources in new projects on a continuous basis to establish a long-term funding project aimed at reducing the state's carbon footprint.

Retirement Services

Includes \$2.1 million in state restricted funding to support replacement of the existing Customer Relationship Management System.

Economic Adjustments

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.

Supplemental Recommendations for FY 2019-20 Appropriations

Venture Michigan Fund II Voucher Purchase

Includes \$19.1 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and subsequently 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 \$3.8 million in FY 2019-20 through avoidance of both interest that would accrue on vouchers between their use as payment and their redemption and the necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.

Data for the American Dream Pilot Project

Includes \$1.5 million in private funding to reflect a grant awarded for the Data for the American Dream Initiative to be used towards the creation of tools designed to help minority and low-income individuals transition to sustainable employment through data driven decisions.

Treasury – Operations/Debt Service

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			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	27,500	0	0.0
Restricted	430,533,700	460,455,000	29,921,300	6.9
GF/GP	210,476,800	265,836,300	55,359,500	26.3
Gross	\$694,401,900	\$779,912,900	\$85,511,000	12.3
FTEs	1,884.5	1,934.5	50.0	2.7

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Local Climate Resilient Infrastructure Grants

Includes \$40.0 million GF/GP (designated one-time appropriations) to provide planning (\$10.0 million) and infrastructure (\$30.0 million) grants to address the effects of Michigan's changing climate on flooding, coastline erosion, and transportation networks. Treasury would work with the departments of Agriculture and Rural Development; Environment, Great Lakes, and Energy; Natural Resources; and Transportation to develop the program.

General Obligation Bond Debt Service

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.

Adult-Use (Recreational) Marihuana Grants

Includes \$16.7 million Marihuana Regulation Fund to adjust the level of payments to locals based on revenues to the fund. Payments to locals are estimated to total \$36.9 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 municipality or county.

Wrongful Imprisonment Compensation Fund

Includes \$5.0 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. This represents a \$5.0 million Lawsuit Settlement Proceeds Fund reduction from FY 2019-20. Funds were considered one-time appropriations in FY 2019-20 and would be designated ongoing in FY 2020-21.

Supervision of the General Property Tax Law

Increases by \$2.6 million GF/GP to provide assistance to financially distressed communities and other local government services.

Treasury Information Technology (IT) Legacy System Replacement

Provides \$2.0 million GF/GP to support ongoing maintenance costs associated with new collections IT systems that would replace the Michigan Accounts Receivable Collection System (MARCS) and State Treasury Accounts Receivable (STAR) legacy systems.

Implementation of Internet Gaming and Sports Betting

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.

Gaming Control Board IT Legacy System Upgrade

Includes \$4.1 million of restricted gaming revenues for the completion of the Case Handling and Information Processing System (CHIPS).

Economic Adjustments

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.

Supplemental Recommendations for FY 2019-20 Appropriations

Presidential Primary

Includes \$14.0 million GF/GP for reimbursements to counties, cities, and townships for the cost of conducting a presidential primary election pursuant to Section 624g of the Michigan Election Law, 1954 PA 116. Reimbursements totaled approximately \$13.0 million in 2016.

Treasury – Revenue Sharing

Analyst: Ben Gielczyk

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,355,474,600	1,404,870,900	49,396,300	3.6
GF/GP	0	0	0	--
Gross	\$1,355,474,600	\$1,404,870,900	\$49,396,300	3.6

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as “one-time.”

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Constitutional Revenue Sharing

Increases by \$37.2 million of restricted sales tax revenue relative to the FY 2019-20 budget act appropriated amount. Appropriation reflects January 2020 CREC estimate for FY 2020-21 which represents a \$16.5 million (1.9%) increase from January 2020 CREC estimate for FY 2019-20.

City, Village, and Township (CVT) Revenue Sharing

Includes \$6.5 million of restricted sales tax revenue which reflects a 2.5% increase. CVTs would be eligible to receive a payment equal to 102.5% of their FY 2019-20 eligible payment. Removes requirement that a CVT allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act.

County Revenue Sharing/County Incentive Program

Includes \$5.7 million of restricted sales tax revenue which reflects a 2.5% revenue sharing increase for eligible counties and \$21,300 to accommodate the return of Leelanau County to state revenue sharing payments after it exhausts its revenue sharing reserve fund in 2021. Each county would be eligible to receive 107.1760% of statutory full funding. County Incentive Program comprises 18.7% of the County Revenue Sharing/County Incentive Program total. Removes requirement that a CVT allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act.

Health and Human Services

Analysts: Kent Dell, Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20		Executive	Amount
IDG/IDT	\$13,819,300	\$13,829,900	\$10,600	0.1
Federal	18,306,958,900	18,688,919,000	381,960,100	2.1
Local	146,246,000	165,059,600	18,813,600	12.9
Private	142,959,500	176,936,000	33,976,500	23.8
Restricted	2,978,783,900	3,015,718,000	36,934,100	1.2
GF/GP	4,769,278,700	5,088,366,400	319,087,700	6.7
Gross	\$26,358,046,300	\$27,148,828,900	\$790,782,600	3.0
FTEs	15,438.0	15,604.0	166.0	1.1

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

MEDICAID AND BEHAVIORAL HEALTH

Traditional Medicaid Cost Adjustments

Provides increase of \$469.7 million Gross (\$168.3 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, financing, and actuarial soundness adjustments. Total includes \$23.2 million GF/GP to offset decline in enhanced federal match rate from 86.34% to 74.86%. Compared to FY 2018-19 expenditures, State Budget Office forecasts an average annual increase of 3.2%.

Healthy Michigan Plan Cost Adjustments

Provides increase of \$229.4 million Gross (\$65.6 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation, financing, and actuarial soundness adjustments. Total includes \$22.5 million GF/GP to offset decline in federal match rate from 90.75% to 90.00%. Compared to FY 2018-19 expenditures, State Budget Office forecasts an average annual increase of 3.9%.

Behavioral Health System Redesign

Includes \$5.0 million Gross (\$3.0 million GF/GP) and authorization for 16.0 FTE positions for policy development and projects for integrating behavioral health services and supports with physical health services.

State Psychiatric Hospital Direct Care Staffing

Includes \$5.0 million GF/GP and authorization for 60.0 FTE positions to increase direct care staffing levels at Kalamazoo, Walter P. Reuther, Hawthorn, and the Center for Forensic Psychiatry.

One-Time Behavioral Health Funding

Includes one-time funding for 3 behavioral health programs: \$12.3 million Gross (\$10.0 million GF/GP) for opioid crisis response; \$2.5 million GF/GP for first responder post-traumatic stress syndrome and other mental health conditions; and maintains \$1.0 million GF/GP for autism navigators.

Medicaid Managed Care Organization Single Preferred Drug List

Assumes \$182.9 million Gross (\$45.8 million GF/GP) in net savings from establishing a single preferred drug list to be utilized by all Medicaid managed care contracts and from increasing Medicaid managed care independent pharmacy dispensing fees to an average of \$3.00.

Medicaid Managed Care Organization Rate Reductions – Third Party Liabilities

Assumes a savings of \$49.7 million Gross (\$17.9 million GF/GP) from penalizing Medicaid health plans through rate reductions for not collecting third party liability recoupments.

Medicaid Hospital Outpatient Rate Increase

Includes \$352.6 million Gross (\$0 GF/GP) to provide a 21.37% rate increase in Medicaid outpatient hospital reimbursements utilizing hospital provider tax revenue. Corresponding special hospital payment adjustments result in state retainer savings of \$15.0 million GF/GP.

MiDOCS Funding

Includes \$61.9 million Gross (\$20.1 million GF/GP) to support MiDOCS; intent is to fund MiDOCS for 5 years through FY 2020-21 one-time funding and ongoing work projects.

Medicaid Long-Term Care Rate Redesign

Assumes a savings of \$84.4 million Gross (\$30.3 million GF/GP) from implementing a federally redesigned model for Medicare covered long-term care facilities. Cost reimbursements would be changed from bed-day rates to individual patient needs.

Long-Term Care Services Counseling

Includes \$20.3 million Gross (\$8.5 million GF/GP) and authorization for 4.0 FTE positions to create a statewide network of independent consultants to assist Medicaid beneficiaries in selecting long-term care services, to establish a toll-free hotline, and to provide outreach materials.

Private Duty Nursing Rate Increase

Includes \$8.7 million Gross (\$3.1 million GF/GP) to provide a 25% rate increase for private duty nursing services for Medicaid recipients under the age of 21.

Better Value in Medicaid – Transformation Office

Includes \$5.0 million Gross (\$2.5 million GF/GP) to support a new program office tasked with improving quality of care, expanding, value-based payment initiatives, and identifying cost savings in Medicaid managed care.

PUBLIC HEALTH AND AGING & ADULT SERVICES**Infrastructure to Address Social Determinants of Health Including Community Health Innovation Regions**

Increases funding by \$8.7 million Gross (\$4.1 million GF/GP) to build state and local infrastructure to incorporate social determinants of health in the health care system, including data sharing infrastructure and integration, develop and implement a statewide screening and referral tool, and expand support for community health innovation regions (CHIRs) increasing funding from \$3.0 million GF/GP to \$4.0 million Gross (\$3.3 million GF/GP).

New Initiative for Healthy Moms and Healthy Babies

Increases funding by \$37.5 million Gross (\$17.6 million GF/GP) to expand maternal and infant health and support programs to reduce mortality rates and improve health outcomes, including lengthening Medicaid coverage for new mothers and infants to 12 months from 2 months, enhancing access to behavioral health care, family planning services, and contraceptives, and expanding home visiting programs for pregnant women, new mothers, and at-risk families.

Lead Poisoning Prevention Fund

Provides one-time funding of \$10.0 million GF/GP to establish a Lead Poisoning Prevention Fund to be administered by an independent third-party as a public private loan loss reserve fund for private lenders; fund will support low-cost loans to homeowners and landlords for lead remediation projects to reduce lead exposure in homes.

Oral Health Assessment for Children

Includes \$2.0 million GF/GP to provide oral health assessments free of charge to children entering public school kindergarten who do not have dental insurance. (Similar funding was vetoed in the FY 2019-20 budget.)

Public Health GF/GP Reductions

Reduces GF/GP funding for public health programs by \$9.4 million with \$510,000 of savings from reduced number of vacant position reductions, \$4.0 million from reduced or eliminated ongoing programs, and \$4.9 million from eliminated one-time funding.

HUMAN SERVICES**Child Welfare Caseload Adjustments**

Provides net increase of \$35.2 million Gross (\$45.2 million GF/GP) for child welfare caseload adjustments. Amount includes increasing funding for foster care by \$12.5 million Gross (\$10.5 million GF/GP) and increasing Child Care Fund by \$26.1 million Gross (\$35.6 million GF/GP). Amount also includes reducing funding for adoption subsidies by \$3.4 million Gross (\$681,300 GF/GP) and guardian assistance program by \$5,400 Gross (\$181,300 GF/GP).

Public Assistance Caseload Adjustments

Recognizes a \$178.4 million Gross (\$1.5 million GF/GP) reduction resulting from adjustments in expected public assistance caseloads. Including, Family Independence Program: reduction of \$3.0 million Gross (\$2.2 million GF/GP), Food Assistance Program: reduction of \$174.7 million Gross (\$0 GF/GP), State Supplementation: reduction of \$857,400 GF/GP, and State Disability Assistance: increase of \$119,900 Gross (\$1.6 million GF/GP).

Food Assistance Program Reinvestment

Includes \$10.5 million GF/GP and authorization for 6.0 FTE positions to support both penalty payments to the federal government and a federally-required corrective action plan. Penalties are related to higher than the national average error rates in FAP over/under payments.

Foster Care Private Agency Rate Increase

Includes an increase of \$14.4 million Gross (\$9.3 million GF/GP) to fund a 15% residential rate increase for private agencies to meet new residential treatment requirements established in the federal Family First Prevention Services Act (FFPSA).

Qualified Residential Treatment Program (QRTP) Assessments

Includes \$5.2 million Gross (\$3.8 million GF/GP) to fund third party assessments of private foster care institutions to comply with new federal QRTP requirements regarding levels of care and treatment goals for congregate care candidates established in the federal FFPSA.

Foster Care Prevention Programming

Includes an increase of \$8.6 million Gross (\$5.4 million GF/GP) and authorization for 10.0 FTE positions for child welfare programs aimed at avoiding entry into foster care and preventing children from being placed into congregate care. Assumes net savings of \$2.7 million Gross and a cost of \$63,400 GF/GP to the foster care system because of this investment.

Foster Care Savings from Fewer Congregate Care Placements

Reduces \$4.9 million Gross (\$2.4 million GF/GP) based on estimated savings from fewer and shorter placements into congregate care because of the requirements of the FFPSA.

West Michigan Partnership for Children Rate Increase

Provides \$3.2 million Gross (\$2.2 million GF/GP) to fund prospective case rate increase based on updated program costs.

Child Support Operations

Reduces \$3.9 million Gross (\$1.3 million GF/GP) for the Office of Child Support based on cost and administrative efficiencies.

DEPARTMENTAL ADMINISTRATION

MiSACWIS Replacement

Includes \$20.7 million Gross (\$12.2 million GF/GP), of which \$16.0 million Gross (\$8.3 million GF/GP) is designated as one-time funding, and authorization for 24.0 FTE positions to begin the replacement of MiSACWIS with a new Comprehensive Child Welfare Information System (CCWIS). Replacement will include introduction of 9 cloud-based modules over the course of approximately 5 to 6 years.

Information Technology Consolidation

Transfers \$47.0 million Gross (\$11.8 million GF/GP) from one-time appropriations, as well as \$6.0 million GF/GP from various line items across the department budget to the ongoing Information Technology Services and Projects line item in order to ameliorate the identified information technology GF/GP funding shortfall. Also reincorporates the major information technology programs – Bridges, MiSACWIS, and Integrated Service Delivery – as well as the Information Technology Contingency line item, into the Information Technology Services and Projects line item. These programs were separated into programmatic line items in the FY 2019-20 budget.

Economic Adjustments

Reflects increased costs of \$53.9 million Gross (\$34.7 million 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.

Supplemental Recommendations for FY 2019-20 Appropriations

MEDICAID AND BEHAVIORAL HEALTH

Traditional Medicaid and Healthy Michigan Plan Cost Adjustments

Increases \$325.3 million Gross (\$79.2 million GF/GP) based on caseload and utilization adjustments for the Medicaid program.

Traditional Medicaid and Healthy Michigan Plan Non-Caseload Adjustments

Increases \$101.6 million Gross (reduces \$59.4 million GF/GP) based on changes in non-caseload related Medicaid program adjustments. Amount includes \$42.0 million GF/GP savings related to increased state psychiatric DSH payments.

Behavioral Health System Redesign

Includes \$3.2 million Gross (\$1.9 million GF/GP) and authorization for 16.0 FTE positions for policy development and projects for integrating behavioral health services and supports with physical health services.

Hospital Outpatient Rate Increase

Includes \$57.8 million Gross (\$7.4 million GF/GP) to increase Medicaid hospital outpatient rates by 7% for the last 6 months of the fiscal year.

Medicaid Restricted Revenues

Includes \$43.1 million GF/GP to offset restricted revenues that are projected to come in below appropriations. Restricted revenue shortfalls include Medicaid Benefits Trust Fund and Healthy Michigan Fund, which receive a portion of state tobacco taxes.

HUMAN SERVICES

Child Welfare Caseload Adjustments

Increases \$32.3 million Gross (\$37.2 million GF/GP) for caseload adjustments.

Public Assistance Caseload Adjustments

Recognizes a \$95.4 million Gross (\$1.9 million GF/GP) reduction resulting from adjustments in expected public assistance caseloads in FY 2019-20.

Food Assistance Program Reinvestment

Includes \$10.5 million GF/GP and authorization for 6.0 FTE positions to support both penalty payments to the federal government and a federally-required corrective action plan. Penalties are related to higher than the national average error rates in FAP over/under payments.

West Michigan Partnership for Children Rate Increase

Provides \$3.2 million Gross (\$2.2 million GF/GP) to fund prospective case rate increases to better reflect program costs.

DEPARTMENTAL ADMINISTRATION

MiSACWIS Replacement

Includes \$11.3 million Gross (\$5.8 million GF/GP), of which \$11.1 million Gross (\$5.7 million GF/GP) is designated as one-time funding, and authorization for 24.0 FTE positions to begin the replacement of MiSACWIS with a new Comprehensive Child Welfare Information System (CCWIS). Replacement will include introduction of 9 cloud-based modules over the course of approximately 5 to 6 years.

Information Technology Shortfall

Includes a net-zero transfer of \$6.0 million GF/GP from various line items across the department budget to the Information Technology Services and Projects line item to ameliorate the identified information technology GF/GP funding shortfall.

Higher Education

Analyst: Perry Zielak

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	134,026,400	116,026,400	(18,000,000)	(13.4)
Local	0	0	0	--
Private	0	0	0	--
Restricted	349,419,300	356,063,300	6,644,000	1.9
GF/GP	1,207,949,300	1,271,755,900	63,806,600	5.3
Gross	\$1,691,395,000	\$1,743,845,600	\$52,450,600	3.1

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

University Operations Funding

Increases university operations funding by \$36.5 million GF/GP, a 2.5% increase. The increase is distributed across-the-board so that each university receives a 2.5% increase. Attainment of the increase, labeled student affordability funding, would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.25% or \$586 (set at 4.4% or \$587 in the current year). Total funding for operations would be \$1.5 billion Gross (\$1.2 billion GF/GP).

Michigan State University Extension and AgBioResearch Programs

Increases Michigan State's AgBioResearch program by \$873,400 GF/GP and Extension program by \$753,400 GF/GP, a 2.5% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$66.7 million GF/GP.

Tuition Grant Program

Reduces Tuition Grant Program by \$6.0 million of federal Temporary Assistance for Needy Families (TANF) funds, a 15.8% decrease. Replaces \$12.0 million of TANF with a corresponding amount of GF/GP. Total funding for Tuition Grants would be \$32.0 million Gross (\$15.9 million GF/GP).

Tuition Incentive Program

Increases Tuition Incentive Program (TIP) by \$3.7 million GF/GP, a 5.7% increase. The increase is the net result of a \$9.0 million GF/GP increase to address anticipated program shortfalls in FY 2020-21 due to higher program participation levels, and a \$5.3 million reduction through implementation of a program reimbursement rate cap of 2.5 times the average in-district community college tuition rate. Total funding for TIP would be \$67.9 million Gross (\$3.7 million GF/GP).

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

Increases funding by \$6.7 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPERS, a 133.1% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPERS would be \$11.7 million GF/GP.

MPERS Normal Cost Offset

Reduces reimbursement funding provided to universities by \$34,000 SAF, a 2.8% decrease, for the normal cost required to reduce the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$1.2 million GF/GP.

Michigan Student Loan Refinance Program

Includes \$10.0 million GF/GP to establish the Michigan Student Loan Refinance Program, which will enable individuals who qualify to refinance up to \$50,000 of federal or non-federal student loans through the Department of Treasury at a lower interest rate.

Supplemental Recommendations for FY 2019-20 Appropriations

Michigan Reconnect Grant Program

Includes \$35.0 million of state restricted funding to create the Michigan Reconnect Grant Program. The program would provide tuition assistance for eligible recipients to obtain an associate degree or an industrial certificate at eligible community colleges, technical programs and community-based organizations. Funding for the Michigan Reconnect Grant Program would be available through FY 2020-21 as a work project.

Insurance and Financial Services

Analyst: Marcus Coffin

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$723,100	\$728,600	\$5,500	0.8
Federal	1,017,600	1,017,100	(500)	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	70,172,100	71,570,000	1,397,900	2.0
GF/GP	150,000	0	(150,000)	(100)
Gross	\$72,062,800	\$73,315,700	\$1,252,900	1.7
FTEs	368.5	388.5	20.0	5.4

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

No-Fault Auto Insurance Reform

Includes authorization for 20.0 FTE positions to accommodate increased workloads for implementing auto no-fault reforms under 2019 PA 21 and 2019 PA 22. FTE position responsibilities would include utilization and rate reviews, fraud investigations, education and outreach, and consumer service.

Removal of GF/GP Funding

Eliminates \$150,000 GF/GP that was included in the FY 2019-20 budget for reporting requirements under the Healthy Michigan Plan. The appropriation has lapsed each year it has been included, as the Department of Health and Human Services has completed the report.

Economic Adjustments

Reflects increased costs of \$1.4 million Gross (\$0 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.

Judiciary

Analyst: Robin R. Risko

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$1,551,700	\$1,552,800	\$1,100	0.1
Federal	5,748,400	5,826,000	77,600	1.3
Local	6,579,500	7,654,500	1,075,000	16.3
Private	994,300	1,016,600	22,300	2.2
Restricted	94,796,000	94,877,600	81,600	0.1
GF/GP	201,443,600	203,834,300	2,390,700	1.2
Gross	\$311,113,500	\$314,761,800	\$3,648,300	1.2
FTEs	509.0	512.0	3.0	0.6

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Direct Trial Court Automation Support

Includes authorization to receive \$920,500 in additional state restricted user fee revenues, which support the Judiciary's Case Management System, making it available to more court users.

Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers

Includes \$881,100 GF/GP and authorization for 8.0 FTE positions for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case. SADO provides post-conviction representation of juvenile lifers. There are 89 clients remaining. Most of these 89 clients are awaiting contested hearings, and a small number of them are in appellate courts.

Pretrial Risk Assessment

Includes \$325,700 GF/GP for continued improvement of the pretrial risk assessment tool which provides relevant information to judges so they can make evidence-based bond decisions and reduce incarceration rates of low-risk offenders.

Judicial Tenure Commission

Includes \$100,000 GF/GP for costs of outside counsel, which is now required when arguing cases before the Supreme Court.

Removal of Current Year One-Time Funding

Reduces the budget by \$3.1 million GF/GP and 12.0 FTE positions to reflect removal of one-time funding included in the FY 2019-20 budget. Funding removed includes: \$1.5 million for the Michigan Supreme Court public website upgrade; \$841,900 and 11.0 FTE positions for SADO to ensure compliance with the U.S. Supreme Court ruling on *Montgomery v. Louisiana*; \$400,000 for expansion of problem solving courts; \$325,700 and 1.0 FTE position for development and implementation of the pretrial risk assessment tool; and \$100,000 for the Judicial Tenure Commission to assist with the backlog of pending cases.

Economic Adjustments

Reflects increased costs of \$4.6 million Gross (\$4.2 million 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 premium costs, building occupancy charges, and rent.

Licensing and Regulatory Affairs

Analyst: Marcus Coffin

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$44,225,300	\$46,664,600	\$2,439,300	5.5
Federal	28,125,600	28,823,700	698,100	2.5
Local	0	0	0	--
Private	0	0	0	--
Restricted	251,328,300	258,945,700	7,617,400	3.0
GF/GP	111,606,400	153,155,600	41,549,200	37.2
Gross	\$435,285,600	\$487,589,600	\$52,304,000	12.0
FTEs	1,849.9	1,857.9	8.0	0.4

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Michigan Indigent Defense Standards 1-4

Includes an increase of \$36.5 million GF/GP for Michigan Indigent Defense Commission Grants, to provide sufficient funding to cover the state's share of indigent defense in FY 2020-21. These grants are distributed to funding units of district and circuit courts for compliance with approved indigent defense standards 1-4.

Michigan Saves Green Bank

Includes \$5.0 million GF/GP for a grant to Michigan Saves (a non-profit green bank) to provide credit enhancement tools that would incentivize lending at lower rates and under better terms for renewable energy and energy efficiency improvements in commercial, residential, and public settings.

Childcare Licensing Background Checks

Increases the Michigan Department of Education IDG by \$1.3 million to offset costs for staff background checks at licensed childcare facilities.

Marijuana Staffing Increase

Includes \$1.1 million in restricted funding authorization for 8.0 FTE positions and for right-sizing of medical and adult-use regulatory activities.

Urban Search and Rescue Removal

Removes \$600,100 Gross (\$600,000 GF/GP) for urban search and rescue, which supports supervision and control of essential functions at incidents where technical rescue expertise and equipment are required for effective rescue operations.

Economic Adjustments

Reflects increased costs of \$9.2 million Gross (\$850,900 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.

Military and Veterans Affairs

Analyst: Michael Crossen

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	106,177,200	123,626,100	17,448,900	16.4
Local	0	0	0	--
Private	630,000	630,000	0	0
Restricted	23,908,600	20,313,400	(3,595,200)	(15.0)
GF/GP	73,247,500	79,671,200	6,423,700	8.8
Gross	\$204,065,100	\$224,342,500	\$20,277,400	9.9
FTEs	933.5	1061.5	128.0	13.7

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

New Veterans Home Ongoing Costs

Includes \$1.2 million Gross (\$7.6 million GF/GP) to support ongoing operations at the new Chesterfield Township home for veterans and the new facility at the Grand Rapids Home for Veterans. A GF/GP appropriation increase covers a short-term reduction of federal revenue from Medicaid reimbursements for the new facility.

Michigan Job Challenge Program

Includes \$2.0 million in federal funding and authorization for 18.0 FTE positions to align funding and positions with available federal funding to be used for staffing for the five-month residential occupational skills training program for graduates of the Michigan Youth Challenge Academy.

Grayling National Guard Readiness Center Construction

Includes \$18.9 million in federal funding for a new National Guard Readiness Center at Grayling Army Airfield to support training, administration, and logistical requirements for the Michigan National Guard.

County Veteran Service Fund Reduction

Reduces \$2.0 million GF/GP from the County Veteran Service Fund, which issues grants to qualifying counties for veterans services.

Board of Managers Elimination

Reduces \$940,000 Gross (\$0 GF/GP) from the Board of Managers (veterans' homes) line item and transfers \$540,000 to a new Michigan Veterans Homes Administration line item to recognize the transfer of authority to the Michigan Veterans Facility Authority.

Economic Adjustments

Reflects increased costs of \$6.7 million Gross (\$1.1 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.

Supplemental Recommendations for FY 2019-20 Appropriations

D.J. Jacobetti Private Donation

Authorizes \$425,000 in private funding to recognize a private donation to the D.J. Jacobetti Home for Veterans.

Natural Resources

Analyst: Austin Scott

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$197,200	\$203,100	\$5,900	3.0
Federal	75,501,200	88,453,700	12,952,500	17.2
Local	0	0	0	--
Private	7,431,600	7,439,200	7,600	0.1
Restricted	308,570,400	322,800,800	14,230,400	4.6
GF/GP	46,985,000	49,362,100	2,377,100	5.1
Gross	\$438,685,400	\$468,258,900	\$29,573,500	6.7
FTEs	2,340.1	2,352.1	12.0	0.5

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Milliken Visitors Center (One-Time)

Appropriates \$2.5 million GF/GP for construction of a new visitors center on Mackinac Island including indoor and outdoor exhibits.

Michigan Conservation Corps – State Parks

Adds \$1.0 million GF/GP to State Parks for the Michigan Conservation Corps. This statewide summer employment program for at-risk youth and returning veterans allows partner organizations to hire individuals for work that is approved or managed by DNR employees. The program was last funded in FY 2018-19.

Good Neighbor Program – Forest Management and Timber Market Development

Expands the Good Neighbor Program by adding \$8.1 million in available federal funding and authorization for 7.0 FTE positions to support increasing timber sales and forest resources management activities.

Newberry Mass Timber Building (Capital Outlay)

Adds \$5.0 million from the Forest Development Fund for construction of a facility in Luce County for departmental staff and storage. The building will replace existing leased and outdated facilities.

Fish Hatchery Infrastructure (Capital Outlay)

Authorizes expenditure of \$2.5 million from the Game and Fish Protection Fund for infrastructure maintenance, energy efficiency, and biosecurity at Michigan's six fish hatcheries.

General Law Enforcement

Reflects a travel cost savings of \$91,700 GF/GP for DNR law enforcement due to permanently stationing Conservation Officers at Belle Isle State Park rather than requiring travel from other duty stations.

Removal of FY 2019-20 One-Time Funding

Removes \$2.2 million GF/GP for the Wildlife and Fisheries Health Study (PFAS) and wildlife management (CWD) included in the FY 2019-20 budget.

Economic Adjustments

Reflects increased costs of \$7.5 million Gross (\$1.2 million 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.

Supplemental Recommendations for FY 2019-20 Appropriations

Brandon Road Lock and Dam

Appropriates \$8.0 million from the Michigan Infrastructure Fund for construction of an invasive carp barrier at Brandon Road lock and dam in Illinois. The project is funded by Great Lakes states to prevent carp from entering Lake Michigan. General Fund was deposited to the Michigan Infrastructure Fund in 2018 PA 618 in anticipation of the project.

School Aid

Analysts: Samuel Christensen and Jacqueline Mullen

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	1,749,578,500	1,806,878,500	57,300,000	3.3
Local	0	0	0	--
Private	0	0	0	--
Restricted	13,365,065,100	14,036,258,600	671,193,500	5.0
GF/GP	62,620,000	80,000,000	17,380,000	27.8
Gross	\$15,177,263,600	\$15,923,137,100	\$745,873,500	4.9

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Foundation Allowance

Increases by \$290.0 million to provide increases ranging from \$150 to \$225 per pupil using a 1.5x formula. The minimum foundation allowance will increase from \$8,111 to \$8,336 (2.8%) and the state maximum guaranteed foundation allowance will increase from \$8,529 to \$8,679 (1.8%). Increases by an additional \$6.0 million to allow a district that has established a Community Engagement Advisory Committee (CEAC) and that is required to submit a deficit elimination plan to calculate membership using a 3-year average if that calculation is greater than actual membership.

Cyber Schools Foundation Allowance Reduction

Reduces cyber school foundation allowances to 80.0% of the proposed minimum foundation allowance (\$6,669 per pupil) at an estimated savings of \$24.0 million.

At-Risk

Increases by \$60.0 million School Aid Fund (SAF) for a total of \$582.0 million SAF. In FY 2019-20, the base prorated payment per economically disadvantaged pupil is estimated to equal \$748; under the new formula in FY 2020-21, the prorated payment is estimated to equal \$829. Increases the base payments to districts with state and local revenue greater than the Target foundation allowance from 30% to 50% of the amount for which they would otherwise be eligible. Due to declining enrollment, reduces from \$12.0 million to an estimated \$2.2 million the allocation for districts that, after adjusting for declining enrollment, would have received a payment under this section that was less than their allocation in FY 2019-20.

Special Education Cost Reimbursement

Increases by \$60.0 million SAF for a total of \$120.2 million SAF to reimburse districts and ISDs for an estimated 4.2% of total approved special education costs.

Pre-Kindergarten Education

Provides \$42.0 million SAF to eligible ISDs to provide pre-kindergarten education for educationally disadvantaged 4-year-old children. An eligible ISD must contain at least 1 district that is either a member of a CEAC or meets all of the following: 1) assessed at least ten 3rd grade students on the ELA portion of the state assessment in FY 2018-19; 2) had more than 75% of assessed 3rd grade students identified as not meeting proficiency on the ELA portion of the FY 2018-19 state assessment; and 3) had more than 75% of pupils in FY 2018-19 identified as economically disadvantaged. Payments may not exceed \$8,336 per eligible child.

Great Start Readiness Program (GSRP)

Increases by \$35.5 million SAF for a total of \$285.5 million Gross (\$350,000 GF/GP) for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child from \$7,250 to \$8,336 for a full-day program—an amount equal to the proposed minimum foundation allowance—and from \$3,625 to \$4,168 for a part-day program.

One-Time Appropriation – Infrastructure Upgrade Grants

Provides, for FY 2020-21 only, \$40.0 million GF/GP for grants to districts for infrastructure upgrades that protect student health, safety, and well-being. MDE, in collaboration with the Department of Treasury, must award grants to geographically diverse areas of the state, including urban, suburban, and rural districts, and must prioritize districts with a deficit elimination plan, districts that are low-achieving academically, and districts that have established a CEAC. Grants may not exceed \$500,000.

One-Time Appropriation – Classroom Materials and Supplies

Provides, for FY 2020-21 only, \$25.0 million SAF for districts to distribute funding to classroom teachers to purchase classroom materials and supplies. Funding is distributed on an equal basis per FTE teacher as reported in the prior year.

English Language Learner (ELL) Per-Pupil Payment

Provides \$5.0 million SAF to districts for educating English language arts learners. Payments are equal to \$50 per English language arts learner and may be prorated.

One-Time Appropriation – Professional Development Grants

Provides, for FY 2020-21 only, \$5.0 million SAF for grants to eligible districts and ISDs for developing and implementing: 1) peer-to-peer learning networks that allow qualified professional practitioners to provide professional development to educators; or 2) university-partnered professional development opportunities.

One-Time Appropriation – Reorganization and Cooperative Activities Grants

Provides, for FY 2020-21 only, \$5.0 million SAF for competitive assistance grants to districts and ISDs for costs associated with reorganization and cooperative activities between districts or between districts and ISDs that occur on or after June 30, 2020. Recipients may spend funds over 3 fiscal years. Unexpended funds under this section are a work project and may be carried forward into FY 2021-22.

Teacher Cadet Programs

Provides \$1.5 million SAF for grants to districts to create or expand teacher cadet programs. MDE must award grants to geographically diverse areas of the state, including urban, suburban, and rural districts, and must prioritize districts with a high percentage of economically disadvantaged students, districts with a high percentage of students from population groups underrepresented in the statewide teaching workforce, and districts with a teacher shortage caused by a low number of quality applicants. Grants may not exceed \$100,000.

Locally Grown Produce in Schools

Provides \$1.0 million SAF for competitive grants to support districts in purchasing locally grown fruits and vegetables.

One-Time Appropriation – Student Meal Debt Forgiveness

Provides, for FY 2020-21 only, \$1.0 million SAF for reimbursements to districts that forgive all outstanding student meal debt. Recipients must adopt policies to prevent public identification or stigmatization of students who cannot pay for a school meal. Reimbursements may be prorated.

Early Literacy

Maintains funding level of \$57.4 million, but revises fund source from SAF to \$55.4 million SAF and \$2.0 million GF/GP. Strikes \$5.0 million summer school reading program. Includes, for FY 2020-21 only, \$2.0 million GF/GP for Michigan Education Corps for the PreK Reading Corps and the K3 Reading Corps. Increases allocation for literacy essentials by \$3.0 million SAF for a total of \$4.0 million SAF, including \$500,000 for principals literacy training.

MPSERS

Increases by \$8.1 million Gross for a total of \$180.2 million Gross (\$70,000 GF/GP) for reimbursements for employer normal cost increases resulting from a reduced assumed rate of return (AROR) from 7.05% to 6.80% due to a dedicated gains policy (Sec. 147a(2)). Revises formula under Sec. 147a(2) to base reimbursements on a participating entity's Tier 1 members (members under a Pension or Hybrid plan), rather than a participating entity's percentage of total statewide payroll. Increases by \$188.9 million SAF for a total of \$1.2 billion Gross (\$500,000 GF/GP) for the state's share of MPSERS unfunded actuarial accrued liability (UAAL), largely due to implementing recommendations made by the 2018 Actuarial Experience Study (Sec. 147c). Increases from \$42.6 million SAF to \$51.4 million SAF reimbursements for the increased normal costs associated with reforms under 2017 PA 92 (Sec. 147e). Total state support for K-12 MPSERS costs would equal \$1.6 billion.

Eliminated Categorical Grants

Reduces by \$13.0 million (\$350,000 GF/GP) by eliminating 5 categorical grant programs and contracts: School Safety Grants (\$10.0 million), Strict Discipline Academies (\$1.6 million), Dropout Recovery Programs (\$750,000), PLAY Project – Autism Intervention (\$350,000), and Multisensory Pilot (\$300,000).

Economic Adjustments

Reflects increased costs of \$433,300 Gross (\$391,700 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.

State Police

Analyst: Marcus Coffin

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$24,933,900	\$24,649,000	(\$284,900)	(1.1)
Federal	100,964,000	78,682,000	(22,282,000)	(22.1)
Local	4,766,200	4,841,200	75,000	1.6
Private	35,000	35,000	0	0.0
Restricted	147,158,200	143,001,700	(4,156,500)	(2.8)
GF/GP	475,701,700	484,376,600	8,674,900	1.8
Gross	\$753,559,000	\$735,585,500	(\$17,973,500)	(2.4)
FTEs	3,583.0	3,549.0	(34)	(0.9)

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

Removal of Current Year One-Time Funding

Reduces the budget by \$9.4 million GF/GP to reflect removal of one-time funding included in the FY 2019-20 budget. Funding removed includes: \$5.3 million for trooper schools, \$2.8 million for an in-car video streaming network, and \$1.3 million for the Sexual Assault Prevention and Education Initiative.

One-Time Funding for Michigan Joint Task Force on Jail and Pretrial Incarceration Recommendations

Includes \$7.2 million GF/GP to support the Michigan Commission on Law Enforcement Standards in developing and providing training to law enforcement, dispatch, and jail officers, which would include behavioral health crisis intervention and best practices for domestic violence response. This training aligns with recommendations that the task force recently released to address growing jail populations.

FY 2020-21 Trooper Recruit School

Includes \$2.5 million GF/GP for one-time costs associated with two Trooper Recruit Schools, which are anticipated to graduate 120 troopers. Costs that would be covered include trooper outfitting and training costs.

FY 2019-20 Trooper Recruit School Annualization

Includes \$2.0 million GF/GP to support salaries, benefits, and administrative costs (IT, fleet, etc.) associated with 50 troopers expected to graduate in FY 2019-20 Trooper Recruit Schools.

Secondary Road Patrol GF/GP Removal

Eliminates \$2.0 million GF/GP for the Secondary Road Patrol program, which supports patrols of secondary roads by county sheriffs' departments.

OK2SAY Program Interdepartmental Transfer

Includes \$906,000 Gross (\$436,400 GF/GP) authorization for 2.0 FTE positions and authorization to relocate administrative and outreach functions of the OK2SAY program from the Department of Attorney General to MSP. This would effectively consolidate the OK2SAY program within MSP.

Economic Adjustments

Reflects increased costs of \$6.5 million Gross (\$4.4 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.

Supplemental Recommendations for FY 2019-20 Appropriations

MSP Legal Settlement

Provides \$6.0 million GF/GP to support a department legal settlement.

Transportation

Analyst: William E. Hamilton

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$3,974,300	\$4,063,100	\$88,800	2.2
Federal	1,352,350,100	1,392,546,100	40,196,000	3.0
Local	51,032,000	51,032,000	0	0.0
Private	900,000	900,000	0	0.0
Restricted	3,588,151,600	3,810,731,900	222,580,300	6.2
GF/GP	25,000,000	0	(25,000,000)	(100.0)
Gross	\$5,021,408,000	\$5,259,273,100	\$237,865,100	4.7
FTEs	2,824.3	2,832.3	8.0	0.3

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations

State and Local Road and Bridge – Revenue Adjustments

Increase of \$205.3 million for state and local road and bridge programs is based on anticipated increases in available federal and state restricted revenue as compared to estimates on which current-year budget was based. Anticipated increase in federal funds totals \$47.8 million, of which \$12.2 million would be appropriated for local federal aid programs, and \$35.6 million for state trunkline programs. Increases in anticipated state restricted revenue are reflected in \$118.6 million increase in Michigan Transportation Fund (MTF) distribution to local road agencies (county road commissions and cities and villages), as well as \$39.6 million increase in State Trunkline Fund (STF) support for state trunkline capital program.

The anticipated increase in state restricted revenue reflects increases in baseline MTF revenue from motor fuel and vehicle registration taxes, as well as the final phase-in of income tax revenue for road and bridge programs – a \$132.0 million increase from current year (from \$468.0 million in FY 2019-20 to \$600.0 million in FY 2020-21).

Public Transportation Programs

Includes increase of \$30.0 million in state restricted Comprehensive Transportation Fund (CTF) support for various public transportation programs based on estimated available CTF revenue – in part from ongoing CTF revenue sources and in part from CTF fund balance. Specific program increases include: Rail operations and infrastructure, \$12.0 million; Transit capital, \$7.1 million; Service initiatives, \$3.9 million; and Intercity services, \$2.0 million. A \$5.0 million increase for Marine passenger program is intended to begin funding process for replacement of ferries that provide service to Beaver Island and to islands on the St. Mary's River in the eastern Upper Peninsula.

Airport Improvement Program

Increase of \$28.2 million, from \$95.5 million to \$123.7 million, for federal program of capital improvements to eligible local public airports in the state. The increase reflects an anticipated \$27.0 million increase in federal funds (from \$79.0 million to \$106.0 million) based on new competitive grant applications, and \$1.2 million in matching State Aeronautics Fund support.

General Fund Earmark for Local Bridges

Eliminates the \$13.0 million "General Fund Fixing Roads and Bridges" line item, earmarked in current-year appropriations boilerplate for the local bridge program.

Elimination of One-Time Special Projects

Eliminates two one-time projects totaling \$23.7 million (\$12.0 million GF/GP). Of the \$23.7 million, \$1.0 million CTF was appropriated for a dock project related to the Soo Locks expansion project, and \$22.7 million (\$12.0 million GF/GP) was for a rail grade crossing project in Woodhaven Michigan.

Economic Adjustments

Reflects increased costs of \$5.3 million Gross (\$0 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.



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