

REVIEW AND ANALYSIS
OF THE
FY 2024-25
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

February 2024

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February 29, 2024

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2024-25 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2024-25 and FY 2025-26. 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".

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

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

Boilerplate

Specific language sections in an appropriations bill that 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 that 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 appropriations 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 appropriations 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, unexpended 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; unexpended 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 2024-25

Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Appropriation Summary Tables

FY 2024-25 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

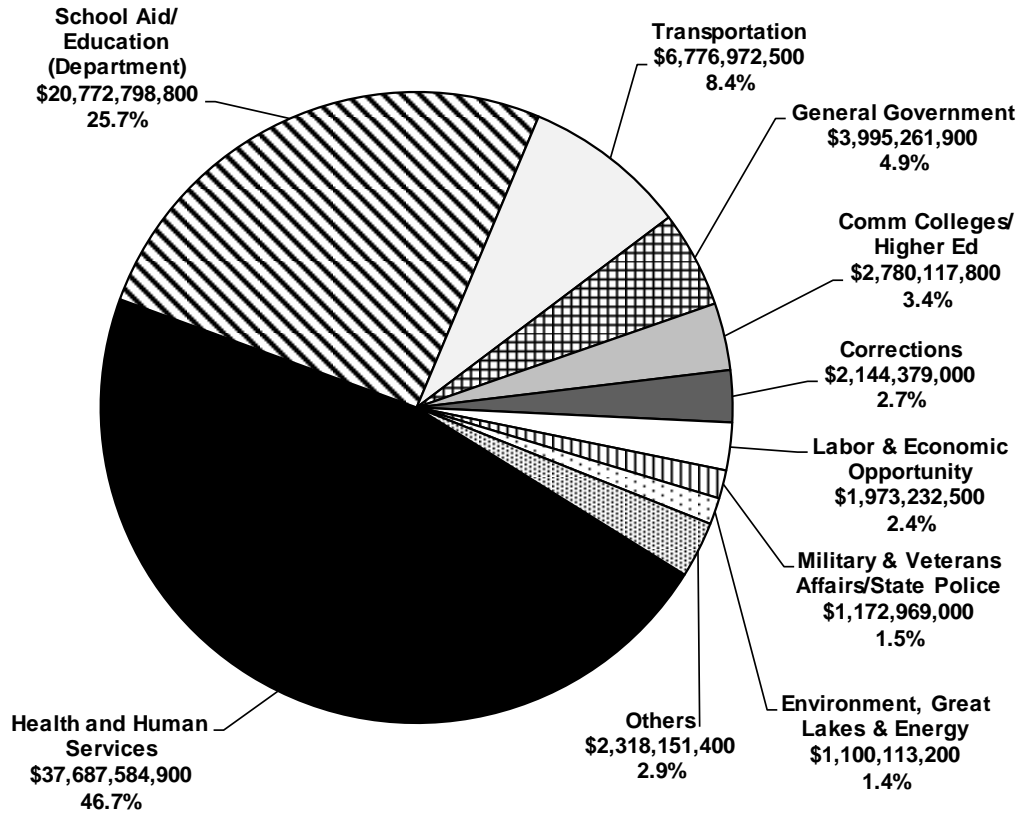
- \$14.7 million increase, 5.0% ongoing for city, village, and townships (CVTs).
- \$12.8 million increase, 5.0% ongoing for counties.
- \$11.0 million increase, 2.0% one-time to CVTs and counties for local public safety initiatives added to revenue sharing distributions.
- \$16.5 million increase, 3.0%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

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

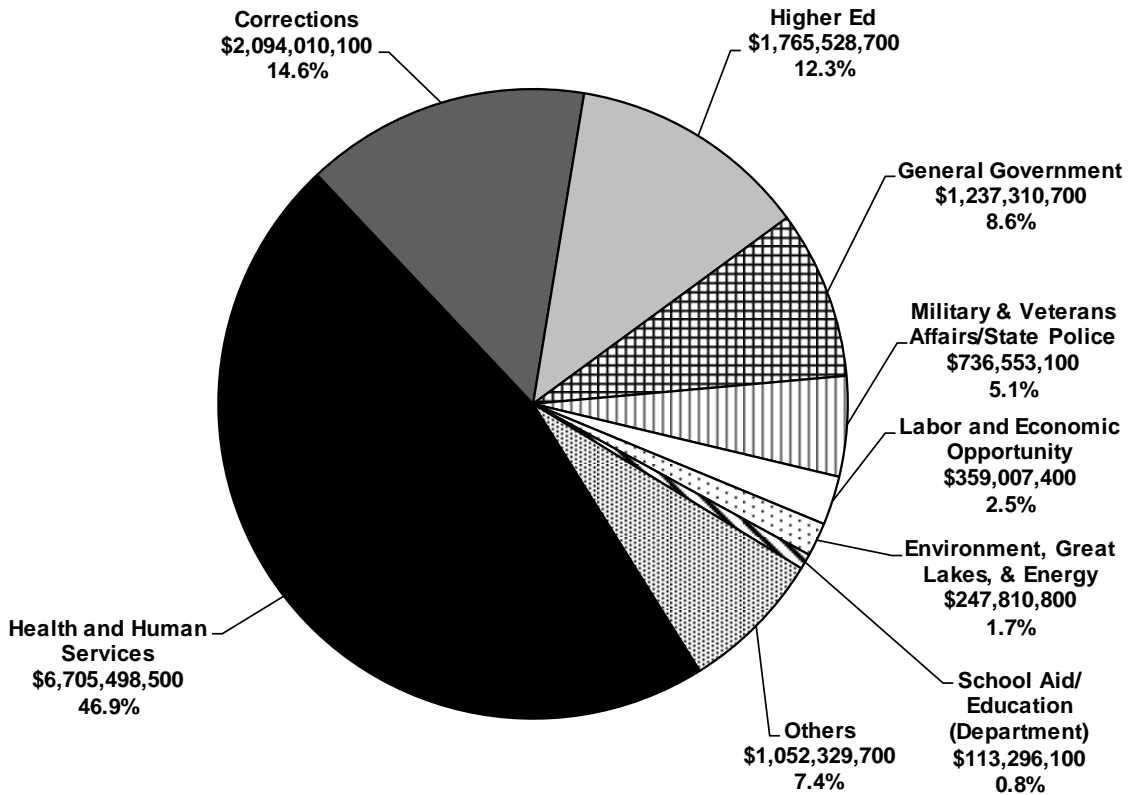
A more detailed summary of major budget changes by individual budget area begins on page 24.

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



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



CONSENSUS REVENUE ESTIMATES

Ben Gielczyk, Associate Director and Jim Stansell, Senior Economist

This section explains January 2024 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2024-25 through FY 2025-26 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.7% in 2024, 0.6% in 2025, and 0.3% in 2026.

The unemployment rate is expected to be 4.4% in 2024, 4.4% in 2025, and 4.3% in 2026.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

| | | | FY 2024-25 Over FY 2023-24 | | FY 2025-26 Over FY 2024-25 | | |
|--------------------------------|-------------------|-------------------|-------------------------------|-------------|-------------------------------|----------------|-------------|
| | FY 2023-24 | FY 2024-25 | Dollar | Percent | FY 2025-26 | Dollar | Percent |
| | | | Change | Change | | Change | Change |
| Individual Income Tax | \$7,888.4 | \$8,418.6 | \$530.2 | 6.7% | \$8,628.5 | \$209.9 | 2.5% |
| Sales Tax | 1,627.0 | 1,663.8 | 36.8 | 2.3% | 1,688.1 | 24.3 | 1.5% |
| Use Tax | 1,183.7 | 1,206.0 | 22.3 | 1.9% | 1,241.4 | 35.4 | 2.9% |
| Business Taxes | 1,508.4 | 1,505.6 | (2.8) | (0.2%) | 2,032.0 | 526.4 | 35.0% |
| Other Taxes | 478.8 | 487.8 | 9.0 | 1.9% | 494.8 | 7.0 | 1.4% |
| GF/GP Tax Revenue | \$12,686.3 | \$13,281.8 | \$595.5 | 4.7% | \$14,084.8 | \$803.0 | 6.0% |
| Non-Tax Revenue | 911.0 | 740.4 | (170.6) | (18.7%) | 622.8 | (117.6) | (15.9%) |
| Net Total GF/GP Revenue | \$13,597.3 | \$14,022.2 | \$424.9 | 3.1% | \$14,707.6 | \$685.4 | 4.9% |

General Fund/General Purpose Revenue by Source

Individual Income Tax

Michigan individual income tax revenue is forecast to increase 1.6% in FY 2023-24, 6.7% in FY 2024-25 and 2.5% in FY 2025-26.

Sales Tax

GF/GP sales tax revenue is estimated to increase 0.0% in FY 2023-24, 2.3% in FY 2024-25, and 1.5% in FY 2025-26.

Use Tax

Use tax revenue is forecast to decline 5.4% in FY 2023-24, before increasing 1.9% in FY 2024-25, and 2.9% in FY 2025-26.

Business Taxes

Net business taxes (the single business tax, Michigan business tax, corporate income tax, and insurance company taxes) are expected to decrease 15.5% in FY 2023-24 before increasing 2.0% in FY 2024-25 and 5.2% in FY 2025-26.

Other Taxes

Other GF/GP taxes include tobacco, beer and wine, liquor excise, and other taxes dedicated to the general fund. They are projected to decline 7.9% in FY 2023-24 and 0.2% in FY 2024-25 before increasing 35.0% in FY 2025-26 as \$550.0 million in earmarks expire.

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 0.6% in FY 2023-24 before increasing 4.7% in FY 2024-25 and 6.0% in FY 2025-26.

OVERVIEW

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 2.6% to \$13,597.3 million in FY 2023-24, and then increase 3.1% to \$14,022.2 million in FY 2024-25 and 4.9% to \$14,707.6 million in FY 2025-26.

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

| | <u>FY 2023-24</u> | <u>FY 2024-25</u> | <u>FY 2024-25 Over FY 2023-24</u> | | <u>FY 2025-26</u> | <u>FY 2025-26 Over FY 2024-25</u> | |
|--------------------------------|-------------------|-------------------|---------------------------------------|---------------------------|-------------------|---------------------------------------|---------------------------|
| | | | <u>Dollar Change</u> | <u>Percent Change</u> | | <u>Dollar Change</u> | <u>Percent Change</u> |
| Sales and Use Taxes | \$8,820.1 | \$8,936.6 | \$116.5 | 1.3% | \$9,073.8 | \$137.2 | 1.5% |
| Income Tax Earmark | 3,781.0 | 3,912.6 | 131.6 | 3.5% | 4,046.5 | 133.9 | 3.4% |
| Lottery and Casino Revenue | 1,404.8 | 1,397.3 | (7.5) | (0.5%) | 1,398.8 | 1.5 | 0.1% |
| iGaming/Sports Betting/Fantasy | 348.4 | 361.7 | 13.3 | 3.8% | 370.0 | 8.3 | 2.3% |
| Cigarette Tax | 252.5 | 244.1 | (8.4) | (3.3%) | 240.0 | (4.1) | (1.7%) |
| State Education Tax | 2,710.0 | 2,802.6 | 92.6 | 3.4% | 2,895.0 | 92.4 | 3.3% |
| Real Estate Transfer Tax | 370.0 | 385.0 | 15.0 | 4.1% | 410.0 | 25.0 | 6.5% |
| Recreational Marijuana Earmark | 108.0 | 113.6 | 5.6 | 5.2% | 117.0 | 3.4 | 3.0% |
| Other Specific Taxes | 152.1 | 153.5 | 1.4 | 0.9% | 154.9 | 1.4 | 0.9% |
| Total SAF Revenue | \$17,946.9 | \$18,307.0 | \$360.1 | 2.0% | \$18,706.0 | \$399.0 | 2.2% |

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 1.2% in FY 2023-24, 1.3% in FY 2024-25, and 1.5% in FY 2025-26.

Income Tax Earmark

Approximately 25% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to decline 3.2% in FY 2023-24 before increasing 3.5% in FY 2024-25 and 3.4% in FY 2025-26.

Lottery and Casino Revenue

Revenues from the lottery transfer and casino taxes are projected to total \$1,404.8 million in FY 2023-24, \$1,397.3 in FY 2024-25, and \$1,398.8 million in FY 2025-26.

iGaming/Sports Betting/Fantasy

Revenue from online gaming, sports betting, and fantasy sports is projected to total \$348.4 million in FY 2023-24, \$361.7 in FY 2024-25, and \$370.0 million in FY 2025-26.

Cigarette Tax

Approximately 41.4% of cigarette 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 cigarette tax revenue to decrease to \$252.5 million in FY 2023-24, \$244.1 million in FY 2024-25, and \$240.0 million in FY 2025-26.

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 5.9% to \$2,710.0 million in FY 2023-24, 3.4% to \$2,802.6 million in FY 2024-25, and 3.3% to \$2,895.0 million in FY 2025-26.

RET revenue is forecast to decrease to \$370.0 million in FY 2023-24 before increasing to \$385.0 million in FY 2024-25 and \$410.0 million in FY 2025-26.

Recreational Marihuana Earmark

Roughly 35% of the 10% excise tax on recreational marihuana is earmarked to the school aid fund. The earmark is expected to generate \$108.0 million in FY 2023-24, \$113.6 million in FY 2024-25, and \$117.0 million in FY 2025-26.

Other SAF Taxes

Other specific taxes include specific taxes on liquor, commercial and industrial facilities taxes, the commercial forest tax, and other taxes dedicated to the SAF. They are estimated to be \$152.1 million in FY 2023-24, \$153.5 million in FY 2024-25, and \$154.9 million in FY 2025-26.

Total SAF Revenue

Total SAF revenue is expected to increase 0.5% to \$17,946.9 million in FY 2023-24, 0.9% to \$18,307.0 million in FY 2024-25, and 2.2% to \$18,706.0 million in FY 2025-26.

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 2022-23. The table also shows the proposed appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2023-24, as well as the executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2024-25.

After deposits totaling \$117.5 million, the final BSF fund balance for FY 2022-23 was \$1,780.4 million. For FY 2023-24, there was an appropriation of \$100.0. There was also a \$100.0 million deposit contained in the executive recommendation for FY 2024-25, which would bring the estimated year-end balance to \$2,216.0 million in FY 2024-25. 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)**

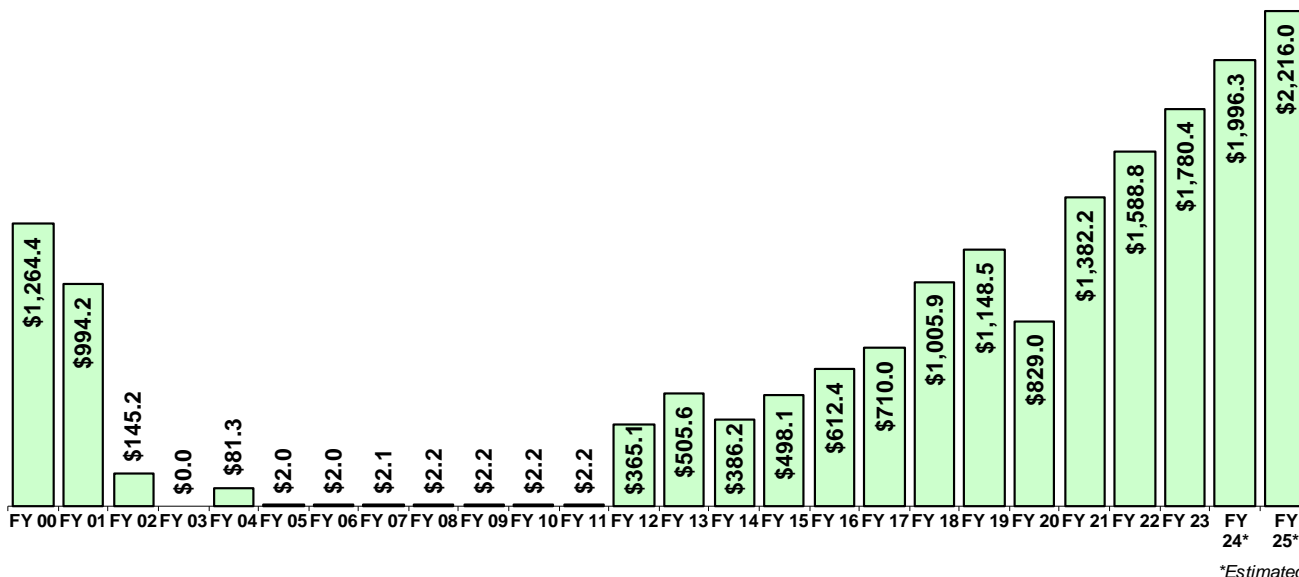
| <u>Fiscal Year</u> | <u>Deposits</u> | <u>Withdrawals</u> | <u>Interest Earned</u> | <u>Balance</u> |
|--------------------|-----------------|--------------------|------------------------|----------------|
| 1990-91 | \$0.0 | \$230.0 | \$27.1 | \$182.2 |
| 1991-92 | 0.0 | 170.1 | 8.1 | 20.1 |
| 1992-93 | 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 | 1,005.9 |
| 2018-19 | 117.5 | 0.0 | 25.1 | 1,148.5 |
| 2019-20 | 17.5 | 350.0 | 13.2 | 829.0 |
| 2020-21 | 552.5 | 0.0 | 1.0 | 1,382.2 |
| 2021-22 | 197.5 | 0.0 | 9.3 | 1,588.8 |
| 2022-23 | 117.5 | 0.0 | 74.1 | 1,780.4 |
| 2023-24 | 117.5 | 0.0 | 98.5* | 1,996.3 |
| 2024-25 | 117.5** | 0.0 | 102.2* | 2,216.0 |

* HFA Estimate

** Includes \$100.0 million deposit included in executive recommendation

Note: Numbers may not add due to rounding.

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



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 2023-24</u> | <u>FY 2024-25</u> | <u>FY 2025-26</u> |
|--|-------------------|-------------------|-------------------|
| Personal Income | CY 2022 | CY 2023 | CY 2024 |
| Amount | \$572,325 | \$596,935 | \$617,231 |
| X Limit Ratio | 9.49% | 9.49% | 9.49% |
| State Revenue Limit | \$54,313.6 | \$56,649.1 | \$58,575.2 |
| Total Revenue Subject to Revenue Limit | \$41,959.2 | \$43,021.9 | \$44,362.7 |
| Amount Under (Over) State Revenue Limit | \$12,354.4 | \$13,627.2 | \$14,212.6 |

OVERVIEW

Implications of Exceeding the State Revenue Limit

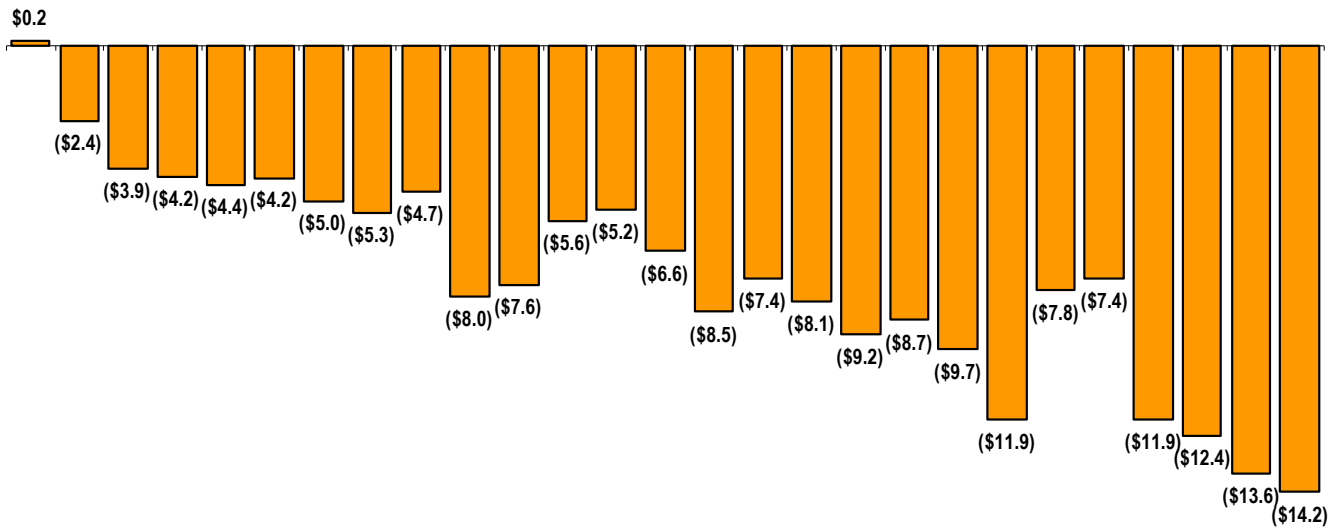
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . 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.

The final FY 2023-24 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$12.4 billion. For FY 2024-25 and FY 2025-26, state revenue is estimated to be below the revenue limit by \$13.6 billion and \$14.2 billion, respectively.

Constitutional Revenue Limit
(Billions of Dollars)



2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024* 2025* 2026*

*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.

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

Numbers may not add due to rounding.

OVERVIEW

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

Numbers may not add due to rounding.

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

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

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

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

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

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

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

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

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

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

| | <u>Enacted FY 2023-24</u> | <u>Executive Recommendation FY 2024-25</u> | <u>Change Amounts</u> | | <u>Executive Recommendation FY 2025-26</u> | <u>Change Amounts</u> | |
|--|-------------------------------|--|-----------------------|---------------|--|-----------------------|---------------|
| General Fund/General Purpose | \$15,193.5 | \$14,311.3 | (\$882.2) | (5.8%) | \$13,649.0 | (\$662.3) | (4.6%) |
| State Restricted | <u>31,820.5</u> | <u>32,013.5</u> | <u>192.9</u> | 0.6% | <u>31,127.6</u> | <u>(885.9)</u> | (2.8%) |
| Total State-Source Appropriations | \$47,014.1 | \$46,324.8 | (\$689.3) | (1.5%) | \$44,776.6 | (\$1,548.2) | (3.3%) |
| | | | | | | | |
| Federal | \$32,866.2 | \$33,869.9 | \$1,003.7 | 3.1% | \$33,835.5 | (\$34.5) | (0.1%) |
| Local | 297.0 | 301.1 | 4.1 | 1.4% | 301.1 | 0.0 | 0.0% |
| Private | 223.2 | 225.7 | 2.5 | 1.1% | 225.7 | 0.0 | 0.0% |
| Total Adjusted Gross | \$80,400.5 | \$80,721.6 | \$321.1 | 0.4% | \$79,138.9 | (\$1,582.7) | (2.0%) |

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

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

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

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

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

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

Notes:

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

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**TABLE 1
FY 2024-25 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 | \$144,218,900 | \$332,400 | \$143,886,500 | \$20,357,900 | \$0 | \$21,300 | \$46,450,900 | \$77,056,400 |
| Attorney General | 128,549,700 | 39,465,600 | 89,084,100 | 10,391,600 | 0 | 0 | 22,283,400 | 56,409,100 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Civil Rights | 32,320,500 | 0 | 32,320,500 | 2,890,900 | 0 | 18,700 | 58,500 | 29,352,400 |
| Community Colleges | 465,920,800 | 0 | 465,920,800 | 0 | 0 | 0 | 465,920,800 | 0 |
| Corrections | 2,144,379,000 | 0 | 2,144,379,000 | 5,180,500 | 11,694,000 | 0 | 33,494,400 | 2,094,010,100 |
| Education | 162,825,100 | 0 | 162,825,100 | 82,550,500 | 5,868,500 | 2,542,200 | 10,117,800 | 61,746,100 |
| Environment, Great Lakes, & Energy | 1,104,199,100 | 4,085,900 | 1,100,113,200 | 463,788,900 | 0 | 1,364,200 | 387,149,300 | 247,810,800 |
| Executive Office | 9,337,100 | 0 | 9,337,100 | 0 | 0 | 0 | 0 | 9,337,100 |
| Health and Human Services | 37,702,292,800 | 14,707,900 | 37,687,584,900 | 26,755,591,000 | 162,870,000 | 179,764,200 | 3,883,861,200 | 6,705,498,500 |
| Higher Education | 2,314,197,000 | 0 | 2,314,197,000 | 3,200,000 | 0 | 0 | 545,468,300 | 1,765,528,700 |
| Insurance & Financial Services | 77,771,400 | 753,500 | 77,017,900 | 700,000 | 0 | 0 | 76,317,900 | 0 |
| Judiciary | 371,816,400 | 1,902,300 | 369,914,100 | 7,132,600 | 0 | 1,905,300 | 95,887,300 | 264,988,900 |
| Labor & Economic Opportunity | 1,973,232,500 | 0 | 1,973,232,500 | 1,177,165,800 | 10,700,000 | 12,584,600 | 413,774,700 | 359,007,400 |
| Legislative Auditor General | 21,427,100 | 0 | 21,427,100 | 0 | 0 | 0 | 100 | 21,427,000 |
| Legislature | 200,503,600 | 0 | 200,503,600 | 0 | 0 | 467,700 | 5,422,500 | 194,613,400 |
| Licensing & Regulatory Affairs | 635,467,200 | 27,682,800 | 607,784,400 | 30,471,300 | 0 | 0 | 280,707,400 | 296,605,700 |
| Lifelong Ed., Adv., & Potential | 576,985,400 | 0 | 576,985,400 | 413,951,400 | 0 | 250,000 | 1,862,300 | 160,921,700 |
| Military & Veterans Affairs | 267,052,100 | 101,800 | 266,950,300 | 144,036,800 | 0 | 100,000 | 13,221,400 | 109,592,100 |
| Natural Resources | 542,770,100 | 207,000 | 542,563,100 | 96,140,700 | 0 | 7,609,200 | 371,056,200 | 67,757,000 |
| School Aid | 20,609,973,700 | 0 | 20,609,973,700 | 2,272,793,500 | 0 | 0 | 18,285,630,200 | 51,550,000 |
| State | 291,839,900 | 20,000,000 | 271,839,900 | 1,460,000 | 0 | 50,100 | 256,919,700 | 13,410,100 |
| State Police | 933,208,500 | 27,189,800 | 906,018,700 | 99,062,700 | 4,975,700 | 35,000 | 174,984,300 | 626,961,000 |
| Tech., Mgmt. & Budget: Operations | 1,611,005,600 | 1,119,848,200 | 491,157,400 | 4,393,300 | 2,334,000 | 189,200 | 130,096,500 | 354,144,400 |
| Tech., Mgmt. & Budget: SBA Rent | 246,170,600 | 0 | 246,170,600 | 0 | 0 | 0 | 0 | 246,170,600 |
| Transportation | 6,781,289,200 | 4,316,700 | 6,776,972,500 | 2,253,675,100 | 87,448,500 | 18,800,000 | 4,232,048,900 | 185,000,000 |
| Treasury: Operations | 836,215,600 | 11,188,500 | 825,027,100 | 25,011,400 | 15,207,100 | 36,600 | 567,412,400 | 217,359,600 |
| Treasury: Debt Service | 95,087,000 | 0 | 95,087,000 | 0 | 0 | 0 | 0 | 95,087,000 |
| Treasury: Revenue Sharing | 1,713,307,500 | 0 | 1,713,307,500 | 0 | 0 | 0 | 1,713,307,500 | 0 |
| TOTAL APPROPRIATIONS | \$81,993,363,400 | \$1,271,782,400 | \$80,721,581,000 | \$33,869,945,900 | \$301,097,800 | \$225,738,300 | \$32,013,453,900 | \$14,311,345,100 |

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

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2024-25 and FY 2025-26 Executive Recommendation Compared with FY 2023-24 Enacted

| <u>Department/Budget Area</u> | <u>Enacted FY 2023-24</u> | <u>Exec. Rec. FY 2024-25</u> | <u>Difference FY 2024-25 vs. FY 2023-24</u> | | <u>Exec. Rec. FY 2025-26</u> | <u>Difference FY 2025-26 vs. FY 2024-25</u> | |
|------------------------------------|-------------------------------|----------------------------------|---|-------------|----------------------------------|---|---------------|
| Agriculture & Rural Development | \$168,285,700 | \$143,886,500 | (\$24,399,200) | (14.5%) | \$143,886,500 | \$0 | 0.00% |
| Attorney General | 106,562,900 | 89,084,100 | (17,478,800) | (16.4%) | 89,084,100 | 0 | 0.0% |
| Capital Outlay | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Civil Rights | 31,710,000 | 32,320,500 | 610,500 | 1.9% | 32,320,500 | 0 | 0.0% |
| Community Colleges | 544,517,500 | 465,920,800 | (78,596,700) | (14.4%) | 469,520,800 | 3,600,000 | 0.8% |
| Corrections | 2,086,250,000 | 2,144,379,000 | 58,129,000 | 2.8% | 2,140,979,000 | (3,400,000) | (0.2%) |
| Education | 647,380,900 | 162,825,100 | (484,555,800) | (74.8%) | 162,825,100 | 0 | 0.0% |
| Environment, Great Lakes, & Energy | 1,047,576,800 | 1,100,113,200 | 52,536,400 | 5.0% | 1,010,113,200 | (90,000,000) | (8.2%) |
| Executive Office | 8,905,400 | 9,337,100 | 431,700 | 4.8% | 9,337,100 | 0 | 0.0% |
| Health and Human Services | 35,719,906,100 | 37,687,584,900 | 1,967,678,800 | 5.5% | 37,575,575,100 | (112,009,800) | (0.3%) |
| Higher Education | 2,291,048,800 | 2,314,197,000 | 23,148,200 | 1.0% | 2,313,697,000 | (500,000) | (0.0%) |
| Insurance & Financial Services | 73,415,800 | 77,017,900 | 3,602,100 | 4.9% | 76,767,900 | (250,000) | (0.3%) |
| Judiciary | 354,025,900 | 369,914,100 | 15,888,200 | 4.5% | 370,120,400 | 206,300 | 0.1% |
| Labor & Economic Opportunity | 2,867,264,800 | 1,973,232,500 | (894,032,300) | (31.2%) | 1,732,232,500 | (241,000,000) | (12.2%) |
| Legislative Auditor General | 22,828,300 | 21,427,100 | (1,401,200) | (6.1%) | 21,427,100 | 0 | 0.0% |
| Legislature | 192,343,800 | 200,503,600 | 8,159,800 | 4.2% | 200,503,600 | 0 | 0.0% |
| Licensing & Regulatory Affairs | 581,043,700 | 607,784,400 | 26,740,700 | 4.6% | 606,534,400 | (1,250,000) | (0.2%) |
| Lifelong Ed., Adv., & Potential | 0 | 576,985,400 | 576,985,400 | -- | 516,985,400 | (60,000,000) | (10.4%) |
| Military & Veterans Affairs | 248,238,600 | 266,950,300 | 18,711,700 | 7.5% | 255,450,300 | (11,500,000) | (4.3%) |
| Natural Resources | 572,045,500 | 542,563,100 | (29,482,400) | (5.2%) | 542,563,100 | 0 | 0.0% |
| School Aid | 21,459,651,300 | 20,609,973,700 | (849,677,600) | (4.0%) | 19,802,173,700 | (807,800,000) | (3.9%) |
| State | 284,209,500 | 271,839,900 | (12,369,600) | (4.4%) | 271,839,900 | 0 | 0.0% |
| State Police | 867,096,700 | 906,018,700 | 38,922,000 | 4.5% | 901,018,700 | (5,000,000) | (0.6%) |
| Tech., Mgmt. & Budget: Operations | 737,480,400 | 491,157,400 | (246,323,000) | (33.4%) | 414,406,400 | (76,751,000) | (15.6%) |
| Tech., Mgmt. & Budget: SBA Rent | 236,570,600 | 246,170,600 | 9,600,000 | 4.1% | 252,970,600 | 6,800,000 | 2.8% |
| Transportation | 6,622,196,900 | 6,776,972,500 | 154,775,600 | 2.3% | 6,634,853,800 | (142,118,700) | (2.1%) |
| Treasury: Operations | 866,528,000 | 825,027,100 | (41,500,900) | (4.8%) | 796,345,100 | (28,682,000) | (3.5%) |
| Treasury: Debt Service | 100,084,100 | 95,087,000 | (4,997,100) | (5.0%) | 95,087,000 | 0 | 0.0% |
| Treasury: Revenue Sharing | 1,663,359,200 | 1,713,307,500 | 49,948,300 | 3.0% | 1,700,260,400 | (13,047,100) | (0.8%) |
| TOTAL | \$80,400,527,200 | \$80,721,581,000 | \$321,053,800 | 0.4% | \$79,138,878,700 | (\$1,582,702,300) | (2.0%) |

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**TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2024-25 and FY 2025-26 Executive Recommendation Compared with FY 2023-24 Enacted**

| <u>Department/Budget Area</u> | <u>Enacted FY 2023-24</u> | <u>Exec. Rec. FY 2024-25</u> | <u>Difference FY 2024-25 vs. FY 2023-24</u> | | <u>Exec. Rec. FY 2025-26</u> | <u>Difference FY 2025-26 vs. FY 2024-25</u> | |
|------------------------------------|-------------------------------|----------------------------------|---|---------------|----------------------------------|---|---------------|
| Agriculture & Rural Development | \$92,781,800 | \$77,056,400 | (\$15,725,400) | (16.9%) | \$77,056,400 | \$0 | 0.0% |
| Attorney General | 75,726,000 | 56,409,100 | (19,316,900) | (25.5%) | 56,409,100 | 0 | 0.0% |
| Capital Outlay | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Civil Rights | 28,741,900 | 29,352,400 | 610,500 | 2.1% | 29,352,400 | 0 | 0.0% |
| Community Colleges | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Corrections | 2,029,495,900 | 2,094,010,100 | 64,514,200 | 3.2% | 2,094,010,100 | 0 | 0.0% |
| Education | 130,652,500 | 61,746,100 | (68,906,400) | (52.7%) | 61,746,100 | 0 | 0.0% |
| Environment, Great Lakes, & Energy | 245,952,100 | 247,810,800 | 1,858,700 | 0.8% | 157,810,800 | (90,000,000) | (36.3%) |
| Executive Office | 8,905,400 | 9,337,100 | 431,700 | 4.8% | 9,337,100 | 0 | 0.0% |
| Health and Human Services | 6,464,135,400 | 6,705,498,500 | 241,363,100 | 3.7% | 6,627,943,600 | (77,554,900) | (1.2%) |
| Higher Education | 1,677,754,100 | 1,765,528,700 | 87,774,600 | 5.2% | 1,765,528,700 | 0 | 0.0% |
| Insurance & Financial Services | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Judiciary | 250,218,100 | 264,988,900 | 14,770,800 | 5.9% | 265,150,100 | 161,200 | 0.1% |
| Labor & Economic Opportunity | 1,301,508,000 | 359,007,400 | (942,500,600) | (72.4%) | 228,007,400 | (131,000,000) | (36.5%) |
| Legislative Auditor General | 20,406,700 | 21,427,000 | 1,020,300 | 5.0% | 21,427,000 | 0 | 0.0% |
| Legislature | 186,734,100 | 194,613,400 | 7,879,300 | 4.2% | 194,613,400 | 0 | 0.0% |
| Licensing & Regulatory Affairs | 271,331,100 | 296,605,700 | 25,274,600 | 9.3% | 296,605,700 | 0 | 0.0% |
| Lifelong Ed., Adv., & Potential | 0 | 160,921,700 | 160,921,700 | -- | 100,921,700 | (60,000,000) | (37.3%) |
| Military & Veterans Affairs | 98,889,300 | 109,592,100 | 10,702,800 | 10.8% | 98,092,100 | (11,500,000) | (10.5%) |
| Natural Resources | 88,054,500 | 67,757,000 | (20,297,500) | (23.1%) | 67,757,000 | 0 | 0.0% |
| School Aid | 87,900,000 | 51,550,000 | (36,350,000) | (41.4%) | 50,050,000 | (1,500,000) | (2.9%) |
| State | 13,324,700 | 13,410,100 | 85,400 | 0.6% | 13,410,100 | 0 | 0.0% |
| State Police | 607,564,000 | 626,961,000 | 19,397,000 | 3.2% | 621,961,000 | (5,000,000) | (0.8%) |
| Tech., Mgmt. & Budget: Operations | 596,128,900 | 354,144,400 | (241,984,500) | (40.6%) | 277,393,400 | (76,751,000) | (21.7%) |
| Tech., Mgmt. & Budget: SBA Rent | 236,570,600 | 246,170,600 | 9,600,000 | 4.1% | 252,970,600 | 6,800,000 | 2.8% |
| Transportation | 288,100,000 | 185,000,000 | (103,100,000) | (35.8%) | 0 | (185,000,000) | (100.0%) |
| Treasury: Operations | 292,586,100 | 217,359,600 | (75,226,500) | (25.7%) | 186,359,600 | (31,000,000) | (14.3%) |
| Treasury: Debt Service | 100,084,100 | 95,087,000 | (4,997,100) | (5.0%) | 95,087,000 | 0 | 0.0% |
| Treasury: Revenue Sharing | 0 | 0 | 0 | -- | 0 | 0 | -- |
| TOTAL | \$15,193,545,300 | \$14,311,345,100 | (\$882,200,200) | (5.8%) | \$13,649,000,400 | (\$662,344,700) | (4.6%) |

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

| <u>Department/Budget Area</u> | <u>Exec. Rec. FY 2024-25 GF/GP</u> |
|---------------------------------------|---|
| Environment, Great Lakes, & Energy | \$90,000,000 |
| Health and Human Services | 77,554,900 |
| Labor & Economic Development | 131,000,000 |
| Lifelong, Ed., Adv., & Potential | 60,000,000 |
| Military & Veterans Affairs | 11,500,000 |
| School Aid | 1,500,000 |
| State Police | 5,000,000 |
| Tech., Mgmt. & Budget: Operations | 76,751,000 |
| Transportation | 185,000,000 |
| Treasury: Operations | 31,000,000 |
| TOTAL: ONE-TIME APPROPRIATIONS | \$669,305,900 |

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

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

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

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

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

FY 2024-25

Budget Detail

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 AGRICULTURE AND RURAL DEVELOPMENT

Analyst: William E. Hamilton

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

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

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.

Note: The Governor's proposed budget reflects MDARD's internal reorganization effective January 1, 2024. However, the analysis of major budget changes below compares like programs and line items in current year and FY 2024-25 and does not show changes associated with MDARD's reorganization or related proposed changes in budget structure.

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|---|-------------------------------------|
| 1. Unclassified Salaries | FTE | 6.0 | 0.0 |
| Although current budget authorizes 6.0 unclassified FTE positions, the department indicates that current funding is not sufficient to support all six positions. Budget includes \$335,100 increase (\$0 GF/GP) to support all 6.0 authorized unclassified FTE positions. | Gross | \$664,900 | \$335,100 |
| | Restricted | 0 | 335,100 |
| | GF/GP | \$664,900 | \$0 |
| 2. Federal USDA Emergency Management Grant | FTE | 8.0 | 0.0 |
| Includes \$600,000 federal funds increase in Emergency Management to recognize federal United State Department of Agriculture (USDA) Animal and Plant and Health Inspection Service (APHIS) grant awarded to the department for incident command training and other services. | Gross | \$2,918,000 | \$600,000 |
| | Federal | 432,300 | 600,000 |
| | GF/GP | \$2,485,700 | \$0 |
| 3. Environmental Stewardship/MAEAP – Staffing | FTE | 26.0 | 24.0 |
| Requests increase of 24.0 FTE authorization for the Michigan Agriculture Environmental Assurance Program (MAEAP). The department would shift program delivery from Local Conservation District contract technicians to classified state employees with the goal of increased flexibility (cross county responsibility) and accountability. There is no funding impact associated with this change in program delivery. Including 1.0 FTE from internal transfer, total authorized MAEAP staffing would total 51.0 FTEs. | Gross | \$11,744,500 | \$0 |
| | Federal | 1,982,600 | 0 |
| | Restricted | 8,328,900 | 0 |
| | GF/GP | \$1,433,000 | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|---|---|
| 4. Farm to Family Program – NEW | | |
| Recommends \$4.0 million GF/GP, and 6.0 FTE authorization, for a new ongoing program to support regenerative farming, agriculture supply chains, and the promotion of Michigan food products. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 6.0 \$4,000,000 \$4,000,000 |
| 5. Office of Rural Development Transfer | | |
| Reflects Executive Order 2023-6 transfer of the Office of Rural Development to the Department of Labor and Economic Opportunity (LEO). In effect, \$697,400 GF/GP, and 1.0 FTE position, is shifted from the MDARD budget to the LEO budget. | FTE Gross GF/GP | 1.0 \$678,000 \$678,000 |
| | | (1.0) (\$678,000) (\$678,000) |
| 6. Removal of FY 2023-24 One-Time Appropriations | | |
| Removes \$30.6 million Gross (\$20.5 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Gross | \$30,600,000 |
| | Federal | 10,100,000 |
| | GF/GP | \$20,500,000 |
| | | (\$30,600,000) |
| | | (10,100,000) |
| | | (\$20,500,000) |
| <ul style="list-style-type: none"> • Agricultural Climate Resiliency, \$6.0 million GF/GP. (Budget retains \$1.0 million GF/GP ongoing). • County Fairs, Shows, and Expositions, \$2.0 million GF/GP. (Budget retains \$500,000 GF/GP ongoing). • Emerging Contaminants in Food and Agriculture, \$2.0 million GF/GP. (Budget retains \$2.1 million GF/GP ongoing). • Food and Agriculture Supply Chain Investment, \$1.0 million GF/GP. (Budget retains \$804,900 GF/GP ongoing). • Laboratory Animal Welfare, \$500,000 GF/GP. • Local Conservation Districts, \$1.0 million GF/GP. (Budget retains \$2.0 million GF/GP ongoing). • Minority-owned Food and Agriculture Ventures, \$2.9 million GF/GP. • Northern Michigan Herd Protection, \$100 GF/GP. • Rural Venture Capital Program, \$100 GF/GP. • Soil Health and Regenerative Agriculture, \$5.0 million GF/GP. (Budget retains \$1.0 million GF/GP ongoing). • Washtenaw conservation district - MiFarmLink pilot project, \$100,000 GF/GP. • ARP - Resilient Food Systems Infrastructure, \$10.1 million federal. | | |
| 7. Economic Adjustments | | |
| Reflects increased costs of \$2.0 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | Gross IDG/IDT Federal Restricted GF/GP | NA NA NA NA NA |
| | | \$1,968,500 5,400 95,200 395,900 \$1,472,000 |

Major Boilerplate Changes from FY 2023-24

Executive Boilerplate Deletions

As shown below, the Executive budget deletes a number of boilerplate sections included in the FY 2023-24 budget.

Sec. 207. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature.

Sec. 212. Transparency Website – DELETED

Deletes section that requires the department to cooperate with the Department of Technology, Management and Budget to maintain a searchable website, accessible by the public, that provides expenditure and staffing information.

Sec. 213. Restricted Fund Report – DELETED

Deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances. [This report is currently included in the annual Budget Presentation.]

Major Boilerplate Changes from FY 2023-24

Sec. 214. Key Metrics – DELETED

Deletes section that requires the department to maintain on a publicly accessible website information on key metrics and performance measures.

Sec. 218. Remote Work Policy – DELETED

Deletes section that indicates legislative intent that the department maximize the efficiency of the state workforce and, where possible, prioritize in-person work and post its in-person, remote, or hybrid work policy on its website.

Sec. 219. State Administrative Board Transfers – DELETED

Deletes section that authorizes the legislature to intertransfer funds within budget if the State Administrative Board transfers funds from an appropriation within this budget.

Sec. 221. Record Retention Policy – DELETED

Deletes section that prescribes the department's record retention policy.

Sec. 222. Impact of New Legislation – DELETED

Deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 223. Severance Pay Report – DELETED

Deletes section that established reporting requirements related to severance pay paid to department personnel upon the termination of employment.

Sec. 225. Work Project Expenditures – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. Employee Lump Sum Payments

Includes \$780,100 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

| | |
|--------------|------------------|
| Gross | \$780,100 |
| GF/GP | \$780,100 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 COMMUNITY COLLEGES

Analyst: Perry Zielak

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

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

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. 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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Community College Operations Increase

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

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

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$357,961,900 | \$8,969,900 |
| Restricted | 357,961,900 | 8,969,900 |
| GF/GP | \$0 | \$0 |

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

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

| | Gross | Restricted | GF/GP |
|----------------------|----------------------|---------------------|------------|
| \$105,800,000 | \$105,800,000 | (43,700,000) | \$0 |
| | 105,800,000 | (43,700,000) | \$0 |
| | \$0 | \$0 | \$0 |

COMMUNITY COLLEGES

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|---|--------------|--|--|
| 3. MPSERS Community College Payroll Cap Reduction | Gross | \$0 | \$5,700,000 |
| Adds \$5.7 million SAF to lower community college's MPSERS UAAL employer contribution cap from 20.96% to 20.0%. Payments would be made to MPSERS through the community colleges. Total funding for the MPSERS community college payroll cap reduction would be \$5.7 million SAF. | Restricted | 0 | 5,700,000 |
| | GF/GP | \$0 | \$0 |
| 4. MPSERS Normal Cost Offset | Gross | \$23,000,000 | (\$1,200,000) |
| Decreases funding by \$1.2 million SAF for the community colleges' MPSERS normal cost offset, a 5.2% decrease, due to maintaining the assumed rate of return at 6.0%. Total funding for the MPSERS normal cost offset would be \$21.8 million SAF. | Restricted | 23,000,000 | (1,200,000) |
| | GF/GP | \$0 | \$0 |
| 5. Removal of FY 2023-24 One-Time Appropriations | Gross | \$48,366,600 | (\$48,366,600) |
| Removes \$48.4 million SAF of one-time funding that was included in the FY 2023-24 budget to support the following: | Restricted | 48,366,600 | (48,366,600) |
| <ul style="list-style-type: none"> • Infrastructure, Technology, Equipment, Maintenance, and Safety (\$32.8 million SAF) • Critical Incident Mapping (\$5.0 million SAF) • Career and Education Navigators for Adult Learners (\$5.0 million SAF) • Michigan Reconnect Entry Point Program (\$5.0 million SAF) • Kalamazoo Valley Community College Workforce Development Grants (\$530,000 SAF) | GF/GP | \$0 | \$0 |

Major Boilerplate Changes from FY 2023-24

Sec. 205. Ordering From Businesses in Deprived and Depressed Communities – REVISED

Encourages community colleges to ensure businesses in economically distressed areas compete for and perform contracts for services and/or supplies. Revises language to encourage community colleges to ensure geographically disadvantaged business enterprises compete for and perform contracts for services and/or supplies.

Sec. 216c. Infrastructure, Technology, Equipment, Maintenance, and Safety Appropriation Detail – DELETED

Deletes language that details infrastructure, technology, equipment, maintenance, safety and housing (ITEMS) repayment categories that ITEMS funding could be used for by community colleges and language on program eligibility and distribution of funding.

Sec. 216d. ITEMS Certification and Payment Detail – DELETED

Deletes language that details the certification process community colleges must complete and have approved by the State Budget Director in order to receive an ITEMS payment.

Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – REVISED

Requires community 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 the last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2023-24; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$205, whichever is greater. Specifies community colleges that violate the tuition restraint cap may have their appropriation adjusted. Revises language that limits FY 2024-25 in-district tuition and fee increases to 5.0% or \$241, whichever is greater, and limits FY 2025-26 in-district tuition and fee increases to the greater of 5.0% or \$253.

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.

FY 2024-25 Community Colleges Operations Appropriations
Executive Recommendation

| % of Formula: | Total FY 2023-24 Appropriation | FY 24 Indian Tuition Waiver Payment | FY 2023-24 Base Appropriation | 30% | 10% | 10% | 10% | 30% | 5% | 5% | 100% | FY 2023 Indian Tuition Waiver Cost | Indian Tuition Waiver Adjustments | Total FY 25 Indian Tuition Waiver Payment | FY 2024-25 Appropriation | % Change |
|------------------|--------------------------------|-------------------------------------|-------------------------------|--------------------|-------------------------|-------------------------------|-----------------------------|--------------------|------------------|-----------------------|----------------------------|------------------------------------|-----------------------------------|---|--------------------------|-------------|
| | | | | Sustainability | Performance-Improvement | Performance-Completion Number | Performance-Completion Rate | Contact Hours | Admin. | Local Strategic Value | Total Formula Distribution | | | | | |
| Alpena | \$6,327,100 | \$26,500 | \$6,300,600 | \$47,255 | \$38,690 | \$10,639 | \$24,417 | \$24,631 | \$17,598 | \$7,876 | \$171,100 | \$21,800 | (4,700) | \$21,800 | \$6,493,500 | 2.6% |
| Bay de Noc | 6,299,200 | 113,900 | 6,185,300 | 46,390 | 42,558 | 9,922 | 24,688 | 31,667 | 24,899 | 7,732 | 187,900 | 100,000 | (13,900) | 100,000 | 6,473,200 | 2.8% |
| Delta | 16,690,500 | 48,200 | 16,642,300 | 124,818 | 36,602 | 41,335 | 33,285 | 121,043 | 22,324 | 20,803 | 400,200 | 24,800 | (23,400) | 24,800 | 17,067,300 | 2.3% |
| Glen Oaks | 2,939,000 | 0 | 2,939,000 | 22,043 | 5,878 | 6,475 | 17,494 | 19,322 | 0 | 3,674 | 74,900 | 1,800 | 1,800 | 1,800 | 3,015,700 | 2.6% |
| Gogebic | 5,367,600 | 37,900 | 5,329,700 | 39,973 | 10,659 | 5,897 | 24,083 | 17,676 | 10,492 | 6,662 | 115,400 | 48,400 | 10,500 | 48,400 | 5,493,500 | 2.3% |
| Grand Rapids | 20,966,400 | 122,000 | 20,844,400 | 156,334 | 55,391 | 53,194 | 41,689 | 213,656 | 19,951 | 26,056 | 566,300 | 111,100 | (10,900) | 111,100 | 21,521,800 | 2.6% |
| Henry Ford | 24,943,900 | 14,100 | 24,929,800 | 186,974 | 49,860 | 78,463 | 49,860 | 203,839 | 18,013 | 31,162 | 618,200 | 6,400 | (7,700) | 6,400 | 25,554,400 | 2.4% |
| Jackson | 13,887,400 | 33,300 | 13,854,100 | 103,906 | 30,798 | 23,108 | 27,708 | 80,721 | 13,990 | 17,318 | 297,500 | 42,300 | 9,000 | 42,300 | 14,193,900 | 2.2% |
| Kalamazoo Valley | 14,539,400 | 57,500 | 14,481,900 | 108,615 | 28,964 | 33,061 | 40,140 | 120,022 | 21,892 | 18,102 | 370,800 | 37,200 | (20,300) | 37,200 | 14,889,900 | 2.4% |
| Kellogg | 11,290,200 | 21,000 | 11,269,200 | 84,519 | 22,539 | 27,175 | 22,539 | 70,504 | 21,144 | 14,087 | 262,500 | 35,400 | 14,400 | 35,400 | 11,567,100 | 2.5% |
| Kirtland | 3,792,900 | 19,800 | 3,773,100 | 28,298 | 7,546 | 9,782 | 7,546 | 26,607 | 18,856 | 4,716 | 103,400 | 25,800 | 6,000 | 25,800 | 3,902,300 | 2.9% |
| Lake Michigan | 6,321,600 | 3,600 | 6,318,000 | 47,385 | 14,220 | 12,480 | 12,636 | 48,039 | 7,648 | 7,898 | 150,300 | 6,000 | 2,400 | 6,000 | 6,474,300 | 2.4% |
| Lansing | 35,752,700 | 63,500 | 35,689,200 | 267,670 | 73,781 | 73,016 | 82,910 | 183,377 | 16,707 | 44,612 | 741,900 | 81,200 | 17,700 | 81,200 | 36,512,300 | 2.1% |
| Macomb | 37,661,900 | 26,500 | 37,635,400 | 282,267 | 75,271 | 74,942 | 86,594 | 293,213 | 16,032 | 47,045 | 875,200 | 23,700 | (2,800) | 23,700 | 38,534,300 | 2.3% |
| Mid Michigan | 5,798,500 | 55,600 | 5,742,900 | 43,072 | 21,204 | 12,458 | 11,486 | 49,274 | 12,087 | 7,179 | 156,800 | 75,500 | 19,900 | 75,500 | 5,975,200 | 3.0% |
| Monroe County | 5,286,800 | 2,100 | 5,284,700 | 39,635 | 13,056 | 12,833 | 10,569 | 41,475 | 15,504 | 6,606 | 139,700 | 1,800 | (300) | 1,800 | 5,426,200 | 2.6% |
| Montcalm | 3,966,700 | 9,500 | 3,957,200 | 29,679 | 32,706 | 10,896 | 7,914 | 23,434 | 17,338 | 4,947 | 126,900 | 1,900 | (7,600) | 1,900 | 4,086,000 | 3.0% |
| Mott | 17,823,200 | 31,500 | 17,791,700 | 133,438 | 35,584 | 34,934 | 35,584 | 98,199 | 16,872 | 22,240 | 376,900 | 5,800 | (25,700) | 5,800 | 18,174,400 | 2.0% |
| Muskegon | 10,223,600 | 12,700 | 10,210,900 | 76,582 | 22,872 | 20,496 | 31,987 | 63,775 | 19,885 | 12,764 | 248,400 | 21,300 | 8,600 | 21,300 | 10,480,600 | 2.5% |
| North Central | 4,011,000 | 142,200 | 3,868,800 | 29,016 | 19,245 | 9,440 | 19,323 | 33,284 | 16,317 | 4,836 | 131,500 | 162,500 | 20,300 | 162,500 | 4,162,800 | 3.8% |
| Northwestern | 10,650,300 | 177,000 | 10,473,300 | 78,550 | 23,257 | 19,619 | 32,783 | 62,171 | 14,687 | 13,092 | 244,200 | 196,800 | 19,800 | 196,800 | 10,914,300 | 2.5% |
| Oakland | 24,755,900 | 22,300 | 24,733,600 | 185,503 | 49,467 | 77,414 | 61,862 | 239,763 | 15,811 | 30,917 | 660,700 | 33,800 | 11,500 | 33,800 | 25,428,100 | 2.7% |
| Schoolcraft | 14,742,500 | 30,700 | 14,711,800 | 110,339 | 51,411 | 42,930 | 40,394 | 152,060 | 18,078 | 18,390 | 433,600 | 21,000 | (9,700) | 21,000 | 15,166,400 | 2.9% |
| Southwestern | 7,695,500 | 12,700 | 7,682,800 | 57,621 | 15,366 | 9,890 | 27,941 | 37,480 | 15,149 | 9,604 | 173,100 | 29,500 | 16,800 | 29,500 | 7,885,400 | 2.5% |
| St. Clair County | 8,226,400 | 16,000 | 8,210,400 | 61,578 | 19,618 | 26,500 | 28,340 | 59,931 | 13,149 | 10,263 | 219,400 | 24,100 | 8,100 | 24,100 | 8,453,900 | 2.8% |
| Washtenaw | 15,938,200 | 12,700 | 15,925,500 | 119,442 | 36,313 | 110,080 | 44,218 | 201,562 | 21,534 | 19,907 | 553,100 | 24,600 | 11,900 | 24,600 | 16,503,200 | 3.5% |
| Wayne County | 19,197,900 | 4,600 | 19,193,300 | 143,951 | 43,241 | 39,151 | 38,387 | 143,178 | 13,096 | 23,992 | 445,000 | 4,400 | (200) | 4,400 | 19,642,700 | 2.3% |
| West Shore | 2,865,600 | 14,400 | 2,851,200 | 21,384 | 15,981 | 5,951 | 5,702 | 16,337 | 6,987 | 3,564 | 75,900 | 12,000 | (2,400) | 12,000 | 2,939,100 | 2.6% |
| Total | \$357,961,900 | \$1,131,800 | \$356,830,100 | \$2,676,240 | \$892,080 | \$892,080 | \$892,080 | \$2,676,240 | \$446,040 | \$446,040 | \$8,920,800 | \$1,180,900 | \$49,100 | \$1,180,900 | \$366,931,800 | 2.5% |

Requirement to receive performance funding for FY 2024-25:
1. Restrain FY 2024-25 in-district tuition/fee rate increase to 5.0% or \$241 (whichever is greater)

| Data Notes Component | Years |
|-------------------------------|---------------|
| Performance improvement | FYs 2020-2022 |
| Performance completion number | FYs 2020-2022 |
| Performance completion rate | FYs 2020-2022 |
| Contact hours | FY 2023 |
| Administrative | FYs 2022-2023 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 CORRECTIONS

Analyst: Robin R. Risko

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

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

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 27 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 the department's 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, 2023, the department was responsible for 74,759 offenders: 32,336 prisoners; 32,970 probationers; and 9,453 parolees. From 1 year prior, the total number of offenders increased by 950, or by 1.3%. The number of prisoners increased by 167, or 0.5%. The number of probationers increased by 1,994, or 6.4%. The number of parolees decreased by 1,211, or by 11.4%.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Prisoner Health Care Services Contract Adjustment

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | NA | \$16,228,600 |
| GF/GP | NA | \$16,228,600 |

2. Nursing Cost Variance from Civil Service to Contracted Nursing

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | NA | \$10,443,300 |
| GF/GP | NA | \$10,443,300 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted | |
|--|--|--|-----------------------|
| 3. Thumb Correctional Facility Education Center | FTE | 0.0 | 15.0 |
| Includes authorization for 15.0 new FTE positions, includes an additional \$3.4 million in state restricted funding, and reinvests \$483,600 of existing GF/GP to support costs of expanding educational programming and vocational training at the Thumb Correctional Facility. The \$3.4 million would be one-time funding, appropriated from the Program and Special Equipment Fund, to be used to support construction costs for converting an old MSI factory located on the property into additional classroom space. The \$483,600 would be reallocated from Offender Success Services to cover costs of additional staff and operations. | Gross | \$0 | \$3,400,000 |
| | Restricted | 0 | 3,400,000 |
| | GF/GP | \$0 | \$0 |
| 4. Peer-Led Reentry Services | Gross | \$0 | \$0 |
| Reinvests \$1.5 million of existing GF/GP from Offender Success Services to support peer-led reentry services. Regional offender success services providers would utilize former offenders to work with eligible parolees. Peer-led services would include mentoring, peer recovery coaching, navigating resources, and assisting with transportation. | GF/GP | \$0 | \$0 |
| 5. In-Reach Services Expansion | FTE | 0.0 | 6.0 |
| Reinvests \$900,000 of existing GF/GP from Offender Success Services and authorizes an additional 6.0 FTE positions to expand the department's ability to provide in-reach parole planning services to more parolees prior to release from prison. Planning for parole includes addressing housing needs and other needs such as clothing, bus passes, scheduling medical appointments, etc. | Gross | \$0 | \$0 |
| | GF/GP | \$0 | \$0 |
| 6. City of Jackson Water and Sewer Rate Increases | Gross | NA | \$232,700 |
| Includes \$232,700 GF/GP to cover costs of an 8% increase in water rates and a 6% increase in sewer rates at the 4 correctional facilities located in Jackson effective October 2024. The City of Jackson indicates that much of the cost is attributable to lead service line replacements along with capital improvement projects and general upkeep. | GF/GP | NA | \$232,700 |
| 7. Detroit Detention Center Increased Authorization | Gross | \$9,530,100 | \$1,600,000 |
| Includes authorization to receive an additional \$1.6 million in local revenue from the City of Detroit to support higher than anticipated costs for operations of the Detroit Detention Center. Various costs have increased including contracted nursing costs and contracted janitorial costs. | Local | 9,530,100 | 1,600,000 |
| | GF/GP | \$0 | \$0 |
| 8. Technical Adjustments | FTE | NA | 0.0 |
| Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |
| 9. Removal of FY 2023-24 One-Time Appropriations | FTE | 1.0 | (1.0) |
| Removes \$20.7 million Gross (\$8.7 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Gross | \$20,700,000 | (\$20,700,000) |
| • Body-worn Cameras (\$3.3 million GF/GP) | Federal | 12,000,000 | (12,000,000) |
| • Breast Milk Program (\$1.0 million GF/GP) | GF/GP | \$8,700,000 | (\$8,700,000) |
| • Come Out Stay Out (\$400,000 GF/GP) | | | |
| • Corrections Officer Signing/Retention Bonuses (\$12.0 million federal) | | | |
| • Eastern Michigan University Pilot Program (\$250,000 GF/GP) | | | |
| • Goodwill Flip the Script (\$1.4 million GF/GP) | | | |
| • Nation Outside (\$2.0 million GF/GP) | | | |
| • Silent Cry (\$400,000 GF/GP) | | | |

CORRECTIONS

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> | |
|---|--|--------------------------------------|---------------------|
| 10. Economic Adjustments | Gross | NA | \$46,924,400 |
| Reflects a net increase in costs of \$46.9 million | Federal | NA | 37,000 |
| Gross (\$46.3 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), overtime costs, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, food, fuel, and utilities. | Local | NA | 288,900 |
| | Restricted | NA | 288,900 |
| | GF/GP | NA | \$46,309,600 |

Major Boilerplate Changes from FY 2023-24

GENERAL SECTIONS

Sec. 207. Disciplinary Action Against State Employees and Prisoners – DELETED

Prohibits MDOC from taking disciplinary action against classified civil service employees or prisoners for communicating with legislators or their staff unless the communication is prohibited by law and MDOC is exercising its authority. (Governor deemed this section unenforceable in FY 2023-24.)

Sec. 211. Contingency Authorization – REVISED

Authorizes up to \$2.5 million in federal and up to \$1.0 million in local contingency funds to be appropriated should funds become available; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises to also include authorization for up to \$10.0 million in state restricted contingency funds to be appropriated should funds become available.

Sec. 212. Transparency Website – DELETED

Requires MDOC to maintain a searchable website that is accessible by the public at no cost that includes expenditures made by MDOC, payments to vendors, number of active employees by job classification, job specifications, and wage rates.

Sec. 213. Report on State Restricted Funds – DELETED

Requires MDOC to work with the state budget office to report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures.

Sec. 214. Website for Information – DELETED

Requires MDOC to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates key metrics used to monitor and improve the department's performance.

Sec. 218. In-Person Work Priority – DELETED

Expresses legislative intent that MDOC maximize efficiency of the state workforce, and where possible, prioritize in-person work; requires MDOC to post its in-person, remote, or hybrid work policy on its website.

Sec. 220. Receipt and Retention of Reports – DELETED

Requires MDOC to follow federal and state guidelines for short- and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 221. Report on Policy Changes Made to Implement Public Acts – DELETED

Requires MDOC to report on each specific policy change made by the department to implement a public act affecting the department.

Sec. 222. Severance Pay for Department Officials – DELETED

Requires MDOC to report on any amounts of severance pay agreed to for a department director, deputy director, or other high-ranking department official; requires the report to include the name of the official and the amount of severance pay; requires a report on the total amount of severance pay remitted and the total number of former employees that were remitted severance pay during the prior fiscal year; defines "severance pay" to mean compensation that is both payable or paid upon the termination of employment and in addition to either wages or benefits earned during the course of employment or generally applicable retirement benefits.

Sec. 223. State Administrative Board Transfers – DELETED

Authorizes the legislature, by a concurrent resolution adopted by a majority of members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds. (Governor deemed this section unenforceable in FY 2023-24.)

Major Boilerplate Changes from FY 2023-24**Sec. 224. Expending Available Work Project Authorization – DELETED**

Prohibits appropriations that have unexpended work project authorization associated with them, to the extent possible, from being expended until all existing work project authorization for the same purpose is exhausted. (*Governor deemed this section unenforceable in FY 2023-24.*)

Sec. 225. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of not more than 1 supervisor for each 8 employees at the central office in Lansing and at the northern and southern region administration offices.

DEPARTMENTAL ADMINISTRATION AND SUPPORT**Sec. 302. Report on Allowing Staff to Reach Highest Pay Levels in Shorter Amount of Time – DELETED**

Requires MDOC to submit a report that assesses the cost of allowing corrections officers and medical officers to reach their highest level of pay within 3 years of service instead of reaching it within 5 years of service.

Sec. 303. 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, mechanisms by which to receive employee feedback, how MDOC considers suggestions made by employees, and steps taken and future plans MDOC has for retention and improving employee wellness. Executive revises to require a report only on staff retention strategies, with no other specific information required.

Sec. 307. Vendor Contracts – REVISED

Requires MDOC to report on all vendor contracts with a value of \$500,000 or more, including contract start and expiration dates, contract compliance monitoring site visits completed by the department, and number and amount of fines for service-level agreement noncompliance, broken down by area of noncompliance. Executive revises to require a report only on contracts with a value of \$500,000 or more, contract start and expiration dates, and number of available option years.

Sec. 310. Maintenance and Utility Costs at Facilities – DELETED

Requires MDOC to report on maintenance and utility costs, plans for capital improvement and associated costs, status of capital outlay project accounts, and expected future useful life for each correctional facility.

Sec. 314. Staff Overtime Hours – REVISED

Requires MDOC to report on 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. Executive revises by striking requirements to report on number of mandatory overtime hours worked and number of voluntary overtime hours worked.

Sec. 316. Corrections Officer Training Academy – DELETED

Requires MDOC to report on the status of the corrections officer training academy, including a history of appropriations, anticipated costs of the project, by phase, actual expenditures, and any other information the department considers necessary.

Sec. 321. Offender Data Reports – REVISED

Requires MDOC to provide monthly electronic mail reports on prisoner populations by security levels by facility; net operating capacities of facilities; number of closed housing units; prisoners serving life sentences and classified as past their earliest release dates; prisoner intakes, returns, and exits; populations for community residential services, electronic monitoring, parole, and probation; requires MDOC to provide notification immediately upon knowing it will not meet reporting requirements, including reasons for not meeting reporting requirements. Executive revises by striking reporting on prisoners serving life sentences and classified as past their earliest release dates, prisoner intakes, returns, and exits, and populations for community residential services; executive also strikes requirement that MDOC provide notification immediately upon knowing it will not meet reporting requirements, including reasons for not meeting reporting requirement.

OFFENDER SUCCESS ADMINISTRATION**Sec. 402. Partnering for Providing Offender Success Services – DELETED**

Requires MDOC to partner with nonprofit faith-based, business and professional, civic, and community organizations for purpose of providing offender success services, including counseling, information on housing and job placement, and money management assistance.

CORRECTIONS

Major Boilerplate Changes from FY 2023-24

Sec. 403. Matching Parolees with Potential Employers – DELETED

Requires MDOC to ensure, when possible, that all prisoners have potential employer matches in communities to which they will return, prior to each prisoner's initial parole hearing.

Sec. 405. Probation Residential Services Per Diem Reimbursement – REVISED

Limits probation residential services per diem reimbursement rate to \$65.00. Executive revises per diem reimbursement rate from \$65.00 to \$68.00 and includes an initial client assessment reimbursement of \$200.00.

Sec. 415. Academic and Vocational Programs for Prisoners – REVISED

Requires MDOC to report on academic and vocational programs, including number of instructors and instructor vacancies; number of prisoners enrolled in, completing, transferring from, and repeating each program; number of prisoners on waiting lists for programs; racial demographics of prisoners enrolled in each program; number of prisoners paroled without a high school diploma; program outcomes for each program; number of prisoners not paroled at their earliest release dates due to lack of high school equivalency. Executive revises boilerplate by striking a number of the specifics items to be included in the report.

Sec. 418. Program and Special Equipment Fund – NEW

Requires Program and Special Equipment Fund revenues to be used for prisoner programming, special equipment, and security projects; authorizes unexpended funds to be carried forward and made available for expenditure in subsequent fiscal years.

FIELD OPERATIONS ADMINISTRATION

Sec. 501. 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, descriptions of programs, comparison with prior year statistics, impact on prison admissions and jail utilization, cost effectiveness of programs).

Sec. 502. 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 that participated in reentry programs, and number of offenders that participated in substance abuse treatment programs, mental health programs, or both.

Sec. 503. Residential Alternative to Prison Program – DELETED

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.

Sec. 504. Prisoners Reviewed for Parole – DELETED

Requires MDOC to report on outcomes of prisoners reviewed for parole, including 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; reasons for parole denial or deferment.

HEALTH CARE

Sec. 603. Health Care Utilization Reports – DELETED

Requires MDOC to report on prisoner health care utilization, including the number of inpatient hospital days, outpatient visits, emergency room visits, prisoners receiving off-site in-patient medical care, and the 10 most common chronic care conditions.

CORRECTIONAL FACILITIES AND ADMINISTRATION

Sec. 701. Reporting on Elimination of Prisoner Programming – DELETED

Requires MDOC to report on plans to eliminate programming for prisoners at least 30 days prior to program elimination; defines "programming for prisoners" to mean a department core program or career and technical education program. (Governor deemed this section unenforceable in FY 2023-24.)

Major Boilerplate Changes from FY 2023-24**Sec. 709. Prisoner Labor and Delivery – DELETED**

Requires MDOC to allow prisoners to have one visitor present during labor and delivery, in addition to a doula being present if the prisoner wants to work with a doula; requires visitors to be immediate family members, legal guardians, spouses, or domestic partners; authorizes MDOC to deny access to visitors if there are safety concerns; authorizes MDOC to conduct criminal background checks on visitors.

Sec. 716. Economic Impact and Savings from Prison Closures – DELETED

Requires MDOC to provide notice of plans to close, consolidate, or relocate any correctional facility in the state at least 30 days prior to the effective date of the closure, consolidation, or relocation; requires MDOC to report on the projected savings from closure, consolidation, or relocation and the projected impact on staff positions; following closure, consolidation, or relocation, requires a report on actual savings achieved and the impact on staff; requires MDOC, when planning to close a correctional facility, to complete an analysis of the potential economic impact of the prison closure on the local community. *(Governor deemed this section unenforceable in FY 2023-24.)*

ONE-TIME APPROPRIATIONS**Sec. 801. Breast Milk Program – DELETED**

Requires funding to be used for a program that provides breast milk to newborns of post-partum prisoners; requires MDOC to collaborate with Mama's Mobile Milk to ensure prisoners who have given birth within the last 18 months have the opportunity to breastfeed, including expressing milk and providing necessary supplies; grants immunity from criminal and civil liability to MDOC; requires Mama's Mobile Milk to report quarterly; designates unexpended funding as a work project appropriation.

Sec. 802. Come Out Stay Out – DELETED

Requires funding to be granted to Come Out Stay Out for providing education, employment, and housing services to offenders upon release from prison; requires a report on expenditure of funds, program performance measures, number of participants served, and outcomes of participants completing the program.

Sec. 803. Corrections Officer Signing and Retention Bonuses – DELETED

Requires funding to be used to grant signing bonuses for new corrections officers and retention bonuses for current corrections officers; lists criteria to be followed for paying bonuses; requires expenditure of funds to be agreed to by the Office of the State Employer and the Michigan Corrections Organization and approved by the Civil Service Commission.

Sec. 804. Eastern Michigan University Pilot Program – DELETED

Requires funding to be used for MDOC to collaborate with EMU to provide prisoners with the opportunity to participate in a comprehensive bachelor's degree program; requires funding to be used for eligible expenses including staffing, supplies, and tuition; requires a report on expenditure of funds, number of participants served, enrollments by race and gender, number of participants completing the program, and program outcomes; subjects the program to metrics set forth in Sec. 807.

Sec. 805. Goodwill Flip the Script – DELETED

Requires the one-time appropriation to be used only for expanding the program and serving participants outside of participants currently being served by the ongoing appropriation; requires alternative sentencing programs, educational recovery programs, and career development and continuing education programs; requires a report on the expanded areas of the program and on program outcomes; subjects the program to metrics set forth in Sec. 807.

Sec. 806. Nation Outside – DELETED

Requires funding to be used to support a contract with the goal of supporting peer-led reentry programming; requires Nation Outside to enlist Wayne State University to perform an independent program evaluation; requires a report on program outcomes; subjects the program to metrics set forth in Sec. 807.

Sec. 807. Outcomes and Performance Metrics for Various Programs – DELETED

Lists specific outcomes and performance measures for Eastern Michigan University, one-time Goodwill Flip the Script, and Nation Outside programs; requires data collected to be provided to the legislature and to accredited universities for research purposes.

Sec. 808. Silent Cry – DELETED

Requires funding to be used to support a contract with Silent Cry to provide trauma services to referred parolees upon release from prison; requires a report on expenditure of funds, program performance measures, number of participants served, and outcomes of participants completing the program.

CORRECTIONS

Major Boilerplate Changes from FY 2023-24

Sec. 801. Thumb Correctional Facility Education Center – NEW

Designates funding for the Thumb education center as a work project appropriation; the purpose of the project is to provide educational programming and vocational training at the facility.

Supplemental Recommendations for FY 2023-24 Appropriations

FY 2023-24
Recommendation

1. Employee Lump Sum Payments

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

| | |
|--------------|---------------------|
| Gross | \$12,077,000 |
| GF/GP | \$12,077,000 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 EDUCATION (DEPARTMENT)

Analyst: Noel Benson

| | FY 2023-24 | FY 2024-25 | Difference: FY 2024-25 | |
|-------------------|-------------------------|----------------------|------------------------|---------------|
| | Enacted as of 2/7/24 | Executive | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- |
| Federal | 458,009,100 | 82,550,500 | (375,458,600) | (82.0) |
| Local | 5,856,000 | 5,868,500 | 12,500 | 0.2 |
| Private | 2,791,300 | 2,542,200 | (249,100) | (8.9) |
| Restricted | 50,072,000 | 10,117,800 | (39,954,200) | (79.8) |
| GF/GP | 130,652,500 | 61,746,100 | (68,906,400) | (52.7) |
| Gross | \$647,380,900 | \$162,825,100 | (\$484,555,800) | (74.8) |
| FTEs | 640.5 | 566.5 | (74.0) | (11.6) |

Note: Appropriation figures for FY 2024-25 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.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|---|-------------------------------------|
| Major Budget Changes from FY 2023-24 Enacted Appropriations | | |
| 1. Transfer of Office of Great Start | FTE 77.0 | (77.0) |
| Transfers out \$430.4 million Gross (including \$54.4 million GF/GP) and authorizations for 77.0 FTE positions for the Office of Great Start to the new Department of Lifelong Education, Advancement, and Potential (MiLEAP). Transfer includes changes for defined calculations. | Gross \$430,162,400 | (\$430,364,700) |
| | Federal 375,480,600 | (375,606,500) |
| | Private 250,000 | (250,000) |
| | Restricted 64,600 | (64,600) |
| | GF/GP \$54,367,200 | (\$54,443,600) |
| | Gross \$5,020,800 | (\$390,300) |
| 2. Transfer of Information Technology | Federal 2,634,400 | (222,500) |
| Transfers \$390,300 Gross (\$167,800 GF/GP) from Information Technology to MiLEAP. Transfer includes changes for defined calculations. | Restricted 948,500 | 0 |
| | GF/GP \$1,437,900 | (\$167,800) |
| | Gross \$3,972,900 | (\$161,200) |
| 3. Transfer of Departmental Administration and Support | Federal 1,251,700 | (161,200) |
| Transfers \$161,200 Federal for property management from Departmental Administration and Support to MiLEAP. Transfer includes changes for defined calculations. | Restricted 274,500 | 0 |
| | GF/GP \$2,446,700 | \$0 |
| | FTE 2.0 | 0.0 |
| 4. Infrastructure and Consolidation Administration | Gross \$750,000 | \$0 |
| Maintains and revises \$750,000 one-time GF/GP and authorizations for 2.0 FTE positions in the current year to be ongoing to administer funding for school consolidation, infrastructure, and the Healthy Schools Program that was appropriated in the School Aid budget in FY 2023-24. Allocates \$375,000 to partner with the Department of Technology, Management, and Budget (DTMB). | GF/GP \$750,000 | \$0 |

EDUCATION (DEPARTMENT)

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 5. Grants Management | FTE | 48.6 | 3.0 |
| Provides \$520,000 GF/GP and authorizes 3.0 FTE positions to support the administration of grant funds to districts and to ensure that all state and federal requirements are met. Includes \$200,000 and 1.0 FTE position for central support operations and \$320,000 and 2.0 FTE positions for school support services operations. | Gross | \$8,159,400 | \$520,000 |
| | Federal | 4,421,700 | 0 |
| | Restricted | 294,400 | 0 |
| | GF/GP | \$3,443,300 | \$520,000 |
| 6. Summer EBT Food Benefits | FTE | 78.6 | 2.0 |
| Provides \$500,000 GF/GP and authorizes 2.0 FTE positions to administer a summer food benefit program for low-income children and to meet the state's administrative match requirement for an associated federal grant program, which would provide an estimated \$108.0 million in federally funded benefits. Additional administration and food assistance appropriations are included in the Department of Health and Human Services. | Gross | \$14,826,400 | \$500,000 |
| | Federal | 12,829,300 | 0 |
| | Restricted | 150,000 | 0 |
| | GF/GP | \$1,847,100 | \$500,000 |
| 7. Comprehensive Mental Health Administration | FTE | 78.6 | 2.0 |
| Provides \$500,000 GF/GP and authorizes 2.0 FTE positions to expand behavioral health supports and assist schools with mental health programs. | Gross | \$14,826,400 | \$500,000 |
| | Federal | 12,829,300 | 0 |
| | Restricted | 150,000 | 0 |
| | GF/GP | \$1,847,100 | \$500,000 |
| 8. Career and Technical Education Administration | FTE | 24.0 | 2.0 |
| Provides \$350,000 GF/GP and authorizes 2.0 FTE positions for additional support for career and technical programs. | Gross | \$5,440,300 | \$350,000 |
| | Federal | 4,052,300 | 0 |
| | GF/GP | \$1,388,000 | \$350,000 |
| 9. Poet Laureate | Gross | \$100,000 | \$0 |
| Maintains and revises \$100,000 one-time GF/GP in the current year to be ongoing to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts. | GF/GP | \$100,000 | \$0 |
| 10. Department Reorganization | FTE | 167.6 | 0.0 |
| Transfers \$783,900 Gross (\$139,500 GF/GP) and 6.0 FTE authorizations from Departmental Administration and Support and \$39,600 Federal from the Office of Great Start as follows: | Gross | \$33,841,400 | \$0 |
| <ul style="list-style-type: none"> • \$781,800 Gross (\$139,500 GF/GP) and 6.0 FTE authorizations to Systems, Evaluation, and Technology • \$41,700 Federal to School Support Services | Federal | 27,883,100 | 0 |
| | Private | 250,000 | 0 |
| | Restricted | 318,900 | 0 |
| | GF/GP | \$5,389,400 | \$0 |
| 11. Removal of FY 2023-24 One-Time Appropriations | FTE | 2.0 | (2.0) |
| Removes \$58.6 million Gross (\$18,5 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Gross | \$58,475,000 | (\$58,475,000) |
| <ul style="list-style-type: none"> • E-rate Special Construction Matching Fund (\$4.8 million GF/GP) • Family and Community Engagement (\$200,000 GF/GP) • Head Start Background Checks (\$100,000 Federal) • Michigan School for the Deaf Dorm (\$40.0 million School Aid Fund) • Michigan Test for Teacher Certification Reimbursement (\$1.0 million GF/GP) • PRIME Schools (\$6.0 million GF/GP) • Toolkit Development (\$150,000 GF/GP) • Wonderschool (\$5.5 million GF/GP) | Federal | 100,000 | (100,000) |
| | Restricted | 40,000,000 | (40,000,000) |
| | GF/GP | \$18,375,000 | (\$18,375,000) |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 12. Economic Adjustments | Gross | NA |
| Reflects increased costs of \$2.1 million Gross (\$710,000 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | Federal | \$2,145,400 |
| | Local | 1,311,600 |
| | Private | 12,500 |
| | Restricted | 900 |
| | GF/GP | 110,400 |
| | | \$710,000 |

Major Boilerplate Changes from FY 2023-24

Executive Boilerplate Deletions

In general, the executive budget deletes a large majority of boilerplate included in the FY 2023-24 budget. The list below includes major changes to boilerplate but is not a comprehensive list of all sections proposed to be deleted.

- Department Financial Information (Sec. 213)
- Restrict Funds Report (Sec. 214)
- Department Information (Sec. 215)
- State Administrative Board Transfer (Sec. 219)
- Report on Policy Changes Made to Implement Public Acts Affecting Department (Sec. 221)
- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Expending Available Work Project Authorization (Sec. 224)
- Severance Pay Reporting (Sec. 225)
- Prioritize In-Person Work (Sec. 231)
- Department Transparency (Sec. 240)
- Michigan Test for Teacher Certification Reimbursement (Sec. 1104)
- PRIME Schools (Sec. 1105)
- Wonderschool (Sec. 1106)
- Michigan School for the Deaf Dorm (Sec. 1107)

Sec. 207. Geographically Disadvantaged Business Enterprises – REVISED

Revises definition of geographically disadvantaged business enterprises to definition included in Executive Directive 2023-1. Revises to Sec. 206.

Sec. 226. Interdepartmental Coordination of Services – REVISED

Revises to require MDE to coordinate with MiLEAP instead of the Department of Licensing and Regulatory Affairs (LARA). Removes requirement to coordinate overseeing child care providers.

Sec. 703. Michigan Core Curriculum – REVISED

Revises to require MDE to continuously design, implement, and evaluate professional learning and optional curriculum modules.

Sec. 1002. CDC Provider Reimbursement Rate – DELETED

Requires MDE to publish reimbursement rates on its webpage. Moves to MiLEAP boilerplate.

Sec. 1003. Early Childhood Investment Corporation Annual Report – DELETED

Requires MDE to submit an annual report on all funding appropriated to contracts for the early childhood comprehensive systems learning. Moves to MiLEAP boilerplate and consolidates with Sec. 1007.

Sec. 1007. CDC Joint Annual Report – DELETED

Requires MDE to collaborate with LARA and the Michigan Department of Health and Human Services (DHHS) to create a joint annual report for the program's external support. Moves to MiLEAP boilerplate.

Sec. 1008. Home Visit Program Coordination – DELETED

Requires MDE to provides services to families for home visits. Moves to MiLEAP boilerplate.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – DELETED

Requires MDE to set the entrance income threshold for the CDC program to 200% of the federal poverty guidelines. Moves to MiLEAP boilerplate.

EDUCATION (DEPARTMENT)

Major Boilerplate Changes from FY 2023-24

Sec. 1011. CDC Payments Based on Enrollment – DELETED

Requires MDE to implement payments to providers based on enrollment rather than attendance. Moves to MiLEAP boilerplate.

Sec. 1012. Child Mental Health – DELETED

Requires MDE to collaborate with DHHS to continue the network of infant and early childhood mental health consultation. Moves to MiLEAP boilerplate.

Sec. 1014. Family and Community Engagement – DELETED

Requires MDE to partner with family engagement centers to increase parent and guardian involvement in their child's education. Moves to MiLEAP boilerplate.

Sec. 1103. School Consolidation and Infrastructure Administration – REVISED

Revises to allocate \$375,000 to administer school consolidation, infrastructure, and the Healthy Schools Program, and allocates \$375,000 to partner with DTMB. Revises to Sec. 604 to reflect ongoing nature of funding.

Sec. 1105. Poet Laureate – REVISED

Revises to Sec. 805 to reflect ongoing nature of funding.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. Employee Lump Sum Payments

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

| | |
|--------------|------------------|
| Gross | \$309,200 |
| GF/GP | \$309,200 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

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

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

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 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|---|-------------------------------------|
| 1. Fee Increase – Landfill Tipping Fee (Renew Michigan Program) | FTE | 131.0 | 51.0 |
| Appropriates \$80.0 million from the Renew Michigan Fund and 36.0 FTE positions to integrate a proposed increase in the landfill tipping fee from \$0.36 per ton to \$5.00 per ton. New revenue would be expended in accordance with the Renew Michigan Program's statutory purposes: environmental remediation and brownfield redevelopment, recycling, and solid waste programs. An additional 15.0 FTE positions are also added to increase staff for contaminated site remediation. | Gross | \$70,211,500 | \$80,000,000 |
| | Restricted | 70,211,500 | 80,000,000 |
| | GF/GP | \$0 | \$0 |
| 2. GF/GP Match for Federal Lead Line Replacement Funding | Gross | NA | \$40,000,000 |
| Provides \$40.0 million GF/GP (\$5.0 million ongoing, \$35.0 million one-time) to access available federal funding for lead service line replacement projects. | GF/GP | NA | \$40,000,000 |
| 3. Clean Fuel and Charging Infrastructure (One-time) | Gross | \$0 | \$25,000,000 |
| Includes \$25.0 million GF/GP for electric vehicle charging stations and hydrogen fueling facilities. | GF/GP | \$0 | \$25,000,000 |
| 4. Clean Fleets (One-time) | Gross | \$0 | \$20,000,000 |
| Appropriates \$20.0 million GF/GP for grants to local governments, transit authorities, colleges, universities, ports, and airports for the purchase of electric and hydrogen vehicles. | GF/GP | \$0 | \$20,000,000 |
| 5. Water State Revolving Funds – Federal Infrastructure Act IIJA | FTE | NA | 2.0 |
| Provides \$25.0 million Gross (\$3.5 million GF/GP) and 2.0 FTE positions for local water infrastructure projects. The GF/GP funding is to be used as match to access federal Infrastructure Act funding. | Gross | NA | \$24,956,000 |
| | Federal | NA | 21,456,000 |
| | GF/GP | NA | \$3,500,000 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|---|--|--|--------------------------------------|
| 6. Stormwater Grants | | FTE | 0.0 |
| Includes \$15.3 million GF/GP (\$5.3 million ongoing, \$10.0 million one-time) and 2.0 FTE positions for grants to local governments for stormwater projects that mitigate climate change. | | Gross | \$0 |
| | | GF/GP | \$0 |
| | | | 2.0 |
| | | | \$15,300,200 |
| | | | \$15,300,200 |
| 7. Permitting Outreach Staff | | FTE | NA |
| Appropriates \$4.4 million GF/GP and 26.0 FTE positions for staff to improve permit applications. | | Gross | NA |
| | | GF/GP | NA |
| | | | 26.0 |
| | | | \$4,400,500 |
| | | | \$4,400,500 |
| 8. Information Technology Services and Projects | | Gross | \$9,240,100 |
| Provides \$1.0 million Gross (\$226,100 GF/GP) for increasing costs related to computer operations, systems development, and design projects. | | IDG | 49,900 |
| | | Federal | 1,793,000 |
| | | Restricted | 5,308,100 |
| | | GF/GP | \$2,089,100 |
| | | | 4,900 |
| | | | 241,500 |
| | | | 535,600 |
| | | | \$226,100 |
| 9. Drinking Water and Environmental Health – Healthy Hydration | | FTE | 157.0 |
| Includes \$450,300 GF/GP and 3.0 FTE positions to support the acquisition of drinking water filtration devices in schools and child care centers located in areas of need. | | Gross | \$36,803,500 |
| | | Federal | 13,619,200 |
| | | Restricted | 7,763,500 |
| | | GF/GP | \$15,420,800 |
| | | | 3.0 |
| | | | 0 |
| | | | 0 |
| | | | \$450,300 |
| 10. Environmental Investigations | | FTE | 12.0 |
| Appropriates \$384,000 GF/GP for pay increases to conservation officers to approach compensation rates of comparable law enforcement personnel, including the Michigan State Police. | | Gross | \$1,990,700 |
| | | IDG | 13,300 |
| | | Restricted | 1,415,400 |
| | | GF/GP | \$562,000 |
| | | | 0.0 |
| | | | 0 |
| | | | 0 |
| | | | \$384,000 |
| 11. Spending Authorization Alignment | | Gross | NA |
| Increases IDG funding by \$4,100 and reduces restricted funding by \$108,600 across divisions to align spending authorization with available resources. | | IDG | NA |
| | | Restricted | NA |
| | | GF/GP | NA |
| | | | 4,100 |
| | | | (108,600) |
| | | | \$0 |
| 12. Underground Storage Tank Cleanup Program | | FTE | 8.0 |
| Provides 4.0 new FTE positions to administer the Underground Storage Tank Cleanup Program which provides funding for reimbursements to owners and operators who pay to clean up their respective leaking underground storage tanks. | | Gross | \$20,095,600 |
| | | Restricted | 20,095,600 |
| | | GF/GP | \$0 |
| | | | 4.0 |
| | | | \$0 |
| | | | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

13. Removal of FY 2023-24 One-Time Appropriations

Removes \$164.6 million Gross (\$109.6 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following:

- Carbon emissions tracking software and services (\$1.7 million Gross)
- Contaminated site remediation and redevelopment (\$55.0 million Gross)
- Critical mineral recycling research hub (\$5.0 million Gross)
- Dam risk reduction program (\$1.8 million Gross)
- Delineation of critical sand dunes (\$2.5 million Gross)
- Environmental justice contaminated site cleanup (\$20.0 million Gross)
- Geologic core facility (\$3.0 million Gross)
- Groundwater data collection (\$15.0 million Gross)
- Renewable-ready communities program (\$30.0 million Gross)
- Reverse vending machine technology (\$2.0 million Gross)
- Sustainable business park (\$5.0 million Gross)
- Transfer facility (\$1.0 million Gross)
- Water and energy nexus research (\$2.5 million Gross)
- Water career and workforce development pilot (\$100,000 Gross)
- Water infrastructure reserve fund (\$5.0 million Gross)
- Water project inflation (\$15.0 million Gross).

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|--|--|
| Gross | \$164,585,200 | (\$164,585,200) |
| Restricted | 55,000,000 | (55,000,000) |
| GF/GP | \$109,585,200 | (\$109,585,200) |

14. Economic Adjustments

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

| | Gross | NA | \$5,777,800 |
|------------|--------------|-----------|--------------------|
| IDG | | NA | 41,800 |
| Federal | | NA | 794,200 |
| Private | | NA | 3,500 |
| Restricted | | NA | 2,755,500 |
| GF/GP | | NA | \$2,182,800 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 211. Contingency Fund Transfer Authority – REVISED

Allows for the legislative transfer process to increase state restricted authorization by up to \$3.0 million and private authorization by up to \$10.0 million. Revises to increase federal authorization by up to \$100.0 million.

Sec. 212. Expenditure Posting on Internet – DELETED

Requires expenditures to be reported on the internet on a searchable website, including specific expenditure information.

Sec. 213. Restricted Fund Revenues, Expenditures, and Fund Balances – DELETED

Requires annual report on fund balances, revenues, and expenditures for state restricted funds for previous and current fiscal years.

Sec. 214. Website Scorecard – DELETED

Requires department to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance.

Sec. 218. Remote Working – DELETED

States legislative intent to prioritize in-person work for the state's workforce where possible unless they were working remotely prior to February 28, 2020.

Major Boilerplate Changes from FY 2023-24

Sec. 219. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 221. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 222. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 223. Severance Reporting – DELETED

Requires department to report details of severance pay for certain departmental employees.

Sec. 225. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 238. Permitting Report – DELETED

Requires report on department's permitting programs including applications, approvals, denials, and backlogs.

Sec. 242. Legislator Notification – REVISED

Requires the department to inform local state legislators within 12 hours when responding to significant incidents to protect life and property. Revises response time to "as soon as possible and within 24 hours."

Sec. 245. Transparency – DELETED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Sec. 302. Work Projects – Remediation and Redevelopment Division – REVISED

Authorizes unexpended funds appropriated for brownfield grants, contaminated site cleanup, emergency cleanup actions, environmental cleanup and redevelopment program, environmental cleanup support, and the refined petroleum product cleanup program to be considered work project appropriations and carried forward into succeeding fiscal year; programs will perform contaminated site cleanups. Revises to add contaminated site investigations, cleanup, and revitalization and remove brownfield grants, contaminated site cleanup, environmental cleanup support, and the refined petroleum product cleanup program.

Sec. 902. Municipal Assistance (Stormwater Grants Earmark) – NEW

Earmarks \$5.0 million from Municipal Assistance for grants to local governments for stormwater projects that mitigate climate change; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department.

Sec. 1001. Work Project – Critical Mineral Recycling Research Hub – DELETED

Authorizes unexpended funds for Critical Mineral Recycling Research Hub totaling \$5.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to award grants of no more than \$5.0 million each to Michigan based companies or consortiums partnered with a Michigan based university to create a critical mineral recycling research hub to research the reuse of critical materials for clean energy production.

Sec. 1001. Work Project – Water Infrastructure Initiative (Stormwater Grants Earmark) – NEW

Earmarks funds from Water Infrastructure Initiative for grants to local governments for stormwater projects that mitigate climate change; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Sec. 1002. Work Project – Dam Risk Reduction Program – DELETED

Authorizes unexpended funds for Dam Risk Reduction Program totaling \$1.8 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to develop fish-passable rapids in Republic Township.

Sec. 1002. Work Project – Drinking Water Infrastructure – NEW

Authorizes unexpended funds for Drinking Water Infrastructure totaling \$35.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support the upgrade or replacement of water infrastructure.

Major Boilerplate Changes from FY 2023-24**Sec. 1003. Delineation of Critical Sand Dunes – DELETED**

Requires the department to conduct a delineation of Michigan's sand dunes and assess critical dune areas.

Sec. 1003. Work Project – Clean Fuel and Charging Infrastructure – NEW

Earmarks funds from Clean Fuel and Charging Infrastructure for electric vehicle charging stations and hydrogen fueling facilities; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Sec. 1004. Earmarks and Work Project – Environmental Justice Contaminated Site Clean-up – DELETED

Requires at least 40% of funding to be used in overburdened or significantly overburdened communities as defined in NREPA; earmarks the Environmental Justice Contaminated Site Clean-up appropriation to reduce health burdens in communities with elevated exposure to pollutants due to proximity to emitting sources as identified by the Office of Environmental Justice Public Advocate; earmarks the Environmental Justice Contaminated Site Clean-up appropriation for the remediation and redevelopment of contaminated sites identified in environmental justice communities as determined by the Office of Environmental Justice Public Advocate; authorizes unexpended funds for Environmental Justice Contaminated Site Clean-up to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to remediate and redevelop sites of contamination and improve public health impacts related to environmental pollution in environmental justice communities.

Sec. 1004. Work Project – Clean Fleets – NEW

Earmarks funds from Clean Fleets for grants to local governments, transit authorities, colleges, universities, ports, and airports for the purchase of electric and hydrogen vehicles; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Sec. 1005. Work Project – Groundwater Data Collection – DELETED

Authorizes unexpended funds for Groundwater Data Collection to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire data and perform research on groundwater resources of the State of Michigan.

Sec. 1006. Work Project – Renewable Ready Communities – DELETED

Authorizes unexpended funds for Renewable Ready Communities totaling \$40.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to provide grants to local communities to incentivize communities to host renewable energy projects that may incorporate energy storage components.

Sec. 1007. Transfer Facility – DELETED

Requires funding for Transfer Facility to be used to establish a waste and recycling transfer station in Benton Harbor, Berrien County.

Sec. 1008. Water and Energy Nexus Research – DELETED

Provides matching grants to Michigan universities studying emerging responsible clean energy technologies that maximize this state's water resources including geothermal, heat pumps, pump storage, offshore wind, and small scale hydroelectric power.

Sec. 1009. Water Career and Workforce Development Pilot – DELETED

Requires funding for Water Career and Workforce Development Pilot to be used to establish a water career and workforce development pilot program to train water treatment plant operators in Benton Harbor, Berrien County.

Sec. 1010. Reverse Vending Machine Technology – DELETED

Requires funding for Reverse Vending Machine Technology to be expended to strengthen Michigan's beverage container redemption program.

Sec. 1011. Carbon Emissions Tracking Software and Services – DELETED

Requires funding for Carbon Emissions Tracking Software and Services to be expended in collaboration with DTMB to develop a carbon management platform.

Sec. 1012. Sustainable Business Park – DELETED

Directs expenditure of funding for Sustainable Business Park to support the infrastructure necessary to develop a sustainable business park to replace the need for new landfills in Kent County.

Major Boilerplate Changes from FY 2023-24

Sec. 1013. Water Infrastructure Reserve Fund – DELETED

Directs expenditure of funding for Water Infrastructure Reserve Fund to be used for municipal water infrastructure needs upon legislative transfer.

| <u>Supplemental Recommendations for FY 2023-24 Appropriations</u> | <u>FY 2023-24 Recommendation</u> |
|--|---|
| 1. Energy Programs | FTE 2.0 |
| Includes \$22.7 million Gross (\$0 GF/GP) and 2.0 FTE positions for hydrogen fueling stations for heavy duty vehicles (\$22.3 million federal IIJA) and for the Rural Energy for America Program Technical Assistance Grant (\$363,000 federal IRA). | Gross \$22,663,000 |
| | Federal 22,663,000 |
| | GF/GP \$0 |
| 2. Oil, Gas, and Mineral Services | Gross \$6,955,000 |
| Includes \$7.0 million in federal funding for the Methane Emissions Reduction Program (\$5.0 million IRA) and the Underground Injection Control Class VI Wells Program (\$1.9 million IIJA). | Federal 6,955,000 |
| | GF/GP \$0 |
| 3. Water Quality Programs | Gross \$3,298,000 |
| Includes \$3.3 million Gross (\$0 GF/GP) for the Sewer Overflow and Stormwater Reuse Municipal Grants Program (\$2.4 million IIJA), the reappropriation of an aquifer protection work project (\$524,000 Aquifer Protection Revolving Fund), and the Water Withdrawal Assessment Program (\$350,000 Water Use Reporting Fees). | Federal 2,424,000 |
| | Restricted 874,000 |
| | GF/GP \$0 |
| 4. Executive Direction | Gross \$1,267,000 |
| Includes \$1.3 million in federal funding for the Environmental Protection Agency's Small, Underserved, and Disadvantaged Communities Grant program. | Federal 1,267,000 |
| | GF/GP \$0 |
| 5. Employee Lump Sum Payments | Gross \$1,002,900 |
| Includes \$1.0 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023. | GF/GP \$1,002,900 |
| 6. Federal – Great Lakes Remedial Action Plan Grants | Gross \$992,000 |
| Includes \$992,000 in federal IIJA funding to award grants to local water providers to remediate emerging contaminants. | Federal 992,000 |
| | GF/GP \$0 |
| 7. Materials Management Programs | Gross \$693,000 |
| Includes \$693,000 Gross (\$0 GF/GP) to reduce diesel emissions by replacing diesel-powered machinery with electric machinery. | Federal 231,000 |
| | Private 462,000 |
| | GF/GP \$0 |
| 8. Water Resource Programs | Gross \$475,000 |
| Includes \$475,000 in federal funding (\$300,000 IIJA and \$175,000 IRA) to expand the Coastal Zone Management Program, which provides grants for coastline preservation, protection, and restoration. | Federal 475,000 |
| | GF/GP \$0 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 TOTAL GENERAL GOVERNMENT

Analysts: Viola Bay Wild and Michael Crossen

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

Note: Appropriation figures for FY 2024-25 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), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Budget Changes from FY 2023-24 Enacted Appropriations

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. (Governor deemed this section unenforceable in FY 2023-24.)

Sec. 212. Transparency Website – DELETED

Requires departments and agencies to provide data necessary for DTMB to maintain a searchable website that is accessible by the public at no cost that includes expenditure data, data on payments made to vendors, and data on number of active employees, job specifications, and wage rates.

Sec. 213. State Restricted Funds Report – DELETED

Requires department and State Budget Office to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

Sec. 214. Performance Metrics Website – DELETED

Requires departments and agencies to maintain a publicly accessible website that identifies and tracks its performance against key metrics used to monitor and improve its performance.

Sec. 217. FTE Vacancies and Remote Work Report – REVISED

Requires departments and agencies to provide quarterly report on FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires detailed accounting of vacant positions. Revises to delete reporting requirement of a detailed accounting of vacant positions.

Sec. 218. Prioritization of In-person Work for State Workforce – DELETED

States intent of legislature is to maximize efficiency of state workforce and, where possible, prioritize in-person work; requires department to post its in-person, remote, or hybrid work policy on its website.

Major Budget Changes from FY 2023-24 Enacted Appropriations

Sec. 219. State Administrative Board Transfers – DELETED

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 221. Receipt and Retention of Required Reports – DELETED

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

Sec. 222. Reporting Requirement on Policy Changes – DELETED

Requires departments and agencies to report on policy changes made in order to implement enacted legislation.

Sec. 223. Severance Pay Report – DELETED

Requires departments and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines "severance pay".

Sec. 224. Access to State and Local Services – DELETED

Prohibits appropriations from being used to restrict or impede a marginalized community's access to government programs; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 225. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 226. 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. 228. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED

Requires departments and agencies to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports; authorizes the auditor general to perform and charge for a subsequent audit to ensure that the initiatives related to savings and efficiencies have been implemented if the required report is not received within 6 months of the release of the audit. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 229. Grant and Project Funding Transparency – DELETED

Requires departments and agencies to follow procurement statutes for any grant program or project, created for a public purpose, unless it can fully validate specific organization or local unit of government that will receive funds and how funds will be administered and expended; provides list of required verifying and application activities departments must perform to administer public grants or projects; requires identification of sponsoring legislator or department of a grant and certain activities for approval of grant agreement; requires all grant funding to be expended by close of FY 2027-28; requires information on each grant or project to be posted on public website, including receiving entity and grant sponsor.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 ATTORNEY GENERAL

Analyst: Michael Crossen

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

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

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 legislature and others, serves as chief law enforcement officer of the state, issues legal opinions that have the force of law until reversed by legislative or judicial action, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Utility Consumer Representation Fund

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | NA | 1.0 |
| Gross | \$900,000 | \$900,000 |
| Restricted | 900,000 | 900,000 |
| GF/GP | \$0 | \$0 |

2. Michigan State Housing Development Authority (MSHDA) COVID Funds Fraud Recovery (One-Time)

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

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$850,000 |
| IDG | NA | 850,000 |
| GF/GP | NA | \$0 |

3. Cannabis Regulatory Agency Legal Services

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

| | | |
|--------------|--------------------|------------------|
| FTE | NA | 5.0 |
| Gross | \$1,681,400 | \$780,500 |
| IDG | 1,681,400 | 780,500 |
| GF/GP | \$0 | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|--|
| 4. Department of Lifelong Education, Advancement, and Potential (MiLEAP) Legal Services | | | |
| Includes \$740,000 in IDG funding and authorization for 4.0 FTE positions to provide legal services to the newly created department MiLEAP as part of the Department of Attorney General's role of serving as legal counsel for state departments. | | FTE | NA |
| | | Gross | \$253,000 |
| | | IDG | 253,000 |
| | | GF/GP | \$0 |
| | | | 4.0 |
| | | | \$740,000 |
| | | | 740,000 |
| | | | \$0 |
| 5. Criminal Trials Services | | | |
| Provides \$515,000 GF/GP and authorization for 3.0 FTE positions for additional staffing resources for various criminal law programs and units, including the address confidentiality program, special prosecutor assignments, unemployment benefits fraud, the hate crimes unit, and cold case homicide investigations and prosecutions. | | FTE | NA |
| | | Gross | NA |
| | | GF/GP | NA |
| | | | 3.0 |
| | | | \$515,000 |
| | | | \$515,000 |
| 6. Child Support Enforcement | | | |
| Provides \$200,000 Gross (\$67,900 GF/GP) and authorization for 1.0 FTE position for the investigation and prosecution of non-payment of court ordered child support from parents who are financially able. | | FTE | 25.0 |
| | | Gross | \$3,733,400 |
| | | Federal | 2,803,100 |
| | | GF/GP | \$930,300 |
| | | | 1.0 |
| | | | \$200,000 |
| | | | 132,100 |
| | | | \$67,900 |
| 7. Prisoner Reimbursements | | | |
| Provides \$200,000 in state restricted revenue and authorization for 1.0 FTE position to investigate whether prisoners have assets that can be secured to reimburse the state for costs of care while at a correctional facility and for the cost of investigating. | | FTE | NA |
| | | Gross | \$562,400 |
| | | Restricted | 562,400 |
| | | GF/GP | \$0 |
| | | | 1.0 |
| | | | \$200,000 |
| | | | 200,000 |
| | | | \$0 |
| 8. Removal of FY 2023-24 One-Time Appropriations | | | |
| Removes \$21.4 million of one-time GF/GP funding that was included in the FY 2023-24 budget to support the following: | | Gross | \$21,400,000 |
| | | GF/GP | \$21,400,000 |
| <ul style="list-style-type: none"> \$10.0 million GF/GP for prosecutorial assistance to Detroit and Wayne County for gun case backlogs \$10.0 million GF/GP for local prosecutors NextGen case management system \$1.4 million GF/GP for sexual assault cases and victim advocacy. | | | (\$21,400,000) |
| | | | (\$21,400,000) |
| 9. Economic Adjustments | | | |
| Reflects increased costs of \$3.0 million Gross (\$1.5 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | | Gross | NA |
| | | IDG | NA |
| | | Federal | NA |
| | | Restricted | NA |
| | | GF/GP | NA |
| | | | \$2,965,800 |
| | | | 859,600 |
| | | | 195,700 |
| | | | 410,300 |
| | | | \$1,500,200 |

Major Boilerplate Changes from FY 2023-24

Sec. 309. Prisoner Reimbursement Revenue – REVISED

Authorizes AG to spend prisoner reimbursement revenue on activities related to State Correctional Facilities Reimbursement Act; allows up to \$1.0 million of collections in excess of \$1.131 million to be spent on representation of Department of Corrections; requires report on dollar amount of reimbursements and descriptions of expenditures made from reimbursements. Revises to delete reporting requirement but requires information to be made available upon request.

Sec. 311. Center for Civil Justice – DELETED

Requires department to provide \$500,000 to the Center for Civil Justice to provide legal and technical assistance to low-income individuals and to pursue impact litigation that protects low-income and marginalized populations.

Major Boilerplate Changes from FY 2023-24

Sec. 314. Lawsuit Settlement Proceeds Fund – DELETED

Allows department to use up to \$2.6 million of lawsuit settlement proceeds for associated expenses with Flint Declaration of Emergency due to drinking water contamination; requires quarterly expenditure report detailing how funds related to Flint Declaration of Emergency were spent by case, purpose, hourly rate of retained attorney, and department involved; caps hourly rate of attorneys retained for investigation at \$250 if reporting requirements are not fulfilled. *(Governor deemed capping hourly rate of attorneys retained for investigation unenforceable in FY 2023-24.)*

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

Requires notification of lawsuit settlements with a fiscal impact for the state of \$200,000 or more; prohibits department from entering into a lawsuit that is contrary to state laws.

Sec. 322. Department Initiatives Quarterly Expenditure Report – DELETED

Requires department to submit quarterly expenditure reports by line item and fund source for the following initiatives and activities: Catholic Church Investigation, Elder Abuse Task Force, Conviction Integrity Unit, Opioid Litigation, Hate Crimes Unit, Payroll Fraud Enforcement Unit, PFAS contamination, Human Trafficking, Robocall Enforcement, Job Court, Organized Retail Crime Unit, reducing utility rate increases, and Boy Scouts of America investigation.

Sec. 324. Payroll Fraud Enforcement Unit Report – DELETED

Requires department to report on its website activities and findings of Payroll Fraud Enforcement Unit, including a listing of each complaint received, the unit's finding on validity of each complaint, any enforcement action taken, and what complaints were not subject to action by the department; requires department to request findings of investigations conducted by other departments and agencies to comply with this section.

Sec. 330. Detroit and Wayne County Gun Case Backlog – DELETED

Requires department to provide \$3.0 million to Detroit and \$7.0 million to Wayne County to assist prosecutors' offices with reducing backlogs of criminal gun cases.

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

1. Employee Lump Sum Payments

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

| | |
|--------------|------------------|
| Gross | \$563,000 |
| GF/GP | \$563,000 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 CIVIL RIGHTS

Analyst: Michael Crossen

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

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

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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Complaint Investigation and Enforcement Staffing

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 113.0 | 29.0 |
| Gross | \$16,872,200 | \$5,000,000 |
| Federal | 2,875,900 | 0 |
| Restricted | 58,500 | 0 |
| GF/GP | \$13,937,800 | \$5,000,000 |

2. Removal of FY 2023-24 One-Time Appropriations

Removes \$5.0 million of one-time GF/GP funding that was included in the FY 2023-24 budget to support the following:

- \$2.8 million GF/GP for digital accessibility compliance training
- \$2.0 million GF/GP for expenses related to expansion of the Elliott-Larsen Civil Rights Act in 2023.
- \$250,000 for outreach, community engagement, and training.

| | | |
|--------------|--------------------|----------------------|
| Gross | \$5,000,000 | (\$5,000,000) |
| GF/GP | \$5,000,000 | (\$5,000,000) |

3. Economic Adjustments

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

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$610,500 |
| GF/GP | NA | \$610,500 |

Major Boilerplate Changes from FY 2023-24

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 other federal department. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 406. Native American Boarding School Study – DELETED

Requires status update report on Native American boarding school study funded in the Department of Civil Rights in 2022 PA 166 to provide information on activities, costs, and anticipated completion date of study.

Sec. 420. Elliot-Larsen Civil Rights Act Expansion – DELETED

Requires funds for ELCRA expansion to be used to cover expenses incurred in implementing 2023 PA 6 and lists eligible uses including information technology system or software updates, complaints investigation, complaint defendant hearings and litigation, and community outreach, education, and training; authorizes up to an additional 12.0 limited-term employees; authorizes unexpended one-time funding as a work project.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. Employee Lump Sum Payments

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

| | |
|--------------|------------------|
| Gross | \$209,300 |
| GF/GP | \$209,300 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 EXECUTIVE OFFICE

Analyst: Viola Bay Wild

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

Note: Appropriation figures for FY 2024-25 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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Executive Office Operations

Reflects increased costs of \$431,700 GF/GP for Executive Office staff and for other operations.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | NA | \$431,700 |
| GF/GP | NA | \$431,700 |

Major Boilerplate Changes from FY 2023-24

There is no boilerplate for the Executive Office.

Supplemental Recommendations for FY 2023-24 Appropriations

1. Employee Lump Sum Payments

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

| | FY 2023-24 Recommendation |
|--------------|------------------------------|
| Gross | \$167,900 |
| GF/GP | \$167,900 |

**Summary: Executive Budget Recommendation
for Fiscal Year 2024-25
LEGISLATURE**

Analyst: Viola Bay Wild

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

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

Overview

The 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 support of public institutions and 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 the Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|---|-------------------------------------|
| 1. Legislature Operations Adjustment | Gross | NA |
| Reflects increased costs of \$9.4 million Gross (\$9.1 million GF/GP) for legislative employees, operations, and property management. The following is detail by budget area: | Private | \$9,388,300 |
| <ul style="list-style-type: none"> Legislature \$6.7 million GF/GP Legislative Council \$1.1 million GF/GP Legislative Retirement \$299,200 Gross (\$229,600 GF/GP) Property Management \$794,800 GF/GP State Capitol Historic Site \$501,700 Gross (\$290,800 GF/GP) | Restricted | 22,300 |
| | GF/GP | 258,200 |
| | | \$9,107,800 |
| 2. House/Senate Census Tracking/Reapportionment | Gross | \$250,000 |
| Eliminates funding for House (\$125,000 GF/GP) and Senate (\$125,000 GF/GP) census tracking/reapportionment. | GF/GP | (\$250,000) |
| | | (\$250,000) |
| 3. Sentencing Commission | Gross | \$1,000,000 |
| Reduces funding for the Sentencing Commission by \$999,900 GF/GP, leaving a \$100 placeholder. | GF/GP | (\$999,900) |
| | | (\$999,900) |
| 4. Independent Citizens Redistricting Commission (ICRC) | Gross | \$3,331,200 |
| Includes \$21,400 GF/GP to cover additional costs of the ICRC. | GF/GP | \$21,400 |
| | | \$21,400 |

Major Boilerplate Changes from FY 2023-24

Sec. 609. Senate Census Tracking/Reapportionment – DELETED

Requires unexpended funding for Senate census tracking/reapportionment to be designated as a work project appropriation; the purpose of the project is to purchase equipment, services, and supplies needed for tracking and reporting census and reapportionment information for the state.

Sec. 610. House Census Tracking/Reapportionment – DELETED

Requires unexpended funding for House census tracking/reapportionment to be designated as a work project appropriation; the purpose of the project is to purchase equipment, services, and supplies needed for tracking and reporting census and reapportionment information for the state.

Sec. 612. Independent Citizens Redistricting Commission (ICRC) – DELETED

Expresses legislative intent that the appropriation for ICRC is to comply with the legislature's obligation to fulfill the ICRC's request to cover additional legal costs; expresses legislative intent that the appropriation is contingent upon the ICRC submitting quarterly expenditure reports; requires unexpended funding to be returned to the state treasury within 6 months after the end of FY 2023-24.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 LEGISLATIVE AUDITOR GENERAL

Analyst: Viola Bay Wild

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

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

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 to 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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|---|-------------------------------------|
| 1. Legislative Auditor General Operations | Gross | NA | \$1,020,300 |
| Reflects increased costs of \$1.0 million GF/GP for staff of the Office of Auditor General and for other operations. | GF/GP | NA | \$1,020,300 |
| 2. Auditor General Fund Source Adjustment | Gross | NA | (\$9,343,400) |
| Reduces Gross funding by \$9.3 million, IDG funding by \$6.9 million, and state restricted funding by \$2.4 million. | IDG/IDT | NA | (6,921,900) |
| | Restricted | NA | (2,421,500) |
| | GF/GP | NA | \$0 |

Major Boilerplate Changes from FY 2023-24

Sec. 623. Legislative Requests for Audits – DELETED

Requires audits, reviews, or investigations requested of the auditor general by the legislature to include an estimate of additional costs; requires the legislature to provide supplemental funding when costs exceed \$50,000; authorizes the auditor general to decide whether to perform such activities in keeping with Operations Manual Policy No. 2-26.

Sec. 625. Access to Confidential Information – DELETED

States the auditor general is not to be denied access to examine confidential information of any branch, department, office, board, commission, agency, authority, or institution of the state. (Governor deemed this section unenforceable in FY 2023-24.)

Sec. 627. Operations Work Project Language – DELETED

Designates unexpended Field Operations funds as a work project appropriation; the purpose of the project is to conduct the State of Michigan Comprehensive Annual Financial Report.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 STATE (DEPARTMENT)

Analyst: Michael Crossen

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

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

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.

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 1. Legal Services Operations Staffing | FTE | 161.0 | 18.0 |
| Provides \$2.5 million in state restricted funding and authorization for 18.0 FTE positions for the following: | Gross | \$22,120,900 | \$2,520,000 |
| <ul style="list-style-type: none"> 7.0 FTE positions for the Office of Hearings and Administrative Oversight to improve response times to customer case-related inquiries 5.0 FTE positions for the Business Compliance and Regulation Division to reduce case review times of auto-related business licensing to address findings of a December 2022 OAG audit 6.0 FTE positions for the Enforcement Division to improve detection and prevention of fraud cases. | Restricted | 20,713,300 | 2,520,000 |
| | GF/GP | \$1,407,600 | \$0 |
| 2. Branch Operations Staffing | FTE | 926.0 | (23.0) |
| Provides \$1.5 million in state restricted funding and reduces GF/GP by \$669,300 for a net \$841,200 Gross increase. Reduces FTE position authorization by 23.0 positions to reflect transfer to other line items. Funding would be used to hire 8.0 staff at secretary of state branch offices to improve in-person services at certain locations. | Gross | \$94,328,400 | \$841,200 |
| | IDG | 20,000,000 | 0 |
| | Restricted | 72,881,900 | 1,510,500 |
| | GF/GP | \$1,446,500 | (\$669,300) |
| 3. Election Administration and Support Staffing | FTE | 65.0 | 5.0 |
| Provides \$669,300 GF/GP and authorization for 5.0 FTE positions to help respond to a nearly 800% increase in Freedom of Information Act requests since 2021 and to help with election help desk tasks and more timely review and processing of petitions. | Gross | \$26,331,500 | \$669,300 |
| | Restricted | 19,108,900 | 0 |
| | GF/GP | \$7,222,600 | \$669,300 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 4. Department Services Operations Staffing | FTE | 100.0 | 0.0 |
| Provides \$599,100 in state restricted funding for 4.0 FTE positions to be allocated as follows: | Gross | \$25,028,300 | \$599,100 |
| <ul style="list-style-type: none"> 3.0 for the Bureau of Financial Services to help process reimbursement requests from local units of government as well as to expand inclusive contracting efforts of the procurement division 1.0 for a Human resources training specialist to develop and deliver training in a timelier manner. | Restricted | 25,028,000 | 599,100 |
| | GF/GP | \$300 | \$0 |
| 5. Central Operations Staffing | FTE | 335.0 | 0.0 |
| Provides \$439,800 in state restricted funding for 4.0 FTE positions to reduce Information Center caller wait time and to implement computer programming changes to the CARS vehicle and driver information system in a timelier manner. | Gross | \$50,501,100 | \$439,800 |
| | Federal | 1,160,000 | 0 |
| | Restricted | 48,993,800 | 439,800 |
| | GF/GP | \$347,300 | \$0 |
| 6. Executive Direction Staffing | FTE | 30.0 | 0.0 |
| Provides \$264,600 in state restricted funding for 2.0 FTE positions to support timelier community outreach and customer service with partnering organizations. | Gross | \$4,813,600 | \$264,600 |
| | Restricted | 4,793,600 | 264,600 |
| | GF/GP | \$20,000 | \$0 |
| 7. Licensing Plate Purchasing Agreement | Gross | NA | \$1,146,500 |
| Includes \$1.1 million in state restricted funding to reflect a shift in spending authorization from boilerplate to the Central Operations line item to continue the purchasing agreement with the Department of Corrections for manufacturing vehicle license plates. | Restricted | NA | 1,146,500 |
| | GF/GP | NA | \$0 |
| 8. Proposal 22-1 Financial Disclosure Reporting Implementation | FTE | 65.0 | 8.0 |
| Provides \$1.1 million GF/GP and authorization for 8.0 FTE positions to oversee and implement the Public Officers Financial Disclosure Act, 2023 PA 281, and the Candidate for Office Financial Disclosure Act, 2023 PA 282. These acts codify the Michigan Constitution as amended by Ballot Proposal 22-1 and require financial disclosure reporting by current elected officials and candidates for elected office. | Gross | \$26,331,500 | \$1,145,000 |
| | Restricted | 19,108,900 | 0 |
| | GF/GP | \$7,222,600 | \$1,145,000 |
| 9. Automatic Voter Registration | FTE | NA | 2.0 |
| Provides \$296,000 GF/GP and authorization for 2.0 FTE positions to implement modifications to automatic voter registration procedures as enacted by 2023 PAs 206-262, and 268. New responsibilities include contacting individuals to confirm their voter registration preference, compiling and submitting monthly reports, and other data management responsibilities. | Gross | NA | \$296,000 |
| | GF/GP | NA | \$296,000 |
| 10. Restricted Fund Replacement of GF/GP | Gross | NA | \$0 |
| Replaces \$1.4 million GF/GP with a corresponding increase of state restricted revenue from the Transportation Administration Collection Fund for a net \$0 Gross change. The reduction in GF/GP corresponds to the GF/GP increases to Election Administration and Support in item numbers 8 and 9 for a \$0 net GF/GP increase for the department. | Restricted | NA | 1,441,000 |
| | GF/GP | NA | (\$1,441,000) |
| 11. Postal and Mailing Service Rate Increase | Gross | NA | \$1,115,000 |
| Provides \$1.1 million of state restricted revenue from the Transportation Administration Support Fund to cover anticipated postage and mailing rate increases. | Restricted | NA | 1,115,000 |
| | GF/GP | NA | \$0 |
| 12. Central Operations Contractual Increase | Gross | NA | \$650,000 |
| Provides \$650,000 in state restricted funding to cover increased contract costs to produce vehicle tabs, decals, and forms. | Restricted | NA | 650,000 |
| | GF/GP | NA | \$0 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|---|--------------|--|--|
| 13. Federal and State Restricted Fund Source Alignment | Gross | NA | \$0 |
| Shifts \$1.5 million in federal and state restricted funding authorization across 4 line items based on expected expenditures and available revenues attributable to impacts such as the Clean Slate Driving Laws and increasing demand for the benefits that enhanced driver's license and personal identification cards offer residents for a net \$0 Gross change. Total fund shifts result in a reduction of \$6,100 in federal funding and a corresponding increase to state restricted funding. | Federal | NA | (6,100) |
| | Restricted | NA | 6,100 |
| | GF/GP | NA | \$0 |
| 14. Removal of FY 2023-24 One-Time Appropriations | Gross | \$27,309,200 | (\$27,309,200) |
| Removes \$27.3 million of one-time GF/GP funding that was included in the FY 2023-24 budget to support the following: | Restricted | 27,209,200 | (27,209,200) |
| | GF/GP | \$100,000 | (\$100,000) |
| <ul style="list-style-type: none"> • \$27.2 million GF/GP for implementation of Ballot Proposal 22-2 • \$100,000 GF/GP for organ donor registration. | | | |
| 15. Economic Adjustments | Gross | NA | \$5,253,100 |
| Reflects increased costs of \$5.3 million Gross (\$185,400 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | Federal | NA | 6,100 |
| | Restricted | NA | 5,061,600 |
| | GF/GP | NA | \$185,400 |

Major Boilerplate Changes from FY 2023-24

Sec. 701. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$500,000, state restricted authorization by up to \$500,000, local authorization by up to \$25,000, and private authorization by up to \$50,000. Revises to increase maximum amounts of contingency authorizations up to \$2.0 million in federal, \$7.5 million in state restricted, \$50,000 in local, and \$100,000 in private.

Sec. 703. Commercial Look-Up Fees – DELETED

Authorizes DOS to sell copies of records for various conveyances and to use revenue to finance expenses; sets fee for record look-up services to \$15 per record sold; 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.

Sec. 704. Manufacture of License Plates – DELETED

Authorizes DOS to enter into agreements with Department of Corrections to manufacture vehicle registration plates 15 months before registration year in which plates will be used.

Sec. 705. Department Publications – REVISED

Authorizes DOS to accept gifts and grants to underwrite publications pertaining to the vehicle code, and authorizes DOS to approve paid advertising in such publications; authorizes unexpended funds to be carried forward into the next fiscal year; requires annual report on details of gifts received under this subsection, expenditures made from those gifts, and other details. Revises to delete reporting requirement.

Sec. 713. Organ Donor Program Public Information Campaign – REVISED

Provides for receipt and expenditure of funds for a public information campaign for organ donor program; authorizes revenues from gifts and grants to be carried forward; requires annual report on amount of revenue collected, purpose of each expenditure, and amount of revenue carried forward. Revises to delete reporting requirement.

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. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 717. Gifts to Support Department Activities – REVISED

Authorizes DOS to accept non-monetary gifts of a de minimus value to support licensing, regulation, and safety functions; prohibits acceptance if conditioned on future state spending; requires report. Revises to delete reporting requirement.

Major Boilerplate Changes from FY 2023-24

Sec. 719. State HAVA Grant Report – DELETED

Requires a report on reimbursements to counties, cities, and townships from department's election security grant program funded by federal Help America Vote Act funding.

Sec. 722. Legacy Mainframes System Modernization – DELETED

Requires expense report by fund source on Customer and Automotive Records System (CARS) including projected expenses in current and next fiscal years.

Sec. 723. County Clerk Training – DELETED

Requires funds appropriated for county clerk education and training to be used only for costs associated with training local clerks in preparation for elections.

Sec. 750. Proposals 22-1 and 22-2 Implementation – DELETED

Requires funds to be used to support costs related to implementing Proposal 22-1 and 22-2 and lists eligible costs; requires up to \$30.0 million to be used for incentive grants to counties to coordinate implementation of early voting by local governments within their jurisdiction and to incentivize multijurisdictional coordination that provides for efficient election administration; authorizes unexpended funds as work project.

Sec. 751. Organ Donor Registry – DELETED

Requires department to facilitate growth of donor registry of state anatomical gift donor registry program in accordance with methods of giving authorized under the Revised Uniform Anatomical Gift Law of the Public Health Code, 1978 PA 368.

| | | FY 2023-24 Recommendation |
|--|-------------------------------------|--|
| Supplemental Recommendations for FY 2023-24 Appropriations | | |
| 1. Help America Vote Act (HAVA) Election Security Grants | | |
| Provides \$5.7 million in federal funding to authorize expenditure for two Election Security grants of \$1.8 million each authorized under the Consolidated Appropriations Act of 2022 and Consolidated Appropriations Act of 2023, as well as \$2.2 million of interest accrued from past and current HAVA fund balances. Funding would support local election website domain migration, election day equipment upgrades, voting system security and testing procedures, and the development and distribution of information materials to local election officials. | Gross Federal GF/GP | \$5,720,000 5,720,000 \$0 |
| 2. Proposal 22-1 Financial Disclosure Reporting Implementation | | |
| Provides \$831,900 GF/GP and authorization for 8.0 FTE positions to oversee and implement the Public Officers Financial Disclosure Act, 2023 PA 281, and the Candidate for Office Financial Disclosure Act, 2023 PA 282. These acts require financial disclosure reporting by current elected officials and candidates for elected office by April 15, 2024 and codify the Michigan Constitution as amended by Ballot Proposal 22-1. | FTE Gross GF/GP | 8.0 \$831,900 \$831,900 |
| 3. Department of Corrections Vehicle License Plate Manufacturing | | |
| Includes \$1.1 million in state restricted funding to reflect a shift in spending authorization from boilerplate to the Central Operations line item to continue the purchasing agreement with the Department of Corrections for manufacturing vehicle license plates. | Gross Restricted GF/GP | \$1,146,500 1,146,500 \$0 |
| 4. Employee Lump Sum Payments | | |
| Includes \$110,400 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023. | Gross GF/GP | \$110,400 \$110,400 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Crossen

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

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

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 the following: State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. State Employee Flexible Spending Account Dependent Care Match (One-Time)

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$0 | \$31,500,000 |
| GF/GP | \$0 | \$31,500,000 |

2. Make it in Michigan Competitive Fund (One-Time)

Provides \$25.0 million GF/GP for deposit into the Make it in Michigan Competitiveness Fund to set aside funds to leverage major funding opportunities available from recent federal legislation including, but not limited to, the Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and the Inflation Reduction Act. This is a decrease of \$261.8 million from a FY 2023-24 one-time appropriation of \$286.8 million for the same purpose. An interagency evaluation committee formed by the Michigan Infrastructure Office in collaboration with the state budget director recommends how to distribute funds to the legislature. Funds in the Make it in Michigan Competitive Fund are subject to appropriation or administrative transfer for expenditure.

| | | |
|--------------|----------------------|------------------------|
| Gross | \$286,805,700 | (\$261,805,700) |
| GF/GP | \$286,805,700 | (\$261,805,700) |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 3. Make it in Michigan Transfer Placeholders | Gross | NA |
| Includes 4 \$100 placeholders to facilitate the potential administrative transfer of federal, state restricted, local, and private funds, should they become available for Make it in Michigan Competitiveness Fund projects as described in item number two. | Federal | NA |
| | Local | NA |
| | Private | NA |
| | Restricted | NA |
| | GF/GP | NA |
| | | \$400 |
| | | 100 |
| | | 100 |
| | | 100 |
| | | 100 |
| | | \$0 |
| 4. Annual IT IDG Baseline Adjustment | Gross | NA |
| Increases IDG funding from Technology User Fee revenue by \$20.0 million 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. Technology Service appropriation lines are prorated by department based on their total IT budget. | IDG | NA |
| | GF/GP | NA |
| | | \$20,022,000 |
| | | 20,022,000 |
| | | \$0 |
| 5. State Property Self Insurance Fund (One-Time) | Gross | \$0 |
| Provides \$10.0 million GF/GP to create a self-sustaining fund to self-insure property and building contents at state-owned facilities against damages. The fund would provide the state with reserve funding to draw from to help counter rising insurance premiums. Savings from decreased property insurance rates charged to state agencies would be deposited into the fund. | GF/GP | \$0 |
| | | \$10,000,000 |
| | | \$10,000,000 |
| 6. MPSCS Lifecycle Replacement Maintenance | FTE | 137.0 |
| Provides \$10.0 million GF/GP to provide ongoing funding for lifecycle replacements and maintenance of the quickly growing statewide emergency communication system that serves over 2,200 public safety agencies. | Gross | \$48,894,800 |
| | Local | 2,277,800 |
| | GF/GP | \$46,617,000 |
| | | 0.0 |
| | | \$10,000,000 |
| | | 0 |
| | | \$10,000,000 |
| 7. State Building Authority Capital Outlay Debt Financing | Gross | \$236,570,600 |
| Provides \$9.6 million GF/GP to the annual amount set aside for payments on debt for capital construction projects financed through the State Building Authority to reflect a projected increase in payments due on bonds following recent increases in state capital outlay projects. | GF/GP | \$236,570,600 |
| | | \$9,600,000 |
| | | \$9,600,000 |
| 8. State Facilities Maintenance (One-Time) | Gross | \$25,000,000 |
| Provides \$8.0 million GF/GP for maintenance, demolition, and infrastructure projects for 800 buildings and 5,000 state-owned structures. This is a decrease of \$17.0 million from a FY 2023-24 one-time appropriation of \$25.0 million for the same purpose. With \$28.0 million GF/GP in ongoing base, a total of \$36.0 million will be available for deferred special maintenance projects. | GF/GP | \$25,000,000 |
| | | (\$17,000,000) |
| | | (\$17,000,000) |
| 9. Fleet Vehicle Travel Services Rate Increase | Gross | \$87,709,000 |
| Provides \$7.9 million in IDG funding from the Motor Transport Fund to align IDG authorization with increased travel services rates charged to departments to reflect higher projected gasoline prices. | IDG | 87,709,000 |
| | GF/GP | \$0 |
| | | \$7,900,000 |
| | | 7,900,000 |
| | | \$0 |
| | | \$0 |
| 10. Office of Retirement Services IT and Administrative Costs | Gross | NA |
| Provides \$5.6 million in state restricted Pension Trust Fund revenues to support higher information technology (IT) and administrative costs that support Defined Contribution retirement plants. Of the total, \$3.8 million would support IT costs and \$1.8 million would support administrative costs. | Restricted | NA |
| | GF/GP | NA |
| | | \$5,618,300 |
| | | 5,618,300 |
| | | \$0 |

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|---|-------------------------------------|
| Major Budget Changes from FY 2023-24 Enacted Appropriations | | | |
| 11. Michigan.gov Language Accessibility | FTE | NA | 3.0 |
| Provides \$2.4 million GF/GP and authorization for 3.0 FTE positions to upgrade the Michigan.gov website to translate content in multiple languages to reduce barriers to accessing state services and information. An additional \$820,000 GF/GP is recommended for this project within the ongoing Information Technology Investment Fund (ITIF) to implement a statewide multi-lingual chatbot technology. | Gross | NA | \$2,360,000 |
| | GF/GP | NA | \$2,360,000 |
| 12. State Fleet Electric Vehicle Transition (One-Time) | Gross | \$1,000,000 | \$2,000,000 |
| Provides \$2.0 million GF/GP towards ongoing efforts to transition the state's motor vehicle fleet to electric vehicles (EV) by 2040 in accordance with Executive Directive 2023-5. Funding would supplement \$1.0 million in recommended ongoing FY 2024-25 funding and would support the purchase of EVs as well as changes to motor pool operations and updated mechanic repair training. | GF/GP | \$1,000,000 | \$2,000,000 |
| 13. MiLEAP Reorganization – State Archives of Michigan | FTE | NA | 14.5 |
| Transfers \$1.9 million GF/GP and authorization for 14.5 FTE positions from the Department of Natural Resources to reflect the move of the State Archives of Michigan program for a net \$0 enterprise change. The transfer is in accordance with Executive Order 2023-6 which created the Department of Lifelong Education, Advancement, and Potential (MiLEAP). | Gross | NA | \$1,915,300 |
| | GF/GP | NA | \$1,915,300 |
| 14. Office of Retirement Services Customer Relations | FTE | 167.0 | 10.0 |
| Provides \$1.6 million in state restricted Pension Trust Funds and authorization for 10.0 FTE positions to improve employer reporting functions and customer relations through customer meeting, training, and outreach. | Gross | \$26,139,500 | \$1,600,000 |
| | Restricted | 26,046,500 | 1,600,000 |
| | GF/GP | \$93,000 | \$0 |
| 15. Utility Rate Increase | Gross | NA | \$1,301,000 |
| Provides \$1.3 million in IDG funding from building occupancy charges to agencies to reflect increasing utility rate costs. | IDG | NA | 1,301,000 |
| | GF/GP | NA | \$0 |
| 16. Geographically-Disadvantaged Business Procurement | Gross | NA | \$1,300,000 |
| Provides \$1.3 million in state restricted revenue to maintain current procurement service levels in Central Procurement Services and support inclusive state contracting and geographically-disadvantaged business enterprises in accordance with Executive Directives 2023-1. | Restricted | NA | 1,300,000 |
| | GF/GP | NA | \$0 |
| 17. State Police Secondary Complex Expansion | Gross | NA | \$758,000 |
| Provides \$758,000 in IDG funding for the Building Operations Division to renovate the Michigan State Police Secondary Complex in Dimondale. | IDG | NA | 758,000 |
| | GF/GP | NA | \$0 |
| 18. Vendor Risk Management Information System | FTE | 0.0 | 2.0 |
| Provides \$279,900 in state restricted revenues and authorization for 2.0 FTE positions to administer a Risk Management Information System to assess vendor insurance risk and compliance for contracts that are delegated to state agencies. | Gross | \$0 | \$279,900 |
| | Restricted | 0 | 279,900 |
| | GF/GP | \$0 | \$0 |
| 19. Automated External Defibrillator Accessibility (One-Time) | Gross | NA | \$251,000 |
| Provides \$251,000 GF/GP to expand the accessibility of Automated External Defibrillator machines in department-owned and managed facilities. | GF/GP | NA | \$251,000 |
| 20. SWCAP Adjustment | Gross | NA | \$0 |
| Reallocates fund sourcing associated with the annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and increase of \$2.3 million GF/GP. | IDG | NA | 521,800 |
| | Restricted | NA | (2,866,700) |
| | GF/GP | NA | \$2,344,900 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--------------|--|--|
| 21. DMVA Accounting Services | Gross | NA | \$146,100 |
| Provides \$146,100 in IDG funding to align departmental accounting service center funding support with funding from the Department of Military and Veterans Affairs and the Michigan Veterans' Facility Authority. | IDG | NA | 146,100 |
| | GF/GP | NA | \$0 |
| 22. Central Procurement Staff Development | Gross | NA | \$50,000 |
| Provides \$50,000 in private funding to recognize support for staff development, training, and student intern opportunities in CPS. | Private | NA | 50,000 |
| | GF/GP | NA | \$0 |
| 23. Center for Data and Analytics Federal Funding | FTE | 44.0 | 0.0 |
| Removes \$400,000 in federal funding to align authorization with available revenue for the Michigan Center for Data and Analytics. | Gross | \$7,480,200 | (\$400,000) |
| | Federal | 4,505,400 | (400,000) |
| | Local | 35,000 | 0 |
| | Private | 100 | 0 |
| | GF/GP | \$2,939,700 | \$0 |
| 24. Removal of FY 2023-24 One-Time Appropriations | Gross | \$46,192,100 | (\$38,692,100) |
| Removes \$38.7 million Gross (\$26.9 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Restricted | 11,800,100 | (11,800,100) |
| <ul style="list-style-type: none"> • \$17.9 million GF/GP for Information Technology Investment Fund • \$11.8 million state restricted for retirement IT system modernization • \$5.0 million GF/GP for Civil Service management training • \$4.0 million GF/GP for state vendor cybersecurity • \$100 state restricted for Make it in Michigan placeholder | GF/GP | \$34,392,000 | (\$26,892,000) |
| 25. Economic Adjustments | Gross | NA | \$11,814,400 |
| Reflects increased costs of \$11.8 million Gross (\$3.3 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | IDG | NA | 6,592,700 |
| | Federal | NA | 94,200 |
| | Local | NA | (800) |
| | Private | NA | 1,700 |
| | Restricted | NA | 1,784,600 |
| | GF/GP | NA | \$3,342,000 |

Major Boilerplate Changes from FY 2023-24

Sec. 809. Computer Contracts – DELETED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000, individually or in aggregate.

Sec. 822. Report on Unclassified Salaries – DELETED

Requires report on individual appointee and unclassified employee salaries, rounded to the nearest thousand dollars, by January 1.

Sec. 822d. Fees and Rates Charged to State Agencies – DELETED

Requires report on fees and rates charged to state agencies, along with justification for any increases from prior year.

Sec. 822f. Request for Proposals Website – DELETED

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

Sec. 822g. Supplier Risk Assessment Program – DELETED

Requires not more than an additional \$300,000 appropriated to Business Support Services line item to be used to maintain a comprehensive supplier risk and information subscription used for pre-contract risk assessment.

Sec. 822i. Testing Laboratories Consolidation Prohibition – DELETED

Prohibits use of funds for consolidating testing laboratories for Department of Agriculture and Rural Development or Department of Natural Resources. *(Governor deemed this section unenforceable in FY 2023-24.)*

Major Boilerplate Changes from FY 2023-24

Sec. 825. Access to SIGMA and MAIN Data – DELETED

Requires legislature and all state departments to have access to historical and current data in SIGMA and MAIN.

Sec. 826. Definition of Information Technology Services – DELETED

Defines "information technology services" as services involving all aspects of managing and processing information, including certain IT management and support items and services.

Sec. 827. Michigan Public Safety Communications System (MPSCS) – REVISED

Provides for assessment of fees and expenditure of revenues pertaining to MPSCS; requires approval of a spending plan by the state budget director before expenditure of funds; authorizes unencumbered funds to be carried forward. Revises to eliminate requirement of approval of spending plan before use of funds.

Sec. 828. IT-Related Appropriations and Expenditures – DELETED

Requires detailed annual report on funding and expenditures for IT services and projects.

Sec. 831. Information Technology Services Billing – DELETED

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 60 days after receiving approval from departments to pay vendor invoices.

Sec. 832. Child Support Enforcement System – DELETED

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

Sec. 839. Federal and State Restricted Revenue for ITIF – NEW

Appropriates additional federal and state restricted revenue for the Enterprisewide Information Technology Investments line item up to amounts earned based on initiatives undertaken with the General Fund appropriation.

Sec. 862. 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. 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.

Sec. 890. Vendor Cybersecurity Monitoring – DELETED

Requires department to contract with vendor to provide software that provides cybersecurity vulnerability information about companies that state does business with and state's vendor ecosystem; lists eligibility requirements for software vendor; lists metrics that contracted software must provide.

Sec. 891. Make it in Michigan Competitiveness Fund – REVISED

Creates Make it in Michigan Competitiveness Fund in Treasury; deposits funding appropriated in part 1 in fund; prohibits expenditures from fund without appropriation or legislative transfer; provides guidance and restrictions regarding transfers from fund; states that fund is to be used to leverage major funding opportunities available from recent federal legislation including, but not limited to, Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and Inflation Reduction Act; directs formation of interagency evaluation committee to recommend appropriations or transfers; establishes reporting requirements to legislature. Revises to move to ongoing boilerplate sections and appropriates \$325.0 million for state restricted contingency funds.

Sec. 892. Risk Management Internal Service Fund – NEW

Creates the Risk Management Internal Service Fund to self-insure property in state-owned and managed buildings; appropriates revenues recovered from rates charged to state agencies for property insurance to pay loss or damage claims to be deposited into the fund; authorizes deposits into the fund to remain in the fund and not lapse to the general fund.

Sec. 893. Dependent Care Flexible Spending Account – NEW

Requires funds to be available to fund an employer matching payment up to \$2,500 for the dependent care flexible spending account plan; authorizes the Civil Service Commission to take action if resources are being expended at a rate that would exhaust resources before December 31, 2027, including suspending or altering the match benefit; appropriates up to 3% of funding for administrative costs; designates unexpended funds as a work project through FY 2027-28.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. *Make it in Michigan Contingency Placeholders*

Includes 3 \$100 GF/GP placeholders for federal, local, and private funding sources to facilitate an administrative transfer process to recognize a federal award or other complementary local and/or private revenues in support of projects financed from the Make it in Michigan Competitiveness Fund.

| | |
|--------------|--------------|
| Gross | \$300 |
| Federal | 100 |
| Local | 100 |
| Private | 100 |
| GF/GP | \$0 |

2. *Employee Lump Sum Payments*

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

| | |
|--------------|--------------------|
| Gross | \$1,265,600 |
| GF/GP | \$1,265,600 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 TREASURY

Analyst: Viola Bay Wild

| | FY 2023-24 | FY 2024-25 | Difference: FY 2024-25 vs. FY 2023-24 | |
|--------------|-------------------------|------------------------|--|------------|
| | Enacted as of 2/7/24 | Executive | Amount | % |
| IDG/IDT | \$11,097,300 | \$11,188,500 | \$91,200 | 0.8 |
| Federal | 24,921,800 | 25,011,400 | 89,600 | 0.4 |
| Local | 15,038,100 | 15,207,100 | 169,000 | 1.1 |
| Private | 33,200 | 36,600 | 3,400 | 10.2 |
| Restricted | 2,197,308,000 | 2,280,719,900 | 83,411,900 | 3.8 |
| GF/GP | 392,670,200 | 312,446,600 | (80,223,600) | (20.4) |
| Gross | \$2,641,068,600 | \$2,644,610,100 | \$3,541,500 | 0.1 |
| FTEs | 2,013.5 | 2,011.5 | (2.0) | (0.1) |

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

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 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 the State Building Authority (SBA) are autonomous agencies housed within the department.

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|---|-------------------------------------|
| 1. Constitutional Revenue Sharing | | Gross \$1,100,663,100 | \$5,436,500 |
| Includes an increase of \$5.4 million in additional state restricted Sales Tax revenue for constitutional revenue sharing grants. | | Restricted 1,100,663,100 | 5,436,500 |
| | | GF/GP \$0 | \$0 |
| 2. City, Village, and Township (CVT) Revenue Sharing | | Gross \$299,126,400 | \$23,762,400 |
| Includes a net increase of \$23.8 million in additional state restricted Sales Tax revenue for CVT revenue sharing. The net increase reflects the removal of \$5.6 million that was considered one-time funding in FY 2023-24. Of the proposed FY 2024-25 appropriation of \$29.4 million, \$14.7 million would support a 5.0% ongoing increase and \$14.7 million would support a 5.0% one-time increase (10% total). The 5.0% one-time payment includes the following: | | Restricted 299,126,400 | 23,762,400 |
| | | GF/GP \$0 | \$0 |
| <ul style="list-style-type: none"> 2.0% one-time payment for local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements 3.0% one-time payment for local units that certify they have fully obligated their federal ARP - local fiscal recovery funds by October 1, 2024. | | | |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 3. County Revenue Sharing | | | |
| Includes a net increase of \$20.7 million in additional state restricted Sales Tax revenue for county revenue sharing. The net increase reflects the removal of \$4.9 million that was considered one-time funding in FY 2023-24. Of the proposed FY 2024-25 appropriation of \$25.6 million, \$12.8 million would support a 5.0% ongoing increase and \$12.8 million would support a 5.0% one-time increase (10% total). The 5.0% one-time payment includes the following: | | | |
| | Gross | \$217,489,800 | \$20,749,400 |
| | Restricted | 217,489,800 | 20,749,400 |
| | GF/GP | \$0 | \$0 |
| <ul style="list-style-type: none"> • 2.0% one-time payment for local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements • 3.0% one-time payment for local units that certify they have fully obligated their federal ARP – local fiscal recovery funds by October 1, 2024. | | | |
| 4. MI Vehicle Rebate Program | | | |
| Includes \$25.0 million in one-time GF/GP for the MI Vehicle Rebate Program that provides point-of-sale consumer rebates for battery electric, plug-in hybrid, and internal combustion vehicles on a first come first serve basis. Rebates of \$1,000 would be provided for internal combustion vehicles and rebates of \$2,000 would be provided for electric vehicles. An additional \$500 rebate would be provided for union-assembled vehicles. | | | |
| | Gross | \$0 | \$25,000,000 |
| | GF/GP | \$0 | \$25,000,000 |
| 5. Recreational Marijuana Grants to Locals | | | |
| Includes \$24.7 million in state restricted Marijuana Regulatory Fund revenue to align grant payments to municipalities and counties with the expected increase in revenue. | | | |
| | Gross | \$71,670,000 | \$24,710,000 |
| | Restricted | 71,670,000 | 24,710,000 |
| | GF/GP | \$0 | \$0 |
| 6. Marijuana Retailers Excise Tax Form Process Change | | | |
| Includes \$261,700 of state restricted Marijuana Regulatory Fund revenue to support 2.0 FTE positions that would process marijuana retailer attestation forms in a timelier manner. The attestation process was modified by LARA and required reviews are now more time sensitive. | | | |
| | FTE | NA | 2.0 |
| | Gross | NA | \$261,700 |
| | Restricted | NA | 261,700 |
| | GF/GP | NA | \$0 |
| 7. Transfers to MiLEAP | | | |
| Reflects the transfer of \$8.9 million Gross (\$7.7 million GF/GP) and 33.0 FTE positions from Treasury to the new MiLEAP department. Of the total, \$5.9 million Gross (\$4.7 million GF/GP) and the 33.0 FTE positions are associated with the Student Financial Assistance program and \$3.0 million Gross (\$3.0 million GF/GP) is for Dual Enrollment Payments. | | | |
| | FTE | NA | (33.0) |
| | Gross | NA | (\$8,924,600) |
| | Restricted | NA | (1,253,100) |
| | GF/GP | NA | (\$7,671,500) |
| 8. Debt Service Adjustments | | | |
| Reduces the budget by \$5.0 million GF/GP based on existing debt service schedules and projected new debt service issues for Clean Michigan Initiative, Quality of Life Bonds, and Great Lakes Water Quality Bonds. | | | |
| | Gross | \$100,084,100 | (\$4,997,100) |
| | GF/GP | \$100,084,100 | (\$4,997,100) |
| 9. Secure Retirement for Small Businesses | | | |
| Includes \$3.0 million in one-time GF/GP to establish a state-managed retirement plan marketplace that will allow small businesses with fewer than 100 employees to provide optional retirement savings plans. | | | |
| | Gross | \$0 | \$3,000,000 |
| | GF/GP | \$0 | \$3,000,000 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 10. Michigan's Achieving a Better Life Experience (MiABLE) Program | Gross | \$0 | \$3,000,000 |
| Includes \$3.0 million in one-time GF/GP to allow for promotion and education of the MiABLE program that allows disabled individuals to create accounts for disability-related expenses without impacting their eligibility for public benefits. | GF/GP | \$0 | \$3,000,000 |
| 11. Payment in Lieu of Taxes (PILT) | Gross | \$32,288,100 | \$2,868,700 |
| Includes \$2.9 million Gross (\$2.2 million GF/GP) for increased PILT payments to local units of government for state lands owned by the Department of Natural Resources. Funding will align payments with current property tax estimates. | Private | 33,200 | 3,400 |
| | Restricted | 6,647,900 | 664,900 |
| | GF/GP | \$25,607,000 | \$2,200,400 |
| 12. Tax Processing Services | FTE | 355.0 | 7.0 |
| Authorizes \$800,000 in state restricted Delinquent Tax Collection revenue to be used to support 7.0 new FTE positions that would be charged with increasing tax processing efficiency, increasing the efficiency of collections, improving response times, and improving communication between taxpayers and the department. | Gross | \$44,645,800 | \$800,000 |
| | Restricted | 44,645,800 | 800,000 |
| | GF/GP | \$0 | \$0 |
| 13. Unclaimed Property Compliance Responsibilities | FTE | 28.0 | 4.0 |
| Includes \$517,100 in state restricted Escheats Fund revenue to support 4.0 new FTE positions that would work to ensure the Unclaimed Property Division is able to process claims and responses within the 90-day statutory time frame. | Gross | \$5,070,600 | \$517,100 |
| | Restricted | 5,070,600 | 517,100 |
| | GF/GP | \$0 | \$0 |
| 14. Treasury Information Technology | Gross | NA | \$420,800 |
| Includes \$420,800 GF/GP to support increased licensing costs associated with the department's information technology systems. | GF/GP | NA | \$420,800 |
| 15. Gaming Control – Internet Gaming and Sports Betting | FTE | NA | 14.0 |
| Includes \$1.9 million in state restricted funding to support an additional 14.0 FTE positions that would perform auditing, licensing and investigations, and gaming laboratory functions, ultimately expanding the agency's regulatory capacity and protections against illegal activity. Additional staff are needed because of increasing work volumes from the popularity of internet gaming and sports betting. | Gross | NA | \$1,942,300 |
| | Restricted | NA | 1,942,300 |
| | GF/GP | NA | \$0 |
| 16. Gaming Control – Increased Funding Authorization | Gross | NA | \$795,100 |
| Authorizes an additional \$795,100 in state restricted State Services Fee Fund revenue to be used for gaming-related enforcement services. | Restricted | NA | 795,100 |
| | GF/GP | NA | \$0 |
| | | NA | |
| 17. iLottery Website and Application Design | FTE | NA | 4.0 |
| Includes \$1.1 million in state restricted State Lottery Fund revenue to support 4.0 new FTE positions that would work on Lottery IT projects. Of the total, \$510,000 would be ongoing funding that would support the new positions, ongoing maintenance costs, and costs for improving the iLottery app and website; and \$592,000 would be one-time funding used for development of disaster recovery and document management programs, one-time iLottery improvements, and network switch replacement. | Gross | NA | \$1,102,000 |
| | Restricted | NA | 1,102,000 |
| | GF/GP | NA | \$0 |
| 18. Michigan State Lottery | Gross | NA | \$1,000,000 |
| Includes \$1.0 million in State Lottery Fund revenue to support efforts to sell and promote Lottery products through online and retail outlets. | Restricted | NA | 1,000,000 |
| | GF/GP | NA | \$0 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|---|--|--|---|
| 19. Election Administration Support Fund | Gross | \$27,209,200 | (\$27,209,200) |
| (a) Reflects removal of \$27.2 million in one-time funding that was appropriated in FY 2023-24. | GF/GP | \$27,209,200 | (\$27,209,200) |
| (b) Includes \$49,100 GF/GP to support counties with implementation costs associated with Proposals 1 and 2 of 2022. | Gross GF/GP | \$18,765,400 \$18,765,400 | \$49,100 \$49,100 |
| 20. Removal of Other FY 2023-24 One-Time Appropriations | Gross | \$77,150,000 | (\$77,150,000) |
| Removes \$77.2 million Gross (\$75.2 million GF/GP) of other one-time funding that was included in the FY 2023-24 budget to support the following: | Restricted GF/GP | 2,000,000 \$75,150,000 | (2,000,000) (\$75,150,000) |
| <ul style="list-style-type: none"> • Beverage Container Distributor Grants (\$8.0 million GF/GP) • Gaming Control Information Technology (\$2.0 million restricted) • High Crime Community Support (\$12.0 million GF/GP) • Local Unit Municipal Retirement Health Care (\$35.0 million GF/GP) • Organ Donor Registry (\$150,000 GF/GP) • Presidential Primary (\$20.0 million GF/GP) (Three other one-time grants are discussed elsewhere in this summary document.) | | | |
| 21. Economic Adjustments | Gross | NA | \$6,407,300 |
| Reflects a net increase in costs of \$6.4 million Gross (\$1.1 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), overtime, longevity, insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | IDG/IDT Federal Local Restricted GF/GP | NA NA NA NA NA | 91,200 89,600 169,000 4,923,600 \$1,133,900 |

Major Boilerplate Changes from FY 2023-24

TREASURY

Sec. 902a. Notification of Bond Refunding or Restructuring – DELETED

Requires Treasury to report, not more than 30 days after a refunding or restructuring bond issue is sold, on the annual debt service changes, the change in principal and interest over the duration of the debt, and the projected change in the present value of the debt service due to the refinancing and restructuring.

Sec. 934. Expending of Authority Revenues – REVISED

Authorizes Treasury to expend revenues under various authorities for operation expenses and grants to the Civil Service Commission and the State Employee's Retirement Fund; requires a report on expenditures over \$250,000. Executive revises to delete reporting requirement.

Sec. 935. Dual Enrollment Payments – DELETED

Requires dual enrollment payments to be distributed as provided under the Postsecondary Enrollment Options Act, 1996 PA 160, and the Career and Technical Preparation Act, 2000 PA 258, as determined by the department. (Dual Enrollment Payments program was transferred to MiLEAP.)

Sec. 947. Financial Independence Teams – DELETED

Expresses legislative intent that financial independence teams cooperate with the Financial Responsibility Section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts. (Governor deemed this section unenforceable in FY 2023-24.)

Sec. 949n. Fostering Futures Scholarship – NEW

Authorizes Treasury to issue payments in compliance with the Fostering Futures Scholarship Trust Fund Act.

Major Boilerplate Changes from FY 2023-24

CASINO GAMING

Sec. 971. Compulsive Gaming Prevention and First Responder Presumed Coverage Fund Allocations – REVISED
Allocates \$2.0 million of annual assessment revenue collected by MGCB, \$500,000 of Internet Sports Betting Fund revenue, and \$500,000 of Internet Gaming Fund revenue to the Compulsive Gaming Prevention Fund; allocates \$2.0 million of Internet Sports Betting Fund revenue and \$2.0 million of Internet Gaming Fund revenue to the First Responder Presumed Coverage Fund. Executive revises \$500,000 of Internet Sports Betting Fund revenue and \$500,000 of Internet Gaming Fund revenue to the Compulsive Gaming Prevention Fund to \$1.0 million and \$3.0 million, respectively.

Sec. 973. Local Revenue Sharing Boards – REVISED

Authorizes funds for local government programs to assist local revenue sharing boards; requires boards to comply with Open Meetings and Freedom of Information acts; authorizes county treasurers to receive and administer revenue on behalf of boards; authorizes directors of State Police and MGCB to help local boards allocate funds to local public safety organizations; requires local revenue sharing boards to comply with all applicable provisions of any agreement authorized by the Indian Gaming Regulatory Act, Public Law 100-497; requires MGCB to report on revenue receipt and distribution. Executive revises to delete reporting requirement.

Sec. 978. Racing Commission Regulatory Changes – REVISED

Requires MGCB to determine actual regulatory costs of conducting race dates; limits reimbursement to MGCB to actual expenses; requires funds received in excess of actual expenses to remain in the Equine Development Fund to be used to fund subsequent race dates; specifies that in the case of reduced revenues, race dates can be reduced, after notifying certified horsemen's organizations and providing an opportunity for those organizations to respond with alternatives; requires report. (*Governor deemed this section unenforceable in FY 2023-24.*) Executive revises to delete requirement that funds received in excess of actual expenses are to remain in the Equine Development Fund and that in the case of reduced revenues, race dates can be reduced, after notifying certified horsemen's organizations.

Sec. 979. Millionaire Party Regulation – REVISED

Authorizes receipt and expenditure of Internet Gaming Fund revenue in an amount not to exceed the amount appropriated to MGCB to support regulation and licensing of millionaire parties; requires a report. Executive revises to delete reporting requirement.

ONE-TIME APPROPRIATIONS

Sec. 990. Local Unit Municipal Retirement Pension and Health Care Benefit Premium Payment Grants – DELETED

Requires Treasury to establish and operate a grant program that provides relief to local governments with the greatest burden from qualified pension and retirement health benefit systems; requires Treasury to consult with relevant stakeholders to develop a method of distribution and program requirements.

Sec. 991. High-Crime Community Support – DELETED

Requires funding to be used for grants to county prosecutors in 6 specific communities to address caseload backlogs; requires reports from county prosecutors receiving grants.

Sec. 993. Beverage Container Distributor Grants – DELETED

Requires funding to be used for grants to licensed distributors for costs associated with the beverage container deposit program; requires grants to equal 1/2 of 1 cent per returnable container for beer, ale, other malt drinks, mixed wine drinks, or mixed spirit drinks.

Sec. 1200. MI Vehicle Rebate Program – NEW

Requires appropriation to be used to provide rebate vouchers to participating auto dealers on new vehicle purchases for eligible individuals at point-of-sale; specifies rebate guidelines by category; requires a report on the number of rebates issued for each category; requires Treasury to develop guidelines and definitions for implementation of the program.

Sec. 1201. Secure Retirement for Small Businesses – NEW

Requires appropriation to be used to create a state-managed retirement plan marketplace that small businesses with fewer than 100 employees may voluntarily enroll in as a means to provide retirement plan options to their employees; authorizes Treasury to receive and expend private funds for development and operation of the marketplace; requires a report on the number of participating employers, employees, and financial services firms; requires Treasury to develop guidelines and definitions for implementation of the program.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. *Special Election Costs*

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

| | |
|--------------|------------------|
| Gross | \$750,000 |
| GF/GP | \$750,000 |

2. *Lottery Operations*

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

| | |
|--------------|------------------|
| Gross | \$540,800 |
| Restricted | 540,800 |
| GF/GP | \$0 |

3. *Employee Lump Sum Payments*

Includes \$1.2 million Gross (\$641,200 GF/GP) to cover costs of one-time lump sum payments for eligible state employees. Of that amount, \$641,200 would support payments for Treasury employees and \$569,200 would support payments for Bureau of State Lottery employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

| | |
|--------------|--------------------|
| Gross | \$1,210,400 |
| Restricted | 569,200 |
| GF/GP | \$641,200 |

**Summary: Executive Budget Recommendation
for Fiscal Year 2024-25
HEALTH AND HUMAN SERVICES**

Analysts: Sydney Brown, Kent Dell, and Kevin Koorstra

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

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

Overview

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

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|--|
| MEDICAID – GENERAL | | |
| 1. Traditional Medicaid Cost Adjustments | Gross \$18,219,346,600 | \$360,221,100 |
| Includes an increase of \$360.2 million Gross (\$174.6 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments, and traditional FMAP cost-sharing adjustments from FMAP increasing from 64.94% to 65.13%, less 1 quarter of 1.5% enhanced FMAP provided under the federal Consolidated Appropriations Act, 2023, for medical and behavioral health services in the traditional Medicaid program. | Federal 11,973,142,000 | 115,081,800 |
| | Local 45,460,600 | (3,689,200) |
| | Private 10,547,100 | (1,178,800) |
| | Restricted 2,418,234,100 | 75,359,200 |
| | GF/GP \$3,771,962,800 | \$174,648,100 |
| 2. Healthy Michigan Plan Cost Adjustments | Gross \$5,915,913,200 | (\$69,234,600) |
| Includes a reduction of \$69.2 million Gross (\$6.0 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). | Federal 5,311,479,200 | (61,520,200) |
| | Local 1,714,800 | 36,100 |
| | Private 168,800 | 915,400 |
| | Restricted 487,171,700 | (2,616,400) |
| | GF/GP \$115,378,700 | (\$6,049,500) |
| 3. Actuarial Soundness | Gross NA | \$496,691,300 |
| Includes \$496.7 million Gross (\$134.5 million GF/GP) to support an estimated 3.0% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), 3.5% for Medicaid Health plans, 5.6% for Program of All-includes Care for the Elderly (PACE), 4.0% for home- and community-based services, 1.0% for Integrated Care Organizations (MI Health Link), and 2.5% for Healthy Kids Dental. | Federal NA | 362,212,000 |
| | GF/GP NA | \$134,479,300 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

4. Federal Managed Care Rule – Hospital Rate Adjustment

Includes an increase of \$2,320.9 million Gross (reduction of \$167.1 million GF/GP) from increased Hospital Quality Assurance Assessment Program (QAAP)-funded Hospital Rate Adjustments (HRA) payments that are able to be increased under recent federal rule changes. The corresponding GF/GP adjustments are associated with a statutory state retainer that is tied to the federal share of these QAAP-funded hospital payments.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|--|--|
| Gross | \$2,309,438,000 | \$2,320,864,500 |
| Federal | 1,723,448,100 | 1,720,074,600 |
| Restricted | 878,132,900 | 767,857,900 |
| GF/GP | (\$292,143,000) | (\$167,068,000) |

5. Federal Managed Care Rule – DSH Payment Adjustments

Includes a net reduction of \$230.0 million Gross (net increase of \$70.2 million GF/GP) based on the removal of Disproportionate Share Hospital (DSH) payments that hospitals would no longer be eligible for as a result of the HRA increase. Changes include:

- Eliminating Hospital QAAP-funded Outpatient DSH (\$185.0 million Gross (\$21.0 million GF/GP cost)).
- Removing Certified Public Expenditure DSH GF/GP savings (\$61.5 million GF/GP).
- Eliminating Regular DSH (\$45.0 million Gross (\$11.2 million GF/GP)) and using \$4.6 million restricted Health and Safety Fund repurposed to offset GF/GP.
- Changing University DSH (\$3.5 million) to 100% GF/GP grant.

| | | |
|--------------|----------------------|------------------------|
| Gross | \$233,500,000 | (\$230,000,000) |
| Federal | 213,100,000 | (213,100,000) |
| Restricted | 91,703,600 | (87,078,600) |
| GF/GP | (\$71,303,600) | \$70,178,600 |

6. Medicare Buy-In Compliance Adjustments

Includes a net reduction of \$25.7 million Gross (increase of \$8.8 million GF/GP) to increase \$27.3 million GF/GP associated with state costs to cover Medicare Part B premiums for individuals eligible for both Medicare and Medicaid (dually-eligibles) and reduce \$53.0 million Gross (\$18.5 million GF/GP) based on assumed Medicaid savings from additional individuals being covered under Medicare Part B.

| | | |
|--------------|-----------|-----------------------|
| Gross | NA | (\$25,709,700) |
| Federal | NA | (34,522,400) |
| GF/GP | NA | \$8,812,700 |

DEPARTMENT ADMINISTRATION / INFORMATION TECHNOLOGY

7. Office of the Inspector General - Fraud Framework Grant

Includes \$750,000 in additional federal authorization to realize a grant awarded to the DHHS Office of Inspector General (OIG) to improve recipient fraud prevention for Supplemental Nutrition Assistance Program (SNAP) benefits.

| | | |
|--------------|---------------------|------------------|
| FTE | 197.0 | 0.0 |
| Gross | \$25,869,800 | \$750,000 |
| IDG/IDT | 198,200 | 0 |
| Federal | 13,851,000 | 750,000 |
| GF/GP | \$11,820,600 | \$0 |

8. Economic Adjustments

Reflects increased costs of \$57.8 million Gross (\$39.1 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.

| | | |
|--------------|-----------|---------------------|
| Gross | NA | \$57,791,200 |
| IDG/IDT | NA | 31,000 |
| Federal | NA | 17,663,600 |
| Local | NA | 309,700 |
| Private | NA | 329,700 |
| Restricted | NA | 359,900 |
| GF/GP | NA | \$39,097,300 |

COMMUNITY SERVICES AND OUTREACH

9. TANF Housing Assistance

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

| | | |
|--------------|-----------|--------------------|
| Gross | NA | \$3,500,000 |
| TANF | NA | 3,500,000 |
| GF/GP | NA | \$0 |

10. Statewide Emergency Shelter Support (One-Time)

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

| | | |
|--------------|-----------|--------------------|
| Gross | NA | \$7,250,000 |
| GF/GP | NA | \$7,250,000 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 11. Weatherization Assistance-IIJA (One-Time) | | |
| Includes \$5.0 million GF/GP to draw down the federal Infrastructure, Investment, and Jobs Act (IIJA) grant matching funds for weatherization assistance. The 5-year annual IIJA grant amount is \$41.8 million. | Gross \$40,000,000 | \$5,000,000 |
| | Federal 40,000,000 | 0 |
| | GF/GP \$0 | \$5,000,000 |
| CHILDREN'S SERVICES AGENCY – CHILD WELFARE | | |
| 12. Child Welfare Caseload Adjustments | | |
| Reduces funding for child welfare programs by \$2.1 million Gross (increases \$16.2 million GF/GP) as follows: | Gross \$791,319,100 | (\$2,137,300) |
| <ul style="list-style-type: none"> • Adoption Subsidies is reduced by \$16.6 million Gross (\$4.4 million GF/GP). • Child Care Fund is increased by \$2.0 million Gross (\$10.2 million GF/GP). • Foster Care Payments is increased by \$13.5 million Gross (\$11.5 million GF/GP). • Guardianship Assistance Program is reduced by \$1.0 million Gross (\$681,600 GF/GP). | TANF 72,896,400 | (2,646,800) |
| | Federal 210,841,500 | (12,193,600) |
| | Local 33,295,400 | (5,106,100) |
| | Private 1,500,000 | 3,300 |
| | Restricted 2,000,000 | 1,615,800 |
| | GF/GP \$470,785,800 | \$16,190,100 |
| Amount includes \$291,900 GF/GP increase from changes in the FY 2024-25 FMAP up to 65.13% and a backout of the final quarter of pandemic-related E-FMAP. | | |
| 13. Child Caring Institution Rate Restructure | | |
| Includes \$38.0 million Gross (\$30.3 million GF/GP) to restructure contracts to private residential child placing agencies to provide upfront funding based on available beds rather than a per child per day payment. Amount includes \$464,600 Gross (\$343,100 GF/GP) to fund additional 6.0 FTE positions provided within the Department Administration and Management unit to administer the rate restructure. | FTE NA | 6.0 |
| | Gross NA | \$37,964,600 |
| | Federal NA | 121,500 |
| | Local NA | 7,500,000 |
| | GF/GP NA | \$30,343,100 |
| 14. Raise the Age Fund Elimination | | |
| Reduces funding by \$13.2 million GF/GP through the elimination of the Raise the Age Fund. | Gross \$13,150,000 | (\$13,150,000) |
| | GF/GP \$13,150,000 | (\$13,150,000) |
| 15. Raise the Age Reimbursement Rate Reduction | | |
| Reduces funding by \$9.0 million GF/GP through the lowering of the state reimbursement rate to counties for 17-year-old juvenile offenders from 100% to 50% resulting from the statutory change implemented in PA 297 of 2023. | Gross NA | (\$9,000,000) |
| | GF/GP NA | (\$9,000,000) |
| 16. Juvenile Justice Investments | | |
| Includes \$11.9 million Gross (\$10.7 million GF/GP) and authorizes an additional 21.0 FTE positions to implement recommendations from the Governor's Task Force on Juvenile Justice Reform. Funding will be used in part to support staffing at the two state residential facilities, Bay Pines and Shawono Center. Amount also includes \$5.0 million GF/GP on a one-time basis for capital improvements at the two state residential facilities. | FTE NA | 21.0 |
| | Gross NA | \$11,912,300 |
| | Local NA | 1,180,500 |
| | GF/GP NA | \$10,731,800 |
| 17. Title IV-E Payments to Unlicensed Relatives | | |
| Includes \$10.0 million GF/GP savings due to a recent federal rule change that allows federal Title IV-E funds to now be used to provide payments to unlicensed relatives. Previously, the state only received IV-E reimbursement for placements with licensed caregivers. Payments to unlicensed relatives were exclusively funded by GF/GP. | Gross NA | \$0 |
| | Federal NA | 10,000,000 |
| | GF/GP NA | (\$10,000,000) |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 18. Modified Implementation, Sustainability, and Exit Plan (MISEP) Strategy and Improvements | Gross NA | \$10,000,000 |
| | GF/GP NA | \$10,000,000 |

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

PUBLIC ASSISTANCE / LOCAL OFFICE OPERATIONS

| | | |
|--|------------------------------|--------------------------|
| 19. Public Assistance Caseloads | Gross \$5,402,294,900 | (\$1,253,334,800) |
| Includes a net reduction of \$1,253.3 million Gross (increase of \$2.3 million GF/GP) for current year and FY 2024-25 caseload adjustments for the Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI). The reduction primarily results from a decrease in FAP caseloads. Caseload changes include: | TANF 60,988,000 | (1,103,500) |
| | Federal 5,268,764,400 | (1,255,104,400) |
| | Restricted 14,659,600 | 528,900 |
| | GF/GP \$57,882,900 | \$2,344,200 |
| <ul style="list-style-type: none"> • FIP – reduction of \$1.1 million Gross (\$47,700 GF/GP). • FAP – reduction of \$1.255 million federal. • SDA – increase of \$2.6 million Gross (\$2.0 million GF/GP). • SSI – increase of \$279,600 GF/GP. | | |

| | | |
|--|-----------------|----------------------|
| 20. Assistance Programs – Increase TANF Support | Gross NA | \$100,000,000 |
| Includes \$100.0 million Temporary Assistance for Needy Families (TANF) block grant revenues to support a new program and supplement various other public assistance programs. These increases include: | TANF NA | 100,000,000 |
| | GF/GP NA | \$0 |
| <ul style="list-style-type: none"> • \$36.0 million to increase the FIP payment standard by 35% and increase the state lifetime FIP limit from 48 months to 60 months in accordance with federal statute (PRWORA). • \$30.0 million to increase the pool for local office emergency relief grants. • \$24.0 million to create an ongoing Prenatal and Infant Support program. • \$10.0 million to increase the Family Independence Program – Young Child Supplement per child, per case monthly supplementary amount to \$150. | | |

| | | |
|--|---------------------------|---------------------|
| 21. Michigan Energy Assistance Program (MEAP) | Gross \$50,000,000 | \$15,000,000 |
| Includes \$15.0 million GF/GP to increase the pool for State Emergency Relief (SER) energy assistance grants to low-income residents by approximately 30%. MEAP is primarily funded through the Low-Income Energy Assistance Fund (LIEAF), which is supported by a per-customer utility surcharge. | Restricted 50,000,000 | 0 |
| | GF/GP \$0 | \$15,000,000 |

| | | |
|---|------------------|--------------------|
| 22. Employment and Training Support (One-Time) | Gross \$0 | \$5,000,000 |
| Includes \$5.0 million GF/GP on a one-time basis to increase the grant pool for employment support services, such as vehicle repair/purchases, transportation assistance, work clothing, and tools. | GF/GP \$0 | \$5,000,000 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|---|--|--|
| BEHAVIORAL HEALTH | | |
| 23. Certified Community Behavioral Health Clinics | FTE | NA |
| Includes \$193.3 million Gross (a net increase of \$35.6 million GF/GP) and authorizes 12.0 FTE positions to expand Certified Community Behavioral Health Clinics (CCBHCs) into additional counties to provide services to an estimated 50,000 additional individuals. Amount assumes \$12.4 million of GF/GP savings from current Medicaid mental health programming that would be provided through CCBHCs and would be eligible for enhanced FMAP reimbursements of 75.59% rather than 65.13%. Amount also includes \$1.8 million Gross (\$1.0 million GF/GP) for DHHS administration and actuarial costs. Sec. 1002 is related, new boilerplate. | Gross | 12.0 |
| | \$386,381,700 | \$193,324,000 |
| | Federal | 157,692,900 |
| | GF/GP | \$35,631,100 |
| | \$85,902,200 | |
| 24. Michigan Crisis and Access Line (MICAL) | Gross | \$8,000,000 |
| Includes \$2.3 million Gross (\$3.3 million GF/GP) to support increased costs of the 988 Suicide and Crisis Lifeline and to backfill reduction of federal grant funding. Amount would also move a \$5.0 million FY 2023-24 one-time grant into the ongoing allocation. | Federal | 0 |
| | GF/GP | \$8,000,000 |
| | | (1,036,400) |
| | | \$3,286,400 |
| 25. Behavioral Health Workforce | Gross | NA |
| Includes \$3.5 million Gross (\$500,000 GF/GP) for (1) ongoing GF/GP support to assist with examination fees and supervision costs of behavioral health professionals and (2) \$3.0 million federal State Fiscal Recovery Funds (SFRF) to support internship and scholarship opportunities for behavioral health professionals. | Federal | NA |
| | GF/GP | NA |
| | | 3,000,000 |
| | | \$500,000 |
| 26. Family Support Subsidy | Gross | \$12,654,900 |
| Adds \$3.0 million federal TANF based on estimated costs of the family support subsidy program, which provides \$300.36 per month to eligible families with a child who is severely mentally impaired, severely developmentally impaired, or autistic. | TANF | 12,654,900 |
| | GF/GP | \$0 |
| | | 3,016,000 |
| | | \$0 |
| 27. Gambling Addiction | FTE | 1.0 |
| Adds \$4.0 million Compulsive Gaming Prevention Fund and authorizes 3.0 FTE positions to provide additional gambling prevention and treatment services. | Gross | 3.0 |
| | Restricted | 5,517,400 |
| | GF/GP | \$0 |
| | | 4,000,000 |
| | | \$0 |
| 28. Waskul Settlement | Gross | NA |
| Includes \$11.5 million Gross (\$4.0 million GF/GP) for estimated costs related to Waskul v. Washtenaw County Community Mental Health and DHHS that would raise the community living support services for Habilitation Supports Waiver recipients that use self-determination up to \$31.00 per hour. | Federal | NA |
| | GF/GP | NA |
| | | 7,471,200 |
| | | \$4,000,000 |
| 29. Nursing Home PAS/ARR-OBRA | FTE | 7.0 |
| Adds \$2.0 million Gross (\$500,000 GF/GP) to the nursing home pre-admission screening and evaluation program for individuals who have a serious mental illness and are being admitted to a nursing facility. | Gross | 0.0 |
| | Federal | 10,491,700 |
| | GF/GP | \$3,478,400 |
| | | 1,500,000 |
| | | \$500,000 |
| 30. Multicultural Integration (One-Time) | Gross | \$8,600,000 |
| Continues \$8.6 million GF/GP on a one-time basis to multicultural integration agencies that provide physical and behavioral health services to multicultural populations. Program received \$8.6 million GF/GP in FY 2023-24, on a one-time basis. | GF/GP | \$8,600,000 |
| | | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 31. First Responder Mental Health Service (One-Time) | Gross | \$5,000,000 | (\$2,500,000) |
| Continues \$2.5 million GF/GP on a one-time basis for first responder mental health services to support first responders suffering from post-traumatic stress and other mental health conditions. Program received \$5.0 million GF/GP in FY 2023-24, on a one-time basis. | GF/GP | \$5,000,000 | (\$2,500,000) |
| PUBLIC HEALTH | | | |
| 32. Racial Disparity Task Force Initiatives | Gross | \$46,000,000 | (\$1,000,000) |
| Continues \$45.0 million Gross (\$20.0 million GF/GP) to support community health services targeted to assist high health disparity regions within the state, including community-based health clinics, mobile health units, and Healthy Community Zone sites. Amount includes \$25.0 million in federal State Fiscal Recovery Fund (SFRF) revenue on a one-time basis. Of the FY 2023-24 amount, \$36.0 million Gross (\$31.0 million GF/GP) was allocated on a one-time basis. | Federal | 5,000,000 | 20,000,000 |
| | GF/GP | \$41,000,000 | (\$21,000,000) |
| 33. Smoking Prevention and Cessation Increase | FTE | 15.0 | 0.0 |
| Includes \$5.0 million GF/GP to expand tobacco cessation and prevention programming across the state. | Gross | \$4,621,900 | \$5,000,000 |
| | Federal | 2,531,100 | 0 |
| | Restricted | 1,646,800 | 0 |
| | GF/GP | \$444,000 | \$5,000,000 |
| 34. Sexual Assault Victim Services | FTE | 0.5 | 0.0 |
| Includes \$2.0 million GF/GP to expand sexual assault treatment services and maintain sexual assault examiner program. Funding includes \$1.0 million GF/GP to restore one-time funding from FY 2019-20 for comprehensive sexual assault services and \$1.0 million GF/GP to backfill the sexual assault victim's prevention fund. | Gross | \$5,097,300 | \$2,000,000 |
| | TANF | 1,094,000 | 0 |
| | Federal | 978,300 | 0 |
| | Restricted | 3,000,000 | 0 |
| | GF/GP | \$25,000 | \$2,000,000 |
| 35. Family Planning and Local Agreements (One-Time) | Gross | NA | \$14,200,000 |
| Includes \$14.2 million GF/GP, in a one-time basis, to support statewide family planning services such as planning births, preventing unplanned pregnancies, and preventive health screenings. Ongoing appropriation is \$15.8 million Gross (\$7.3 million GF/GP) for FY 2023-24. | GF/GP | NA | \$14,200,000 |
| 36. Nursing Loan Repayment Program (One-Time) | Gross | \$0 | \$10,000,000 |
| Includes \$10.0 million GF/GP, on a one-time basis, to provide student loan repayment for eligible nurses employed by public and private health facilities in the state. | GF/GP | \$0 | \$10,000,000 |
| 37. Perinatal Quality Collaboratives (One-Time) | Gross | \$5,000,000 | \$0 |
| Continues \$5.0 million GF/GP for the continuation of Perinatal Quality Collaboratives one-time basis grant in order to improve maternal and infant health. | GF/GP | \$5,000,000 | \$0 |
| 38. ARP-Community Violence Prevention-Community Grant Program (One-Time) | Gross | \$5,000,000 | \$0 |
| Includes \$5.0 million in State Fiscal Recovery Fund (SFRF) revenue to continue one-time basis funding to support community providers of violence prevention programming and their efforts to reduce gun violence. | Federal | 0 | 5,000,000 |
| | GF/GP | \$5,000,000 | (\$5,000,000) |

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| Major Budget Changes from FY 2023-24 Enacted Appropriations | | | |
| 39. Firearm Injury and Violence Prevention Grant (One-Time) | Gross | \$0 | \$4,300,000 |
| Includes \$4.3 million GF/GP allocated as grants to University of Michigan for the following: | GF/GP | \$0 | \$4,300,000 |
| <ul style="list-style-type: none"> \$2.6 million GF/GP for technical training, assistance, and program evaluation associated with the implementation of statutory changes to extreme risk protection orders. \$1.0 million GF/GP for training, technical assistance, and program evaluation of strategies to reduce school violence and firearm injuries. \$750,000 GF/GP to support data collection about fatal and non-fatal firearm injuries in the state. | | | |
| 40. Firefighter Healthcare (One-Time) | Gross | NA | \$3,500,000 |
| Includes \$3.5 million GF/GP to provide health screenings for firefighters. | GF/GP | NA | \$3,500,000 |
| AGING SERVICES | | | |
| 41. Non-GF/GP Authorization Increases | Gross | \$110,029,800 | \$4,950,000 |
| Includes \$5.0 million Gross (\$0 GF/GP) to increase community services federal authorization by \$2.2 million, nutrition services by \$2.0 million, and senior care respite fund by \$800,000. | Federal | 60,137,400 | 4,150,000 |
| | Private | 300,000 | 0 |
| | Restricted | 6,068,700 | 800,000 |
| | GF/GP | \$43,523,700 | \$0 |
| HEALTH SERVICES | | | |
| 42. Medicaid Behavioral Health Provider Rate Increase | Gross | NA | \$36,149,400 |
| Includes \$36.1 million Gross (\$10.2 million GF/GP) to increase Medicaid behavioral health reimbursement rates by approximately 33% for both health plans and fee-for-service (FFS). | Federal | NA | 25,939,700 |
| | GF/GP | NA | \$10,209,700 |
| 43. Hospital Peer Support Substance Use Disorder Services | Gross | NA | \$8,333,300 |
| Includes \$8.3 million Gross (\$2.5 million GF/GP) to provide Medicaid reimbursements for services provided by hospital-based, peer-support recovery services for individuals with substance use disorders. | Federal | NA | 5,833,300 |
| | GF/GP | NA | \$2,500,000 |
| 44. Medicaid Coverage for Incarcerated Individuals | FTE | NA | 3.0 |
| Includes \$30.5 million Gross (\$5.6 million GF/GP) and authorizes 3.0 FTE positions to provide Medicaid-funded health care supports for incarcerated individuals in preparation for reentry into society. Services would be provided in the final 90 days of incarceration. A federal waiver approval is required for this Medicaid change. | Gross | NA | \$30,500,000 |
| | Federal | NA | 24,900,000 |
| | GF/GP | NA | \$5,600,000 |
| 45. Medicaid Health Plan Procurement Reforms | FTE | NA | 14.0 |
| Includes \$20.0 million Gross (\$7.6 million GF/GP) and authorizes 14.0 FTE positions to implement a new Medicaid Health Plan Procurement program including various services. These services include: | Gross | NA | \$20,008,000 |
| <ul style="list-style-type: none"> \$10.0 million Gross (\$3.5 million GF/GP) in-lieu-of-services funding to create a pool for health plans to draw from to provide food insecurity services. \$7.0 million Gross (\$2.5 million GF/GP) to increase reimbursements to providers participating in the Vaccines for Children program to \$23.03 per vaccine. \$3.0 million Gross (\$1.6 million GF/GP) for DHHS administrative costs. | Federal | NA | 12,429,000 |
| | GF/GP | NA | \$7,579,000 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 46. Medicaid Birth Expense Recovery Program Elimination | Gross | (\$13,700,000) | \$13,700,000 |
| Adds \$13.7 million Gross (\$4.8 million GF/GP) to eliminate the requirement that a father of a child born out of wedlock, and to a mother who is a Medicaid beneficiary, must pay for a portion of the birth expenses. | Federal | (8,922,800) | 8,922,800 |
| | GF/GP | (\$4,777,200) | \$4,777,200 |
| 47. Maternal Infant Health Program | FTE | NA | 1.0 |
| Includes \$3.3 million Gross (\$918,700 GF/GP) to increase reimbursement rates for providers participating in the Maternal Infant Health Program. | Gross | NA | \$3,335,000 |
| | Federal | NA | 2,416,300 |
| | GF/GP | NA | \$918,700 |
| 48. Medicaid Doula Care | Gross | NA | \$4,861,700 |
| Includes \$4.9 million Gross (\$2.0 million GF/GP), of which \$2.9 million Gross (\$1.5 million GF/GP) are one-time basis and authorizes 1.0 FTE position to increase Medicaid reimbursement rates for doula services, increase access to doula care, and provide educational and training services to doulas. | Federal | NA | 2,861,700 |
| | GF/GP | NA | \$2,000,000 |
| 49. MICHild Premiums | Gross | \$2,600,000 | (\$800,000) |
| Includes \$1.8 million GF/GP to eliminate the \$10 monthly MICHild premium for MICHild beneficiaries under the age of 19. A gross reduction of \$800,000 results from associated reduction of restricted authorization for premium revenue. | Restricted | 2,600,000 | (2,600,000) |
| | GF/GP | \$0 | \$1,800,000 |
| 50. Long-Term Care Direct Care Wages | Gross | NA | \$14,000,000 |
| Includes \$14.0 million Gross (\$49.0 million GF/GP) from the federal reimbursement rate reduction related to long-term care direct care worker wages (\$35.0 million GF/GP) and increases non-direct care worker wages by \$0.85 per hour (\$14.0 million GF/GP). | Federal | NA | (35,028,100) |
| | GF/GP | NA | \$49,028,100 |
| 51. MI Choice Structured Family Caregiving | Gross | \$464,832,100 | \$5,000,000 |
| Includes \$5.0 million Gross (\$1.7 million GF/GP) for training supports and stipends for live-in family members that provide caregiving supports to Home and Community-Based Services waiver beneficiaries. | Federal | 303,112,700 | 3,256,500 |
| | Private | 500,000 | 0 |
| | GF/GP | \$161,219,400 | \$1,743,500 |
| 52. PACE Program Site Expansion | Gross | \$247,864,500 | \$3,153,300 |
| Includes \$3.2 million Gross (\$1.1 million GF/GP) to expand PACE sites in Huron Valley, Traverse City, Genesee and Wayne Counties, and the Central Michigan location. | Federal | 161,899,100 | 2,053,700 |
| | GF/GP | \$85,965,400 | \$1,099,600 |
| 53. Office of Inspector General Double Billing Savings | FTE | NA | 14.0 |
| Recognizes a net savings of \$17.1 million Gross (\$3.5 million GF/GP) related to OIG actions to reduce Medicaid double-billings. Amount includes \$1.8 million Gross (\$900,000 GF/GP) and authorizes 14.0 FTE positions to expand OIG Medicaid program oversight capacity. | Gross | NA | (\$17,094,600) |
| | Federal | NA | (13,594,600) |
| | GF/GP | NA | (\$3,500,000) |
| 54. One-Time Health Services Funding | Gross | \$5,450,000 | (\$1,700,000) |
| Reduces a net \$1.7 million Gross (a net increase of \$5.8 million GF/GP) to provide continued funding to existing one-time projects and implement new one-time supports in addition to the ones discussed above. These additional appropriations include: | Federal | 2,500,000 | (2,500,000) |
| • \$2.5 million GF/GP for CenteringPregnancy group-based maternal and infant health services (\$5.0 million Gross (\$2.5 million GF/GP) in FY 2023-24). | GF/GP | \$2,950,000 | \$800,000 |
| • \$1.0 million GF/GP for Home Health Care Authority. | | | |
| • \$250,000 GF/GP for Medicaid Outreach through the Michigan chapter of the National Kidney Foundation (\$450,000 in FY 2023-24). | | | |

| | | |
|--|--|--|
| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|--|

Major Budget Changes from FY 2023-24 Enacted Appropriations

55. Medicaid Restricted Fund Adjustments

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

| | | | |
|--|--------------|-----------|----------------|
| | Gross | NA | \$0 |
| | Restricted | NA | 18,000,000 |
| | GF/GP | NA | (\$18,000,000) |

ONE-TIME APPROPRIATIONS

56. Removal of FY 2023-24 One-Time Appropriations

Removes \$347.4 million Gross (\$317.5 million GF/GP) of one-time funding for 81 items that was included in the FY 2023-24 budget. Any funding retained into FY 2024-25 is noted elsewhere.

| | | | |
|--|--------------|----------------------|------------------------|
| | FTE | 6.0 | (6.0) |
| | Gross | \$347,413,400 | (\$347,413,400) |
| | TANF | 16,500,000 | (16,500,000) |
| | Federal | 13,463,400 | (13,463,400) |
| | GF/GP | \$317,450,000 | (\$317,450,000) |

Major Boilerplate Changes from FY 2023-24

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language, including legislative reporting requirements, included in the FY 2023-24 budget. The list below includes major changes to boilerplate and is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$20 million, state restricted authorization by up to \$20 million, local authorization by up to \$5 million, and private authorization by up to \$12 million; prohibits increasing TANF authorization through the legislative contingency transfer process. Revises to \$200.0 million federal, \$50.0 million state restricted, \$30.0 million local, and \$45.0 million private.

Sec. 239. Medicaid Reimbursement for Telemedicine – DELETED

Requires DHHS to reimburse Medicaid telemedicine services the same as if the services involved face-to-face contact between the provider and patient; this applies to the non-facility component of the reimbursement rate.

Sec. 250. Single Recipient Grants – DELETED

Requires that for any grant program or project funded in part 1 intended for a single recipient organization or local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless it can fully validate, through information detailed in this section and outline departmental process for review and execution of grants outlined.

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, unless the communication is prohibited by law and disciplinary action is lawful. (*Governor's signing letter states section is unenforceable*).

Sec. 296. Employee Legal Costs Related to Flint Water System – DELETED

Requires that DHHS, as permissible under the Governmental Immunity Act, be responsible for legal costs of private attorneys defending current and former DHHS employees in a legal action or investigation related to the City of Flint or other community in which a declaration of emergency was issued because of drinking water contamination.

Sec. 298. Federal Funds Receive and Expend Authority – NEW

Permits DHHS to receive and expend federal funds for the purpose for which they were received in excess of part 1 appropriations; requires DHHS to notify the legislature 10 days after receiving authorization approval from the state budget office; and limits total authority to exceed 1% of part 1 appropriations (or approximately \$350 million).

Major Boilerplate Changes from FY 2023-24***Sec. 299. Gift, Bequests, Donations, Contributions, or Grant Receive and Expend Authority – NEW***

Permits DHHS to accept monetary and nonmonetary gifts, bequests, donations, contributions, or grants from any private or public source to support a departmental function or program; requires those funds to be expended in a manner designated, if specified; requires any unexpended or unencumbered funds to not lapse into the general fund; permits any private revenues that exceed part 1 appropriations to be available for expenditure; and requires DHHS to notify the legislature 10 days after receiving authorization approval from the state budget office.

DEPARTMENT ADMINISTRATION AND SUPPORT***Sec. 301. 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.

COMMUNITY SERVICES AND OUTREACH***Sec. 457. TANF Housing Assistance – NEW***

Allocates \$3.5 million TANF to support case management for families involved in the child welfare system.

Sec. 466. Runaway and Homeless Youth Grants – DELETED

Allocates \$5.3 million to support program expansion; distributes \$3.2 million to 18 counties that are currently unserved by a runaway and homeless youth program, \$1.1 million to 19 counties for infrastructure expansion, \$1.1 million to 19 counties to upgrade technology and facilities.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE / JUVENILE JUSTICE***Sec. 503. Child Welfare Performance-Based Funding – DELETED***

Requires DHHS to continue partnership with the West Michigan Partnership for Children (WMPC) and continue to review and update contracted rates; requires report.

Sec. 504. West Michigan Partnership for Children Consortium – REVISED

Replaces current year language with new language requiring DHHS to complete an examination of the effectiveness of the performance-based funding model that was piloted in Kent County.

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

Requires DHHS to allocate \$1.5 million to fund a competent kinship placement, support, and licensing program to increase kinship licensure rate and reduce the average length of stay for children in foster care; DHHS shall reallocate any savings or revenue. Note: the three-year pilot program is set to end in FY 2023-24.

Sec. 595. Modified Implementation, Sustainability, and Exit Plan (MISEP) Strategy and Improvements – NEW

Requires the department to identify necessary investments in new programs and supports for children in care as a means of improving the child welfare system in the state in order to exit the Children's Rights Settlement Agreement; requires report.

Sec. 599. Residential Rates Based on Consumer Price Index – NEW

Requires DHHS to annually adjust rates paid to contracted child caring institutions based on cumulative percentage changes in the most recent one-year period of the consumer price index.

Sec. 715. Raise the Age – DELETED

Requires counties and tribal entities to submit an approved raise the age fund budget plan to DHHS by March 1; if total funding requested by tribal entities are less than \$500,000, DHHS may reallocate funds to meet requests of counties; requires DHHS to reimburse counties and tribal entities a minimum of \$10,000; requires counties and tribal entities to submit amendments to the raise the age fund budget plan by deadlines established by DHHS; requires counties and tribal entities to submit payable estimates for raise the age funds to DHHS.

PUBLIC ASSISTANCE***Sec. 603. Public Assistance Benefits Notification – DELETED***

Requires the department to provide timely notification to public assistance program beneficiaries if there will be a decrease in their benefits.

Sec. 689. Prenatal and Infant Support Program – NEW

Allocates funding to provide grant-support to programs that assist families with young children alleviate symptoms of poverty; requires coordination with local health care providers and non-profit organizations; and requires compliance with federal TANF guidelines.

Major Boilerplate Changes from FY 2023-24

BEHAVIORAL HEALTH

Sec. 907. Community Substance Use Disorder Prevention, Education, and Treatment – REVISED

Requires that appropriations for community substance use disorder prevention, education, and treatment be expended to coordinate care and services provided to individuals with severe and persistent mental illness and substance use disorder diagnoses; requires DHHS to approve the managing entity fee schedules for providing substance use disorder services and charge participants in accordance with their ability to pay; requires the managing entity to continue current efforts to collaborate on the delivery of services to those clients with mental illness and substance use disorder diagnoses with the goal of providing services in an administratively efficient manner. Revises by deleting requirement that DHHS approve managing entity fee schedules.

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. 917. Michigan Opioid Healing and Recovery Fund and Report – REVISED

Allocates \$23.2 million from the Michigan Opioid Healing and Recovery Fund, MCL 12.253, to supplement other opioid-related programs and services and requires a semiannual report. Revises by requiring DHHS to provide a portion of the funds to create incentive pool to local recipients for goals and recommendations of the Opioid Advisory Commission.

Sec. 924. Autism Services Fee Schedule – DELETED

Requires DHHS to maintain a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule, also sets behavioral technician fee schedule at not less than \$53.20 per hour and not more than \$58.20 per hour.

Sec. 960. Autism Services Provision and 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 requires 3-year reevaluations, unless a clinician recommended an earlier reevaluation, and require maintenance of statewide provider trainings, limits practitioners who can perform a diagnostic evaluation and requires evaluations performed by a master's level practitioner to be reviewed by a second practitioner, provide fidelity reviews and secondary approvals, and prohibit specific providers from providing both evaluation and treatment; requires a report.

Sec. 965. Methadone Medication Assisted Treatment – DELETED

Requires DHHS to reimburse methadone administration, bundled rate H0020, to at least \$19.00.

Sec. 1002. Certified Community Behavioral Health Clinic (CCBHC) Demonstration Criteria – NEW

Establishes criteria organizations need to meet to be part of the CCBHC expansion including: be a CMHSP or other eligible organization as outlined in federal law, be able to achieve CCBHC certification by September 1, 2024, and have implemented evidence-based practices by July 1, 2024 including Air Traffic Control Crisis Model with MICAL, assertive community treatment, cognitive behavioral therapy, trauma-focused cognitive behavioral therapy, medication assisted treatment, and motivational interviewing.

PUBLIC HEALTH

Sec. 1157. Child Advocacy Centers – Supplemental Grants – REVISED

Requires \$2.0 million funding for child advocacy centers be allocated as supplemental grants for operations and to increase services to victims and their families. Revises by removing requirement that each child advocacy center is allocated funding proportionally based on number of children served.

Sec. 1159. Community Health Access and Outcome Disparity Programming – REVISED

Allocates funding for the creation and operation of community-based health clinics to provide preventative health services and healthy community zones to address access to healthy food, affordable housing, and safety networks; requires report. Revises by adding the operation of mobile health units to list of eligible expenditures.

Sec. 1162. Trauma Recovery Pilot Programs – DELETED

Allocates \$4 million for a 3-year trauma recovery pilot program to increase access to adult level I Michigan designated trauma centers; defines program requirements; allows DHHS to award funding to an adult level I trauma center that does not currently meet guidelines for implementing and operating trauma centers but demonstrates the ability to comply in the future; defines specific allocation amounts; designates unexpended funds as work project appropriation.

Major Boilerplate Changes from FY 2023-24***Sec. 1301. Pregnancy Planning, Prenatal, and Maternal and Child Health Programs Report – DELETED***

Requires DHHS to report by April 1 on funding allocations, breakdown of expenditures by urban and rural, and previous fiscal year service and expenditure data by population groups for the local maternal and child health, prenatal care, family planning, and pregnancy prevention programs. DHHS shall ensure that needs of rural communities are considered in distribution of funds for these programs. Defines "rural" as having a population of 30,000 or less.

Sec. 1312. Prenatal Care and Premature Birth Avoidance Grant Allocation – REVISED

Allocates \$1.0 million as competitive grants after fulfilling DHHS contract obligations with Strong Beginnings, a federal Healthy Start program in Kent County, for the purpose of support to underserved populations for prenatal care and premature birth avoidance; requires report. Revises by removing requirement that DHHS fulfill contract obligations with Strong Beginnings; eliminates report requirement.

Sec. 1325. Local Perinatal Quality Collaboratives – REVISED

Allocates \$5 million to support grants to local collaboratives to enhance ability to coordinate and improve maternal and infant health outcomes; requires local collaboratives to provide screening and treatment for substance use disorder. Revises by removing requirement that local collaboratives must provide screening and treatment for substance use disorder in order to receive funding.

HEALTH SERVICES***Sec. 1616. Community Health Workers – DELETED***

Requires DHHS to seek federal authority to enroll and recognized Community Health Workers as Medicaid providers; seek federal matching funds for services; requires any expansion be geographically broad-based, evidence-based, and commensurate with applicable training; details the extent of the authority request; and requires a report.

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-Payments – REVISED

Establishes the pharmacy dispensing fees based on the medication's standing on the DHHS preferred drug list; requires prescription co-payments for Medicaid recipients not enrolled in the Healthy Michigan Plan or with an income less than 100% of the federal poverty level of \$1 for generic drugs and \$3 for brand-name drugs; requires prescription co-payments for Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level of \$4 for generic drugs and \$8 for brand-name drugs. Revises to remove higher co-payments Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level.

Sec. 1625. Medicaid Managed Care Pharmacy Benefits Managers – DELETED

Prohibits DHHS from entering into any contracts with a Medicaid managed care organization that relies on a pharmacy benefits manager that does not: (1) utilize a pharmacy reimbursement methodology of the National Average Drug Acquisition Cost plus a professional dispensing fee comparable to the Medicaid fee-for-service dispensing fees for pharmacies with not more than 7 retail outlets (and lists reimbursements when an ingredient does not have a National Average Drug Acquisition Cost listed); (2) reimburse for valid claims at the rate in effect at the time of original claim; (3) agree to transparent "pass-through" pricing, (4) agree to not create new fees or increase fees above inflation, and (5) agree to not terminate existing contracts for the sole reason of the additional professional dispensing fee.

Sec. 1631. Medical Services Co-Payments – REVISED

Requires co-payments on dental, podiatric, and vision services; requires copayments for Medicaid recipients not enrolled in the Healthy Michigan Plan or with an income less than 100% of the federal poverty level of \$2 for a physician office visit, \$6 for a hospital emergency room visit, \$50 for the first day of an in-patient hospital stay, and \$2 for an out-patient hospital visit; requires co-payments for Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level of \$4 for a physician office visit, \$8 for a hospital emergency room visit, \$100 for the first day of an in-patient hospital stay, and \$4 for an out-patient hospital visit. Revises to remove higher co-payments Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level and includes a \$1.00 price for generic drugs.

Sec. 1645. Long-Term Care Non-Clinical Staff Wages – NEW

Provides for a \$0.85 per hour wage increase for non-clinical staff members occupied in long-term care facilities and includes a list of eligible non-clinical staff.

Sec. 1673. MI Child Premiums – DELETED

Allows DHHS to establish premiums of \$10 per month for eligible individuals in families with income at or below of 212% of poverty level.

Sec. 1699. Disproportionate Share Hospital and Graduate Medical Education Payments – DELETED

Authorizes separate payments of \$45.0 million for hospitals serving a disproportionate share of indigent patients and hospitals providing GME training programs; requires distribution to be based on methodology used in FY 2003-04.

Major Boilerplate Changes from FY 2023-24

Sec. 1786. Vaccine Reimbursements – REVISED

Requires DHHS to maintain the Medicaid reimbursement increase for injectable and oral vaccines and provides intent. Revises to increase reimbursements to \$23.03.

Sec. 1832. HRA Receive and Expend – DELETED

Authorizes the department to expend funds without prior-appropriation for specific, federally-required program changes to CHIP detailed in 2023 42 CFR.

INFORMATION TECHNOLOGY

Sec. 1910. Information Technology Agile Software Development – REVISED

Specifies appropriations for each of the main DHHS information technology systems. Revises to update appropriation totals for FY 2024-25 Executive Recommendation.

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

| | | |
|---|--------------|------------------------|
| 1. Traditional Medicaid Cost Adjustments | Gross | \$308,413,300 |
| Includes an increase of \$308.4 million Gross (\$122.6 million GF/GP) for traditional Medicaid caseload, cost, utilization, and financing adjustments. Over half of the GF/GP cost is from revised cost estimates of the federal Medicare pharmaceutical program. | Federal | 134,692,000 |
| | Local | (3,192,900) |
| | Private | (1,186,700) |
| | Restricted | 55,490,900 |
| | GF/GP | \$122,610,000 |
| 2. Healthy Michigan Plan (HMP) Cost Adjustments | Gross | \$109,447,500 |
| Includes an increase of \$109.4 million Gross (\$11.8 million GF/GP) for Healthy Michigan Plan caseload, cost, and utilization adjustments. | Federal | 99,293,700 |
| | Local | 36,100 |
| | Private | 915,400 |
| | Restricted | (2,616,400) |
| | GF/GP | \$11,818,700 |
| 3. Medicaid Managed Care Payments Rule Change | Gross | \$2,090,864,500 |
| Includes net increase of \$2,090.9 million Gross (net reduction of \$94.1 million GF/GP) from increased Hospital Quality Assurance Assessment Program (QAAP)-funded Hospital Rate Adjustments (HRA) payments that are able to be increased under recent federal rule changes. Net amount includes a reduction of \$230.0 million Gross (increase of \$13.3 million GF/GP) from the removal of Disproportionate Share Hospital (DSH) payments that hospitals would no longer be eligible for as a result of the HRA increase. The corresponding GF/GP adjustments are associated with a statutory state retainer that is tied to the federal share of these QAAP-funded hospital payments. | Federal | 1,512,387,500 |
| | Restricted | 672,575,900 |
| | GF/GP | (\$94,098,900) |
| 4. Medicare Buy-In Compliance Adjustments | Gross | (\$13,098,700) |
| Includes a net reduction of \$13.1 million Gross (\$4.5 million GF/GP) to increase \$154,100 GF/GP associated with state costs to cover Medicare Part B premiums for individuals eligible for both Medicare and Medicaid (dually-eligibles) and reduce \$13.3 million Gross (\$4.6 million GF/GP) based on assumed Medicaid savings from additional individuals being covered under Medicare Part B. | Federal | (8,629,100) |
| | GF/GP | (\$4,469,600) |
| 5. Medicaid Electronic Visit Verification | Gross | \$0 |
| Includes \$14.7 million GF/GP from federal financial FMAP penalties from noncompliance with electronic home visit verification implementation requirements. | Federal | (14,680,500) |
| | GF/GP | \$14,680,500 |
| 6. Child Welfare Caseload Adjustments | Gross | (\$28,549,900) |
| Decreases funding for child welfare programs by \$28.5 million Gross (\$6.7 million GF/GP) for FY 2023-24 as follows: <ul style="list-style-type: none"> • Adoption Subsidies is reduced by \$14.0 million Gross (\$3.8 million GF/GP). • Child Care Fund is increased by \$14.0 million Gross (\$4.2 million GF/GP). • Foster Care Payments is increased by \$438,700 Gross (\$2.0 million GF/GP). • Guardianship Assistance Program is reduced by \$1.0 million Gross (\$600 GF/GP). | TANF | (3,495,200) |
| | Federal | (13,132,600) |
| | Local | (6,643,100) |
| | Private | (39,200) |
| | Restricted | 1,481,000 |
| | GF/GP | (\$6,720,800) |

| Supplemental Recommendations for FY 2023-24 Appropriations | | FY 2023-24 Recommendation | |
|--|--|----------------------------------|--------------------------|
| 7. Public Assistance Caseload Adjustment | | Gross | (\$1,248,059,800) |
| Includes a net reduction of \$1,248.1 million Gross (increase of \$2.2 million GF/GP) for caseload and cost adjustments for the Family Independence Program, Food Assistance Program, State Disability Assistance, and State Supplementation. The Gross reduction is primarily from a decrease in Food Assistance Program authorization. | | TANF | (573,000) |
| | | Federal | (1,250,161,600) |
| | | Restricted | 444,800 |
| | | GF/GP | \$2,230,000 |
| 8. Family Support Subsidy | | Gross | \$2,940,400 |
| Adds \$2.9 million federal TANF based on estimated costs of the family support subsidy program, which provides \$300.36 per month to eligible families with a child who is severely mentally impaired, severely developmentally impaired, or autistic. | | TANF | 2,940,400 |
| | | GF/GP | \$0 |
| 9. Nursing Home PAS/ARR-OBRA | | Gross | \$2,000,000 |
| Adds \$2.0 million Gross (\$500,000 GF/GP) to the nursing home pre-admission screening and evaluation program for individuals who have a serious mental illness and are being admitted to a nursing facility. | | Federal | 1,500,000 |
| | | GF/GP | \$500,000 |
| 10. Dental Oral Assessment Program | | Gross | \$2,500,000 |
| Includes \$2.5 million GF/GP for anticipated costs from the statutory expansion of the dental oral assessment program for children entering kindergarten or first grade under 2023 PA 316. | | GF/GP | \$2,500,000 |
| 11. MICHild Premiums | | Gross | (\$600,000) |
| Includes \$1.4 million GF/GP to eliminate the \$10 monthly MICHild premium for beneficiaries under the age of 19. A gross reduction of \$600,000 results from associated reduction of restricted authorization for premium revenue. | | Restricted | (1,950,000) |
| | | GF/GP | \$1,350,000 |
| 12. Medicaid Restricted Fund Adjustments | | Gross | \$0 |
| Includes net-zero Gross funding adjustments (net GF/GP reduction of \$6.6 million GF/GP) to offset revenue shortfalls and surpluses within the Insurance Provider Assessment (IPA), Medicaid Benefits Trust Fund (MBFT), and Healthy Michigan Fund (HMF). | | Restricted | 6,550,000 |
| | | GF/GP | (\$6,550,000) |
| 13. Non-GF/GP Funding Adjustments | | Gross | \$37,535,400 |
| Includes \$37.5 million Gross for 13 federal and state restricted funding authorization adjustments primarily across community services, child welfare, family and maternal health, and aging services based on anticipated federal grant funding and available restricted revenue. | | Restricted | 36,735,400 |
| | | GF/GP | 800,000 |
| | | | \$0 |
| 14. Net \$0 Financing Adjustments | | FTE | 0.0 |
| Includes net \$0 financing adjustments to interdepartmental grant authorization, federal funding, and GF/GP across multiple sections and includes a net 0.0 transferring 7.0 FTEs across 3 line items. | | Gross | \$0 |
| | | IDG | 0 |
| | | TANF | 0 |
| | | Federal | 0 |
| | | GF/GP | \$0 |
| 15. Federal COVID Public Health Response Grants | | Gross | \$21,867,100 |
| Includes \$21.9 million of federal COVID response grants for epidemiology, public health infrastructure, influenza hospitalizations, emerging infections, and immunization grants. | | Restricted | 21,867,100 |
| | | GF/GP | \$0 |
| 16. Home and Community Based Supportive Housing | | Gross | \$20,000,000 |
| Includes \$20.0 million Gross (\$10.0 million GF/GP) for employment and stability services for individuals living in supportive housing or who are homeless and moving into supportive housing. | | Federal | 10,000,000 |
| | | GF/GP | \$10,000,000 |
| 17. Employee Lump Sum Payments | | Gross | \$14,648,000 |
| Includes \$14.6 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023. | | GF/GP | \$14,648,000 |
| 18. Reproductive Health Access Expansion | | Gross | \$5,000,000 |
| Includes \$5.0 million GF/GP for state costs associated with state statute, program policy, or administrative rule changes related to reproductive health access. | | GF/GP | \$5,000,000 |

Supplemental Recommendations for FY 2023-24 Appropriations

FY 2023-24
Recommendation

19. Child Support Enforcement and Navigator Pilot

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

| | |
|--------------|--------------------|
| Gross | \$8,513,900 |
| Federal | 7,813,900 |
| Private | 700,000 |
| GF/GP | \$0 |

20. Substance Use Rehabilitation Services

Includes a net \$0 reappropriation to Sacred Heart Rehabilitation Center to replace current boilerplate that allocates the funds for the purchase of a new building to instead allocate the funds for the construction, renovation, and refurbishing costs of a building.

| | |
|--------------|------------|
| Gross | \$0 |
| GF/GP | \$0 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 HIGHER EDUCATION

Analyst: Perry Zielak

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

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

Overview

The Higher Education budget, contained in Article 3 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; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. University Operations Increase

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

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

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

2. Michigan State University Extension and AgBioResearch Programs Increase

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

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

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$1,642,043,900 | \$41,251,000 |
| Restricted | 443,168,300 | 93,800,000 |
| GF/GP | \$1,198,875,600 | (\$52,549,000) |

| | | |
|--------------|---------------------|--------------------|
| Gross | \$71,743,400 | \$1,793,600 |
| GF/GP | \$71,743,400 | \$1,793,600 |

HIGHER EDUCATION

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted | |
|--|--|--|--|----------------------|
| 3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset | | Gross | \$9,100,000 | (\$600,000) |
| Decreases reimbursement funding provided to universities by \$600,000 SAF, a 6.6% decrease, due to maintaining the assumed rate of return for MPERS at 6.0%. Total funding for the MPERS Normal Cost Offset would be \$8.5 million SAF. | | Restricted | 9,100,000 | (600,000) |
| | | GF/GP | \$0 | \$0 |
| 4. Michigan Reconnect Program | | Gross | NA | \$62,000,000 |
| Transfers \$62.0 million GF/GP from the Michigan Department of Labor and Economic Opportunity (LEO) for the Michigan Reconnect Program. The program provides last-dollar scholarships primarily to individuals 25 or older (temporarily expanded to 21-24 year-olds through November 2024) with a high school diploma or equivalency certificate to complete a Pell-eligible associate degree or skills-based certificate. Total funding for the Michigan Reconnect Program would be \$62.0 million GF/GP. | | GF/GP | NA | \$62,000,000 |
| 5. Michigan Achievement Scholarship/Postsecondary Scholarship Fund Deposit | | Gross | \$300,000,000 | \$30,000,000 |
| Includes a net increase of \$30.0 million GF/GP for deposit into the Postsecondary Scholarship Fund, a 10.0% increase, which is the funding source for Michigan Achievement Scholarships. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. Includes the new Community College Guarantee, which would expand last-dollar aid and a \$1,000 needs-based stipend for community college students. After a total \$330.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2024-25 would be \$330.0 million restricted. | | GF/GP | \$300,000,000 | \$30,000,000 |
| 6. Tuition Incentive Program | | Gross | \$73,800,000 | \$20,000,000 |
| Includes a net increase of \$20.0 million Gross (\$93.8 million GF/GP) for the Tuition Incentive Program (TIP), a 27.1% Gross increase. This includes adding GF/GP to replace federal Temporary Assistance for Needy Families (TANF) funding that would instead be used to increase supports for low-income families including cash assistance rate increases, emergency relief, and child care rate increases in other budget areas. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase addresses increased student participation and increased tuition and fees. Total funding for TIP would be \$93.8 million GF/GP. | | Federal | 73,800,000 | (73,800,000) |
| | | GF/GP | \$0 | \$93,800,000 |
| 7. Tuition Grant Program | | Gross | \$42,021,500 | (\$7,095,600) |
| Includes a net decrease of \$7.1 million Gross (increase of \$34.9 million GF/GP) for the Tuition Grant Program, a 16.9% Gross decrease. This includes adding GF/GP to replace federal TANF funding that would instead be used to increase supports for low-income families including cash assistance rate increases, emergency relief, and child care rate increases in other budget areas. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. The reduction is due to the anticipated phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Tuition Grants would be \$34.9 million GF/GP. | | Federal | 30,095,600 | (30,095,600) |
| | | GF/GP | \$11,925,900 | \$23,000,000 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

8. Michigan Competitive Scholarships

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$26,861,700 | (\$6,930,800) |
| Federal | 23,930,800 | (23,930,800) |
| GF/GP | \$2,930,900 | \$17,000,000 |

9. Children of Veterans and Officer's Survivor Tuition Grant Programs

Increases funding by \$600,000 GF/GP for Children of Veterans and Officer's Survivor Tuition Grant programs, a 42.9% increase. The grants are awarded to children of deceased or permanently disabled military veterans or to surviving spouses and children of Michigan police officers and firefighters killed in the line of duty. The increases are due to increased student participation in the programs and increased tuition and fee costs. Total funding for the Children of Veterans and Officer's Survivor Tuition Grant programs would be \$2.0 million GF/GP.

| | | |
|--------------|--------------------|------------------|
| Gross | \$1,400,000 | \$600,000 |
| GF/GP | \$1,400,000 | \$600,000 |

10. Removal of FY 2023-24 One-Time Appropriations

Removes \$117.9 million Gross (\$87.9 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following:

- Infrastructure, Technology, Equipment, Maintenance, and Safety (\$79.0 million GF/GP)
- MSU Engineering and Digital Innovation Center (\$30.0 million SAF)
- Critical Incident Mapping (\$5.0 million GF/GP)
- Michigan Geological Survey (\$3.0 million SAF)
- Michigan Technological University Bachelor of Science in Nursing Program Creation (\$870,000 GF/GP)

| | | |
|--------------|----------------------|------------------------|
| Gross | \$117,870,000 | (\$117,870,000) |
| Restricted | 30,000,000 | (30,000,000) |
| GF/GP | \$87,870,000 | (\$87,870,000) |

Major Boilerplate Changes from FY 2023-24

Sec. 236h. MPERS One-Time Payment Detail – DELETED

Deletes language that details the \$200.0 million one-time payment for MPERS unfunded actuarial accrued liability contributions to the system for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) and states payments will be distributed no later than September 30, 2023.

Sec. 236j. Postsecondary Scholarship Fund Detail – REVISED

Creates the Postsecondary Scholarship Fund in the Department of Treasury. States money in the fund would require an appropriation to be expended; provides that money in the fund at the end of a fiscal year does not lapse. Revises language to include \$330.0 million deposit into the fund for FY 2024-25 and deletes legislative intent language to increase annual deposits into the fund by \$50.0 million each year.

Sec. 236k. Fiscal Year Equated Student (FYES) Funding Floor – DELETED

Deletes language that details the one-year implementation of a \$4,500 FYES funding floor for each university below the per-student funding calculation.

Sec. 236m. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Appropriation Detail – DELETED

Deletes language that details infrastructure, technology, equipment, maintenance, safety and debt categories that ITEMS funding could be used for by universities and language on program eligibility and distribution of funding.

Major Boilerplate Changes from FY 2023-24

Sec. 236n. Tuition Incentive Program FY 2022-23 Supplemental Appropriation Detail – DELETED

Deletes language that increases FY 2022-23 funding for the Tuition Incentive Program by \$2.5 million federal TANF funding.

Sec. 236o. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Certification and Payment Detail – DELETED

Deletes language that details the certification process public universities must complete and have approved by the state budget director in order to receive an ITEMS payment.

Sec. 241c. University Tuition and Fee Restraint and Annual Rate Reporting Requirements – REVISED

Requires tuition and fee data to be submitted to the HEIDI database and a report of any revisions to tuition and fees within 15 days of adoption, and specifies tuition and fee restraint requirements in order to receive the operations increase and FYES student floor funding for FY 2023-24, set at 4.5% or \$676, whichever is greater. Revises language that limits FY 2024-25 resident tuition and fee increases to 5.0% or \$781, whichever is greater, and limits FY 2025-26 resident tuition and fee increases to the greater of 5.0% and \$820.

Sec. 241d. Michigan Office of Postsecondary Educational Attainment – DELETED

Deletes language that created the Michigan Office of Postsecondary Educational Attainment in the Department of Labor and Economic Opportunity, which would review, evaluate and recommend improvements to all state financial aid programs within the Executive branch, serve as the coordinating office for agencies responsible for state financial aid programs, survey stakeholders on improving financial aid program administration, consolidate reports and make them available to the Executive and legislature, and provide data analysis to assist prospective students on postsecondary options.

Sec. 247. Michigan Reconnect Program – NEW

Adds language that details the Michigan Reconnect program is administered by the Department of Lifelong Education, Advancement, and Potential (MiLEAP), and authorizes the department to use remaining program funds for outreach, enrollment support, program administration, and Reconnect-eligible student support in connection with higher education institutions or nonprofit organizations to increase degree or credential completion.

Sec. 248. Michigan Achievement Scholarship Program Detail – REVISED

Provides for distribution of funds appropriated for Michigan Achievement Scholarships. Specifies criteria for scholarship eligibility. Details award amounts of up to \$2,750 for students at a community college or tribal institution, up to \$4,000 for students at an independent nonprofit college or university, and up to \$5,500 for students at public universities or baccalaureate programs at community colleges. Revises language to add Student Aid Index eligible student definition and revises criteria to account for recent changes to the Free Application for Federal Student Aid (FAFSA). Revises residency definition from institutional criteria to as determined by the FAFSA. Revises award amounts for community college or tribal institution to cover last-dollar amounts and a \$1,000 additional payment. Revises department reporting due date to February 1, scholarship reporting requirements for institutions, and adds language that allows the state budget director to declare institutions ineligible for program funding if tuition restraint requirements are exceeded for two consecutive years.

Sec. 250. Free Application for Federal Student Aid (FAFSA) Filing Requirement – REVISED

States students must file a FAFSA to be considered for any grant or scholarship program administered by the Department of Treasury. Revises references from Treasury to MiLEAP and adds language allowing MiLEAP to not require FAFSA completion as a scholarship condition.

Sec. 251. Michigan Competitive Scholarship Program Detail – REVISED

Provides for distribution of funds appropriated for State Competitive Scholarships. Specifies grant amount of \$1,500, unless insufficient funds are available, in which case a report is required. Students enrolled less than full-time in a semester or term will receive a proportional scholarship amount. Deletes reference to the Michigan Educational Trust program and revises references from the Department of Treasury to MiLEAP.

Sec. 252. Tuition Grant Program Detail – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$3,000, unless insufficient funds are available, in which case a report is required. Adds language stating students who receive a Michigan Achievement Scholarship are not eligible for Tuition Grants and adds intent language detailing students enrolled in college after the end of FY 2023-24 would be ineligible for Tuition Grants due to potential eligibility for the Michigan Achievement Scholarship.

Major Boilerplate Changes from FY 2023-24

Sec. 256. Tuition Incentive Program Detail – REVISED

Specifies criteria for Tuition Incentive Program (TIP) eligibility. Provides for award conditions and limits under Phase I dealing with associate degree and certificate programs and Phase II, third and fourth years toward bachelor's degree. Revises residency definition from institutional criteria to as determined by the FAFSA and updates references from the Department of Treasury to MiLEAP.

Sec. 263b. Michigan State University's SEEDSS Initiative – DELETED

Deletes language that allows funds from MSU's AgBioResearch and Extension appropriations to be used for the SEEDSS Initiative (Solving Emerging Environmental Developments and Securing Sustainability), which addresses sustainability issues in Michigan agriculture and educates agricultural workers on improving sustainability.

Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$63,200 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$63,200 to \$76,300.

Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – REVISED

Specifies an \$90,200 pass-through payment from Northern Michigan's North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$90,200 to \$155,200.

Sec. 275d. Communication with the Legislature – DELETED

Deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature.

FY 2024-25 University Operations Appropriations
Executive Recommendation

| University | Total FY 2023-24 Appropriation | FY 2023-24 Indian Tuition Waiver Payment | FY 2023-24 Base Appropriation | Total Ongoing Operations Increase | FY 23 Indian Tuition Waiver Cost | Indian Tuition Waiver Pass-Through Payments | Indian Tuition Waiver Adjustment | Total FY 25 Indian Tuition Waiver Payment | Total FY 2024-25 Appropriation | Percent Change | Change From FY 2023-24 Total |
|----------------|--------------------------------|--|-------------------------------|-----------------------------------|----------------------------------|---|----------------------------------|---|--------------------------------|----------------|------------------------------|
| Central | \$95,413,800 | \$1,594,200 | \$93,819,600 | \$2,345,500 | \$1,530,500 | \$76,300 | \$12,600 | \$1,606,800 | \$97,771,900 | 2.5% | \$2,358,100 |
| Eastern | 83,144,700 | 406,000 | 82,738,700 | 2,068,500 | 401,200 | 0 | (4,800) | 401,200 | 85,208,400 | 2.5% | 2,063,700 |
| Ferris | 59,646,500 | 714,200 | 58,932,300 | 1,473,300 | 732,100 | 0 | 17,900 | 732,100 | 61,137,700 | 2.5% | 1,491,200 |
| Grand Valley | 97,365,000 | 1,253,800 | 96,111,200 | 2,402,800 | 1,323,200 | 0 | 69,400 | 1,323,200 | 99,837,200 | 2.5% | 2,472,200 |
| Lake Superior | 15,190,300 | 938,500 | 14,251,800 | 356,300 | 874,400 | 0 | (64,100) | 874,400 | 15,482,500 | 1.9% | 292,200 |
| Michigan State | 318,709,200 | 1,943,800 | 316,765,400 | 7,919,100 | 2,143,100 | 0 | 199,300 | 2,143,100 | 326,827,600 | 2.5% | 8,118,400 |
| Michigan Tech | 54,525,700 | 866,900 | 53,658,800 | 1,341,500 | 781,600 | 0 | (85,300) | 781,600 | 55,781,900 | 2.3% | 1,256,200 |
| Northern | 53,320,000 | 1,250,700 | 52,069,300 | 1,301,700 | 1,257,500 | 155,200 | 162,000 | 1,412,700 | 54,783,700 | 2.7% | 1,463,700 |
| Oakland | 72,288,800 | 331,800 | 71,957,000 | 1,798,900 | 291,200 | 0 | (40,600) | 291,200 | 74,047,100 | 2.4% | 1,758,300 |
| Saginaw Valley | 33,894,500 | 203,900 | 33,690,600 | 842,300 | 198,500 | 0 | (5,400) | 198,500 | 34,731,400 | 2.5% | 836,900 |
| UM-Ann Arbor | 356,568,800 | 1,290,500 | 355,278,300 | 8,882,000 | 1,521,300 | 0 | 230,800 | 1,521,300 | 365,681,600 | 2.6% | 9,112,800 |
| UM-Dearborn | 31,233,500 | 185,500 | 31,048,000 | 776,200 | 208,800 | 0 | 23,300 | 208,800 | 32,033,000 | 2.6% | 799,500 |
| UM-Flint | 26,404,700 | 391,200 | 26,013,500 | 650,300 | 291,900 | 0 | (99,300) | 291,900 | 26,955,700 | 2.1% | 551,000 |
| Wayne State | 224,354,500 | 403,600 | 223,950,900 | 5,598,800 | 425,700 | 0 | 22,100 | 425,700 | 229,975,400 | 2.5% | 5,620,900 |
| Western | 119,983,900 | 543,700 | 119,440,200 | 2,986,000 | 613,600 | 0 | 69,900 | 613,600 | 123,039,800 | 2.5% | 3,055,900 |
| TOTAL: | \$1,642,043,900 | \$12,318,300 | \$1,629,725,600 | \$40,743,200 | \$12,594,600 | \$231,500 | \$507,800 | \$12,826,100 | \$1,683,294,900 | 2.5% | \$41,251,000 |

Requirements to receive operations increase and FYES Funding Floor for FY 2024-25:

1. Restrain FY 2024-25 resident undergraduate tuition/fee rate increase to 5.0% or \$781 (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, the course location, the course delivery method, or the student enrollment composition within the course.
4. Actively participate in and submit timely updates to the Michigan Transfer Network.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 INSURANCE AND FINANCIAL SERVICES

Analyst: Marcus Coffin

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

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

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within this 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 2023-24 Enacted Appropriations

1. Staffing Increase

Includes \$1.3 million Gross (\$0 GF/GP) and authorization for 7.0 FTE positions to hire additional staff to address increased work volumes due to growth of the insurance sector. This increase would impact two line items and the additional staff that would be hired includes 2 analyst positions, 2 management positions, 1 licensing technician, 1 enforcement attorney, and 1 communications representative. The funding would support salaries and benefits associated with the FTE positions, as well as IT licenses that will be necessary for the new positions.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 225.0 | 7.0 |
| Gross | \$38,672,500 | \$1,314,100 |
| IDG/IDT | 61,600 | 2,800 |
| Federal | 1,017,100 | 0 |
| Restricted | 37,593,800 | 1,311,300 |
| GF/GP | \$0 | \$0 |

2. Pharmacy Benefit Manager Licensure and Registration Act

Includes \$660,000 of state restricted funding authorization from the Insurance Bureau Fund to support regulatory activities related to pharmacy benefit managers, required under 2022 PA 11.

| | Gross | NA | \$660,000 |
|------------|-------|----|-----------|
| Restricted | NA | NA | 660,000 |
| GF/GP | NA | NA | \$0 |

3. Insurance Complaints and Healthcare Appeals Outreach Campaign (One-Time)

Includes \$250,000 of state restricted funding authorization from Insurance Licensing and Regulation Fees to support an outreach campaign to raise awareness of consumer rights regarding filing insurance complaints and seeking appeals of health insurance denials. These rights are established under the Insurance Code of 1956 (1956 PA 218) and the Patient's Right to Independent Review Act (2000 PA 251). It is anticipated that funding would be used for media purchases (billboards, TV, radio, social media, etc.) and contracted production services.

| | Gross | \$0 | \$250,000 |
|------------|-------|-----|-----------|
| Restricted | 0 | 0 | 250,000 |
| GF/GP | \$0 | \$0 | \$0 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--|--|
| 4. Technical Adjustments | Gross | NA |
| Includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. | Federal | \$0 |
| | Restricted | (317,100) |
| | GF/GP | 317,100 |
| | | \$0 |
| 5. Economic Adjustments | Gross | NA |
| Reflects increased costs of \$1.4 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. | IDG/IDT | \$1,399,400 |
| | Restricted | 18,600 |
| | GF/GP | 1,380,800 |
| | | \$0 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Communication With the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 211. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$200,000 and state restricted authorization by up to \$1.0 million. Revises to increase maximum amounts of contingency authorizations to increase federal authorization by up to \$1.0 million and state restricted authorization by up to \$5.0 million.

Sec. 212. Transparency Website – DELETED

Requires DIFS to cooperate with DTMB to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates.

Sec. 213. State Restricted Funds Report – DELETED

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

Sec. 214. Department Website Information – DELETED

Requires DIFS to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance.

Sec. 216. FTE Positions and Vacancies Reports – REVISED

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts. Revises to delete reporting on FTE volumes.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 219. Retention of Reports – DELETED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 221. Severance Pay Reporting – DELETED

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of DIFS employees receiving severance pay in FY 2022-23.

Major Boilerplate Changes from FY 2023-24

Sec. 222. *In-Person Work* – DELETED

Expresses legislative intent that DIFS maximize the efficiency of the state workforce and prioritize in-person work where possible, and post its in-person, remote, or hybrid work policy on its website.

Sec. 225. *Television and Radio Production Expenditure Report* – DELETED

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

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

Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b).

Sec. 302. *Conservatorship and Insurance Liquidation Funds* – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and to not lapse to General Fund; limits appropriations to \$1.0 million. Revises to remove the \$1.0 million cap.

Sec. 303. *Fees for Customized Listings* – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; requires funds to lapse to appropriate restricted fund accounts and limits amount appropriated to \$1.0 million. Revises to remove the \$1.0 million cap.

Sec. 304. *Annual Reports Transmission* – DELETED

Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999.

Sec. 305. *Financial Institutions Marijuana Evaluation Guidance* – DELETED

Requires DIFS to update examination manuals and letters of guidance for institutions providing financial services to businesses involved in the marijuana industry to reflect how those institutions will be evaluated.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 JUDICIARY

Analyst: Robin R. Risko

| | FY 2023-24 | FY 2024-25 | Difference: FY 2024-25 vs. FY 2023-24 | |
|--------------|-------------------------|----------------------|--|------------|
| | Enacted as of 2/7/24 | Executive | Amount | % |
| IDG/IDT | \$1,902,300 | \$1,902,300 | \$0 | 0.0 |
| Federal | 6,751,300 | 7,132,600 | 381,300 | 5.6 |
| Local | 0 | 0 | 0 | -- |
| Private | 1,903,900 | 1,905,300 | 1,400 | 0.1 |
| Restricted | 95,152,600 | 95,887,300 | 734,700 | 0.8 |
| GF/GP | 250,218,100 | 264,988,900 | 14,770,800 | 5.9 |
| Gross | \$355,928,200 | \$371,816,400 | \$15,888,200 | 4.5 |
| FTEs | 598.0 | 654.5 | 56.5 | 9.4 |

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

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, the State Appellate Defender Office, and other 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 2023-24 Enacted Appropriations

1. Statewide Case Management System

Includes \$4.6 million GF/GP and authorization for 19.0 new FTE positions for continued support of the statewide judicial case management system as additional trial courts transition to the system from locally managed systems. Of the total, \$3.6 million would be used to support staff, operating, and maintenance costs and \$1.0 million would be used to purchase hardware and software for the additional FTE positions and to fund increasing cloud hosting capacity, maintenance and security services, and various licenses.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | NA | 19.0 |
| Gross | NA | \$4,600,000 |
| GF/GP | NA | \$4,600,000 |

2. Appellate Indigent Defense Workload Standards

Includes \$3.3 million GF/GP to support costs of 23.0 new attorney and support staff positions for the State Appellate Defender's Office (SADO) for a three-year, phased implementation of workload standards, based on a workload assessment from the National Center for State Courts. Standards are developed in parallel with separate workload standards for trial-level public defenders through the Michigan Indigent Defense Commission.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 0.0 | 23.0 |
| Gross | \$0 | \$3,259,000 |
| GF/GP | \$0 | \$3,259,000 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 3. SADO Collective Bargaining Agreement | Gross | \$0 |
| Includes \$856,100 GF/GP to cover costs of negotiated pay increases for UAW-represented employees of SADO under the first-ever collective bargaining agreement between SADO and the union. Represented positions include assistant defenders, reentry specialists, mitigation specialists, investigators, administrative positions (finance and IT), and program positions (Criminal Defense Resource Center and MAACS). | GF/GP | \$856,100 |
| 4. SADO Non-Exclusively Represented Employees | Gross | \$0 |
| Includes \$205,600 to cover costs of a 5% base increase for non-represented employees to bring them in line with similar civil service positions and to keep pace with adjustments provided to union-represented employees. | GF/GP | \$205,600 |
| 5. MAACS Youth Defense Manager | FTE | 0.0 |
| Includes \$157,000 GF/GP and authorization for 1.0 FTE position to shift the SADO-MAACS youth defense roster manager position from a federally funded position to a state funded position. Currently, the position is funded with a one-time three-year federal grant through the DOJ, Office of Juvenile Justice and Delinquency Prevention, but the grant expires at the end of FY 2024. | Gross | \$0 |
| | GF/GP | \$157,000 |
| 6. Conversion of Contracted Positions to State Positions | FTE | NA |
| Includes \$934,700 GF/GP to cover costs of converting 9.5 positions from contracted positions to state employees, as recommended by the IRS in a recent payroll audit on the use of independent contractors. Following is detail for affected budget areas: | Gross | NA |
| | GF/GP | NA |
| <ul style="list-style-type: none"> • SADO - \$390,000 and 3.5 FTE positions • Supreme Court - \$296,600 and 3.0 FTE positions • Court of Appeals - \$142,900 and 2.0 FTE positions • Michigan Judicial Institute - \$105,200 and 1.0 FTE position. | | 9.5 |
| 7. Judgeship Changes | Gross | NA |
| Includes \$305,500 Gross (\$171,700 GF/GP) to cover partial year costs of two new judgeships – one probate court judgeship in Macomb County and one district court judgeship in Kent County. | Restricted | NA |
| | GF/GP | NA |
| 8. SOCC Recommendations for Supreme Court Justices | Gross | \$0 |
| Includes \$166,600 GF/GP to support recommendations made by SOCC in May 2023 to provide 7% salary increases for Supreme Court justices in 2025 and 2026, and \$10,000 expense allowances for each Supreme Court Justice. In order for SOCC recommendations to take effect for 2025, recommendations need legislative approval via a concurrent resolution prior to the November 2024 general election. | GF/GP | \$0 |
| 9. Commission Staffing | FTE | 0.0 |
| Includes \$170,000 GF/GP and authorization for 1.0 FTE position to support the Justice for All Commission and the newly created Commission on Well-Being in the Law. The Justice for All Commission was established to simplify the court system, court rules, processes, and forms to increase court and community engagement and access to justice. The Commission on Well-Being in the Law was created by the Supreme Court and the State Bar to address the high rates of depression, anxiety, and substance use disorder among professionals in the legal community. | Gross | \$0 |
| | GF/GP | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|---|---|
| 10. Behavioral Health Administrator | | |
| Includes \$170,000 GF/GP to establish 1.0 behavioral health administrator position within SCAO. The administrator would help analyze, develop, and implement improved court responses and services and best practices for addressing mental health issues and substance use disorder. The position was recommended by the Michigan Judicial Council and the National Justice Task Force to Examine State Courts' Response to Mental Illness. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 1.0 \$170,000 \$170,000 |
| 11. Judicial Security | | |
| Includes \$475,000 GF/GP and authorization for 1.0 FTE position for judicial security. Funding would be used by SCAO to enter into a contract with a vendor that would assist all interested judges with removing their personal information from the internet (e.g., home addresses, phone numbers, children's school addresses, etc.). | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 1.0 \$475,000 \$475,000 |
| 12. Increased Costs for Facility Security | | |
| Includes \$50,400 GF/GP to cover increased costs of security staff provided through a contract with DK Security. Hourly minimum wage for security staff was increased. | Gross GF/GP | NA NA |
| | | \$50,400 \$50,400 |
| 13. Legal Assistant Position for the Supreme Court | | |
| Includes \$110,000 GF/GP to support 1.0 legal assistant position that would be shared by the Office of General Counsel and the Office of Administrative Counsel within the Supreme Court. The position is requested due to an increased administrative workload that is currently being managed by the legal staff. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 1.0 \$110,000 \$110,000 |
| 14. Federal Funds Adjustment for Drug Treatment Courts | | |
| Includes authorization to receive an additional \$305,000 in federal grant funding from the Office of Highway Safety Planning. Funding would be used to support drug treatment courts. | Gross Federal GF/GP | NA NA NA |
| | | \$305,000 305,000 \$0 |
| 15. Removal of FY 2023-24 One-Time Appropriations | | |
| Removes \$5.5 million of one-time GF/GP funding that was included in the FY 2023-24 budget to support the following: | Gross GF/GP | \$5,500,000 \$5,500,000 |
| <ul style="list-style-type: none"> • Statewide Court Data Transparency Project (\$4.5 million GF/GP) • Expungement Initiative (\$700,000 GF/GP) • Judicial Institute (\$300,000 GF/GP). | | (\$5,500,000) (\$5,500,000) |
| 16. Economic Adjustments | | |
| Reflects a net increase in costs of \$9.6 million Gross (\$8.9 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and rent. | Gross Federal Private Restricted GF/GP | NA NA NA NA NA |
| | | \$9,623,300 76,300 1,400 600,900 \$8,944,700 |

Major Boilerplate Changes from FY 2023-24

Sec. 209. Transparency Website – DELETED

Requires the judicial branch to maintain a searchable website that is accessible by the public at no cost and includes all expenditures made by the judicial branch within the fiscal year and purposes for which the expenditures were made.

Sec. 210. Report on State Restricted Funds – DELETED

Requires the judicial branch to work with the state budget office to report annually on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures.

Major Boilerplate Changes from FY 2023-24**Sec. 210. Appropriation of Additional Revenue – NEW**

Appropriates an additional \$2.5 million in federal revenue, \$2.5 million in state restricted revenue, and \$500,000 in private revenue should the revenue become available.

Sec. 211. Website for Information – DELETED

Requires judiciary to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates key metrics used to monitor and improve judiciary's performance.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law and the judicial branch is exercising its authority. (*Governor deemed this section unenforceable in FY 2023-24.*)

Sec. 213. Receipt and Retention of Required Reports – DELETED

Requires the judicial branch to receive and retain copies of all required reports; 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. 215. Linking Swift and Sure Sanctions Program to DHHS, LEO, and MDOC Programming – DELETED

Authorizes 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 the 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, LEO, and MDOC programming.

Sec. 306. Report on Problem-Solving Courts – REVISED

Requires SCAO to provide a statistical report on drug treatment, mental health, and veterans court programs, including information on the number and types of programs established, the number of program participants in each jurisdiction, program impacts on offender criminal involvement and recidivism, and an accounting of prior year expenditures, including grant amounts requested by courts, grant amounts awarded to courts, and grant amounts expended by courts. Executive consolidates this section with Sec. 307 to reflect consolidation of problem-solving court appropriations and associated boilerplate.

Sec. 307. Drug Treatment Courts – REVISED

Requires SCAO to administer appropriation for operating drug treatment court programs; requires drug treatment courts to handle cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives; requires allocation of sufficient funding for Michigan Judicial Institute to provide in-state training for drug treatment court staff and judges; authorizes consideration of priority to be given to courts where higher instances of substance abuse cases are filed; specifies that \$1.5 million in federal Byrne grant revenue is to be used for expanding drug treatment courts to assist in avoiding prison bed space growth for nonviolent offenders. Executive consolidates this section with revised Sec. 306 to reflect consolidation of problem-solving court appropriations and associated boilerplate.

Sec. 309. Prescription Compliance through Oral Fluid Testing Program – DELETED

Requires SCAO to continue the Prescription Compliance through Oral Fluid Testing program; requires SCAO to report on the number of programs established, the number of program participants in each jurisdiction, program testing and results, program treatment, and program outcomes including rearrest rate of participants while participating in the program.

Sec. 312. Allocation of Funding for Statewide Judicial Case Management System – DELETED

Requires not more than \$6.5 million to be used to offset loss of local user fee revenue previously paid by trial courts that have already transitioned to the new system and \$5.4 million to support staff and other operating costs as trial courts continue to transition to the new system.

Sec. 312. Prohibit Charging Fees for Use of Statewide Case Management – NEW

Prohibits SCAO from imposing or collecting local user fees from trial courts that use the statewide judicial case management system.

Major Boilerplate Changes from FY 2023-24

Sec. 314. Medication-Assisted Treatment Program – DELETED

Requires judiciary to maintain a medication-assisted treatment program to provide treatment for opioid- and alcohol-addicted individuals who are referred to and who voluntarily participate in the program; requires judiciary to report on the program, including itemized spending by court, number of participants, and statistics that indicate average program participation duration and success rates; specifies that the goal of the program is for participants to be free of narcotic addiction prior to ending participation in the program.

Sec. 401. Expungement Initiative – DELETED

Requires allocation of \$650,000 to Legal Aid Defender Association, Inc. in Detroit for providing expungement services and \$50,000 to Allegan County for providing legal aid services.

Sec. 402. Court Administration Bench Book – DELETED

Designates unexpended funding as a work project appropriation; states purpose of the project is to develop and maintain a court administration bench book.

Sec. 403. Statewide Court Data Transparency Project – DELETED

Designates unexpended funding as a work project appropriation; states purpose of the project is to collect and analyze court data, publish court data in a data portal, and develop data-driven criminal justice policies and goals.

| <u>Supplemental Recommendations for FY 2023-24 Appropriations</u> | | <u>FY 2023-24 Recommendation</u> |
|--|--------------|---|
| 1. Employee Lump Sum Payments | Gross | \$1,068,900 |
| Includes \$1.1 million GF/GP to cover costs of one-time lump sum payments for eligible employees. | GF/GP | \$1,068,900 |
| 2. Judicial Security | FTE | 0.5 |
| Includes \$237,500 GF/GP and authorization for 0.5 FTE position for judicial security. Funding would be used by SCAO to enter into a contract with a vendor that would assist all interested judges with removing their personal information from the internet (e.g., home addresses, phone numbers, children's school addresses, etc.). | Gross | \$237,500 |
| | GF/GP | \$237,500 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 LABOR AND ECONOMIC OPPORTUNITY

Analysts: Viola Bay Wild, Marcus Coffin and Ben Gielczyk

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

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

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).

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|---|-------------------------------------|
| Major Budget Changes from FY 2023-24 Enacted Appropriations | | | |
| 1. Michigan Innovation Fund | Gross | \$0 | \$60,000,000 |
| Includes \$60.0 million of Venture Michigan Fund investment proceeds (one-time) for deposit into a new innovation fund that would support startups and make investments that would improve the startup and innovation ecosystem, including programming, technical assistance, and other support services. (Note: would require statutory change to authorize use of Venture Michigan Fund investment returns). | Restricted | 0 | 60,000,000 |
| | GF/GP | \$0 | \$0 |
| 2. Build Ready Sites Program | Gross | \$0 | \$25,000,000 |
| Includes \$25.0 million GF/GP (one-time) to create development-ready sites to attract and promote business investment throughout the state. | GF/GP | \$0 | \$25,000,000 |
| 3. Business Attraction and Community Revitalization | Gross | \$100,000,000 | \$20,000,000 |
| Includes \$20.0 million GF/GP (one-time) to augment existing \$100.0 million in ongoing funds for business development and community revitalization programs and the expansion of small business services. | Restricted | 59,350,000 | 0 |
| | GF/GP | \$40,650,000 | \$20,000,000 |
| 4. Michigan Marketing Initiatives | Gross | \$0 | \$20,000,000 |
| Includes \$20.0 million GF/GP (\$15.0 million GF/GP considered one-time) for marketing initiatives that focus on talent attraction, labor retention, and population growth. | GF/GP | \$0 | \$20,000,000 |
| 5. Going Pro | Gross | \$54,750,000 | \$20,000,000 |
| Includes \$20.0 million GF/GP (one-time) to augment existing \$54.8 million Gross for Going Pro program, which would increase employer training grants in FY 2024-25. | Restricted | 9,540,800 | 0 |
| | GF/GP | \$45,209,200 | \$20,000,000 |

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | | |
| 6. Talent Solutions | Gross | \$0 | \$20,000,000 |
| Includes \$20.0 million GF/GP (one-time) to support initiatives providing economic assistance to businesses locating or expanding in Michigan, specifically around workforce needs. Funding would also support development of customized talent solutions to help fill identified needs in certain industries. | GF/GP | \$0 | \$20,000,000 |
| 7. New Michigander - Immigration and Legal Services | Gross | \$0 | \$8,000,000 |
| Includes \$8.0 million GF/GP (one-time) for immigrant integration services that are not provided through the federal refugee resettlement program. | GF/GP | \$0 | \$8,000,000 |
| 8. Federal Vocational Rehabilitation State Match | Gross | NA | \$5,852,600 |
| Includes \$5.9 million Gross (\$1.3 million GF/GP) to increase authorization in the Bureau of Services for Blind Persons (\$272,900) and Michigan Rehabilitation Services (\$5.6 million) to expand vocational rehabilitation services. | Federal | NA | 4,602,600 |
| | GF/GP | NA | \$1,250,000 |
| | | | |
| 9. Community and Worker Economic Transition Office | | | |
| Includes \$5.0 million GF/GP and authorization for 20.0 FTE positions for the Community and Worker Economic Transition Office developed in 2023 PA 232. Office goals include ensuring communities, workers, and businesses are supported in navigating the state's economic transition from internal combustion engines to electric vehicles, the shift to renewable energy, and the decarbonization of the manufacturing industry. (Note: prorated funding is included in FY 2023-24 supplemental request.) | FTE | 0.0 | 20.0 |
| | Gross | \$0 | \$5,000,000 |
| | GF/GP | \$0 | \$5,000,000 |
| 10. Arts and Cultural Grants | Gross | \$11,050,000 | \$5,050,000 |
| Includes \$5.0 million GF/GP (one-time) to augment existing \$11.1 million GF/GP ongoing appropriation to provide additional arts and cultural grants. Also, increases private authorization by \$50,000 to align with anticipated revenues. | Federal | 1,050,000 | 0 |
| | Private | 150,000 | 50,000 |
| | GF/GP | \$9,850,000 | \$5,000,000 |
| | | | |
| 11. Community and Neighborhood Initiatives | Gross | \$0 | \$5,000,000 |
| Includes \$5.0 million GF/GP (one-time) for grants to community and neighborhood organizations for programs and initiatives that would build strong communities through education programs, workforce training services, recreational activities, senior programming, and other wraparound services. Grants would support projects that are free and open to the community in which they are located or serve. | GF/GP | \$0 | \$5,000,000 |
| 12. Global Talent and Retention | | | |
| Includes \$4.0 million GF/GP (one-time) and authorization for 1.0 FTE position to improve the integration of individuals from foreign countries seeking education and/or employment in the state. Funds would support activities that would increase direct connections between universities and employers and lowering barriers to employment by improving licensing and certification processes. | FTE | 0.0 | 1.0 |
| | Gross | \$0 | \$4,000,000 |
| | GF/GP | \$0 | \$4,000,000 |
| 13. Michigan Growth Office | Gross | \$0 | \$4,000,000 |
| Includes \$4.0 million GF/GP (one-time) to fund efforts that would build off and expand the work of the Growing Michigan Together Council, identify barriers to economic and population growth in the state, and support community growth opportunities statewide. | GF/GP | \$0 | \$4,000,000 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 14. Office of Rural Prosperity Grants | Gross | \$0 | \$2,500,000 |
| Includes \$2.5 million GF/GP (one-time) for grants that would improve shovel-ready projects that meet statewide priorities, including enhancing or elevating broadband, housing, infrastructure, education, and workforce development. Funds would also support building and enhancing regional and statewide coordination of services and programming in rural communities. | GF/GP | \$0 | \$2,500,000 |
| 15. Workers' Disability Compensation Agency Fee Proposal | Gross | \$8,316,100 | \$1,500,000 |
| Includes \$1.5 million restricted Workers' Compensation Administrative Revolving Fund to recognize increased revenues from a proposed expansion of redemption fees and establishment of coverage reporting filing fees. (Note: legislation would be needed to effectuate the fee increase and expansion.) | Restricted | 4,823,000 | 1,500,000 |
| | GF/GP | \$3,493,100 | \$0 |
| 16. Focus: HOPE | Gross | \$1,000,000 | \$0 |
| Retains \$1.0 million GF/GP (one-time) for grant to Focus: HOPE for education and workforce development programming. There was \$1.0 million one-time GF/GP appropriated for the same purpose in FY 2023-24. | GF/GP | \$1,000,000 | \$0 |
| 17. Executive Order 2023-6 Transfers | FTE | 12.0 | (11.0) |
| Includes the following transfers due to Executive Order 2023-6: | Gross | \$68,674,200 | (\$67,976,800) |
| <ul style="list-style-type: none"> • Transfers out \$68.7 million GF/GP and authorization for 12.0 FTE positions for Reconnect and the Tri-Share Child Care program to the new MiLEAP department. • Transfers in \$697,400 GF/GP and authorization for 1.0 FTE due to the shift of the Office of Rural Prosperity from MDARD to LEO. | GF/GP | \$68,674,200 | (\$67,976,800) |
| 18. Prosperity Bureau Limited-Term Staffing | Gross | NA | \$1,000,000 |
| Includes \$1.0 million GF/GP (one-time) and boilerplate authorization for 4.0 limited-term FTE positions to build staffing capacity and improve program delivery. | GF/GP | NA | \$1,000,000 |
| 19. Language Access | Gross | \$39,874,600 | \$500,000 |
| Includes \$500,000 GF/GP (one-time) for the Office of Global Michigan to coordinate language access initiatives statewide, including providing technical assistance and guidance to state agencies. | Federal | 38,369,000 | 0 |
| | GF/GP | \$1,505,600 | \$500,000 |
| 20. Bureau of Services for Blind Persons Federal Authorization | FTE | 116.0 | 0.0 |
| Increases federal authorization by \$3.4 million to recognize an anticipated increase in federal revenues. | Gross | \$25,698,800 | \$3,435,100 |
| | Federal | 19,211,400 | 3,435,100 |
| | Local | 100,000 | 0 |
| | Private | 111,800 | 0 |
| | Restricted | 350,000 | 0 |
| | GF/GP | \$5,925,600 | \$0 |
| 21. Michigan Occupational Safety and Health Radiation Safety Fees | FTE | 21.4 | 4.6 |
| Includes \$582,000 restricted radiological health fees authorization and authorization 4.6 FTE positions to reflect increased revenues from a FY 2022-23 fee increase. Funds would support increased staffing and updated equipment. (Note: request for funding was also included in FY 2023-24 supplemental request 2023-2 described below.) | Gross | \$3,466,200 | \$582,000 |
| | Federal | 513,300 | 0 |
| | Restricted | 2,952,900 | 582,000 |
| | GF/GP | \$0 | \$0 |
| 22. State Historic Preservation Office | Gross | NA | \$300,000 |
| Includes \$300,000 restricted fund authorization to align State Historic Preservation Office Fees and Charges restricted fund source with anticipated revenues. | Federal | NA | 0 |
| | Restricted | NA | 300,000 |
| | GF/GP | NA | \$0 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--|--|
| 23. MSHDA Technical Assistance Field Staff | FTE | 303.0 |
| Includes authorization for 15.0 FTE positions in MSHDA Housing and Rental Assistance to support local capacity building for housing. | Gross | \$50,259,300 |
| | Federal | 2,773,300 |
| | Restricted | 47,486,000 |
| | GF/GP | \$0 |
| | | 15.0 |
| | | \$0 |
| | | 0 |
| | | 0 |
| | | \$0 |
| 24. Removal of Enacted Budget One-Time Appropriations | Gross | \$1,042,330,000 (\$1,042,330,000) |
| Removes \$1,042.3 million Gross (\$1,017.3 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the 30 one-time appropriation lines. | Federal | 15,000,000 (15,000,000) |
| | Restricted | 10,000,000 (10,000,000) |
| | GF/GP | \$1,017,330,000 (\$1,017,330,000) |
| 25. Current Services Baseline Technical Adjustments | Gross | NA (\$6,479,500) |
| Reduces various lines by a total of \$6.5 million Gross (\$0 GF/GP) to align various revenue sources with anticipated revenues. | Federal | NA (6,122,700) |
| | Restricted | NA (356,800) |
| | GF/GP | NA \$0 |
| 26. Economic Adjustments | Gross | NA \$11,034,300 |
| Reflects increased costs of \$11.0 million Gross (\$1.6 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | Federal | NA 6,596,600 |
| | Private | NA (4,600) |
| | Restricted | NA 2,886,100 |
| | GF/GP | NA \$1,556,200 |

Major Boilerplate Changes from FY 2023-24

GENERAL SECTIONS

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. (*Governor deemed this section is unenforceable in FY 2023-24.*)

Sec. 212. Transparency Website – DELETED

Requires department to maintain a searchable website that is accessible by the public at no cost that includes data on expenditures, vendor payments, and data on number of active employees, including job specifications and wage rates.

Sec. 213. Report on State Restricted Funds – DELETED

Requires department to report within 14 days of the release of the executive budget recommendation on state restricted fund balances, projected state restricted fund projected revenues, and state restricted fund expenditures for the prior 2 fiscal years.

Sec. 214. Department Metrics – DELETED

Requires department to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates, key metrics that are used to monitor and improve the department's performance.

Sec. 217. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. (*Governor's signing letter states this section is unenforceable in FY 2023-24.*)

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. (*Governor's signing letter states this section is unenforceable in FY 2023-24.*)

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

Requires departments to receive and retain copies of all reports required in Article 9; 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.

Major Boilerplate Changes from FY 2023-24**Sec. 220. Reporting Requirement on Policy Changes – DELETED**

Requires department to report by April 1 on policy changes made in order to implement enacted legislation.

Sec. 221. 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. 222. Severance Pay Report – DELETED

Requires department to report name and any amount of severance pay given to high-ranking department officials; requires department to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines "severance pay".

Sec. 223. Prioritization of In-person Work for State Workforce – DELETED

States that the intent of legislature is to maximize efficiency of state workforce and, where possible, prioritize in-person work; requires each department, agency, board, or commission to post its in-person, remote, or hybrid work policy on its website.

Sec. 225. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED

Requires department to report on efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports; authorizes the auditor general to perform and charge for a subsequent audit to ensure that the initiatives related to savings and efficiencies have been implemented if the required report is not received within 6 months of the release of the audit. (*Governor's signing letter states this section is unenforceable in FY 2023-24.*)

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY (LEO)**Sec. 301. Contingency Authorization – REVISED**

Appropriates \$15.0 million in federal, \$510.0 million in state restricted, \$11.0 million in private, and \$2.0 million in local contingency authorization; authorizes expenditure after legislative transfer to specific line items. Revises authorizations to \$30.0 million federal and \$560.0 million state restricted.

Sec. 303. SIGMA System Reporting – DELETED

Requires LEO to use SIGMA to report encumbrances and expenditures.

Sec. 304. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$1.5 million; requires report to legislature within ten days of receiving grants from private entities. Revises to eliminate \$1.5 million cap.

Sec. 305. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Authorizes LEO to charge registration fees for events sponsored by LEO; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$500,000. Revises to eliminate \$500,000 cap.

Sec. 308. Grant and Project Funding Transparency – DELETED

Requires LEO to follow procurement statutes for any grant program or project, created for a public purpose, unless it can fully validate specific organization or local unit of government that will receive funds and how funds will be administered and expended; provides list of required verifying and application activities departments must perform to administer public grants or projects; requires identification of sponsoring legislator or department of a grant and certain activities for approval of grant agreement; requires all grant funding to be expended by close of FY 2027-28; requires information on each grant or project to be posted on public website, including receiving entity and grant sponsor.

STRATEGIC OUTREACH AND ATTRACTION RESERVE FUND**Sec. 350. Strategic Outreach and Attraction Reserve Appropriation – REVISED**

Appropriates up to \$500.0 million restricted funding from the SOAR fund; funds must be used to support activities under the Michigan Strategic Fund Act; requires funding not restricted, obligated, or committed at end of fiscal year to lapse to the state general fund. Revises to include interest and earnings in the appropriation to the fund to allow them to be used to support SOAR projects after legislative transfers have been approved. Removes requirement that funding not restricted, obligated, or committed at the end of the fiscal year to lapse to the general fund because it is already required by statute.

Sec. 352. SOAR Program: CIP and MSSRP Expenditures – DELETED

States legislative intent that CIP and MSSRP funding be expended to maximize job creation, grow wages, support existing state businesses and attract new businesses; states legislative intent that the MSF prioritize specific conditions when expending funds, including claw-back provisions if jobs are not retained for 5 years, locating projects in qualified census tracts that have unemployment rates higher than state average, community benefits agreements, and agreements that qualified business offer specific employee services.

Major Boilerplate Changes from FY 2023-24

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 401. Michigan State Housing Development Authority Annual Report – DELETE

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; prohibits MSHDA from restricting eligibility for housing units without a permanent foundation unless it is a federal restriction for program.

Sec. 403. Community Development Block Grant (CDBG) – DELETED

Appropriates federal CDBG funding to complete all program activities from prior program years ending with the 2022 program allocation; allows funding to be expended for program activities and program administration.

MICHIGAN STRATEGIC FUND

Sec. 503. Pure Michigan Appropriations – REVISED

Requires GF/GP appropriated for Pure Michigan to be used for specified purposes; authorizes fund to contract any of the authorized activities; authorizes fund to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns. Revised to remove reference to promotional focus including talent attraction, labor retention, and relocating to Michigan due to inclusion of new Michigan Marketing Initiatives appropriation. Removes reporting requirement.

Sec. 506. 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.

Sec. 507. Corporate Funding Reporting – DELETED

Requires MEDC/MSF to provide an activities report on programs and activities administered by the MEDC board and supported with corporate or investment revenues.

Sec. 508. MSF Interlocal Agreements – DELETED

Requires interlocal agreements entered into by MSF and local units of government to contain language which states that if the local unit has an arrangement with a private economic development corporation, the MEDC will work cooperatively with the private corporation.

Sec. 509. Land Purchase Provisions – DELETED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development agency; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers; requires a report that lists all properties purchased, all options on land purchased, the location of the land purchased, and the purchase price if the fund purchases on land or on options for land. (*Governor's signing letter states this section is unenforceable in FY 2023-24.*)

Sec. 513. Fundraising Activity – DELETED

Prohibits MEDC staff involved in fundraising from being party to grant award, incentives, or tax abatement decisions. (*Governor's signing letter states this section is unenforceable in FY 2023-24.*)

Sec. 514. Business Attraction and Community Revitalization – DELETED

Requires that not less than 20% of the funds appropriated for this program be used for brownfield redevelopment incentives and historic preservation incentives.

Sec. 520. Film Tax Incentive Program Report – DELETED

Requires MSF to report on the status of film incentive program and previous film tax credit program, including number of contracts signed, number of films completed, amount of tax credits, and number of jobs created.

Sec. 521. Film and Digital Media Office Status Report – DELETED

Requires annual activities report from the Michigan Film and Digital Media Office; requires report to 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. 525. Business Attraction and Community Revitalization Funds Reporting – DELETED

Requires quarterly report on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended; requires report to include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason.

Major Boilerplate Changes from FY 2023-24**Sec. 527. *Previously Authorized Tax Credit Transfer Notification* – DELETED**

Requires notification 30 days prior to authorizing the transfer of any previously authorized tax credit that would increase the liability to the state.

Sec. 531. *Job Creation Services Report* – DELETED

Requires department to provide a biannual report that includes expenditures by division and program unit within the job creation services line item.

WORKFORCE DEVELOPMENT**Sec. 701. *Tri-Share Child Care Program* – DELETED**

Requires funding to be used to continue the Tri-Share Child Care program; allow funding of new child care facilitator hubs provided that existing hubs receive sufficient support; requires new hubs to increase the number of participating counties or serve statewide employers; caps administration costs at \$200,000. (*Transferred to MiLEAP under Executive Order 2023-6*).

Sec. 706. *Going Pro Expenditure Report* – DELETED

Requires LEO to provide a report of Going Pro expenditures by program/grant type for the prior fiscal year and a projected expenditure report by program/grant type for the current fiscal year.

Sec. 715. *Michigan Reconnect Grant Program* – DELETED

Requires funding for the Michigan Reconnect Grant Program to be distributed pursuant to the Michigan Reconnect Grant Act, 2020 PA 84.

Sec. 716. *Interagency Agreement for TANF Funds* – DELETED

Requires LEO to provide reporting on the interagency agreement with DHHS for the use of TANF funds; requires report on use of TANF funds by LEO.

Sec. 716. *Office of Rural Development* – NEW

Directs the Office of Rural Development to encourage and enable appropriate community advancements and improvements, including, but not limited to, housing, infrastructure, education, workforce development, and other needs uniquely present in rural areas of this state that will assist in expansion of rural agriculture development. (*Transferred in from MDARD under EO 2023-6*.)

Sec. 717. *Community and Worker Economic Transition Office* – NEW

Authorizes the LEO to hire employees and deploy capabilities to evaluate and address the impacts of economic transitions; lists activities of the office; requires office to submit a community and worker economic transition plan by December 31, 2025; requires annual report submitted by February 13, 2025.

UNEMPLOYMENT**Sec. 805. *Unemployment Insurance Agency Limited-Term Employee Authorization* – REVISED**

Authorizes the UIA to hire up to 500.0 limited-term employees if UIA local offices offer full-time, in-person services. Revises to remove requirement that UIA must provide full-time, in-person services at existing unemployment insurance local offices to hire limited-term employees.

REHABILITATION SERVICES**Sec. 902. *Michigan Rehabilitation Services Report* – DELETED**

Requires annual status and outcome report on efforts taken to remedy and improve the MRS.

COMMISSIONS**Sec. 951. *Ethnic Affairs Commissions Reporting* – DELETED**

Requires Office of Global Michigan to coordinate with three ethnic affairs commissions to produce report detailing commissions' activities.

Sec. 952. *Ethnic Affairs Commissions' Spending* – DELETED

Requires expenditure of appropriated funds by the commissions to directly relate to mission statements.

ONE-TIME APPROPRIATIONS**Sec. 1000. *Adult Literacy* – DELETED**

Requires LEO to allocate \$2.0 million for a grant program to be administered by a nonprofit organization for adult education programs; requires each grant recipient to be a 501(c)(3) organization and authorizes receipt of \$2,000 per learner, up to \$150,000.

Major Boilerplate Changes from FY 2023-24

Sec. 1000. Focus: HOPE – RETAINED

Requires funds appropriated in part 1 for Focus: HOPE to be used for education and workforce development programming, early childhood education, youth development, food assistance, or community empowerment and advocacy. (Note: for FY 2023-24 this language was included as Section 1008 in One-Time Appropriations.)

Sec. 1001. Child Savings Accounts – DELETED

Allocates \$2.5 million to a nonprofit trade association for enhancing current child savings account programs and for pilot programs in depressed and deprived communities; allows administration costs up to \$250,000.

Sec. 1001. Office of Rural Prosperity – NEW

Requires funds appropriated in part 1 for the Office of Rural Prosperity to be used for a grant program to support community activities, including, but not limited to, enhancing or elevating broadband, housing, infrastructure, education, workforce development, and addressing other needs uniquely experienced in rural areas of Michigan.

Sec. 1002. College Success Fund and Student Wraparound Supports – DELETED

Requires \$11.5 million to be for student wraparound services and basic needs supports to assist public colleges, universities, and tribal colleges with addressing students' basic needs; authorizes department to award grants to higher education institutions and to nonprofit organizations for student wraparound supports, including public assistance benefit screening, emergency housing, child care, food pantries, emergency grants to students, mental health supports, and re-enrollment support; designates unexpended funds as a work project appropriation.

Sec. 1002. Global Talent and Retention – NEW

Requires funds appropriated in part 1 for Global Talent and Retention to be used for equitable local, regional, and statewide economic growth through immigrant inclusion programs.

Sec. 1003. Community Enhancement Grants – DELETED

Requires funding to be used for 68 specific grants. (Governor vetoed subsection (26) which appropriated \$2.0 million GF/GP to Livingston County Catholic Charities.)

Sec. 1003. Prosperity Bureau – NEW

Authorizes funds appropriated in part 1 to be used for up to 4.0 limited-term employees to expand capacity within the Prosperity Bureau.

Sec. 1004. Convention and Visitors Bureau Relief – DELETED

Requires funding to be expended to provide grants to all convention and visitors bureaus for promoting hospitality, tourism, and travel; allows up to 1.0% for administration costs; requires report.

Sec. 1004. Talent Solutions – NEW

Requires funds appropriated in part 1 for Talent Solutions to be used for the operations of the talent action teams fast track system, grants to employer-led collaboratives to support job creation and authorizes up to 3% of funds to be used for administration.

Sec. 1005. Digital Workforce Development – DELETED

Requires funding to be used for a single digital platform for career exploration and skill development to connect prospective employees with employers; requires platform to be made available to intermediate school districts and employers and to include a library of virtual reality content for skill development and education, career exploration tools, and a tool to connect employers with certain students.

Sec. 1005. Michigan Marketing Initiative – NEW

Requires funds appropriated in part 1 for Michigan Marketing Initiative be used for activities focused on promotion of Michigan as a place to live, attracting and retaining talent for in-demand and high-growth occupations, and supporting broader population growth goals; authorizes MSF to contract with outside entities for services and work with local units, nonprofit entities, and private entities.

Sec. 1006. Economic Development Grants – DELETED

Requires funding to be used for 14 specific economic development grants.

Sec. 1006. Community and Neighborhood Initiatives – NEW

Requires funds appropriated in part 1 for Community and Neighborhood Initiatives to be used for a grant program for projects that benefit local communities and neighborhoods; outlines requirements for program guidelines, eligibility criteria, and application process; requires quarterly progress reports from grant recipients and a departmental report.

Major Boilerplate Changes from FY 2023-24

Sec. 1007. Fire Gear Equipment Grants – DELETED

Requires funding to be expended for a grant program to fund a second set of turnout gear for fire fighters statewide in eligible departments; prohibits grants from exceeding \$3,500 per full time member of the department; designates unexpended funds as a work project appropriation.

Sec. 1007. Michigan Innovation Fund – NEW

Requires funds appropriated in part 1 for the Michigan Innovation Fund to be used for activities under section 32 of the Michigan Early Stage Venture Act of 2003; requires MSF to develop and post program guidelines; requires not less than \$5.0 million of funds to support underrepresented entrepreneurs; requires awards to be made to universities, economic development organizations, nonprofit organizations, and other investment vehicle entities; requires annual pitch competition to address strategic challenges in Michigan.

Sec. 1008. Build Ready Sites Program – NEW

Requires funds appropriated in part 1 for the Build Ready Sites Program to be used to develop or enhance strategic sites to make them build ready and competitive for site selection projects.

Sec. 1009. Habitat for Humanity – DELETED

Requires \$10.0 million be awarded to Habitat for Humanity for a statewide housing home ownership program.

Sec. 1010. Healthcare Grants – DELETED

Requires funding to be used for 11 specific healthcare grants.

Sec. 1011. High Speed Rail Grants – DELETED

Requires department to grant funding to MDOT to allocate to governmental entities; requires funding to be allocated for projects that support new or expand existing high-speed rail or rapid transit bus services; requires matching funds; requires report; designates unexpended funds as a work project appropriation.

Sec. 1012. Housing Grants – DELETED

Requires funding to be used for 11 specific housing grants.

Sec. 1013. Lansing Housing Projects – DELETED

Requires funding to be allocated to support redevelopment projects to create affordable housing units or complete other corridor improvements in Lansing; designates unexpended funds as a work project appropriation.

Sec. 1014. Michigan Community Development Financial Institution (CDFI) Fund Grants – DELETED

Creates the Michigan CDFI Fund and requires grants to be awarded by the MSF to eligible community development financial institutions; requires reports from grant recipients; designates unexpended funds as a work project appropriation.

Sec. 1015. Michigan Enhancement Grants – DELETED

Requires funding to be used for 6 specific grants.

Sec. 1016. Michigan Nurse Scholarship – DELETED

Requires funding be allocated to a statewide nonprofit foundation for a nursing scholarship program for existing nursing students or existing nurses seeking advanced degrees or certifications.

Sec. 1017. Minority Owned Business Support – DELETED

Requires department to award grants to minority owned businesses or nonprofit business organizations for small business development initiatives; requires department to seek opportunities to award grants in a geographically diverse manner; requires not less than 25% of funding be allocated to support small businesses in alternative energy sectors, including electric vehicles, \$500,000 for a business accelerator and other activities in Lansing, \$500,000 for a nonprofit business alliance in Detroit; requires report; designates unexpended funds as a work project appropriation.

Sec. 1018. New Michigander – DELETED

Requires \$3.0 million be allocated to a nonprofit organization to provide services to foreign-born non-citizens in the state; requires funding to be used for legal services, housing supports, staffing, and outreach to foreign-born noncitizens.

Sec. 1019. Public Infrastructure Grants – DELETED

Funding for 69 public infrastructure grants.

Sec. 1020. Public Safety Grants – DELETED

Requires funding to be used for 23 specific public safety grants.

Major Boilerplate Changes from FY 2023-24

Sec. 1021. Skilled Trade Grant Program – DELETED

Allocates funding for a skilled trade grant program to 4 nonprofit skilled trade worker associations to provide skilled trade training programs.

Sec. 1022. Sports Infrastructure Compliance – DELETED

Requires department to allocate funding to support capital improvement costs of professional baseball organizations that are needed for affiliate compliance; limits grant awards to \$1.5 million for a professional sports team.

Sec. 1023. Talent Investment Pilot – DELETED

Requires LEO to establish a grant program to fund the development of three public space projects in central city neighborhoods or concentrated districts in Detroit; requires grant applicants to be a consortium of local governments, local economic development organizations, nonprofits, and businesses to be eligible; requires 50% local or private match.

Sec. 1024. Voluntary Income Tax Assistant Grants – DELETED

Requires \$3.3 million to be allocated to a nonprofit trade association to provide free tax preparation services and to expand local capacity to provide free tax preparation services; allows up to \$300,000 for administration costs.

Sec. 1025. Workforce Development Grants – DELETED

Requires funding to be used for 12 specific workforce development projects.

Sec. 1026. Workforce Stabilization – DELETED

Requires department to allocate funding to a statewide nonprofit foundation to support health workforce initiatives, including a nursing scholarship program, recruitment, training, or other retention activities; designates unexpended funds as a work project appropriation.

Sec. 1027. Workforce Hospitality Training Program – DELETED

Requires funding to be allocated to Michigan Hospitality Training Institute in Lansing to provide quality training to advance individual's skill sets, grow operational knowledge, and advance careers in the hospitality industry.

Sec. 1028. Housing Readiness Incentive Grant Program – DELETED

Requires funding to be expended to provide grants to cities, villages, and townships to cover the costs associated with adopting land use policies, master plan updates, zoning text amendments, and similar actions to encourage increasing housing supply and affordability; allows local units to receive a grant of not more than \$50,000; authorizes department to collaborate with the MEDC to review grant applications; designates unexpended funds as a work project appropriation.

Sec. 1029. Lansing Municipal Infrastructure – DELETED

Requires funding to be allocated for the development costs of a city campus plan for Lansing which includes funding for the modernization of the municipal administration campus; designates unexpended funds as a work project appropriation.

| <u>Supplemental Recommendations for FY 2023-24 Appropriations</u> | | <u>FY 2023-24 Recommendation</u> |
|--|------------------|---|
| 1. Targeted Energy Investment | Gross | \$150,000,000 |
| Includes \$150.0 million GF/GP (one-time) to support efforts to restart the Palisades nuclear power generation reactor. The funds augments \$150.0 million GF/GP appropriated in 2023 PA 119. Expenditure of funds would be contingent upon conditional commitments from the U.S. Department of Energy for the support of efforts to restart the facility. | GF/GP | \$150,000,000 |
| 2. Office of Global Michigan | Gross | \$28,064,500 |
| Includes \$28.1 million Federal to support Ukrainian and Afghan specific grants and increases in Office of Refugee Resettlement support service grants, administrative support grants, and the unaccompanied refugee minor program. | Federal GF/GP | 28,064,500 \$0 |

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

| | |
|---|--|
| <p>3. Community Worker Transition Office and Pilot Includes a total of \$12.5 million GF/GP and authorization for 20.0 FTE positions for the Community and Worker Economic Transition Office and an associated Community and Worker Economic Transition Fund Pilot. Of the total, \$2.5 million GF/GP and authorization for 20.0 FTE positions is included for the Community and Worker Economic Transition Office developed in 2023 PA 232. Office goals include ensuring communities, workers, and businesses are supported in navigating the state's economic transition from internal combustion engines to electric vehicles, the shift to renewable energy, and the decarbonization of the manufacturing industry. The pilot program would be supported with \$10.0 million GF/GP and would provide resources to support communities, workers, and businesses navigating the transition. Activities would include technical assistance and capacity building, training and education, and other supportive services.</p> | <p>FTE 20.0 Gross \$12,500,000 GF/GP \$12,500,000</p> |
| <p>4. Mobility Hub Project Includes \$11.0 million Federal to support a project to develop a demonstration model enabling companies to transition fleets to electric vehicles and test new technologies, digital services, and business models.</p> | <p>Gross \$11,000,000 Federal 11,000,000 GF/GP \$0</p> |
| <p>5. Bureau of Services for Blind Persons Recognizes \$5.0 million Federal to be used for one-time projects including training center renovations, software and financial literacy applications, and lease revisions. Sufficient matching funds already exist for the additional federal funding.</p> | <p>Gross \$5,000,000 Federal 5,000,000 GF/GP \$0</p> |
| <p>6. State Manufacturing Leadership Program Recognizes \$2.0 million Federal grant to support Michigan's industry 4.0 program to provide financial assistance to implement smart manufacturing projects for small- and medium-size manufacturing firms across the state. The expanded funding will focus on supporting minority-owned small- and medium-sized manufacturing firms and those located in disadvantaged communities.</p> | <p>Gross \$2,000,000 Federal 2,000,000 GF/GP \$0</p> |
| <p>7. Housing Readiness Incentive Program Includes \$1.0 million GF/GP to augment the existing \$5.0 million GF/GP appropriated in 2023 PA 119. The funds would support grants to cities, villages, townships, and counties to cover costs associated with adopting land use policies, master plan updates, zoning text amendments, and additional actions that would improve housing supply and affordability.</p> | <p>Gross \$1,000,000 GF/GP \$1,000,000</p> |
| <p>8. Radiological Health Fees Recognizes \$582,000 restricted radiological health fees to accommodate the fee increase approved in 2023 and provides authorization for 4.6 FTE positions. Funds would support staffing and purchases to replace outdated equipment.</p> | <p>FTE 4.6 Gross \$582,000 Restricted 582,000 GF/GP \$0</p> |
| <p>9. Employee Lump Sum Payments Includes \$727,000 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for eligible staff employed full-time as of December 23, 2023.</p> | <p>Gross \$727,000 GF/GP \$727,000</p> |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

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

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

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and cannabis. Units 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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Michigan Indigent Defense Commission (MIDC) Grants

Includes \$37.4 million GF/GP to support grant distributions to district and circuit court funding units to fund the state's projected share of FY 2024-25 costs associated with MIDC standards 1-8 and the indigency standard. Of the total, \$24.6 million is included for compliance with standards 1, 2, 3, 4, 5, and 8, which pertain to the education and training of defense counsel, timing and location of attorney-client interviews, defense investigations and experts, presence of counsel at first appearance and other trial stages, independence of indigent criminal defense services from the judiciary, and attorney compensation, contracting, and payments; \$12.9 million is included for costs incurred for compliance with MIDC standards 6 and 7, which pertain to indigent defense workloads and attorney qualification and review.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$220,917,400 | \$37,427,900 |
| Restricted | 300,000 | 0 |
| GF/GP | \$220,617,400 | \$37,427,900 |

2. Executive Order 2023-6 Implementation

Reflects the removal of \$25.6 million Gross (\$4.4 million GF/GP) and 147.0 FTE positions to effectuate the reorganization of various childcare and educational functions within the Department of Lifelong Education, Advancement, and Potential, required under EO 2023-6. This adjustment would result in the complete removal of functions related to childcare and camps licensing from LARA.

| | | |
|--------------|-----------|-----------------------|
| FTE | NA | (147.0) |
| Gross | NA | (\$25,586,500) |
| IDG/IDT | NA | (20,653,100) |
| Restricted | NA | (544,600) |
| GF/GP | NA | (\$4,388,800) |

Major Budget Changes from FY 2023-24 Enacted Appropriations

3. Clean Energy Implementation

Includes \$5.8 million of state restricted funding authorization from Public Utility Assessments and authorization for 31.0 FTE positions to support the implementation and administration of responsibilities under 2023 PAs 229, 231, 233, 234, and 235, colloquially referred to as the "clean energy package". Funding would be utilized to support staffing costs within the Public Service Commission (PSC), Michigan Office of Administrative Hearings and Rules, and Administrative Services line items. Departmental responsibilities under the acts include reviewing renewable energy plans, expanding reviews of Integrated Resource Plan and Energy Waste Reduction filings, and PSC oversight of renewable energy facility siting.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|--|--|
| FTE | NA | 31.0 |
| Gross | NA | \$5,822,700 |
| Restricted | NA | 5,822,700 |
| GF/GP | NA | \$0 |

4. Elevator Inspections

Includes \$4.4 million of state restricted funding authorization from Elevator Fees and authorization for 10.0 FTE positions to hire additional elevator inspectors within the Bureau of Construction Codes to address significant inspection backlogs. Additional funding is available because of administrative rule changes that increased certain elevator fees effective June 2023.

| | | |
|--------------|-----------|--------------------|
| FTE | NA | 10.0 |
| Gross | NA | \$4,400,000 |
| Restricted | NA | 4,400,000 |
| GF/GP | NA | \$0 |

5. Cannabis Regulatory Agency (CRA)

Includes \$3.4 million of additional state restricted funding authorization from marijuana funds and authorization for 9.0 FTEs to hire additional CRA staff and to support the statewide marijuana monitoring system, which tracks marijuana inventory and sales. Approximately \$2.0 million of the increase would be allocated for costs associated with the monitoring system; this increase would allow for the elimination of monthly user license fees which currently support the system. The remaining \$1.4 million would be allocated for increased staffing. Additional staff would include 4.0 positions within the Legal Section, 2.0 positions within the License Maintenance Section, 1.0 auditor within the Financial Compliance Section, and 2.0 fire inspectors.

| | | |
|--------------|---------------------|--------------------|
| FTE | 173.0 | 9.0 |
| Gross | \$28,004,600 | \$3,448,500 |
| Restricted | 28,004,600 | 3,448,500 |
| GF/GP | \$0 | \$0 |

6. Cannabis Regulatory Agency – Attorney General

Includes \$2.0 million of state restricted funding authorization from marijuana funds to support costs incurred by the Department of Attorney General for increased enforcement activities conducted in the cannabis sector.

| | | |
|--------------|-----------|--------------------|
| Gross | NA | \$2,049,600 |
| Restricted | NA | 2,049,600 |
| GF/GP | NA | \$0 |

7. Nursing Home Surveys and Investigations

Includes \$1.9 million GF/GP and authorization for 12.0 FTE positions to hire additional staff to offset increased workloads associated with health and long-term care facilities and to conduct surveys and investigations of nursing homes. The increased staffing would assist with federal performance measure compliance.

| | | |
|--------------|-----------|--------------------|
| FTE | NA | 12.0 |
| Gross | NA | \$1,855,000 |
| GF/GP | NA | \$1,855,000 |

8. Bureau of Professional Licensing (BPL) Authorization Increase

Includes an additional \$1.5 million of state restricted funding authorization from 4 separate funds for the BPL line item. This authorization increase would allow LARA to properly align staff with the relevant fund to support the specific work being completed. This alignment would assist the department with auditing and would prevent expenditures from funds with insufficient revenue.

| | | |
|--------------|---------------------|--------------------|
| FTE | 202.0 | 0.0 |
| Gross | \$40,966,500 | \$1,500,000 |
| Restricted | 40,587,800 | 1,500,000 |
| GF/GP | \$378,700 | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|--|--|
| 9. Bureau of Construction Codes (BCC) Authorization Increase | | | |
| Includes \$1.5 million of state restricted funding authorization from the Construction Code Fund and authorization for 2.0 FTE positions to hire additional regulation agents within the BCC to address a backlog of builder-related complaints. | | FTE 172.0 | 2.0 |
| | | Gross \$26,634,900 | \$1,486,300 |
| | | Restricted 25,335,600 | 1,486,300 |
| | | GF/GP \$1,299,300 | \$0 |
| 10. Utility Consumer Representation | | | |
| Includes an additional \$1.3 million in state restricted funding authorization from the Utility Consumer Representation Fund for Utility Consumer Representation to reflect base contribution adjustments that were made via 2023 PA 231. These adjustments increase the amount available from the fund. The increase would bring total funding for Utility Consumer Representation to \$2.1 million, which supports grants administered by the Utility Consumer Participation Board and awarded to nonprofit organizations and local units of government (upon application and approval) for representation and advancement of residential utility customers' interests in administrative and judicial proceedings. | | Gross \$850,000 | \$1,250,000 |
| | | Restricted 850,000 | 1,250,000 |
| | | GF/GP \$0 | \$0 |
| 11. Medication Aide Program Implementation | | | |
| Includes \$1.1 million of state restricted funding authorization from the Nurse Aide and Medication Aide Registration Fund and authorization for 7.0 FTE positions to hire additional staff to administer medication aide training and certification requirements created by 2023 PA 273. Funding would also be used to develop and implement a medication aide training curriculum, testing requirements, and to improve regulatory compliance. | | FTE NA | 7.0 |
| | | Gross NA | \$1,062,200 |
| | | Restricted NA | 1,062,200 |
| | | GF/GP NA | \$0 |
| 12. PSC 5-Year Energy Waste Reduction and Demand Response Study | | | |
| Includes \$1.0 million of state restricted funding authorization to support consulting services that would be necessary for PSC to fulfill a requirement for 5-year studies on statewide energy waste reduction and demand response potential. The requirement for studies is established within 2016 PA 341. | | Gross \$0 | \$1,000,000 |
| | | Restricted 0 | 1,000,000 |
| | | GF/GP \$0 | \$0 |
| 13. Sign Language Qualified Interpreters | | | |
| Includes \$800,000 GF/GP to support the Qualified Interpreter Program (QIP) within the Bureau of Community and Health Systems. The QIP is responsible for certifying, credentialing, and endorsing qualified American Sign Language (ASL) interpreters. The funding would support 3.0 new full-time staff positions, updates to database systems, and evaluation of testing methodologies for ASL interpreters. | | Gross NA | \$800,000 |
| | | GF/GP NA | \$800,000 |
| 14. PSC Authorization Increase | | | |
| Includes \$562,600 of additional state restricted funding authorization from Public Utility Assessments to allow the PSC to hire personnel to fill currently vacant FTE positions. The FTEs would assist with the PSC's call center and customer outreach activities. PSC activity levels are expected to increase due to statutory changes and new programs that the PSC is responsible for implementing and administering, including changes made under the clean energy package and a FY 2023-24 grant program. | | FTE 195.0 | 0.0 |
| | | Gross \$34,941,000 | \$562,600 |
| | | Federal 3,078,600 | 0 |
| | | Restricted 31,862,400 | 562,600 |
| | | GF/GP \$0 | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 15. Corporations, Securities, and Commercial Licensing Bureau (CSCLB) Authorization Increase | FTE | 109.0 | 0.0 |
| | Gross | \$15,854,400 | \$550,000 |
| Includes an additional \$550,000 of state restricted funding authorization from Corporation Fees to allow the CSCLB to fill vacant FTE positions and to reinstate senior-level positions. These positions would be used to address increased work volumes resulting from growth in the number of active business entities regulated by the CSCLB. | Restricted | 15,854,400 | 550,000 |
| | GF/GP | \$0 | \$0 |
| 16. Consultation, Education, and Performance Office | Gross | \$0 | \$400,000 |
| Includes \$400,000 of additional state restricted funding authorization from 6 fund sources to support the creation of a Consultation, Education, and Performance Office within the department. This office would provide educational outreach and consultation to licensees and stakeholders, consolidate educational resources, and promote careers in the professions that LARA regulates. | Restricted | 0 | 400,000 |
| | GF/GP | \$0 | \$0 |
| 17. Michigan Office of Administrative Hearings and Rules IDG Increase | FTE | 194.0 | 0.0 |
| | Gross | \$38,840,500 | \$385,000 |
| Includes a \$385,000 increase from IDG/IDT authorization for the MOAHR line item to reflect an increased IDG amount from the Michigan Department of Corrections (MDOC) for administrative hearings administered on behalf of MDOC. | IDG/IDT | 26,671,100 | 385,000 |
| | Restricted | 11,478,700 | 0 |
| | GF/GP | \$690,700 | \$0 |
| 18. PSC IT Systems | Gross | NA | \$261,000 |
| Includes \$261,000 of additional state restricted funding authorization from Public Utility Assessments to support the gas safety data management system and the geospatial data system, which are both utilized by the PSC. The gas safety data management system contains thousands of records and supports numerous programs within PSC's Gas Safety and Operations Division through tracking, monitoring and report generation functionalities. Funding for the geospatial data system would be used to expand current energy system geospatial data collection. | Restricted | NA | 261,000 |
| | GF/GP | NA | \$0 |
| 19. Implicit Bias Study (One-Time) | Gross | \$0 | \$250,000 |
| Includes \$250,000 of state restricted funding authorization from the Health Professions Regulatory Fund to allow LARA to collaborate with an external research entity to evaluate the effect of required implicit bias training for health professionals on access to and delivery of health care services. | Restricted | 0 | 250,000 |
| | GF/GP | \$0 | \$0 |
| 20. IT Software Licensing | Gross | NA | \$100,000 |
| Includes an additional \$100,000 of state restricted funding authorization from 3 fund sources to support the department's share of a contract increase with the Microsoft corporation. | Restricted | NA | 100,000 |
| | GF/GP | NA | \$0 |
| 21. FTE Authorization Increases | FTE | 234.9 | 2.1 |
| Increases authorization in the Bureau of Fire Services (BFS) and Bureau of Survey and Certification (BSC) line items by 2.1 FTE positions. The additional authorization for the BFS would be utilized to fill an IT specialist position to work on geographic information systems and a departmental analyst position to coordinate external events and control inventory. The 0.1 FTE position for the BSC would allow the department to maximize the use of a fractional FTE position that is currently appropriated. | | | |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 22. Technical Adjustments | | |
| Includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. Also includes the consolidation of 2 separate line items that support Michigan Liquor Control Commission activities into a single line item. | FTE | NA |
| | Gross | NA |
| | Restricted | NA |
| | GF/GP | NA |
| | | 0.0 |
| | | \$0 |
| | | 0 |
| | | \$0 |
| 23. Removal of FY 2023-24 One-Time Appropriations | | |
| Removes \$37.9 million Gross (\$11.4 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | FTE | 2.0 |
| | Gross | \$37,850,000 |
| | Federal | 20,000,000 |
| | Restricted | 6,500,000 |
| | GF/GP | \$11,350,000 |
| | | (2.0) |
| | | (\$37,850,000) |
| | | (20,000,000) |
| | | (6,500,000) |
| | | (\$11,350,000) |
| <ul style="list-style-type: none"> • BFS – Smoke Detectors (\$1.0 million Gross) • Bureau of Survey and Certification (\$1.2 million Gross) • CRA Reference Laboratory (\$2.8 million Gross) • CRA Social Equity Program (\$1.0 million Gross) • Child Care Licensing Bureau Background Check Program (\$200,000 Gross) • Corporations Online Filing Modernization (\$2.7 million Gross) • Michigan Saves (\$5.5 million Gross) • Premanufactured Unit Plan Review Upgrades (\$350,000 Gross) • Renewable Energy and Electrification Infrastructure Enhancement and Development (\$21.3 million Gross) • Utility Consumer Representation Grants (\$1.8 million Gross) | | |
| 24. Economic Adjustments | | |
| Reflects increased costs of \$6.4 million Gross (\$930,500 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. | Gross | NA |
| | IDG/IDT | NA |
| | Federal | NA |
| | Restricted | NA |
| | GF/GP | NA |
| | | \$6,352,000 |
| | | 1,053,700 |
| | | 467,100 |
| | | 3,900,700 |
| | | \$930,500 |

Major Boilerplate Changes from FY 2023-24

- Sec. 207. Communication With the Legislature – DELETED**
Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*
- Sec. 212. Transparency Website – DELETED**
Requires LARA to cooperate with DTMB to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates.
- Sec. 213. State Restricted Funds Report – DELETED**
Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.
- Sec. 214. Department Website Information – DELETED**
Requires LARA to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance.
- Sec. 216. FTE Positions and Vacancies Reports – REVISED**
Requires LARA to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts. Revises to delete reporting on FTE volumes.
- Sec. 217. Work Project Usage – DELETED**
Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2023-24.)*

Major Boilerplate Changes from FY 2023-24**Sec. 218. State Administrative Board Transfers – DELETED**

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 219. Retention of Reports – DELETED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 221. Severance Pay Reporting – DELETED

Requires LARA to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of LARA employees receiving severance pay in FY 2022-23.

Sec. 222. In-Person Work – DELETED

Expresses legislative intent that LARA maximize the efficiency of the state workforce and prioritize in-person work where possible, and post its in-person, remote, or hybrid work policy on its website.

Sec. 224. Increased Payment Options – DELETED

Authorizes LARA to receive payment for licenses, permits, and fees via credit card or other electronic payment means.

Sec. 226. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$4.0 million; requires report to subcommittees chairs within 10 days of receiving grants from private entities. Revises to eliminate the \$4.0 million cap.

Sec. 227. Informational, Training, and Special Events Revenue and Expenditures – REVISED

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$1.0 million. Revises to eliminate the \$1.0 million cap.

Sec. 231. Employee Performance Monitoring Process – DELETED

Expresses legislative intent that LARA establish a consistent employee performance monitoring process; requires report on planned or implemented changes to that process and the number of evaluations performed.

Sec. 232. Television and Radio Production Expenditure Report – DELETED

Requires LARA to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

Sec. 302. Public Service Commission Hearings – DELETED

Requires the PSC to conduct at least 1 public hearing in each of the 4 judicial districts described under section 302 of the Revised Judicature Act; requires any hearing conducted within district 4 to be conducted outside of Ingham County; requires the hearing to be conducted in Grand Rapids or Detroit for their respective district.

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 the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal direct shipments of wine; requires notice to 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 delete language prioritizing enforcement on unlicensed out of state retailers and third-party marketers, to delete requirement for referral of unlicensed out of state retailers and third-party marketers to the attorney general, to delete items in the report, and to delete language requiring notice to out of state entities that illegally shipped wine into Michigan.

Sec. 507. Elevator Inspectors' Compensation – DELETED

Expresses intent of the legislature that at least \$900,000 be used by the BCC to cooperate with the Office of the State Employer, relevant collective bargaining units, and other stakeholders to increase compensation rates for elevator inspectors employed by LARA.

Major Boilerplate Changes from FY 2023-24

Sec. 508. Skilled Trades Inspectors' Compensation Market Analysis – DELETED

Allows LARA to cooperate with the Office of the State Employer, relevant collective bargaining units, and other stakeholders to conduct a market analysis of compensation rates for skilled trades inspectors employed by LARA, to identify any disparity in compensation between LARA-employed inspectors and inspectors employed by other governmental entities and in the private sector.

Sec. 802. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires MIDC to submit report on incremental costs associated with standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense.

Sec. 804. Michigan Indigent Defense Commission Adopted Standard Report – REVISED

Requires MIDC to provide notification within 7 days after the adoption of any new indigent defense standard; requires notification to include an estimated cost projection for funding the adopted standard. Revises to extend notification deadline from 7 days to 60 days.

Sec. 1001. Bureau of Fire Services – Smoke Detectors – DELETED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology; requires report on number of smoke detectors purchased, per-unit price, listing of all local units that received smoke detectors, and number distributed.

Sec. 1002. Cannabis Regulatory Agency Social Equity Program – DELETED

Lists the following goals that are to be pursued using social equity program one-time funds: encourage and increase participation in the social equity program, with particular focus on individuals from communities that have been disproportionately impacted by marijuana prohibition and enforcement; establish a minimum number of licensees that are participating in the program; consider the median income in designating disproportionately impacted communities.

Sec. 1003. Michigan Saves Appropriation Use – DELETED

Allows PSC to award a \$5.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument.

Sec. 1004. Premanufactured Unit Plan Review Upgrades – DELETED

Requires that BCC utilize appropriated funds to decrease the average length of time to process and review premanufactured unit plan submissions; requires biannual reports with metrics related to premanufactured unit plan submissions.

Sec. 1005. Renewable Energy and Electrification Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be expended, aside from administration, only for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects; (2) requires 25% of the total amount of funding for grants awarded for electric vehicle fast-charging infrastructure to be allocated for infrastructure that provides charging at a power level of 350 kW or less and 75% of the total to be allocated for infrastructure that provides charging at a power level of at least 350 kW; (3) requires PSC to develop guidelines and implement a grant application process within 6 months and requires prioritization for grants that meet the goals of the MI Healthy Climate Plan; (4) requires grant applicants to perform an impact study that provides sufficient detail to allow the proposed project to be evaluated; (5) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (6) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (7) requires PSC to award grants to applicants who have met the grant criteria; (8) requires grant recipients to report to PSC on how the money was used within 30 days after a project's completion; (9) designates unexpended funding as a work project appropriation; (10) prohibits grant funding from being used to expand the use of conventional natural gas; (11) allows the PSC to expend up to \$500,000 for administration expenses; (12) defines "renewable energy and electrification infrastructure projects" and "renewable natural gas".

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. Employee Lump Sum Payments

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

| | |
|--------------|------------------|
| Gross | \$511,200 |
| GF/GP | \$511,200 |

**Summary: Executive Budget Recommendation
for Fiscal Year 2024-25**

LIFELONG EDUCATION, ADVANCEMENT, AND POTENTIAL

Analysts: Noel Benson and Perry Zielak

| | FY 2023-24 Enacted as of 2/7/24 | FY 2024-25 Executive | Difference: FY 2024-25 vs. FY 2023-24 | |
|--------------|---------------------------------------|-------------------------|--|-----------|
| | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | NA |
| Federal | 0 | 413,951,400 | 413,951,400 | NA |
| Local | 0 | 0 | 0 | NA |
| Private | 0 | 250,000 | 250,000 | NA |
| Restricted | 0 | 1,862,300 | 1,862,300 | NA |
| GF/GP | 0 | 160,921,700 | 160,921,700 | NA |
| Gross | \$0 | \$576,985,400 | \$576,985,400 | NA |
| FTEs | 0.0 | 340.0 | 340.0 | NA |

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

Overview

The Department of Lifelong Education, Advancement, and Potential (MiLEAP), created under Executive Order 2023-6, is responsible for administering and coordinating statewide education efforts outside of the K-12 school system, including child care, child care worker and facility licensing, early childhood education, out of school time, and higher education related programs. The department combines offices from the Department of Education, Department of Licensing and Regulatory Affairs, Department of Labor and Economic Opportunity, and the Department of Treasury to oversee these programs.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Departmental Administration and Support

Provides \$8.7 million Gross (\$7.8 million GF/GP) and authorizes 30.0 classified and 6.0 unclassified FTE positions for departmental administration and support, including executive direction and operations and property management.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 0.0 | 36.0 |
| Gross | \$0 | \$8,691,900 |
| Federal | 0 | 911,200 |
| GF/GP | \$0 | \$7,780,700 |

2. Information Technology

Provides \$1.0 million Gross (\$767,800 GF/GP) for information technology services and projects.

| | | |
|--------------|------------|------------------|
| Gross | \$0 | \$990,300 |
| Federal | 0 | 222,500 |
| GF/GP | \$0 | \$767,800 |

OFFICE OF EARLY CHILDHOOD EDUCATION

3. Child Development and Care Subsidy Transfer

Transfers in \$364.5 million Gross (\$50.8 million GF/GP) from the Michigan Department of Education (MDE) for the child development and care subsidy, which provides support for low-income and other qualifying families in need of child care to work or participate in training or educational activities.

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$364,500,000 |
| Federal | 0 | 313,659,800 |
| GF/GP | \$0 | \$50,840,200 |

4. Child Care Provider Rate Increase

Provides \$37.9 million Gross (\$19.0 million GF/GP) to increase hourly child care provider reimbursement rates by 10%.

| | | |
|--------------|------------|---------------------|
| Gross | \$0 | \$37,927,400 |
| Federal | 0 | 18,963,700 |
| GF/GP | \$0 | \$18,963,700 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|--|--|
| 5. Child Care Licensing Bureau Transfer | FTE | 0.0 | 147.0 |
| Transfers in \$25.0 million Gross (\$3.8 million GF/GP) and authorization for 147.0 FTE positions from the Department of Licensing and Regulatory Affairs (LARA) for the Child Care Licensing Bureau and additional licensing staff. | Gross | \$0 | \$24,986,500 |
| | Federal | 0 | 20,653,100 |
| | Restricted | 0 | 544,600 |
| | GF/GP | \$0 | \$3,788,800 |
| 6. Child Development and Care Contracted Services Transfer | Gross | \$0 | \$18,900,000 |
| Transfers in \$18.9 million Federal from MDE for the Early Childhood Investment Corporation, which administers child care quality initiatives, License Exempt Monitoring, and the T.E.A.C.H. Early Childhood Michigan Scholarship program for child care providers. | Federal | 0 | 18,900,000 |
| | GF/GP | \$0 | \$0 |
| 7. Office of Great Start Operations | FTE | 0.0 | 70.0 |
| Transfers in \$14.4 million Gross (\$2.5 million GF/GP) and authorization for 70.0 FTE positions from MDE for the operations for the Office of Great Start, which administers early childhood education programs for general and special education students and the child development and care public assistance programs. | Gross | \$0 | \$14,388,100 |
| | Federal | 0 | 11,597,100 |
| | Private | 0 | 250,000 |
| | Restricted | 0 | 64,600 |
| | GF/GP | \$0 | \$2,476,400 |
| 8. Child Development and Care External Support Transfer | Gross | \$0 | \$11,028,100 |
| Transfers in \$11.0 million Federal from MDE for an interdepartmental grant to the Michigan Department of Health and Human Services (DHHS) to support child development and care related activities, including program eligibility determinations and responding to administrative hearings. | Federal | 0 | 11,028,100 |
| | GF/GP | \$0 | \$0 |
| 9. Foster Care Child Care Provider Rate Increase | Gross | \$0 | \$8,500,000 |
| Provides \$8.5 million Federal to increase the child care provider reimbursement rate for children in foster care by 30%, with a goal of incentivizing services and supports for foster care children. | Federal | 0 | 8,500,000 |
| | GF/GP | \$0 | \$0 |
| 10. Child Care Facility Inspections | FTE | 0.0 | 30.0 |
| Provides \$4.8 million Federal and authorizes 30.0 FTE positions to increase staff support for child care facility inspections. | Gross | \$0 | \$4,840,100 |
| | Federal | 0 | 4,840,100 |
| | GF/GP | \$0 | \$0 |
| 11. Family Child Care Networks | Gross | \$0 | \$4,000,000 |
| Provides \$4.0 million Federal to maintain family child care networks that provide support to home-based child care providers, such as language skills. The networks were originally funded using COVID-19 stimulus funds. | Federal | 0 | 4,000,000 |
| | GF/GP | \$0 | \$0 |
| 12. Tri-Share Child Care Program | Gross | \$0 | \$3,400,000 |
| Transfers in \$3.4 million GF/GP from LEO for the Tri-Share Child Care program, which helps partner private and public organizations to increase access to high-quality and affordable child care for working families. | GF/GP | \$0 | \$3,400,000 |
| 13. Tri-Share Child Care Program Administration | FTE | 0.0 | 1.0 |
| Provides \$176,500 GF/GP and authorizes 1.0 FTE position for the administration of the Tri-Share Child Care program. | Gross | \$0 | \$176,500 |
| | GF/GP | \$0 | \$176,500 |
| 14. Child Care Centers Drinking Water Quality | FTE | 0.0 | 2.0 |
| Provides \$500,000 GF/GP and authorizes 2.0 FTE positions to provide specialty water bottles to test the quality of drinking water at child care facilities. | Gross | \$0 | \$500,000 |
| | GF/GP | \$0 | \$500,000 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 15. Head Start Collaboration Office | | |
| Transfers in \$425,100 Gross (\$64,500 GF/GP) and authorization for 1.0 FTE position from MDE for the Head Start Collaboration Office, which coordinates between Head Start agencies and state and local entities that provide services for all low-income children from birth to age 5 and pregnant women. | FTE Gross Federal GF/GP | 0.0 \$0 0 \$0 |
| | | 1.0 \$425,100 360,600 \$64,500 |
| 16. Child Care Development and Care Fund Federal Medical Assistance Percentage (FMAP) Rate Adjustment | | |
| Provides \$221,900 Federal with a corresponding decrease of GF/GP due to annual cost sharing adjustments from the FMAP rate increasing from 64.94% to 65.13%. | Gross Federal GF/GP | \$0 0 \$0 |
| | | \$0 221,900 (\$221,900) |
| OFFICE OF EDUCATION PARTNERSHIPS | | |
| 17. Office of Education Partnerships Program Transfers | | |
| Transfers in \$1.1 million GF/GP and authorization for 6.0 FTE positions from MDE for the new Office of Education Partnerships to support the Family and Community Engagement program, the Governor's Educator Advisory Council, and the Michigan PreK-12 Literacy Commission. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 6.0 \$1,062,500 \$1,062,500 |
| 18. Out-of-School Time Administration | | |
| Provides \$366,500 GF/GP and authorizes 2.0 FTE positions to provide support for the Michigan Out-of-School Time program in the School Aid budget, which provides grants for before and after school programs along with summer school activities. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 2.0 \$366,500 \$366,500 |
| OFFICE OF HIGHER EDUCATION | | |
| 19. Student Financial Assistance Program Transfers | | |
| Transfers in \$8.9 million Gross (\$7.7 million GF/GP) and authorization for 33.0 FTE positions from the Department of Treasury for the administration of student financial assistance programs, Dual Enrollment payments, and the Michigan Student Scholarship and Grants portal. | FTE Gross Restricted GF/GP | 0.0 \$0 0 \$0 |
| | | 33.0 \$8,924,600 1,253,100 \$7,671,500 |
| 20. Michigan Reconnect and Office of Higher Education Program Transfers | | |
| Transfers in \$3.3 million GF/GP and authorization for 12.0 FTE positions from LEO for the new Office of Higher Education to provide administrative support for the Sixty by 30 Initiative, Michigan Reconnect, and Future for Frontliners. | FTE Gross GF/GP | 0.0 \$0 \$0 |
| | | 12.0 \$3,276,000 \$3,276,000 |
| ONE-TIME APPROPRIATIONS | | |
| 21. Child Care Worker Subsidy Pilot Program | | |
| Provides \$60.0 million GF/GP one-time to create a 3-year pilot program to provide child care workers with child care related subsidies. | Gross GF/GP | \$0 \$0 |
| | | \$60,000,000 \$60,000,000 |
| 22. Economic Adjustments | | |
| Reflects increased costs of \$101,800 Gross (\$8,500 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. (Note: This item does not reflect all economics adjustments because some economics adjustments were applied to appropriations prior to the transfer to MiLEAP.) | Gross Federal GF/GP | NA NA NA |
| | | \$101,800 93,300 \$8,500 |

Major Boilerplate Changes from FY 2023-24

STANDARD BOILERPLATE

Sec. 201. State Spending and Payments to Local Units of Government – NEW

Provides total state spending from state sources and payments to be made to local units of government.

Sec. 202. Applicability of Management and Budget Act – NEW

Subjects appropriations to Management and Budget Act, 1984 PA 431.

Sec. 203. Terms and Acronyms – NEW

Defines "Department," "DHHS," "Director," and "FTE" as they appear in the article.

Sec. 204. Internet Report Requirements – NEW

Requires MiLEAP to use internet to fulfill reporting requirements; requires transmission of reports via email.

Sec. 205. Purchase of Foreign Goods – NEW

Prohibits purchase of foreign goods or services if competitively price and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans.

Sec. 206. Geographically Disadvantaged Business Enterprises – NEW

Requires MiLEAP director to make an effort to contract with geographically disadvantaged business enterprises.

Sec. 207. Out-of-State Travel – NEW

Requires MiLEAP to report on out-of-state travel expenses in the prior year that were paid for, in whole or in part, with state appropriations.

Sec. 210. Contingency Authorization – NEW

Appropriates up to \$10.0 million in federal, \$5.0 million in state restricted, \$350,000 in local, and \$2.0 million in private contingency authorization; authorizes expenditure of funds after legislative transfer to specific line items.

Sec. 211. Access to State and Local Government Services – NEW

Prohibits appropriated funds from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that interferes with the duties of the local health officer.

Sec. 213. Standard List of Report Recipients – NEW

Requires all reports required in boilerplate to be submitted to the House and Senate Appropriations Subcommittees on MiLEAP, the House and Senate fiscal agencies, the House and Senate policy offices, and the State Budget Office.

Sec. 216. FTE Report – NEW

Requires MiLEAP to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts.

OFFICE OF EDUCATION PARTNERSHIPS

Sec. 401. Family and Community Engagement – NEW

Requires MiLEAP to establish or partner with family engagement centers across the state to increase parent and guardian involvement in children's education, ensure translation and interpretation services are available, partner with intermediate school districts (ISDs) to distribute information and resources to their constituent districts, and develop an early literacy engagement plan. Transfers language with minor technical revisions from Sec. 1014 in MDE.

OFFICE OF HIGHER EDUCATION

Sec. 705. Dual Enrollment Payments – NEW

Requires dual enrollment payments to be distributed as provided under the Postsecondary Enrollment Options Act, 1996 PA 160, and the Career and Technical Preparation Act, 2000 PA 258, as determined by the department. Transfers in language with minor technical revisions from Sec. 935 in Treasury.

Major Boilerplate Changes from FY 2023-24

OFFICE OF EARLY CHILDHOOD EDUCATION

Sec. 1002. CDC Provider Reimbursement Rates – NEW

Requires MiLEAP to publish reimbursement rates on its website and the Great Start to Quality webpage. Allows MDE, with the approval of the state budget director, to receive and expend federal child care development block grant funds at risk of being lapsed back to the federal government. If the average caseload falls below the caseload agreement from the consensus revenue estimating conference for three consecutive months, allows MDE, with the approval of the state budget director, to increase the hourly reimbursement rate for child care providers. Transfers in language with minor technical revisions from MDE.

Sec. 1004. CDC Provider Rate Increase – NEW

Increases reimbursement rates for child care providers by 10% from the rates established in FY 2023-24. Requires MiLEAP to publish reimbursement rates on the department webpage and the Great Start to Quality webpage.

Sec. 1005. CDC Provider Rate Increase for Foster Care Youth – NEW

Increases reimbursement rates for child care providers by 30% from the rates established in Sec. 1004 for benefits paid for children in foster care. Requires MiLEAP to publish reimbursement rates on the department webpage and the Great Start to Quality webpage.

Sec. 1007. CDC Annual Report – NEW

Requires MiLEAP to create an annual report to track the affordability, availability, health and safety, and quality of child care; actions taken to improve the quality, health, and safety of child care; the child care workforce; and total funding appropriated to contracts for the early childhood comprehensive systems planning during the previous fiscal year. Requires the report to be issued by April 1 of the current fiscal year reflecting data for the previous fiscal year. Transfers in language with revisions from Sec. 1007 and consolidates reporting requirements from Sec. 1003 in MDE.

Sec. 1008. Home Visit Program Coordination – NEW

Requires MiLEAP to provide services to families for home visits and work with DHHS as necessary. Transfers in language with minor technical revisions from MDE.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – NEW

Requires MiLEAP to set the entrance threshold for the CDC program to 200% of the federal poverty guidelines. Transfers in language from MDE.

Sec. 1011. CDC Payments Based on Enrollment – NEW

Requires MiLEAP to implement payments to providers based on enrollment rather than attendance. Transfers in language from MDE.

Sec. 1012. CDC Provider Rate Increase – NEW

Requires MiLEAP to work in collaboration with DHHS to continue the network of infant and early childhood mental health consultation, which provides mental health consultation to child care providers; requires \$3.0 million to be used for this purpose. Transfers in language from MDE.

Sec. 1030. Administration of Tri-Share Program – NEW

Requires funding to be used to continue the Tri-Share Child Care program; allows funding of new child care facilitator hubs provided that existing hubs receive sufficient support; requires new hubs to increase the number of participating counties or serve statewide employers; caps administration costs at \$200,000. Transfers in language with minor technical revisions from Sec. 701 in LEO.

Sec. 1101. Child Care Worker Benefits – NEW

Requires funds to be used to implement a pilot program to provide child care benefits to employees working in licensed child care programs under the CDC program. Prohibits children in care at a home-based provider where the owner of the provider is the parent or guardian of the child from receiving benefits under this program. Caps the amount of hours in a biweekly period that the child is eligible for at no greater than the number of hours the child care worker works in the same biweekly period. Provides for a work project appropriation through September 30, 2027.

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 MILITARY AND VETERANS AFFAIRS

Analyst: Michael Crossen

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

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

Overview

The Department of Military and Veterans Affairs (DMVA) provides for the operations of the Michigan National Guard in support of military and security needs of the state and federal government. The department, through the Michigan Veterans Affairs Agency, oversees state programs for veterans, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the independent Michigan Veterans Facility Authority, which manages and operates the state's three veterans homes.

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Veteran Homes Operating Expenses Adjustment

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

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 553.0 | 0.0 |
| Gross | \$92,561,400 | \$16,398,100 |
| Federal | 41,843,100 | 7,218,600 |
| Restricted | 6,850,100 | (991,300) |
| GF/GP | \$43,868,200 | \$10,170,800 |

2. Michigan Veterans' Facility Authority Administrative Operating Expenses Adjustment

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

| | | |
|--------------|--------------------|------------------|
| Gross | \$4,981,300 | \$941,900 |
| GF/GP | \$4,981,300 | \$941,900 |

3. Selfridge Air National Guard Base (One-Time)

Includes \$10.0 million GF/GP for capital improvements and infrastructure projects necessary to shift the runway placement at Selfridge Air National Guard Base to help attract new aircraft flying missions. Projects would include roadway repair, vehicle access to the base and museum, stormwater drainage system repairs, force protection, and airfield features. A one-time appropriation of \$10.0 million was included in the enacted FY 2023-24 budget for the same purpose, for a \$0 change.

| | | |
|--------------|---------------------|------------|
| Gross | \$10,000,000 | \$0 |
| GF/GP | \$10,000,000 | \$0 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--------------|--|--|
| 4. Veteran Homelessness Grants (One-Time) | Gross | \$2,000,000 | (\$500,000) |
| Provides \$1.5 million GF/GP for MVAA to continue a FY 2023-24 pilot program that awards grants to non-profit organizations to provide, or assist in providing, housing for homeless veterans and their families in an effort to eliminate veteran homelessness. A one-time appropriation of \$2.0 million was included in the enacted FY 2023-24 budget for the same purpose, for a \$500,000 decrease. | GF/GP | \$2,000,000 | (\$500,000) |
| 5. DMVA Military Retirement | Gross | \$1,351,000 | \$1,419,600 |
| Provides \$1.4 million GF/GP for the Military Retirement System to reflect an increase in anticipated retirement obligations based on annual actuarial valuation of military retirement benefits. | GF/GP | \$1,351,000 | \$1,419,600 |
| 6. National Guard Soldier Referral Program | Gross | \$0 | \$0 |
| Provides \$300,000 GF/GP and makes a corresponding reduction from the annual deposit into the Michigan National Guard Tuition Assistance Fund for a net \$0 Gross change. Funding would be used to create a Joint Enlistment Enhancement Program that would provide \$1,000 referral bonuses to individuals who refer soldiers who enlist in the National Guard. | Restricted | 0 | 0 |
| | GF/GP | \$0 | \$0 |
| 7. National Guard Facilities Services Contract Increases | Gross | \$0 | \$287,000 |
| Provides \$287,000 Gross (\$9,000 GF/GP) to support contract cost increases for National Guard facilities and for janitorial services at Selfridge Air National Guard Base. | Federal | 0 | 278,000 |
| | GF/GP | \$0 | \$9,000 |
| 8. Air National Guard User ID Funding | Gross | \$0 | \$50,000 |
| Provides \$50,000 GF/GP for the cost of user IDs in recognition that this cost is a non-reimbursable expense under the National Guard Bureau's cooperative agreement. | GF/GP | \$0 | \$50,000 |
| 9. Removal of FY 2023-24 One-Time Appropriations | Gross | \$3,000,000 | (\$3,000,000) |
| Removes \$3.0 million of one-time GF/GP funding that was included in the FY 2023-24 budget to support funding for the Grand Rapids Home for Veterans as it transitioned to its new facility. | GF/GP | \$3,000,000 | (\$3,000,000) |
| 10. Economic Adjustments | Gross | NA | \$3,115,100 |
| Reflects increased costs of \$3.1 million Gross (\$1.6 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | Federal | NA | 1,504,300 |
| | Restricted | NA | (700) |
| | GF/GP | NA | \$1,611,500 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 211. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$8.6 million, state restricted authorization by up to \$1.1 million, local authorization by up to \$250,000, and private authorization by up to \$100,000. Revises to increase maximum amounts of contingency authorizations up to \$12.0 million in federal and \$3.0 million in state restricted.

Major Boilerplate Changes from FY 2023-24**Sec. 212. Transparency Website – DELETED**

Requires department to provide data necessary for DTMB to maintain a searchable website that is accessible by the public at no cost that includes expenditure data, data on payments made to vendors, and data on number of active employees, job specifications, and wage rates.

Sec. 213. State Restricted Funds Report – DELETED

Requires department and State Budget Office to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

Sec. 214. Performance Metrics Website – DELETED

Requires department to maintain a publicly accessible website that identifies and tracks its performance against key metrics used to monitor and improve its performance.

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

Requires department to provide quarterly report on FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires detailed accounting of vacant positions. Revises to delete all reporting requirements except for a comparison of FTE positions authorized and positions filled.

Sec. 217. Prioritization of In-person Work for State Workforce – DELETED

States intent of legislature is to maximize efficiency of state workforce and, where possible, prioritize in-person work; requires department to post its in-person, remote, or hybrid work policy on its website.

Sec. 218. Receipt and Retention of Required Reports – DELETED

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

Sec. 219. Reporting Requirement on Policy Changes – DELETED

Requires department to report on policy changes made in order to implement enacted legislation.

Sec. 220. Severance Pay Report – DELETED

Requires department and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines "severance pay".

Sec. 221. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 224. Intention to Sell Department Property – DELETED

Requires department to provide a 60-day notice of intent to sell property. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 225. Biannual Reporting on Achieving Requirements – DELETED

Requires department to provide biannual reports on status of work projects, financial status, and employment levels.

Sec. 226. State Administrative Board Transfers – DELETED

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 229. Annual Strategic Plan – DELETED

Requires department to submit its annually updated departmental strategic plan to legislature.

Sec. 301. Unclassified Positions – DELETED

Appropriates funding to support unclassified positions; requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions; requires annual report listing current unclassified positions with official titles and responsibilities.

Major Boilerplate Changes from FY 2023-24

Sec. 306. Billeting Fund – REVISED

Requires annual report of operations and expenditures regarding Billeting Fund account, which supports program operations of Chargeable Transient Quarters program at National Guard training facilities. Revises to create the fund within the state treasury; authorizes Treasury to receive money and assets from any source for deposit into the fund; requires Treasury to direct the investment of the fund and to credit interest and earnings to the fund; requires money in the fund to not lapse to the general fund at the close of the fiscal year; requires the department to be the administrator of the fund for auditing purposes.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain tuition assistance program for members of Michigan National Guard and other eligible members as defined in 2014 PA 259; states program's objectives, performance metrics, and reporting requirements. Revises to add reporting on spouses and children as beneficiaries of the program.

Sec. 309. Test Project Fees – REVISED

Creates test project fees revolving account to be under control of department to collect fees generated by test project program; requires funds appropriated from account to support operations of test project program; authorizes unexpended funds to carry forward and not lapse at close of fiscal year. Revised to create the fund within the state treasury; authorizes Treasury to receive money and assets from any source for deposit into the fund; requires Treasury to direct the investment of the fund and to credit interest and earnings to the fund; requires money in the fund to not lapse to the general fund at the close of the fiscal year; requires the department to be the administrator of the fund for auditing purposes.

Sec. 311. Commander's Cottage Rental Fees – REVISED

Creates rental fees revolving account to be under control of department to collect rental fees for Commander's Cottage, the commander's residence; requires funds appropriated from account to support operations of program; authorizes unexpended funds to carry forward and not lapse at close of fiscal year. Revises to create the fund within the state treasury; authorizes Treasury to receive money and assets from any source for deposit into the fund; requires Treasury to direct the investment of the fund and to credit interest and earnings to the fund; requires money in the fund to not lapse to the general fund at the close of the fiscal year; requires the department to be the administrator of the fund for auditing purposes.

Sec. 404. MVAA Private Donations – REVISED

Authorizes receipt of private donations to MVAA in excess of funds appropriated and permits expenditure of those funds for purpose designated by donor, if specified; requires quarterly reports of donations under \$10,000 and notification to legislature within 14 days of donations of \$10,000 or more; requires all private donations to be used for the benefit and life enrichment of veterans. Revises to delete notification requirement for donations of \$10,000 or more.

Sec. 405. Veterans' Trust Fund Grants – REVISED

Requires MVAA to report biannually on Michigan Veterans Trust Fund financial status, awarded grants, and operating and administrative expenses; requires the provision of emergency grants; requires an annual report on grants issues, county administrative practices and expenditures, details on applications received, and what efforts are done to reduce program administrative costs. Revises to delete the biannual report requirement; deleted requirement to provide emergency grants; adjust annual reporting requirements.

Sec. 406. MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, and assist in processing claims for VA benefits; requires annual report providing estimate of state's homeless veterans population. Revised to delete outreach minimum goal benchmark of 50% of the state's veteran population and aspirational goal of 90% reached.

Sec. 410. MVAA and County Counseling Services – REVISED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes a capacity metric of 500 claims per year; requires biannual data on number and type of claims activities; requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires biannual reports on number and percentage of CVCs requesting training by MVAA; authorizes up to \$50,000 to be expended to provide legal services to represent veterans benefit cases before federal courts in order to maintain accreditation by VA. Revised to eliminate claims processing and county counselor training goal benchmarks. (*Governor deemed this section unenforceable in FY 2023-24.*)

Major Boilerplate Changes from FY 2023-24**Sec. 411. Grants to Veterans Service Organizations – REVISED**

Requires MVAA to provide competitive grants to veterans service organizations (VSOs) using a regional service delivery model and lists requirements for the competitive grant process; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, specifies basic parameters of grant agreement; requires MVAA to report on grant activities; appropriates funding to cover administrative costs; authorizes unexpended funding to carry forward as a work project. Revised to delete designation of unexpended funding as a work project and carry forward authorization.

Sec. 412. 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.

Sec. 415. MVAA Veteran Homelessness Study – DELETED

Requires MVAA to complete study that includes analysis of scope of veteran homelessness in Michigan, identification of challenges to securing housing for homeless veterans, and recommendations for future partnerships and actions that will assist in eliminating veteran homelessness while minimizing additional costs to local units of government.

Sec. 416. Suicide Prevention Research Contracts and Grants – DELETED

Authorizes department to contract with or provide grants to local health care providers to accelerate research and deployment of treatments for suicide prevention that have been granted breakthrough therapy designation by United States Food and Drug Administration; authorizes hiring of up to 3.0 FTE positions.

Sec. 451. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to this state's veterans homes and permits its use for the purpose designated by private donor if used for the benefit and life-enrichment of veterans; requires annual report of donations under \$10,000 and notification to the legislature within 14 days of donations of \$10,000 or more; authorizes unexpended private donations to not lapse to the General Fund and to carry forward to the subsequent fiscal year. Revises to delete notification requirement for donations of \$10,000 or more.

Sec. 458. Member Care Standards – DELETED

Requires Michigan veterans homes to provide all veterans homes members board-certified psychiatric care, safe and secure environment, and to ensure veterans homes develop, execute, and monitor all comprehensive care plans in accordance with federal regulations and internal policies.

Sec. 502. Special Maintenance – National Guard – REVISED

Requires appropriations to be expended in accordance with sections 302 and 305 of department budget act to modernize and repair National Guard facilities; requires annual reports on maintenance projects at National Guard facilities funded from capital outlay appropriations. Revises to include armory maintenance to the section requirements.

Sec. 504. Armory Maintenance – DELETED

Requires appropriations to be expended in accordance with sections 302 and 305 of department budget act to modernize and repair National Guard facilities.

Sec. 510. MVFA Non-General Fund Source Adjustment – NEW

Authorizes the department, upon approval from the State Budget Director, to align appropriations for non-general fund sources with revenue; prohibits changes that would produce a gross increase or decrease in the total authorization for the individual Michigan veterans' facility authority line-item appropriations; requires quarterly report on actions taken under this section.

Sec. 601. Eliminating Veteran Homelessness Grants – REVISED

Requires MVAA to create and operate grant program to provide grants of \$150,000 to non-profit organizations to provide, or assist in providing, housing for homeless veterans and their families; requires report summarizing grant program activities and expenditures; provides definitions for "veteran" and "homeless"; designates unexpended funds as work project, to not lapse at close of fiscal year, and to carry forward to FY 2027-28. Revises to eliminate grant specification of \$150,000 and prohibition of awarding more than one grant to any one non-profit organization; eliminates work project designation.

Sec. 602. Selfridge Air National Guard Base – REVISED

Requires funds to be used to comply with Air Installation Compatible Use Zone Program requirements and projects to attract new aircraft flying missions; lists eligible uses of funds. Revises to modify list of projects eligible for funding.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. SSG Parker Gordon Fox Suicide Prevention Federal Grant Program

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

| | |
|--------------|------------------|
| Gross | \$750,000 |
| Federal | 750,000 |
| GF/GP | \$0 |

2. Employee Lump Sum Payments

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

| | |
|--------------|------------------|
| Gross | \$757,400 |
| GF/GP | \$757,400 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 NATURAL RESOURCES

Analyst: Austin Scott

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

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

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 2023-24 Enacted Appropriations

1. Recreation Passport Default Opt-in Revenue

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | NA | \$17,190,300 |
| Restricted | NA | 17,190,300 |
| GF/GP | NA | \$0 |

2. Capital Outlay Adjustments

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$58,475,000 | (\$8,725,000) |
| Federal | 20,000,000 | (5,300,000) |
| Private | 250,000 | (250,000) |
| Restricted | 34,725,000 | (3,175,000) |
| GF/GP | \$3,500,000 | \$0 |

3. Nature Awaits

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

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 13.8 | 0.0 |
| Gross | \$8,000,000 | (\$4,000,000) |
| GF/GP | \$8,000,000 | (\$4,000,000) |

4. Michigan Historical Center – Archives of Michigan

Reduces funding for the Michigan Historical Center by \$1.9 million GF/GP and 14.5 FTE positions to reflect Executive Order 2023-6 which transferred the Archives of Michigan from DNR to DTMB.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| FTE | 56.5 | (14.5) |
| Gross | \$8,201,900 | (\$1,915,300) |
| Federal | 1,016,000 | 0 |
| Restricted | 2,223,900 | 0 |
| GF/GP | \$4,962,000 | (\$1,915,300) |

5. Vehicle Travel Services

Appropriates \$890,300 Gross (\$343,100 GF/GP) to cover increased travel costs related to vehicle mileage rates and leasing costs.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | NA | \$890,300 |
| Federal | NA | 23,000 |
| Restricted | NA | 524,200 |
| GF/GP | NA | \$343,100 |

NATURAL RESOURCES

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 6. Modem and Radio Replacement for Law Enforcement and Wildfire Protection | Gross | NA | \$878,300 |
| Includes \$878,300 GF/GP to replace modem and radio equipment for law enforcement and wildfire protection. | GF/GP | NA | \$878,300 |
| 7. General Law Enforcement – Records Management and Reporting System | FTE | 293.0 | 0.0 |
| Provides \$700,000 GF/GP for replacing the conservation officer records management and reporting system. | Gross | \$51,479,500 | \$700,000 |
| | Federal | 6,901,700 | 0 |
| | Restricted | 27,376,600 | 0 |
| | GF/GP | \$17,201,200 | \$700,000 |
| 8. Land and Water Conservation Fund Program | FTE | NA | 1.0 |
| Appropriates \$151,100 Gross (\$76,100 GF/GP) and 1.0 FTE position to administer the Land and Water Conservation Fund Program which provides payments to local units of government to acquire and develop public recreation lands and facilities. | Gross | NA | \$151,100 |
| | Federal | NA | 75,000 |
| | GF/GP | NA | \$76,100 |
| 9. Accounting Service Center | Gross | \$1,501,900 | \$120,000 |
| Includes \$120,000 Gross (\$11,400 GF/GP) to support departmental accounting services. | Restricted | 1,359,300 | 108,600 |
| | GF/GP | \$142,600 | \$11,400 |
| 10. Spending Authorization Alignment | Gross | NA | \$341,600 |
| Increases private funding by \$570,000 and reduces restricted funding by \$228,400 across divisions to align spending authorization with available resources. | Private | NA | 570,000 |
| | Restricted | NA | (228,400) |
| | GF/GP | NA | \$0 |
| 11. Cultural Resource Management | FTE | 2.0 | 3.5 |
| Provides 3.5 FTE positions for cultural resource management which supports departmental archaeological operations and manages identification, treatment, and disposition of Native American cultural items. | Gross | \$1,000,000 | \$0 |
| | GF/GP | \$1,000,000 | \$0 |
| 12. Removal of FY 2023-24 One-Time Appropriations | Gross | \$42,000,000 | (\$42,000,000) |
| Removes \$42.0 million Gross (\$17.0 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Federal | 22,500,000 | (22,500,000) |
| <ul style="list-style-type: none"> Aggregate mapping (\$5.0 million Gross) Cultural resource management (\$1.0 million Gross) Dam management program (\$1.3 million Gross) Forest land management equipment (\$2.5 million Gross) Fresh water research and innovation center (\$15.0 million Gross) Great Lakes splash pads (\$1.0 million Gross) Invasive species prevention and control (\$2.0 million Gross) Michigan conservation corps (\$500,000 Gross) State water trail organizations (\$500,000 Gross) Swimming pool repair project (\$200,000 Gross) Swimming pool restoration project (\$5.0 million Gross) Urban and community forestry assistance (\$7.5 million Gross) Wetland restoration in urban areas (\$550,000 Gross). | Restricted | 2,500,000 | (2,500,000) |
| | GF/GP | \$17,000,000 | (\$17,000,000) |
| 13. Economic Adjustments | Gross | NA | \$6,890,700 |
| Reflects increased costs of \$6.9 million Gross (\$608,900 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | IDG/IDT | NA | 4,400 |
| | Federal | NA | 918,900 |
| | Private | NA | 0 |
| | Restricted | NA | 5,358,500 |
| | GF/GP | NA | \$608,900 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 212. Expenditure Posting on Internet – DELETED

Requires expenditures to be reported on the internet on a searchable website, including specific expenditure information.

Sec. 213. Restricted Fund Revenues, Expenditures, and Fund Balances – DELETED

Requires annual report on fund balances, revenues, and expenditures for state restricted funds for previous and current fiscal years.

Sec. 214. Website Scorecard – DELETED

Requires department to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance.

Sec. 218. Remote Working – DELETED

States legislative intent to prioritize in-person work for the state's workforce where possible unless they were working remotely prior to February 28, 2020.

Sec. 219. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 221. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 222. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 223. Severance Reporting – DELETED

Requires department to report details of severance pay for certain departmental employees.

Sec. 224. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 229. Energy and Noise Efficiency – DELETED

Requires preference for goods and services that are energy efficient and minimize noise pollution.

Sec. 230. Transparency – DELETED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Sec. 231. General Receive and Expend – NEW

Allows the department to receive public or private revenue and expend said revenue for a defined purpose if specified; allows public or private revenue to carryforward to succeeding fiscal years without lapsing to the general fund; requires the department to notify HFA and SFA within 10 days of approval of additional spending authorization by SBO.

Sec. 242. Testing Laboratories – DELETED

Prohibits the department from consolidating their testing laboratories.

Sec. 408. Land Transactions – DELETED

Requires detailed report to legislature on land purchases, sales, and exchanges.

Sec. 501. Work Project – Nature Awaits – DELETED

Authorizes unexpended funds for Nature Awaits totaling \$8.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support the Nature Awaits program in the Parks and Recreation Division.

Sec. 1201. Work Project – Aggregate Mapping – DELETED

Authorizes unexpended funds for aggregate mapping totaling \$5.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to map aggregate deposits of this state.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2023-24

Sec. 1202. Work Project – Dam Management Grant Program – DELETED

Authorizes unexpended funds for Dam Management Grant Program totaling \$1.3 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used for dam management grants.

Sec. 1203. Work Project – Forest Land Management Equipment – DELETED

Authorizes unexpended funds for Forest Land Management Equipment totaling \$2.5 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire new forest land management equipment.

Sec. 1204. Fresh Water Research and Innovation Center – DELETED

Awards \$15.0 million GF/GP to nonprofit Discovery Great Lakes in Traverse City to build a fresh water research and innovation center on Lake Michigan.

Sec. 1205. Invasive Species Prevention and Control Fund Deposit – DELETED

Deposits funding for Invasive Species Prevention and Control into the Invasive Species Fund.

Sec. 1206. Work Project – State Water Trail Organizations – DELETED

Authorizes unexpended funds for State Water Trail Organizations totaling \$500,000 to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support state water trail organizations.

Sec. 1207. Swimming Pool Repair Project – DELETED

Awards \$200,000 GF/GP to the City of Ypsilanti to repair a public swimming pool.

Sec. 1208. Swimming Pool Restoration Project – DELETED

Awards \$5.0 million GF/GP to the City of Lansing to restore a public swimming pool.

Sec. 1209. Work Project – Urban and Community Forestry Assistance – DELETED

Authorizes unexpended funds for Urban and Community Forestry Assistance totaling \$7.5 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to increase equitable access to urban tree canopy and associated human health benefits, broaden community engagement in local urban forest planning, and increase resilience to climate change.

| <u>Supplemental Recommendations for FY 2023-24 Appropriations</u> | | <u>FY 2023-24 Recommendation</u> | |
|--|--|---|--------------------|
| 1. Straits State Park Interpretive Site | | Gross | \$3,600,000 |
| Authorizes spending of a \$3.6 million private grant to enhance the grounds and construct an interpretive/meeting building in the west unit of Straits State Park. | | Private | 3,600,000 |
| | | GF/GP | \$0 |
| 2. Decree Negotiations | | Gross | \$2,300,000 |
| Provides \$2.3 million GF/GP to acquire and retire a state commercial fishing license now prohibited under the new Great Lakes Consent Decree (2023) signed by Michigan, the United States, and five tribal governments. | | GF/GP | \$2,300,000 |
| 3. Brandon Road Lock and Dam | | Gross | \$1,500,000 |
| Includes \$1.5 million GF/GP to support the Brandon Road Interbasin Project to block invasive species from Lake Michigan. | | GF/GP | \$1,500,000 |
| 4. Employee Lump Sum Payments | | Gross | \$561,900 |
| Includes \$561,900 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023. | | GF/GP | \$561,900 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 SCHOOL AID

Analysts: Jacqueline Mullen and Noel Benson

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

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

Overview

The School Aid budget makes appropriations to the state's 537 local school districts, 285 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), Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|--|
| 1. Foundation Allowances (Secs. 22a & 22b) Increases by \$316.0 million Gross (\$69,400 GF/GP) to provide a \$241 (2.5%) per-pupil increase in the foundation allowance, from \$9,608 to \$9,849. | Gross \$10,514,200,000 Restricted 10,514,163,600 GF/GP \$36,400 | \$316,000,000 315,930,600 \$69,400 |
| 2. Foundations: Cyber Schools Reduction (Secs. 22a & 22b) Reduces cyber school foundation allowances to 80% of the proposed foundation allowance, or \$7,879 per pupil, for an estimated savings of \$27.0 million SAF. | Gross NA Restricted NA GF/GP NA | (\$27,000,000) (27,000,000) \$0 |
| 3. Foundations: Cost Adjustments (Secs. 22a & 22b) Reduces by \$245.2 million SAF to reflect updated consensus cost estimates for pupil membership counts and taxable values. | Gross NA Restricted NA GF/GP NA | (\$245,200,000) (245,200,000) \$0 |
| 4. Michigan Public School Employees' Retirement System (MPERS) (Secs. 147a, 147c, 147e, & 147f) Reduces state support for K-12 MPERS costs by \$758.9 million Gross, including a reduction of \$200,000 GF/GP. Revises as follows: <ul style="list-style-type: none"> Reduces by \$631.7 million SAF the other post-employment benefits (OPEB) contribution for unfunded actuarial accrued liability (UAAL) by removing the requirement that the contribution must be at least equal to the contribution in the prior year (the OPEB system is expected to be fully funded in the next valuation, which would satisfy the statutory condition authorizing the removal of the UAAL contribution floor). Revises \$11.9 million one-time SAF to ongoing for including ISDs and district libraries in the cost offset (Sec. 147a(3)). | Gross \$2,474,389,000 Restricted 2,473,789,000 GF/GP \$600,000 | (\$758,850,000) (758,650,000) (\$200,000) |

[continued on next page]

Major Budget Changes from FY 2023-24 Enacted Appropriations

4. Michigan Public School Employees' Retirement System (MPERS) (Secs. 147a, 147c, 147e, & 147f) (continued)

- Provides \$94.3 million ongoing SAF to effectively lower the 20.96% UAAL contribution cap for districts, ISDs, and district libraries to an estimated 20.00% (Sec. 147a(4)). (Sec. 147f provided \$48.5 million one-time SAF to effectively lower the cap for districts and ISDs to an estimated 20.46% in FY 2023-24; this one-time funding is removed).
- Provides \$84.1 million one-time MPERS Retirement Obligation Reform Reserve Fund for a statutorily required reduction of 50 basis points in the payroll growth assumption, from 0.75% to 0.25% (this continues the accelerated reduction of the payroll growth assumption). Removes \$215.8 million one-time MPERS Retirement Obligation Reform Reserve Fund appropriated in FY 2023-24 to accelerate the reduction to 0.75% and shifts associated costs to SAF.
- Reduces by \$41.3 million Gross (including a reduction of \$200,000 GF/GP) for other cost adjustments.

5. Per-Pupil Mental Health Grant (Sec. 31aa)

Provides \$300.0 million SAF (\$150.0 million ongoing; \$150.0 million one-time) for per-pupil payments to districts, ISDs, and the Michigan Schools for the Deaf and Blind for activities to improve mental health and improve school safety. (This section provided \$310.0 million one-time SAF and \$18.0 million one-time GF/GP in FY 2023-24.) Strikes nonpublic schools as eligible recipients and strikes requirement that at least 50% of funds be spent on mental health. Expands allowable uses to include emergency infrastructure needs with MDE approval. Adds requirements that recipients use funding for evidence-based or emerging best practices based on a thorough needs assessment that includes resource mapping.

| | | |
|--------------|----------------------|-----------------------|
| Gross | \$328,000,000 | (\$28,000,000) |
| Restricted | 310,000,000 | (10,000,000) |
| GF/GP | \$18,000,000 | (\$18,000,000) |

6. Literacy Supports (Sec. 35m) – NEW

Provides \$155.0 million one-time SAF for payments to districts and ISDs to improve educational outcomes in literacy. Creates a Committee for Literacy Achievement within MiLEAP to evaluate and maintain a ranked list of available literacy-related curricula, professional development, and tools. Requires funding to be tied to the ranking of the recipient's chosen curriculum, professional development, or tool. Provides a base implementation award and then a per-pupil award. Allows members of the Committee for Literacy Achievement to receive up to an \$8,000 annual stipend.

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$155,000,000 |
| Restricted | 0 | 155,000,000 |
| GF/GP | \$0 | \$0 |

7. MI Kids Back on Track (Sec. 23g) – NEW

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

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$150,000,000 |
| Restricted | 0 | 150,000,000 |
| GF/GP | \$0 | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

8. Great Start Readiness Program (Secs. 32d & 39)

Increases by \$106.2 million SAF for a total of \$649.6 million Gross (\$600,000 GF/GP) for school readiness preschool programs for 4-year-old children. Revises as follows:

- Increases by \$42.7 million SAF to increase the allocations per child in line with the 2.5% foundation increase plus an additional 5% increase, from \$9,608 to \$10,342 for a full-day program and from \$4,804 to \$5,171 for a part-day program. Increases the extended program allocation by 5% from \$11,530 to \$12,107 per child.
- Increases by \$63.5 million SAF to serve an estimated 6,800 additional children.
- In addition to an ongoing allocation of \$10.0 million SAF for transportation costs, retains an appropriation of \$18.0 million one-time GSRP Reserve Fund.
- Revises \$250,000 one-time GF/GP as ongoing for a total of \$600,000 ongoing GF/GP for a longitudinal evaluation of GSRP.

(See Major Boilerplate Changes for Secs. 32d & 39 below.)

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|---|-------------------------------------|
| Gross | \$543,320,000 | \$106,241,000 |
| Restricted | 542,720,000 | 106,241,000 |
| GF/GP | \$600,000 | \$0 |

9. Services for Low-Income Students (Sec. 25m) – NEW

Provides \$90.3 million Gross (\$250,000 GF/GP) for competitive grants of at least \$10,000 to districts and ISDs to support the academic, social-emotional, and physical needs of students from low-income households. Allocates \$250,000 GF/GP to MDE for administration.

| | | |
|--------------|------------|---------------------|
| Gross | \$0 | \$90,250,000 |
| Restricted | 0 | 90,000,000 |
| GF/GP | \$0 | \$250,000 |

10. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)

Increases special education expenditures by \$428.4 million Gross (\$0 GF/GP) for a total of \$2.7 billion. Revises as follows:

- Increases by \$293.9 million SAF for revised cost estimates.
- Increases by \$72.0 million in federal funding.
- Increases by \$12.5 million SAF and revises \$76.2 million one-time SAF to ongoing to continue fully funding special education pupils' foundation allowances separately from the cost reimbursements required by *Durant v. State of Michigan*.
- Increases by \$50.0 million SAF for a total of \$124.2 million SAF funding to certain ISDs related to their special education millage. Revises the funding formulas (currently, a millage equalization program and a millage incentive program) to a formula based on the difference between an ISD's special education costs and its state and local special education revenue, assuming a levy of 3.0 mills or their statutory cap, whichever is less. The formula provides the amount necessary to cap an ISD's uncompensated special education costs at an estimated 22.6% of their total special education costs for FY 2024-25.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$2,231,796,100 | \$428,400,000 |
| Federal | 461,000,000 | 72,000,000 |
| Restricted | 1,770,796,100 | 356,400,000 |
| GF/GP | \$0 | \$0 |

11. School Loan Bond Redemption Fund (Sec. 11j)

Reduces by \$88.0 million SAF for a total of \$23.0 million SAF payments to the School Loan Bond Redemption Fund on behalf of districts and ISDs.

| | | |
|--------------|----------------------|-----------------------|
| Gross | \$111,000,000 | (\$88,000,000) |
| Restricted | 111,000,000 | (88,000,000) |
| GF/GP | \$0 | \$0 |

12. Isolated District Funding (Sec. 22d)

Increases by \$885,000 SAF for a total of \$12.5 million SAF to increase the allocations for small, isolated districts; districts with fewer than 10.0 pupils per square mile; districts with greater than 250 square miles; and a district on an island accessible by bridge (Grosse Ile). The percentage increase is equal to 2.5% (in line with the proposed foundation increase) plus an additional 5% increase.

| | | |
|--------------|---------------------|------------------|
| Gross | \$11,601,000 | \$885,000 |
| Restricted | 11,601,000 | 885,000 |
| GF/GP | \$0 | \$0 |

SCHOOL AID

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--|--|--|
| 13. Transportation Costs (Sec. 22I) | | Gross | \$125,000,000 |
| Retains \$125.0 million one-time School Transportation Fund to districts and ISDs through a formula based on riders per square mile and the cost per rider. | | Restricted | 125,000,000 |
| | | GF/GP | \$0 |
| 14. Early Warning Intervention System (Sec. 25I) – NEW | | Gross | \$0 |
| Provides \$5.0 million one-time SAF to an ISD, in partnership with an association that represents ISD administrators, to implement the Michigan Early Warning Intervention and Monitoring System to support students at risk of dropping out. | | Restricted | 0 |
| | | GF/GP | \$0 |
| 15. Promise Zones (Sec. 26c) | | Gross | \$26,000,000 |
| Increases by \$9.1 million SAF for a total of \$35.1 million SAF required funds for districts and ISDs with an approved Promise Zone development plan. | | Restricted | 26,000,000 |
| | | GF/GP | \$0 |
| 16. Grow Your Own Program (Sec. 27b) – NEW | | Gross | \$0 |
| Provides \$50.0 million one-time SAF for grants to districts and ISDs to provide a no-cost pathway for support staff members to become certified teachers. (This section provided \$20.0 million one-time SAF and \$155.0 million one-time federal in FY 2022-23. There was no funding appropriated in FY 2023-24.) | | Restricted | 0 |
| | | GF/GP | \$0 |
| 17. MI Future Educator Student Teacher Stipend Program (Sec. 27c) | | Gross | \$50,000,000 |
| Maintains \$50.0 million SAF for public and private institutions of higher education to provide payments to student teachers, but revises as follows: revises the department administering program from the Department of Treasury to MiLEAP; appropriates Educator Fellowship Public Provider Fund in the amount necessary to fully fund payments if the SAF appropriation is insufficient; requires notification if there is an additional appropriation. | | Restricted | 50,000,000 |
| | | GF/GP | \$0 |
| 18. Mentoring Grants (Sec. 27h) | | Gross | \$50,000,000 |
| Retains \$50.0 million one-time SAF for grants to districts for mentoring teachers, school counselors, and administrators. Allocates \$5.0 million for schools that directly provide mentoring for school administrators (currently, grant language requires contracting with a state professional organization to provide these services). | | Restricted | 50,000,000 |
| | | GF/GP | \$0 |
| 19. Enrollment Stabilization (Sec. 29) | | Gross | \$71,000,000 |
| Retains \$71.0 million one-time Enrollment Stabilization Fund to offset a portion of the cost of declining enrollment. | | Restricted | 71,000,000 |
| | | GF/GP | \$0 |
| 20. Universal School Breakfast and Lunch (Sec. 30d) | | Gross | \$160,000,000 |
| Increases by \$40.0 million Gross (\$0 GF/GP) for a total of \$200.0 million Gross (\$170.0 million ongoing SAF; \$30.0 million one-time School Meals Reserve Fund) for providing free school breakfast and lunch for all PreK-12 students. (This section provided \$100.0 million ongoing SAF and \$60.0 million one-time School Meals Reserve Fund in FY 2023-24.) | | Restricted | 160,000,000 |
| | | GF/GP | \$0 |
| 21. At-Risk (Sec. 31a) | | Gross | \$952,000,000 |
| Increases by \$23.8 million SAF (2.5% in line with the proposed foundation increase) for a total of \$975.8 million SAF for instructional programs and direct noninstructional services for at-risk pupils. Adds provision for certain districts (DPSCD and partnership districts with at least 90% economically disadvantaged pupils) to use up to 30% of funds for retention and recruitment of instructional staff and staff providing services related to mental, emotional, or physical health. | | Restricted | 952,000,000 |
| | | GF/GP | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|--|
| 22. Local Produce in School Meals (Sec. 31j) | | Gross | \$9,300,000 |
| Removes \$4.8 million one-time SAF and maintains ongoing funding of \$4.5 million Gross (\$500,000 GF/GP) for districts and other non-school sponsors to purchase locally grown fruits and vegetables for use in school meals. Adds that grant recipients may use up to 25% of funds for labor and food transportation. Increases amount that may be retained by project partners for data collection, outreach, and training from 1% to 2% for each partner. | | Restricted | 8,800,000 |
| | | GF/GP | \$500,000 |
| | | | (\$4,800,000) |
| | | | (4,800,000) |
| | | | \$0 |
| 23. TRAILS Program (Sec. 31p) – NEW | | Gross | \$0 |
| Provides \$12.5 million one-time SAF for grants to ISDs to implement a TRAILS Program to train school mental health professionals. (This section provided \$50.0 million federal Coronavirus State Fiscal Recovery Fund in FY 2022-23. There was no funding appropriated in FY 2023-24.) Requires the program to first expend federal funds appropriated in FY 2022-23 before spending SAF. | | Restricted | 0 |
| | | GF/GP | \$0 |
| | | | \$12,500,000 |
| | | | 12,500,000 |
| | | | \$0 |
| 24. GSRP Classroom Start-Up Grants (Sec. 32d(26)) | | Gross | \$0 |
| Provides \$35.0 million one-time SAF for grants of up to \$25,000 for each new or expanded GSRP classroom. (This subsection provided \$35.0 million one-time SAF in FY 2022-23. There was no funding appropriated in FY 2023-24.) | | Restricted | 0 |
| | | GF/GP | \$0 |
| | | | \$35,000,000 |
| | | | 35,000,000 |
| | | | \$0 |
| 25. Before and After School Programs (Sec. 32n) | | Gross | \$50,000,000 |
| Retains and revises \$50.0 million one-time SAF to be ongoing for Clinton County RESA to award competitive grants for before and after school programs and summer school programs. Revises the department administering the program from MDE to MiLEAP. | | Restricted | 50,000,000 |
| | | GF/GP | \$0 |
| | | | \$0 |
| | | | 0 |
| | | | \$0 |
| 26. Early Childhood Block Grants (Sec. 32p) | | Gross | \$19,400,000 |
| Increases by \$1.0 million SAF to increase the allocation for home visits to at-risk children and their families to \$4.5 million SAF. Total early childhood funding for block grants, programming, and home visits is \$20.4 million SAF. | | Restricted | 19,400,000 |
| | | GF/GP | \$0 |
| | | | \$1,000,000 |
| | | | 1,000,000 |
| | | | \$0 |
| 27. Dolly Parton Imagination Library (Sec. 32p(6)) | | Gross | \$4,000,000 |
| Retains \$4.0 million one-time SAF for ISDs to enroll children in literacy programs, including the Dolly Parton Imagination Library and Reach out and Read Michigan. Revises the department administering the program from MDE to MiLEAP. | | Restricted | 4,000,000 |
| | | GF/GP | \$0 |
| | | | \$0 |
| | | | 0 |
| | | | \$0 |
| 28. Early Literacy Teacher Coaches (Sec. 35a(4)) | | Gross | \$42,000,000 |
| Increases by \$3.3 million SAF for a total of \$45.3 million SAF to increase the number of literacy coaches from 336 to 362 and ensure that each ISD receives at least 3 literacy coaches. Requires ISDs to provide MDE with literacy coaches' contact information. | | Restricted | 42,000,000 |
| | | GF/GP | \$0 |
| | | | \$3,250,000 |
| | | | 3,250,000 |
| | | | \$0 |
| 29. Michigan Education Corps (Sec. 35a(8)) | | Gross | \$5,000,000 |
| Retains \$5.0 million in one-time funding, but revises fund source from GF/GP to SAF, for the Michigan Education Corps' PreK Reading Corps, K3 Reading Corps, and Math Corps. Revises recipient to an ISD or consortium of ISDs that partners with the Michigan Education Corps. | | Restricted | 0 |
| | | GF/GP | \$5,000,000 |
| | | | \$0 |
| | | | 5,000,000 |
| | | | (\$5,000,000) |
| 30. LETRS Professional Learning (Sec. 35a(10)) | | Gross | \$10,000,000 |
| Retains \$10.0 million one-time SAF for LETRS professional learning for PreK to grade 3 teachers, administrators, and early literacy coaches. Allows MDE to determine a list of eligible approved providers beyond LETRS. | | Restricted | 10,000,000 |
| | | GF/GP | \$0 |
| | | | \$0 |
| | | | 0 |
| | | | \$0 |

SCHOOL AID

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|------------|--|--|
| 31. READ Innovation Competition (Sec. 35n) – NEW | | Gross | \$0 |
| Provides \$10.0 million one-time SAF for a Reading Excellence and Advancing District (READ) innovation competition administered by MiLEAP and the department's Literacy Commission. Provides startup money to eligible districts to develop and deploy innovative literacy initiatives and awards \$500,000 to the winning district from each competition category. | Restricted | 0 | \$10,000,000 |
| | GF/GP | \$0 | \$0 |
| 32. Bilingual Education (Sec. 41) | | Gross | \$39,766,500 |
| Increases by \$3.0 million SAF for a total of \$42.8 million SAF for services for English language learners (ELLs). The percentage increase is equal to 2.5% (in line with the proposed foundation increase) plus an additional 5% increase. Adds requirement for districts to provide a minimum number of minutes per week of direct ELL instruction to be eligible for funding. Requires MDE to develop minimum requirements by March 1, 2025. | Restricted | 39,766,500 | \$3,047,000 |
| | GF/GP | \$0 | \$0 |
| 33. Early On (Sec. 54d) | | Gross | \$22,313,000 |
| Increases by \$1.0 million SAF for a total of \$23.3 million SAF for grants to ISDs to provide Early On services for children birth to age 3. | Restricted | 22,313,000 | \$1,000,000 |
| | GF/GP | \$0 | \$0 |
| 34. Career and Technical Education (CTE) (Sec. 61a) | | Gross | \$48,011,300 |
| Increases by \$4.0 million SAF and revises \$10.4 million one-time SAF to ongoing for a total of \$52.1 million SAF for reimbursements to districts and ISDs for vocational education programs. | Restricted | 48,011,300 | \$4,041,000 |
| | GF/GP | \$0 | \$0 |
| 35. CTE Equipment Upgrades (Sec. 61c) | | Gross | \$15,000,000 |
| Retains \$15.0 million one-time SAF for eligible career education planning districts (CEPDs). | Restricted | 15,000,000 | \$0 |
| | GF/GP | \$0 | \$0 |
| 36. CEPD Key Industry Grants (Sec. 61v) – NEW | | Gross | \$0 |
| Provides \$20.0 million one-time SAF for competitive grants to CEPDs to provide payments to local partner businesses or trade associations for student apprenticeship programs in key industries. | Restricted | 0 | \$20,000,000 |
| | GF/GP | \$0 | \$0 |
| 37. College and Career Preparation (Sec. 67) | | Gross | \$5,000,000 |
| Removes \$1.0 million one-time GF/GP and retains \$1.0 million one-time GF/GP for a total of \$4.0 million for the College Access Program administered in collaboration with the Michigan College Access Network (MCAN). Revises the department administering the program from the Department of Labor and Economic Opportunity (LEO) to MiLEAP. In addition to current intent that programs inform students of college and career options, adds intent that programs support adult learners, college completion, and workforce and employer engagement. | Restricted | 0 | (\$1,000,000) |
| | GF/GP | \$5,000,000 | (\$1,000,000) |
| 38. FAFSA Completion Challenge (Sec. 67f) | | Gross | \$10,000,000 |
| Provides \$40.0 million one-time SAF (an increase of \$30.0 million one-time SAF) to extend the FAFSA completion challenge by at least four years. (This section provided \$10.0 million one-time SAF in FY 2023-24.) Caps expenditures at \$10.0 million per year. The program provides districts with two payments equal to \$50 per 12th grade student. | Restricted | 10,000,000 | \$30,000,000 |
| | GF/GP | \$0 | \$0 |
| 39. ISD Operations (Sec. 81) | | Gross | \$79,424,700 |
| Increases by \$2.0 million SAF (2.5% in line with the proposed foundation increase) for a total of \$81.4 million SAF for payments to ISDs for general operations. Provides each ISD with 102.5% of its FY 2023-24 funding. | Restricted | 79,424,700 | \$1,984,000 |
| | GF/GP | \$0 | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 40. Michigan Education Research Institute (Sec. 94e) – NEW | Gross | \$0 | \$1,000,000 |
| Provides \$1.0 million SAF for the Michigan Education Research Institute to collaborate with MDE, MiLEAP, and CEPI to maintain a research ready dataset and conduct education-related research. | Restricted | 0 | 1,000,000 |
| | GF/GP | \$0 | \$0 |
| 41. Early Interventions (Sec. 97j) | Gross | \$0 | \$1,000,000 |
| Provides \$1.0 million one-time SAF to an ISD to partner with a local foundation (42 Strong) to continue implementing a peer mentoring program to increase student connectedness, self-esteem, and well-being. | Restricted | 0 | 1,000,000 |
| | GF/GP | \$0 | \$0 |
| 42. Michigan Virtual University (Sec. 98) | Gross | \$9,300,000 | \$500,000 |
| Retains and revises \$1.3 million one-time GF/GP to ongoing and provides an additional \$500,000 one-time GF/GP for a total of \$9.8 million GF/GP (\$9.3 million ongoing; \$500,000 one-time) for Michigan Virtual University. Allocates \$500,000 for a statewide hub for research, best practices, experimentation, policy formation, and awareness efforts related to artificial intelligence in schools. | Restricted | 0 | 0 |
| | GF/GP | \$9,300,000 | \$500,000 |
| 43. FIRST Robotics (Sec. 99h) | Gross | \$6,573,200 | (\$1,250,000) |
| Removes \$1.3 million one-time SAF and maintains ongoing funding of \$5.3 million for PreK-12 robotics competitions, but removes allocation of \$600,000 GF/GP for nonpublic schools and increases by an equal amount of SAF for districts and ISDs. Adds cybersecurity and coding programs as eligible uses of funds. Requires providers to offer programming statewide. Requires districts and ISDs to meet the minimum team size requirements, participate in at least one in-person competition, and be willing to offer in-school opportunities for students who cannot attend after school programs. | Restricted | 5,973,200 | (650,000) |
| | GF/GP | \$600,000 | (\$600,000) |
| 44. MiSTEM Grants (Sec. 99s) | Gross | \$7,634,300 | \$320,000 |
| Increases by \$320,000 SAF for a total of \$8.0 million SAF for STEM programs. Applies the increase to the base operations funding for MiSTEM network regions for a total allocation of \$4.2 million SAF and increases the award per region by \$20,000 to \$220,000. | Restricted | 7,634,300 | 320,000 |
| | GF/GP | \$0 | \$0 |
| 45. Benchmark Assessments (Sec. 104h) – NEW | Gross | \$0 | \$11,500,000 |
| Provides \$11.5 million SAF for implementation of benchmark assessments in FY 2024-25. Payments are in an equal amount per K-8 pupil. (This section previously provided funding for benchmark assessments one year in advance; there was no appropriation under this section in FY 2023-24 due to the intent to begin funding benchmark assessments in the current year.) | Restricted | 0 | 11,500,000 |
| | GF/GP | \$0 | \$0 |
| 46. Adult Education (Sec. 107) | Gross | \$40,500,000 | \$0 |
| Maintains \$40.5 million SAF for adult education programs. Strikes \$500,000 SAF allocation for reimbursements for commingling adult education and CTE programming. Revises a \$4.0 million SAF allocation for connecting adult education participants with CTE centers and local employers as follows: awards funding according to the main funding formula under this section rather than a grant amount determined every three years; strikes CTE centers as eligible recipients (adult education programs would be the only remaining eligible recipients); revises requirement to partner with area CTE centers to a requirement to partner with state-approved CTE programs; and revises the cap on the percent of participants that may already have a diploma or certificate from 15% to 10%. | Restricted | 40,500,000 | 0 |
| | GF/GP | \$0 | \$0 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--|--|
| 47. Nonpublic School Reimbursement (Sec. 152b) | Gross \$1,000,000 | (\$1,000,000) |
| Eliminates \$1.0 million GF/GP to reimburse nonpublic schools for the costs of complying with health, safety, and welfare state requirements. | Restricted 0 | 0 |
| | GF/GP \$1,000,000 | (\$1,000,000) |
| 48. Removal of FY 2023-24 One-Time Appropriations | Gross \$1,205,697,000 | (\$1,205,697,000) |
| Removes \$1.2 billion Gross (\$11.6 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Restricted 1,194,097,000 | (1,194,097,000) |
| | GF/GP \$11,600,000 | (\$11,600,000) |
| <ul style="list-style-type: none"> • Sec. 11s(7) – Flint Early Childhood Collaborative (\$1.0 million GF/GP) • Secs. 12b, 31a(19), and 31a(20) – School-Based Health Center Facility Upgrades (\$45.0 million SAF) [Note: Sec. 12b was restructured to Secs. 31a(19) and (20) in 2023 PA 320. All three sections are repealed for FY 2024-25.] • Sec. 12c – Consolidation Grants (\$245.0 million School Consolidation and Infrastructure Fund) • Sec. 20f – Categorical Offset Payments (\$27.0 million SAF) • Sec. 21h(7) – Partnership Model Districts Supplemental Funding (\$36.0 million SAF) • Sec. 23h – Mathematics Teaching and Learning (\$25.0 million SAF) • Sec. 23i – Friends of the Children (\$397,000 SAF) • Sec. 25k – Covenant House SDA (\$1.0 million SAF) • Sec. 27i – Rural Educator Credentialing Hub (\$15.0 million SAF) • Sec. 27j – Special Education Capacity Building (\$5.0 million SAF) • Sec. 27k – Student Loan Repayment Program (\$225.0 million SAF) • Sec. 27l – Educator Compensation Program (\$63.8 million SAF) • Sec. 27m – National Board Certification Fund (\$5.0 million SAF) • Sec. 27n – SVSU Accelerated Certification with Residency Program (\$2.0 million SAF) • Sec. 27o – Learner Wallet Pilot (\$2.0 million SAF) • Sec. 27q – Hamtramck Accelerated Learning Coaches (\$2.0 million SAF) • Sec. 31r – Novi Schools Wellness Center (\$1.0 million SAF) • Sec. 31ff – SMART Internship Grant Program (\$15.0 million Gross, including \$14.5 million SAF and \$500,000 GF/GP) • Sec. 32t – Three-Year-Old GSRP Pilot Program (\$18.0 million SAF) • Sec. 32w – GOAL Line Detroit (\$6.0 million SAF) • Sec. 32x – Learning by Hearings Program (\$4.0 million SAF) • Sec. 33 – K-5 Music Education (\$11.0 million SAF) • Sec. 35d – Orton Gillingham Dyslexia Program (\$1.0 million SAF) • Sec. 35f – Chaldean Community Foundation (\$1.3 million SAF) • Sec. 35i – Early Literacy Hubs/MI Family Engagement Centers (\$16.0 million SAF) • Sec. 35j – Literacy PD, Curriculum, & Supports (\$140.0 million SAF) • Sec. 35k – Detroit Parent Network (\$3.0 million SAF) • Sec. 35l – Lake Shore Early Childhood Community Center (\$1.3 million SAF) • Sec. 41b – Immigrant Support Services (\$1.5 million SAF) • Sec. 61j – Huron Downriver CTE Consortium (\$10.7 million SAF) • Sec. 61k – Mott Bilingual Center (\$2.6 million SAF) • Sec. 61l – Schoolcraft Early Middle College Program (\$1.2 million SAF) • Sec. 61m – Beecher High School (\$2.5 million SAF) • Sec. 61n – Waverly High School (\$3.0 million SAF) | | |

[continued on next page]

FY 2023-24
Enacted
(as of 2/7/24)

Executive
Change from
Enacted

Major Budget Changes from FY 2023-24 Enacted Appropriations

48. Removal of FY 2023-24 One-Time Appropriations (continued)

- Sec. 61o – DPSCD Coleman A. Young Renovations (\$6.5 million SAF)
- Sec. 61p – DPSCD Foreign Language School (\$5.0 million SAF)
- Sec. 61q – Michigan Joint Training Innovation Center (\$5.0 million SAF)
- Sec. 61r – Lansing Schools Hill Center Track (\$500,000 SAF)
- Sec. 61s – Eaton RESA FFA (\$4.0 million SAF)
- Sec. 61t – Harper Woods CTE Center (\$1.0 million SAF)
- Sec. 61u – Romulus CTE (\$1.6 million SAF)
- Sec. 67c – Michigan State University Developer Academy (\$3.0 million GF/GP)
- Sec. 67g – Ready Rosie (\$1.0 million GF/GP)
- Sec. 74b – MI Clean School Bus Grants (\$125.0 million SAF)
- Sec. 95b – Educator and Administrator Evaluations (\$2.0 million GF/GP)
- Sec. 97a – Navigate 360 (\$2.0 million GF/GP)
- Sec. 97e – School Safety and Mental Health Commission (\$2.0 million SAF)
- Sec. 97g – Cybersecurity Risk Assessments (\$9.0 million SAF)
- Sec. 97i – Zero Eyes (\$3.0 million SAF)
- Sec. 97j – Early Interventions (\$6.0 million SAF)
- Sec. 97k – Student Advocacy Hotline (\$100,000 SAF)
- Sec. 97l – Dearborn Cybersecurity (\$250,000 SAF)
- Sec. 98d – Michigan Learning Channel (\$5.0 million SAF)
- Sec. 99a – Heroes Circle (\$100,000 GF/GP)
- Sec. 99b – Computer Science Professional Learning (\$4.0 million SAF)
- Sec. 99d – Diverse Histories Pilot (\$6.0 million SAF)
- Sec. 99e – Brilliant Detroit (\$2.0 million SAF)
- Sec. 99f – Godfrey-Lee Roof (\$4.0 million SAF)
- Sec. 99g – Helping Women Period Pilot (\$1.0 million SAF)
- Sec. 99m – Shiawassee RESD CTE Center (\$450,000 SAF)
- Sec. 99n – Lansing CTE Center (\$6.0 million SAF)
- Sec. 99t – Algebra Nation (\$2.0 million GF/GP)
- Sec. 99u – Imagine Learning (\$6.0 million SAF)
- Sec. 99x – Teach for America (\$5.0 million SAF)
- Sec. 99aa – Project SEARCH (\$1.5 million SAF)
- Sec. 99ee – Hispanic Collaborative (\$6.5 million SAF)
- Sec. 99ff – Junior Achievement (\$5.0 million SAF)
- Sec. 99gg – Boys and Girls Club SE MI (\$10.0 million SAF)
- Sec. 99hh – City Year Detroit (\$3.0 million SAF)
- Sec. 99ii – Wayne-Westland Driver's Training Pilot (\$250,000 SAF)
- Sec. 99jj – Dearborn Driver's Training Pilot (\$250,000 SAF)
- Sec. 99kk – Boys and Girls Club Grand Rapids (\$5.0 million SAF)
- Sec. 99ll – Eastpoint Swimming Pool (\$500,000 SAF)
- Sec. 104f – Digital Literacy Training (\$1.0 million SAF)
- Sec. 107a – Adult Education Innovation Programs (\$15.0 million SAF)

49. Economic Adjustments

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

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$301,400 |
| Restricted | NA | 70,800 |
| GF/GP | NA | \$230,600 |

SCHOOL AID

Major Boilerplate Changes from FY 2023-24

Sec. 27a. MI Future Educator Fellowship Program – REVISED

Revises the department administering the MI Future Educator Fellowship Program from the Department of Treasury to MiLEAP.

Sec. 27d. Educator Fellowship Public Provider Fund – REVISED

Revises to allow funds to also be used for the MI Future Educator Student Teacher Stipend Program (Sec. 27c). Adds that unspent SAF under Sec. 27a and Sec. 27c must be deposited into the Educator Fellowship Public Provider Fund.

Sec. 27e. Educator Fellowship Private Provider Fund – REVISED

Adds that unspent GF/GP under Sec. 27a must be deposited into the Educator Fellowship Private Provider Fund.

Secs. 32d & 39. Great Start Readiness Program – REVISED

Strikes household income eligibility thresholds (currently, below 300% of federal poverty guidelines and then below 400% if slots are still open) and instead requires prioritization of children in low-income households. Removes requirement that providers charge tuition on a sliding scale for children with household incomes above 300%. Revises to allow programs to enroll children with birthdays between September 1 and December 1 before their current enrollment date of on or after September 1, but maintains prioritization for older 4-year-olds. Revises the department administering the program from MDE to MiLEAP. Allows MiLEAP to waive program eligibility requirements for certain licensed child care providers; states intent that this provision is to expand access to GSRP.

Sec. 163. Educator Certification Requirements – REVISED

Strikes penalty of 50% of salary paid to an individual in violation of this section if there is a membership adjustment under Sec. 15 based on the same employment. Currently, the Sec. 15 adjustment amount is applied as a credit toward the penalty under this section.

Sec. 164h. Collective Bargaining Prohibitions – DELETED

Repeals this section, which establishes a penalty in an amount equal to 5% of total state aid if a district or ISD enters into a collective bargaining agreement that establishes racial or religious preferences or conflicts with any state or federal transparency laws.

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

1. GEER Fund Reallocation (Sec. 11bb) – NEW

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

| | Gross | \$13,300,000 |
|------------|--------------|---------------------|
| Federal | | 13,300,000 |
| Restricted | | 0 |
| GF/GP | | \$0 |

2. Consolidation Grants (Sec. 12c)

Maintains one-time funding of \$245.0 million School Consolidation and Infrastructure Fund for physical or service consolidation grants, but allocates \$25.0 million to support districts experiencing infrastructure emergencies.

| | Gross | \$0 |
|------------|--------------|------------|
| Restricted | | 0 |
| GF/GP | | \$0 |

3. Foundation Allowance (Secs. 22a & 22b)

Reduces by \$72.2 million SAF for a total of \$10.4 billion Gross (\$36,400 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values.

| | Gross | (\$72,200,000) |
|------------|--------------|-----------------------|
| Restricted | | (72,200,000) |
| GF/GP | | \$0 |

4. Promise Zones (Sec. 26)

Increases by \$2.3 million SAF for a total of \$28.3 million SAF required funds for districts and ISDs with an approved Promise Zone development plan.

| | Gross | \$2,300,000 |
|------------|--------------|--------------------|
| Restricted | | 2,300,000 |
| GF/GP | | \$0 |

5. Universal School Breakfast and Lunch (Sec. 30d)

Increases by \$30.0 million School Meals Reserve Fund for a total of \$190.0 million Gross (\$0 GF/GP) for providing free school breakfast and lunch for all PreK-12 students when combined with other available federal and state funding.

| | Gross | \$30,000,000 |
|------------|--------------|---------------------|
| Restricted | | 30,000,000 |
| GF/GP | | \$0 |

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

6. *Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)*

Increases by \$127.7 million SAF to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2023-24 are \$2.4 billion.

Gross
Restricted
GF/GP

\$127,700,000
127,700,000
\$0

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

| Sec. | | FY 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|--------|--|---------------------------------|--|---|------------------------------|-------------------|-------------------------------|-------------------|
| 11j | School Bond Redemption Fund | \$111,000,000 | | \$111,000,000 | (\$88,000,000) | \$23,000,000 | | \$23,000,000 |
| 11m | Cash Flow Borrowing Costs | \$1,000,000 | | \$1,000,000 | | \$1,000,000 | | \$1,000,000 |
| 11s | Flint Declaration of Emergency | \$8,075,000 | | \$8,075,000 | | \$8,075,000 | | \$8,075,000 |
| 11s(7) | Flint Early Childhood Collaborative | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 11bb | GEER Fund Reallocation - NEW | \$0 | \$13,300,000 | \$13,300,000 | | \$0 | | \$0 |
| 12b | School-Based Health Center Facility Upgrades | \$45,000,000 | (\$45,000,000) | \$0 | (\$45,000,000) | \$0 | | \$0 |
| 12c | Consolidation Grants | \$245,000,000 | | \$245,000,000 | (\$245,000,000) | \$0 | | \$0 |
| 20f | Categorical Offset Payments | \$27,000,000 | | \$27,000,000 | (\$27,000,000) | \$0 | | \$0 |
| 21h | Partnership Model Districts | \$6,137,400 | | \$6,137,400 | | \$6,137,400 | | \$6,137,400 |
| 21h(7) | Partnership Model Districts Supplemental Funding | \$36,000,000 | | \$36,000,000 | (\$36,000,000) | \$0 | | \$0 |
| 22a | Foundations: Proposal A Obligation Payment | \$4,206,000,000 | (\$57,000,000) | \$4,149,000,000 | (\$198,000,000) | \$4,008,000,000 | (\$84,000,000) | \$3,924,000,000 |
| 22b | Foundations: Discretionary Payment | \$6,308,200,000 | (\$15,200,000) | \$6,293,000,000 | \$241,800,000 | \$6,550,000,000 | (\$40,000,000) | \$6,510,000,000 |
| 22c | Foundations: Equity Payment | \$3,000,000 | | \$3,000,000 | | \$3,000,000 | | \$3,000,000 |
| 22d | Isolated District Funding | \$11,601,000 | | \$11,601,000 | \$885,000 | \$12,486,000 | | \$12,486,000 |
| 22l | Transportation Costs | \$125,000,000 | | \$125,000,000 | | \$125,000,000 | (\$125,000,000) | \$0 |
| 22m | Technology Regional Data Hubs | \$3,500,000 | | \$3,500,000 | | \$3,500,000 | | \$3,500,000 |
| 23g | MI Kids Back-on-Track - NEW | \$0 | | \$0 | \$150,000,000 | \$150,000,000 | (\$150,000,000) | \$0 |
| 23h | Mathematics Teaching and Learning | \$25,000,000 | | \$25,000,000 | (\$25,000,000) | \$0 | | \$0 |
| 23i | Friends of the Children | \$397,000 | | \$397,000 | (\$397,000) | \$0 | | \$0 |
| 24 | Court-Placed Pupils | \$7,650,000 | | \$7,650,000 | | \$7,650,000 | | \$7,650,000 |
| 24a | Juvenile Detention Facility Programs | \$1,355,700 | | \$1,355,700 | | \$1,355,700 | | \$1,355,700 |
| 25f | Strict Discipline Academies | \$1,600,000 | | \$1,600,000 | | \$1,600,000 | | \$1,600,000 |
| 25g | Dropout Recovery Programs | \$750,000 | | \$750,000 | | \$750,000 | | \$750,000 |
| 25k | Covenant House SDA | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 25l | Early Warning Intervention System - NEW | \$0 | | \$0 | \$5,000,000 | \$5,000,000 | (\$5,000,000) | \$0 |
| 25m | Services for Low-Income Students - NEW | \$0 | | \$0 | \$90,250,000 | \$90,250,000 | | \$90,250,000 |
| 26a | Renaissance Zone Reimbursement | \$14,000,000 | | \$14,000,000 | | \$14,000,000 | | \$14,000,000 |
| 26b | PILT Reimbursement | \$5,084,000 | | \$5,084,000 | | \$5,084,000 | | \$5,084,000 |
| 26c | Promise Zone Funding | \$26,000,000 | \$2,300,000 | \$28,300,000 | \$9,100,000 | \$35,100,000 | | \$35,100,000 |
| 26d | Brownfield Redevelopment Reimbursement | \$14,400,000 | | \$14,400,000 | | \$14,400,000 | | \$14,400,000 |
| 27a | Mi Future Educator Fellowship Program | \$25,000,000 | | \$25,000,000 | | \$25,000,000 | | \$25,000,000 |
| 27b | Grow Your Own Program - NEW | \$0 | | \$0 | \$50,000,000 | \$50,000,000 | (\$50,000,000) | \$0 |

SCHOOL AID LINE ITEM SUMMARY

| Sec. | | FY 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|------------|---|---------------------------------|--|---|------------------------------|-------------------|-------------------------------|-------------------|
| 27c | Mi Future Educator Student Teacher Stipend Program | \$50,000,000 | | \$50,000,000 | | \$50,000,000 | | \$50,000,000 |
| 27h | Mentoring Grants | \$50,000,000 | | \$50,000,000 | | \$50,000,000 | (\$50,000,000) | \$0 |
| 27i | Rural Educator Credentialing Hub | \$15,000,000 | | \$15,000,000 | (\$15,000,000) | \$0 | | \$0 |
| 27j | Special Education Capacity Building | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 27k | Student Loan Repayment Program | \$225,000,000 | | \$225,000,000 | (\$225,000,000) | \$0 | | \$0 |
| 27l | Educator Compensation Program | \$63,800,000 | | \$63,800,000 | (\$63,800,000) | \$0 | | \$0 |
| 27m | National Board Certification Fund | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 27n | SVSU Accelerated Certification with Residency Program | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 27o | Learner Wallet Pilot | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 27q | Hamtramck Accelerated Learning Coaches | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 29 | Enrollment Stabilization | \$71,000,000 | | \$71,000,000 | | \$71,000,000 | (\$71,000,000) | \$0 |
| 30d | Universal School Breakfast and Lunch | \$160,000,000 | \$30,000,000 | \$190,000,000 | \$40,000,000 | \$200,000,000 | (\$30,000,000) | \$170,000,000 |
| 31a | At-Risk Pupil Support | \$952,000,000 | | \$952,000,000 | \$23,800,000 | \$975,800,000 | | \$975,800,000 |
| 31a(7)(19) | School Based Health Centers | \$33,000,000 | \$45,000,000 | \$78,000,000 | | \$33,000,000 | | \$33,000,000 |
| 31a(8) | Hearing, Vision, and Dental Screening | \$6,650,000 | | \$6,650,000 | | \$6,650,000 | | \$6,650,000 |
| 31d | State School Lunch Programs | \$29,553,400 | | \$29,553,400 | | \$29,553,400 | | \$29,553,400 |
| 31d | School Lunch Programs - Federal | \$916,400,000 | | \$916,400,000 | | \$916,400,000 | | \$916,400,000 |
| 31f | School Breakfast Program | \$16,900,000 | | \$16,900,000 | | \$16,900,000 | | \$16,900,000 |
| 31j | Local Produce in School Meals | \$9,300,000 | | \$9,300,000 | (\$4,800,000) | \$4,500,000 | | \$4,500,000 |
| 31n | School Mental Health and Support Services | \$107,845,000 | | \$107,845,000 | | \$107,845,000 | | \$107,845,000 |
| 31p | TRAILS Program - NEW | \$0 | | \$0 | \$12,500,000 | \$12,500,000 | (\$12,500,000) | \$0 |
| 31r | Novi Schools Wellness Center | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 31aa | Per-Pupil Mental Health & School Safety Grant | \$328,000,000 | | \$328,000,000 | (\$28,000,000) | \$300,000,000 | (\$150,000,000) | \$150,000,000 |
| 31ff | SMART Internship Grant Program | \$15,000,000 | | \$15,000,000 | (\$15,000,000) | \$0 | | \$0 |
| 32d | Great Start Readiness Program - State | \$524,720,000 | | \$524,720,000 | \$106,241,000 | \$630,961,000 | | \$630,961,000 |
| 32d(3) | GSRP Longitudinal Evaluation | \$600,000 | | \$600,000 | | \$600,000 | | \$600,000 |
| 32d(19) | GSRP Transportation - GSRP Reserve Fund | \$18,000,000 | | \$18,000,000 | | \$18,000,000 | (\$18,000,000) | \$0 |
| 32d(26) | GSRP Start Up Grants - NEW | \$0 | | \$0 | \$35,000,000 | \$35,000,000 | (\$35,000,000) | \$0 |
| 32n | Before and After School Programs / Out of School Time | \$50,000,000 | | \$50,000,000 | | \$50,000,000 | | \$50,000,000 |
| 32p | Early Childhood Block Grants | \$19,400,000 | | \$19,400,000 | \$1,000,000 | \$20,400,000 | | \$20,400,000 |
| 32p(6) | Dolly Parton Imagination Library | \$4,000,000 | | \$4,000,000 | | \$4,000,000 | (\$4,000,000) | \$0 |
| 32t | Three-Year-Old GSRP Pilot Program | \$18,000,000 | | \$18,000,000 | (\$18,000,000) | \$0 | | \$0 |

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

| Sec. | | FY 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|------------|--|---------------------------------|--|---|------------------------------|-------------------|-------------------------------|-------------------|
| 32w | GOAL Line Detroit | \$6,000,000 | | \$6,000,000 | (\$6,000,000) | \$0 | | \$0 |
| 32x | Learning by Hearings Program | \$4,000,000 | | \$4,000,000 | (\$4,000,000) | \$0 | | \$0 |
| 33 | K-5 Music Education | \$11,000,000 | | \$11,000,000 | (\$11,000,000) | \$0 | | \$0 |
| 35a(4) | Early Literacy Teacher Coaches | \$42,000,000 | | \$42,000,000 | \$3,250,000 | \$45,250,000 | | \$45,250,000 |
| 35a(5) | Early Literacy Added Instructional Time | \$19,900,000 | | \$19,900,000 | | \$19,900,000 | | \$19,900,000 |
| 35a(7) | Literacy and Math Essentials | \$6,000,000 | | \$6,000,000 | | \$6,000,000 | | \$6,000,000 |
| 35a(8) | Michigan Education Corps | \$5,000,000 | | \$5,000,000 | | \$5,000,000 | | \$5,000,000 |
| 35a(10) | PD - Literacy Coaches and Classroom Teachers | \$10,000,000 | | \$10,000,000 | | \$10,000,000 | (\$10,000,000) | \$0 |
| 35d | Orton Gilligham Dyslexia Program | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 35f | Chaldean Community Foundation | \$1,250,000 | | \$1,250,000 | (\$1,250,000) | \$0 | | \$0 |
| 35i | Early Literacy Hubs / MI Family Engagement Centers | \$14,000,000 | | \$14,000,000 | (\$14,000,000) | \$0 | | \$0 |
| 35i(4)/(5) | Early Literacy Hub Campaign | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 35j | Literacy PD, Curriculum, & Supports | \$140,000,000 | | \$140,000,000 | (\$140,000,000) | \$0 | | \$0 |
| 35k | Detroit Parent Network | \$3,000,000 | | \$3,000,000 | (\$3,000,000) | \$0 | | \$0 |
| 35l | Lake Shore Early Childhood Community Center | \$1,250,000 | | \$1,250,000 | (\$1,250,000) | \$0 | | \$0 |
| 35m | Literacy Supports - NEW | \$0 | | \$0 | \$155,000,000 | \$155,000,000 | (\$155,000,000) | \$0 |
| 35n | READ Innovation Competition - NEW | \$0 | | \$0 | \$10,000,000 | \$10,000,000 | (\$10,000,000) | \$0 |
| 39a(1) | Federal ESSA Grant Funds | \$754,700,000 | | \$754,700,000 | | \$754,700,000 | | \$754,700,000 |
| 39a(2) | Other Federal Funding | \$60,500,000 | | \$60,500,000 | | \$60,500,000 | | \$60,500,000 |
| 41 | English Language Learner Grants | \$39,766,500 | | \$39,766,500 | \$3,047,000 | \$42,813,500 | | \$42,813,500 |
| 41b | Immigrant Support Services | \$1,500,000 | | \$1,500,000 | (\$1,500,000) | \$0 | | \$0 |
| 51a(1) | Special Education - Federal Reimbursement | \$390,000,000 | | \$390,000,000 | \$60,000,000 | \$450,000,000 | | \$450,000,000 |
| 51a(2) | Special Ed ISD Durant Costs | \$368,000,000 | \$36,400,000 | \$404,400,000 | \$89,100,000 | \$457,100,000 | \$59,800,000 | \$516,900,000 |
| 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 | \$2,000,000 | (\$400,000) | \$1,600,000 | (\$400,000) | \$1,600,000 | | \$1,600,000 |
| 51c | Special Ed Headlee Obligation (Durant) | \$820,000,000 | \$81,400,000 | \$901,400,000 | \$194,500,000 | \$1,014,500,000 | \$128,300,000 | \$1,142,800,000 |
| 51d | Special Education - Other Federal Grants | \$71,000,000 | | \$71,000,000 | \$12,000,000 | \$83,000,000 | | \$83,000,000 |
| 51e | Special Education Foundation Payment | \$491,200,000 | \$10,300,000 | \$501,500,000 | \$23,200,000 | \$514,400,000 | (\$600,000) | \$513,800,000 |
| 51g | Remote Learning Library | \$3,000,000 | | \$3,000,000 | | \$3,000,000 | | \$3,000,000 |
| 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 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|-------|---|---------------------------------|--|---|------------------------------|-------------------|-------------------------------|-------------------|
| 54b | Special Education Task Force Reforms (MiBLSI) | \$1,600,000 | | \$1,600,000 | | \$1,600,000 | | \$1,600,000 |
| 54d | Spec. Ed. Task Force - Early On | \$22,313,000 | | \$22,313,000 | \$1,000,000 | \$23,313,000 | | \$23,313,000 |
| 56 | Special Ed ISD Millage Equalization | \$40,008,100 | | \$40,008,100 | \$84,200,000 | \$124,208,100 | | \$124,208,100 |
| 56(7) | Special Ed Millage Incentive | \$34,200,000 | | \$34,200,000 | (\$34,200,000) | \$0 | | \$0 |
| 61a | Career and Tech Ed Programs | \$48,011,300 | | \$48,011,300 | \$4,041,000 | \$52,052,300 | | \$52,052,300 |
| 61b | Career and Tech Ed Early/Middle College | \$8,000,000 | | \$8,000,000 | | \$8,000,000 | | \$8,000,000 |
| 61c | CTE Skilled Trades Initiative | \$15,000,000 | | \$15,000,000 | | \$15,000,000 | (\$15,000,000) | \$0 |
| 61d | CTE Incentive Payment | \$5,000,000 | | \$5,000,000 | | \$5,000,000 | | \$5,000,000 |
| 61j | Huron Downriver CTE Consortium | \$10,700,000 | | \$10,700,000 | (\$10,700,000) | \$0 | | \$0 |
| 61k | Mott Bilingual Center | \$2,600,000 | | \$2,600,000 | (\$2,600,000) | \$0 | | \$0 |
| 61l | Schoolcraft Early Middle College Program | \$1,200,000 | | \$1,200,000 | (\$1,200,000) | \$0 | | \$0 |
| 61m | Beecher High School | \$2,500,000 | | \$2,500,000 | (\$2,500,000) | \$0 | | \$0 |
| 61n | Waverly High School | \$3,000,000 | | \$3,000,000 | (\$3,000,000) | \$0 | | \$0 |
| 61o | DPSCD Coleman A Young Renovations | \$6,500,000 | | \$6,500,000 | (\$6,500,000) | \$0 | | \$0 |
| 61p | DPSCD Foreign Language School | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 61q | Michigan Joint Training Innovation Center | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 61r | Lansing Schools Hill Center Track | \$500,000 | | \$500,000 | (\$500,000) | \$0 | | \$0 |
| 61s | Eaton RESA FFA | \$4,000,000 | | \$4,000,000 | (\$4,000,000) | \$0 | | \$0 |
| 61t | Harper Woods CTE Center | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 61u | Romulus CTE | \$1,600,000 | | \$1,600,000 | (\$1,600,000) | \$0 | | \$0 |
| 61v | CEPD Key Industry Grants - NEW | \$0 | | \$0 | \$20,000,000 | \$20,000,000 | (\$20,000,000) | \$0 |
| 62 | ISD Career & Tech Ed Millage Equalization | \$9,190,000 | | \$9,190,000 | | \$9,190,000 | | \$9,190,000 |
| 65 | Detroit PreCollege Engineering | \$900,000 | | \$900,000 | | \$900,000 | | \$900,000 |
| 67 | Career and College Readiness Tools | \$5,000,000 | | \$5,000,000 | (\$1,000,000) | \$4,000,000 | (\$1,000,000) | \$3,000,000 |
| 67c | Michigan State University Developer Academy | \$3,000,000 | | \$3,000,000 | (\$3,000,000) | \$0 | | \$0 |
| 67f | FAFSA Completion Challenge | \$10,000,000 | | \$10,000,000 | \$30,000,000 | \$40,000,000 | (\$40,000,000) | \$0 |
| 67g | Ready Rosie | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 74 | School Bus Driver Safety Instruction | \$2,025,000 | | \$2,025,000 | | \$2,025,000 | | \$2,025,000 |
| 74 | School Bus Inspections | \$1,817,700 | | \$1,817,700 | \$70,800 | \$1,888,500 | | \$1,888,500 |
| 74b | MI Clean School Bus Grants | \$125,000,000 | | \$125,000,000 | (\$125,000,000) | \$0 | | \$0 |
| 81 | ISD General Operations Support | \$79,424,700 | | \$79,424,700 | \$1,984,000 | \$81,408,700 | | \$81,408,700 |
| 94 | AP/IB/CLEP Incentive Program | \$1,200,000 | | \$1,200,000 | | \$1,200,000 | | \$1,200,000 |

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

| Sec. | | FY 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|-----------|---|---------------------------------|--|---|------------------------------|-------------------|-------------------------------|-------------------|
| 94a | Center for Educational Performance and Information | \$18,988,600 | | \$18,988,600 | \$230,600 | \$19,219,200 | | \$19,219,200 |
| 94a | Center for Educational Performance and Info - Federal | \$193,500 | \$4,000,000 | \$4,193,500 | | \$193,500 | | \$193,500 |
| 94e | Michigan Education Research Institute - NEW | \$0 | | \$0 | \$1,000,000 | \$1,000,000 | | \$1,000,000 |
| 95b | Educator and Administrator Evaluations | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 97a | Navigate 360 | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 97e | School Safety and Mental Health Commission | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 97g | Cybersecurity Risk Assessments | \$9,000,000 | | \$9,000,000 | (\$9,000,000) | \$0 | | \$0 |
| 97i | Zero Eyes | \$3,000,000 | | \$3,000,000 | (\$3,000,000) | \$0 | | \$0 |
| 97j | Early Interventions | \$6,000,000 | | \$6,000,000 | (\$6,000,000) | \$0 | \$0 | \$0 |
| 97j | Peer Mentoring - NEW | \$0 | | \$0 | \$1,000,000 | \$1,000,000 | (\$1,000,000) | \$0 |
| 97k | Student Advocacy Hotline | \$100,000 | | \$100,000 | (\$100,000) | \$0 | | \$0 |
| 97l | Dearborn Cybersecurity | \$250,000 | | \$250,000 | (\$250,000) | \$0 | | \$0 |
| 98 | Michigan Virtual University | \$9,300,000 | | \$9,300,000 | \$500,000 | \$9,800,000 | (\$500,000) | \$9,300,000 |
| 98d | Michigan Learning Channel | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 99a | Heroes Circle | \$100,000 | | \$100,000 | (\$100,000) | \$0 | | \$0 |
| 99b | Computer Science Professional Learning | \$4,000,000 | | \$4,000,000 | (\$4,000,000) | \$0 | | \$0 |
| 99d | Diverse Histories Pilot | \$6,000,000 | | \$6,000,000 | (\$6,000,000) | \$0 | | \$0 |
| 99e | Brilliant Detroit | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 99f | Godfrey-Lee Roof | \$4,000,000 | | \$4,000,000 | (\$4,000,000) | \$0 | | \$0 |
| 99g | Helping Women Period Pilot | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 99h | FIRST Robotics | \$6,573,200 | | \$6,573,200 | (\$1,250,000) | \$5,323,200 | | \$5,323,200 |
| 99m | Shiawassee RESD CTE | \$450,000 | | \$450,000 | (\$450,000) | \$0 | | \$0 |
| 99n | Lansing CTE Center | \$6,000,000 | | \$6,000,000 | (\$6,000,000) | \$0 | | \$0 |
| 99s(4) | MiSTEM Council and Grants | \$3,050,000 | | \$3,050,000 | | \$3,050,000 | | \$3,050,000 |
| 99s(5)(7) | MiSTEM Centers Transition | \$4,584,300 | | \$4,584,300 | \$320,000 | \$4,904,300 | | \$4,904,300 |
| 99t | Algebra Nation | \$2,000,000 | | \$2,000,000 | (\$2,000,000) | \$0 | | \$0 |
| 99u | Imagine Learning | \$6,000,000 | | \$6,000,000 | (\$6,000,000) | \$0 | | \$0 |
| 99x | Teach for America | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 99aa | Project SEARCH | \$1,500,000 | | \$1,500,000 | (\$1,500,000) | \$0 | | \$0 |
| 99ee | Hispanic Collaborative | \$6,500,000 | | \$6,500,000 | (\$6,500,000) | \$0 | | \$0 |
| 99ff | Junior Achievement | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |
| 99gg | Boys and Girls Club SE MI | \$10,000,000 | | \$10,000,000 | (\$10,000,000) | \$0 | | \$0 |
| 99hh | City Year Detroit | \$3,000,000 | | \$3,000,000 | (\$3,000,000) | \$0 | | \$0 |
| 99ii | Wayne-Westland Driver's Training Pilot | \$250,000 | | \$250,000 | (\$250,000) | \$0 | | \$0 |
| 99jj | Dearborn Driver's Training Pilot | \$250,000 | | \$250,000 | (\$250,000) | \$0 | | \$0 |
| 99kk | Boys and Girls Club Grand Rapids | \$5,000,000 | | \$5,000,000 | (\$5,000,000) | \$0 | | \$0 |

SCHOOL AID LINE ITEM SUMMARY

| Sec. | | FY 24 2023 PA 103 Enacted | Change from FY 24 Enacted (incl. 2023 PA 320) | FY 24 Exec Rec Proposed Supplemental | Change from FY 24 Enacted | FY 25 Exec Rec | Change from FY 25 Exec Rec | FY 26 Exec Rec |
|---------|--|---------------------------------|--|---|------------------------------|-------------------------|-------------------------------|-------------------------|
| 99// | Eastpointe Swimming Pool | \$500,000 | | \$500,000 | (\$500,000) | \$0 | | \$0 |
| 104 | Education Assessments - State | \$37,509,400 | | \$37,509,400 | | \$37,509,400 | | \$37,509,400 |
| 104 | Education Assessments - Federal | \$8,000,000 | | \$8,000,000 | | \$8,000,000 | | \$8,000,000 |
| 104f | Digital Literacy Training | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| 104h | Benchmark Assessments - NEW | \$0 | | \$0 | \$11,500,000 | \$11,500,000 | | \$11,500,000 |
| 107 | Adult Education | \$40,500,000 | | \$40,500,000 | | \$40,500,000 | | \$40,500,000 |
| 107a | Adult Education Innovation Programs | \$15,000,000 | | \$15,000,000 | (\$15,000,000) | \$0 | | \$0 |
| 147a(1) | MPSERS Cost Offset | \$100,000,000 | | \$100,000,000 | | \$100,000,000 | | \$100,000,000 |
| 147a(2) | MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains | \$360,050,000 | | \$360,050,000 | \$5,150,000 | \$365,200,000 | (\$18,900,000) | \$346,300,000 |
| 147a(3) | MPSERS Cost Offset - ISDs and District Libraries | \$11,939,000 | | \$11,939,000 | | \$11,939,000 | | \$11,939,000 |
| 147a(4) | MPSERS Cost Offset - 20.00% Rate Cap - NEW | \$0 | | \$0 | \$94,300,000 | \$94,300,000 | \$2,600,000 | \$96,900,000 |
| 147c | MPSERS State Share of Unfunded Liability Payments | \$1,863,500,000 | | \$1,863,500,000 | (\$824,100,000) | \$1,039,400,000 | \$77,100,000 | \$1,116,500,000 |
| 147e | MPSERS Added Normal/DC Costs for PA 92 of 2017 | \$90,400,000 | | \$90,400,000 | \$14,300,000 | \$104,700,000 | \$20,900,000 | \$125,600,000 |
| 147f | MPSERS 0.5% UAAL Reimbursement | \$48,500,000 | | \$48,500,000 | (\$48,500,000) | \$0 | | \$0 |
| 152a | Adair - Database Payment | \$41,000,500 | | \$41,000,500 | | \$41,000,500 | | \$41,000,500 |
| 152b | Nonpublic School Reimbursement | \$1,000,000 | | \$1,000,000 | (\$1,000,000) | \$0 | | \$0 |
| | | \$21,459,651,300 | \$105,100,000 | \$21,564,751,300 | (\$849,677,600) | \$20,609,973,700 | (\$807,800,000) | \$19,802,173,700 |

| REVENUE BY SOURCE | | | | | | | | |
|--|-------------------------|----------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|--|
| Federal Aid | \$2,200,793,500 | \$17,300,000 | \$2,218,093,500 | \$72,000,000 | \$2,272,793,500 | \$0 | \$2,272,793,500 | |
| School Aid Fund | \$18,364,157,800 | \$57,800,000 | \$18,421,957,800 | (\$447,627,600) | \$17,916,530,200 | (\$437,200,000) | \$17,479,330,200 | |
| School Consolidation and Infrastructure Fund | \$245,000,000 | \$0 | \$245,000,000 | (\$245,000,000) | \$0 | \$0 | \$0 | |
| MPSERS Obligation Reform Reserve Fund | \$215,800,000 | \$0 | \$215,800,000 | (\$131,700,000) | \$84,100,000 | (\$84,100,000) | \$0 | |
| Educator Fellowship Public Provider Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Educator Fellowship Private Provider Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| School Transportation Fund | \$125,000,000 | \$0 | \$125,000,000 | \$0 | \$125,000,000 | (\$125,000,000) | \$0 | |
| School Meals Reserve Fund | \$60,000,000 | \$30,000,000 | \$90,000,000 | (\$30,000,000) | \$30,000,000 | (\$30,000,000) | \$0 | |
| GSRP Reserve Fund | \$18,000,000 | \$0 | \$18,000,000 | \$0 | \$18,000,000 | (\$18,000,000) | \$0 | |
| Enrollment Stabilization Fund | \$71,000,000 | \$0 | \$71,000,000 | \$0 | \$71,000,000 | (\$71,000,000) | \$0 | |
| Community District Trust Fund | \$72,000,000 | \$0 | \$72,000,000 | (\$31,000,000) | \$41,000,000 | (\$41,000,000) | \$0 | |
| General Fund/General Purpose | \$87,900,000 | \$0 | \$87,900,000 | (\$36,350,000) | \$51,550,000 | (\$1,500,000) | \$50,050,000 | |
| TOTAL REVENUE | \$21,459,651,300 | \$105,100,000 | \$21,564,751,300 | (\$849,677,600) | \$20,609,973,700 | (\$807,800,000) | \$19,802,173,700 | |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 STATE POLICE

Analyst: Marcus Coffin

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

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

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.

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|---|-------------------------------------|
| 1. FY 2023-24 Trooper Recruit School Annualization | Gross | NA |
| Includes \$5.5 million GF/GP to support departmental expenses incurred for 50 troopers projected to graduate from trooper recruit school during FY 2023-24. Supported costs would include fleet leasing, IT support, salaries, and benefits. | GF/GP | \$5,473,000 |
| | | \$5,473,000 |
| 2. Law Enforcement Training, Recruitment, and Retention Grants | Gross | \$0 |
| Includes \$5.0 million GF/GP (one-time) to support application-based grants available to local law enforcement agencies for the purposes of recruiting, training, integrating, and retaining licensed law enforcement officers. | GF/GP | \$0 |
| | | \$5,000,000 |
| 3. Contracts and Services | Gross | \$1,600,000 |
| (a) Removes \$1.6 million GF/GP that was included in FY 2023-24 as a one-time appropriation for contracts and services. Of that amount, \$1.4 million was allocated to support executive security and \$200,000 was allocated for traffic control at Michigan International Speedway. | GF/GP | \$1,600,000 |
| | | (\$1,600,000) |
| (b) Includes \$2.0 million GF/GP for executive security services, which the FY 2024-25 executive recommendation designates as ongoing funding. | Gross | \$0 |
| | GF/GP | \$0 |
| | | \$2,000,000 |
| 4. Capitol Security | FTE | NA |
| Includes \$1.4 million GF/GP and authorization for 13.0 additional state property security officers who would be assigned to the Capitol Building to operate and monitor weapons detection equipment installed at building entrances. | Gross | NA |
| | GF/GP | NA |
| | | 13.0 |
| | | \$1,390,700 |
| | | \$1,390,700 |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--|--|
| 5. Intelligence Operations Software Licensing | Gross | NA |
| Includes \$474,000 GF/GP to offset increased software licensing fees charged by vendors for software that is used by the Intelligence Operations Division (IOD) for collecting, compiling, and analyzing digital evidence retrieved from mobile devices during criminal investigations. The vendor previously assessed a flat rate licensing fee but has revised the licensing structure to require 7 IOD locations to each retain a separate license. | GF/GP | NA |
| | | \$474,000 |
| | | \$474,000 |
| 6. Breathalyzer Maintenance | Gross | NA |
| Includes \$83,100 GF/GP to offset increased costs for annual maintenance of MSP's 200 breathalyzer units. | GF/GP | NA |
| | | \$83,100 |
| | | \$83,100 |
| 7. FTE Authorization Increase | FTE | NA |
| Includes authorization for 11.0 FTE positions, with 6.0 FTE positions allocated to the Department Services line, 1.0 FTE position allocated to the Professional Development Bureau line, and 4.0 FTE positions allocated to the Intelligence Operations Division line. The Department Services FTEs would be utilized to fulfill internal control requirements and to assist with GASB changes; the Professional Development Bureau FTE would be used to support the Drug Recognition Expert Program; and the Intelligence Operations Division FTEs would be used to hire 911 dispatchers for Crawford County. | Gross | NA |
| | GF/GP | NA |
| | | 11.0 |
| | | \$0 |
| | | \$0 |
| 8. Technical Adjustments | Gross | NA |
| Includes additional IDG/IDT, federal, and state restricted funding authorization from numerous sources for numerous line items to reflect increased revenues that can support department projects and objectives. Some of the larger adjustments include the following: | IDG/IDT | NA |
| <ul style="list-style-type: none"> • \$5.0 million increase in federal Department of Justice funding • \$4.5 million increase in federal Department of Transportation funding • \$3.0 million increase in state restricted Criminal Justice Information Center Service Fees • \$2.3 million increase in state restricted State Police Service Fees. | Federal | NA |
| | Restricted | NA |
| | GF/GP | NA |
| | | \$16,955,000 |
| | | 204,000 |
| | | 10,583,900 |
| | | 6,167,100 |
| | | \$0 |
| 9. Removal of FY 2023-24 One-Time Appropriations | Gross | \$11,741,900 |
| Removes \$13.3 million Gross (\$12.4 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Federal | 951,600 |
| <ul style="list-style-type: none"> • FY 2023-24 Trooper Recruit School (\$4.8 million GF/GP) • Community-Based Crisis Response Pilot Grants (\$1.5 million GF/GP) • Emergency Alert System Upgrades (\$1.5 million GF/GP) • MCOLES Active Shooter Response Training (\$1.3 million GF/GP) • Gun Violence Prevention (\$1.2 million GF/GP) • Firearms Safety (\$500,000 GF/GP). | GF/GP | \$10,790,300 |
| | | (\$11,741,900) |
| | | (951,600) |
| | | (\$10,790,300) |
| 10. Economic Adjustments | Gross | NA |
| Reflects increased costs of \$21.8 million Gross (\$17.4 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | IDG/IDT | NA |
| | Federal | NA |
| | Local | NA |
| | Restricted | NA |
| | GF/GP | NA |
| | | \$21,833,500 |
| | | 741,400 |
| | | 625,300 |
| | | 70,900 |
| | | 3,029,400 |
| | | \$17,366,500 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Communication With the Legislature – DELETED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 211. Contingency Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$2.0 million and state restricted authorization by up to \$4.0 million. Revises to provide local authorization of up to \$1.0 million and private authorization of up to \$200,000.

Sec. 212. Transparency Website – DELETED

Requires MSP to cooperate with DTMB to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates.

Sec. 213. State Restricted Funds Report – DELETED

Requires MSP to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

Sec. 214. Department Website Information – DELETED

Requires MSP to maintain, on a publicly accessible website, information that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance.

Sec. 216. FTE Positions and Vacancies Reports – REVISED

Requires MSP to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts. Revises to delete reporting on FTE volumes.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 219. Retention of Reports – DELETED

Requires MSP to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires MSP to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 221. Severance Pay Reporting – DELETED

Requires MSP to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of MSP employees receiving severance pay in FY 2022-23.

Sec. 222. In-Person Work – DELETED

Expresses legislative intent that MSP maximize the efficiency of the state workforce and prioritize in-person work where possible, and post its in-person, remote, or hybrid work policy on its website.

Sec. 226. Post Closure or Consolidation – DELETED

Requires MSP to notify listed recipients when it recommends closure or consolidation of any MSP post and to include a local and state impact study.

Sec. 227. Privatization Project Plans – DELETED

Requires submission of a project plan if MSP presents the state employer with a plan to privatize and requires evaluation within 30 months. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 233. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires department to notify data subjects if an unauthorized person accesses their information.

Sec. 234. 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. *(Governor deemed this section unenforceable in FY 2023-24.)*

Major Boilerplate Changes from FY 2023-24**Sec. 236. Grants Transparency – DELETED**

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Sec. 402. Criminal Justice Information Center – REVISED

Requires MSP to (1) maintain criminal justice information systems in support of public safety and law enforcement communities; (2) conduct at least 30 outreach activities targeted to criminal justice agencies and to report on these activities; (3) compile crime statistics; (4) compile and evaluate traffic crash reports; (5) provide traffic crash reports for \$15 per incident or an extract of electronic traffic crash data for \$0.25 per incident; (6) report traffic crash report revenues, expenditures, and adequacy; (7) maintain, disseminate, and exchange criminal history and juvenile records; (8) maintain records, including firearms licensure records; (9) provide background check volume processed by the Internet Criminal History Access Tool; requires that Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund; requires unexpended revenue generated by local State Records Management System Fees to carry forward and not lapse to the general fund. Revises to delete item (9).

Sec. 404. Biometrics and Identification – REVISED

Requires MSP to (1) manage specified identification databases; (2) provide data on submissions to the Automated Fingerprint Identification System database; (3) 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; (4) post changes to protocols for retention and purging of DNA records. Revises to delete item (3).

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

(1) Stipulates that MSP troopers are not prohibited from responding to criminal or emergency situations and are 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 report number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revises to delete item (2). *(Governor deemed item (2) in this section unenforceable in FY 2023-24.)*

Sec. 602. Criminal Investigations – REVISED

(1) Requires MSP to identify and apprehend criminals through investigations; (2) requires maintenance of investigation hours; (3) requires MSP to meet or exceed case clearance rate of 62%; (4) requires MSP to provide training opportunities to local law enforcement partners related to gambling law, opioid investigations, and other legal and law enforcement issues; (5) requires MSP to maintain staffing to investigate an average level of opioid cases and to link investigations among partners. Revises to delete items (2) through (5). *(Governor deemed items (2) through (5) in this section unenforceable in FY 2023-24.)*

Sec. 604. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness for a specified number of requests for fire investigation services and be available for call out statewide. Revises to delete item (2). *(Governor deemed item (2) in this section unenforceable in FY 2023-24.)*

Sec. 701. Intelligence and Special Operations – REVISED

(1) Requires MSP to operate the Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MSP to provide timely and accurate information to partners regarding critical information key resource threats and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to maintain staffing; (4) requires MSP to provide digital forensic analysis and states case turnaround goal. Revises to delete items (3) and (4). *(Governor deemed items (3) and (4) in this section unenforceable in FY 2023-24.)*

Sec. 702. Specialized Support Teams – REVISED

(1) Requires MSP to provide specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to an average number of specialty service requests; (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 and requires a minimum of 35,000 patrols at state-owned and leased facilities. Revises to delete items (2) through (8). *(Governor deemed items (2) through (8) in this section unenforceable in FY 2023-24.)*

Major Boilerplate Changes from FY 2023-24

Sec. 704. Emergency Management and Homeland Security – REVISED

(1) Requires MSP to coordinate emergency and disaster response activities of governmental units; (2) 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; requires report to state budget director and submission of recommendations to legislature for supplemental appropriations; (3) authorizes MSP to expend additional funds from various sources to provide emergency management training or emergency response activities with notification of legislature; limits federal receive and expend under Sec. 704(3) and Sec. 232 to \$105.0 million; (4) requires MSP to maintain partnerships to protect the state from all hazards; (5) requires MSP 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; (6) requires MSP to conduct a minimum of three training sessions to enhance emergency response; (7) appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies; (8) requires reporting on Disaster and Emergency Contingency Fund expenditures; (9) requires MSP to report biannually on assessment of critical infrastructure vulnerabilities; (10) allows the carryforward of unexpended Emergency Management and Homeland Security Training Center revenue. Revises to delete items (8) and (9). *(Governor deemed items (8) and (9) in this section unenforceable in FY 2023-24.)*

Sec. 801. Community-Based Crisis Response Pilot Grants – DELETED

(1) Requires MSP to make grants available to the cities of Ann Arbor, Dearborn, and Kalamazoo, to support new or existing community-based response programs; (2) requires a grant recipient to provide a 25% match; (3) limits an individual grant award to \$500,000; (4) defines "community-based response program"; (5) provides work project authorization; (6) allows MSP to expend up to \$50,000 for administration of the grants; (7) requires recipients to submit reports to MSP; (8) requires MSP to submit a report on the grant program.

Sec. 801. Law Enforcement Training, Recruitment, and Retention Grants – NEW

Requires MSP to utilize applicable funds to provide grants to local law enforcement agencies to recruit, train, integrate, and retain licensed law enforcement officers; limits individual grant awards to \$500,000.

Sec. 802. Michigan International Speedway Traffic Control – DELETED

Allocates \$200,000 from the Contracts and Services line item for provision of traffic control support at MIS.

Sec. 803. Emergency Alert System Upgrades – DELETED

Requires MSP to implement a statewide redundant emergency alert system network and perform equipment upgrades.

Sec. 804. Active Shooter Response Training – DELETED

Requires \$1.3 million to be allocated to MCOLES for active shooter response training.

Sec. 805. Firearms Safety – DELETED

Allows MSP to utilize funds appropriated for Firearms Safety to collaborate with MDHHS to distribute gun safety equipment to the public and law enforcement agencies at no cost.

Supplemental Recommendations for FY 2023-24 Appropriations

FY 2023-24 Recommendation

1. Disaster and Emergency Contingency Fund

Includes \$10.0 million GF/GP for deposit into the Disaster and Emergency Contingency Fund (DECF) to support response and recovery activities and financial assistance to local units of government in the event of a disaster or emergency. It is anticipated that most of the current balance in the DECF will be expended for eligible payments for disasters that occurred in previous years.

| | |
|--------------|---------------------|
| Gross | \$10,000,000 |
| GF/GP | \$10,000,000 |

2. Employee Lump Sum Payments

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

| | |
|--------------|--------------------|
| Gross | \$5,244,000 |
| GF/GP | \$5,244,000 |

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

3. Hazard Mitigation Assistance Loan Program

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

| | |
|--------------|------------------|
| Gross | \$500,000 |
| GF/GP | \$500,000 |

Summary: Executive Budget Recommendation for Fiscal Year 2024-25 TRANSPORTATION

Analyst: William E. Hamilton

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

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

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. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, and from a \$600.0 million earmark of Income Tax Act revenue. Approximately \$3.7 billion in state restricted revenue 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 (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|--------------|---|-------------------------------------|
| 1. Debt Service | Gross | \$343,740,100 | (\$3,036,400) |
| Debt Service would total \$340.7 million, \$3.0 million less than current year. Debt service is primarily based on debt service schedules for previously issued and outstanding bonds, including STF Rebuilding Michigan bonds issued in 2020, 2021, and 2023. Debt service also includes estimated debt service on remaining Rebuilding Michigan bonds the department anticipates issuing in late 2024. | Restricted | 373,740,100 | (3,036,400) |
| | GF/GP | \$0 | \$0 |
| 2. Transportation Asset Management Council | Gross | \$1,876,400 | \$423,600 |
| Increases baseline support by \$423,600 MTF for increased data collection and information technology costs. | Restricted | 1,876,400 | 423,600 |
| | GF/GP | \$0 | \$0 |
| 3. Finance, Contracts, Support Services – MICARS Support | Gross | \$27,123,200 | \$156,200 |
| Includes \$270,000 STF increase for MICARS cash receipt/accounts receivable system; reduces IDG support by \$113,800 to better reflect service costs for a net adjustment of \$156,200 Gross | IDG | 4,353,000 | (113,800) |
| | Restricted | 22,770,200 | 270,000 |
| | GF/GP | \$0 | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

4. Transportation Planning Services

Recognizes additional \$2.0 million in federal Statewide Planning and Research (SPR) funds.

| | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--------------|--|--|
| FTE | 145.0 | 0.0 |
| Gross | \$42,843,800 | \$2,000,000 |
| Federal | 24,000,000 | 2,000,000 |
| Restricted | 18,843,800 | 0 |
| GF/GP | \$0 | \$0 |

5. State Trunkline Maintenance

Increases baseline STF support by \$17.9 million: \$12.8 million is related to increased cost of maintenance materials; \$5.1 million is for contract services, including contract state trunkline maintenance performed by county road agencies.

| | | |
|--------------|----------------------|---------------------|
| FTE | 909.7 | 0.0 |
| Gross | \$466,088,700 | \$17,878,700 |
| Restricted | 466,088,700 | 17,878,700 |
| GF/GP | \$0 | \$0 |

6. State Trunkline Road and Bridge Capital Program

Includes \$123.4 million increase for the capital State Trunkline Road and Bridge Construction line item. This reflects a \$76.5 million increase in estimated federal funds made available under IIJA, and a net increase in state restricted funds of \$46.9 million: available STF revenue increases by \$48.5 million while Blue Water Bridge Fund (BWBF) support would decline by \$1.6 million.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$1,494,482,900 | \$123,409,800 |
| Federal | 1,195,230,900 | 76,542,800 |
| Local | 30,003,500 | 0 |
| Private | 10,000,000 | 0 |
| Restricted | 259,248,500 | 46,867,000 |
| GF/GP | \$0 | \$0 |

7. MTF to Local Road Agencies

Includes \$2.051 billion in estimated MTF distribution to local road agencies (county road commissions, and cities and villages), \$101.0 million more than the current year. This reflects the Act 51 distribution of estimated MTF revenue from motor fuel and vehicle registration taxes as well as local road agency share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act. The actual distribution will be based on actual MTF revenue collections.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$1,949,687,800 | \$100,991,500 |
| Restricted | 1,949,687,800 | 100,991,500 |
| GF/GP | \$0 | \$0 |

Increases in estimated MTF revenue reflect anticipated increases in motor fuel tax revenue due to the indexing of the motor fuel tax rate, increases in estimated vehicle registration taxes, and increases in revenue from an earmark of an excise tax on recreational marijuana.

8. Local Bridge Fund/Program

Decrease of \$483,800 MTF reflects lower per-penny yield of the motor fuel tax on gasoline. The Local Bridge Fund/Program receives two statutory earmarks of MTF revenue: a fixed amount of \$5.0 million, and revenue equal to one-half cent of motor fuel tax revenue.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$27,398,500 | (\$483,800) |
| Restricted | 27,398,500 | (483,800) |
| GF/GP | \$0 | \$0 |

9. Movable Bridge Fund

Recognizes inflation adjustment of \$150,500 MTF pursuant to statute. The Movable Bridge Fund was established through a 2016 amendment to Act 51 to provide targeted funding for operation of publicly owned movable bridges in Michigan – 12 on the state trunkline system and 12 owned by local road agencies (8 separate jurisdictions). The earmark, originally \$5.0 million, is indexed for inflation.

| | | |
|--------------|--------------------|------------------|
| Gross | \$6,016,600 | \$150,500 |
| Restricted | 6,016,600 | 150,500 |
| GF/GP | \$0 | \$0 |

10. Local Federal Aid and Road and Bridge

Recognizes \$26.2 million increase in federal-aid highway funds available for local road agency federal-aid projects. The increase reflects additional federal funds made available to Michigan under IIJA as allocated to local road agencies in accordance with Act 51.

| | | |
|--------------|----------------------|---------------------|
| Gross | \$384,987,800 | \$26,181,000 |
| Federal | 384,987,800 | 26,181,000 |
| GF/GP | \$0 | \$0 |

11. Blue Water Bridge Operations

Increases baseline support by \$515,800 BWBF, and authorizes a 3.0 FTE position staffing increase, for bridge operations and maintenance.

| | | |
|--------------|--------------------|------------------|
| FTE | 44.0 | 3.0 |
| Gross | \$7,152,700 | \$515,800 |
| Restricted | 7,152,700 | 515,800 |
| GF/GP | \$0 | \$0 |

TRANSPORTATION

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|--|------------|--|--|
| 12. Transportation Economic Development Fund (TEDF) | | Gross \$55,369,000 | (\$2,642,700) |
| Includes \$52.7 million restricted TEDF support, a decrease of \$2.6 million. The decrease reflects a reduction in estimated driver's license fee revenue earmarked to the TEDF as well as reduced interest on the TEDF balance. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231. | | Restricted 55,369,000 | (2,642,700) |
| | GF/GP | \$0 | \$0 |
| 13a. Transit Programs – Local Bus Operating | | Gross \$216,750,000 | \$5,000,000 |
| Includes a \$5.0 million baseline increase in CTF funding. As described in Item 13b below, FY 2023-24 also included \$45.0 million in federal American Rescue Plan (ARP) COVID-19 relief funds as a one-time appropriation. | | Federal 0 | 0 |
| | Restricted | 216,750,000 | 5,000,000 |
| | GF/GP | \$0 | \$0 |
| 13b. Local Bus Operating – Federal ARP Funds (One-Time) | | Gross \$45,000,000 | (\$45,000,000) |
| Removes \$45.0 million one-time appropriation of federal ARP funding for local bus operating assistance. | | Federal 45,000,000 | (45,000,000) |
| | GF/GP | \$0 | \$0 |
| 14. Transit Programs – Non-Urban Operating/Capital | | Gross \$39,845,600 | \$780,900 |
| Includes \$40.6 million for federal non-urbanized area formula grants under 49 USC 5311, an increase of \$780,900 in federal funds reflecting estimated increase in federal grants available to Michigan under IIJA. | | Federal 37,845,600 | 780,900 |
| | Local | 2,000,000 | 0 |
| | GF/GP | \$0 | \$0 |
| 15. Transit Capital | | Gross \$222,717,500 | \$36,883,800 |
| Includes \$36.9 million increase. Increase represents \$22.4 million in additional federal aid made available to Michigan under IIJA, as well as \$14.5 million CTF available from the CTF fund balance. This line item represents federal transit capital grant programs and related state, local, and private matching funds. | | Federal 121,641,400 | 22,425,800 |
| | Local | 31,000,000 | 0 |
| | Private | 2,000,000 | 0 |
| | Restricted | 68,076,100 | 14,458,000 |
| | GF/GP | \$0 | \$0 |
| 16. Service Initiatives | | Gross \$18,681,600 | \$2,120,400 |
| Includes \$2.1 million Gross net increase. Increase recognizes additional federal and local funds; includes \$2.0 million in private funds; reduces baseline CTF support by \$1.7 million. | | Federal 9,327,200 | 186,500 |
| | Local | 325,000 | 1,675,000 |
| | Private | 0 | 2,000,000 |
| | Restricted | 9,029,400 | (1,741,100) |
| | GF/GP | \$0 | \$0 |
| 17. Specialize Services | | Gross \$30,312,400 | \$262,500 |
| Recognizes \$262,500 increase in estimated federal grant funding. Gross appropriation for public transportation program targeted for elderly and disabled populations would total \$30.6 million. | | Federal 13,127,400 | 262,500 |
| | Local | 4,185,000 | 0 |
| | Restricted | 13,000,000 | 0 |
| | GF/GP | \$0 | \$0 |
| 18a. Rail Operations and Infrastructure | | Gross \$137,687,700 | \$14,501,500 |
| Includes \$14.5 million increase in baseline CTF support from available CTF fund balance. As described in Item 18b below, FY 2023-24 also included \$14.9 million CTF as a one-time appropriation. | | Federal 30,000,000 | 0 |
| | Local | 100,000 | 0 |
| | Private | 2,000,000 | 0 |
| | Restricted | 105,587,700 | 14,501,500 |
| | GF/GP | \$0 | \$0 |
| 18b. Rail Operations and Infrastructure (One-Time) | | Gross \$14,900,000 | (\$14,900,000) |
| Removes \$14.9 million CTF included as one-time in FY 2023-24. | | Restricted 14,900,000 | (14,900,000) |
| | GF/GP | \$0 | \$0 |
| 19. Marine Passenger Service | | Gross \$5,152,000 | \$15,053,000 |
| Recognizes \$15.1 million increase in federal grants available to Michigan under IIJA. This line item that provides capital assistance to eligible public ferry services in Michigan. | | Federal 2,652,000 | 15,053,000 |
| | Local | 500,000 | 0 |
| | Restricted | 2,000,000 | 0 |
| | GF/GP | \$0 | \$0 |

Major Budget Changes from FY 2023-24 Enacted Appropriations

| | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 20. Capital Outlay - Airport Improvement Program (AIP) | Gross | \$179,983,500 | \$3,647,700 |
| Recognizes \$3.6 million increase in state restricted State Aeronautics Fund revenue for program of capital assistance to eligible local public airports in the state. This increase would come, in part, from a proposed increase in the state aircraft registration fee. The Gross appropriation total of \$183.6 million is supported by federal AIP funds, as well as state restricted, local, and private funds. This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement (ASAP). | Federal | 155,000,000 | 0 |
| | Local | 17,500,000 | 0 |
| | Private | 2,000,000 | 0 |
| | Restricted | 5,483,500 | 3,647,700 |
| | GF/GP | \$0 | \$0 |
| 21. Detroit Metropolitan Wayne County Airport | Gross | \$6,370,000 | \$390,000 |
| Increases Qualified Airport Fund support by \$390,000 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 | 6,370,000 | 390,000 |
| | GF/GP | \$0 | \$0 |
| 22. IJJA Airport Infrastructure Grants | Gross | \$95,000,000 | \$20,000,000 |
| Includes \$115.0 million federal spending authority, an increase of \$20.0 million, for a program of federal aid to public airports established under Division J of IJJA. | Federal | 95,000,000 | 20,000,000 |
| | GF/GP | \$0 | \$0 |
| 23. Removal of FY 2023-24 One-Time Appropriations # | Gross | \$344,100,000 | (\$344,100,000) |
| Excluding one-time appropriations for Local bus operating, and Rail Operations and Infrastructure, described above, and MI Contracting Opportunity, described below, the Executive budget removes \$344.1 million Gross (\$285.1 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Federal | 14,000,000 | (14,000,000) |
| | Restricted | 45,000,000 | (45,000,000) |
| | GF/GP | \$285,100,000 | (\$285,100,000) |
| <ul style="list-style-type: none"> • Intermodal Capital Investment Grants, (\$45.0 million CTF, \$5.0 million GF/GP) • Local Bridge Bundling Initiative, (\$80.0 million GF/GP) • Critical Infrastructure Projects, (\$118.6 million GF/GP) • New Technology and Mobility, (\$18.5 million GF/GP) • ARP – Mobility Fund Platform (\$3.5 million federal) • ARP – Mobility Challenge (\$3.5 million federal) • ARP – Air Service Revitalization (\$7.0 million federal) | | | |
| <i># Note that FY 2023-24 "Enacted" figures do not include \$3.9 million GF/GP supplemental appropriation for Critical Infrastructure Projects made in HB 4292, signed by the Governor December 18, 2023, but not effective until February 14, 2024.</i> | | | |
| 24. MI Contracting Opportunity (One-Time) | FTE | 0.0 | 1.0 |
| Includes \$5.0 million in one-time GF/GP for program to increase contracting opportunities for socially or economically disadvantaged business concerns. This represents an increase of \$2.0 million GF/GP as compared to FY 2023-24. Also includes authorization for 1.0 FTE position. (Defined in boilerplate section 1003.) | Gross | \$3,000,000 | \$2,000,000 |
| | GF/GP | \$3,000,000 | \$2,000,000 |
| 25. Blue Water Bridge Equipment and Facilities (One-Time) | Gross | \$0 | \$990,000 |
| Includes \$990,000 BWBF for one-time equipment and facilities. | Restricted | \$0 | 990,000 |
| | GF/GP | \$0 | \$0 |
| 26. \$150.0 million GF/GP for Federal Aid Match and Priority Local Bridge Investments (One-Time) | Gross | \$0 | \$150,000,000 |
| Includes \$150.0 million GF/GP of which an estimated \$95.0 million would provide sufficient funds to match all available federal-aid highway funds available to Michigan through IJJA. The balance of the \$150.0 million would be used to support local road agency bridge and culvert projects. (Defined in boilerplate section 1001.) | GF/GP | \$0 | \$150,000,000 |

TRANSPORTATION

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> |
|--|--|--------------------------------------|
|--|--|--------------------------------------|

| | | | |
|--|--------------|------------|---------------------|
| 27. \$30.0 million GF/GP for Transit Innovation Grants (One-Time) | Gross | \$0 | \$30,000,000 |
| Includes \$30.0 million GF/GP to support local transit agency technology and innovation grants. (Defined in boilerplate section 1002.) | GF/GP | \$0 | \$30,000,000 |

28. Information Technology Investments

In addition to the budget changes shown above, the Governor's Department of Technology Management and Budget (DTMB) budget recommendation includes \$6.6 million in Information Technology and Investment Fund (ITIF) support for two MDOT information technology projects: (1) \$5.6 million to modernize the Act 51 distribution and reporting system (ADARS) (2) \$1.0 million to update the Office of Rail project management system.

29. Economic Adjustments

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

| | | |
|--------------|-----------|---------------------|
| Gross | NA | \$10,936,500 |
| IDG/IDT | NA | 77,500 |
| Federal | NA | 0 |
| Local | NA | 0 |
| Restricted | NA | 10,859,000 |
| GF/GP | NA | \$0 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature.

Sec. 212. Transparency Website – DELETED

Deletes section that requires the department to cooperate with the Department of Technology, Management and Budget to maintain a searchable website, accessible by the public, that provides expenditure and staffing information.

Sec. 213. Restricted Fund Report – DELETED

Deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances. [This report is currently included in the annual Budget Presentation.]

Sec. 214. Key Metrics – DELETED

Deletes section that requires the department to maintain on a publicly accessible website information on key metrics and performance measures.

Sec. 218. Remote Work Policy – DELETED

Deletes section that indicates legislative intent that the department maximize the efficiency of the state workforce and, where possible, prioritize in-person work and post its in-person, remote, or hybrid work policy on its website.

Sec. 219. State Administrative Board Transfers – DELETED

Deletes section that authorizes the legislature to intertransfer funds within budget if the State Administrative Board transfers funds from an appropriation within this budget.

Sec. 221. Record Retention Policy – DELETED

Deletes section that prescribes the department's record retention policy.

Sec. 222. Impact of New Legislation – DELETED

Deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 223. Severance Pay Report – DELETED

Deletes section that established reporting requirements related to severance pay paid to department personnel upon the termination of employment.

Sec. 225. Work Project Expenditures – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations.

Major Boilerplate Changes from FY 2023-24**Sec. 302. Report on Debt Service Coverage – DELETED**

Deletes section that established a reporting requirement regarding debt service.

Sec. 311. Bridge Bundling Report – DELETED

Deletes reporting requirement related to 2021-2022 bridge bundling initiative.

Sec. 383. Report on State Airfleet – DELETED

Deletes reporting requirement regarding use of state airfleet.

Sec. 389. Long-Term Obligations – DELETED

Deletes reporting requirement related to long-term agreements that obligate the department to make future payments of over \$5.0 million for five or more years.

Sec. 393. Public Transportation Best Practices – DELETED

Deletes section that directs the department to promote best practices for public transportation and reported reporting requirement.

Sec. 399. Capital Preventive Maintenance – DELETED

Deletes section that directs the department to prioritize capital preventive maintenance; sets \$100.0 million minimum.

Sec. 601. Road Construction Warranties – DELETED

Deletes section that directs the department to maintain documentation to support acceptance of warrantied projects; includes reporting requirement.

Sec. 612. Incentive/Disincentive Contracts – DELETED

Deletes section that directs the department to maintain documentation to support acceptance of warrantied projects; includes reporting requirement.

Sec. 614. Earmark for Low Impact Development Stormwater Management Practices – DELETED

Deletes \$5.0 million earmark to incentivize and support the inclusion of low impact development stormwater management practices in trunkline and local road agency construction projects.

Sec. 615. Earmark for Federal Vehicle Usage Fee Pilot Program – DELETED

Deletes \$1.0 million earmark to provide the non-federal match for federal grants established under IIJA for a per-mile user fee pilot project.

Sec. 660. Alternative Materials – DELETED

Deletes section that encouraged the department to examine the use of alternative road surface materials. Subsection 2, which directed the department to establish a transportation innovation council, was deemed unenforceable in the governor's signing statement.

Sec. 707. Rail Strategic Plan – DELETED

Deletes section that required the department to report on a five-year rail strategic plan and that also earmarked \$20.0 million for rail-related economic and rail freight system preservation projects.

Sec. 1001. Federal Aid Match/ Priority Bridge Investments – NEW

Defines the use of the one-time \$150.0 million GF/GP appropriation: to ensure the department secures all federal-aid highway funds made available under IIJA; remaining funds to support a grant program for the rehabilitation and reconstruction of locally owned bridges and culverts.

Sec. 1002. Transit Innovation Grants – NEW

Defines the use of the one-time \$30.0 million GF/GP appropriation: (1) for studies in support of local and regional transit development; (2) development of transit facilities that support connections between local, regional, national, or international public transportation services.

Sec. 1003. MI Contracting Opportunity – NEW

Defines uses of the one-time \$5.0 million GF/GP Mi Contracting Opportunity line item; directs that funds be expended in support of activities that enhance the development and availability of contractors or suppliers for the delivery of department programs that are socially or economically disadvantaged as defined in Section 100002 of IIJA; establishes a revolving loan fund. [This section is a modified version of Sec. 1003 in the FY 2023-24 budget.]

TRANSPORTATION

Supplemental Recommendations for FY 2023-24 Appropriations

FY 2023-24
Recommendation

1. Employee Lump Sum Payments

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

**Gross
GF/GP**

**\$8,373,600
\$8,373,600**



Mary Ann Cleary, Director
 Kevin Koorstra, Deputy Director
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|--|--|
| Agriculture and Rural Development | William E. Hamilton |
| Capital Outlay | Perry Zielak |
| Community Colleges | Perry Zielak |
| Corrections | Robin R. Risko |
| Education (Department) | Noel Benson |
| Environmental Quality | Austin Scott |
| General Government: | |
| Attorney General/Civil Rights/State (Department)/ | |
| Technology, Management, and Budget | Michael Clossen |
| Executive Office/Legislature/Legislative Auditor General/Lottery/ | |
| Michigan Strategic Fund/Treasury | Viola Bay Wild |
| Health and Human Services: | |
| Child Welfare, Child Support, Community Services, Public Health, Aging | Sydney Brown |
| Medicaid, Physical and Behavioral Health | Kevin Koorstra |
| Public Assistance, Field Operations, Medicaid-backup | Kent Dell |
| Higher Education | Perry Zielak |
| Insurance and Financial Services | Marcus Coffin |
| Judiciary | Robin R. Risko |
| Labor and Economic Opportunity | Viola Bay Wild |
| Licensing and Regulatory Affairs | Marcus Coffin |
| Lifelong Education, Advancement, and Potential | Noel Benson; Perry Zielak |
| Military and Veterans Affairs | Michael Clossen |
| Natural Resources | Austin Scott |
| Natural Resources Trust Fund | Austin Scott |
| School Aid | Noel Benson; Jacqueline Mullen |
| State Police | Marcus Coffin |
| Transportation | William E. Hamilton |
| Unemployment Insurance | Marcus Coffin |
| | |
| Economic/Revenue Forecasting | Jim Stansell; Benjamin Gielczyk |
| Local Finance/Revenue Sharing/Tax Analysis | Jim Stansell; Benjamin Gielczyk |
| | |
| Legislative Analysis | Rick Yuille |
| | Edith Best; Holly Kuhn; Emily Smith; Alex Stegbauer; Sue Stutzky |
| | |
| Fiscal Oversight, Audit, and Litigation | Mary Ann Cleary |
| Retirement | Benjamin Gielczyk |
| Supplemental Coordinator | Robin R. Risko |
| Transfer Coordinator | Viola Bay Wild |
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