

**REVIEW AND ANALYSIS**  
**OF THE**  
**FY 2020-21**  
**EXECUTIVE BUDGET**  
**RECOMMENDATION**



prepared by the



Mary Ann Cleary, Director

**February 2020**

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February 19, 2020

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2020-21 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2020-21 and FY 2021-22. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by the Agency economist.

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary". The signature is written in a cursive, flowing style.

Mary Ann Cleary, Director



## TABLE OF CONTENTS

### **OVERVIEW**

Budget Overview.....	2
Consensus Revenue Estimates .....	6
Balance Sheets.....	11
Appropriation Summary Tables.....	14

### **BUDGET DETAIL**

Agriculture and Rural Development .....	24
Community Colleges.....	27
Corrections.....	30
Education (Department).....	36
Environment, Great Lakes, and Energy .....	40
General Government Overall .....	44
Attorney General.....	46
Civil Rights.....	48
Executive Office .....	49
Labor and Economic Opportunity .....	50
Legislature .....	55
Legislative Auditor General.....	56
State (Department) .....	57
Technology, Management, and Budget .....	59
Treasury.....	65
Health and Human Services .....	71
Higher Education .....	87
Insurance and Financial Services .....	92
Judiciary.....	94
Licensing and Regulatory Affairs .....	97
Military and Veterans Affairs .....	102
Natural Resources .....	107
School Aid.....	111
State Police.....	121
Transportation.....	126

## GLOSSARY

### STATE BUDGET TERMS

#### **Line Item**

Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function.

#### **Boilerplate**

Specific language sections in an appropriation bill which direct, limit, or restrict line-item expenditures, express legislative intent, and/or require reports.

#### **Lapse**

Appropriated amounts that are unspent or unobligated at the end of a fiscal year; appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

#### **Work Project**

Account authorized through statutory process which allows appropriated spending authorization from one fiscal year to be utilized for expenditures in a succeeding fiscal year or years for a specific project or purpose.

### APPROPRIATION TERMS AND FUND SOURCES

#### **Appropriations**

Authority to expend funds for a particular purpose. An appropriation is not a mandate to spend.

**Gross:** Total of all applicable appropriations in an appropriation bill.

**Adjusted Gross:** Net amount of gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

#### **Interdepartmental Grant (IDG) Revenue**

Funds received by one state department from another state department—usually for service(s) provided.

#### **Intradepartmental Transfer (IDT) Revenue**

Funds transferred from one appropriation unit to another within the same departmental budget.

#### **Federal Revenue**

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

#### **Local Revenue**

Revenue received from local units of government for state services.

#### **Private Revenue**

Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, or gifts and bequests.

#### **State Restricted Revenue**

State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue; at year-end, unused restricted revenue generally remains in the restricted fund.

#### **General Fund/General Purpose (GF/GP) Revenue**

Unrestricted general fund revenue available to fund basic state programs and other purposes determined by the legislature; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

### MAJOR STATE FUNDS

#### **General Fund**

The state's primary operating fund; receives state revenue not dedicated to another state fund.

#### **School Aid Fund (SAF)**

A restricted fund that serves as the primary state funding source for K-12 schools and Intermediate School Districts. Constitutionally, SAF revenue may also be used for postsecondary education.

#### **Budget Stabilization Fund**

The Countercyclical Economic and Budget Stabilization Fund (also known as the "rainy day fund"); the Management and Budget Act provides guidelines for making deposits into and withdrawals from the fund.

# **FY 2020-21 Executive Recommendation**

## **OVERVIEW**

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**Budget Overview**  
**Consensus Revenue Estimates**  
**Balance Sheets**  
**Appropriation Summary Tables**

## FY 2020-21 Executive Recommendation BUDGET OVERVIEW

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	%
<b>Adjusted Gross</b>	\$58,455.5	\$60,707.7	\$2,252.2	3.9%
<b>Federal</b>	\$23,372.0	\$23,866.4	\$494.4	2.1%
<b>Local/Private</b>	\$410.9	\$463.1	\$52.2	12.7%
<b>Restricted</b>	\$24,296.5	\$25,397.8	\$1,101.3	4.5%
<b>GF/GP</b>	\$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 \$30.0 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 for school readiness preschool programs; \$35.5 million for the Great Start Readiness Program (GSRP) and \$42.0 million for Pre-Kindergarten Education Program.
- \$60.0 million SAF increase to reimbursement districts' special education costs to 4.2%.
- \$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.

## OVERVIEW

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.

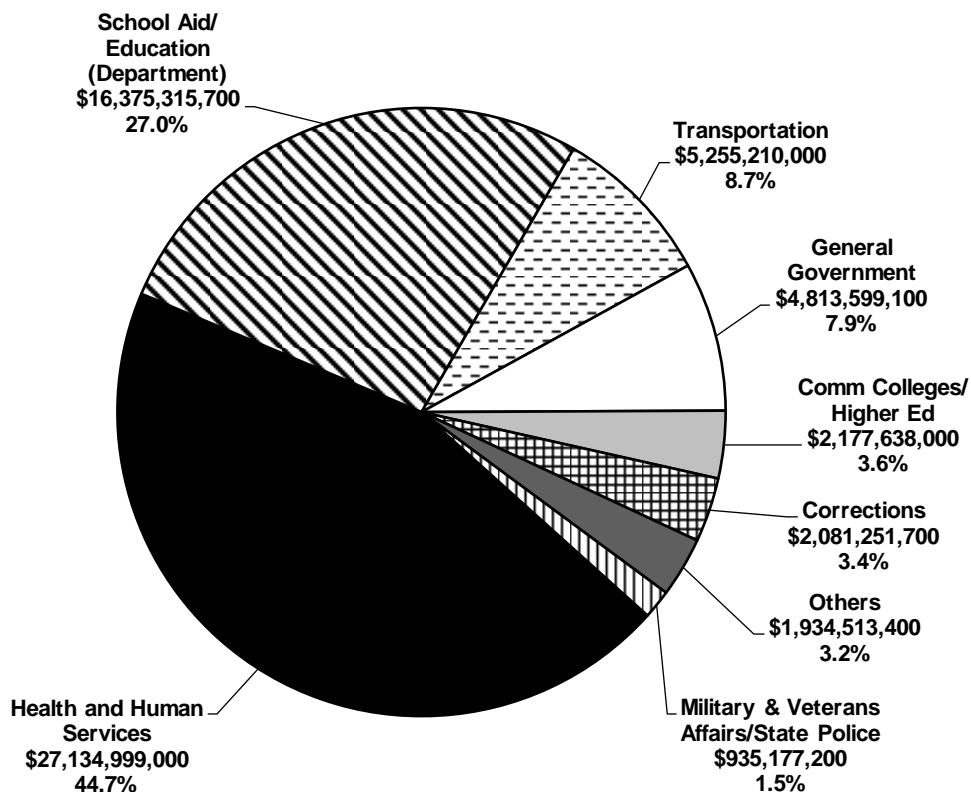
The executive proposal includes two recommended supplementals totaling \$474.7 million Gross (\$175.2 million GF/GP) for FY 2019-20:

- 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)

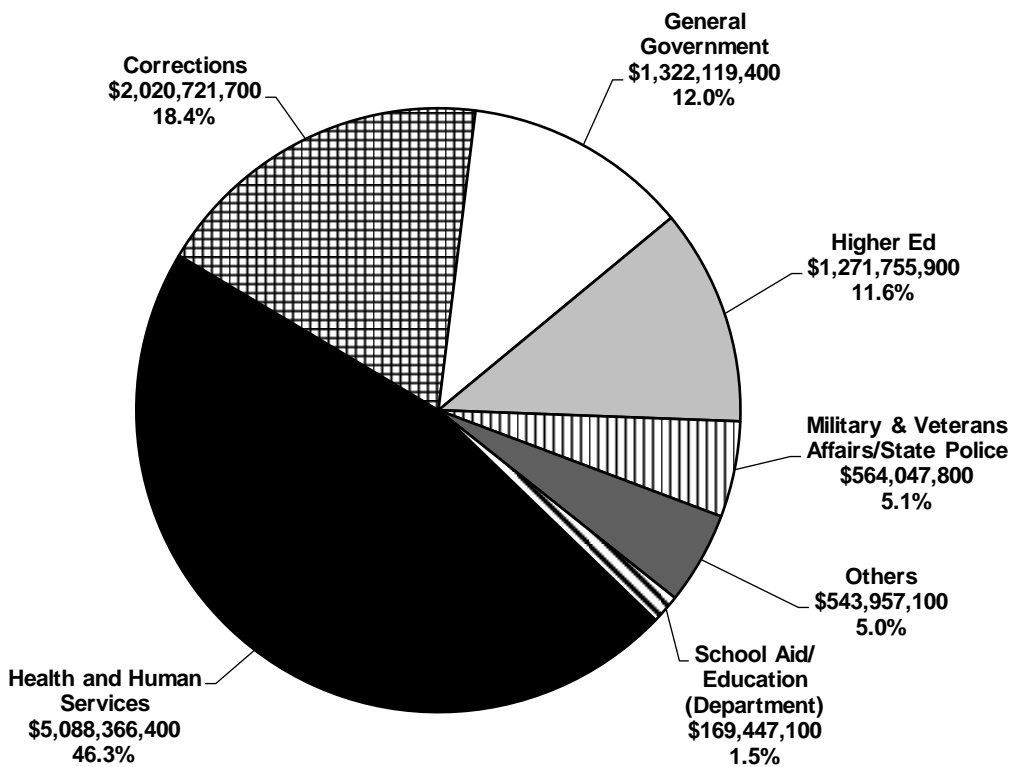
A more detailed summary of major budget changes by individual budget area, including FY 2019-20 supplemental appropriations, begins on page 24.

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**



## CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2020 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2020-21 through FY 2021-22 by major revenue sources.

### GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2020-21 Over FY 2019-20		FY 2021-22 Over FY 2020-21	
				Change		Change	
Personal Income Tax	\$7,180.1	\$7,294.5	\$7,536.3	\$114.4	1.6%	\$241.8	3.3%
Sales Tax	1,355.9	1,418.3	1,448.1	62.4	4.6%	29.8	2.1%
Use Tax	749.0	749.0	747.0	0.0	0.0%	(2.0)	(0.3%)
Business Taxes	930.9	914.8	954.9	(16.1)	(1.7%)	40.1	4.4%
Other Taxes	435.2	445.8	454.1	10.6	2.4%	8.3	1.9%
<b>GF/GP Tax Revenue</b>	<b>\$10,651.1</b>	<b>\$10,822.4</b>	<b>\$11,140.4</b>	<b>\$171.3</b>	<b>1.6%</b>	<b>\$318.0</b>	<b>2.9%</b>
Non-Tax Revenue	361.1	372.1	378.1	11.0	3.0%	6.0	1.6%
<b>Net Total GF/GP Revenue</b>	<b>\$11,012.2</b>	<b>\$11,194.5</b>	<b>\$11,518.5</b>	<b>\$182.3</b>	<b>1.7%</b>	<b>\$324.0</b>	<b>2.9%</b>

### General Fund/General Purpose Revenue by Source

#### Personal Income Tax

Michigan personal income tax revenue is forecast to decrease 1.0% in FY 2019-20 and increase just 1.6% in FY 2020-21, in part due to the earmarks to the Michigan Transportation Fund (\$468 million in FY 2019-20 and \$600 million in FY 2020-21 and each year thereafter) and the expansion of the homestead property tax credit that began in FY 2018-19. Michigan personal income tax revenue is projected to increase by 3.3% in FY 2021-22 as the transportation earmark remains flat at \$600 million.

#### Sales Tax

GF/GP sales tax revenue is estimated to increase 6.2% in FY 2019-20, 4.6% in FY 2020-21, and 2.1% in FY 2021-22 due in part to revenue resulting from the Wayfair decision and the expansion of the sales tax to include marketplace facilitators.

#### Use Tax

Use tax revenue is forecast to remain flat at \$749.0 million in both FY 2019-20 and FY 2020-21 before dipping slightly to \$747.0 million in FY 2021-22. The lack of growth in GF/GP use tax collections is partially due to the Local Community Stabilization Authority levying a portion of the tax as a replacement for phasing out the personal property tax on eligible manufacturing personal property.

#### Business Taxes

Net business taxes are expected to decrease to \$930.9 million in FY 2019-20, and continue decreasing to \$914.8 million in FY 2020-21. Net business taxes are projected to grow to \$954.9 million in FY 2021-22.

#### GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 0.7% to \$10,651.1 million in FY 2019-20 before increasing 1.6% to \$10,822.4 million in FY 2020-21. GF/GP tax revenue is expected to grow by 2.9% to \$11,140.4 million in FY 2021-22.

**Net Total GF/GP Revenue**

Net total GF/GP revenue includes both tax revenue and non-tax revenue, which includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to decrease 0.9% to \$11,012.2 million in FY 2019-20, and then increase 1.7% to \$11,194.5 million in FY 2020-21 and 2.9% to \$11,518.5 million in FY 2021-22.

**SCHOOL AID FUND REVENUE ESTIMATES**  
(Millions of Dollars)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2020-21 Over FY 2019-20 Change</u>		<u>FY 2021-22 Over FY 2020-21 Change</u>	
Sales and Use Taxes	\$6,932.7	\$7,162.7	\$7,324.5	\$230.0	3.3%	\$161.8	2.3%
Income Tax Earmark	2,860.7	2,943.0	3,028.8	82.3	2.9%	85.8	2.9%
Lottery and Casinos	1,131.3	1,137.9	1,146.7	6.6	0.6%	8.8	0.8%
Tobacco Taxes	319.4	310.7	304.0	(8.7)	(2.7%)	(6.7)	(2.2%)
State Education Tax	2,170.9	2,223.0	2,276.4	52.1	2.4%	53.4	2.4%
Real Estate Transfer Tax	361.0	370.7	377.4	9.7	2.7%	6.7	1.8%
Liquor Excise Tax	60.6	61.6	62.6	1.0	1.7%	1.0	1.6%
Other Specific Taxes	88.8	107.9	119.7	19.1	21.5%	11.8	10.9%
<b>Total SAF Revenue</b>	<b>\$13,925.4</b>	<b>\$14,317.5</b>	<b>\$14,640.1</b>	<b>\$392.1</b>	<b>2.8%</b>	<b>\$322.6</b>	<b>2.3%</b>

**School Aid Fund Revenue by Source****Sales and Use Taxes**

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 4.9% to \$6,932.7 million in FY 2019-20, 3.3% to \$7,162.7 million in FY 2020-21, and 2.3% to \$7,324.5 million in FY 2021-22.

**Income Tax Earmark**

Approximately 22.4% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase 0.6% to \$2,860.7 million in FY 2019-20, 2.9% to \$2,943.0 million in FY 2020-21, and 2.9% to \$3,028.8 million in FY 2021-22.

**Lottery and Casinos**

Lottery and casino revenue is projected to total \$1,131.3 million in FY 2019-20, \$1,137.9 in FY 2020-21, and \$1,146.7 million in FY 2021-22.

**Tobacco Taxes**

Approximately 37% of gross tobacco tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF tobacco tax revenue to decrease to \$319.4 million in FY 2019-20, \$310.7 million in FY 2020-21, and \$304.0 million in FY 2021-22.

**State Education Tax/Real Estate Transfer Tax**

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.

Revenue from the SET is expected to increase 2.7% to \$2,170.9 million in FY 2019-20, 2.4% to \$2,223.0 million in FY 2020-21, and 2.4% to \$2,276.4 million in FY 2021-22.

RET revenue is forecast to increase to \$361.0 million in FY 2019-20, \$370.7 million in FY 2020-21, and \$377.4 million in FY 2021-22.

**Total SAF Revenue**

Total SAF revenue is expected to increase 2.7% to \$13,925.4 million in FY 2019-20, 2.8% to \$14,317.5 million in FY 2020-21, and 2.3% to \$14,640.1 million in FY 2021-22.

**OVERVIEW**

**Budget Stabilization Fund Year-End Balances**

The following table notes BSF deposits, withdrawals, interest earnings, and year-end balances from FY 1990-91 to FY 2018-19. The table also shows the appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2019-20, and the Executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2020-21.

The BSF fund balance is estimated to be \$1,189.1 million for FY 2019-20 and \$1,231.4 million for FY 2020-21. These projections include the impact of 2014 PA 186, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2035-36.

**BUDGET STABILIZATION FUND HISTORY**  
(Millions of Dollars)

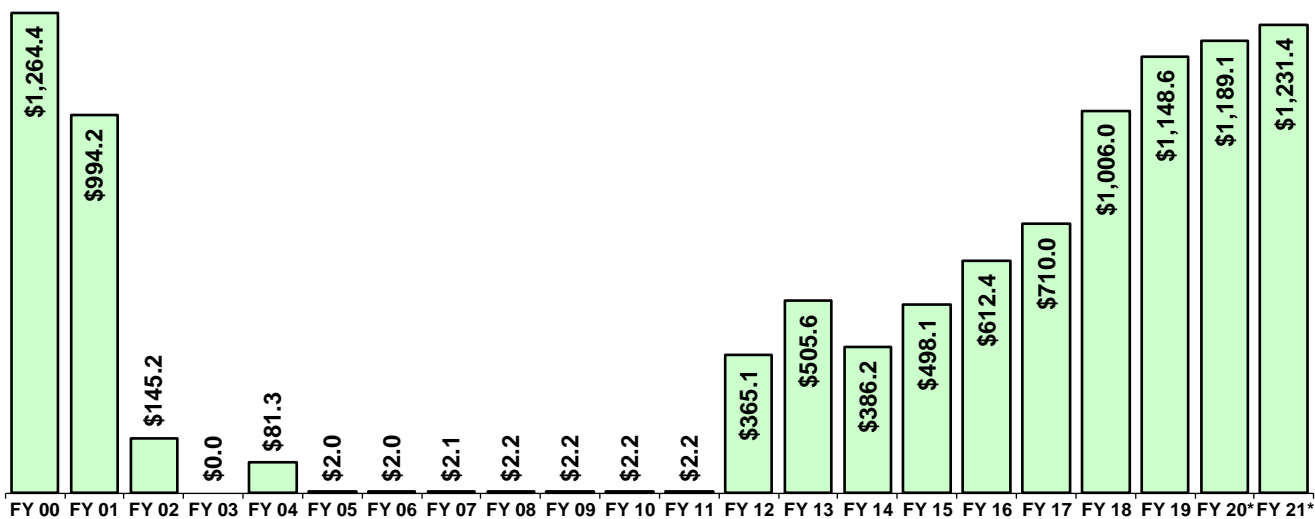
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	282.5	0.0	13.5	1,006.0
2018-19	117.5	0.0	25.1	1,148.6
2019-20	17.5**	0.0	23.0*	1,189.1
2020-21	17.5**	0.0	24.8*	1,231.4

\* HFA Estimate

\*\* FY 2020 actual appropriated deposit; FY 2021 Executive recommendation

Note: Numbers may not add due to rounding.

### Budget Stabilization Fund (BSF) Balance (Millions of Dollars)



\*Estimated

#### Compliance with the State Revenue Limit

Consensus estimates of the state revenue limit provided for in Article IX, Section 26, Constitution of the State of Michigan, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the Constitution, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

#### COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Personal Income	CY 2018	CY 2019	CY 2020
Amount	\$484,030	\$502,423	\$521,013
X Limit Ratio	9.49%	9.49%	9.49%
<b>State Revenue Limit</b>	<b>\$45,934.4</b>	<b>\$47,679.9</b>	<b>\$49,444.1</b>
<b>Total Revenue Subject to Revenue Limit</b>	<b>\$34,387.2</b>	<b>\$35,211.5</b>	<b>\$36,003.6</b>
<b>Amount Under (Over) State Revenue Limit</b>	<b>\$11,547.2</b>	<b>\$12,468.4</b>	<b>\$13,440.5</b>

**OVERVIEW**

**Implications of Exceeding the State Revenue Limit**

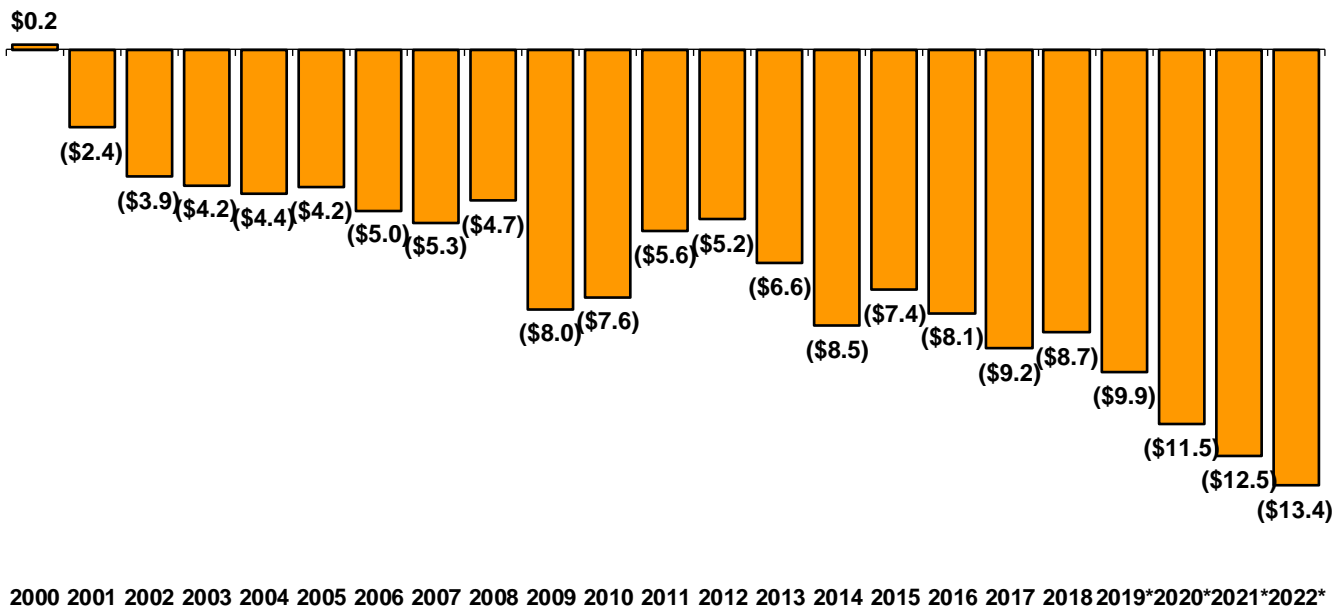
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

For FY 2019-20 through FY 2021-22, state revenue is estimated to be even further below the revenue limit—by \$11.5 billion, \$12.5 billion, and \$13.4 billion respectively.

**Constitutional Revenue Limit**  
(Billions of Dollars)



\*Consensus Estimates



## BALANCE SHEETS

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.

<b>FY 2019-20 Through FY 2021-22 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars</b>			
	FY 2019-20	FY 2020-21	FY 2021-22
<b><u>Resources</u></b>			
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>
<b>Total Resources</b>	<b>\$11,273.6</b>	<b>\$11,105.0</b>	<b>\$10,909.1</b>
<b><u>Expenditures</u></b>			
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>
<b>Total Expenditures</b>	<b>\$10,749.1</b>	<b>\$11,103.4</b>	<b>\$11,088.1</b>
<b>Estimated Ending Balance</b>	<b>\$524.6</b>	<b>\$1.6</b>	<b>(\$179.0)</b>

Numbers may not add due to rounding.

**OVERVIEW**

<b>FY 2019-20 Through FY 2021-22 Executive Recommendation School Aid Fund (SAF) Millions of Dollars</b>			
	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b><u>Resources</u></b>			
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>
<b>Total Resources</b>	<b>\$16,211.2</b>	<b>\$16,725.5</b>	<b>\$16,761.6</b>
<b><u>Expenditures</u></b>			
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>
<b>Total Expenditures</b>	<b>\$15,947.9</b>	<b>\$16,713.0</b>	<b>\$16,681.3</b>
<b>Estimated Ending Balance</b>	<b>\$263.3</b>	<b>\$12.5</b>	<b>\$80.3</b>

Numbers may not add due to rounding.

<b>FY 2020-21 and FY 2021-22 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars</b>		
	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b><u>Resources</u></b>		
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>
<b>Total Resources</b>	<b>\$39.3</b>	<b>\$37.9</b>
<b><u>Expenditures</u></b>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite Care	4.1	4.1
DHHS: Medicaid Long Term Care	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>
<b>Total Expenditures</b>	<b>\$36.4</b>	<b>\$34.9</b>
<b>Estimated Ending Balance</b>	<b>\$2.9</b>	<b>\$3.0</b>

Numbers may not add due to rounding.

## **APPROPRIATION SUMMARY TABLES**

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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.

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.

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

	<u>Year-to-Date FY 2019-20</u>	<u>Executive Recommendation FY 2020-21</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2021-22</u>	<u>Change Amounts</u>	
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%
<b>Total State-Source Appropriations</b>	<b>\$34,672.7</b>	<b>\$36,378.3</b>	<b>\$1,705.6</b>	<b>4.9%</b>	<b>\$36,143.2</b>	<b>(\$235.1)</b>	<b>(0.6%)</b>
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%)
<b>Total Adjusted Gross</b>	<b>\$58,455.5</b>	<b>\$60,707.7</b>	<b>\$2,252.2</b>	<b>3.9%</b>	<b>\$60,402.1</b>	<b>(\$305.6)</b>	<b>(0.5%)</b>

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

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

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

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

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

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

*Notes:*

- (1) 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.

OVERVIEW

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

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Agriculture & Rural Development	\$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
<b>TOTAL APPROPRIATIONS</b>	<b>\$61,897,828,800</b>	<b>\$1,190,124,700</b>	<b>\$60,707,704,100</b>	<b>\$23,866,378,100</b>	<b>\$265,437,200</b>	<b>\$197,628,900</b>	<b>\$25,397,844,500</b>	<b>\$10,980,415,400</b>

*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%
<b>TOTAL</b>	<b>\$58,455,516,800</b>	<b>\$60,707,704,100</b>	<b>\$2,252,187,300</b>	<b>3.9%</b>	<b>\$60,402,070,800</b>	<b>(\$305,633,300)</b>	<b>(0.5%)</b>

OVERVIEW

**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	--
<b>TOTAL</b>	<b>\$10,376,112,500</b>	<b>\$10,980,415,400</b>	<b>\$604,302,900</b>	<b>5.8%</b>	<b>\$10,720,772,000</b>	<b>(\$259,643,400)</b>	<b>(2.4%)</b>



**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
School Aid	40,000,000
State Police	9,709,100
Tech., Mgmt. & Budget: Operations	65,000,000
Treasury: Operations	40,000,000
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$282,697,200</b>

**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	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>54,119.1</b>	<b>54,412.1</b>	<b>293.0</b>	<b>0.5%</b>

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

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

<b>FY 2020-21 Executive Recommendation</b>			
<b><u>Department/Budget Area</u></b>	<b><u>Spending from State Sources</u></b>	<b><u>State Spending to Local Government Units</u></b>	<b><u>% of State Spending from State Sources as Payment to Locals</u></b>
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%
<b>TOTALS APPROPRIATED</b>	<b>\$36,378,259,900</b>	<b>\$20,486,312,600</b>	<b>56.3%</b>



**FY 2020-21**

**Budget Detail**

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**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
AGRICULTURE AND RURAL DEVELOPMENT**

**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	%
<b>IDG/IDT</b>	\$1,315,700	\$324,400	(\$991,300)	(75.3)
<b>Federal</b>	12,636,400	13,129,500	493,100	3.9
<b>Local</b>	0	0	0	--
<b>Private</b>	101,800	71,300	(30,500)	(30.0)
<b>Restricted</b>	41,383,700	43,353,000	1,969,300	4.8
<b>GF/GP</b>	55,979,900	63,471,200	7,491,300	13.4
<b>Gross</b>	<b>\$111,417,500</b>	<b>\$120,349,400</b>	<b>\$8,931,900</b>	<b>8.0</b>
<b>FTEs</b>	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."

**Overview**

Michigan Department of Agriculture and Rural Development (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Conservation Reserve Enhancement Program (CREP)</b>	<b>Gross</b>	<b>\$0</b>
Includes \$10.6 million GF/GP as the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture.	GF/GP	\$0
		<b>\$10,600,000</b>
		<b>\$10,600,000</b>

CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. CREP 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 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. [These federal funds are paid directly to program participants and are not reflected in the MDARD budget.]

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 as ongoing for education, outreach, and technical assistance.

State support is necessary for program participants to access federal funds – an estimated \$250.0 million in direct federal payments over a period of up to 15 years. The one-time funding would be established as a work project in boilerplate.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>2. Feed and Fertilizer Audit Program</b>	FTE	0.0	4.0
Includes \$504,000 in restricted revenue, and authorizes 4.0 new FTE positions in Pesticide and Plant Pest Management division. The positions and funding would establish an audit function for compliance with tonnage reporting requirements required under the Feed Law, as recodified under 2015 PA 83, and 2015 amendments (2015 PA 118) to fertilizer regulatory sections of the Natural Resources and Environmental Protection Act.	<b>Gross</b>	<b>\$0</b>	<b>\$504,000</b>
	Restricted	0	504,000
	GF/GP	\$0	\$0
<b>3. Industrial Hemp Licensing/Regulatory Program</b>	FTE	4.5	1.0
Includes 5.5 FTE positions and \$1.0 million Gross (\$0 GF/GP) to support the department's industrial hemp licensing and regulatory functions under 2018 amendments (2018 PA 641) to Michigan's Industrial Hemp Research and Development Act. This represents a net increase of 1.0 FTE authorization, and \$711,900 Gross. Ongoing restricted revenue funding and FTE authorization in Laboratory and Pesticide and Plant Pest Management divisions would replace one-time support in the current year budget.	<b>Gross</b>	<b>\$360,000</b>	<b>\$711,900</b>
	Restricted	210,000	861,900
	GF/GP	\$150,000	(\$150,000)
An additional \$1.3 million GF/GP, appropriated for Industrial Hemp Research and Development in a FY 2018-19 supplemental (2019 PA 56), was carried forward as a work project at the end of FY 2018-19.			
<b>4. Cervid Farm Regulatory Program</b>	FTE	0.0	1.0
Includes \$76,900 GF/GP and authorizes 1.0 FTE for increased cervid facility regulatory functions required under 2019 amendments (2019 PA 132) to the Animal Industry Act.	<b>Gross</b>	<b>\$0</b>	<b>\$76,900</b>
	GF/GP	\$0	\$76,900
<b>5. Information Technology (Licensing and Inspection System)</b>	FTE	0.0	1.0
Includes \$225,000 Gross (\$210,000 GF/GP) to support ongoing maintenance and hosting costs of recent licensing and inspection system upgrades (Phase I). These upgrades were funded through a \$5.0 million GF/GP appropriation within the FY 2018-19 Department of Technology, Management, and Budget (DTMB) budget. The enacted FY 2019-20 DTMB budget included an additional \$5.0 million to complete this project.	<b>Gross</b>	<b>\$1,812,800</b>	<b>\$225,000</b>
	IDG	3,200	0
	Restricted	187,600	15,000
	GF/GP	\$1,622,000	\$210,000
The FTE included in the budget request is identified as a "data architect" position to assist in management of the data warehouse connected with the licensing and inspection system upgrade project. The FTE is included in the Executive Direction line item of the Departmental Administration and Support appropriations unit.			
<b>6. Food and Agriculture Investment Program</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>(\$4,000,000)</b>
Eliminates program that provides grants for agri-business development projects. The program is funded at \$4.0 million GF/GP in the current year.	GF/GP	\$4,000,000	(\$4,000,000)
<b>7. Farm Stress Program - Eliminate One-Time Program</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes \$500,000 GF/GP one-time item that had been included in the current year budget through supplemental appropriation act (2019 PA 154).	GF/GP	\$500,000	(\$500,000)

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>8. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
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.	IDG	6,000
	Private	0
	Federal	133,800
	Restricted	418,500
	GF/GP	\$1,254,400

**Major Boilerplate Changes from FY 2019-20**

**Sec. 215. Communication with the Legislature – DELETED**

Section prohibits department from taking disciplinary action against an employee for communicating with the Legislature.

**Sec. 234. Record Retention – DELETED**

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

**Sec. 302. Grant Notification – DELETED**

Requires notice of grants made to local units of government, institutions of higher education, or non-profit organizations.

**Sec. 701. Value Added Grant Program – DELETED**

Executive deletes section that defines a program that is not included in the budget recommendation.

**Sec. 901. Conservation Reserve Enhancement Program – NEW**

Provides for statutory work project status for the \$10.0 million one-time CREC appropriation.



## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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	--
<b>Gross</b>	<b>\$414,719,000</b>	<b>\$433,792,400</b>	<b>\$19,073,400</b>	<b>4.6</b>

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."

### Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Community Colleges Operations Increase</b>	<b>Gross \$325,473,400</b>	<b>\$8,091,400</b>
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.	Restricted 325,473,400	8,091,400
	GF/GP \$0	\$0
<b>2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment</b>	<b>Gross \$73,100,000</b>	<b>\$10,800,000</b>
Increases funding by \$10.8 million SAF for the state's share of community colleges' UAAL to MPERS, a 14.8% increase, 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 MPERS would be \$83.9 million SAF.	Restricted 73,100,000	10,800,000
	GF/GP \$0	\$0
<b>3. MPERS Normal Cost Offset</b>	<b>Gross \$12,212,000</b>	<b>\$182,000</b>
Increases funding by \$182,000 SAF for the community colleges' normal cost portion, a 1.5% increase, which would cover the cost to lower 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 \$12.4 million SAF.	Restricted 12,212,000	182,000
	GF/GP \$0	\$0

**Major Boilerplate Changes from FY 2019-20**

**Sec. 201a. FY 2020-21 Appropriations – DELETED**

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$98.5 million.

**Sec. 206. Michigan Community Colleges Data Inventory (MCCDI) Data – REVISED**

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit MCCDI data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Adds language stating community colleges accrue renaissance zone payments to its fiscal year ending June 30, 2021. Deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements.

**Sec. 208. Self-Liquidating Projects – DELETED**

Deletes language that prohibits colleges from using state funds for construction or maintenance of self-liquidating projects and deletes requirement that colleges comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project and subjects colleges that fail to comply to a penalty of 1% of their operations funding for each violation.

**Sec. 209. Community College Transparency – REVISED**

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the State Budget Director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website. Deletes reporting requirements around budgeted current fiscal year revenues, in addition to reporting requirements involving career and technical programs, dual enrollment and early middle college programs.

**Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED**

Deletes language that requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) to report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

**Sec. 212. Cost Containment Initiatives – DELETED**

Deletes language that encourages community colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing.

**Sec. 220. Performance Audits – DELETED**

Deletes language that explicitly authorizes performance audits by the auditor general and requires audited colleges to report audit responses to the legislature, the fiscal agencies, the Auditor General and the State Budget Director.

**Sec. 225. Tuition Rate Reports – REVISED**

Requires colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30-credit course load, and tuition and fee increases from the prior year to CEPI by August 31. Deletes language that requires community colleges to include the annual cost of attendance based on 30 credits.

**Sec. 228. Communication with the Legislature – DELETED**

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

**Sec. 231. Community Colleges Tuition Restraint – NEW**

Adds language that provides tuition restraint requirements in order to receive performance funding increase for FY 2020-21; community colleges must limit in-district tuition and fee increase to 4.25%. Defines the term "fee" to include the cost of any charges paid by more than half of all resident students. Defines the term "tuition and fee rate" to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the State Budget Director determines if a community college has satisfied the requirements to receive performance funding and provides reports to the appropriations subcommittees and the fiscal agencies.

FY 2020-21 Community Colleges Operations Appropriations  
Executive Recommendation

% of Formula:	FY 2019-20 Base	30%	10%	10%	10%	25%	5%	5%	95%	5%	Indian Tuition Waiver Payment	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2019-20 Appropriation	%	
		Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Formula Distribution	Adjustments for Lowest Taxable Value						Total Performance Funding
Alpena	\$5,753,300	\$43,150	\$11,507	\$9,594	\$19,640	\$17,420	\$15,076	\$7,192	\$123,600	\$57,400	\$181,000	\$19,300	\$0	\$19,300	\$5,953,600	3.5%
Bay de Noc	5,602,800	42,021	24,402	10,727	19,011	21,066	14,104	7,004	138,300	76,300	214,600	137,900	0	137,900	\$5,955,300	6.3%
Delta	15,160,500	113,704	38,022	36,355	38,232	87,142	14,540	18,951	346,900	0	346,900	40,900	0	40,900	\$15,548,300	2.6%
Glen Oaks	2,651,200	19,884	15,275	3,869	12,902	13,603	2,785	3,314	71,600	44,400	116,000	1,200	0	1,200	\$2,768,400	4.4%
Gogebic	4,873,700	36,553	9,747	5,273	19,372	13,501	11,679	6,092	102,200	41,500	143,700	59,800	0	59,700	\$5,077,100	4.2%
Grand Rapids	18,773,100	140,799	40,075	47,517	45,261	171,972	17,379	23,467	486,500	0	486,500	240,300	0	240,200	\$19,499,800	3.9%
Henry Ford	22,533,100	168,999	51,862	38,523	45,066	145,854	14,052	28,167	492,500	0	492,500	41,600	0	41,600	\$23,067,200	2.4%
Jackson	12,756,200	95,672	33,141	19,738	25,513	56,424	15,879	15,945	262,300	0	262,300	46,700	0	46,700	\$13,065,200	2.4%
Kalamazoo Valley	13,099,900	98,250	29,795	27,788	33,695	85,338	17,974	16,375	309,200	0	309,200	56,000	0	56,000	\$13,465,100	2.8%
Kellogg	10,267,100	77,004	20,534	23,204	29,181	53,637	17,426	12,834	233,800	0	233,800	79,400	0	79,400	\$10,580,300	3.1%
Kirtland	3,358,400	25,188	14,624	8,526	6,717	18,866	14,845	4,198	93,000	0	93,000	34,600	0	34,600	\$3,486,000	3.8%
Lake Michigan	5,702,700	42,770	29,184	11,458	19,118	36,145	8,193	7,128	154,000	0	154,000	11,300	0	11,300	\$5,868,000	2.9%
Lansing	32,852,000	246,391	74,041	71,444	73,609	146,204	16,803	41,065	669,600	0	669,600	153,900	0	153,900	\$33,675,500	2.5%
Macomb	34,276,100	257,072	74,804	73,867	76,797	238,857	17,385	42,845	781,500	0	781,500	36,000	0	36,000	\$35,093,600	2.4%
Mid-Michigan	5,184,400	38,883	10,369	16,116	18,262	36,625	11,468	6,481	138,200	132,600	270,800	140,100	0	140,100	\$5,595,300	7.9%
Monroe County	4,746,200	35,597	9,513	11,425	9,492	34,489	16,302	5,933	122,800	0	122,800	900	0	900	\$4,869,900	2.6%
Montcalm	3,570,600	26,780	9,987	9,503	7,141	16,212	15,236	4,463	89,300	52,400	141,700	5,700	0	5,700	\$3,718,000	4.1%
Mott	16,440,000	123,301	32,880	42,934	40,642	93,785	16,972	20,550	371,100	0	371,100	13,400	0	13,400	\$16,824,500	2.3%
Muskegon	9,289,100	69,669	19,381	15,081	26,675	43,905	17,119	11,611	203,400	0	203,400	77,300	0	77,300	\$9,569,800	3.0%
North Central	3,389,300	25,420	12,237	8,813	14,488	21,621	14,938	4,237	101,800	0	101,800	177,900	0	177,900	\$3,669,000	8.3%
Northwestern	9,567,100	71,754	29,279	19,155	27,273	43,974	14,021	11,959	217,400	0	217,400	246,700	0	246,700	\$10,031,200	4.9%
Oakland	22,211,700	166,589	44,424	78,664	52,097	170,727	16,615	27,765	556,900	0	556,900	23,700	0	23,700	\$22,792,300	2.6%
Schoolcraft	13,196,200	98,972	26,393	43,074	34,701	117,515	19,613	16,495	356,800	0	356,800	67,000	0	67,000	\$13,620,000	3.2%
Southwestern	6,979,400	52,346	13,959	14,407	13,959	24,334	9,814	8,724	137,500	0	137,500	39,700	0	39,700	\$7,156,600	2.5%
St. Clair	7,385,200	55,389	29,538	18,539	23,440	43,944	14,321	9,232	194,400	0	194,400	8,500	0	8,500	\$7,588,100	2.7%
Washtenaw	13,855,900	103,920	35,255	85,810	36,499	145,351	16,517	17,320	440,700	0	440,700	31,000	0	31,000	\$14,327,600	3.4%
Wayne County	17,593,400	131,951	35,187	52,125	35,187	113,836	13,572	21,992	403,900	0	403,900	8,500	0	8,500	\$18,005,800	2.3%
West Shore	2,585,600	19,392	33,723	5,610	5,171	10,502	9,941	3,232	87,600	0	87,600	19,800	0	19,800	\$2,693,000	4.2%
	<b>\$323,654,200</b>	<b>\$2,427,420</b>	<b>\$809,140</b>	<b>\$809,140</b>	<b>\$809,140</b>	<b>\$2,022,850</b>	<b>\$404,570</b>	<b>\$404,570</b>	<b>\$7,686,800</b>	<b>\$404,600</b>	<b>\$8,091,400</b>	<b>\$1,819,100</b>	<b>\$0</b>	<b>\$1,818,900</b>	<b>\$333,564,500</b>	<b>3.1%</b>

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2016-2018
Performance completion number	Federal IPEDS	FYs 2016-2018
Performance completion rate	CEPI	FYs 2016-2018
Contact hours	State MCCDI	FY 2019
Administrative	State MCCDI	FYs 2018-2019
Lowest taxable value	State MCCDI	FY 2019

\* Indian Tuition Waiver Payments are unrolled from the Operations base amounts. ITW Payments and Adjustment amounts are combined into a "Indian Tuition Waiver Costs Incurred" that is broken out in each college's operations listing in the budget bill

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 CORRECTIONS

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	\$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
<b>Gross</b>	<b>\$2,042,261,300</b>	<b>\$2,081,251,700</b>	<b>\$38,990,400</b>	<b>1.9</b>
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."

### Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 29 correctional facilities that house felony offenders sentenced to prison. This includes provision of physical and mental health care, education, food service, transportation, and reintegration programming. The department is also responsible for supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2020, the department was responsible for 92,694 Michigan offenders: 37,989 prisoners, 41,526 probationers, and 13,179 parolees.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Funding for Training New Custody Staff</b>	<b>Gross</b>	<b>\$9,491,100</b>
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.	GF/GP	\$9,491,100
		<b>\$8,465,800</b>
<b>2. Corizon Health Care Contract Adjustment</b>	<b>Gross</b>	<b>NA</b>
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.	GF/GP	NA
		<b>\$4,239,500</b>
<b>3. City of Jackson Water Rate Increase</b>	<b>Gross</b>	<b>NA</b>
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.	GF/GP	NA
		<b>\$575,500</b>
<b>4. Employee Wellness Enhancements</b>	<b>Gross</b>	<b>NA</b>
Includes \$500,000 GF/GP for additional employee wellness resources and support services for department employees.	GF/GP	NA
		<b>\$500,000</b>

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>		<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>5. Green Oaks Training Facility</b>	FTE	NA	1.0
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.	<b>Gross</b>	<b>NA</b>	<b>\$109,200</b>
	GF/GP	NA	\$109,200
<b>6. Relocation of the Special Alternative Incarceration Program</b>	FTE	120.0	(92.5)
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.	<b>Gross</b>	<b>\$14,325,300</b>	<b>(\$10,046,700)</b>
	Restricted	102,100	0
	GF/GP	\$14,223,200	(\$10,046,700)
<b>7. Detroit Detention Center Adjustment for New Contract</b>	<b>Gross</b>	<b>\$11,412,200</b>	<b>(\$2,287,700)</b>
Reflects a reduction of \$2.3 million of 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.	Local	11,412,200	(2,287,700)
	GF/GP	\$0	\$0
<b>8. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$15,033,900</b>	<b>(\$15,033,900)</b>
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.	GF/GP	\$15,033,900	(\$15,033,900)
<b>9. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made to more accurately reflect employee counts and where expenditures occur.	GF/GP	NA	\$0
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$52,468,700</b>
Reflects a net increase in 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. <b>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.</b>	Federal	NA	47,200
	Local	NA	281,100
	Restricted	NA	366,000
	GF/GP	NA	\$51,774,400

### Major Boilerplate Changes from FY 2019-20

#### GENERAL SECTIONS

##### **Sec. 206. Disciplinary Action Against State Employees and Prisoners – DELETED**

Prohibits MDOC from taking disciplinary action against employees or prisoners for communicating with legislators or their staff.

##### **Sec. 210. Contingency Funding – REVISED**

Appropriates up to \$2.5 million in federal contingency funds; authorizes expenditure of funds after legislative transfers to specific line items. Executive revises to include authorization for up to \$10.0 million in federal, \$10.0 million in state restricted, \$2.0 million in local, and \$2.0 million in private contingency funds.

CORRECTIONS

**Major Boilerplate Changes from FY 2019-20**

**Sec. 216. FTE Positions and Long-Term Vacancies – DELETED**

Requires MDOC to report on the number of FTE positions in pay status by civil service classification, including an accounting of all vacant positions, all vacant and filled corrections officer positions by facility, all vacant healthcare-related positions, and all positions that are being held open for temporarily non-active employees.

**Sec. 225. Expending Available Work Project Authorization – DELETED**

Prohibits line item appropriations that have unexpended work project authorization associated with them from being expended until all existing work project authorization is exhausted.

**Sec. 239. Management-to-Staff Ratio – DELETED**

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at the northern and southern region administration offices.

**Sec. 248. Consensus Revenue Estimating Conference (CREC) – DELETED**

Requires Senate and House Fiscal Agencies and State Budget Director, or State Treasurer, to establish a projected prisoner population, and a projected number of available beds based on prisoner population, at the May 2020 CREC.

**DEPARTMENTAL ADMINISTRATION AND SUPPORT**

**Sec. 302. Staff Retention Strategies – REVISED**

Requires MDOC to report on staff retention strategies, including how to improve employee engagement, how to improve employee wellness, how to offer additional training and professional development, metrics used by MDOC to measure success of employee wellness programming, mechanisms by which to receive employee feedback, how to consider suggestions made by employees, and steps taken and future plans for retention and improving employee wellness. Executive deletes information currently required in the report; requires a report on staff retention strategies.

**Sec. 304. Staff Suggestions – DELETED**

Requires MDOC to maintain a staff savings initiative program for employees to submit suggestions for efficiencies for the department; requires MDOC to consider suggestions in a timely manner; requires a report on process improvements made based on suggestions.

**Sec. 309. Maintenance and Utility Costs at Facilities – DELETED**

Requires MDOC to report on maintenance and utility costs and plans for capital improvement costs for each correctional facility; for facilities closed prior to November 1, 2018, requires a list of costs associated with maintenance and upkeep of closed facilities, by facility, and estimated costs of demolition of closed facilities.

**Sec. 310. Strategic Plan Reporting – DELETED**

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development.

**Sec. 312. PTSD Outreach and Employee Wellness – REVISED**

Requires \$50,000 from the Budget and Operations Administration line item to be used for PTSD outreach and employee wellness programming; requires MDOC to work with the Michigan Corrections Organization and department employees to determine strategies for treating mental health issues and implementing mental health programming for employees; requires a report on strategies and goals, programs, prevalence of PTSD and other psychological issues among corrections officers that are exacerbated by the environment, and expenditures. Executive deletes most of this section, leaving only the requirement to maintain employee wellness programming, including programming focused on post-traumatic stress disorder outreach.

**Sec. 313. New Employee Schools – REVISED**

Requires MDOC to report on new employee schools, including the number of schools that took place and the location of each, the number of recruits that started, the number of recruits that graduated, and MDOC strategies to achieve a 5% or lower target corrections officer vacancy rate. Executive deletes requirement to report on strategies to achieve a 5% or lower target corrections officer vacancy rate.

**Sec. 314. Staff Overtime Hours – DELETED**

Requires MDOC to report on the number of overtime hours worked by all custody staff, by facility, including number of mandatory overtime hours worked, number of voluntary overtime hours worked, reasons for overtime hours worked, and average number of overtime hours worked by active employees.

**Major Boilerplate Changes from FY 2019-20****Sec. 315. 12-Hour Shifts for Corrections Officers – DELETED**

Expresses intent of the legislature that once staffing vacancy rates improve to a sufficient level, corrections officers will be allowed the option of working 12-hour shifts.

**Sec. 316. Handgun Requalification – DELETED**

Requires \$200,000 from the New Custody Staff Training line item to be used for handgun requalification for corrections officers wanting to be requalified.

**Sec. 317. Study on Location for Corrections Officer Training Academy – DELETED**

Requires MDOC, in cooperation with DTMB, to conduct a study to find a suitable location for a corrections officer training academy; requires a minimum of four locations to be studied, including the former Riverside and Ojibway Correctional Facilities; requires the new academy to have classrooms, offices, a gymnasium, a cafeteria, lodging, an outdoor training area, and a firearm range; requires a report on results of the study, including projected costs.

**OFFENDER SUCCESS ADMINISTRATION****Sec. 402. Offender Success Expenditures – REVISED**

Requires MDOC to report on actual prior-year and planned current-year offender success expenditures and allocations, including itemizing by service and service provider; requires amended reports if any revisions occur. Executive deletes requirement to report on planned expenditures, itemizing by service and service provider, and requirement to submit amended reports.

**Sec. 405. Substance Abuse Testing and Treatment – DELETED**

Requires MDOC to report on substance abuse testing and treatment program objectives, outcome measures, and results, including the impact on offender and programmatic success.

**Sec. 408. Recidivism Measurement – REVISED**

Requires MDOC to measure recidivism rates of offenders. Executive revises to require MDOC to measure the re-incarceration recidivism rates of offenders based on available state data.

**Sec. 409. Workforce Development Program – REVISED**

Requires MDOC to work with the Department of Labor and Economic Opportunity and local entities to design services and offender success vocational education programs for prisoners in an effort to encourage employment of prisoners upon release from prison; requires MDOC to offer workforce development programming through the entire duration of prisoners' incarceration; requires a report on the results of the workforce development program. Executive deletes the requirement that MDOC offer workforce development programming through the entire duration of prisoners' incarceration and deleted the reporting requirement.

**Sec. 410. Community Corrections Comprehensive Plans and Services – REVISED**

Specifies purpose of and requirements for community corrections comprehensive plans (e.g., reduce admissions to prisons, improve utilization of jail facilities, contribute to offender success); lists award criteria for community corrections planning and residential services funds (e.g., trends in prison commitment rates, jail utilization, community corrections program capacity and utilization; impact and outcome of policies and procedures of programs on offender success); limits residential probation diversions per diem reimbursement rate to \$52.50. Executive deletes most of this section, leaving only the specification of a per diem reimbursement rate of not more than \$52.50.

**Sec. 411. Community Corrections Comprehensive Plans – DELETED**

Establishes further requirements for community corrections comprehensive plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies.

**Sec. 412. Community Corrections Biannual Report – DELETED**

Specifies details to be included in the biannual report that is required by the Community Corrections Act, 1988 PA 511 (e.g., levels of funding, program utilization levels, profile information of offenders, data on residential services, offender disposition data).

**Sec. 417. Reports on Community Programs – DELETED**

Requires MDOC to report on program expenditures, program details, and program impacts and results for the Drunk Driver Jail Reduction and Community Treatment Program, and on any new initiatives aimed at controlling prison population growth.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 418. State Identification/Birth Certificates/Military Documents for Returning Prisoners – REVISED***

Requires MDOC to collaborate with SCAO on facilitating changes to Michigan court rules that would require courts to collect driver's licenses, state identification cards, and other identity-related documentation at the time of sentencing; requires MDOC to work with DHHS to develop and maintain a process by which prisoners can obtain birth certificates; requires MDOC to assist prisoners in obtaining their birth certificates from other states; requires MDOC to work with DMVA to develop and maintain a process by which prisoners can obtain military documentation. Executive revises to require MDOC to maintain driver's licenses, state identification cards, and other identity-related documentation if it is provided to MDOC by the offender; revised to require MDOC to allow prisoners to obtain their birth certificates; and revised to require MDOC to ensure that prisoners can obtain military documentation if necessary.

***Sec. 419(1). Offender Data Reports – DELETED***

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security level by facility, prison facility capacities, and parolee and probationer populations.

***Sec. 422. Prisoners Reviewed for Parole – DELETED***

Requires MDOC to report on outcomes of prisoners reviewed for parole, to include: number of prisoners reviewed; number granted or denied parole; number of decisions deferred; number of times prisoners were reviewed before being granted or denied parole; number of paroles granted, denied, or deferred for each of the parole guideline scores of low, average, and high; and the reasons for parole denial or deferment.

**FIELD OPERATIONS ADMINISTRATION**

***Sec. 602. Electronic Monitoring Contracts – DELETED***

Expresses intent of the legislature that MDOC not extend any contracts for electronic monitoring devices, and that a complete review of all providers and technology be conducted to determine efficacy.

***Sec. 603. Curfew Monitoring Program Costs – REVISED***

Requires tether participants to reimburse MDOC for program costs; authorizes MDOC to require community service work as a means of payment; provides for a community tether program for counties to be used to reduce prison admissions and improve local jail utilization; authorizes MDOC to provide counties with tether equipment for a fee; prohibits access to the program for counties with outstanding charges over 60 days. Executive deletes the requirement that tether participants reimburse MDOC for program costs, and deleted authorization for MDOC to require community service work as a means of payment.

***Sec. 604(2). Criminal Justice Reinvestment – DELETED***

Allocates \$600,000 to an organization that provides programming and job training services to county jail inmates to prepare them for employment upon release from jail.

***Sec. 611. Annual Program Reports – DELETED***

Specifies content to be included in reports by MDOC on residential reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs).

***Sec. 612. Violators of Parole and Probation – DELETED***

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires a report on the number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, and number of offenders who participated in substance abuse treatment programs, mental health programs, or both.

***Sec. 613. Placement of Parolees with Chronic Technical Violations – DELETED***

Requires MDOC to give priority to placing parolees with chronic technical violations in intensive detention programs that offer specific programming to address behavioral needs and to work on a plan to help assure success of parolees upon release.

***Sec. 617. Residential Alternative to Prison Program – REVISED***

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for the West Michigan probation violator population; requires MDOC to measure and set metric goals and lists specific goals. Executive deletes requirement for MDOC to measure and set metric goals and deleted list of specific goals.



**Major Boilerplate Changes from FY 2019-20****HEALTH CARE*****Sec. 802. Health Care Timeliness and Expenditures – DELETED***

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment.

***Sec. 812. Medicaid Utilization by Prisoners – DELETED***

Requires MDOC and DHHS to exchange information regarding newly-committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires a report on utilization of Medicaid benefits for prisoners.

***Sec. 816. Pharmaceutical Expenditures – DELETED***

Requires MDOC to report on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies.

**CORRECTIONAL FACILITIES ADMINISTRATION*****Sec. 901. Enhanced Food Technology Program – DELETED***

Requires MDOC to expand the food technology education program to at least 700 inmates annually; requires inmates participating in the program to complete 408 hours of on-the-job training in a prison kitchen.

***Sec. 913. Enrollment in and Completion of Various Programming – REVISED***

Requires MDOC to focus on providing required programming to prisoners who are past their earliest release dates; expresses legislative intent that prisoners who are required to complete sex offender, assaultive offender, violent offender, and Thinking for Change programming as a condition of parole be transferred to facilities where programming is available; requires MDOC to report on enrollment and completion of sex offender, assaultive offender, violent offender, and Thinking for Change programming, and on plans to address waiting lists for these programs. Executive deletes expression of legislative intent that prisoners who are required to complete programming as a condition of parole be transferred to facilities where programming is available.

***Sec. 940. Use of State-Owned Facilities – DELETED***

Requires for-profit entities using state-owned facilities to pay fair market value for use of facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if facilities were privately owned.

***Sec. 943. Savings from Prison Closures – DELETED***

Requires MDOC to report on actual and projected savings achieved by closing correctional facilities, starting with closure of Pugsley Correctional Facility.

***Sec. 944. Economic Impact of Prison Closures – DELETED***

Requires MDOC to consider the potential economic impact of a prison closure on the community where the facility is located.

**MISCELLANEOUS*****Sec. 1013. Faith-Based Reentry Programs – DELETED***

Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
EDUCATION (DEPARTMENT)**

**Analyst: Samuel Christensen**

	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	--
<b>Federal</b>	315,342,100	344,804,700	29,462,600	9.3
<b>Local</b>	5,893,400	5,872,100	(21,300)	(0.4)
<b>Private</b>	2,036,200	2,239,300	203,100	10.0
<b>Restricted</b>	9,300,000	9,815,400	515,400	5.5
<b>GF/GP</b>	87,212,000	89,447,100	2,235,100	2.6
<b>Gross</b>	<b>\$419,783,700</b>	<b>\$452,178,600</b>	<b>\$32,394,900</b>	<b>7.7</b>
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."

**Overview**

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Child Development and Care (CDC) – Entrance Eligibility Threshold Increase</b>	<b>Gross \$217,000,000</b>	<b>\$25,725,000</b>
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.	Federal 176,970,900	25,725,000
	GF/GP \$40,029,100	\$0
<b>2. PBS Early Childhood Initiative</b>	<b>Gross \$0</b>	<b>\$1,800,000</b>
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.	GF/GP \$0	\$1,800,000
<b>3. CDC – Background Checks (Licensing and Regulatory Affairs (LARA))</b>	<b>Gross \$29,072,800</b>	<b>\$1,300,000</b>
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.	Federal 29,072,800	1,300,000
	GF/GP \$0	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>4. Teacher Shortage, Retention, and Diversity Initiative</b>	FTE	48.0	0.0
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 repurpose 1.0 FTE position in the Office of Educator Excellence (OEE) and allocate \$40,000 for website development. The initiative would include improving the MDE reciprocity agreement process whereby individuals with out-of-state teaching certificates receive Michigan certification, creating a website modeled after TeachWA.org to increase information about the process for entering the teaching profession and listing details for job opportunities, and working on diversity efforts so the teacher population more closely represents the student population.	<b>Gross</b>	<b>\$10,836,700</b>	<b>\$180,000</b>
	Federal	4,654,300	0
	Restricted	4,165,600	0
	GF/GP	\$2,016,800	\$180,000
<b>5. Michigan's Poet Laureate</b>	FTE	31.0	0.5
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.	<b>Gross</b>	<b>\$4,958,800</b>	<b>\$100,000</b>
	Restricted	300,000	0
	GF/GP	\$4,658,800	\$100,000
<b>6. Camp Tuhsmeheeta Maintenance and Upkeep</b>	<b>Gross</b>	<b>\$298,000</b>	<b>\$202,000</b>
Increases by \$202,000 private funds for maintenance and upkeep of facilities. MDE has indicated that the camp would need to replace buildings at a higher cost without additional maintenance funding.	Private	298,000	202,000
	GF/GP	\$0	\$0
<b>7. Michigan Online Educator Certification System (MOECS) IT System Maintenance and Support</b>	<b>Gross</b>	<b>\$4,651,000</b>	<b>\$200,000</b>
Increases by \$200,000 Certification Fees in the Information Technology Services and Projects line item to fund contracted staff at the Department of Technology, Management, and Budget (DTMB) for ongoing support and enhancements of MDE's MOECS, which allows teachers to access their certification data, apply for certificates and endorsements, and renew their certificates.	Federal	2,533,400	0
	Restricted	712,500	200,000
	GF/GP	\$1,405,100	\$0
<b>8. Michigan School for the Deaf and Blind</b>	<b>Gross</b>	<b>\$13,515,900</b>	<b>\$112,800</b>
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.	Federal	7,529,200	0
	Local	5,893,400	0
	Restricted	93,300	112,800
	GF/GP	\$0	\$0
<b>9. Office of Great Start Line Item Roll Up: CDC Contracted Services and T.E.A.C.H. Early Childhood Michigan Scholarship program</b>	FTE	65.0	0.0
Transfers \$17.4 million of federal funding from two line items, Child Development and Care Contracted Services (\$16.2 million) and T.E.A.C.H. Early Childhood Michigan Scholarship program (\$1.3 million), to the Office of Great Start Operations. Both of these programs were included as individual line items in the FY 2019-20 budget to separate their functions and appropriations from the Office of Great Start Operations. In FY 2019-20, an estimated \$3.8 million of the Child Development and Care Contracted Services is dedicated to T.E.A.C.H. scholarships.	<b>Gross</b>	<b>\$13,369,600</b>	<b>\$0</b>
	Federal	11,194,900	0
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$1,860,100	\$0
<b>10. CDC – State Matching Fund Decrease</b>	<b>Gross</b>	<b>\$217,000,000</b>	<b>\$0</b>
Replaces \$597,800 GF/GP with a corresponding amount of federal funds for the CDC program's matching funds in order to align GF/GP with the estimated amount needed to draw down the full federal CCDF award. This represents an estimate because the final federal allocation for Michigan has not been appropriated at the federal level.	Federal	176,970,900	597,800
	GF/GP	\$40,029,100	(\$597,800)

EDUCATION (DEPARTMENT)

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>	
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,775,400</b>
Reflects increased costs of \$2.8 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.	Federal	NA	1,840,100
	Local	NA	(21,300)
	Private	NA	1,100
	Restricted	NA	202,600
	GF/GP	NA	\$752,900

Major Boilerplate Changes from FY 2019-20

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a majority of boilerplate sections included in the FY 2019-20 budget. The following list includes all sections proposed to be deleted.

- Kindergarten Entry Assessment Participation (Sec. 219)
- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Grant Application Penalty (Sec. 225)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Association Report (Sec. 235)
- Department Administrative Reserve Fund 1 (Sec. 236)
- Department Administrative Reserve Fund 2 (Sec. 237)
- Department Administrative Reserve Fund 3 (Sec. 238)
- Labor Day Start Study Report (Sec. 239)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Due Process Hearings (Sec. 409)
- Student Teaching Credits (Sec. 502)
- CDC Provider Reimbursement Rate Increase (Sec. 1002)
- Early Childhood Investment Corporation Annual Report (Sec. 1003)
- CDC T.E.A.C.H. Early Childhood Michigan Scholarship Program (Sec. 1004)

**Sec. 210. Contingency Funds – REVISED**

Revises the amount of contingency funds, which must be transferred by the legislature prior to expenditure as follows: revises federal from \$5.0 million to \$10.0 million; revises state restricted from \$400,000 to \$700,000; maintains local at \$250,000; and revises private from \$1.5 million to \$3.0 million.

**Sec. 508. Teacher Shortage, Retention, and Diversity Initiative – NEW**

Includes a new section to provide \$180,000 GF/GP to the Office of Educator Excellence for the purposes of addressing teacher shortage, retention, and diversity in the State of Michigan.

**Sec. 805. Michigan's Poet Laureate – NEW**

Includes a new section to provide \$100,000 for the support of the Michigan poet laureate program to promote poetry, the spoken word, and literary arts across the state.

**Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED**

Revises to increase the entrance income threshold for the CDC program from 130% of the federal poverty guidelines to 150%.

**Sec. 1011. CDC Biweekly Block Reimbursement Rate Schedule – REVISED**

Revises to remove intent language that the biweekly block reimbursement system reimburses providers based on the block segment that is closest to the number of hours actually paid to the provider.

**Sec. 1102. PBS Early Childhood Initiative – NEW**

Includes a new section to provide \$1.8 million for a community licensed public television station in this state to provide direct services to educators, parents and caregivers to improve school readiness. The services must include, but are not limited to, reading and literacy, community education camps, and professional development training programs.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. 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.

<b>Gross</b>	<b>\$112,800</b>
Restricted	112,800
GF/GP	\$0

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20	Executive	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)
<b>Gross</b>	<b>\$614,665,800</b>	<b>\$523,049,200</b>	<b>(\$91,616,600)</b>	<b>(14.9)</b>
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."

### Overview

The Department of Environment, Great Lakes, and Energy (EGLE) is responsible for managing Michigan's air, land, water, and energy resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
<b>1. Environmental Contamination Rapid Response (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$20,000,000</b>
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.	GF/GP	NA	\$20,000,000
<b>2. Oil, Gas, and Mineral Services</b>	FTE	57.0	0.0
Replaces \$3.9 million of restricted funding with \$4.0 million GF/GP for a Gross increase of \$100,000 for oil, gas, and mineral services. This program regulates oil and natural gas exploration, mineral mining, and orphan well closure.	<b>Gross</b>	<b>\$11,011,900</b>	<b>\$100,000</b>
	Restricted	10,863,000	(3,900,000)
	GF/GP	\$148,900	\$4,000,000
<b>3. Environmental Permit Review Committee – Administrative Hearings Officers</b>	<b>Gross</b>	<b>\$396,000</b>	<b>\$500,000</b>
Adds \$500,000 Gross (\$129,000 GF/GP) to Administrative Hearings Officers for increased environmental permit reviews.	IDG	0	3,900
	Private	0	1,000
	Restricted	396,000	366,100
	GF/GP	\$0	\$129,000
<b>4. Renew Michigan Program</b>	<b>Gross</b>	<b>\$68,500,000</b>	<b>\$500,000</b>
Restores \$500,000 of 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. The program supports environmental remediation at non-petroleum contaminated sites, recycling, and solid waste management; it is funded by an income tax earmark.	Restricted	68,500,000	500,000
	GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>5. Environmental Workshops and Conferences – Environmental Support</b>	FTE	31.0	0.0
	<b>Gross</b>	<b>\$4,659,000</b>	<b>\$335,900</b>
Adds \$335,900 of private funding to the Environmental Support appropriation for environmental outreach through EGLE-sponsored workshops and conferences. This appropriation is named Communications and Community Outreach in FY 2019-20 and provides funding for departmental communications and public affairs.	Federal	2,200	0
	Private	364,100	335,900
	Restricted	1,457,800	0
	GF/GP	\$2,834,900	\$0
<b>6. Efficiency and Renewable Energy Revolving Loan Fund – Environmental Sustainability and Stewardship</b>	<b>Gross</b>	<b>NA</b>	<b>\$250,000</b>
Recognizes the transfer of \$250,000 from the Efficiency and Renewable Energy Revolving Loan Fund from LARA to EGLE in accordance with Executive Order 2019-6 which transitioned the department from DEQ to EGLE.	Restricted	NA	250,000
	GF/GP	NA	\$0
<b>7. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>\$120,000,100</b>	<b>(\$120,000,100)</b>
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.	Restricted	100	(100)
	GF/GP	\$120,000,000	(\$120,000,000)
<b>8. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$243,900</b>
Increases EGLE budget by \$243,900 Gross (\$8,000 GF/GP) to align appropriations with available restricted and federal funding and further align appropriations with departmental transition from DEQ to EGLE.	IDG	NA	69,300
	Federal	NA	(4,323,900)
	Private	NA	(127,500)
	Restricted	NA	4,618,000
	GF/GP	NA	\$8,000
<b>9. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$6,453,700</b>
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.	IDG	NA	87,900
	Federal	NA	1,027,000
	Private	NA	1,600
	Restricted	NA	3,917,700
	GF/GP	NA	\$1,419,500

**Major Boilerplate Changes from FY 2019-20**

**Sec. 206. Businesses in Economically Deprived or Depressed Communities – REVISED**

Requires director to take reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. Revises to require director to take reasonable steps to the extent permissible under the Management and Budget Act.

**Sec. 210. Contingency Fund Transfer Authority – REVISED**

Provides authority for contingency fund transfers of up to \$3.0 million restricted; authorizes expenditure after legislative transfer to specific line items. Revises to include contingency fund transfer authority of \$30.0 million federal, \$5.0 million restricted, and \$500,000 private.

**Sec. 220. Disciplinary Action Against State Employees – DELETED**

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs.

**Sec. 221. Rule Promulgation – DELETED**

Requires a report on any policy changes made to implement a public act; prohibits department from adopting a rule that applies to a small business if it has a disproportionate economic impact.

**Sec. 235. Clean Michigan Initiative Report – REVISED**

Requires department to prepare annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds. Due date revised from March 31 to April 30.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 237. Employee Legal Costs Related to Drinking Water Declaration of Emergency – DELETED***

Requires department to be responsible for payment of current and former department employees' legal costs from legal actions taken related to drinking water declaration of emergency.

***Sec. 238. Fee and Fund Source Report – DELETED***

Requires department to report on its public website information detailing activities related to fees and fund sources.

***Sec. 305. Refined Petroleum Fund – DELETED***

Expresses legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

***Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED***

Requires list of cleanup sites addressed by Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year.

***Sec. 308. Work Projects – REVISED***

Authorizes unexpended funds appropriated for Emergency Cleanup Actions, Environmental Cleanup and Redevelopment Program, and Refined Petroleum Product Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups with a tentative completion date of September 30, 2022. Revises completion date to 2025 and removed Environmental Cleanup and Redevelopment Program.

***Sec. 601. Public Service Commission Memorandum of Understanding – DELETED***

Requires department to enter into a memorandum of understanding with the Public Service Commission to outline responsibilities of Office of Climate and Energy.

***Sec. 701. Underground Storage Tank Authority – REVISED***

Authorizes unexpended funds appropriated for Underground Storage Tank Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 30, 2023. Revises completion date to 2025.

***Sec. 801. Renew Michigan Program – NEW***

Authorizes unexpended funds appropriated for Renew Michigan Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform environmental cleanup and redevelopment, waste management, and recycling estimated to cost \$69 million with a tentative completion date of September 30, 2025.

***Sec. 901. Volkswagen Environmental Mitigation Trust Agreement – NEW***

Authorizes department to receive and expend money from the Volkswagen Environmental Mitigation Trust Agreement and requires annual report.

***Sec. 1001. Environmental Contamination Rapid Response – NEW***

Authorizes unexpended funds appropriated for Environmental Contamination Rapid Response to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform environmental cleanup estimated to cost \$20 million with a tentative completion date of September 30, 2025.

***Sec. 1001. Lead and Copper Rule Implementation – DELETED***

Directs expenditure of funding for grants for asset management plan creation, water distribution system materials inventories, and public education awareness campaigns related to drinking water contaminants including lead; requires report on expenditures.

***Sec. 1002. PFAS and Emerging Contaminants – DELETED***

Directs expenditure of funding for grants to municipal airports and drinking water systems for PFAS contaminant remediation or alternate water system connection costs; requires report on expenditures.

***Sec. 1003. Drinking Water Revolving Fund Loan Forgiveness – DELETED***

Directs expenditure of funding for grants for drinking water infrastructure upgrades included in community asset management plans; requires report on expenditures.

***Sec. 1004. Affordability and Planning – DELETED***

Directs expenditure of funding for affordability and planning to communities to enhance their respective asset management plans, develop sustainable water rate plans, or develop watershed plans; requires report on expenditures.

***Sec. 1005. Private Well Testing – DELETED***

Directs expenditure of funding for private well testing to local health departments to provide water testing to private well owners; requires report on expenditures.



**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. 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.

<b>Gross</b>	<b>\$3,000,000</b>
Federal	3,000,000
GF/GP	\$0

**2. 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.

<b>Gross</b>	<b>\$2,000,000</b>
Restricted	2,000,000
GF/GP	\$0

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
TOTAL 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	%
<b>IDG/IDT</b>	\$1,024,134,300	\$1,094,669,700	\$70,535,400	6.9
<b>Federal</b>	1,002,960,800	1,000,301,400	(2,659,400)	(0.3)
<b>Local</b>	21,437,000	21,297,200	(139,800)	(0.7)
<b>Private</b>	6,943,100	6,948,700	5,600	0.1
<b>Restricted</b>	2,342,240,100	2,462,932,400	120,692,300	5.2
<b>GF/GP</b>	1,110,223,100	1,322,119,400	211,896,300	19.1
<b>Gross</b>	<b>\$5,507,938,400</b>	<b>\$5,908,268,800</b>	<b>\$400,330,400</b>	<b>7.3</b>
<b>FTEs</b>	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."

**Overview**

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

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

**Major Boilerplate Changes from FY 2019-20**

**Sec. 211. Countercyclical Budget and Economic Stabilization Fund – REVISED**

Provides budget stabilization fund calculations for pay-in and pay-out as required by Section 352 of the Management and Budget Act. States that no funds are deposited in the Countercyclical Budget and Economic Stabilization Fund in FY 2019-20. Revises calculation tables; includes no countercyclical budget and economic stabilization fund deposit in FY 2020-21.

**Sec. 216. Receipt and Retention of Required Reports – DELETED**

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 217. Fund Sourcing Priorities – DELETED**

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure.

**Sec. 218. Disciplinary Action Against State Employees – DELETED**

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 219. Reporting Requirement Penalties – DELETED**

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

**Major Boilerplate Changes from FY 2019-20**

***Sec. 221. Reporting Requirement on Policy Changes – DELETED***

Requires departments to report on policy changes made to implement enacted legislation.

***Sec. 222. Work Project Expenditures – DELETED***

Prohibits appropriations in part 1 from being expended in cases where existing work project authorization is available for the same expenditures.

***Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED***

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports.

***Sec. 235. Federal Funding Contingency Plan – DELETED***

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1.

***Sec. 240. New Program Metrics – DELETED***

Requires the State Budget Office provide a list of new programs and program enhancements that exceed \$500,000. Also requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act. The State Budget Office shall provide a report on the metrics and performance progress of identified programs by September 30. Express intent that future program funding increases be based on prior performance. Revises the due date of the required report and does not include the stated intent of the legislature that the governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year.

# Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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	%
<b>IDG/IDT</b>	\$34,373,000	\$35,285,800	\$912,800	2.7
<b>Federal</b>	9,713,700	9,906,100	192,400	2.0
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	20,159,800	20,136,300	(23,500)	(0.1)
<b>GF/GP</b>	41,736,300	41,648,400	(87,900)	(0.2)
<b>Gross</b>	<b>\$105,982,800</b>	<b>\$106,976,600</b>	<b>\$993,800</b>	<b>0.9</b>
<b>FTEs</b>	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."

## Overview

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

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Elder Abuse Task Force</b>	<b>Gross</b> NA	<b>\$387,500</b>
Authorizes \$387,500 GF/GP to support three investigators to serve the Elder Abuse Task Force, a joint initiative between the department, Michigan Supreme Court, legislature, and other organizations. The task force would work to implement changes recommended by previous elder abuse task forces to prevent elder abuse, neglect, and exploitation, and to support abuse victims. Previous task forces are 1998 Supreme Court Task Force on Guardianships and Conservatorships and 2007 Governor's Task Force on Elder Abuse.	GF/GP NA	\$387,500
<b>2. Ok2Say Transfer to State Police</b>	FTE 2.0	(2.0)
Transfers \$1.5 million Gross (\$1.0 million GF/GP), 2.0 FTE positions, 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.	<b>Gross</b> \$1,472,300	<b>(\$1,472,300)</b>
	Restricted 472,300	(472,300)
	GF/GP \$1,000,000	(\$1,000,000)
<b>3. Public Safety Initiative</b>	FTE 1.0	0.0
Reduces \$521,100 of GF/GP that was used for additional prosecutorial services to reduce the backlog of outstanding warrants in Saginaw, Flint, Pontiac, and Wayne County. The reduction is possible because there is more than sufficient funding available for the number of outstanding warrants.	<b>Gross</b> \$906,200	<b>(\$521,100)</b>
	GF/GP \$906,200	(\$521,100)

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>4. Technical Adjustment from Ad Board Transfer</b>	<b>Gross</b>	<b>\$4,300</b>
Eliminates 43 \$100 placeholder line items, for a total reduction of \$4,300	IDG	(2,300)
Gross (\$500 GF/GP). Administrative Board Resolution 2019-12	Federal	(200)
consolidated unrolled line items.	Restricted	(1,300)
	GF/GP	(\$500)
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>\$2,621,400</b>
Reflects increased costs of \$2.6 million Gross (\$1.1 million GF/GP) for	IDG	915,100
negotiated salary and wage increases (2.0% on October 1, 2020 and	Federal	192,600
1.0% on April 4, 2021), actuarially required retirement contributions,	Restricted	444,700
worker's compensation, building occupancy charges, and other	GF/GP	\$1,069,000
economic adjustments.		

**Major Boilerplate Changes from FY 2019-20**

***Sec. 308. Appropriation of Litigation Expense Reimbursements – NEW***

Appropriates up to \$1.0 million from litigation expense reimbursements for court fees and legal costs assessed against the Governor, the office of the Governor, the Attorney General, and the office of the Attorney General when acting as the named party in litigation against the state; authorizes unexpended funding, up to \$250,000, to be carried forward.

***Sec. 309a. Prisoner Reimbursements Report – DELETED***

Requires department to submit report on total amount of reimbursements received under State Correctional Facility Reimbursement Act, amount paid to department to conduct investigations in determining reimbursements, and amount credited to General Fund from reimbursements.

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

Requires department to notify of lawsuit settlements with a fiscal impact for the state of \$5.0 million or more; prohibits department from entering a lawsuit that is contrary to state laws; requires department to enforce state laws.

***Sec. 321. Attorney General Presentation on Federal Lawsuits – DELETED***

Requires department to submit notification upon entering lawsuit against federal government and estimated costs for participating in the lawsuit; requires Attorney General to appear within 30 business days of a request before House and Senate subcommittees on General Government.

<u>Supplemental Recommendations for FY 2019-20 Appropriations</u>	<u>FY 2019-20 Recommendation</u>
<b>1. Wrongful Conviction DNA Testing</b>	<b>Gross</b>
Authorizes \$275,600 of federal funding for post-conviction DNA testing. This will allow	Federal
review of new evidence associated with post-conviction claims of innocence.	GF/GP
	\$275,600
	\$0
<b>2. PACC NextGen Case Tracking IT System</b>	<b>Gross</b>
Authorizes \$128,800 of federal funding to support continued development of the	Federal
NextGen prosecutor case management tracking system used to replace the	GF/GP
Prosecuting Attorneys Coordinating Council's legacy IT system.	\$128,800
	\$0

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$16,388,300</b>	<b>\$16,787,400</b>	<b>\$399,100</b>	<b>2.4</b>
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."

### Overview

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

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
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.	IDG	1,300
	Federal	51,300
	GF/GP	\$346,500
	<b>NA</b>	<b>\$399,100</b>

### Major Boilerplate Changes from FY 2019-20

#### Sec. 401. Contingency Funding – REVISED

Appropriates up to \$1.0 million in federal and \$375,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$2.0 million in federal and \$750,000 in private contingency funds.

#### Sec. 405. Federal Complaint Report – DELETED

Requires department to notify legislature and State Budget Office prior to submitting report or complaint to U.S. Commission on Civil Rights or another federal department.

#### Sec. 411. Museums Support – DELETED

Allocates \$500,000 each to Arab American National Museum in Dearborn, Charles H. Wright Museum of African American History in Detroit, and Holocaust Memorial Center in Farmington Hills.

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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	--
<b>GF/GP</b>	7,114,300	7,276,500	162,200	2.3
<b>Gross</b>	<b>\$7,114,300</b>	<b>\$7,276,500</b>	<b>\$162,200</b>	<b>2.3</b>
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."

### Overview

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

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>1. Operational Adjustments</b>	<b>Gross</b> \$7,114,300	<b>\$162,200</b>
Reflects increased costs of \$162,200 GF/GP related to Executive Office staff and other operations.	GF/GP \$7,114,300	\$162,200

### Major Boilerplate Changes from FY 2019-20

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

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$1,307,357,100</b>	<b>\$1,385,441,600</b>	<b>\$78,084,500</b>	<b>6.0</b>
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."

### Overview

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

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Business Attraction and Community Revitalization</b>	<b>Gross \$79,379,900</b>	<b>\$20,620,100</b>
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 21 <sup>st</sup> Century Jobs Fund appropriations \$31.0 million and reducing GF/GP appropriations \$10.4 million.	Restricted 27,600,000 GF/GP \$51,779,900	31,000,000 (\$10,379,900)
<b>2. Going Pro</b>	<b>Gross \$0</b>	<b>\$27,920,700</b>
Includes \$27.9 million GF/GP for Going Pro. Program primarily provides employer-based training grants. <i>Note: Program funding was vetoed in FY 2019-20.</i>	GF/GP \$0	\$27,920,700
<b>3. Pure Michigan</b>	<b>Gross \$0</b>	<b>\$15,000,000</b>
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. <i>Note: Program funding was vetoed in FY 2019-20.</i>	GF/GP \$0	\$15,000,000
<b>4. Nature, Science, and Cultural Experiences Grant Program</b>	<b>Gross \$0</b>	<b>\$10,000,000</b>
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.	GF/GP \$0	\$10,000,000



<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>5. First Responder Presumed Coverage Claims</b>	<b>Gross</b>	<b>\$250,000</b>	<b>\$3,750,000</b>
Includes \$4.0 million First Responder Presumed Coverage Fund to pay benefit claims authorized in Section 405 of the Worker's Disability Compensation Act, 1969 PA 317. The recently enacted internet gaming (2019 PA 152) and sports wagering (2019 PA 149) legislation annually deposits \$4.0 million into the fund. This represents a net increase of \$3.8 million Gross compared to FY 2019-20.	Restricted	0	4,000,000
	GF/GP	\$250,000	(\$250,000)
<b>6. Centers for Independent Living</b>	<b>Gross</b>	<b>\$12,031,700</b>	<b>\$2,000,000</b>
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.	Federal	8,451,600	0
	Private	10,000	0
	GF/GP	\$3,570,100	\$2,000,000
<b>7. Postsecondary Best Practices Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Includes \$1.0 million GF/GP (designated one-time appropriations) to provide incentive grants for universities and community colleges that exhibit Complete College America best practices for college completion efforts.	GF/GP	\$0	\$1,000,000
<b>8. Focus: HOPE</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
Maintains \$1.0 million GF/GP (designated one-time appropriations) to support Focus: HOPE operations. Specifically, funds are dedicated for education and workforce development programming, early childhood education, youth development, food assistance, or community empowerment and advocacy.	GF/GP	\$1,000,000	\$0
<b>9. Removal of One-Time Appropriations</b>	<b>Gross</b>	<b>\$1,000,600</b>	<b>(\$1,000,600)</b>
Removes \$1.0 million Gross (\$1.0 million GF/GP) appropriated for one-time grants in FY 2019-20:	Federal	100	(100)
<ul style="list-style-type: none"> <li>Alpena Community College: \$500,000</li> <li>Belleville seawall repair: \$250,000</li> <li>Saginaw County Community Corrections: \$250,000</li> <li>Removes of \$600 Gross (\$400 GF/GP) that remained in 6 line items after State Administrative Board Resolution 2019-14 transferred funds</li> </ul>	Restricted	300	(300)
	GF/GP	\$1,000,200	(\$1,000,200)
<b>10. Blight Elimination Grants</b>	<b>Gross</b>	<b>\$250,100</b>	<b>(\$250,100)</b>
Removes \$250,100 GF/GP for rural blight elimination grants.	GF/GP	\$250,100	(\$250,100)
<b>11. Revenue Adjustments to Align with Fund Sourcing and FTE Adjustment</b>	FTE	NA	2.0
	<b>Gross</b>	<b>NA</b>	<b>(\$7,753,900)</b>
Reduces by \$7.8 million Gross and increases by \$176,900 GF/GP to accommodate fund sourcing adjustments necessary to align with actual revenues:	Federal	NA	(7,868,700)
<ul style="list-style-type: none"> <li>Reduces federal funds to reflect actual revenues: (\$7.7 million)</li> <li>Reduces federal and restricted funds that cannot support economics increases: (\$70,600)</li> <li>Replaces \$176,900 of federal funds in Michigan Rehabilitation Services line item with corresponding amount of GF/GP</li> <li>Authorizes an additional 2.0 FTE positions for the Office of Global Michigan (includes no accompanying appropriations)</li> </ul>	Restricted	NA	(62,100)
	GF/GP	NA	\$176,900

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>12. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
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.	Federal	\$6,798,300
	Private	4,615,500
	Restricted	2,100
	GF/GP	1,836,900
		\$343,800

**Major Boilerplate Changes from FY 2019-20**

**Sec. 980. Contingency Funds – REVISED**

Appropriates \$15.0 million of federal contingency funds, \$5.0 million of state restricted contingency funds, \$1.0 million of private contingency funds, and \$1.0 million of local contingency funds. Revises contingency fund authorizations to \$30.0 million federal, \$10.0 million state restricted, \$2.0 million private, and \$2.0 million local.

**Sec. 983. Broadband Bonding Prohibition – DELETED**

Prohibits Department of Labor and Economic Opportunity (LEO), the Michigan Strategic Fund (MSF), and the Michigan State House Development Authority (MSHDA) from issuing or refinancing bonds or using any funds for broadband construction, expansion, repairs, or upgrades.

**Sec. 984. SIGMA System Reporting – DELETED**

Requires LEO to use SIGMA to report encumbrances and expenditures.

**Sec. 990. Michigan State Housing Development Authority Annual Report – DELETED**

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs.

**STATE LAND BANK AUTHORITY**

**Sec. 998. Blight Removal Grants – DELETED**

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

**MICHIGAN STRATEGIC FUND**

**Sec. 1004. Statutory Reporting Requirements Update – DELETED**

Requires MSF to provide information included in the MSF Act annual activities report to Legislature by March 15.

**Sec. 1006. Pure Michigan Receive and Expend Revenues – NEW**

Authorizes MSF to receive and expend additional revenue received for the purposes of Pure Michigan promotion campaign.

**Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – DELETED**

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15.

**Sec. 1013. Fundraising Activity – DELETED**

Prohibits MEDC staff involved in fundraising from being party to grant award, incentives, or tax abatement decisions.

**Sec. 1033. Film and Digital Media Office Status Report – DELETED**

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged.

**Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – DELETED**

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

**Major Boilerplate Changes from FY 2019-20****Sec. 1047. Michigan Enhancement Grants – DELETED**

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

**WORKFORCE DEVELOPMENT AND UNEMPLOYMENT****Sec. 1065. Going Pro Program – DELETED**

Requires TIA to publish data and reports on March 15 and September 30 on the Going Pro Program. Requires the Department of Talent and Economic Development to expand workforce training and re-employment services to better connect workers to in-demand jobs and identify specific outcomes with performance metrics for this initiative.

**Sec. 1066. Going Pro Administration – NEW**

Requires Going Pro to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Going Pro to be used for matching funds when federal funds requiring a match become available. The intent of the funds is increasing the skill level of employees in skilled trades and to address in-demand talent needs in Michigan. *Note: Section was vetoed along with funding for Going Pro in FY 2019-20.*

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

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

**Sec. 1072. High School Equivalency-to-School Program Guidelines – DELETED**

Stipulates that \$250,000 appropriated in part 1 for the program are to be used to cover the cost of a high school equivalency test free of charge to individuals meeting certain requirements. Requires Talent Investment Agency to develop procedures, provide program information, provide full-year cost estimate, and provide a report.

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

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

**Sec. 1079. Interagency Agreement for TANF Funds – DELETED**

Requires TIA to extend into an interagency agreement with the Department of Health and Human Services (DHHS) for the use of TANF funds. Requires report on use of TANF funds by TIA.

**Sec. 1080. Community Ventures Matching Funds – DELETED**

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

**REHABILITATION SERVICES****Sec. 1082. Michigan Rehabilitation Services (MRS) Funding for Disabled Agricultural Workers – REVISED**

Allocates \$50,000 from MRS appropriation line item along with federal matching funds for vocational rehabilitation services to disabled agricultural workers; requires report. Revises by removing \$50,000 cap.

**Sec. 1083. Michigan Rehabilitation Services Order of Selection and Local Collaboration – REVISED**

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services; requires legislative notification if program is at risk of implementing an order of selection. States legislative intent that DHHS coordinate with MRS, Michigan Works!, local technology and trade schools, local community mental health, and other local entities to fully utilize available MRS program space regardless of eligibility criteria. Revises by removing legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

**Sec. 1084. Centers for Independent Living – REVISED**

Requires that all funds appropriated within the Independent Living appropriation line item be used to support Centers for Independent Living in underserved areas and to build capacity; requires report. Revises by removing limit of \$5.5 million on funds appropriated that may be used to leverage federal funds. Removes language stating that if federal funds exist, Centers for Independent Living will negotiate a mutually beneficial contractual arrangement with Michigan rehabilitation services.

**Major Boilerplate Changes from FY 2019-20**

**ONE-TIME APPROPRIATIONS**

***Sec. 1091. Postsecondary Best Practices Grants – NEW***

Authorizes LEO to allocate funding for grants to community colleges, public universities, or independent nonprofit colleges or universities that implement the best practices identified by Complete College America aimed at improving postsecondary education credential completion rates; authorizes department development application protocol.

***Sec. 1092. Focus: HOPE – NEW***

Authorizes funds appropriated in part 1 for Focus: HOPE to be awarded for education and workforce development programming, early childhood education, youth development, food assistance, or community empowerment and advocacy.

***Sec. 1093. Nature, Science, and Cultural Experience Competitive Grant Program – NEW***

Requires Michigan Council for Arts and Cultural Affairs to establish a competitive grant program whereby grants shall be awarded to cultural, educational, or governmental organizations that are anchors and catalysts within their communities. Grants must focus on projects that bring art, science, nature, history, and culture to Michigan residents, provide economic benefit to Michigan communities, and preserve and celebrate culture in Michigan; requires the council to develop application process.

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$175,490,100</b>	<b>\$180,451,500</b>	<b>\$4,961,400</b>	<b>2.8</b>

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."

### Overview

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

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>		<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>1. Legislative Operations Adjustment</b>	<b>Gross</b>	<b>\$172,127,300</b>	<b>\$3,552,400</b>
Reflects increased costs of \$3.6 million Gross (\$3.4 million GF/GP) related to legislative staff and other operations.	Private	400,000	0
	Restricted	4,514,100	123,200
	GF/GP	\$167,213,200	\$3,429,200
<b>2. Independent Citizens Redistricting Commission</b>	<b>Gross</b>	<b>\$3,362,800</b>	<b>\$1,409,000</b>
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 for the Independent Citizens Redistricting Commission equal to an amount not less than 25% of the GF/GP budget for the Secretary of State.	GF/GP	\$3,362,800	\$1,409,000

### Major Boilerplate Changes from FY 2019-20

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

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
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	%
<b>IDG/IDT</b>	\$6,068,400	\$6,250,400	\$182,000	3.0
<b>Federal</b>	0	0	0	--
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	2,077,100	2,139,500	62,400	3.0
<b>GF/GP</b>	17,790,300	18,324,000	533,700	3.0
<b>Gross</b>	<b>\$25,935,800</b>	<b>\$26,713,900</b>	<b>\$778,100</b>	<b>3.0</b>

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."

**Overview**

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

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

**Major Boilerplate Changes from FY 2019-20**

**Sec. 625. Access to Confidential Information – DELETED**

Specifies legislative intent that the Auditor General be authorized to access and examine confidential information of each branch, department, office, board, commission, agency, authority, and institution of the state subject to the same duty of confidentiality imposed by law on the entity providing the confidential information.

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

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

# Summary: Executive Budget Recommendation for Fiscal Year 2020-21 STATE (DEPARTMENT)

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	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	50,100	50,100	0	0.0
<b>Restricted</b>	215,431,700	215,490,200	58,500	0.0
<b>GF/GP</b>	13,451,200	19,087,200	5,636,000	41.9
<b>Gross</b>	<b>\$250,393,000</b>	<b>\$256,087,500</b>	<b>\$5,694,500</b>	<b>2.3</b>
<b>FTEs</b>	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."

## Overview

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

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Enhanced Branch Office Security Pilot Program</b>	FTE	NA	10.0
Authorizes \$790,000 GF/GP and 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. Transfers \$178,000 GF/GP from the Branch Operations line for a total of \$968,000 GF/GP appropriated for the pilot program.	<b>Gross</b>	<b>NA</b>	<b>\$790,000</b>
	GF/GP	NA	\$790,000
<b>2. TAC Fund Shift</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Replaces \$4.7 million of 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 insufficient TACF revenue to cover future appropriations.	Restricted	4,699,700	(4,699,700)
	GF/GP	(\$4,699,700)	\$4,699,700
<b>3. Enhanced Driver License Fee Fund Shift</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Replaces \$663,200 GF/GP with a corresponding amount of state restricted funding from Enhanced Driver License Fees for GF/GP savings and a net change of \$0 Gross.	Restricted	NA	663,200
	GF/GP	NA	(\$663,200)
<b>4. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$4,904,500</b>
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.	Restricted	NA	4,095,000
	GF/GP	NA	\$809,500

**Major Boilerplate Changes from FY 2019-20**

**Sec. 701. Contingency Funding – REVISED**

Appropriates up to \$2.0 million in federal, \$2.5 million in state restricted, \$25,000 in local, and \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$7.5 million in state restricted, \$50,000 in local, and \$100,000 in private contingency funds.

**Sec. 703. Commercial Look-Up Fees – REVISED**

Authorizes DOS to sell copies of records, at \$11 per record, for various conveyances and to use revenue to finance expenses; requires revenue balance at fiscal year-end to be credited to Transportation Administration Collection Fund; requires department to provide quarterly report on number of records sold and revenue collected. Revises to increase record look-up fee from \$11 to \$13 per record.

**Sec. 714. Branch Office Closings or Consolidations – DELETED**

Requires legislature to be notified in writing at least 180 days prior to closing a branch office or 60 days prior to relocating a branch outside of its current local unit of government; notification to include analyses of branch transactions and revenue, citizen impact, and savings and costs.

**Sec. 717. Accept Gifts to Support Department Activities – REVISED**

Authorizes Department of State to accept non-monetary gifts to support licensing, regulation, and safety functions; prohibits acceptance if conditioned on future state spending; requires report. Revises to include contributions and grants, appropriate revenue received, and authorize carry-forward of unexpended funds to be available for appropriation.

**Sec. 721. Ballot Proposal 2 Cost Report – DELETED**

Requires department to submit quarterly report on all expenditures associated with establishing Independent Citizens Redistricting Commission and its role as secretary of commission as required by constitutional amendment approved under Ballot Proposal 2 of 2018.

**Sec. 721a. Ballot Proposal 3 Cost Report – DELETED**

Requires department to submit quarterly report on all expenditures associated with implementing changes and new procedures and purchasing equipment needed for implementing same-day registration and no-reason absentee voting as required by constitutional amendment approved under Ballot Proposal 3 of 2018.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. Enhanced Branch Office Security Pilot Program**

Authorizes \$395,000 GF/GP and 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.

FTE	10.0
<b>Gross</b>	<b>\$395,000</b>
GF/GP	\$395,000



## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 TECHNOLOGY, MANAGEMENT, AND BUDGET

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	%
<b>IDG/IDT</b>	\$950,488,800	\$1,019,720,900	\$69,232,100	7.3
<b>Federal</b>	4,968,400	5,139,300	170,900	3.4
<b>Local</b>	2,321,200	2,337,700	16,500	0.7
<b>Private</b>	131,100	134,600	3,500	2.7
<b>Restricted</b>	117,916,800	122,296,400	4,379,600	3.7
<b>GF/GP</b>	493,574,200	594,121,100	100,546,900	20.4
<b>Gross</b>	<b>\$1,569,400,500</b>	<b>\$1,743,750,000</b>	<b>\$174,349,500</b>	<b>11.1</b>
<b>FTEs</b>	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."

### Overview

The Department of Technology, Management, and Budget (DTMB) is the centralized service agency for the Executive branch. Its responsibilities include: information technology services and project support for state departments and agencies; state facility and lease management; the state motor vehicle fleet; state purchasing and procurement; state retirement systems; internal audit; state budget development and monitoring; and state accounting and financial control systems. Autonomous units within DTMB include: State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Administrative Board, and Office of Children's Ombudsman.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<p><b>1. Venture Michigan Fund II Voucher Purchase</b> Provides \$56.3 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$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 necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.</p>	<p><b>Gross</b> GF/GP</p>	<p><b>NA</b> NA</p>
		<b>\$56,300,000</b> \$56,300,000
<p><b>2. State Psychiatric Facilities Special Maintenance</b> Authorizes \$30.0 million of one-time GF/GP to the Enterprisewide Special Maintenance program to support deferred maintenance projects at each of the state's five inpatient psychiatric hospitals and centers. Funds would be distributed as follows: \$13.4 million to Walter Reuther Psychiatric Hospital in Westland, \$8.5 million to Kalamazoo Psychiatric Hospital in Kalamazoo, \$3.5 million to Caro Center in Caro, \$3.4 million to Center for Forensic Psychiatry in Ann Arbor, and \$1.2 million to Hawthorn Center in Northville.</p>	<p><b>Gross</b> GF/GP</p>	<p><b>NA</b> NA</p>
		<b>\$30,000,000</b> \$30,000,000

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>3. Cyber Security Preparedness for Advanced Persistent Threats</b> Authorizes \$20.0 million of one-time GF/GP to invest in a variety of tools and measures, such as emergency response, threat intelligence, and vulnerability assessments, to enhance Michigan's cyber security defense capabilities against persistent and sophisticated threats from hostile countries and actors.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>\$20,000,000</b> \$20,000,000
<b>4. Paid Parental Leave</b> Authorizes \$10.0 million of one-time GF/GP to offset additional labor costs, such as overtime wages and 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 as of October 1, 2020.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>\$10,000,000</b> \$10,000,000
<b>5. Green Revolving Fund</b> Authorizes \$5.0 million of one-time GF/GP to capitalize a fund for providing up-front financing for projects at state facilities that achieve energy efficiency or renewable energy. Funding would allow for the 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.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>\$5,000,000</b> \$5,000,000
<b>6. Retirement Services Customer Relationship Management</b> Authorizes \$2.5 million of state restricted pension trust funds to support the replacement of the existing Customer Relationship Management System used by the Office of Retirement Services (ORS) and its ongoing maintenance. Of the \$2.5 million, \$2.1 million is recommended as one-time funding to develop and implement the system and \$400,000 is recommended as ongoing funding to maintain the system.	<b>Gross</b> Restricted GF/GP	<b>NA</b> NA NA <b>\$2,500,000</b> 2,500,000 \$0
<b>7. Retirement Services Financial Reporting Compliance</b> Authorizes \$400,000 of state restricted from pension trust funds to allow ORS to comply with updated Government Accounting and Standards Board (GASB) auditing and actuarial requirements and to administer increased reporting standards related to the Military Retirement System becoming a prefunded system under a qualified trust.	<b>Gross</b> Restricted GF/GP	<b>NA</b> NA NA <b>\$400,000</b> 400,000 \$0
<b>8. State Police Retirement System Supplemental Payments</b> Reduces \$5,000 of GF/GP that was used for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2020-21 is \$77,000 for 20 beneficiaries, a decrease of \$5,000 GF/GP from FY 2019-20.	<b>Gross</b> GF/GP	<b>\$10,000</b> \$10,000 <b>(\$5,000)</b> (\$5,000)
<b>9. FY 2020-21 IT IDG Baseline Adjustment</b> Authorizes \$59.4 million of IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Authorizes 2.0 FTE positions to reflect ongoing IT support for the Lawful Sports Betting Act, 2019 PA 149. Technology service appropriation lines are prorated by department based on their total IT budget.	FTE <b>Gross</b> IDG GF/GP	1,460.5 <b>\$770,504,200</b> 770,504,200 \$0 2.0 <b>\$59,425,400</b> 59,425,400 \$0
<b>10. DTMB Rate Changes for Vehicle Services</b> Authorizes \$962,600 of IDG funding to reflect increased rate agreements for vehicle travel services agreed upon by the rate committee based on projected miles driven and discontinuation of certain models of state-owned vehicles.	<b>Gross</b> IDG GF/GP	<b>NA</b> NA NA <b>\$962,600</b> 962,600 \$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>		<b>Executive Change from YTD</b>
<b>11. SWCAP Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and an increase of \$196,500 GF/GP.	IDG	NA	481,500
	Restricted	NA	(678,000)
	GF/GP	NA	\$196,500
<b>12. Supplier Relationship Management and MiDeal</b>	<b>Gross</b>	<b>NA</b>	<b>\$585,000</b>
Authorizes \$585,000 of state restricted funds for three procurement-related recommendations: \$110,000 for a comprehensive supplier risk and information subscription used for the Pre-contract Risk Assessment program appropriated in 2017 PA 107; \$75,000 to offset costs of Michigan small business suppliers attending the Michigan Supplier Summit; and \$400,000 to continue support of MiDeal, which allows local units of government use of state-negotiated contracts.	Restricted	NA	585,000
	GF/GP	NA	\$0
<b>13. D.J. Jacobetti Home for Veterans Accounting Center</b>	FTE	NA	5.0
Authorizes receipt of \$710,000 of IDG funding and 5.0 FTE positions from the Department of Military and Veterans Affairs to reflect the transfer of Accounting Service Center staff members serving the D.J. Jacobetti Home for Veterans to DTMB. Accounting staff members would still serve the veterans' home.	<b>Gross</b>	<b>NA</b>	<b>\$710,000</b>
	IDG	NA	710,000
	GF/GP	NA	\$0
<b>14. Administrative Services Reduction</b>	<b>Gross</b>	<b>\$24,357,700</b>	<b>(\$500,000)</b>
Reduces \$500,000 GF/GP from Administrative Services from identification of administrative efficiencies.	IDG	13,255,500	0
	Restricted	5,224,300	0
	GF/GP	\$5,877,900	(\$500,000)
<b>15. Business Support Services GF Reduction Fund Shift</b>	<b>Gross</b>	<b>\$12,911,300</b>	<b>\$0</b>
Replaces \$750,000 GF/GP with a corresponding amount of state restricted Special Revenue, Internal Service, and Pension Trust Funds revenue.	IDG	457,000	0
	Federal	100	0
	Restricted	6,601,900	750,000
	GF/GP	\$5,852,300	(\$750,000)
<b>16. Michigan Cyber Command Center Transfer to MSP</b>	<b>Gross</b>	<b>\$14,755,000</b>	<b>(\$665,100)</b>
Transfers \$665,100 GF/GP and the Michigan Cyber Command Center expenses to the Michigan State Police (MSP), which are currently administered by MSP.	GF/GP	\$14,755,000	(\$665,100)
<b>17. Public-Private Partnership</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>
Eliminates \$1.5 million of state restricted authorization for the Public-Private Partnership program authorized under 2013 PA 59. Revenue for the program was never realized.	Restricted	1,500,000	(1,500,000)
	GF/GP	\$0	\$0
<b>18. Technical Adjustment from Ad Board Transfer</b>	<b>Gross</b>	<b>\$500</b>	<b>(\$500)</b>
Eliminates five \$100 placeholder line items, for a total reduction of \$500 GF/GP. Administrative Board Resolution 2019-12 consolidated unrolled line items.	GF/GP	\$500	(\$500)
<b>19. Professional Development Funds Transfer</b>	<b>Gross</b>	<b>\$1,100,000</b>	<b>\$0</b>
Transfers \$50,000 of IDG funding from Professional Development Fund - MPE, SEIU, Scientific and Engineering Unit to Professional Development Fund - MPE, SEIU, Technical Unit to reflect collective bargaining agreements identified by the Office of the State Employer. The net change is \$0 Gross.	IDG	1,100,000	0
	GF/GP	\$0	\$0
<b>20. SBA Rent Adjustment</b>	<b>Gross</b>	<b>\$246,570,600</b>	<b>\$0</b>
Transfers \$20.4 million GF/GP from the State Building Authority Rent – Department of Corrections line to the remaining three lines to align appropriations with estimated expenditures.	GF/GP	\$246,570,600	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>21. Information Technology Investment Fund (ITIF)</b>	<b>Gross</b>	<b>\$35,000,000</b>	<b>\$0</b>
Transfers \$20.0 million GF/GP from the General Services line to the Information Technology Investment Fund line after being unrolled and consolidated in the FY 2019-20 budget.	GF/GP	\$35,000,000	\$0
<b>22. Federal Funding Alignment Transfer</b>	<b>Gross</b>	<b>\$18,695,700</b>	<b>\$0</b>
Transfers \$100 of federal funding from the Business Support Services line to the Bureau of Labor Market Information and Strategies line to align with available federal funding.	IDG	457,000	0
	Federal	4,855,700	0
	Local	35,000	0
	Restricted	6,601,900	0
	GF/GP	\$6,746,100	\$0
<b>23. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$21,948,200</b>	<b>(\$21,948,200)</b>
Eliminates \$21.9 million Gross (\$21.9 million GF/GP) of one-time funding appropriated in FY 2019-20: \$10.0 million for 2020 census-related activities; \$5.0 million for Enterprisewide Special Maintenance for State Facilities; \$4.9 million for the Michigan Public Safety Communication System; \$2.0 million for Proposal 2 implementation; and \$100 of state restricted funding for a Flint drinking water emergency placeholder.	Restricted	100	(100)
	GF/GP	\$21,948,100	(\$21,948,100)
<b>24. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$13,085,300</b>
Reflects increased costs of \$13.1 million Gross (\$2.9 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	7,652,600
	Federal	NA	170,900
	Local	NA	16,500
	Private	NA	3,500
	Restricted	NA	2,322,700
	GF/GP	NA	\$2,919,100

**Major Boilerplate Changes from FY 2019-20**

**Sec. 801. Contingency Funding – REVISED**

Appropriates up to \$2.0 million in federal, \$4.0 million in state restricted, \$75,000 in local, and \$50,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$4.0 million in federal, \$8.0 million in state restricted, \$150,000 in local, and \$100,000 in private contingency funds.

**Sec. 815. Special Maintenance, Remodeling, and Additions for State Agencies – NEW**

Appropriates federal and restricted funds earned based on initiatives undertaken with funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the State Budget Director to determine the appropriate manner for implementing this section; requires the department to notify the legislature within 10 days of effectuating appropriations authorized under this section.

**Sec. 821. Office of Retirement Services Report – DELETED**

Requires the Office of Retirement Services (ORS) to produce a report on the Judges Retirement System, Military Retirement System, Michigan Public School Employees' Retirement System, State Employees' Retirement System, and State Police Retirement System showing tables and charts of the annual required contribution flow per fiscal year and a justification if the payroll growth assumption is maintained at or above 0% for any pension or OPEB plan; requires additional items to be reported for the Michigan Public School Employees' Retirement System; requires ORS to post the most recent year's CAFR for each plan.

**Sec. 822b. Public Private Partnership Investments – DELETED**

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

**Sec. 822d. Report on Fee Rate Schedules – DELETED**

Requires a report on fee and rate schedules used by state departments and agencies for services to include changes in fees and rates and an explanation of the factors used to justify increased changes.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 822n. Request for Proposals Website – DELETED***

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency.

***Sec. 822o. Northern Satellite Psychiatric Facility – DELETED***

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

***Sec. 824. Spatial Information and Technical Services – DELETED***

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; requires report of fund sources and expenditures.

***Sec. 829. Life-Cycle of Hardware and Software – DELETED***

Requires report that analyzes and makes recommendations on the life-cycle of IT hardware and software.

***Sec. 831. Information Technology Services Billing – REVISED***

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 45 days after the end of the month in which services were provided. Revises the number of days to submit invoices from 45 to 50 and revised the start of the period from when the department receives approval to pay vendor invoices from departments and agencies.

***Sec. 832. Child Support Enforcement System – DELETED***

Requires DTMB to notify the legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in the event of penalties being imposed.

***Sec. 836. Information Technology Investment Fund Purpose – DELETED***

Explains the purpose of a one-time funding increase for the Information Technology Investment Fund.

***Sec. 838. Clawback Provisions in State Procurement Contracts – DELETED***

Requires department to develop policies and procedures that will require all new procurement contracts to include clawback repayment provisions in event of a breach of contract by vendor.

***Sec. 840. EPMO Performance Measures – DELETED***

Requires development and use of metrics for activities related to funds appropriated to Enterprise Portfolio Management Office.

***Sec. 862. Capital Outlay Required Reports – DELETED***

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by SBA.

***Sec. 867. Farnum Building – DELETED***

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

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

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

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

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

***Sec. 901. Green Revolving Fund – NEW***

Creates the Green Revolving Fund within Treasury; authorizes Treasury to receive money or other assets for deposit into the fund and to credit interest and earnings into the fund; provides carry-forward authorization for unexpended funds at close of fiscal year; states that funds appropriated for the Green Revolving Fund are deposited into the fund; describes department's responsibilities in administering the fund; directs money saved by projects from the fund to be deposited to the fund and appropriates those funds.

***Sec. 902. Paid Parental Leave – NEW***

Requires funds appropriated for paid parental leave to be expended to offset costs to state agencies that are disproportionately fiscally impacted by the paid parental leave policy; authorizes the state budget director to implement the manner in which funds are allocated and expended.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. *Venture Michigan Fund II Voucher Purchase***

Provides \$19.1 million GF/GP to purchase tax vouchers issued by the state to Venture Michigan Fund (VMF) and collateralized to generate investment capital from lenders under the Michigan Early Stage Venture Investment Act of 2003. Authorizing the purchase of vouchers is projected to result in GF/GP savings of \$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 necessity of issuing additional vouchers as payment because out-of-state lenders sold the vouchers at a discount.

**Gross**                    **\$19,100,000**  
**GF/GP**                    **\$19,100,000**

**2. *Data for the American Dream Pilot Project***

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

**Gross**                    **\$1,500,000**  
**Private**                    **1,500,000**  
**GF/GP**                    **\$0**

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 TREASURY

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	1,786,008,300	1,865,325,900	79,317,600	4.4
GF/GP	210,476,800	265,836,300	55,359,500	26.3
<b>Gross</b>	<b>\$2,049,876,500</b>	<b>\$2,184,783,800</b>	<b>\$134,907,300</b>	<b>6.6</b>
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."

### Overview

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

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$865,441,900</b>	<b>\$37,186,200</b>
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.	Restricted	865,441,900	37,186,200
	GF/GP	\$0	\$0
<b>2. City, Village, and Township (CVT) Revenue Sharing</b>	<b>Gross</b>	<b>\$261,024,600</b>	<b>\$6,525,600</b>
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.	Restricted	261,024,600	6,525,600
	GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>3. County Revenue Sharing/County Incentive Program</b>	<b>Gross</b>	<b>\$226,508,100</b>	<b>\$5,684,500</b>
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.	Restricted	226,508,100	5,684,500
	GF/GP	\$0	\$0
<b>4. Local Climate Resilient Infrastructure Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$40,000,000</b>
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.	GF/GP	\$0	\$40,000,000
<b>5. Michigan Infrastructure Council</b>	FTE	NA	3.0
Includes \$860,000 Gross (\$610,000 GF/GP) and authorizes 3.0 FTE positions to support ongoing activities of the Michigan Infrastructure Council created under 2018 PA 323. Activities of the council have been supported with \$1.5 million in work project appropriations from FY 2017-18.	<b>Gross</b>	<b>NA</b>	<b>\$860,000</b>
	IDG	NA	250,000
	GF/GP	NA	\$610,000
<b>6. General Obligation Bond Debt Service</b>	<b>Gross</b>	<b>\$104,335,000</b>	<b>\$9,400,000</b>
Increases by \$9.4 million GF/GP to accommodate increased debt service requirements from new bond issuances for Clean Michigan Initiative, Quality of Life, and Great Lakes Water Quality.	GF/GP	\$104,335,000	\$9,400,000
<b>7. Senior Citizen Cooperative Housing Grant Program</b>	<b>Gross</b>	<b>\$10,771,300</b>	<b>\$500,000</b>
Increases by \$500,000 GF/GP to provide full funding for two new facilities expected to enter the program in FY 2020-21 in the cities of Detroit and Farmington.	GF/GP	\$10,771,300	\$500,000
<b>8. Adult-Use (Recreational) Marihuana Grants to Locals</b>	<b>Gross</b>	<b>\$20,250,000</b>	<b>\$16,650,000</b>
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 county or municipality.	Restricted	20,250,000	16,650,000
	GF/GP	\$0	\$0
<b>9. Adult-Use (Recreational) Marihuana Administration</b>	FTE	2.0	5.0
Increases Tax Administration Services Bureau by \$731,600 Gross (\$0 GF/GP) and authorizes 5.0 FTE positions to accommodate full year costs for adult-use (recreational) marihuana administration.	<b>Gross</b>	<b>\$200,100</b>	<b>\$731,600</b>
	Restricted	200,100	731,600
	GF/GP	\$0	\$0
<b>10. Wrongful Imprisonment Compensation Fund</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>(\$5,000,000)</b>
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.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$5,000,000	\$0



<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>11. Supervision of the General Property Tax Law</b>	<b>Gross</b>	<b>\$16,366,100</b>	<b>\$2,600,000</b>
Increases by \$2.6 million GF/GP to provide assistance to financially distressed communities and other local governments services.	Local	140,000	0
	Restricted	3,600,300	0
	GF/GP	\$12,625,800	\$2,600,000
<b>12. Treasury Information Technology Legacy System Replacement</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,000,000</b>
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.	GF/GP	NA	\$2,000,000
<b>13. Municipal Cost Sharing Grants and Ad Board Placeholders</b>	<b>Gross</b>	<b>\$1,250,500</b>	<b>(\$1,250,500)</b>
Eliminates \$1.3 million GF/GP (designated as one-time appropriations in FY 2019-20) for Municipal Cost Sharing Grants for Dearborn 911 consolidation. Removes \$400 GF/GP that remained in line items after State Administrative Board Resolution 2019-4.	Restricted	100	(100)
	GF/GP	\$1,250,400	(\$1,250,400)
<b>14. Convention Facility Development Fund</b>	<b>Gross</b>	<b>\$105,356,300</b>	<b>\$2,531,600</b>
Increases by \$2.5 million Convention Facility Development Fund to accommodate anticipated increased revenue to the fund. Funds are distributed pursuant to statute to the Detroit Regional Convention Facility Authority (DRCFA) for debt service on the Cobo bonds, to DRCFA for operations shortfalls, to counties equal to 101% of their prior year amount, and any remainder to DRCFA to retire Cobo bonds early. Statute annually distributes 100% of the funds.	Restricted	105,356,300	2,531,600
	GF/GP	\$0	\$0
<b>15. Implementation of Internet Gaming and Sports Betting</b>	FTE	NA	23.0
Includes \$5.5 million of restricted gaming revenues and authorizes 23.0 FTE positions to implement and enforce the new internet gaming and sports betting legislation. Funding would allow department to hire new technicians, financial analysts, regulation officers, and auditors. The \$5.5 million appropriation would be allocated as follows: \$4.6 million for administration and \$850,000 for IT.	<b>Gross</b>	<b>NA</b>	<b>\$5,450,000</b>
	Restricted	NA	5,450,000
	GF/GP	NA	\$0
<b>16. Gaming Control Board IT Legacy System Upgrade</b>	<b>Gross</b>	<b>NA</b>	<b>\$4,025,000</b>
Includes \$4.1 million of restricted gaming revenues (designated one-time appropriations) for the completion of the Case Handling and Information Processing System (CHIPS).	Restricted	NA	4,025,000
	GF/GP	NA	\$0
<b>17. Bureau of State Lottery Staffing</b>	FTE	196.0	4.0
Includes \$508,700 State Lottery Fund and authorizes 4.0 FTE positions to increase administration and oversight capabilities necessary due to the increased points of sale and iLottery operations.	<b>Gross</b>	<b>\$26,937,600</b>	<b>\$508,700</b>
	Restricted	26,937,600	508,700
	GF/GP	\$0	\$0
<b>18. Other Fund Sourcing and FTE Position Adjustments</b>	FTE	NA	15.0
Includes the following adjustments to funding sourcing and FTE positions:	<b>Gross</b>	<b>NA</b>	<b>(\$397,300)</b>
• Reduces IDG from Account Services Center User Charges by \$150,300 to reflect retirement of MGCB-assigned employee.	IDG	NA	(150,300)
• Reduces Local – Audit Charges revenue by \$241,200 to more accurately reflect anticipated revenues.	Federal	NA	(5,800)
• Authorizes 15.0 FTE positions Casino Gaming Control Operations to offset a portion of the 20.0 FTE positions that were moved to a new Millionaire Party Regulation line item in FY 2019-20.	Local	NA	(241,200)
• Shifts \$5,800 economic increase for Home Heating Assistance from capped federal fund to delinquent tax collection revenue in Tax Processing accounted for in Economic Adjustments below.	GF/GP	NA	\$0

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>19. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$6.9 million Gross (\$1.5 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	\$6,901,900
	Federal	NA
	Local	107,500
	Restricted	185,100
	GF/GP	84,900
		5,024,500
		\$1,499,900

**Major Boilerplate Changes from FY 2019-20**

**Sec. 901. Contingency Funds – REVISED**

Appropriates up to \$500,000 of federal, \$10.0 million of state restricted, \$100,000 of local, and \$20,000 of private contingency funds; authorizes expenditures after legislative transfer to specific line items. Revises to increase to \$1.0 million of federal, \$200,000 of local, and \$20,000 of private contingency funds.

**Sec. 926. John R. Justice Grant – DELETED**

Designates the John R. Justice grant appropriation as work project appropriations. The project provides student loan forgiveness to qualified public defenders and prosecutors.

**Sec. 927. Personal Property Tax Audits – REVISED**

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

**Sec. 934. Expending of Authority Revenues – REVISED**

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Revises by eliminating reporting requirement.

**Sec. 936. Financial Data Analytical Tool Guidance – DELETED**

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

**Sec. 942. Maintenance of Existing Contracts – DELETED**

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

**Sec. 945. Audit of Minimal Assessing Requirements – DELETED**

Requires the appraisal quality assurance project manager to conduct an Audit of Minimal Assessing Requirements in each assessment jurisdiction a minimum of once every five years and in accordance with 2018 PA 660.

**Sec. 947. Financial Independent Teams – DELETED**

Stipulates that the financial independence teams shall cooperate with the Financial Responsibility Section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts.

**Sec. 949. Fraud Prevention Appropriation – REVISED**

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

**Sec. 949a. City Income Tax Expansion – DELETED**

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city.

**Major Boilerplate Changes from FY 2019-20****Sec. 949m. Municipal Cost Sharing Grants – DELETED**

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

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

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

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

Specifies distribution of \$261.0 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 102.3% of its FY 2018-19 eligible payment. To qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Requires eligible CVTs to allocate an amount equal to their FY 2019- 20 eligible payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises by increasing eligible payments by 2.5% for all eligible CVTs. Strikes language requiring the eligible unit to dedicate increased funds to unfunded pension liabilities.

**Sec. 955. County Revenue Sharing – REVISED**

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 104.5619% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Requires counties receiving a payment to allocate their FY 2019-20 payment increase to their unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises by increasing payments to counties by 2.5% which would represent 107.1760% of statutory full funding. Strikes language requiring the eligible county to dedicate increased funds to unfunded pension liabilities.

**Sec. 956. Financially Distressed Cities, Villages, and Townships – REVISED**

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding and grants must be used for specific projects or services that move the CVT toward financial stability. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Revises by striking use of grants for unfunded liabilities and debt obligations.

**GAMING CONTROL BOARD****Sec. 978. Racing Commission Regulatory Changes – REVISED**

Requires the Michigan Gaming Control Board (MGCB) to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts

**Sec. 979. Millionaire Party Regulation – REVISED**

Appropriates amount not to exceed \$3.0 million to the MGCB from the State Lottery Fund to support regulation and licensing of millionaire parties pursuant to Executive Order 2012-4; requires report. Revises by deleting the reporting requirement.

**Major Boilerplate Changes from FY 2019-20**

**ONE-TIME APPROPRIATIONS**

***Sec. 1201. Local Climate Resilient Infrastructure Grants – NEW***

Requires that the department develop a competitive grant program, from the funds appropriated in part 1 for Local Climate Resilient Infrastructure Grants, to support the planning efforts of local communities to prepare for and strengthen their resiliency in relation to severe weather events and the effects of changing climate conditions and infrastructure grants to address the vulnerabilities presented by the adverse conditions. Allocates \$10.0 million to planning grants capped at \$250,000 and \$30.0 million to infrastructure grants capped at \$2.5 million. Authorizes the department to partner with other state agencies.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

***1. Presidential Primary Reimbursements***

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.

<b>Gross</b>	<b>\$14,000,000</b>
GF/GP	\$14,000,000

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 HEALTH AND HUMAN SERVICES

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

	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	\$13,819,300	\$13,829,900	\$10,600	0.1
<b>Federal</b>	18,306,958,900	18,688,919,000	381,960,100	2.1
<b>Local</b>	146,246,000	165,059,600	18,813,600	12.9
<b>Private</b>	142,959,500	176,936,000	33,976,500	23.8
<b>Restricted</b>	2,978,783,900	3,015,718,000	36,934,100	1.2
<b>GF/GP</b>	4,769,278,700	5,088,366,400	319,087,700	6.7
<b>Gross</b>	<b>\$26,358,046,300</b>	<b>\$27,148,828,900</b>	<b>\$790,782,600</b>	<b>3.0</b>
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."

### Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, enforcing child support laws, funding behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>MEDICAID AND BEHAVIORAL HEALTH – GENERAL</b>		
<b>1. Traditional Medicaid Cost Adjustment</b>	<b>Gross \$14,654,187,100</b>	<b>\$346,147,900</b>
Increases \$346.1 million Gross (\$135.3 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Amount includes \$23.2 million GF/GP to offset federal FMAP and SCHIP match rates adjustments from 64.06% to 64.08% and 86.34% to 74.86%, respectively. Compared to FY 2018-19 expenditures, State Budget Office forecasts an average annual increase of 3.2%.	Federal 9,340,804,400	210,994,200
	Local 52,140,400	(70,900)
	Private 2,100,000	0
	Restricted 2,351,951,200	(46,600)
	GF/GP \$2,907,191,100	\$135,271,200
<b>2. Healthy Michigan Plan Cost Adjustment</b>	<b>Gross \$4,116,287,200</b>	<b>\$145,157,000</b>
Increases \$145.2 million Gross (\$37.0 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Amount includes \$22.5 million GF/GP to offset the 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%.	Federal 3,741,823,200	99,998,700
	Local 1,754,800	240,800
	Restricted 338,849,100	7,911,900
	GF/GP \$33,860,100	\$37,005,600
<b>3. Actuarial Soundness</b>	<b>Gross NA</b>	<b>\$207,813,000</b>
Includes \$207.8 million Gross (\$61.6 million GF/GP) to support an estimated 2.0% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), Medicaid Health plans, home- and community-based services, and Healthy Kids Dental, and an estimated 6.0% increase for PIHP autism services.	Federal NA	146,197,100
	GF/GP NA	\$61,615,900

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>DEPARTMENTAL ADMINISTRATION</b>		
<b>4. MiSACWIS Replacement</b>	FTE 0.0	24.0
Includes \$20.6 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 the introduction of 9 cloud-based modules over the course of approximately 5 to 6 years.	<b>Gross \$0</b>	<b>\$20,623,600</b>
	Federal 0	8,407,500
	GF/GP \$0	\$12,216,100
<b>5. Information Technology Consolidation</b>	FTE 43.0	(30.0)
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 Information Technology Services and Projects line item in order to ameliorate the identified information technology GF/GP funding shortfall. Adjusts FTE positions and 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, Child Support Automation, and Michigan Medicaid Information System line items. These programs were separated into programmatic line items in the FY 2019-20 budget.	<b>Gross \$504,698,900</b>	<b>\$6,000,000</b>
	IDG/IDT 1,067,000	0
	TANF 24,854,500	0
	Federal 345,760,400	0
	Private 25,000,000	0
	Restricted 1,999,800	0
	GF/GP \$106,017,200	\$6,000,000
<b>6. Office of Inspector General – Vacant FTE Positions</b>	FTE 207.0	(10.0)
Includes a reduction of \$1.3 million Gross (\$671,900 GF/GP) from eliminating 10.0 currently vacant FTE positions.	<b>Gross \$25,961,600</b>	<b>(\$1,303,100)</b>
	IDG/IDT 198,200	0
	TANF 874,800	0
	Federal 13,421,100	(631,200)
	GF/GP \$11,467,500	(\$671,900)
<b>7. Property Management – Non-State-Owned Building Leases</b>	<b>Gross \$65,809,800</b>	<b>\$866,300</b>
Includes \$866,300 Gross (\$671,400 GF/GP) to account for adjustments in lease costs for non-state-owned buildings utilized by the department.	IDG/IDT 593,500	0
	TANF 10,698,900	0
	Federal 23,921,000	194,900
	Private 36,400	0
	Restricted 494,900	0
	GF/GP \$30,065,100	\$671,400
<b>8. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$53,898,000</b>
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.	IDG/IDT NA	10,600
	TANF NA	(13,400)
	Federal NA	18,172,100
	Local NA	101,300
	Private NA	239,200
	Restricted NA	699,900
	GF/GP NA	\$34,688,300
<b>CHILD SUPPORT ENFORCEMENT</b>		
<b>9. Child Support Operations Reduction</b>	FTE 179.7	0.0
Reduces \$3.9 million Gross (\$1.3 million GF/GP) for the Office of Child Support based on costs and administrative efficiencies.	<b>Gross \$23,464,900</b>	<b>(\$3,900,000)</b>
	Federal 14,810,400	(2,574,000)
	GF/GP \$8,654,500	(\$1,326,000)

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>10. Michigan Child Support Enforcement System (MiCSES) Help Desk</b>	FTE 179.7	8.0
	<b>Gross \$23,464,900</b>	<b>\$1,117,600</b>
Includes \$1.1 million Gross (\$380,000 GF/GP) and authorization for 8.0 FTE positions for the transfer of the MiCSES Help Desk from DTMB to DHHS. Funding is moved within the DHHS budget from the Child Support Automation line item and FTE positions are transferred from DTMB.	Federal 14,810,400	737,600
	GF/GP \$8,654,500	\$380,000
<b>COMMUNITY SERVICES AND OUTREACH</b>		
<b>11. Campus Sexual Assault Prevention and Education Initiative</b>	<b>Gross \$0</b>	<b>\$1,321,000</b>
Includes \$1.3 million GF/GP for the transfer of the program from the Michigan State Police budget to DHHS. Initiative supports sexual assault programs in colleges and high schools. Sec. 460 is related boilerplate.	GF/GP \$0	\$1,321,000
<b>CHILDREN'S SERVICES AGENCY – CHILD WELFARE</b>		
<b>12. Child Welfare Caseload Adjustments</b>	<b>Gross \$696,118,600</b>	<b>\$35,172,000</b>
Increases funding for child welfare programs by \$35.2 million Gross (\$45.2 million GF/GP) as follows:	Federal 198,373,900	292,900
• Foster care payments are increased by \$12.5 million Gross (\$10.5 million GF/GP) from 6,124 cases at \$37,100 per year to 6,050 cases at \$38,700 per year.	TANF 94,280,100	(14,295,600)
• Adoption subsidies are reduced by \$3.4 million Gross (\$681,300 GF/GP) from 22,062 cases at \$730.41 per month to 21,650 cases at \$731.32 per month.	Local 40,914,500	4,571,400
• The Child Care Fund is increased by \$26.1 million Gross (\$35.6 million GF/GP).	Private 1,770,700	(562,700)
• Guardianship assistance payments are decreased by \$5,400 Gross (\$181,300 GF/GP) from 1,188 cases at \$709.26 per month to 1,200 cases at \$701.79 per month.	GF/GP \$360,779,400	\$45,166,000
<b>13. Residential Foster Care Facility Rate Increase</b>	<b>Gross \$259,974,400</b>	<b>\$14,400,000</b>
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, such as additional staffing, programming, and accreditation, under the federal Family First Prevention Services Act (FFPSA).	Federal 105,645,300	5,052,100
	TANF 9,248,000	0
	Local 18,102,700	0
	Private 1,770,700	0
	GF/GP \$125,207,700	\$9,347,900
<b>14. Qualified Residential Treatment Program (QRTP) Assessments</b>	<b>Gross \$259,974,400</b>	<b>\$5,165,700</b>
Includes \$5.2 million Gross (\$3.8 million GF/GP) for assessments of children in private foster care institutions. Third-party treatment assessments are mandated by the FFPSA to be completed within 30 days of placement in a QRTP.	Federal 105,645,300	1,379,200
	TANF 9,248,000	0
	Local 18,102,700	0
	Private 1,770,700	0
	GF/GP \$125,207,700	\$3,786,500
<b>15. Foster Care Prevention Programming</b>	FTE NA	10.0
Includes an increase of \$8.6 million Gross (\$5.4 million GF/GP) and authorization for 10.0 FTE positions to provide additional funding to child welfare programs to help avoid entry into foster care and prevent children from being placed into residential care.	<b>Gross NA</b>	<b>\$8,603,100</b>
	Federal NA	3,244,700
	TANF NA	0
	Local NA	0
	Private NA	0
	GF/GP NA	\$5,358,400

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>16. Foster Care Savings</b>	<b>Gross \$259,974,400</b>	<b>(\$11,305,400)</b>
Includes a reduction of \$11.3 million Gross (\$5.3 million GF/GP) from assumed future savings to the foster care system because of the \$8.6 million Gross (\$5.4 million GF/GP) prevention programming investment listed in item above.	Federal 105,645,300	(4,903,000)
	TANF 9,248,000	(244,600)
	Local 18,102,700	(862,800)
	Private 1,770,700	0
	GF/GP \$125,207,700	(\$5,295,000)
<b>17. Foster Care Savings from Fewer Residential Care Placements</b>	<b>Gross \$259,974,400</b>	<b>(\$4,917,500)</b>
Reduces \$4.9 million Gross (\$2.4 million GF/GP) based on estimated savings from fewer and shorter placements into residential care because of the qualified residential treatment program requirements established in the FFPSA.	Federal 105,645,300	(2,520,900)
	TANF 9,248,000	0
	Local 18,102,700	0
	Private 1,770,700	0
	GF/GP \$125,207,700	(\$2,396,600)
<b>18. Relative Licensure Incentive Payments</b>	<b>Gross \$2,250,000</b>	<b>(\$2,250,000)</b>
Eliminates \$2.3 million Gross (\$800,000 GF/GP) for incentive payments concerning the licensure of relative caregivers as foster parents, including \$2.0 million Gross (\$550,000 GF/GP) to child placing agencies and \$250,000 GF/GP to relative caregivers.	Federal 1,450,000	(1,450,000)
	GF/GP \$800,000	(\$800,000)
<b>19. West Michigan Partnership for Children Rate Increase</b>	<b>Gross \$259,974,400</b>	<b>\$3,200,000</b>
Includes \$3.2 million Gross (\$2.2 million GF/GP) to fund prospective case rate increase based on updated program costs.	Federal 105,645,300	960,000
	TANF 9,248,000	0
	Local 18,102,700	0
	Private 1,770,700	0
	GF/GP \$125,207,700	\$2,240,000
<b>PUBLIC ASSISTANCE</b>		
<b>20. Food Assistance Program Reinvestment</b>	FTE 0.0	6.0
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 multi-year higher than national average error rates in food assistance over/under payments.	<b>Gross \$0</b>	<b>\$10,466,000</b>
	GF/GP \$0	\$10,466,000
<b>21. Public Assistance Caseload Adjustments</b>	<b>Gross NA</b>	<b>(\$178,413,300)</b>
Recognizes a \$178.4 million Gross (\$1.5 million GF/GP) reduction resulting from adjustments in expected public assistance caseloads in FY 2019-20 and FY 2020-21. The largest proportion of the reduction results from expected decreases in Food Assistance Program caseloads, which are funded through the federal Supplemental Nutrition Assistance Program.	TANF NA	213,600
	Federal NA	(174,652,700)
	Restricted NA	(2,452,300)
	GF/GP NA	(\$1,521,900)
<ul style="list-style-type: none"> <li>Family Independence Program: reduction of \$3.0 million Gross (\$2.2 million GF/GP).</li> <li>Food Assistance Program: reduction of \$174.7 million Gross (\$0 GF/GP).</li> <li>State Supplementation: reduction of \$857,400 GF/GP.</li> <li>State Disability Assistance: increase of \$119,900 Gross (\$1.6 million GF/GP).</li> </ul>		
<b>22. Multicultural Integration Funding</b>	<b>Gross \$17,284,900</b>	<b>\$0</b>
Provides for a net-zero transfer of \$2.0 million GF/GP from one-time appropriations for Multicultural Integration Funding to the ongoing Multicultural Integration Funding line item.	TANF 421,000	0
	Federal 694,500	0
	GF/GP \$16,169,400	\$0



<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>BEHAVIORAL HEALTH SERVICES</b>		
<b>23. Behavioral Health System Redesign</b>	FTE 86.0	16.0
Includes \$5.0 million Gross (\$3.0 million GF/GP) and authorization for 16.0 FTE positions for behavioral health administration related costs for policy development, financial oversight, quality assurance and other projects for integrating behavioral health services and supports with physical health services.	<b>Gross \$45,391,500</b>	<b>\$5,000,000</b>
	Federal 34,555,400	2,000,000
	Private 1,004,700	0
	GF/GP \$9,831,400	\$3,000,000
<b>24. Community Mental Health Non-Medicaid Services and Local Match</b>	<b>Gross NA</b>	<b>\$5,096,000</b>
Transfers \$5.1 million GF/GP used in FY 2019-20 to reduce the local match portion for Medicaid Mental Health Services to the Community Mental Health Non-Medicaid Services line item. The local match portion for Medicaid Mental Health Services would correspondingly increase \$5.1 million. Sec. 928 is related boilerplate.	Local NA	5,095,100
	GF/GP NA	\$900
<b>25. Opioid Recovery Grant Eliminations</b>	<b>Gross \$1,200,000</b>	<b>(\$1,200,000)</b>
Removes \$1.2 million GF/GP allocated for: Recovery High Schools (\$600,000 GF/GP) and recovery community organizations (\$600,000 GF/GP).	GF/GP \$1,200,000	(\$1,200,000)
<b>26. Nursing Home Pre-Admission Screening (PAS)/ Annual Resident Reviews (ARR) Cost Increase</b>	FTE 7.0	0.0
Adds \$1.6 million Gross (\$407,700 GF/GP) for increased clinical evaluations for individuals with mental illnesses for developmental disabilities who are requesting to or are residing in a nursing home.	<b>Gross \$12,291,300</b>	<b>\$1,631,100</b>
	Federal 9,218,600	1,223,400
	GF/GP \$3,072,700	\$407,700
<b>27. State Psychiatric Hospital Direct Care Staffing</b>	FTE 1,838.3	60.0
Includes \$5.0 million GF/GP and authorization for 60.0 FTE positions to increase direct care staffing levels at 4 of the state's psychiatric hospitals and centers: Kalamazoo, Walter P. Reuther, Hawthorn, and the Center for Forensic Psychiatry.	<b>Gross \$239,384,600</b>	<b>\$5,000,000</b>
	Federal 35,551,100	0
	Local 19,288,000	0
	Restricted 10,275,000	0
	GF/GP \$174,270,500	\$5,000,000
<b>28. Behavioral Health Facility Contingency Transfer</b>	<b>Gross \$20,000,000</b>	<b>\$0</b>
Transfers \$20.0 million GF/GP from the new Behavioral Health Facility Contingency line item into the state hospitals and centers line items. Sec. 1053 is related deleted boilerplate.	GF/GP \$20,000,000	\$0
<b>29. One-Time Behavioral Health Funding</b>	<b>Gross \$1,025,000</b>	<b>\$14,750,000</b>
Adds \$14.8 million Gross (\$12.5 million GF/GP) in one-time funding for two behavioral health programs: \$12.3 million Gross (\$10.0 million GF/GP) for opioid crisis response and \$2.5 million GF/GP for first responder post-traumatic stress syndrome and other mental health conditions, and maintains the \$1.0 million GF/GP for autism navigators, which was funded in FY 2019-20.	Federal 0	2,250,000
	GF/GP \$1,025,000	\$12,500,000
<b>POPULATION HEALTH</b>		
<b>30. Expand Programs for Healthy Moms and Healthy Babies</b>	<b>Gross NA</b>	<b>\$37,519,600</b>
Increases funding by \$37.5 million Gross (\$17.6 million GF/GP) for expansion of maternal and infant health and support programs across the department. Initiative includes 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 Medicaid and other home visiting programs for pregnant women, new mothers, and at-risk families.	Federal NA	19,928,100
	GF/GP NA	\$17,591,500

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>31. Infrastructure to Address Social Determinants of Health Including Community Health State Innovation Model Regions</b>	FTE	0.0	4.0
Includes \$8.7 million Gross (\$4.1 million GF/GP) and authorization for 4.0 FTE positions for state and local infrastructure to incorporate social determinants of health in the health care system. Initiative funds data sharing infrastructure and integration, creation and implementation of a statewide screening and referral tool, and expanded 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). CHIRs originated under the federal State Innovation Model (SIM) grant, now completed.	<b>Gross</b>	<b>\$3,000,000</b>	<b>\$8,650,000</b>
	Federal	0	4,550,000
	GF/GP	\$3,000,000	\$4,100,000
<b>32. Michigan Essential Health Provider</b>	<b>Gross</b>	<b>\$4,519,600</b>	<b>(\$1,000,000)</b>
Eliminates \$1.0 million GF/GP FY 2019-20 increase for the Michigan Essential Health Provider program and related boilerplate Sec. 1141.	Federal	1,236,300	0
	Private	855,000	0
	GF/GP	\$2,428,300	(\$1,000,000)
<b>33. Laboratory Equipment for Newborn Screening Testing</b>	<b>Gross</b>	<b>\$23,774,500</b>	<b>\$1,500,000</b>
Provides \$1.5 million of state restricted newborn screening fee revenue for laboratory information technology and testing instruments for new approved newborn screening tests.	IDG	1,004,600	0
	Federal	4,338,600	0
	Restricted	12,147,200	1,500,000
	GF/GP	\$6,284,100	\$0
<b>34. Lead Abatement Grant SCHIP Adjustment</b>	<b>Gross</b>	<b>\$33,768,000</b>	<b>\$0</b>
Includes a net \$0 Gross (\$2.8 million GF/GP) federal to GF/GP fund shift to recognize reduction of the federal share for lead abatement grant from 86.34% to 74.86%. YTD shown is for Healthy Homes Program line item, of which \$20.9 million is federal Children's Health Insurance Program (SCHIP) funds approved for use for lead abatement in Flint and other high-risk communities for up to five years, since FY 2016-17.	Federal	22,349,600	(2,785,500)
	Private	77,800	0
	Restricted	723,700	0
	GF/GP	\$10,616,900	\$2,785,500
<b>35. Lead Poisoning Prevention Fund – One-Time Funding</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000,000</b>
Includes new 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 would support low-cost loans to homeowners and landlords for lead remediation projects.	GF/GP	\$0	\$10,000,000
<b>36. Flint Drinking Water and Lead Exposure</b>	<b>Gross</b>	<b>\$4,621,100</b>	<b>\$0</b>
Continues funding of \$4.6 million GF/GP for assistance to residents exposed to lead in the City of Flint but moves appropriation from one-time to ongoing. Related Sec. 1910 boilerplate is moved to Sec. 1306.	GF/GP	\$4,621,100	\$0
<b>37. Oral Health Assessment for Children</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,000,000</b>
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. Sec. 1321 is related boilerplate. HB 4223 proposes similar program. (Similar funding in FY 2019-20 budget was vetoed).	GF/GP	\$0	\$2,000,000
<b>38. Local Dental Health Clinics</b>	<b>Gross</b>	<b>\$1,550,000</b>	<b>(\$1,000,000)</b>
Reduces local dental clinic program funding by \$1.0 million GF/GP for local health departments partnering with nonprofit dental providers.	GF/GP	\$1,550,000	(\$1,000,000)
<b>39. Prenatal Strong Beginnings Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
Eliminates a \$1.0 million GF/GP grant for the federal Healthy Start Strong Beginnings program in Kent County and related Sec. 1312 boilerplate first funded in the FY 2019-20 budget.	GF/GP	\$1,000,000	(\$1,000,000)

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>40. Public Health GF/GP Reductions for IT and Other Savings</b>	<b>Gross</b>	<b>NA</b>
Reduces population health GF/GP funding across 6 program areas by \$1.2 million including savings from vacant positions; a portion is redirected to address information technology shortfall.	GF/GP	NA
		<b>(\$1,160,000)</b>
		<b>(\$1,160,000)</b>
<b>41. Population Health Non-GF/GP Funds Adjustments</b>	<b>Gross</b>	<b>NA</b>
Recognizes a net increase of \$52.1 million Gross for federal, local, private, and state restricted funding, including: 1) \$10.7 million federal grant funds for opioid overdose data to action, biomonitoring assessments, lead poisoning prevention, PFAS health studies, epidemiology and laboratory capacity, family planning Title X, and completion of oral health workforce grant; 2) \$32.8 million federal and private funds to AIDS program primarily reflecting increased drug assistance program rebates; 3) \$200,000 private funds from Amanda's Fund for Breast Cancer Prevention and Treatment; 4) \$16,200 increase for annual inflationary fee adjustment for screening of newborns for genetic conditions; and 5) \$8.4 million local funds for expanded child and adolescent health center care and emotional health services in schools, originating from the state School Aid Fund.	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		<b>\$52,104,000</b>
		13,445,100
		8,442,700
		30,200,000
		16,200
		\$0
<b>AGING AND ADULT SERVICES</b>		
<b>42. Senior Programs - Non-GF/GP Funds Adjustments</b>	<b>Gross</b>	<b>\$111,781,900</b>
Recognizes \$2.0 million of federal and private funds for senior programs including \$700,000 for community services, \$800,000 for congregate and home-delivered meals, and \$500,000 to improve health of individuals receiving public long-term care support services.	Federal	59,343,900
	Private	520,000
	Restricted	6,068,700
	GF/GP	\$45,849,300
		<b>\$2,000,000</b>
		1,500,000
		500,000
		0
		\$0
<b>MEDICAL SERVICES</b>		
<b>43. Medicaid Transformation Office</b>	FTE	370.0
Includes \$5.0 million Gross (\$2.5 million GF/GP) to support a new administrative office. The office would review policy related to quality of care, payment initiatives, cost savings in managed care, and other Medicaid-related issues.	<b>Gross</b>	<b>\$78,721,500</b>
	Federal	54,886,700
	Local	37,700
	Private	101,300
	Restricted	336,300
	GF/GP	\$23,359,500
		<b>\$5,000,000</b>
		2,500,000
		0
		0
		0
		\$2,500,000
<b>44. Medicaid Managed Care Organization Single Preferred Drug List</b>	<b>Gross</b>	<b>NA</b>
Assumes \$182.9 million Gross (\$45.8 million GF/GP) in net savings by establishing a single preferred drug list to be utilized by all Medicaid managed care contracts and increasing Medicaid managed care independent pharmacy dispensing fees to an average of \$3.00. Total cost of increasing the dispensing fees would be \$18.3 million Gross (\$4.6 million GF/GP), and assumed single preferred drug list savings would be \$201.2 million Gross (\$50.4 million GF/GP).	Federal	NA
	GF/GP	NA
		<b>(\$182,900,000)</b>
		(137,125,200)
		(\$45,774,800)
<b>45. Medicaid Managed Care Organization Rate Reduction – Third Party Liabilities</b>	<b>Gross</b>	<b>\$5,384,831,800</b>
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.	Federal	3,532,282,900
	Local	25,140,900
	Restricted	1,625,099,700
	GF/GP	\$202,308,300
		<b>(\$49,721,600)</b>
		(31,861,600)
		0
		0
		(\$17,860,000)
<b>46. Medicaid Hospital Outpatient Rate Increase</b>	<b>Gross</b>	<b>NA</b>
Includes \$352.6 million Gross (\$0 GF/GP) to provide a 21.37% rate increase in Medicaid outpatient hospital reimbursements utilizing provider tax revenue. The corresponding HRA increase and MACI decrease would result in assumed GF/GP savings of \$15.0 million.	Federal	NA
	Restricted	NA
	GF/GP	NA
		<b>\$352,646,000</b>
		249,416,000
		118,242,400
		(\$15,012,400)

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>47. MiDocs</b>	<b>Gross \$794,959,600</b>	<b>\$83,520,000</b>
Includes \$83.5 million Gross (\$20.1 million GF/GP) to support MiDOCS over the course of 5 years. This includes \$86.5 million Gross (\$21.6 million GF/GP) in one-time funding, as well as a reduction of \$3.0 million Gross (\$1.5 million GF/GP) to ongoing funding.	Federal 476,022,300 Restricted 272,701,300 GF/GP \$46,236,000	41,760,000 21,630,000 \$20,130,000
<b>48. Medicaid Long-Term Care Rate Redesign</b>	<b>Gross \$2,034,127,900</b>	<b>(\$84,354,100)</b>
Assumes a savings of \$84.4 million Gross (\$30.3 million GF/GP) from adopting a federally implemented model for Medicare covered long-term care facilities. Assumed savings would result from changing cost reimbursements from bed-day rates to reimbursements based on individual patient needs.	Federal 1,299,436,800 Local 6,618,800 Private 2,100,000 Restricted 388,642,900 GF/GP \$337,329,400	(54,054,100) 0 0 0 (\$30,300,000)
<b>49. Long-Term Care Services Counseling</b>	FTE NA	4.0
Includes \$20.3 million Gross (\$8.5 million GF/GP) and authorization for 4.0 FTE positions to create a statewide network of independent counselors. The intent is to assist Medicaid recipients select long-term care services. Includes funding to establish a toll-free hotline and provide for outreach materials.	<b>Gross NA</b> Federal NA GF/GP NA	<b>\$20,250,000</b> 11,750,000 \$8,500,000
<b>50. MI Choice Rate and Slot Increase Removal</b>	<b>Gross \$390,620,400</b>	<b>(\$40,535,500)</b>
Includes a net-zero transfer of \$40.5 million Gross (\$14.6 million GF/GP) from MI Choice to provide for an increase in long-term care services by not implementing the increase in MI Choice rates and number of slots.	Federal 249,774,600 GF/GP \$140,845,800	(25,975,100) (\$14,560,400)
<b>51. Private Duty Nursing</b>	<b>Gross NA</b>	<b>\$8,656,300</b>
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.	Federal NA GF/GP NA	5,547,000 \$3,109,300
<b>52. Tribal Pharmacy Reimbursement Increase</b>	FTE NA	2.0
Includes \$17.2 million Gross (\$75,000 GF/GP) and authorization for 2.0 FTE positions to provide tribal health centers with a pharmacy reimbursement rate increase. The intent is to reimburse Native Americans' drug costs at the federal all-inclusive rate. FTE positions would be program policy and auditing related.	<b>Gross NA</b> Federal NA GF/GP NA	<b>\$17,150,000</b> 17,075,000 \$75,000
<b>53. Nonemergency Medical Transportation (NEMT)</b>	<b>Gross \$18,686,800</b>	<b>(\$1,774,900)</b>
Reflects a \$1.8 million Gross (\$637,500 GF/GP) reduction in NEMT contract costs. Contract with LogistiCare – which provides NEMT services to Macomb, Oakland, and Wayne Counties – was re-bid at a lower cost.	Federal 10,458,800 GF/GP \$8,228,000	(1,137,400) (\$637,500)
<b>54. State Restricted Revenue Adjustments</b>	<b>Gross NA</b>	<b>\$0</b>
Revises restricted revenues based on projected available revenue for a net reduction of \$67.1 million, which is offset by a like amount of GF/GP. Revisions include:	Restricted NA GF/GP NA	(67,145,400) \$67,145,400
<ul style="list-style-type: none"> <li>• Reducing Medicaid Benefits Trust Fund \$39.0 million.</li> <li>• Reducing Merit Award Trust Fund \$16.0 million.</li> <li>• Reducing Healthy Michigan Fund \$4.9 million.</li> <li>• Removing Health Insurance Claims Assessment (HICA) fund balance \$7.2 million.</li> </ul>		
<b>ONE-TIME APPROPRIATIONS</b>		
<b>55. Remove FY 2019-20 One-Time Appropriations</b>	FTE 10.0	(10.0)
Removes one-time appropriations included in FY 2019-20. Any funding retained into FY 2020-21 is noted elsewhere.	<b>Gross \$253,882,900</b> Federal 166,790,800 Restricted 100 GF/GP \$87,092,000	<b>(\$253,882,900)</b> (166,790,800) (100) (\$87,092,000)

**Major Boilerplate Changes from FY 2019-20*****Executive Boilerplate Deletions***

The executive budget recommendation deletes a significant amount of boilerplate language included in the FY 2019-20 budget. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

**GENERAL SECTIONS*****Sec. 208. Legal Services of Attorney General – NEW***

Prohibits the use of funds to hire a person to provide legal services that are the responsibility of the Attorney General, except for bonding activities and outside services authorized by the Attorney General.

***Sec. 210. Contingency Fund Appropriations – REVISED***

Appropriates federal, state restricted, local, and private contingency funds of up to \$132 million total, available for expenditure when transferred to a line item through the legislative transfer process. Revises to increase maximum amounts for contingency appropriations for a total amount of up to \$590 million, similar to levels in FY 2018-19.

***Sec. 218. Basic Health Services – DELETED***

Lists eight health services to be included in annual list of proposed basic health services that are to be available and accessible throughout the state, as required under Part 23 of the Public Health Code, 1978 PA 368.

***Sec. 222. Notification and Report of Policy Changes – DELETED***

Requires policy manual to be available on the DHHS website; and requires a report by April 1 on policy changes made to implement new acts.

***Sec. 225. Public and Private Service Providers – DELETED***

Prohibits sanctions or suspensions from being more stringent for private providers than for public providers performing equivalent services; prohibits preferential treatment for public or private service providers based on whether or not they have collective bargaining agreements with direct care workers.

***Sec. 229. Interagency Agreement with Michigan Talent Investment Agency – DELETED***

Requires DHHS to continue interagency agreement with Michigan Talent Investment Agency for TANF-funded job readiness and welfare-to-work programming and requires specific outcome and performance reporting; requires reports.

***Sec. 240. Use of Existing Work Project Authorization – DELETED***

Prohibits expenditure of appropriations in cases where existing work project authorization is available for the same expenditures.

***Sec. 253. Information Technology Investment Management and Board – DELETED***

Requires establishment of an information technology investment board within DHHS, provides guidance and policy for establishing management practices, and requires reports.

***Sec. 257. Revise Education Modules Regarding Suicide and Depression Prevention – DELETED***

Directs DHHS, if funds are available, to collaboratively revise the curriculum for 2 education health modules to include age-appropriate and medically accurate information about depression and suicide and protective factors to prevent suicide.

***Sec. 264. DHHS Employee Communication with Legislature – DELETED***

Prohibits DHHS from taking disciplinary action against an employee for communicating with a member of the Legislature or his/her staff.

***Sec. 293. Savings from Behavioral Health Integration Pilot Projects – DELETED***

Requires that any savings from pilots to integrate Medicaid behavioral health and Medicaid physical health services systems shall only be used for reinvestment in the pilot sites where savings occurred; authorizes shared savings between a PIHP or CMHSP and a Medicaid health plan shall be carried forward for expenditures in future years.

***Sec. 294. Integrated Service Demonstration Pilot – DELETED***

Allows DHHS to work with PIHPs and CMHSPs to pilot a physical and behavioral health integrated service demonstration model for 2 years that does not transfer funds to Medicaid health plans; requires pilot to expand on existing integrated efforts and include shared care coordination; requires pilot to increase number of individuals who meet criteria for expanded care coordination; states outcomes and performance measures; requires a report following completion of pilot.

**Major Boilerplate Changes from FY 2019-20**

**CHILDREN'S SERVICES - CHILD WELFARE**

***Sec. 515. Child Protection Services (CPS) Caseworker Home Visit Safety – DELETED***

Prohibits DHHS from denying a CPS caseworker's request to have another worker accompany the CPS caseworker on a home visit if the CPS caseworker believes it is unsafe to conduct the home visit alone.

***Sec. 517. Title IV-E Appeals Process – REVISED***

Requires DHHS to retain the same Title IV-E appeals policy as the existing policy in place in FY 2016-17. Revises by eliminating requirement to retain existing appeals policy and requires DHHS to retain a formal Title IV-E appeal process and to request from courts all relevant information, including transcripts if needed, for the department's Title IV-E determination.

***Sec. 518. Supervisory Oversight of CPS Caseworker Reports – DELETED***

Requires supervisors to complete an initial read of a CPS caseworker's report and either approve the report or note any needed corrections within 5 business days; requires the caseworker to resubmit a corrected report within 3 business days.

***Sec. 527. Private Child Placing Agencies' Adoption Worker Caseloads – DELETED***

Requires DHHS to exclude certain case types when calculating the adoption worker caseload for private agencies if approved by settlement monitor.

***Sec. 532. Licensing and Contract Compliance Review – DELETED***

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes; requires report.

***Sec. 535. Federal IV-E Claims for Foster Care Payments to Unlicensed Relatives – DELETED***

Requires DHHS to create a process to review and approve unlicensed relatives as meeting state licensing standards and to seek Title IV-E claims for payments; requires report.

***Sec. 537. Residential Bed Space Standards and Preferences – DELETED***

Directs DHHS to collaborate with child caring institutions to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities.

***Sec. 558. Child Welfare Training Institute – DELETED***

Requires DHHS to provide all necessary training and materials to private agencies so that trained private agency staff can deliver pre-service training to any private agency staff.

***Sec. 573. Foster Care Providers Per Diem Administrative Rates – DELETED***

Requires DHHS, if funds become available, to pay providers of foster care services a per diem administrative rate for every case on a caseworker's caseload for the duration of a case; requires actuarial study to review case rates every even-numbered year; requires DHHS to request settlement monitor to redefine caseload ratios.

***Sec. 595. CPS Staff and DHHS/Private Agency Caseload Ratio – DELETED***

Requires DHHS to expend \$162.8 million to hire/employ CPS staff to comply with the Office of the Auditor General 2018 CPS audit; requires that most new foster care cases be placed under a private child placing agency's supervision until the statewide ratio of foster cases is 55% for private agency supervision and 45% for DHHS supervision.

***Sec. 598. Child Care Fund (CCF) County Partial Reimbursements Requirement – REVISED***

Requires DHHS to make partial CCF reimbursements to counties for undisputed charges within 45 business days after receipt of required forms and documentation. Revises by deleting requirement of payments within 45 business days and requires DHHS to begin investigation of all disputed reimbursement requests pursuant to statute and department chargeback policy.

**PUBLIC ASSISTANCE**

***Sec. 603. Public Assistance Change in Benefits Notification – DELETED***

Requires the department to notify public assistance recipients no later than 15 work days prior to the effective date of any decrease in benefits amount.

***Sec. 609. Supplemental Security Income – REVISED***

Prohibits the department from reducing SSI payments for personal care/adult foster care and home for the aged categories; requires 30-day notification to the legislature prior to any reduction. Revises to remove the 30-day notification requirement.

**Major Boilerplate Changes from FY 2019-20****FIELD OPERATIONS****Sec. 825. Vehicle Repair Grants – DELETED**

Prohibits the department from providing employment and training support services grants for vehicle repairs to not more than \$500 to an individual in a 1-year period; authorizes department discretion to provide grants of up to \$900 in certain circumstances.

**BEHAVIORAL HEALTH SERVICES****Sec. 912. Salvation Army Harbor Light Program – DELETED**

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

**Sec. 940. Transferring and Withdrawing CMHSP Allocations – REVISED**

Requires DHHS to review CMHSP expenditures to identify projected lapses and surpluses, to encourage the board of the CMHSP with a projected lapse to concur with the recommendation to reallocate the lapse to other CMHSPs, and to withdraw funds from a CMHSP if those funds were not expended in a manner approved by DHHS, including for services and programs provided to individuals residing outside of the CMHSP's geographic region; prohibits a CMHSP from receiving additional funding if the CMHSP transferred out or withdrew funds during current fiscal year; requires CMHSPs to report any proposed reallocations prior to going into effect; requires legislative notification and report. Revises by removing the requirement to withdraw unspent funds if funds were not expended in a manner approved by DHHS.

**Sec. 960. Autism Services Cost Containment – DELETED**

Requires DHHS to continue to cover all autism services that were covered on January 1, 2019; to restrain costs required DHHS to develop written guidance for standardization; and permits DHHS to require 6-month consultation if costs are above a monthly threshold, limits practitioners who can perform a diagnostic evaluation; provide fidelity reviews and secondary approvals, and prohibit specific providers from providing both evaluation and treatment; requires a report.

**Sec. 964. Behavioral Health Fee Schedule – DELETED**

Requires DHHS to develop and implement a standardized fee schedule for Medicaid behavioral health services by January 1, and to develop and implement adequacy standards for all contracts with PIHPs and CMHSPs.

**Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED**

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law to not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

**POPULATION HEALTH****Sec. 1150. Opioid Fraud Collaboration – DELETED**

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other drug and opioid abuse issues; requires a report.

**Sec. 1151. Opioid Addiction Treatment Education Collaboration – DELETED**

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other drug and opioid abuse issues; requires a report.

**Sec. 1238. Lead Elimination and Response Workgroup – DELETED**

Requires DHHS to establish a workgroup to determine the cost of establishing lead elimination and response; requires report to the legislature on the findings of the workgroup by March 1.

**Sec. 1303. Contract Restrictions for Family Planning Local Agreements with State Funds – DELETED**

Prohibits DHHS from contracting with an organization that provides elective abortions, or abortion counseling or referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements; prohibits an organization under contract with DHHS from subcontracting with an organization that provides elective abortions, or abortion counseling or referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 1304. Prohibit Use of State Funds for Abortion Counseling, Referrals, or Services – DELETED***

Prohibits the use by DHHS, grantees, or subcontractors of state restricted or state general funds appropriated in the Family Planning Local Agreements line item or the Pregnancy Prevention Program line item for abortion counseling, referrals, or services.

***Sec. 1305. Contract Restrictions and Priorities for Family Planning and Pregnancy Prevention – DELETED***

(1) Prohibits DHHS from contracting for family planning and pregnancy prevention services with an entity that engages in abortion activities under 2002 PA 360, if another entity applies to provide those services that is not already engaged in abortion activities. (2) Requires DHHS to give a higher priority to a) contracting for services in counties where there are currently no contracts for services, before b) contracting for additional services by an entity that engages in abortion activities in a county where there are already services provided by an entity that does not engage in abortion activities.

***Sec. 1320. Family Planning and Pregnancy Prevention Media Campaign Messaging – DELETED***

States legislative intent that funds that may be expended for a public media campaign regarding publicly funded family planning or pregnancy prevention programs shall not be used to communicate any message that implies or that can be interpreted to mean that abortion is a method of family planning or pregnancy prevention.

***Sec. 1340. National Brand Food Options as Approved WIC Food Items – DELETED***

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand options for all food categories on the list of approved food basket items for WIC participant purchase.

***Sec. 1350. Emergency Medical Services Data Exemption – DELETED***

Prohibits DHHS from requiring a life support agency that does not charge for services to submit data to the Michigan emergency medical services information system or any other quality improvement program.

**MEDICAL SERVICES**

***Sec. 1502. Nursing Facility Cost Report Policies – DELETED***

Requires DHHS to use prospective effective dates if DHHS issues new policies affecting nursing facility cost reports, and allows a retroactive date if required by state law, federal law, or judicial ruling.

***Sec. 1507. Office of Inspector General Medicaid Managed Care Audits – DELETED***

Requires the Office of Inspector General to audit and recoup inappropriate or fraudulent payments from Medicaid managed care organizations to providers; prohibits DHHS from fining, suspending, or disenrolling a Medicaid provider due to the discovery of inappropriate payments, unless authorized by federal or state law.

***Sec. 1625. Medicaid Managed Care Independent Pharmacy Dispensing Fees – NEW***

Prohibits DHHS, beginning October 1, 2020, from entering into any contracts with a Medicaid managed care organization that relies on a pharmacy benefits manager that does not utilize a professional dispensing fee comparable to \$3.00 for pharmacies with four or fewer stores, and requires DHHS to identify the applicable pharmacies.

***Sec. 1730. Literacy Development Assessment Tool – DELETED***

Requires DHHS to maintain enhanced assessment tools in collaboration with the Department of Education that promote literacy development of pregnant women and new mothers in the Maternal Infant Health Program and requires new father to be included, when possible.

***Sec. 1763. Actuarial Services Request for Proposal – DELETED***

Requires DHHS to issue a request for proposal for a 3-year contract for actuarial services related to rate setting for traditional Medicaid and Healthy Michigan Plan before the initial expiration of the current contract and to notify the legislature.

***Sec. 1793. Medicaid Overpayment Standard of Promptness – DELETED***

Prohibits DHHS from recovering an overpayment if DHHS notifies the provider more than 180 days after receipt of the overpayment.

***Sec. 1804. Identification of Medicaid Beneficiaries Who Are Veterans – DELETED***

Requires DHHS to enter into an interagency agreement with Department of Military and Veterans Affairs to work with the federal government's public assistance reporting information system to identify Medicaid recipients who are veterans and may be eligible for federal veteran's health care benefits; lists specific performance outcomes to be reported to the legislature.



**Major Boilerplate Changes from FY 2019-20**

**Sec. 1805. Graduate Medical Education (GME) Quality Data – DELETED**

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website; lists specific quality reporting information; requires hospitals to post quality data on the hospital's website; requires DHHS to withhold 25% of a hospital's GME payment if data is not submitted by January 1.

**Sec. 1806. Common Formulary for Medicaid Health Plans Report – DELETED**

Requires Medicaid health plans to report to DHHS on the progress in implementing the common formulary; requires DHHS to develop policies to operate the common formulary to ensure fair and full public participation; requires a report.

**Sec. 1810. Health Plan Encounter Data Reporting – REVISED**

Requires DHHS to enhance encounter data reporting processes and develop rules to improve completeness and quality of data while minimizing health plan administrative expense and requires DHHS to notify a health plan of any encounter data that have not been accepted for the purposes of rate setting and allow a health plan to dispute and correct any discarded encounter data. Revises by deleting requirement to enhance encounter data reporting processes and develop rules to improve completeness and quality of data.

**Sec. 1837. Telemedicine and Telepsychiatry Use in Underserved Areas – REVISED**

Requires DHHS to continue and expand the use of telemedicine and telepsychiatry as a means to increase access to services for Medicaid recipients and expands definitions of "originating site" and "distant site". Revised to delete definitions of "originating site" and "distant site".

**Sec. 1856. Hospice Room and Board Payments – REVISED**

Requires DHHS to expend funds to provide room and board payments to hospice residences that have been enrolled in Medicaid by October 1, 2017 through monthly grants based on the number of beds; requires hospice residences to report program data to DHHS; requires any remaining funds be returned to the state. Revised enrollment date to October 1, 2014 and replaces monthly grant distribution requirements and hospice reporting requirements with contracts.

**Sec. 1878. Single Preferred Drug List – NEW**

Requires DHHS to maintain a single, standard preferred drug list to be used by Medicaid managed care organizations, requires changes to the preferred drug list to be made in consultation with Medicaid managed care organizations and the state Pharmacy and Therapeutics Committee but provides DHHS with final authority based on maximizing rebates and clinical efficacy; requires a report.

**INFORMATION TECHNOLOGY**

**Sec. 1909. Information Technology Spending Restrictions – DELETED**

Restricts the department from expending funds appropriated for major information technology programs on any other program or project and requires a legislative transfer of appropriations from the Information Technology Contingency and One-Time Information Technology Contingency line items to another line item before those funds may be expended.

**ONE-TIME APPROPRIATIONS**

**Sec. 1931. Michigan Medical Resident Loan Repayment Program – DELETED**

Directs DHHS to spend available work project revenue to continue implementation of the Michigan medical resident education loan repayment assistance program as specified in Section 1918 of Article X of 2018 PA 207.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**MEDICAID AND BEHAVIORAL HEALTH**

<b>1. Traditional Medicaid and Healthy Michigan Plan Cost Adjustments</b>	<b>Gross</b>	<b>\$325,326,000</b>
Increases \$325.3 million Gross (\$79.2 million GF/GP) based on caseload and utilization adjustments for the Medicaid program.	Federal	246,152,400
	GF/GP	\$79,173,600

		<b>FY 2019-20 Recommendation</b>
<b>Supplemental Recommendations for FY 2019-20 Appropriations</b>		
<b>2. Traditional Medicaid and Healthy Michigan Plan Non-Caseload Adjustments</b>	<b>Gross</b>	<b>\$101,612,200</b>
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.	Federal	90,171,800
	Local	1,381,500
	Restricted GF/GP	69,475,400 (\$59,416,500)
<b>3. Behavioral Health System Redesign</b>	FTE	16.0
Includes \$3.2 million Gross (\$1.9 million GF/GP) and authorizes 16.0 FTEs for policy development and projects for integrating behavioral health services and supports with physical health services.	<b>Gross</b>	<b>\$3,222,500</b>
	Federal	1,289,000
	GF/GP	\$1,933,500
<b>4. Nursing Home Pre-Admission Screening (PAS)/ Annual Resident Reviews (ARR) Cost Increase</b>	<b>Gross</b>	<b>\$697,300</b>
Adds \$697,300 Gross (\$174,300 GF/GP) for increased clinical evaluations for individuals with mental illnesses for developmental disabilities who are requesting to or are residing in a nursing home.	Federal	523,000
	GF/GP	\$174,300
<b>5. Behavioral Health Facility Contingency Transfer</b>	<b>Gross</b>	<b>\$0</b>
Transfers \$20.0 million GF/GP from the new Behavioral Health Facility Contingency line item into the state hospitals and centers line items.	GF/GP	\$0
<b>6. Medicaid Hospital Outpatient Rate Increase</b>	<b>Gross</b>	<b>\$57,756,700</b>
Includes \$57.8 million Gross (\$7.4 million GF/GP) to provide a 7.0% rate increase in Medicaid outpatient hospital reimbursements for a period of 6 months.	Federal	43,132,500
	Restricted GF/GP	7,176,000 \$7,448,200
<b>7. MI Choice Rate and Slot Increase Removal</b>	<b>Gross</b>	<b>(\$40,535,500)</b>
Includes a net-zero transfer of \$40.5 million Gross (\$14.6 million GF/GP) from MI Choice to provide for an increase in long-term care services. See revision for FY21.	Federal	(25,975,100)
	GF/GP	(\$14,560,400)
<b>8. Nonemergency Medical Transportation</b>	<b>Gross</b>	<b>(\$1,774,900)</b>
Reflects a \$1.8 million Gross (\$637,900 GF/GP) reduction in NEMT contract costs. Contract with LogistiCare – which provides NEMT services to Macomb, Oakland, and Wayne Counties – was re-bid at a lower cost.	Federal	(1,137,000)
	GF/GP	(\$637,900)
<b>9. Medicaid Restricted Revenues</b>	<b>Gross</b>	<b>\$0</b>
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.	Restricted GF/GP	(43,125,400) \$43,125,400
<b>DEPARTMENTAL ADMINISTRATION</b>		
<b>10. MiSACWIS Replacement</b>	FTE	24.0
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 replacement of MiSACWIS with a new Comprehensive Child Welfare Information System (CCWIS). Replacement will include the introduction of 9 cloud-based modules over the course of approximately 5 to 6 years.	<b>Gross</b>	<b>\$11,276,400</b>
	Federal	5,439,400
	GF/GP	\$5,837,000
<b>11. Federal A-87 Exception Expiration</b>	<b>Gross</b>	<b>(\$10,682,300)</b>
Reduces federal authorization by \$10.7 million to recognize the end of the program, which provided human services and Medicaid-related information technology and technical support with a higher federal match rate.	Federal	(10,682,300)
	GF/GP	\$0
<b>12. Information Technology Shortfall</b>	<b>Gross</b>	<b>\$6,000,000</b>
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.	GF/GP	\$6,000,000

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**HUMAN SERVICES**

**13. Child Welfare Caseload Adjustments**

Includes \$32.3 million Gross (\$37.2 million GF/GP) for caseload adjustments. Of this increase, \$20.0 million Gross (\$29.6 million GF/GP) is for the Child Care Fund for which expenditure claims have been increasing.

<b>Gross</b>	<b>\$32,325,500</b>
Federal	4,391,500
TANF	(13,084,700)
Local	4,410,800
Private	(562,700)
GF/GP	\$37,170,600

**14. West Michigan Partnership for Children Rate Increase**

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

<b>Gross</b>	<b>\$3,200,000</b>
Federal	960,000
GF/GP	\$2,240,000

**15. Family Preservation Programs**

Includes \$15.8 million federal to recognize funding from a new federal award for the transition and implementation of the requirements of the federal FFPSA.

<b>Gross</b>	<b>\$15,818,900</b>
Federal	15,818,900
GF/GP	\$0

**16. Child Fatalities Grant**

Includes \$250,000 federal funding for the first year of a new 3-year federal grant to fund efforts to reduce child fatalities and recurring child abuse.

<b>Gross</b>	<b>\$250,000</b>
Federal	250,000
GF/GP	\$0

**17. Child Protective Services (CPS) Legal Representation**

Includes \$3.3 million federal to fund the legal representation of children and parents in child protective hearings.

<b>Gross</b>	<b>\$3,263,900</b>
Federal	3,263,900
GF/GP	\$0

**PUBLIC ASSISTANCE**

**18. Food Assistance Program Reinvestment**

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

<b>Gross</b>	<b>\$10,466,000</b>
GF/GP	\$10,466,000

**19. 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.

- Family Independence Program: reduction of \$1.3 million Gross (\$1.9 million GF/GP).
- Food Assistance Program: reduction of \$92.9 million Gross (\$0 GF/GP).
- State Supplementation: reduction of \$1.3 million GF/GP.
- State Disability Assistance: increase of \$174,400 Gross (\$1.4 million GF/GP).

<b>Gross</b>	<b>(\$95,373,900)</b>
TANF	1,547,400
Federal	(92,868,000)
Restricted	(2,131,300)
GF/GP	(\$1,922,000)

**POPULATION HEALTH**

**20. Population Health Non-GF/GP Funds Adjustments**

Recognizes \$48.4 million increase for population health from non-GF/GP funds:

- \$7.0 million federal grant for opioid overdose data to action.
- \$32.8 million federal and private funds to AIDS program primarily reflecting increased drug assistance program rebates.
- \$200,000 private revenue from Amanda's Fund for Breast Cancer Prevention and Treatment.
- \$8.4 million local funds for expanded child and adolescent health center care and emotional health services in schools, originating from the state School Aid Fund.

<b>Gross</b>	<b>\$48,392,700</b>
Federal	9,750,000
Local	8,442,700
Private	30,200,000
GF/GP	\$0

Supplemental Recommendations for FY 2019-20 Appropriations

FY 2019-20  
Recommendation

**AGING AND ADULT SERVICES**

**21. Senior Programs - Non-GF/GP Funds Adjustments**

Recognizes \$2.0 million of federal and private funds for seniors programs including \$700,000 for community services, \$800,000 for congregate and home-delivered meals, and \$500,000 to improve health of individuals receiving public long-term care support services.

<b>Gross</b>	<b>\$2,000,000</b>
Federal	1,500,000
Private	500,000
GF/GP	\$0

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$1,691,395,000</b>	<b>\$1,743,845,600</b>	<b>\$52,450,600</b>	<b>3.1</b>

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."

### Overview

The Higher Education budget, contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. University Operations Funding</b>	<b>Gross \$1,471,780,900</b>	<b>\$36,521,800</b>
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).	Restricted 343,168,300	0
	GF/GP \$1,128,612,600	\$36,521,800
<b>2. Michigan State Extension and AgBioResearch Programs</b>	<b>Gross \$65,073,400</b>	<b>\$1,626,800</b>
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.	GF/GP \$65,073,400	\$1,626,800
<b>3. Tuition Grant Program</b>	<b>Gross \$38,021,500</b>	<b>(\$6,000,000)</b>
Reduces Tuition Grant Program by \$6.0 million of federal Temporary Assistance for Needy Families (TANF) funds, a 15.8% decrease. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. 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).	Federal 34,095,600	(18,000,000)
	GF/GP \$3,925,900	\$12,000,000

**HIGHER EDUCATION**

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>4. Tuition Incentive Program</b>	<b>Gross</b>	<b>\$64,300,000</b>	<b>\$3,658,000</b>
Increases Tuition Incentive Program (TIP) by \$3.7 million GF/GP, a 5.7% increase, which pays for Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. 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 \$68.0 million Gross (\$3.7 million GF/GP).	Federal	64,300,000	0
	GF/GP	\$0	\$3,658,000
<b>5. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment</b>	<b>Gross</b>	<b>\$5,017,000</b>	<b>\$6,678,000</b>
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.	Restricted	5,017,000	6,678,000
	GF/GP	\$0	\$0
<b>6. MPERS Normal Cost Offset</b>	<b>Gross</b>	<b>\$1,234,000</b>	<b>(\$34,000)</b>
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.	Restricted	1,234,000	(34,000)
	GF/GP	\$0	\$0
<b>7. Michigan Student Loan Refinance Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000,000</b>
Includes \$10.0 million GF/GP of one-time funding to establish the Michigan Student Loan Refinance Program, which would allow 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.	GF/GP	\$0	\$10,000,000

**Major Boilerplate Changes from FY 2019-20**

**Sec. 236a. FY 2020-21 Appropriations – DELETED**

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPERS FY 2020-21 payment to be \$7.3 million.

**Sec. 242. Federal or Private Funds – REVISED**

Appropriates federal or private funds received by the state for use by a college or university. Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

**Sec. 245. University Transparency – REVISED**

Requires each university to post on its website specified data on budget, revenue, expenditures, and employee compensation, as well as university performance data, information on transfer policies and opportunities for high school students to earn college credit, collective bargaining agreements, benefit plans, and audits. Deletes requirement that State Budget Director determine compliance and language granting authority to withhold payments for a university not in compliance. Deletes reporting requirements about institutional positions in addition to reporting on career and technical programs, dual enrollment and early middle college programs.

**Major Boilerplate Changes from FY 2019-20*****Sec. 248. Michigan Student Loan Refinance Program – NEW***

Adds language that creates the Michigan Student Loan Refinance Program, which would be administered by the Department of Treasury by paying off the balance of eligible student loans and issuing new loans at a lower interest rate. Defines various terms; limits eligible borrowers to residents who have resided in the state 12 months prior to the application, have been current on payments for 3 years and are currently in good standing on their existing loan. Limits eligible loans to federal and non-federal student loans for students attending private or public higher education institutions in the state. Sets loan amounts between \$5,000 and \$50,000; establishes reporting requirements.

***Sec. 248a. Michigan Student Loan Refinance Fund – NEW***

Adds language that creates the Michigan Student Loan Refinance Fund in the Department of Treasury. Authorizes loan repayments and other assets to be deposited into the fund. Specifies funds do not lapse into the General Fund. Authorizes \$10.0 million GF/GP deposit into the fund and adds one-year work project language.

***Sec. 252. Tuition Grant Program – REVISED***

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$2,800, unless insufficient funds are available, in which case a report is required. Deletes language that specifies that the \$4.8 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program.

***Sec. 256. Tuition Incentive Program – REVISED***

Specifies criteria for Tuition Incentive Program (TIP) eligibility; provides for award conditions and limits under Phases I (associate degree and certificate programs) and II (third and fourth years toward bachelor's degree) of the program. Includes new language that states the program will cover tuition and fees that do not exceed 2.5x the in-district community college tuition per-credit rate of the previous academic year. Deletes work project language. Deletes language directing universities to report TIP Phase I student enrollment and students receiving Pell grants by December 1 because language is currently present that states, beginning in FY 2020-21, the reporting deadline is October 15.

***Sec. 261. Douglas Lake Biological Station – DELETED***

Deletes legislative intent section that designates the University of Michigan's Douglas Lake Biological Station as a unique research resource and aims to protect the lake area.

***Sec. 265. Performance Funding Criteria: Tuition Restraint – REVISED***

Provides tuition restraint requirements in order to receive performance funding (reabeled student affordability) increase. Revises tuition restraint cap for universities to the greater of 4.25% or \$586. Deletes legislative intent language that indicates universities that violate the tuition restraint cap shall not receive a capital outlay project authorization in FY 2020-21, FY 2021-22, and FY 2022-23 and will have its appropriation adjusted.

***Sec. 265a. Performance Funding Criteria and Formula – REVISED***

Includes requirements for a university to receive the performance funding increase. Revises language specifying funding applies to FY 2020-21 only. Replaces "performance funding" with "student affordability." Deletes language detailing the performance formula and revises to state that universities receive an across-the-board funding increase proportional to each university's share of total operations funding from the prior fiscal year. Deletes legislative intent language about allocating more funding based on performance metrics in future years.

***Sec. 265c. Articulation Agreements and Academic Partnerships Reporting – DELETED***

Deletes requirement where the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

***Sec. 265e. Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds – DELETED***

Deletes legislative intent language that specifies universities use a portion of operations funding on campus safety programs, sexual assault prevention programs and student mental health programs.

***Sec. 268. Indian Tuition Waivers – REVISED***

Requires Department of Civil Rights to report certain information related to the waivers, and requires universities to provide data under guidelines and procedures developed by the Department of Civil Rights. Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the General Fund.

***Sec. 271a. Instructional Activity Pertaining to Unionization – DELETED***

Deletes legislative intent language that instructs public universities not to use appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2019-20

**Sec. 274. Embryonic Stem Cell Research – DELETED**

Deletes legislative intent language that instructs organizations conducting research using human embryonic stem cells report to the Department of Health and Human Services regarding compliance with federal guidelines and detailing usage of stem cell lines.

**Sec. 275a. Capital Outlay Requirements – DELETED**

Deletes language that prohibits use of state funds for self-liquidating projects and requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% of appropriation for failure to comply.

**Sec. 275d. Communication with the Legislature – DELETED**

Deletes legislative intent language that discourages a university from taking disciplinary action against an employee for communicating with the legislature.

**Sec. 291. Performance Audits – DELETED**

Deletes legislative intent language encouraging the auditor general to conduct performance audits as needed of public universities receiving state funding.

Supplemental Recommendations for FY 2019-20 Appropriations

FY 2019-20  
Recommendation

**1. 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.

<b>Gross</b>	<b>\$35,000,000</b>
Restricted	35,000,000
GF/GP	\$0



FY 2020-21 University Performance Funding Increases  
Executive Recommendation

University	Proportional to FY 2010-11		Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers							Indian Tuition Waiver			Proposed FY 2020-21 Appropriation	Percent Change		
	% of formula: 0.0%		0.0%		0.0%		0.0%													
	Funding per unit: \$0.00 per dollar		\$0.00 per completion		\$0.00 per dollar		\$0.00 per weighted point													
FY 2019-20 Year-to-Date Appropriation	FY 2010-11 Appropriation	Funding	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend.	% Students Receiving Pell Grants	Total Points	Undergrad FYES	FYES-Weighted Points	Funding	*Total Student Affordability Funding Increase	Indian Tuition Waiver Payment	Indian Tuition Waiver Adjustment	**Total Indian Tuition Waiver Payment		
Michigan State	\$287,331,700	\$283,685,200	\$0	0	\$0	\$0	0	0	0	0	0	37,287	0	\$0	\$7,183,300	\$1,467,700	\$0	\$1,467,700	\$294,515,000	2.5%
UM-Ann Arbor	321,970,100	316,254,500	0	0	0	0	0	0	0	0	0	30,029	0	0	8,049,300	803,500	0	803,500	330,019,400	2.5%
Wayne State	202,996,700	214,171,400	0	0	0	0	0	0	0	0	0	14,999	0	0	5,074,900	417,200	0	417,200	208,071,600	2.5%
Central	87,629,700	80,132,000	0	0	0	0	0	0	0	0	0	15,007	0	0	2,190,700	1,598,100	0	1,598,100	89,820,400	2.5%
Michigan Tech	50,101,600	47,924,200	0	0	0	0	0	0	0	0	0	5,595	0	0	1,252,500	466,500	0	466,500	51,354,100	2.5%
Western	111,522,200	109,615,100	0	0	0	0	0	0	0	0	0	15,951	0	0	2,788,100	767,900	0	767,900	114,310,300	2.5%
Eastern	77,253,700	76,026,200	0	0	0	0	0	0	0	0	0	13,030	0	0	1,931,300	302,300	0	302,300	79,185,000	2.5%
Oakland	53,147,400	50,761,300	0	0	0	0	0	0	0	0	0	14,587	0	0	1,328,700	285,100	0	285,100	54,476,100	2.5%
Grand Valley	72,313,500	61,976,400	0	0	0	0	0	0	0	0	0	19,894	0	0	1,807,800	1,075,000	0	1,075,000	74,121,300	2.5%
Saginaw Valley	30,583,800	27,720,700	0	0	0	0	0	0	0	0	0	6,809	0	0	764,600	223,900	0	223,900	31,348,400	2.5%
UM-Dearborn	26,167,000	24,726,200	0	0	0	0	0	0	0	0	0	5,990	0	0	654,200	160,200	0	160,200	26,821,200	2.5%
UM-Flint	23,616,200	20,898,000	0	0	0	0	0	0	0	0	0	4,749	0	0	590,400	277,000	0	277,000	24,206,600	2.5%
Ferris	55,025,500	48,619,200	0	0	0	0	0	0	0	0	0	9,342	0	0	1,375,600	1,007,300	0	1,007,300	56,401,100	2.5%
Northern	47,809,100	45,140,300	0	0	0	0	0	0	0	0	0	6,456	0	0	1,195,200	1,100,000	0	1,100,000	49,004,300	2.5%
Lake Superior	13,407,000	12,694,200	0	0	0	0	0	0	0	0	0	1,745	0	0	335,200	954,000	0	954,000	13,742,200	2.5%
<b>TOTAL:</b>	<b>\$1,460,875,200</b>	<b>\$1,420,344,900</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201,470</b>	<b>0</b>	<b>\$0</b>	<b>\$36,521,800</b>	<b>\$10,905,700</b>	<b>\$0</b>	<b>\$10,905,700</b>	<b>\$1,497,397,000</b>	<b>2.5%</b>

Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2017-2018	STEM/health/etc.
Research & develop expends	Federal IPEDS	FY 2017	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2013-2016	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2013-2016	Includes graduate degrees
Inst support as % of core expends	Federal IPEDS^	FYs 2013-2016	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2014-2016	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2018	Includes nonresident students

^ via Business Leaders for Michigan and Anderson Economic Group

Scoring Based on Carnegie Peers	
Top 20% nationally	3
Above national median	2
Improving over 3 years	2

- \*Requirements to receive student affordability funding increase:**
1. Restrain FY 2020-21 resident undergraduate tuition/fee rate increase to 4.25% or \$586 (whichever is greater)
  2. Participate in at least three reverse transfer agreements with community colleges
  3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
  4. Actively participate in and submit timely updates to the Michigan Transfer Network

- Requirements to avoid a 10% reduction in operations funding:**
1. Submit Sec. 274c & 274d Title IX reports
  2. Comply with various Title IX requirements listed in Sec. 265b

\*\* Indian Tuition Waiver Payments are unrolled from the Operations base amounts. ITW Payments and Adjustment amounts are combined into a "Indian Tuition Waiver Costs Incurred" that is broken out in each university's operations listing in the budget bill

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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)	(100.0)
<b>Gross</b>	<b>\$72,062,800</b>	<b>\$73,315,700</b>	<b>\$1,252,900</b>	<b>1.7</b>
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."

### Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
<b>1. Auto Insurance No-Fault Reform FTEs</b>	FTE	NA	20.0
Includes authorization for 20.0 FTE positions for the implementation of auto insurance no-fault reforms, as required under 2019 PA 21 and 2019 PA 22. Activities that would be supported by the FTE positions include consumer inquiry and complaint processing, auto insurance fraud investigations, claim appeals processing, and rate reviews.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0
<b>2. Executive Director Programs GF/GP Removal</b>	<b>Gross</b>	<b>\$1,091,900</b>	<b>(\$150,000)</b>
Removes \$150,000 GF/GP that was included in the FY 2019-20 budget in the Executive Director Programs line item to support statutorily required reporting under the Healthy Michigan Plan. The GF/GP appropriation lapsed each year it was included, since DHHS completed the required reporting.	Restricted	941,900	0
	GF/GP	\$150,000	(\$150,000)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,402,900</b>
Reflects increased costs of \$1.4 million Gross for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	5,500
	Federal	NA	(500)
	Restricted	NA	1,397,900
	GF/GP	NA	\$0

**Major Boilerplate Changes from FY 2019-20**

***Sec. 207. Out-of-State Travel – REVISED***

Stipulates conditions when DIFS may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify content requirements for the report.

***Sec. 210. Contingency Funding – REVISED***

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to adjust appropriation amounts to \$1.0 million in federal and \$5.0 million in state restricted contingency funds.

***Sec. 216. Communication with the Legislature – DELETED***

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff.

***Sec. 217. Television and Radio Productions – DELETED***

Prohibits DIFS from using appropriations to develop or produce television or radio productions through a third-party vendor.

***Sec. 218. Healthy Michigan Plan Accounting Structure – DELETED***

Requires DIFS, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing Healthy Michigan Plan expenditures to be identified.

***Sec. 219. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – DELETED***

Requires General Fund appropriation for Executive Director Programs line item to be expended on reporting requirements pursuant to section 105d(9) of the Social Welfare Act, 1939 PA 280.

***Sec. 220. Insurance Bureau Fund Use – DELETED***

Authorizes Insurance Bureau Fund appropriations to be used to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

***Sec. 301. Health Insurance Rate Filings Report – DELETED***

Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included.

***Sec. 306. Consumer Services Complaints Report – DELETED***

Requires DIFS to submit report regarding amount of consumer complaints received, process for handling complaints, and complaint outcomes.

# Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$311,113,500</b>	<b>\$314,761,800</b>	<b>\$3,648,300</b>	<b>1.2</b>
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."

## Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the number of judgeships.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
<b>1. Direct Trial Court Automation Support</b>	<b>Gross</b> \$6,579,500	<b>\$920,500</b>
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.	Local 6,579,500	920,500
	GF/GP \$0	\$0
<b>2. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers</b>	FTE NA	8.0
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 <i>Montgomery v. Louisiana</i> 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.	<b>Gross</b> NA	<b>\$881,100</b>
	GF/GP NA	\$881,100
<b>3. Pretrial Risk Assessment</b>	<b>Gross</b> NA	<b>\$325,700</b>
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.	GF/GP NA	\$325,700
<b>4. Judicial Tenure Commission</b>	<b>Gross</b> \$1,276,000	<b>\$100,000</b>
Includes \$100,000 GF/GP for costs of outside counsel, which is now required when arguing cases before the Supreme Court.	GF/GP \$1,276,000	\$100,000

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>5. Removal of Current Year One-Time Funding</b>	FTE 12.0	(12.0)
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 <i>Montgomery v. Louisiana</i> ; \$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.	<b>Gross \$3,142,600</b>	<b>(\$3,142,600)</b>
	GF/GP \$3,142,600	(\$3,142,600)
<b>6. Statewide e-File System – Authorization for FTE Positions</b>	FTE 5.0	7.0
Includes authorization for an additional 7.0 FTE positions. 2019 PA 56 authorized receipt of additional Electronic Filing Fee Fund revenue to support continued expansion of the e-file system. Authorization for the associated FTE positions should have been included in that bill but were not.	<b>Gross \$10,200,000</b>	<b>\$0</b>
	Restricted 10,200,000	0
	GF/GP \$0	\$0
<b>7. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$4,563,600</b>
Reflects a net increase in 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.	IDG NA	1,100
	Federal NA	77,600
	Local NA	154,500
	Private NA	22,300
	Restricted NA	81,600
	GF/GP NA	\$4,226,500

**Major Boilerplate Changes from FY 2019-20**

**Sec. 215. Disciplinary Action Against State Employees – DELETED**

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 216. Input on Foster Care Cases – DELETED**

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings.

**Sec. 217. Changes to Foster Care Family Service Plans – DELETED**

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans.

**Sec. 218. Linking Swift and Sure Sanctions Program to DHHS, DLEO, and MDOC Programming – DELETED**

Requires SCAO to identify programs within the Departments of Health and Human Services, Labor and Economic Opportunity, and Corrections that have programmatic connections with Swift and Sure Sanctions program participants for purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to provide guidance to courts participating in the Swift and Sure Sanctions program of available DHHS, DLEO, and MDOC programming.

**Sec. 219. Receipt and Retention of Required Reports – DELETED**

Requires the judicial branch to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes the judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 312. Parental Rights Restoration Act – DELETED**

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act, and to report on the total number of petitions granted.

**Major Boilerplate Changes from FY 2019-20**

**Sec. 316. Pretrial Risk Assessment – REVISED**

Requires SCAO to continue to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on the status of the program, including the effectiveness of the tool, plans to expand use of the tool, and details on expenditures and allocations. Executive deletes information currently required in the report; requires a report on the progress made toward implementing the tool and the associated costs.

**Sec. 320. Swift and Sure Sanctions Program – REVISED**

Requires SCAO to administer the Swift and Sure Sanctions program; authorizes SCAO to expend \$100,000 of the appropriation to pay for employee costs associated with administration of the program; reserves \$500,000 for programs in counties that had more than 325 individuals sentenced to prison in the previous calendar year; requires SCAO to work with the Department of Corrections to report on courts receiving funding, number of offenders participating, criminal history of offenders, recidivism rates, parameters of the program, and accounting of expenditures, including grant amounts requested, grant amounts awarded, and grant amounts expended. Executive deletes requirement to report a list of courts participating in the program and requirement to report on the accounting of prior year expenditures, including grant amounts requested, awarded, and expended.

**Sec. 402. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers – DELETED**

Requires SADO to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case and to ensure competent, resourced, and supervised counsel in cases involving resentencing of juvenile lifers; requires SADO to submit a report on the number of juvenile lifer cases investigated and prepared, including a calculation of hours spent, and a focus on incremental costs associated with investigating and conducting each case.

**Sec. 501. Veterans Court Participants' Compliance with Mental Health Treatment – DELETED**

Requires SCAO to create a pilot program in Eaton county that investigates the effectiveness of saliva testing to determine compliance with prescribed mental health medications and other treatments; authorizes \$20,000 of the appropriation for expansion of problem solving courts to be used to cover the costs of saliva testing.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
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	%
<b>IDG/IDT</b>	\$44,225,300	\$46,664,600	\$2,439,300	5.5
<b>Federal</b>	28,125,600	28,823,700	698,100	2.5
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	251,328,300	258,945,700	7,617,400	3.0
<b>GF/GP</b>	111,606,400	153,155,600	41,549,200	37.2
<b>Gross</b>	<b>\$435,285,600</b>	<b>\$487,589,600</b>	<b>\$52,304,000</b>	<b>12.0</b>
<b>FTEs</b>	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."

**Overview**

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory agency. The department oversees regulation across a variety of areas, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and marijuana. Entities within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Michigan Indigent Defense Commission Grants</b>	<b>Gross \$80,999,600</b>	<b>\$36,467,800</b>
Includes an additional \$36.5 million GF/GP for Michigan Indigent Defense Commission grants, to fund the state's projected share of indigent defense costs in FY 2020-21 (\$117.5 million). MIDC grants are distributed to funding units of district and circuit courts and currently support the implementation of approved indigent defense standards 1-4.	Restricted 200,000	0
	GF/GP \$80,799,600	\$36,467,800
<b>2. Michigan Saves Green Bank</b>	<b>Gross NA</b>	<b>\$5,000,000</b>
Includes \$5.0 million GF/GP for a Public Service Commission grant award to Michigan Saves (a non-profit green bank), to provide credit enhancement tools for renewable energy and energy efficiency improvement loans to commercial, residential, and public entities (with lower rates and favorable terms). Such credit enhancement tools may include a loan loss reserve fund.	GF/GP NA	\$5,000,000
<b>3. Childcare Licensing Background Checks</b>	<b>Gross NA</b>	<b>\$1,300,000</b>
Increases the IDG from the Michigan Department of Education by \$1.3 million to support background check costs for staff members at licensed childcare centers, with funding supporting up to 400 background checks per week. The IDG is supported in MDE by federal funding from the Child Care Development Block Grant.	IDG/IDT NA	1,300,000
	GF/GP NA	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>4. Marijuana Regulatory Agency Staffing Increase</b>	FTE	NA	8.0
Includes \$1.1 million of restricted funding and authorization for 8.0 FTE positions for the Marijuana Regulatory Agency for regulation of medical and adult-use marijuana. Of the \$1.1 million and 8.0 FTE positions, \$518,400 Gross and 4.0 FTE positions would be allocated for medical regulation and \$598,400 Gross and 4.0 FTE positions would be allocated for adult-use regulation; both would support inspector positions.	<b>Gross</b>	<b>NA</b>	<b>\$1,116,800</b>
	Restricted	NA	1,116,800
	GF/GP	NA	\$0
<b>5. Marijuana Regulation Fund Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$552,000</b>
Includes an additional \$302,000 of restricted funding authorization from the Marijuana Regulation Fund (adult-use licensing fees and excise tax revenues) for the following line items:	Restricted	NA	552,000
	GF/GP	NA	\$0
<ul style="list-style-type: none"> <li>• Administrative Services (\$150,000)</li> <li>• Executive Director Programs (\$52,000)</li> <li>• Michigan Office of Administrative Hearings and Rules (\$100,000)</li> <li>• Information Technology Services and Projects (\$250,000).</li> </ul>			
<b>6. Marijuana Regulatory Fund Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$280,000</b>
Includes an additional \$280,000 of restricted funding authorization from the Marijuana Regulatory Fund (medical licensing fees and assessments) for the following line items:	Restricted	NA	280,000
	GF/GP	NA	\$0
<ul style="list-style-type: none"> <li>• Administrative Services (\$63,000)</li> <li>• Executive Director Programs (\$17,000)</li> <li>• Michigan Office of Administrative Hearings and Rules (\$200,000).</li> </ul>			
<b>7. MIDC Statewide Grant Management System Costs</b>	<b>Gross</b>	<b>\$18,650,000</b>	<b>\$72,000</b>
Includes \$72,000 GF/GP for the Information Technology Services and Projects line item for maintenance costs for the MIDC's grants management system.	Federal	1,124,500	0
	Restricted	16,338,300	0
	GF/GP	\$1,187,200	\$72,000
<b>8. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>\$10,000</b>	<b>(\$10,000)</b>
Removes \$10,000 of restricted funding that was included in the FY 2019-20 budget for producing educational materials to inform consumers (particularly children and young adults) about potential effects of marijuana use.	Restricted	10,000	(10,000)
	GF/GP	\$0	\$0
<b>9. Urban Search and Rescue Removal</b>	<b>Gross</b>	<b>\$600,100</b>	<b>(\$600,100)</b>
Removes \$600,100 Gross (\$600,000 GF/GP) to reflect elimination of the Urban Search and Rescue line item, which provided grant funding to the Michigan Mutual Aid Alarm System for costs associated with supervisory and essential functions at incidents where technical rescue expertise and equipment are required for effective rescue operations.	Restricted	100	(100)
	GF/GP	\$600,000	(\$600,000)



<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>10. Technical Adjustments</b>	<b>Gross</b>	<b>NA (\$1,029,200)</b>
Makes numerous fund shifts, organizational changes, authorization alignments, and technical adjustments (including effectuating EO 2019-13). The following are specific changes included:	IDG/IDT	NA 226,900
	Federal	NA (622,600)
	Restricted	NA (142,000)
	GF/GP	NA (\$491,500)
<ul style="list-style-type: none"> <li>• Rolls four line items in the Bureau of Community and Health Systems Administration line item.</li> <li>• Transfers the Health Facilities Engineering Section from the Bureau of Construction Codes to the Bureau of Community and Health Systems (\$1.2 million Gross and 7.0 FTE positions).</li> <li>• Increases restricted authorization from the Licensing and Regulation Fund (\$405,500) and Securities Fees (\$519,600) for the Corporations, Securities, and Commercial Licensing Bureau.</li> <li>• Decreases Survey and Remonumentation Fund authorization for the Remonumentation Grants line item by \$500,000.</li> <li>• Decreases restricted authorization from the Liquor Purchase Revolving Fund for the Property Management line item by \$410,300.</li> <li>• Increases restricted authorization from the Fireworks Safety Fund for the Bureau of Fire Services line item by \$200,000.</li> <li>• Removes \$100,000 GF/GP from Bureau of Construction Codes line item and replaces with restricted authorization from the Construction Codes Fund.</li> <li>• Increases authorization from the Accountancy Enforcement Fund for the Bureau of Professional Licensing line item by \$80,000.</li> </ul>		
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>NA \$9,154,700</b>
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.	IDG/IDT	NA 912,400
	Federal	NA 1,320,700
	Restricted	NA 6,070,700
	GF/GP	NA \$850,900

**Major Boilerplate Changes from FY 2019-20**

**Sec. 207. Out-of-State Travel – REVISED**

Stipulates conditions when LARA may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained within the report.

**Sec. 210. Contingency Funding – REVISED**

Appropriates up to \$1.0 million in federal, \$1.5 million in state restricted, \$200,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to adjust appropriation amounts to \$10.0 million in federal, \$25.0 million in state restricted, \$1.0 million in local, and \$500,000 in private contingency funds.

**Sec. 216. Communication with the Legislature – DELETED**

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 217. Television and Radio Productions – DELETED**

Prohibits LARA from using appropriations to develop or produce television or radio productions through a third-party vendor.

**Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED**

Requires LARA, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing identification of expenditures associated with Healthy Michigan Plan.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 226. Regulatory Statistical Report – DELETED***

Requires LARA to submit annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by agencies within LARA.

***Sec. 227. Employee Performance Monitoring Process – DELETED***

Expresses legislative intent that LARA establish a consistent employee performance monitoring process and submit a report on planned or implemented changes to that process.

***Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED***

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice shall be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Revises to eliminate requirement that the MLCC refer identified unlicensed entities to the Attorney General, modify report requirements, and to eliminate notification requirements.

***Sec. 505. Medical Marihuana Program Report – REVISED***

Requires LARA to submit report on revenue, expenditures, application determinations, and timeliness of Medical Marihuana Program and other specified information. Revises to adjust reporting requirements and to incorporate reporting under former sections 512 and 513 to consolidate all Marijuana Regulatory Agency reporting.

***Sec. 511. Notice of AFC, HFA, and LTC Facility Closing – DELETED***

Requires LARA to serve a facility and notify offices of representing legislators when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home.

***Sec. 512. Marijuana Regulation Report – DELETED***

Requires LARA to submit report providing information regarding licensing, revenues, and costs for medical and recreational marijuana regulation.

***Sec. 513. Marijuana Community Impact Statements – DELETED***

Requires LARA to report on addresses of all licensed medical and recreational marijuana facilities; requires LARA to coordinate with local authorities to create community impact statements and neighbor responsibility plans, upon request.

***Sec. 515. Substance Use Disorder Program Licensing – DELETED***

Stipulates requirements that residential detoxification program licensees must fulfill.

***Sec. 701. Bureau of Services for Blind Persons Case Services – DELETED***

Stipulates that funds appropriated for BSBP include funds for case services that may be used for tuition payments for blind clients; unexpended revenue collected by BSBP and from local and private sources may carry forward into subsequent fiscal year.

***Sec. 702. Vocational Rehabilitation Matching Funds – DELETED***

Requires BSBP to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

***Sec. 703. BSBP Service Agreements – DELETED***

Authorizes BSBP to provide support and services to various agencies and organizations, and for LARA to charge fees for these services; stipulates funds collected for these services are appropriated when received.

***Sec. 704. First Responder Presumed Coverage Claims Excess Funds – DELETED***

Authorizes excess funds received from First Responder Presumed Coverage Fund to be appropriated in an amount sufficient to pay approved claims due in current fiscal year.

***Sec. 803. Ethnic Affairs Commissions Reporting – DELETED***

Requires Michigan Office for New Americans to coordinate with three ethnic affairs commissions to produce report detailing commissions' activities.

***Sec. 804. Ethnic Affairs Commissions Spending – DELETED***

Requires expenditure of appropriated funds by the commissions to directly relate to mission statements.

***Sec. 805. Michigan Office For New Americans Report – DELETED***

Requires MONA to report on activities of office; stipulates reporting requirements.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 903. Local Support for Subregional Library Services – DELETED***

Requires maintenance of effort for subregional libraries to receive state grants for expenditures for library services directly serving blind and persons with disabilities.

***Sec. 904. Michigan Indigent Defense Commission Standards Compliance – DELETED***

Stipulates an indigent defense system's duty of compliance with standards is contingent upon receipt of a grant in an amount sufficient to comply with provisions in 2013 PA 93.

***Sec. 1001. Marihuana Education Funding – DELETED***

Requires funding for Marihuana Education to be used to produce and disseminate materials geared toward children and young adults that highlight potential risks and consequences associated with marihuana use.

***Sec. 1002. Michigan Saves Green Bank – NEW***

Stipulates funding appropriated for Michigan Saves is to be distributed by the Public Service Commission as a grant to a nonprofit green bank to make energy efficiency and renewable energy loans more affordable.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
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
<b>Gross</b>	<b>\$204,065,100</b>	<b>\$224,342,500</b>	<b>\$20,277,400</b>	<b>9.9</b>
FTEs	933.5	1,061.5	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."

**Overview**

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, County Veteran Service Fund, and the Michigan Veterans Trust Fund.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. New Veterans Home Ongoing Costs</b>	FTE	NA
Authorizes \$1.2 million Gross (\$7.6 million GF/GP) to support ongoing operations at new Chesterfield Township home for veterans and new facility at Grand Rapids Home for Veterans. A GF/GP appropriation increase partly covers a short-term reduction of federal revenue as the new homes' residency and eligibility for federal reimbursements stabilizes.	<b>Gross</b>	<b>NA</b>
	Federal	115.0
	Restricted	<b>\$1,160,800</b>
	GF/GP	(5,856,300)
		(631,900)
		\$7,649,000
<b>2. Michigan Job ChalleNGe Program</b>	FTE	50.0
Authorizes \$2.0 million of federal funding and 18.0 FTE positions for the five-month residential, occupational skills training program for graduates of the Michigan Youth ChalleNGe Academy.	<b>Gross</b>	<b>\$7,580,900</b>
	Federal	18.0
	Private	2,011,000
	GF/GP	90,000
		\$0
		\$0
<b>3. Grayling National Guard Readiness Center Construction</b>	<b>Gross</b>	<b>NA</b>
Authorizes \$18.9 million of federal funding for a new National Guard Readiness Center at Grayling Army Airfield to support training, administration, and logistical requirements of Michigan National Guard.	Federal	NA
	GF/GP	18,905,000
		\$0
<b>4. County Veteran Service Fund Reduction</b>	<b>Gross</b>	<b>\$4,000,000</b>
Reduces \$2.0 million GF/GP which was added in 2019 PA 154 from the County Veteran Service Fund, which issues grants to qualifying counties for veterans' services.	GF/GP	\$4,000,000
		<b>(\$2,000,000)</b>
		<b>(\$2,000,000)</b>

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>5. Board of Managers Elimination</b>	<b>Gross \$940,000</b>	<b>(\$400,000)</b>
Eliminates \$400,000 of state restricted funding that had been used to support Board of Managers and transfers \$540,000 of private funding to new Michigan Veterans Homes Administration line to recognize transfer of management authority over veterans' homes from Board of Managers to Michigan Veterans Facility Authority, which will oversee construction and administration of all state veteran homes.	Private 540,000	0
	Restricted 400,000	(400,000)
	GF/GP \$0	\$0
<b>6. Veteran Homes Administration Cost Transfers</b>	FTE 18.0	0.0
Transfers \$2.5 million GF/GP to new Michigan Veteran Homes Administration line that will support administration of all veterans homes. Transfers \$452,500 from D.J. Jacobetti Home for Veterans, \$1.6 million from Grand Rapids Home for Veterans, and \$419,900 from Michigan Veterans Facility Authority. Total executive recommended funding is \$3.0 million with transfer of \$540,000 of private funding from Board of Managers as noted in item number 5.	<b>Gross \$2,473,700</b>	<b>\$0</b>
	GF/GP \$2,473,700	\$0
<b>7. Cemetery Cost Transfer</b>	<b>Gross \$85,200</b>	<b>\$0</b>
Transfers \$85,200 GF/GP from Grand Rapids Home for Veterans to new Veterans Cemetery line.	GF/GP \$85,200	\$0
<b>8. Grand Rapids Home for Veterans Lines Transfers</b>	FTE 318.5	0.0
Transfers \$51.3 million Gross (\$22.9 million GF/GP) and 313.5 FTE positions, from three lines under the Grand Rapids Home for Veterans and \$621,700 Gross (\$225,600 GF/GP) from FY 2020-21 economics increase, into one new line. Transfers \$9.0 million from Veterans Homes Operations, \$10.3 million from Purchased Services, and \$32.5 million from Salaries, Wages, and Fringe Benefits. 5.0 FTE positions would be transferred to Michigan Veterans Affairs Agency Administration line.	<b>Gross \$51,264,300</b>	<b>\$0</b>
	Federal 21,565,000	0
	Restricted 6,800,900	0
	GF/GP \$22,898,400	\$0
<b>9. Grand Home for Veterans Transition Costs Transfer</b>	FTE 318.5	0.0
Transfers \$13.2 million GF/GP of ongoing funding to Grand Rapids Home for Veterans to one-time funding to support costs of transitioning from the existing facility to the new facility under construction and expected to open in Spring 2021.	<b>Gross \$51,264,300</b>	<b>\$0</b>
	Federal 21,565,000	0
	Restricted 6,800,900	0
	GF/GP \$22,898,400	\$0
<b>10. Non-GF Transfer from GRHV to New Chesterfield Home</b>	FTE 318.5	0.0
Transfers \$1.3 million Gross (\$0 GF/GP) from Grand Rapids Home for Veterans to new Chesterfield Township veterans home in Macomb County. Transfers \$885,000 of federal funding and \$375,000 of state restricted Income and Assessments revenue.	<b>Gross \$51,264,300</b>	<b>\$0</b>
	Federal 21,565,000	0
	Restricted 6,800,900	0
	GF/GP \$22,898,400	\$0
<b>11. Michigan Veterans Facility Authority Reduction</b>	FTE 3.0	0.0
Reduces \$250,000 GF/GP from the Michigan Veterans Facility Authority because of vacant transition executive position and reducing the number of yearly meetings by half.	<b>Gross \$1,276,900</b>	<b>(\$250,000)</b>
	GF/GP \$1,276,900	(\$250,000)
<b>12. IT Services Increase</b>	<b>Gross \$1,530,800</b>	<b>\$432,300</b>
Authorizes \$432,300 Gross to align appropriations with available federal and state restricted resources.	Federal 586,700	121,000
	Restricted 425,100	311,300
	GF/GP \$519,000	\$0
<b>13. Accounting Service Center FTE Transfer to DTMB</b>	FTE 205.0	(5.0)
Reduces 5.0 FTE positions from D.J. Jacobetti Home for Veterans to reflect an Accounting Service Center agreement by which five veterans home business office staff have become part of DTMB-Financial Services.	<b>Gross \$24,918,600</b>	<b>\$0</b>
	Federal 10,447,800	0
	Restricted 5,262,900	0
	GF/GP \$9,207,900	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>14. D.J. Jacobetti Fund Shift Alignment with Available Resources</b>	FTE	205.0	0.0
Reduces \$354,900 Gross to align fund sources with available federal and state restricted revenues. Reduces \$3.0 million of federal funding and authorizes an additional \$2.7 million of state restricted Income and Assessments revenue.	<b>Gross</b>	<b>\$24,918,600</b>	<b>(\$354,900)</b>
	Federal	10,447,800	(3,008,300)
	Restricted	5,262,900	2,653,400
	GF/GP	\$9,207,900	\$0
<b>15. Restricted Revenue Reductions</b>	<b>Gross</b>	<b>\$11,202,200</b>	<b>(\$5,815,100)</b>
Reduces \$5.8 million of state restricted funding to align with revenue and expenditure projections. Reductions include \$2.9 million from Michigan Veterans Trust Fund, \$2.3 million from Michigan National Guard Armory Construction Fund, \$450,000 from Military Family Relief Fund, \$100,000 from Mackinac Bridge Authority, \$63,800 from Billeting Fund, and \$50,000 from Test Project Fees.	Restricted	11,202,200	(5,815,100)
	GF/GP	\$0	\$0
<b>16. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>\$65,100</b>	<b>(\$65,100)</b>
Eliminates \$65,100 GF/GP for fielding and issuing of aircrew combat uniforms with updated operational camouflage pattern.	GF/GP	\$65,100	(\$65,100)
<b>17. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$6,653,400</b>
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.	Federal	NA	5,276,500
	Restricted	NA	287,100
	GF/GP	NA	\$1,089,800

**Major Boilerplate Changes from FY 2019-20**

**Sec. 210. Contingency Funding – REVISED**

Appropriates up to \$8.6 million in federal, \$1.1 million in state restricted, \$250,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to appropriate up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds.

**Sec. 215. Disciplinary Action Against State Employees – DELETED**

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 216. Biannual Reporting on Achieving Requirements – DELETED**

Requires department to provide biannual reports on status of work projects, financial status, evidence of efficiencies, corrective action plans for requirements not achieved, department's performance against metrics stated in act, and employment levels.

**Sec. 217. Department Core Services – DELETED**

Lists core services of department; requires appropriations to be used for core services.

**Sec. 220. Private Donations to Veteran Homes – NEW**

Appropriates money privately donated to the Grand Rapids Home for Veterans, D.J. Jacobetti Home for Veterans, and Chesterfield Township Home for Veterans, and permits its use for the purpose designated by the private donor.

**Sec. 301. Unclassified Positions – REVISED**

(1) Appropriates funding to support unclassified positions; (2) requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions. Revises to delete notification requirement under subsection 2.

**Sec. 304. Military Family Relief Fund – REVISED**

Requires DMVA to provide grant funding from Military Family Relief Fund, sufficient staffing and resources for outreach services to military families of members of reserve component called into active duty, and biannual reports on financial activities of fund. Revises to eliminate requirement for sufficient staffing and resources.

**Major Boilerplate Changes from FY 2019-20****Sec. 307. National Guard Tuition Assistance Program – REVISED**

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard; states program's objectives, performance metrics, and reporting requirements. Revises to define eligibility for tuition assistance as defined in 2014 PA 259.

**Sec. 401. Board of Managers (Veterans Homes) – REVISED**

Requires Board of Managers and Michigan Veterans' Facility Authority to exercise certain regulatory and governance authority over GRHV and DJJHV. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans.

**Sec. 402(1)-(3), (10)-(20). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – REVISED**

Requires GRHV and DJJHV to meet applicable standards of care as provided under listed federal and state legal authorities; specifies standards around issues concerning psychiatric care, monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, and personal funds of residents; requires information on complaint process to be conspicuously posted at home; requires GRHV, DJJHV, and Board of Managers policies to be posted on MVAA website; requires department to report budgeting and quality of care metrics to the legislature, including health and safety issues, status of Centers for Medicare and Medicaid Services (CMS) certification, resident member demographics, upgrades to facilities, and financial status of homes. Revises to delete reference to Board of Managers and add new Chesterfield Township Home for Veterans; deletes requirement to report quarterly on Centers for Medicare and Medicaid certification efforts; deletes requirement to report on modernization updates of Grand Rapids and D.J. Jacobetti Veterans Homes.

**Sec. 402(9). GRHV and DJJHV Complaint Management Process – REVISED**

Requires complaints of alleged abuse or neglect received by a supervisor at the home to be reported to director of nursing upon receipt; requires director of nursing to provide information on the nature and final disposition of complaints received at least monthly to home administrator, Board of Managers, MVAA, subcommittees, legislative fiscal agencies, and State Budget Office. Revises to delete monthly reporting requirements.

**Sec. 404. GRHV and DJJHV CMS Certification Reporting – DELETED**

Requires department to report to legislature regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification.

**Sec. 405. Veterans' Trust Fund Grants – REVISED**

Requires MVAA to report on Michigan Veterans Trust Fund financial status, awarded grants, and administrative expenses; establishes a capacity metric of 2,000 applications. Revises to add operating expenses to be reported, and to change due date from December 1 to February 1.

**Sec. 406(2). Regional Service Coordination – REVISED**

Requires the MVAA to provide for the regional coordination of services, including benefit counseling, state health and human service programs, workforce and economic development programs, and community-based programs; allows service officers to include mental health care referral services; requires the MVAA to work with the Department of Health and Human Services and the Department of Corrections in coordinating benefits and services to eligible veterans; requires training on processing veterans benefits due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues. Revises to eliminate requirement of selection of regional coordinators through a staff augmentation service contract.

**Sec. 407. Grants to Veterans Service Organizations – REVISED**

Requires MVAA to provide grants to veterans service organizations (VSOs) in a manner consistent with MVAA performance goals and objectives; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, including a goal that 40% of VSO-filed claims for VA benefits be considered fully developed by VA; specifies basic parameters of grant agreement, including regional service delivery, payment of fixed hourly rate of \$34.00 per hour, provision of service hours based on appropriations and fixed hourly rate, including in state correctional facilities; requires reports on claims activities. Revises to include partnership with tribal governments in disbursing grants.

**Sec. 409. Interagency Agreement with Department of Health and Human Services – DELETED**

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement.

MILITARY AND VETERANS AFFAIRS

**Major Boilerplate Changes from FY 2019-20**

**Sec. 503. Special Maintenance – Veterans Homes – REVISED**

Authorizes capital outlay appropriations to be carried forward at end of fiscal year; requires appropriations to be expended in accordance with section 402 of department budget act to modernize and repair two veterans' homes; requires biannual reports on maintenance projects at veterans' homes funded from capital outlay appropriations. Revises to add new Chesterfield Township Home for Veterans.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. D.J. Jacobetti Private Donation**

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

<b>Gross</b>	<b>\$425,000</b>
Private	425,000
GF/GP	\$0



## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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
<b>Gross</b>	<b>\$438,685,400</b>	<b>\$468,258,900</b>	<b>\$29,573,500</b>	<b>6.7</b>
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."

### Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
<b>1. Milliken Visitors Center (One-Time)</b>	<b>Gross NA</b>	<b>\$2,500,000</b>
Appropriates \$2.5 million GF/GP for the construction of a new visitors center on Mackinac Island including indoor and outdoor exhibits.	GF/GP NA	\$2,500,000
<b>2. Michigan Conservation Corps – State Parks</b>	FTE 715.6	0.0
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.	<b>Gross \$75,592,600</b>	<b>\$1,000,000</b>
	Federal 141,400	0
	Private 428,100	0
	Restricted 72,496,900	0
	GF/GP \$2,526,200	\$1,000,000
<b>3. Good Neighbor Program – Forest Management and Timber Market Development</b>	FTE 178.0	7.0
Expands the Good Neighbor Program by adding \$8.1 million of available federal funding and 7.0 FTE positions to support increasing timber sales and forest resources management activities.	<b>Gross \$35,061,700</b>	<b>\$8,143,400</b>
	Federal 2,236,000	8,143,400
	Private 930,400	0
	Restricted 31,895,300	0
	GF/GP \$0	\$0
<b>4. State Park Employee Retention Initiative</b>	FTE NA	4.0
Includes an additional \$567,800 of restricted funding and 4.0 FTE positions for Forest Recreation & Trails, Recreational Boating, and State Parks to create park supervisor roles and paths for career advancement.	<b>Gross NA</b>	<b>\$567,800</b>
	Restricted NA	567,800
	GF/GP NA	\$0
<b>5. Wildfire Equipment Mechanic – Wildfire Protection</b>	FTE 114.0	1.0
Adds \$375,000 from the Forest Development Fund and 1.0 FTE position to the Wildfire Protection program for a mechanic to maintain fire equipment inventory.	<b>Gross \$14,320,200</b>	<b>\$375,000</b>
	Federal 1,357,500	0
	Restricted 6,661,900	375,000
	GF/GP \$6,300,800	\$0

NATURAL RESOURCES

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>		<b>Executive Change from YTD</b>
<b>6. Wildfire Equipment (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,000,000</b>
Appropriates \$1.0 million from the Forest Development Fund for fire equipment maintenance and acquisition.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
<b>7. Belle Isle Park – State Parks</b>	FTE	715.6	0.0
Adds \$200,000 from the Park Improvement Fund, Belle Isle Subaccount to State Parks for operation and maintenance of Belle Isle Park. Additional revenue is available from the Belle Isle Grand Prix.	<b>Gross</b>	<b>\$75,592,600</b>	<b>\$200,000</b>
	Federal	141,400	0
	Private	428,100	0
	Restricted	72,496,900	200,000
	GF/GP	\$2,526,200	\$0
<b>8. Marketing and Outreach</b>	FTE	80.8	0.0
Expands departmental marketing and outreach by adding \$173,600 from the Sportsmen Against Hunger Fund. Additional spending authority would be used to cover costs related to providing donated venison to local food banks and shelters.	<b>Gross</b>	<b>\$14,166,300</b>	<b>\$173,600</b>
	Federal	1,694,800	0
	Restricted	12,194,500	173,600
	GF/GP	\$277,000	\$0
<b>9. Shooting Range Development, Enhancement, and Restoration (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$4,400,000</b>
Appropriates \$4.4 million Gross for maintenance of existing and development of new archery and firearm ranges throughout Michigan.	Federal	NA	4,000,000
	Private	NA	400,000
	GF/GP	NA	\$0
<b>10. Forestry Investment (One-Time)</b>	<b>Gross</b>	<b>NA</b>	<b>\$500,000</b>
Appropriates \$500,000 from the Forest Development Fund for research on maintenance and health of white cedar forests in Michigan.	Restricted	NA	500,000
	GF/GP	NA	\$0
<b>11. Newberry Mass Timber Building (Capital Outlay)</b>	<b>Gross</b>	<b>NA</b>	<b>\$5,000,000</b>
Adds \$5.0 million from the Forest Development Fund for the construction of a facility in Luce County for departmental staff and storage. The building would replace existing leased and outdated facilities.	Restricted	NA	5,000,000
	GF/GP	NA	\$0
<b>12. Fish Hatchery Infrastructure (Capital Outlay)</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,500,000</b>
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.	Restricted	NA	2,500,000
	GF/GP	NA	\$0
<b>13. Wetlands Restoration, Enhancement, and Acquisition (Capital Outlay)</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,000,000</b>
Appropriates \$1.0 million of available Waterfowl Hunt Stamp revenue for wetland enhancement and waterfowl habitat maintenance.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
<b>14. Capital Outlay Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$3,125,000)</b>
Reflects adjustments of \$3.1 million to annual capital outlay appropriations for boating infrastructure, state parks maintenance, and state forest infrastructure to align spending with available revenue.	Restricted	NA	(3,125,000)
	GF/GP	NA	\$0
<b>15. General Law Enforcement</b>	FTE	293.0	0.0
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.	<b>Gross</b>	<b>\$44,784,100</b>	<b>(\$91,700)</b>
	Federal	6,648,100	0
	Restricted	25,682,400	0
	GF/GP	\$12,453,600	(\$91,700)
<b>16. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,200,000)</b>
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.	GF/GP	NA	(\$2,200,000)

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>17. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>
Increases DNR budget by \$159,000 Gross to align appropriations with available private and restricted funding.	IDG	\$159,000
	Private	200
	Restricted	(396,200)
	GF/GP	555,000
		\$0
<b>18. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
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.	IDG	\$7,471,400
	Federal	5,700
	Private	809,100
	Restricted	3,800
	GF/GP	5,484,000
		\$1,168,800

**Major Boilerplate Changes from FY 2019-20**

**Sec. 206. Businesses in Economically Deprived or Depressed Communities – REVISED**

Requires director to take reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. Revises to require director to take reasonable steps to the extent permissible under the Management and Budget Act.

**Sec. 210. Contingency Fund Transfer Authority – REVISED**

Provides authority for contingency fund transfers of up to \$3.0 million restricted; authorizes expenditure after legislative transfer to specific line items. Revises to include contingency fund transfer authority of \$3.0 million federal, \$10.0 million restricted, and \$1.0 million private.

**Sec. 220. Disciplinary Action Against State Employees – DELETED**

Prohibits department from disciplining state employees for communicating with members of the Legislature and their staffs.

**Sec. 408. Land Transactions – DELETED**

Requires detailed report to legislature on land purchases, sales, and exchanges.

**Sec. 504. Cervid Operation Fees – DELETED**

Requires report on use of registration fees from privately owned cervid operations.

**Sec. 506. USDA Wildlife Services Deer Harvesting – DELETED**

Encourages United States Department of Agriculture Wildlife Services to harvest all deer during targeted removal required under Enhanced Wildlife Biosecurity Program.

**Sec. 601. Stream Habitat Improvement Grants – DELETED**

Appropriates \$758,000 to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat improvement projects.

**Sec. 602. Water Control Structure Certification – DELETED**

Directs Fisheries Division to not interfere with certification process for dams and other water control structures.

**Sec. 603. Fish Hatcheries Report – DELETED**

Requires annual report on fish hatcheries.

**Sec. 901. Snowmobile Law Enforcement Grants – DELETED**

Authorizes snowmobile law enforcement grant to county law enforcement agencies in counties with state snowmobile trails.

**Sec. 902. Marine Safety Grants – DELETED**

Requires report on Marine Safety Grant Program; requires report to include watercraft registration revenues, revenues and expenditures of Marine Safety Fund, grant distribution methodology, and list of grant awards by county.

**Sec. 1002. Water Trail Grants – DELETED**

Requires department to collaborate with Waterways Commission to develop a plan to incorporate grants for state-designated water trails as a part of Waterways Grant Application Program.

NATURAL RESOURCES

**Major Boilerplate Changes from FY 2019-20**

***Sec. 1203. Wildlife Management – DELETED***

Authorizes unexpended funds appropriated for Wildlife Management to be considered work project appropriations and carried forward until projects have been completed. Projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2022.

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

***1. 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.

<b>Gross</b>	<b>\$8,000,000</b>
Restricted	8,000,000
GF/GP	\$0

# Summary: Executive Budget Recommendation for Fiscal Year 2020-21 SCHOOL AID

Analysts: Samuel Christensen and Jacqueline Mullen

	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	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
<b>Gross</b>	<b>\$15,177,263,600</b>	<b>\$15,923,137,100</b>	<b>\$745,873,500</b>	<b>4.9</b>

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."

## Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 294 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), Department of Labor and Economic Opportunity (LEO), and other entities to implement certain grants and other programs related to K-12 education.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Foundation Allowance (Secs. 22a &amp; 22b)</b>	<b>Gross \$9,499,000,000</b>	<b>\$290,000,000</b>
Increases by \$290.0 million to provide increases ranging from \$150 to \$225 per pupil using a 1.5x formula. The minimum foundation allowance would increase from \$8,111 to \$8,336 (2.8%) and the state maximum guaranteed foundation allowance would increase from \$8,529 to \$8,679 (1.8%). (See Major Boilerplate Sections for Sec. 22p below.)	Restricted 9,467,632,700	317,723,700
	GF/GP \$31,367,300	(\$27,723,700)
<b>2. Cyber Schools Foundation Allowance Reduction (Secs. 22a &amp; 22b)</b>	<b>Gross NA</b>	<b>(\$24,000,000)</b>
Reduces cyber school foundation allowances to 80% of the minimum foundation allowance for an estimated savings of \$24.0 million. For FY 2020-21, the cyber foundation allowance would be \$6,669.	Restricted NA	(24,000,000)
	GF/GP NA	\$0
<b>3. 3-Year Pupil Membership Blend (Secs. 22a &amp; 22b)</b>	<b>Gross NA</b>	<b>\$6,000,000</b>
Increases by \$6.0 million to permit a district that has established a Community Engagement Advisory Committee (CEAC) and that is required to submit a deficit elimination plan to calculate membership as the greater of a 3-year average or the district's actual membership as otherwise calculated.	Restricted NA	6,000,000
	GF/GP NA	\$0

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>4. At-Risk Pupil Support (Sec. 31a)</b>	<b>Gross</b>	<b>\$522,000,000</b>	<b>\$60,000,000</b>
Increases by \$60.0 million SAF for a total of \$582.0 million SAF. Prorated payments are expected to increase from \$748 to \$831 per economically disadvantaged pupil. Revises allocation to a district with state and local revenue exceeding the Target foundation allowance for both the current and prior year from 30% to 50% of the amount for which it would otherwise be eligible. Reduces the Sec. 31a(16) hold harmless provision from \$12.0 million to an estimated \$2.2 million due to declining enrollment and allows any remaining funds under this subsection to fund At-Risk formula.	Restricted	522,000,000	60,000,000
	GF/GP	\$0	\$0
<b>5. Special Education Cost Reimbursement (Sec. 51f)</b>	<b>Gross</b>	<b>\$60,207,000</b>	<b>\$60,000,000</b>
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. Districts and ISDs are also reimbursed under Sec. 51c for a portion of total approved special education costs and total approved special education transportation costs as mandated by the Durant court case.	Restricted	60,207,000	60,000,000
	GF/GP	\$0	\$0
<b>6. Pre-Kindergarten Education (Sec. 32s) – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$42,000,000</b>
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 10 3 <sup>rd</sup> grade students on the English language arts (ELA) portion of the state assessment in FY 2018-19; 2) had more than 75% of assessed 3 <sup>rd</sup> 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. An ISD may contract with a local government to provide services. To participate, a child must be 4 years old on September 1; the child's district of residence must be a district meeting the above requirements; and the child must not be enrolled in GSRP, Head Start, or developmental kindergarten. A program under this section must follow the same standards and requirements as GSRP.	Restricted	0	42,000,000
	GF/GP	\$0	\$0
<b>7. Great Start Readiness Program (GSRP) (Sec. 32d)</b>	<b>Gross</b>	<b>\$249,950,000</b>	<b>\$35,500,000</b>
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. (See Major Boilerplate Changes for Sec. 32d below.)	Restricted	249,600,000	35,500,000
	GF/GP	\$350,000	\$0
<b>8. Infrastructure Upgrade Grants (Sec. 97a) – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$40,000,000</b>
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.	Restricted	0	0
	GF/GP	\$0	\$40,000,000

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>9. Classroom Materials and Supplies (Sec. 98c) – NEW</b>	<b>Gross \$0</b>	<b>\$25,000,000</b>
Provides, for FY 2020-21 only, \$25.0 million SAF for districts to distribute funding to classroom teachers to purchase, on behalf of the district, classroom materials and supplies. Funding would be distributed on an equal basis per FTE teacher as reported in the prior year. Districts may retain up to 2% of funds for administration.	Restricted 0	25,000,000
	GF/GP \$0	\$0
<b>10. English Language Learner (ELL) Per-Pupil Payment (Sec. 41(7)) – NEW</b>	<b>Gross \$0</b>	<b>\$5,000,000</b>
Provides \$5.0 million SAF to districts for educating ELL pupils. Payments would be equal to \$50 per ELL pupil and may be prorated.	Restricted 0	5,000,000
	GF/GP \$0	\$0
<b>11. Professional Development Grants (Sec. 98a) – NEW</b>	<b>Gross \$0</b>	<b>\$5,000,000</b>
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.	Restricted 0	5,000,000
	GF/GP \$0	\$0
<b>12. Reorganization and Cooperative Activities Grants (Sec. 22q) – NEW</b>	<b>Gross \$0</b>	<b>\$5,000,000</b>
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. A reorganization or cooperative activity must be approved by school electors. 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.	Restricted 0	5,000,000
	GF/GP \$0	\$0
<b>13. Literacy Essentials (Sec. 35a(7))</b>	<b>Gross \$1,000,000</b>	<b>\$3,000,000</b>
Increases by \$3.0 million SAF for a total of \$4.0 million SAF the allocation to Gogebic-Ontonagon ISD, in partnership with an association that represents ISD administrators, for the literacy essentials program. In addition to current requirements that the ISD implement literacy essentials training modules and professional learning, requires the ISD to place regional lead literacy coaches to facilitate professional learning for early literacy coaches and allocate \$500,000 from this subsection for principals literacy training using General Education Leadership Network (GELN) Pre-K and K-3 essential instructional practices in literacy. Permits the association partnering with Gogebic-Ontonagon ISD to retain 2% of funds for administration.	Restricted 1,000,000	3,000,000
	GF/GP \$0	\$0
<b>14. Michigan Education Corps (35a(8)) – NEW</b>	<b>Gross \$0</b>	<b>\$2,000,000</b>
Provides, for FY 2020-21 only, \$2.0 million GF/GP to the Michigan Education Corps for the PreK Reading Corps and the K3 Reading Corps.	Restricted 0	0
	GF/GP \$0	\$2,000,000
<b>15. Teacher Cadet Programs (Sec. 98b) – NEW</b>	<b>Gross \$0</b>	<b>\$1,500,000</b>
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 rural and urban 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.	Restricted 0	1,500,000
	GF/GP \$0	\$0

SCHOOL AID

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>16. Locally Grown Produce in Schools (Sec. 31j) – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Provides \$1.0 million SAF for competitive grants to support districts in purchasing locally grown fruits and vegetables. The Governor vetoed this section for FY 2019-20. Revises to expand program from 5 prosperity regions to districts statewide. Permits districts to retain up to 10% of funds and MDE to retain up to 6% of funds for administration; if MDE administers the program for a district, MDE may retain up to 10% of that district’s funds or distribute some or all of that 10% to program partners as appropriate.	Restricted	0	1,000,000
	GF/GP	\$0	\$0
<b>17. Student Meal Debt Forgiveness (Sec. 31k) – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Provides, for FY 2020-21 only, \$1.0 million SAF for reimbursements to districts that have forgiven 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.	Restricted	0	1,000,000
	GF/GP	\$0	\$0
<b>18. School Safety Grants (Sec. 97)</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>(\$10,000,000)</b>
Eliminates \$10.0 million SAF for grants to public schools, districts, and ISDs to purchase technology, upgrade hardening measures, or conduct school building safety assessments.	Restricted	10,000,000	(10,000,000)
	GF/GP	\$0	\$0
<b>19. Summer School Literacy Intervention Grants (Sec. 35a(9))</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
Eliminates \$5.0 million SAF for grants for a summer school reading program for 3 <sup>rd</sup> grade students not proficient on the ELA portion of the M-STEP and for students in grades K-2 who are not reading at grade level.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
<b>20. Flint Declaration of Emergency (Sec. 11s)</b>	<b>Gross</b>	<b>\$8,075,100</b>	<b>\$0</b>
Maintains total appropriation of \$8.1 million but revises fund sources to \$5.0 million SAF, \$3.1 million GF/GP, and \$100 placeholder from the Water Emergency Reserve Fund. Revises allocations as follows: maintains \$2.4 million allocation for school nurses, classroom aides, and school social workers but revises from SAF to GF/GP; reduces by \$1.6 million to \$2.4 million the allocation for early intervention services for children between 3-5 years of age; maintains \$1.0 million allocation to enroll children in GSRP regardless of household eligibility requirements; maintains \$650,000 allocation for nutritional services but revises fund source from SAF to GF/GP; and adds new \$1.6 million allocation for interventions and supports for students in K-12 impacted by the drinking water declaration of emergency.	Restricted	8,075,100	(3,075,000)
	GF/GP	\$0	\$3,075,000
<b>21. Partnership Model Districts (Sec. 21h)</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>\$0</b>
Maintains \$6.0 million SAF but revises to expand the purpose and eligibility of the section. Expands the purpose from assisting districts in improving student achievement to also include assisting districts in improving financial stability. Additionally, expands eligibility for funds from districts assigned a partnership to also include districts that have established a CEAC.	Restricted	6,000,000	0
	GF/GP	\$0	\$0
<b>22. Promise Zone Funding (Sec. 26c)</b>	<b>Gross</b>	<b>\$8,400,000</b>	<b>\$1,300,000</b>
Increases by \$1.3 million SAF to a total of \$9.7 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan. Three new zones are coming online: Grand Rapids (\$626,150), Flint (\$49,957), and River Rouge (\$7,090).	Restricted	8,400,000	1,300,000
	GF/GP	\$0	\$0
<b>23. Federal School Lunch Programs (Sec. 31d)</b>	<b>Gross</b>	<b>\$537,000,000</b>	<b>\$12,800,000</b>
Increases federal school lunch funding by \$12.8 million for a total of \$550.0 million.	Federal	537,000,000	12,800,000
	GF/GP	\$0	\$0



<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>24. School Mental Health and Support Services (Sec. 31n)</b>	<b>Gross</b>	<b>\$31,300,000</b>	<b>\$0</b>
Maintains \$31.3 million Gross (\$1.3 million GF/GP) for school mental health and support services, but revises to permit ISDs to retain up to 5% of the \$23.0 million allocation for ISD mental health and support services to coordinate services and to improve or develop an integrated system of mental health and support services. For FY 2018-19, FY 2019-20, and FY 2020-21 only, an ISD may carry over any unexpended funds for up to two fiscal years.	Restricted	30,000,000	0
	GF/GP	\$1,300,000	\$0
<b>25. Early Childhood Block Grants (Sec. 32p)</b>	<b>Gross</b>	<b>\$13,400,000</b>	<b>\$0</b>
Maintains \$13.4 million SAF, but revises from allowing an ISD or consortium of ISDs to carry over any unexpended funds from the current fiscal year to restricting them to carry over an amount not to exceed the following percentage: FY 2020-21, 30%; FY 2021-22, 20%; and FY 2022-23, 15%. Removes providing early childhood programs as an eligible funding purpose; maintains support for local great start collaboratives and parent coalitions and for home visits.	Restricted	13,400,000	0
	GF/GP	\$0	\$0
<b>26. Federal Grants (Sec. 39a)</b>	<b>Gross</b>	<b>\$774,700,000</b>	<b>\$29,500,000</b>
Increases federal grants under Every Student Succeeds Act (ESSA) to reflect revised estimates for anticipated federal funds.	Federal	774,700,000	29,500,000
	GF/GP	\$0	\$0
<b>27. Special Education (Secs. 51a, 51c, 51d, 53a, 54, &amp; 56)</b>	<b>Gross</b>	<b>\$1,476,196,100</b>	<b>\$54,900,000</b>
Increases by \$39.9 million SAF and \$15.0 million Federal to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2020-21 are \$1.5 billion.	Federal	431,000,000	15,000,000
	Restricted	1,045,196,100	39,900,000
	GF/GP	\$0	\$0
<b>28. Career and Technical Education (CTE) Early/Middle Colleges (Sec. 61b)</b>	<b>Gross</b>	<b>\$8,000,000</b>	<b>\$0</b>
Maintains \$8.0 million SAF, but revises the area for which an ISD fiscal agent oversees a regional strategic plan from a prosperity region or subregion to a workforce development board service delivery area, aligned by MDE with ISDs and career education planning districts (CEPDs).	Restricted	8,000,000	0
	GF/GP	\$0	\$0
<b>29. ISD General Operations (Sec. 81)</b>	<b>Gross</b>	<b>\$69,138,000</b>	<b>\$2,074,200</b>
Increases by \$2.1 million SAF for payments to ISDs for general operations. Each ISD would receive 103.0% of its FY 2019-20 funding.	Restricted	69,138,000	2,074,200
	GF/GP	\$0	\$0
<b>30. FIRST Robotics (Sec. 99h)</b>	<b>Gross</b>	<b>\$4,700,000</b>	<b>\$0</b>
Maintains \$4.7 million SAF, but revises to allow an applicant to provide a local in-kind or cash match from private or local funds for the 25% match requirement. Strikes 50% local match requirement for grants used for robotics events expenses. Revises coaching stipend from not more than \$1,500 for 1 coach per team to not more than \$1,500 per building for coaching. Allows grants previously awarded for state and world championships to go toward next levels of competition.	Restricted	4,700,000	0
	GF/GP	\$0	\$0
<b>31. Adult Education – Career Tech Connect (Sec. 107(15))</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>\$0</b>
Maintains \$4.0 million SAF but revises participant requirements. Requires at least 90% of participants of an adult education or career technical center program under this subsection to be actively working toward obtaining a high school diploma or equivalency certificate. Authorizes up to 10% of participants to have a diploma or certificate if they are seeking remediation services. Adds that career technical center programs be state approved.	Restricted	4,000,000	0
	GF/GP	\$0	\$0

SCHOOL AID

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>32. MPSERS (Secs. 147a, 147c, &amp; 147e)</b>	<b>Gross</b>	<b>\$1,383,540,500</b>	<b>\$205,866,000</b>
Increases total state support for K-12 MPSERS costs by \$205.9 million for a total of \$1.6 billion, with the following changes:	Restricted	1,382,957,500	205,879,000
	GF/GP	\$583,000	(\$13,000)
<ul style="list-style-type: none"><li>• Sec. 147a(2): 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. Revises formula to base reimbursements on a participating entity's Tier 1 (Defined Benefit) members, rather than a participating entity's percentage of total statewide payroll.</li><li>• Sec. 147c: Increases the state share of the unfunded actuarial accrued liability (UAAL) by \$189.9 million SAF for a total of \$1.2 billion Gross (\$500,000 GF/GP), largely due to implementing recommendations made by the 2018 Actuarial Experience Study.</li><li>• Sec. 147e: Increases by \$8.8 million and revises to fully fund with SAF for a total of \$51.4 million SAF for reimbursements for the increased normal costs associated with reforms under 2017 PA 92.</li></ul>			
<b>33. Eliminated Categorical Grants</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
Reduces by \$3.0 million Gross (\$350,000 GF/GP) by eliminating 4 categorical grant programs and contracts.	Restricted	2,650,000	(2,650,000)
	GF/GP	\$350,000	(\$350,000)
<ul style="list-style-type: none"><li>• Sec. 25f—Strict Discipline Academy Membership (\$1.6 million SAF)</li><li>• Sec. 25g—Dropout Recovery Programs (\$750,000 SAF) (See Major Boilerplate Changes for Sec. 6 below.)</li><li>• Sec. 35c—Multisensory Education (\$300,000 SAF)</li><li>• Sec. 54e—Play Project – Autism Intervention (\$350,000 GF/GP)</li></ul>			
<b>34. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$433,300</b>
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.	Restricted	NA	41,600
	GF/GP	NA	\$391,700

**Major Boilerplate Changes from FY 2019-20**

**Sec. 6. Pupil Membership Definitions – REVISED**

Strikes a provision allowing a pupil in a dropout recovery program to be counted as more than 1.0 FTE position and paid under section Sec. 25g (Sec. 25g is repealed).

Removes a provision allowing instruction by a noncertified, nonendorsed teacher to count toward class instruction.

**Sec. 17c. Grant Process Timeline – DELETED**

Repeals this section, which requires MDE to do the following for grants distributed by the department, unless otherwise specified: open grant application and provide lists of grants and schedules to districts, ISDs, and on MDE website by September 1; and publish grant awards by December 1. Requires information on non-federal grants to be placed on the August State Board agenda.

**Sec. 20m. Foundation Calculations for Hold Harmless Districts – NEW**

Allows the difference between each Hold Harmless (HH) district's inflationary increase and the \$150 increase in the Target foundation allowance to be allocated under a separate calculation than its foundation calculation under Sec. 20. Due to an inflationary cap on HH district foundation allowances, which was put in statute along with the school funding reforms tied to Proposal A in 1994, HH districts (districts that currently have foundation allowances greater than the Target) would otherwise be capped at an increase of 1.74%.

**Major Boilerplate Changes from FY 2019-20**

**Secs. 22a, 22b, & 51c. Cost Adjustment Process – REVISED**

Adds that unexpended funds under Secs. 22a, 22b, and 51c may be used to supplement allocations under any of these three sections without requiring an official transfer request in order to fully fund those allocations.

**Sec. 22p. Partnership District Discretionary Payment – REVISED**

Revises the requirements for a partnership district to receive funding under Sec. 22b as follows: adds that the measurable academic outcomes in the partnership agreement include at least one proficiency or growth outcome based upon state assessments; requires the accountability measures to be imposed if a district fails to meet outcomes to include reconstitution; and removes school closure as a possible accountability measure. Revises the deadline by which the goals of a reconstitution plan must be met from 5 years to 3 years. Adds that a district assigned as a partnership district must have a signed partnership agreement in place within 90 days or have funding under Sec. 22b withheld.

**Sec. 32d. Great Start Readiness Program (GSRP) – REVISED**

Removes the requirement that MDE report to the legislature by December 1 the compiled results of each ISD's or consortium's total distribution allocated to community-based providers by provider type, including private for-profit, private nonprofit, community college or university, Head Start grantee or delegate, and district or ISD. This report is used to ensure compliance with a requirement that an ISD or consortium contract, or attempt to contract, with community-based providers for at least 30% of its total allocated slots.

**Sec. 99s. MiSTEAM Network – REVISED**

Re-brands the MiSTEM Network to MiSTEAM Network to account for an additional focus on the arts. Also revises MiSTEM Advisory Council to MI-STEM Council to align with Executive Order 2019-13, which abolished the MiSTEM Advisory Council and created the MI-STEM Council within the Department of Labor and Economic Opportunity (LEO).

**Sec. 101. Eligibility to Receive School Aid – REVISED**

For a district that receives a waiver reducing the required daily pupil attendance threshold from 75% to 50%, extends the waiver to be valid for 3 fiscal years rather than 1 year, unless the waiver is revoked by the State Superintendent. Also extends from 1 year to 3 years a waiver from minimum number of days and hours for alternative education programs.

**Sec. 163. Educator Certification Requirements – REVISED**

Requires districts to hire educators who hold a valid certificate or a valid substitute permit.

**Sec. 164g. Legal Action Against the State – DELETED**

Deletes a penalty in an amount equal to the amount spent if a district or ISD uses funds appropriated under this act to pay for an expense relating to any legal action initiated by the district or ISD against the state.

**Sec. 164h. Collective Bargaining Agreement Penalty – DELETED**

Deletes a penalty equal to 5% of total state aid if a district or ISD enters into a collective bargaining agreement that does any of the following: establishes racial and religious preferences for employees; automatically deducts union dues from employee compensation; is in conflict with any state or federal laws regarding district transparency; or has a method of compensation that does not comply with the requirements of Sec. 1250 of the Revised School Code, MCL 380.1250.

**Sec. 166. Disciplinary Policy for Abortion Referral – DELETED**

Deletes the requirement that a district adopt a disciplinary policy for school officials or staff (except for a parent or legal guardian) who refer a pupil for an abortion or assist a pupil in obtaining an abortion.

<b>Supplemental Recommendations for FY 2019-20 Appropriations</b>		<b>FY 2019-20 Recommendation</b>
<b>1. Foundation Allowances (Secs. 22a &amp; 22b)</b>	<b>Gross</b>	<b>(\$3,000,000)</b>
Reduces by \$3.0 million SAF to a total of \$9.5 billion Gross (\$31.4 million GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted GF/GP	(3,000,000) \$0
<b>2. Promise Zone Funding (Sec. 26c)</b>	<b>Gross</b>	<b>(\$1,000,000)</b>
Reduces by \$1.0 million SAF to a total of \$7.4 million SAF for required funds for districts and ISDs with approved Promise Zone development plans for the purposes of the local Promise Zone Authority.	Restricted GF/GP	(1,000,000) \$0

<u>Supplemental Recommendations for FY 2019-20 Appropriations</u>		<u>FY 2019-20 Recommendation</u>
<b>3. Federal Funding (Sec. 39a(2))</b>	<b>Gross</b>	<b>\$10,000,000</b>
Increases by \$10.0 million Federal for the Preschool Development Birth through 5 Grant for states to improve their birth to age 5 education system.	Federal	10,000,000
	Restricted	0
	GF/GP	\$0
<b>4. Special Education (Secs. 51a, 51c, 51d, 53a, 54, &amp; 56)</b>	<b>Gross</b>	<b>\$600,000</b>
Increases by a total of \$600,000 SAF to reflect revised consensus cost estimates based on actual FY 2018-19 year-end special education cost data. Total estimated special education costs for FY 2019-20 are \$1.5 billion.	Restricted	600,000
	GF/GP	\$0
<b>5. Secs. 22a, 22b, &amp; 51c. Cost Adjustment Process – REVISED</b>		
Adds that unexpended funds under Secs. 22a, 22b, and 51c may be used to supplement allocations under any of these three sections without requiring an official transfer request in order to fully fund those allocations.		

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2019-2020			FY 2020-2021		FY 2021-2022	
		FY 20 PA 162 of 2019 YTD	Proposed Supplemental Change From YTD	FY 20 Exec Rec Proposed	Change from FY 20 YTD	FY 21 Exec Rec	Change from FY 21 Exec Rec	FY 22 Exec Rec
11j	School Bond Redemption Fund	\$111,000,000		\$111,000,000		\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs	\$66,000,000		\$66,000,000		\$66,000,000		\$66,000,000
11s	Flint Declaration of Emergency	\$8,075,100		\$8,075,100		\$8,075,100		\$8,075,100
20f	Categorical Offset Payments	\$18,000,000		\$18,000,000		\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,000,000		\$6,000,000		\$6,000,000		\$6,000,000
22a	Foundations: Proposal A Obligation Payment	\$4,943,000,000	(\$21,000,000)	\$4,922,000,000	(\$104,000,000)	\$4,839,000,000	(\$93,000,000)	\$4,746,000,000
22b	Foundations: Discretionary Payment	\$4,556,000,000	\$18,000,000	\$4,574,000,000	\$275,000,000	\$4,831,000,000	(\$18,000,000)	\$4,813,000,000
22d	Isolated District Funding	\$7,000,000		\$7,000,000		\$7,000,000		\$7,000,000
22m	Technology Regional Data Hubs	\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000
22q	Reorganization and Cooperative Activities Grants - NEW	\$0		\$0	\$5,000,000	\$5,000,000	(\$5,000,000)	\$0
24	Court-Placed Pupils	\$7,150,000		\$7,150,000		\$7,150,000		\$7,150,000
24a	Juvenile Detention Facility Programs	\$1,355,700		\$1,355,700		\$1,355,700		\$1,355,700
25f	Strict Discipline Academy	\$1,600,000		\$1,600,000	(\$1,600,000)	\$0		\$0
25g	Dropout Recovery Programs	\$750,000		\$750,000	(\$750,000)	\$0		\$0
26a	Renaissance Zone Reimbursement	\$15,300,000		\$15,300,000		\$15,300,000		\$15,300,000
26b	PILT Reimbursement	\$4,641,100		\$4,641,100		\$4,641,100		\$4,641,100
26c	Promise Zone Funding	\$8,400,000	(\$1,000,000)	\$7,400,000	\$1,300,000	\$9,700,000		\$9,700,000
31a	At-Risk Pupil Support	\$510,000,000		\$510,000,000	\$69,800,000	\$579,800,000		\$579,800,000
31a(7)	School Based Health Centers	\$8,000,000		\$8,000,000		\$8,000,000		\$8,000,000
31a(8)	Hearing and Vision Screening	\$5,150,000		\$5,150,000		\$5,150,000		\$5,150,000
31a(16)	At-Risk Pupil Hold Harmless	\$12,000,000		\$12,000,000	(\$9,800,000)	\$2,200,000		\$2,200,000
31d	State School Lunch Programs	\$23,144,000		\$23,144,000		\$23,144,000		\$23,144,000
31d	Federal School Lunch Programs	\$537,200,000		\$537,200,000	\$12,800,000	\$550,000,000		\$550,000,000
31f	School Breakfast Program	\$4,500,000		\$4,500,000		\$4,500,000		\$4,500,000
31j	Local Produce in School Meals - NEW	\$0		\$0	\$1,000,000	\$1,000,000		\$1,000,000
31k	Student Meal Debt Forgiveness - NEW	\$0		\$0	\$1,000,000	\$1,000,000	(\$1,000,000)	\$0
31n	School Mental Health and Support Services	\$31,300,000		\$31,300,000		\$31,300,000		\$31,300,000
32d	Great Start Readiness Program	\$249,950,000		\$249,950,000	\$35,500,000	\$285,450,000		\$285,450,000
32p	Early Childhood Block Grants	\$13,400,000		\$13,400,000		\$13,400,000		\$13,400,000
32s	Pre-Kindergarten Education Program - NEW	\$0		\$0	\$42,000,000	\$42,000,000		\$42,000,000
35a(4)	Early Literacy Teacher Coaches	\$31,500,000		\$31,500,000		\$31,500,000		\$31,500,000
35a(5)	Early Literacy Added Instructional Time	\$19,900,000		\$19,900,000		\$19,900,000		\$19,900,000
35a(7)	Literacy Essentials	\$1,000,000		\$1,000,000	\$3,000,000	\$4,000,000		\$4,000,000
35a(8)	Early Literacy - Michigan Education Corps - NEW	\$0		\$0	\$2,000,000	\$2,000,000		\$2,000,000
35a(9)	Summer School Literacy Intervention Grants	\$5,000,000		\$5,000,000	(\$5,000,000)	\$0		\$0
35c	Multisensory Education	\$300,000		\$300,000	(\$300,000)	\$0		\$0
39a(1)	Federal ESSA Grant Funds	\$725,600,000		\$725,600,000	\$23,600,000	\$749,200,000		\$749,200,000
39a(2)	Other Federal Funding	\$49,100,000	\$10,000,000	\$59,100,000	\$5,900,000	\$55,000,000		\$55,000,000
41	English Language Learner Grants	\$13,000,000		\$13,000,000	\$5,000,000	\$18,000,000		\$18,000,000
51a(1)	Special Education - Federal Reimbursement	\$370,000,000		\$370,000,000	\$5,000,000	\$375,000,000		\$375,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$297,800,000	(\$2,100,000)	\$295,700,000	\$10,200,000	\$308,000,000	\$13,700,000	\$321,700,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$2,900,000	\$200,000	\$3,100,000	\$200,000	\$3,100,000		\$3,100,000
51c	Special Ed Headlee Obligation (Durant)	\$689,100,000	\$2,500,000	\$691,600,000	\$29,500,000	\$718,600,000	\$32,900,000	\$751,500,000
51d	Special Education - Other Federal Grants	\$61,000,000		\$61,000,000	\$10,000,000	\$71,000,000		\$71,000,000
51f	Special Education Cost Reimbursement	\$60,207,000		\$60,207,000	\$60,000,000	\$120,207,000		\$120,207,000
53a	Special Ed for Court Placed Pupils	\$10,500,000		\$10,500,000		\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000		\$1,688,000

SCHOOL AID LINE ITEM SUMMARY

Sec.	FY 2019-2020			FY 2020-2021		FY 2021-2022	
	FY 20 PA 162 of 2019 YTD	Proposed Supplemental Change From YTD	FY 20 Exec Rec Proposed	Change from FY 20 YTD	FY 21 Exec Rec	Change from FY 21 Exec Rec	FY 22 Exec Rec
54b	Special Education Task Force Reforms (MiBLSI)		\$1,600,000		\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On		\$7,150,000		\$7,150,000		\$7,150,000
54e	PLAY Project - Autism Intervention		\$350,000		\$350,000		\$350,000
56	Special Ed ISD Millage Equalization		\$40,008,100		\$40,008,100		\$40,008,100
61a	Career & Tech Ed Programs		\$37,611,300		\$37,611,300		\$37,611,300
61b	Career & Tech Ed Early/Middle College		\$8,000,000		\$8,000,000		\$8,000,000
61d	CTE Incentive Payment		\$5,000,000		\$5,000,000		\$5,000,000
62	ISD Career & Tech Ed Millage Equalization		\$9,190,000		\$9,190,000		\$9,190,000
65	Detroit PreCollege Engineering		\$400,000		\$400,000		\$400,000
67	Career and College Readiness Tools		\$3,000,000		\$3,000,000		\$3,000,000
74	School Bus Driver Safety Instruction		\$2,025,000		\$2,025,000		\$2,025,000
74	School Bus Inspections		\$1,747,900		\$1,747,900	\$41,600	\$1,789,500
81	ISD General Operations Support		\$69,138,000		\$69,138,000	\$2,074,200	\$71,212,200
94	AP/IB/CLEP Incentive Program		\$1,000,000		\$1,000,000		\$1,000,000
94a	Center for Educational Performance and Information		\$16,457,200		\$16,457,200	\$391,700	\$16,848,900
94a	Center for Educational Performance and Info - Federal		\$193,500		\$193,500		\$193,500
97	School Safety Grants		\$10,000,000		\$10,000,000	(\$10,000,000)	\$0
97a	District Infrastructure Upgrade Grants - NEW		\$0		\$0	\$40,000,000	\$40,000,000
98	Michigan Virtual University		\$6,312,500		\$6,312,500		\$6,312,500
98a	Professional Development Grants - NEW		\$0		\$0	\$5,000,000	\$5,000,000
98b	Teacher Cadet Programs - NEW		\$0		\$0	\$1,500,000	\$1,500,000
98c	Classroom Materials and Supplies - NEW		\$0		\$0	\$25,000,000	\$25,000,000
99h	FIRST Robotics		\$4,700,000		\$4,700,000		\$4,700,000
99s(2)(3)	MISTEM Council and Grants		\$3,050,000		\$3,050,000		\$3,050,000
99s(4)	MISTEM Grants - Math and Science Centers - Federal		\$235,000		\$235,000		\$235,000
99s(4)(6)	MISTEM Centers Transition		\$4,584,300		\$4,584,300		\$4,584,300
99s(11)	MISTEM Executive Director		\$300,000		\$300,000		\$300,000
104	Education Assessments - State		\$32,009,400		\$32,009,400		\$32,009,400
104	Education Assessments - Federal		\$6,250,000		\$6,250,000		\$6,250,000
107	Adult Education		\$30,500,000		\$30,500,000		\$30,500,000
147a(1)	MPSERS Cost Offset		\$100,000,000		\$100,000,000		\$100,000,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains		\$172,069,000		\$172,069,000	\$8,137,000	\$180,206,000
147c	MPSERS State Share of Unfunded Liability Payments		\$1,030,900,000		\$1,030,900,000	\$188,900,000	\$1,219,800,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017		\$42,571,000		\$42,571,000	\$8,829,000	\$51,400,000
152a	Adair - Database Payment		\$38,000,500		\$38,000,500		\$38,000,500
	<b>TOTAL APPROPRIATIONS</b>		<b>\$15,177,263,600</b>	<b>\$6,600,000</b>	<b>\$15,183,863,600</b>	<b>\$745,873,500</b>	<b>\$15,923,137,100</b>
	<b>REVENUE BY SOURCE</b>						
	Federal Aid		\$1,749,578,500	\$10,000,000	\$1,759,578,500	\$57,300,000	\$1,806,878,500
	School Aid Fund		\$13,287,765,000	(\$3,800,000)	\$13,283,965,000	\$670,093,500	\$13,957,858,500
	MPSERS Retirement Obligation Reform Reserve Fund		\$1,900,000	\$0	\$1,900,000	(\$1,900,000)	\$0
	Community District Trust Fund/Other Restricted Fund		\$75,400,100	\$400,000	\$75,800,100	\$3,000,000	\$78,400,100
	General Fund/General Purpose		\$62,620,000	\$0	\$62,620,000	\$17,380,000	\$80,000,000
	<b>TOTAL REVENUE</b>		<b>\$15,177,263,600</b>	<b>\$6,600,000</b>	<b>\$15,183,863,600</b>	<b>\$745,873,500</b>	<b>\$15,923,137,100</b>

## Summary: Executive Budget Recommendation for Fiscal Year 2020-21 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	99,964,000	78,682,000	(21,282,000)	(21.3)
Local	4,766,200	4,841,200	75,000	1.6
Private	35,000	35,000	0	0.0
Restricted	148,158,200	143,001,700	(5,156,500)	(3.5)
GF/GP	475,701,700	484,376,600	8,674,900	1.8
<b>Gross</b>	<b>\$753,559,000</b>	<b>\$735,585,500</b>	<b>(\$17,973,500)</b>	<b>(2.4)</b>
FTEs	3,583.0	3,549.0	(34.0)	(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."

### Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<p><b>1. Michigan Joint Task Force on Jail and Pretrial Incarceration Recommendations</b></p> <p>Includes \$7.2 million of one-time GF/GP for implementing the Task Force's recommendations regarding behavioral health crisis response training and services and support for crime victims (recommendations 7 and 17). \$3.0 million would be allocated for behavioral health crisis response training for law enforcement, dispatch, and jail officers, with the remaining \$4.2 million allocated for training in serving and supporting crime victims. Funding would be utilized for staff costs for administration and development and for training costs.</p>	<p><b>Gross</b> NA</p> <p>GF/GP NA</p>	<p><b>\$7,200,000</b></p> <p>\$7,200,000</p>
<p><b>2. Trooper Recruit School One-Time Costs</b></p> <p>Includes \$2.5 million of one-time GF/GP to support costs associated with FY 2020-21 Trooper Recruit Schools, which are anticipated to graduate 120 troopers. Costs that will be covered by this funding include training and trooper outfitting.</p>	<p><b>Gross</b> NA</p> <p>GF/GP NA</p>	<p><b>\$2,509,100</b></p> <p>\$2,509,100</p>
<p><b>3. FY 2019-20 Trooper Recruit School Annualization</b></p> <p>Includes \$2.0 million GF/GP to support departmental expenses incurred for 50 troopers that are expected to graduate from Trooper Recruit School during FY 2019-20. Costs include fleet leasing, equipment, IT support, salaries, and benefits.</p>	<p><b>Gross</b> NA</p> <p>GF/GP NA</p>	<p><b>\$2,012,200</b></p> <p>\$2,012,200</p>

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>		<b>Executive Change from YTD</b>
<b>4. OK2SAY Administration and Outreach</b>	FTE	NA	2.0
Includes \$906,000 Gross (\$436,400 GF/GP) and authorization for 2.0 FTE positions to consolidate the OK2SAY program in MSP. The FTE positions would be moved from the Department of Attorney General (where they are currently located) and funding would be used for administration and communication costs.	<b>Gross</b>	<b>NA</b>	<b>\$906,000</b>
	Restricted	NA	469,600
	GF/GP	NA	\$436,400
<b>5. DTMB IDG Fund Shift</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Replaces a \$665,100 IDG from the Department of Technology, Management, and Budget with \$665,100 GF/GP. This funding change is accompanied by a \$665,100 GF/GP reduction to the DTMB budget. The adjustment would allow GF/GP to be appropriated directly to MSP to fund 3.0 FTE positions in the Michigan Cyber Command Center.	IDG/IDT	NA	(665,100)
	GF/GP	NA	\$665,100
<b>6. State Services Fees Fund Shift</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Replaces \$2.9 million of restricted authorization from the State Services Fee Fund in the Law Enforcement and Field Services appropriation units with \$2.9 million GF/GP. The State Services Fee Fund is supported by revenues from the Detroit casinos, including annual assessments and fees.	Restricted	NA	(2,900,000)
	GF/GP	NA	\$2,900,000
<b>7. Removal of GF/GP For Secondary Road Patrol</b>	<b>Gross</b>	<b>\$13,074,300</b>	<b>(\$2,000,000)</b>
Removes \$2.0 million GF/GP from the Secondary Road Patrol line item, which supports grants to county sheriffs' departments for road patrols outside the limits of cities and villages.	Restricted	11,074,300	0
	GF/GP	\$2,000,000	(\$2,000,000)
<b>8. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>\$9,409,200</b>	<b>(\$9,409,200)</b>
Removes the following FY 2019-20 one-time appropriations:	GF/GP	\$9,409,200	(\$9,409,200)
<ul style="list-style-type: none"> <li>• FY 2019-20 Trooper Recruit School (\$5.3 million GF/GP).</li> <li>• In-Car Video Streaming Network (\$2.8 million).</li> <li>• Sexual Assault Prevention and Education Initiative (\$1.3 million GF/GP).</li> <li>• First Responder Communications Network (\$100 GF/GP).</li> </ul>			
<b>9. Technical Adjustments</b>	FTE	NA	(36.0)
Removes FY 2019-20 appropriations authorized by boilerplate; aligns authorizations with expected revenues for federal, local, and restricted fund sources; makes technical adjustments; and provides for numerous internal net-zero transfers, including the following:	<b>Gross</b>	<b>NA</b>	<b>(\$25,724,800)</b>
<ul style="list-style-type: none"> <li>• Restructuring of Secure Cities Partnership funding.</li> <li>• Restructuring of Mobile Office and System Support.</li> <li>• Transferring Aviation Unit from Post Operations to Special Operations.</li> <li>• Transferring Marine Services from Post Operations to Special Operations.</li> <li>• Transferring Management Services Section from Department Services to Grants and Community Services.</li> </ul>	IDG/IDT	NA	(600)
	Federal	NA	(21,857,300)
	Local	NA	19,300
	Restricted	NA	(3,886,200)
	GF/GP	NA	\$0
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$6,533,200</b>
Reflects increased costs of \$6.5 million Gross (\$4.4 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.	IDG/IDT	NA	380,800
	Federal	NA	575,300
	Local	NA	55,700
	Restricted	NA	1,160,100
	GF/GP	NA	\$4,361,300



**Major Boilerplate Changes from FY 2019-20**

**Sec. 210. Contingency Funding – REVISED**

Appropriates up to \$2.0 million in federal and \$4.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to adjust appropriation amounts to \$8.5 million in federal, \$5.0 million in state restricted, \$1.0 million in local, and \$200,000 in private contingency funds.

**Sec. 216. Communication with the Legislature – DELETED**

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 217. Biannual Reporting on Achieving Requirements – DELETED**

Requires MSP to provide biannual reports on its performance against metrics cited in the act, status of work projects, and financial status.

**Sec. 218. Department Core Services – DELETED**

Lists core services of MSP and requires appropriations to be expended for core services.

**Sec. 219. Post Closure or Consolidation – DELETED**

Requires MSP to notify listed recipients not less than 90 days before recommending closure or consolidation of any state police post.

**Sec. 220. Privatization Project Plans – DELETED**

Requires submission of a project plan 90 days before beginning any effort to privatize.

**Sec. 226. Data Privacy – DELETED**

Expresses legislative intent that MSP protect data from unauthorized access or use; requires department to notify data subjects if an unauthorized person accesses their information.

**Sec. 227. Attrition School – DELETED**

Requires MSP to use attrition savings to conduct an FY 2019-20 attrition school that graduates at least 70 troopers.

**Sec. 228. Officer Evaluation Criteria – DELETED**

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting of a specified number of citations for an officer.

**Sec. 401. Training – DELETED**

Requires MSP to develop and deliver training that supports enforcement and public safety efforts of criminal justice community; stipulates goal of average classroom occupancy of at least 55%; requires report submission pertaining to recruit schools admissions and graduations; and requires distribution and review of course evaluations.

**Sec. 402. Criminal Justice Information Center – REVISED**

Requires unexpended revenues deposited into Criminal Justice Information Center Service Fees Fund to carryforward and not lapse to General Fund; requires unexpended revenue generated by local State Records Management System Fees to carryforward and not lapse to General Fund; requires MSP to:

- Maintain criminal justice information systems in support of public safety and law enforcement communities.
- Conduct at least 30 outreach activities targeted to criminal justice agencies.
- Compile crime statistics.
- Compile, evaluate, and disseminate traffic crash reports.
- Maintain, disseminate, and exchange criminal history and juvenile records.
- Maintain firearms licensure records; requires department to submit report pertaining to revenues from and expenditures for concealed pistol licensure.
- Provide volumes processed by Internet Criminal History Access Tool.

Revises to delete requirement for 30 outreach activities, increase Traffic Crash Report Fees from \$10 to \$15 per report, delete concealed pistol licensing reporting requirement, and delete ICHAT reporting requirement.

**Sec. 403. Forensic Science – REVISED**

Requires MSP to provide forensic testing services to aid in criminal investigations and to maintain accreditation of laboratories; stipulates turnaround times for forensic science services; requires MSP to provide data on turnaround times, staffing levels, and backlogged cases; requires MSP to provide forensic testing and profiling of DNA evidence to aid in criminal investigations. Revises to update turnaround times and to delete reporting requirements.

**Major Boilerplate Changes from FY 2019-20**

**Sec. 404. *Biometrics and Identification* – REVISED**

Requires MSP to manage specified identification databases and provide data on submissions to the Automated Fingerprint Identification System database; requires MSP to maintain staffing and resources to achieve an average 28-day wait time for polygraph examinations, with a goal of an average 15-day wait time; requires MSP to post changes to protocols for retention and purging of DNA records. Revises to delete all language except the requirement for MSP to post changes to protocols for DNA records retention and purging.

**Sec. 407. *School Safety Report* – REVISED**

Requires Office of School Safety to submit report detailing school safety grants, incidents of school violence or threats, OK2SAY-based incidents and activities, and recommendations for school safety measures. Revises to deleting reporting requirement for school safety grants.

**Sec. 501. *Commission on Law Enforcement Standards* – REVISED**

Stipulates MCOLES' responsibilities and requires maintenance of proper staffing and resource levels to update standards within 120 days of enactment date of new applicable legislation. Revises to delete staffing requirement.

**Sec. 601. *General Law Enforcement and Traffic Safety* – REVISED**

(1) Authorizes MSP troopers to respond to criminal or emergency situations and to make every effort to protect residents; (2) requires MSP to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol, with a minimum of 40,000 in distressed cities; (3) requires MSP to conduct 7,000 residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revises to delete items (2) and (3).

**Sec. 602. *Criminal Investigations* – DELETED**

Requires MSP to identify and apprehend criminals through investigations; requires maintenance of a specified number of investigation hours; requires MSP to meet or exceed case clearance rate of 62%; requires MSP to provide four training opportunities to local law enforcement partners related to gambling or opioids; requires MSP to increase opioid-related investigations by 20% and work toward enhancing drug-interdiction efforts.

**Sec. 603. *Tobacco Tax Fraud Investigations* – REVISED**

(1) Requires MSP to provide prevention and suppression of organized untaxed tobacco smuggling; (2) requires submission of report pertaining to tobacco tax enforcement activities and expenditures; (3) requires MSP to dedicate a minimum of 16,600 hour to tobacco tax enforcement. Revises to delete item (3).

**Sec. 604. *Fire Investigations* – REVISED**

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness to a specified number of requests for fire investigation services. Revises to delete item (2).

**Sec. 701. *Special Operations* – REVISED**

(1) Requires MSP to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MIOC to provide timely and accurate information and increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to increase completion of computer crimes cases; (4) requires MSP to provide digital forensic analysis, and states case turnaround goal. Revises to delete items (3) and (4).

**Sec. 702. *Specialized Support Teams* – REVISED**

(1) Requires MSP to provide for specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to at least the number of specialty service requests received in FY 2010-11; (3) requires canine unit to be available for call out 100% of the time; (4) requires bomb squad unit to be available for call out 100% of the time; (5) requires emergency support teams to be available for call out 100% of the time; (6) requires marine services team to be available for call out 100% of the time; (7) requires aviation services to be available for call out 100% of the time, unless prohibited by weather or mechanical breakdown; (8) requires maintenance of adequate levels of staffing and resources to provide security services at state Capitol Building and surrounding buildings, also requires a minimum of 35,000 patrols at state-owned and leased facilities. Revises to delete items (2) through (8) and to delete requirement for 35,000 patrols at state facilities.

**Sec. 703. *Commercial Vehicle Regulation and Enforcement* – REVISED**

(1) Requires MSP to maintain commercial vehicle and enforcement activities; (2) requires MSP to meet inspection goals consistent with the federal motor carrier assistance program; (3) authorizes revenues collected under the Motor Carrier Act to be expended and to be carried forward; (4) establishes a Commercial Vehicle Enforcement Operations Reserve Fund. Revises to delete items (2) and (4).

**Major Boilerplate Changes from FY 2019-20**

***Sec. 704. Emergency Management and Homeland Security – REVISED***

Requires MSP to coordinate emergency response activities of governmental units and:

- Authorizes expenditure of appropriated funds to call upon state agencies or departments to protect life or property or to protect health or safety of any area under a state of emergency or disaster; report to State Budget Director; submit recommendations to legislature for supplemental appropriations.
- Authorizes department to expend additional funds from various sources to provide emergency management training or emergency response activities and notify legislature.
- Requires department to maintain partnerships to protect the state from all hazards.
- Requires department to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training.
- Requires department to conduct a minimum of three training sessions to enhance emergency response.
- Appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies upon approval of State Budget Director, notification of legislature, and requires department to submit report related to expenditures from fund.
- Authorizes department to expend funds from any line item in order to respond to an emergency and requires detailed reporting when funds are expended from Disaster and Emergency Contingency Fund.
- Requires department to report biannually on assessment of critical infrastructure vulnerabilities.

Revised to delete notification and reporting requirements.

***Sec. 800. Michigan Joint Task Force on Jail and Pretrial Incarceration – NEW***

Requires funds appropriated for the Michigan Joint Task Force on Jail and Pretrial Incarceration to be used to support development and delivery of training in accordance with task force recommendations; provides work project status to the appropriation.

***Sec. 801. Sexual Assault Prevention and Education Initiative – DELETED***

Requires funds to be used for a competitive grant to colleges, universities, and high schools in the state in order to mitigate sexual assault; stipulates how grant awards may be used; authorizes use of unawarded funding for other Office of School Safety programs.

***Sec. 1001. FY 2020-21 Appropriation – DELETED***

Expresses legislative intent that FY 2020-21 appropriations are anticipated to be the same as FY 2019-20 appropriations, except adjustments for changes in caseloads, federal fund match rates, economic factors, and available revenue.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21  
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)
<b>Gross</b>	<b>\$5,021,408,000</b>	<b>\$5,259,273,100</b>	<b>\$237,865,100</b>	<b>4.7</b>
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."

**Overview**

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. State and Local Road and Bridge – Revenue Adjustments</b>	<b>Gross \$3,418,667,700</b>	<b>\$205,283,100</b>
Increase of \$205.3 million Gross for state and local road and bridge programs is based on anticipated increases in available state restricted revenue and federal aid as compared to estimates on which current year budget was based.	Federal 1,065,094,800	48,750,000
	Local 30,003,500	0
	Restricted 2,323,569,400	156,533,100
	GF/GP \$0	\$0

The increase includes \$118.6 million increase in MTF distribution to local road agencies (county road commissions and cities and villages), as well as a \$12.2 million increase in federal aid appropriated for local federal aid road and bridge programs.

Budget also reflects \$39.3 million anticipated increase in STF support, as well as a \$35.6 million increase in appropriated federal aid, for the 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 distributed according to Act 51), 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).

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>2. State Trunkline Maintenance</b>		
Includes a baseline increase of \$7.6 million STF to offset increased maintenance material costs.	FTE 760.7 <b>Gross \$405,641,800</b>	0.0 <b>\$7,625,600</b>
	Restricted 405,641,800	7,625,600
	GF/GP \$0	\$0
<b>3. Rebuilding Michigan Accountability/Transparency</b>		
Provides \$3.0 million STF, and authorizes 8.0 FTE positions, to establish a new office within MDOT, Rebuilding Michigan Office of Accountability and Transparency, to track and communicate expenditures of road projects funded from bonds issued under the State Transportation Commission's January 30, 2020 authorization.	FTE 0.0 <b>Gross \$0</b>	8.0 <b>\$3,000,000</b>
	Restricted 0	3,000,000
	GF/GP \$0	\$0
<b>4. State/Local Traffic Signal Billing</b>		
Includes \$2.4 million in MTF spending authority for costs of maintenance on shared state/local traffic signals. This continues streamlining of traffic signal billing system that began in current year when \$600,000 MTF was appropriated for costs of signal energy on shared state/local traffic signal installations.	<b>Gross \$600,000</b>	<b>\$2,400,000</b>
	Restricted 600,000	2,400,000
	GF/GP \$0	\$0
<b>5. Debt Service</b>		
Includes \$200.3 million Gross, a \$13.6 million reduction from FY 2019-20. A \$12.4 million increase in debt service supported by restricted revenue would be offset by a \$26.0 million reduction in debt service on bonds issued in anticipation of federal revenue and repaid with appropriated federal funds.	<b>Gross \$213,897,500</b>	<b>(\$13,559,800)</b>
	Federal 81,155,000	(25,974,100)
	Restricted 132,742,500	12,414,300
	GF/GP \$0	\$0
<p>The change in debt service supported by restricted revenue is primarily due to changes in STF debt service schedules. Appropriated STF debt service would be \$109.9 million in FY 2020-21, \$16.3 million more than shown in current debt service schedules for FY 2020-21 and \$12.4 million more than the FY 2019-20 appropriation. This reflects ongoing STF debt service on previously issued STF bonds, as well as estimated net changes as a result of anticipated 2020 STF bond sales.</p>		
<b>6. General Fund Fixing Michigan Roads and Bridges (Earmark for Local Bridges)</b>		
Removed \$13.0 million GF/GP earmark for local bridge program. [The current year appropriation reflects vetoes, State Administrative Board transfers, and legislative transfers, which left the current year line item with \$13.0 million GF/GP in spending authority, all of which was earmarked in appropriations boilerplate for the local bridge program.]	<b>Gross \$13,000,100</b>	<b>(\$13,000,100)</b>
	Restricted 0	0
	GF/GP \$13,000,100	(\$13,000,100)
<b>7. Transportation Economic Development Fund (TEDF)</b>		
Decreases TEDF program by \$1.4 million to reflect anticipated reduction in available TEDF revenue. The largest TEDF category is the Target Industries competitive grant program (Category A), funded at \$16.4 million, a decrease of \$716,700 as compared to the current year. The TEDF program is established and governed by statute, 1987 PA 231.	<b>Gross \$42,825,300</b>	<b>(\$1,433,500)</b>
	Restricted 42,825,300	(1,433,500)
	GF/GP \$0	\$0

TRANSPORTATION

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>8. Transit Capital</b>	<b>Gross \$69,620,700</b>	<b>\$7,164,000</b>
Increase CTF support by \$7.2 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance. Rolls up two current year line items into a single Transit Capital line.	Federal 15,300,000 Local 1,250,000 Restricted 53,070,700 GF/GP \$0	50,000 0 7,114,000 \$0
Note: The budget recommends \$226.8 million (\$196.8 CTF and \$28.0 federal) for operating formula distribution to 81 local public transit agencies, unchanged from current year appropriations.]		
<b>9. Service Initiatives</b>	<b>Gross \$7,589,100</b>	<b>\$3,886,000</b>
Increase baseline CTF support by \$3.9 million for program that funds transit-related research, training and development, and demonstration projects. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance.	Federal 1,650,000 Local 325,000 Restricted 5,614,100 GF/GP \$0	0 0 3,886,000 \$0
<b>10. Rail Operations and Infrastructure</b>	<b>Gross \$85,566,700</b>	<b>\$12,000,000</b>
Includes \$12.0 million CTF increase for program that provides capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance. The executive also rolls up two current year line items into a single Rail Operations and Infrastructure line item.	Federal 10,000,000 Local 100,000 Private 100,000 Restricted 75,366,700 GF/GP \$0	0 0 0 12,000,000 \$0
<b>11. Marine Passenger</b>	<b>Gross \$1,500,000</b>	<b>\$5,000,000</b>
Increase baseline CTF support by \$5.0 million for program that supports capital grants for marine passenger (ferry) service in Michigan. The increase, part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance, 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.	Local 500,000 Restricted 1,000,000 GF/GP \$0	0 5,000,000 \$0
<b>12. Intercity Services</b>	<b>Gross \$7,860,000</b>	<b>\$2,000,000</b>
Increase baseline CTF support by \$2.0 million for program that supports intercity bus service in Michigan. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance.	Federal 4,500,000 Local 160,000 Private 800,000 Restricted 2,400,000 GF/GP \$0	0 0 0 2,000,000 \$0
<b>13. Airport Improvement Program</b>	<b>Gross \$95,477,300</b>	<b>\$28,207,400</b>
Increase \$28.2 million Gross (\$0 GF/GP) for federal program of capital improvements to eligible local public airports in the state. The increase reflects anticipated \$27.0 million increase in federal funds related to a new competitive grant application program, and \$1.2 million in matching State Aeronautics Fund support.	Federal 79,000,000 Local 12,508,500 Restricted 3,968,800 GF/GP \$0	27,000,000 0 1,207,400 \$0
<b>14. Detroit Metropolitan Wayne County Airport</b>	<b>Gross \$5,850,000</b>	<b>\$1,820,000</b>
Increase \$1.8 million Gross (\$0 GF/GP) from Qualified Airport Fund to reflect revenue estimates. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted 5,850,000 GF/GP \$0	1,820,000 \$0

<u>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</u>	<u>FY 2019-20 YTD (as of 2/6/20)</u>	<u>Executive Change from YTD</u>
<b>15. Elimination of One-Time Items</b>	<b>Gross \$23,700,000</b>	<b>(\$23,700,000)</b>
Removes two one-time current year 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.	Federal 10,700,000	(10,700,000)
	Restricted 1,000,100	(1,000,100)
	GF/GP \$11,999,900	(\$11,999,900)
 <b>16. Economic Adjustments</b>	 <b>Gross NA</b>	 <b>\$9,971,200</b>
Reflects increased costs of \$10.0 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.	IDG NA	88,800
	Federal NA	1,070,100
	Restricted NA	8,812,300
	GF/GP NA	\$0

**Major Boilerplate Changes from FY 2019-20**

***Sec. 215. Communication with the Legislature – DELETED***

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

***Sec. 270. Remanufactured Parts – DELETED***

States legislative intent that the department use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

***Sec. 305. Lease of Space in Public Transportation Property – DELETED***

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account for to maintain/improve property.

***Sec. 319. Rest Area Maintenance – DELETED***

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

***Sec. 323. Department-Owned Rail Property Sale RFP – DELETED***

Requires the department to develop a solicitation for proposals for the sale of a state-owned rail line between Grayling and Gaylord; stipulates that line be maintained as operational rail line.

***Sec. 324. State-Owned Airport Sale RFP – DELETED***

Requires the department to develop a solicitation for proposals for the sale of two state-owned airports.

***Sec. 353. Prompt Payment – DELETED***

Directs department to review contractor payment process; references Special Provision 109.10.

***Sec. 357. Local Federal Aid Project Review – DELETED***

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process.

***Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – DELETED***

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

***Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – DELETED***

Prohibits the department from studying the association between highway signs and motorist behavior.

***Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – DELETED***

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement.

***Sec. 382. Finalize Local Agency Cost Sharing Agreements – DELETED***

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor.

TRANSPORTATION

**Major Boilerplate Changes from FY 2019-20**

**Sec. 386. Toll Credits – DELETED**

Directs the department to use toll credits as a method in financing federal-aid highway projects; established priority in using toll credits; requires report on toll credits earned and year-end balance.

**Sec. 387. Traffic Studies – DELETED**

Requires the department to post traffic study on the department website.

**Sec. 389. Long-Term Obligations – DELETED**

Requires the department to notify legislature within 30 days of entering into long-term agreements that obligate future payments.

**Sec. 390. Report on Restricted Funds and Accounts – DELETED**

Requires the department to report on statutory authority for, revenue source and distribution, and ending balances of restricted funds and accounts.

**Sec. 391. Prohibition on Motor Fuel Quality Testing – DELETED**

Prohibits the department from performing, or assisting, any other state agency in performing, motor fuel quality testing.

**Sec. 393. Best Practices for Public Transportation – DELETED**

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost.

**Sec. 394. Priority of Preservation – DELETED**

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

**Sec. 396. Assurance that Contractors Have Ability to Perform Work – DELETED**

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work.

**Sec. 403. Priority of Federal Transit Grants – DELETED**

Establishes priority for federal Section 5310 transit grants.

**Sec. 601. Warranties – DELETED**

Requires the department to maintain documentation to support warranty project acceptance.

**Sec. 605. Flood Mitigation – DELETED**

Establishes performance measures and reporting requirement related to additional maintenance funding provided for flood mitigation.

**Sec. 610. Dead Deer – DELETED**

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains.

**Sec. 612. Incentive/Disincentive – DELETED**

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year.

**Sec. 613. Report on Engineering Costs – DELETED**

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

**Sec. 660. Use of Alternative Materials – DELETED**

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires.

**Sec. 661. Stakeholder Group to Review Innovated Material and Design – DELETED**

Directs the department to establish new stakeholder group; provides reporting requirement.

**Sec. 703. Rail Abandonment Notice – DELETED**

Requires notification of Legislature when railroad companies file for abandonment of lines.

**Sec. 704. Rail Operations and Infrastructure Report – DELETED**

Requires report on anticipated expenditures from the Rail Operations and Infrastructure line item.

**Sec. 711. Rail Passenger Service Report – DELETED**

Requires report on rail passenger service provided by Amtrak under contract with the department.



**Major Boilerplate Changes from FY 2019-20**

**Sec. 712. Rail Passenger Service RFP – DELETED**

Requires the department to develop a solicitation for proposals for operation of daily round-trip rail passenger service between Grand Rapids and Chicago.

**Sec. 719. Transit Elderly and Medical Transport Cost per Rider – DELETED**

Indicates legislative intent that transit providers identify cost per rider and request proposals from ride sharing companies.

**Sec. 752. Notice of Rail Grant and Loan Programs – DELETED**

Requires the department to notify representatives of rail industry of rail grant and loan programs.

**Sec. 802. MDOT-Owned Airports – DELETED**

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports.

**Sec. 804. MDOT-Owned Airplanes – DELETED**

Prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns 5 or more aircraft; requires the department to notify when it owns four aircraft or fewer.

**Sec. 806. State Aeronautics Code – DELETED**

Requires the department to review website for consistency with state Aeronautics Code.





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