



APPROPRIATIONS PROCESS

January 2023

Senate Fiscal Agency



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THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge, the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills, and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



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OVERVIEW OF THE APPROPRIATIONS PROCESS

Budget Basics

The Governor submits the budget within 30 days after the Legislature convenes (60 days if Governor is newly elected).

The budget must be balanced (revenue equals or exceeds expenditures).

Required legislation (for example, proposed revenue increases) must be submitted with the budget.

For many years, budget bills were introduced in alternating chambers. The chamber of origin for each specific bill historically alternated each year, with the exception of Capital Outlay appropriations which alternated every two years. Beginning in FY 2011-12, the process dramatically changed. Each house now originates their own set of appropriation bills and runs those bills through the legislative process (subcommittee, full committee, and Floor passage) concurrently with the other house.

Since FY 2011-12, The House and Senate have generally executed their respective work on the budget in one of two ways:

- 1) While the chamber works on individual budgets in subcommittees, the work of the subcommittees is consolidated into two omnibus budget bills for action by that chamber's Appropriations Committee. One bill (amendments to the State School Aid Act) includes appropriations for School Aid, Higher Education, and Community Colleges. The other bill (a "normal" one-year budget bill) includes appropriations for all State departments and agencies. OR,
- 2) The chamber passes separate bills for each budget area (with the exception of the General Government budget bill, which includes appropriations for several State departments, the Legislature, and the Executive Office). These individual bills are reported from the chamber's subcommittees to its Appropriations Committee where they are considered and reported to the floor.

After the Senate and House pass their versions of the budget, in recent years, each house has "zeroed out" the other house's bills (i.e., line item appropriations and boilerplate are removed). The "zeroed out" bills then are returned to the house of origination, rejected by that house, and referred to conference committee. Prior to the past decade, half of the budget began in one chamber and half in the other. The chambers considered those bills and then swapped them. Conference at that time focused only on the items of difference between the two chambers.

The Governor and Legislative Leaders negotiate budget target dollar amounts that the House and Senate conferees use to produce conference reports.

For the purposes of reaching a resolution in conference committee, items of difference are ideologically based on the House- and Senate-passed versions of their originated budget bills, but technically all items are open for negotiation due to the process of "zeroing out" the budget

bills. The conference committees use individual budget area bills to produce conference reports, but conference reports on these individual bills are not further acted on by the Legislature. Instead, after conference decisions have been reached on all of the individual budget bills, conference committees are held on two omnibus budget bills (one that amends the School Aid Act and contains appropriations for School Aid, Community Colleges, and Higher Education, and one that is a “normal” one-year budget bill with appropriations for all other State departments and agencies), which incorporate all of the decisions made in conference committees on individual budget bills. The omnibus bills thus become the vehicle bills for the budget, going to the House and Senate for adoption of the omnibus conference reports.

The Governor may sign or veto the appropriation bills, and may veto individual line items.

Adjustments to the State budget, known as supplementals, transfers, and Executive Orders, are considered throughout the year and acted on accordingly. The following provides more detail on each step of the budget process.

Steps in the Appropriations Process

1. After the budget's introduction, Legislative leadership sets a schedule for Legislative action. Bills are referred to the Appropriations Committees and then assigned to subcommittees. In 2022, the Senate subcommittees that were assigned budgets included:
 - Agriculture and Rural Development
 - Community Health/Human Services
 - Corrections and Judiciary
 - General Government (which includes Attorney General; Civil Rights; Executive; Legislature; Legislative Auditor General; State; Technology, Management, and Budget; and Treasury)
 - Joint Capital Outlay
 - K-12 and Michigan Department of Education
 - Labor and Economic Opportunity/MEDC
 - Licensing and Regulatory Affairs/Insurance and Financial Services
 - Military and Veterans Affairs/State Police
 - Natural Resources and Environment, Great Lakes, and Energy
 - Transportation
 - Universities and Community Colleges

2. Subcommittee meetings provide detailed examination of the proposed budget.
 - Public hearings
 - Testimony from department, local units, interested parties, and public

3. Subcommittee reports bill to the full Appropriations Committee.

- Usually the subcommittee reports a substitute bill reflecting the changes recommended by the subcommittee.

4. Full Appropriations Committee action

- Committee can reject the substitute, adopt the substitute as reported, amend the substitute, or report a new version of the bill.

5. Floor action

- Bills that are reported out of the Appropriations Committees are considered on the House and Senate floors in the same manner as other bills reported from standing committees and may be amended or substituted. The only difference is that for appropriation bills on the floor, the fiscal agencies, not the Legislative Service Bureau, prepare all amendments and substitutes.
- After the Senate and House pass their versions of the budget, each house "zeroes out" the other house's bills (i.e., line item appropriations and boilerplate are removed). The "zeroed out" bills then are returned to the house of origination, rejected by that house, and referred to conference committee.
- Differences between the House-passed and Senate-passed versions are resolved in conference committee.
- The Senate and House participate in conference committees using individual budget bills.
- Pursuant to the Joint Rules of the House and Senate, conference committees may only consider items of difference; however, technical amendments, such as date revisions, adjusting totals or cross-references, additional anticipated Federal or other flow-through funding, and grammatical changes, may be made by the conference committee. In practice, since the current process for appropriations bills involves both a House and a Senate bill for each budget, all items in every budget can be considered an item of difference.
- When conferees reach an agreement on matters of difference that affect other parts of a bill, the conferees may include amendments to conform to the agreement.
- After conference decisions have been reached on all of the individual budget bills, a conference committee is held on each omnibus budget bill, which incorporates all of the decisions made in conference committees on individual budget bills. The omnibus bills thus become the vehicle bills for the budget, going to the House and Senate for adoption of the omnibus conference reports.

Sample Timeline

- January: Consensus Revenue Estimating Conference.
- February: Governor's budget is delivered (March in years with a new Governor). Revisions may be submitted throughout the budget process.
- February-April: Both houses move their version of the budgets through the legislative process (subcommittee meetings, Appropriations Committee action, floor votes, etc.).
- April-June: House and Senate exchange versions of budget, each house removes appropriations and boilerplate from other house's bills, the originating houses reject the changes and refer the bills to conference committee.
- May: Consensus Revenue Estimating Conference.
- Late May/June: Budget targets are developed, conference committees meet, conference reports adopted.
- June/July: Governor signs and/or vetoes bills.
- September: Budget implementation bills are considered.
- October: Fiscal year begins October 1.

Senate Fiscal Agency (SFA) Role in the Appropriation Bill Process

1. Consensus Revenue Estimating Conference. The SFA is one of the three principals (along with the House Fiscal Agency and the Department of Treasury) in the Consensus Revenue Estimating Conference. The Consensus Revenue Estimating Conference estimates the revenue available for the General Fund and the School Aid Fund; and, with the State Budget Office, provides pupil estimates used in the School Aid budget and caseload and cost estimates for the Departments of Education (child care), and Health and Human Services. As part of its role in the consensus process, the SFA prepares its own economic and revenue forecast, as well as pupil and caseload estimates.
2. SFA analyst provides technical and administrative support to the subcommittee:
 - Sends subcommittee meeting notices.
 - Acts as committee clerk during subcommittee meetings and hearings.
 - Compiles minutes of subcommittee meetings.
 - Prepares decision documents and analyses.
 - Produces substitute bills and amendments for the subcommittee.
3. SFA role beyond the subcommittee process:
 - Drafts amendments and substitutes, as requested by any Senator, for the full Appropriations Committee or while the bill is on the floor of the Senate.
 - Acts as committee clerk during conference committee meetings.
 - While the bill is in the Senate, produces and distributes analysis of the appropriation bill at each step of the process.
 - Provides information and analysis regarding specific budget issues.

- Confidentiality. M.C.L. 4.1501 requires that all requests and work be held in confidence until submitted to the Secretary of the Senate, unless the requesting Senator authorizes the release. Similarly, SFA employees are not authorized to reveal to any person, other than another SFA employee, the contents or nature of any bill, substitute, amendment, resolution, special report or proposal not yet published, without the consent of the sponsoring or requesting Senator. Confidentiality also extends to requests from any member of a Senator's staff.
4. SFA Budget-Related Documents (discussed in more detail in the section on documents):
- Appropriations Report, Part I – Governor's Recommendations. (This document is under review and may be replaced with an Overview of the Governor's recommendation.)
 - Appropriations Report, Part II – Initial Appropriations.
 - Appropriations Report, Part III – Year-End Appropriations.
 - Decision Documents (contain details for both line items and boilerplate).
 - Highlight Sheets (budget summaries that are updated at each step throughout the budget process).

Other Appropriations-Related Issues

1. Adjustments to current budgets: Transfers, Supplemental appropriations, Executive Orders.
 - SFA provides notification memo and analysis.
2. Information requests regarding programs, revenue, fund balances, boilerplate history, and other specific budget-area issues.
3. Mandated Budget Requirements and Restrictions:
 - Budget Submission Date (Constitution, Section 18, Article V and MCL 18.1363).
 - Balanced Budget Requirement (Constitution, Section 31, Article IV and Section 18, Article V).
 - Revenue Limit (Constitution, Section 26, Article IX).
 - State and Local Spending Limit (Constitution, Section 30, Article IX).
 - Expenditure Limit (Constitution, Section 28, Article IX).
 - Appropriation Reductions (Constitution, Section 20, Article V).
 - Line-item Veto (Constitution, Section 19, Article V).
 - Limits on State General Obligation Debt (Constitution, Section 15, Article IX).
 - Appropriations for a Local or Private Purpose (Constitution, Section 30, Article IV)
 - Appropriation Bills Not Subject to Referendum (Constitution, Section 9, Article II and Section 31, Article IV)

BUDGET TIME FRAME

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
LEGISLATIVE ACTION					
Governor's State of the State is delivered and budget recommendation is prepared for submission to the Legislature.	Governor's budget is delivered, legislative action begins.	Subcommittees make decisions, Appropriations Committee meets, floor votes take place.			Budget targets are negotiated between the Executive and Legislature. Conference Committees meet.
SENATE FISCAL AGENCY ACTION					
First Consensus Revenue Estimating Conference (CREC) is scheduled. SFA prepares applicable documents, schedules future hearings, and provides background briefings.	SFA presents analysis of Governor's budget. Subcommittee hearings begin.	Decision documents are prepared, SFA works with Subcommittee chairs and members to develop proposals, substitute bills are prepared and analyzed, amendments are drafted. SFA revenue forecast is released. Second CREC is held in May.			SFA provides staff support to Conference negotiations, and prepares and analyzes Conference Reports.

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
LEGISLATIVE ACTION					
Governor signs appropriation bills and issues vetoes. Veto overrides are considered. Current-year budget adjustments are considered. Fiscal year ends September 30.			New fiscal year begins October 1. Appropriations Committee considers book-closing transfers and/or book-closing supplementals.		
SENATE FISCAL AGENCY ACTION					
Analysis of initial appropriations legislation is completed. Initial Appropriations Report is distributed. Year-end budgetary adjustments and lapse estimates are completed.			SFA Year-End Appropriations Report is generated. SFA Economic and Revenue Forecast is released. Mid-year budget adjustments (transfers, supplementals, Executive Orders) are analyzed as needed.		

TRENDS IN STATE SPENDING APPROPRIATIONS

Spending in FY 2012-13 Versus FY 2022-23

Over the past decade in Michigan, Total State Spending (TSS) appropriations (defined as appropriations from State Restricted and State General Fund/General Purpose revenue) increased by 62.0%. During the same period, the Detroit Consumer Price Index (CPI) increased by 25.1%.

The table below outlines the spending changes that have occurred among principal budgets over the past decade, as well as changes in caseload and student counts. As the table indicates, TSS appropriations for the Department of Health and Human Services have risen by 54.9% while the Medicaid caseload has risen by a slightly higher percentage due to its expansion in FY 2013-14. All areas of the budget have higher appropriations now than compared to a decade ago. Transportation has seen an increase of 81.0% in TSS; the Department of Labor and Economic Opportunity has grown more than 710% due to appropriations for economic development.

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (millions of dollars)				
Budget Area	FY 2012-13	FY 2022-23	Dollar Difference	Percent Change
	Year-to-Date Appropriations	Year-to-Date Appropriations		
Health and Human Services	\$6,052.3	\$9,375.0	\$3,322.7	54.9%
Corrections	2,008.2	2,109.9	101.7	5.1
K-12 School Aid	11,211.0	17,090.7	5,879.7	52.4
Community Colleges	306.6	448.6	142.0	46.3
Higher Education	1,302.2	1,888.1	585.9	45.0
Labor and Economic Opportunity	317.6	2,573.8	2,256.2	710.4
Revenue Sharing-Constitutional	722.2	1,036.6	314.4	43.5
Revenue Sharing-Nonconstitutional	370.6	528.0	157.4	42.5
Transportation	2,194.3	3,971.3	1,777.0	81.0
All Other Programs	3,362.1	6,083.0	2,720.9	81.0
Total State Spending	\$27,847.1	\$45,107.5	\$17,260.4	62.0%
Addendum:				
Medicaid Caseload	1,916,187	3,138,807	1,222,620	63.8%
Prison Population	43,704	32,253	(11,451)	(26.2)
K-12 Pupil Count	1,535,989	1,398,900	(137,089)	(8.9)
University Students	263,817	247,444	(16,373)	(6.2)
Community College Students	154,118	102,319	(51,799)	(33.6)
Michigan Personal Income (millions)	\$394,325.0	\$593,295.3	\$198,970.3	50.5%
Detroit Consumer Price Index	219.1	274.0	--	25.1%
NOTES: Revenue Sharing: Constitutional number is the May 2022 Consensus Revenue Estimating Conference (CREC) estimate. Medicaid Caseload: Number for FY 2022-23 is based on eligibility reports through the second week of November 2022 and includes the estimated 1,034,649 individuals who are eligible under the expansion of Medicaid. Caseload redeterminations have been suspended for all fiscal year quarters in which Enhanced FMAP has been accepted by the State due to the COVID-19 pandemic. Prison Population: These are the most recent year-end numbers published by the Department of Corrections for calendar year 2013 and the most recent weekly update (Feb 11, 2022) for 2023, respectively. K-12 Pupils: FY 2022-23 pupil count is the May 2022 CREC estimate. Community College and University Students: Numbers in FY 2022-23 column reflect the most recent data available, which are FY 2020-21 fiscal-year-equated-students as reported in the Michigan Community College Data Inventory Report and the Higher Education Institutional Data Inventory (HEIDI). Michigan Personal Income and Detroit CPI: Numbers are fiscal year averages; FY 2022-23 numbers are May 2022 CREC estimates.				

STATE APPROPRIATIONS FROM ALL SOURCES: HOW MUCH IS DISCRETIONARY? (actual dollars)	
FY 2022-23 Initial Adjusted Gross Appropriation	\$75,755,196,400
<u>Constitutional/Statutory Earmarking Requirements:</u>	
School Aid Fund - K-12, CCs, HE (37% Constitutional).....	(\$17,762,819,200)
Transportation (87% Constitutional)	(3,905,021,600)
Regulatory Restricted Revenue (Statutory)	(1,433,253,500)
Constitutional Revenue Sharing	(1,036,594,900)
Federal Funding.....	(31,124,361,700)
Local and Private Revenue	(538,870,400)
Debt Service Payments (GF/GP)	(373,954,700)
Capital Outlay	(109,000,000)
Caseload/Inmate Driven.....	(10,427,771,700)
Estimated Balance for Discretionary Spending	\$9,043,548,700
<u>Estimated Balance for Discretionary Spending Includes:</u>	
GF/GP Funding for Community Colleges and Higher Education	\$1,540,221,000
Nonconstitutional State Revenue Sharing Funding	530,526,200
State Restricted and GF/GP Funding for State Police	711,459,600
Medicaid Programs-includes GME, PACE, and MIChoice waiver.....	410,000,000
Non-Medicaid Programs-includes CMH, Local Public Health, Aging	780,000,000
GF/GP Funding for K-12 School Aid.....	112,000,000
GF/GP Funding for Judiciary (excludes judicial salaries).....	165,664,700
State Restricted and GF/GP Funding for Department of State	233,686,600
GF/GP One-Time Funding for Labor and Economic Opportunity.....	1,154,274,500
GF/GP One-Time Funding for Treasury	869,000,000
State Restricted Revenue for Various State Departments	625,751,600
GF/GP Funding for: Agriculture; Attorney General; Civil Rights; Education; DEQ; Executive; Insurance & Financial Services; Legislature; Licensing & Regulatory Affairs; Military & Veterans Affairs; Natural Resources; LEO ongoing; Technology, Management, & Budget; Transportation; and Treasury ongoing	1,910,964,500
Total Estimated Discretionary Spending.....	\$9,043,548,700

SENATE FISCAL AGENCY DOCUMENTS/PUBLICATIONS

Throughout the year, Senators will receive copies of documents and reports published by the SFA. Many of these documents concern the budget, including those listed below:

- **Appropriations Report Part I - Governor's Recommendations** - includes a summary and analysis of major recommendations.
- **Decision Documents** - provide full detail on each line item (including all fund sources) and boilerplate section in a budget bill. These documents are provided by the SFA analyst to the subcommittee, and include current law, Executive Recommendation, Legislative changes, and Conference agreements (as bills work through the process).
- **Highlight Sheets** - summarize each stage of the budget process and describe both the Gross appropriation and major boilerplate changes found in the budget bills. Analysts will provide copies of these documents for the full Appropriations Committee meetings, Floor discussion, and Conference Committee meetings, and as Initial Appropriations, including Vetoes.
- **Appropriations Report Part II - Initial Appropriations** - describes initially-enacted versions of all budget bills (published after bills are signed, before adjustments from any contingency fund transfers or supplementals).
- **Appropriations Report Part III - Year-End Appropriations** - describes all budget area appropriations as of the close of the fiscal year; in other words, the initially-enacted budget bills adjusted by any transfers, supplementals, or Executive Orders.
- **Chart of the Week** - includes interesting information across a wide range of subjects delivered by e-mail or social media.
- **OneFAB** - provides information on One page, Front and Back (OneFAB) that summarizes information in a quick and easy read across a variety of topics.

In addition, individual department pages on the SFA web site contain numerous other publications, analyses, charts, figures, and data relevant to the State budget, revenue, and economics.

SENATE APPROPRIATIONS SUBCOMMITTEE PROCEDURE

Introduction

The following provides an overview of Senate Appropriations Subcommittee procedure. Article IV, Section 16 of the Michigan Constitution of 1963 requires each house of the Legislature, except as otherwise provided for in the Constitution, to determine the rules of its proceedings. The order of precedence for controlling authority is as follows: the State Constitution, State Statute, Senate Rules, and Committee Rules. Senate Rule 2.205 provides that the rules of parliamentary law and practice contained in Mason's Manual of Legislative Procedure "shall govern committee procedure in all cases except when they are inconsistent with the standing rules and published precedents of the Senate and its committees."

Subcommittee Authority

The rules governing meetings of committees also apply to subcommittees. When a new session convenes at 12 o'clock on the second Wednesday of January, the rules of the previous session apply as temporary rules until the new Senate is organized and new rules can be adopted. (See MCL 4.42.) A new set of Senate Rules, Senate Committee on Appropriations Rules, and Joint Rules of the House of Representatives and the Senate should be adopted at that time.

Subcommittees report to the committee from which they were appointed and not to the whole legislative body. Amendments and substitutes recommended by a subcommittee are taken up by the committee before other amendments. A committee may accept or reject the recommendations of its subcommittee. A committee also has the power to discharge a subcommittee from further consideration of a question.

Committee and subcommittee members are appointed by the Senate Majority Leader. (See Senate Rule 1.105.)

Calling of a Committee/Meeting Notices

Senate Rule 2.107 provides that it is the duty of any committee to meet at the call of the chairperson, or on the written request of a majority of the committee members. Article IV, Section 17 of the Michigan Constitution states: "Notice of all committee hearings and a clear statement of all subjects to be considered at each hearing shall be published in the journal in advance of the hearing." Senate Rules and Senate Appropriations Committee Rules require that notice of committee/subcommittee meetings comply with the Open Meetings Act. Pursuant to the Open Meetings Act, a public notice stating the date, time, and place of a subcommittee meeting must be posted at least 18 hours before the meeting. Meetings cannot be recessed for more than 36 hours. Conference Committees require a six-hour notice. A second conference committee (appointed if the first conference fails to reach agreement or the conference report is rejected) requires only a one-hour notice.

Subcommittee Procedure

Mason's provides that committee procedure is governed by the same rules that apply to the body; however, committee and subcommittee procedure is less formal. Examples noted include:

- Motions that would limit or close debate are not allowed.
- The Chairperson does not have to leave the chair to make motions or to speak on a question.
- Seconds are not required, even if this requirement is retained by the body. (See separate discussion under Seconds.)

Open Meetings. The Open Meetings Act requires that all meetings of a public body be open to the public and be held in a place available to the general public. The Act also mandates that a person be permitted to address a meeting of a public body under rules established and recorded by the public body. The Act allows the Legislature, or a house of the Legislature, to provide by rule that the right to address may be limited to prescribed times at hearings and committee meetings only. The Senate Appropriations Committee Rules also require that people be permitted to address a meeting of the Committee subject to limitations prescribed by the Committee Chair at the beginning of the meeting. The Open Meetings Act requires each public body to keep minutes of each meeting showing the date, time, place, members present, members absent, any decisions made, and all roll call votes.

Rule 3 of the Senate Appropriations Committee Rules requires that subcommittee meetings be open to the public.

Votes. An affirmative vote of a majority of the subcommittee members is required to report a subcommittee recommendation to the full Senate Appropriations Committee. Senate Rules and Senate Appropriations Committee Rules provide that voting by proxy is not permitted. Members must be present when the vote is taken and be recorded as voting.

Motions. Mason's states that the order in which questions are addressed by a body cannot be left to any random method, or merely based on the order in which they were submitted. Only by recognizing an explicit order of precedence can the body avoid confusion that could be caused by members' attempting to get prior consideration for their motions. Senate Rule 3.302 sets the following priority for consideration of motions:

1. To fix the time to which to adjourn.
2. To adjourn.
3. To take a recess.
4. To lay on the table.
5. For the previous question.
6. To postpone to a day certain.
7. To commit or recommit to committee.
8. To amend.
9. To postpone indefinitely.

Motions to adjourn, recess, reconsider, lay on the table, previous question, and all questions relating to the priority of business are nondebateable motions.

Seconds. While some Senate committees and subcommittees follow the practice of requiring seconds to motions, Mason's states that the origin of requiring seconds is obscure. The requirement of seconds in Parliament was discontinued more than a century ago. Senate Rules do not require seconds to motions. Mason's states that a second to a motion is not out of order; however, the only effect is to disclose support by other members. Unless provided for in rules, seconds may be ignored by the presiding officer. Beginning in 2003, the Senate Appropriations Committee Rules began to require seconds to motions in both subcommittee and committee.

Reconsideration. A committee or subcommittee has the right to reconsider any action as long as the measure is in the possession of the committee or subcommittee.

Adjournment. Upon completion of the agenda, committees should be adjourned by motion or on general consent.

Conference Committee Procedure

All appointments to conference committees made by the Senate Majority Leader are effective upon appointment, until disapproved by majority vote of the Senate (Senate Rule 1.105(c)). Conference committees consist of three members from each house. The first named member of the house in which the bill originated serves as chairperson of the conference committee. Conference committees are in reality joint meetings of two committees and not joint committees. A quorum is a majority of the members of each committee. A majority of each committee is required to determine positions to be taken toward propositions of the conference committee (i.e., a conference committee consisting of three members of the House and three members of the Senate requires two votes from the House and two votes from the Senate).

Sources:

Michigan Constitution of 1963

Open Meetings Act (1976 PA 267)

Senate Rules 2021-2022

Joint Rules of the Senate and House of Representatives

Mason's Manual of Legislative Procedure, 2010 Edition.

Senate Committee on Appropriations Rules, as adopted February 2021.



21ST DISTRICT
SENSANTHONY@SENATE.MICHIGAN.GOV

THE SENATE
COMMITTEE ON APPROPRIATIONS
SENATOR SARAH E. ANTHONY
CHAIR

S-324 CAPITOL BUILDING
P.O. BOX 30036
LANSING, MICHIGAN 48909-7536
PHONE: (517) 373-6960
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SENATE COMMITTEE ON APPROPRIATIONS RULES

1. The Senate Committee on Appropriations (“Committee”) consists of 19 members. (Rule 2.103)
2. In accordance with Senate rules, the Committee and subcommittees shall have a chairperson, majority vice chairperson, and a minority vice chairperson. In the temporary absence of both the chairperson and the minority vice chairperson, the next highest ranking member in attendance shall act as chairperson. (Rule 2.105)
3. The Committee shall meet upon the call of the chairperson, or upon the written request of a majority of the members of the committee. Such requests must include the date, time, room, location, and agenda of the meeting. (Rule 2.106)
4. Unless otherwise notified by the Chair, all regular Committee meetings will be held in the Harry T. Gast Senate Appropriations Room, 3rd Floor Capitol Building.
5. All meetings of the Committee and its subcommittees shall be open to the public and posted at least 18 hours before the meeting. All deliberations and decisions of the Committee and its subcommittees shall be made at a meeting in accordance with the Open Meetings Act. (MCL 15.261-15.275)
6. A meeting that is recessed for more than 36 hours shall be reconvened only after at least 18 hours notice. (MCL 15.265 (5))
7. A meeting notice with its date, time, location, and agenda shall be given in writing to the Secretary of the Senate who shall time-stamp and distribute it for printing in the Journal and posting on the Senate Calendar and the public notice board in the Capitol Building. (Rule 2.107)
8. Upon written request to the committee clerk, any party shall receive a copy of any notice that has been posted. (MCL 15.266)
9. A majority of the Committee members serving shall constitute a quorum of the committee. A majority of the subcommittee members serving shall constitute a quorum of the subcommittee. (Rule 2.201)
10. The Committee may meet in closed session to consider material exempt from discussion or disclosure by state or federal law only after a two-thirds roll call vote of the Committee members serving. (MCL 15.267 and MCL 15.268)
11. A bill or resolution may be placed on the Committee agenda by the chairperson or by a quorum of the members on the Committee.

12. Verbal testimony before the Committee or any subcommittee when a quorum is not present shall be included as part of the official record.
13. All testimony shall be to the subject matter noticed by the Committee or subcommittee.
14. A vote of the majority of the Committee members serving is required to:
 - a) Amend or substitute a bill.
 - b) Report a bill or resolution out of committee, with or without recommendation.
 - c) Table a bill or a resolution.
 - d) Take a bill or resolution from the table.
15. When a motion for action is ordered by the chairperson of the Committee or a subcommittee, pertaining to any item of Committee or subcommittee business, support from another member of the Committee or subcommittee must be obtained before the Committee or subcommittee can act on and carry the original motion.
16. Proxy votes are prohibited. (Rule 2.201)
17. The Committee clerk shall keep a record of Committee action. (Rule 2.202)
18. Minutes shall be available within eight business days of the meeting to which the minutes refer. Approved minutes shall be made available within five business days. Corrected minutes shall be available not less than the next subsequent meeting after correction. (Rule 2.202 and MCL 15.269)
19. The prior meeting minutes shall be approved at the beginning of the next meeting by voice or roll call vote.
20. Any bill, resolution, or other business reported out of Committee shall be filed with the Secretary of the Senate. (Rule 2.203)
21. When a bill is referred back to the original committee, all pending amendments, except those originally recommended by that Committee, fail unless otherwise ordered by the Senate.
22. All official communication from the Committee shall be made by the chairperson. All official communication from any subcommittee shall be made by the subcommittee chairperson.
23. Motions to excuse absent members from Committee shall be made by the chairperson. Motions to excuse absent members from a subcommittee shall be made by the subcommittee chairperson.
24. Subcommittees shall consist of the following numbers of members:
 - a) The Subcommittees on LARA/DIFS; Military, Veterans, State Police shall consist of three members: two from the majority party and one from the minority party.
 - b) The Subcommittees on Corrections and Judiciary; MDE shall consist of four members: three from the majority party and one from the minority party.
 - c) The Subcommittee on Agriculture and Natural Resources shall consist of five members: three from the majority party and two from the minority party.

- d) The Subcommittees on General Government; Joint Capital Outlay; Transportation; Universities and Community Colleges shall consist of six members: four from the majority party and two from the minority party.
- e) The Subcommittees on PreK-12; LEO/MEDC shall consist of seven members: five from the majority party and two from the minority party.
- f) The Subcommittee on EGLE shall consist of nine members: six from the majority party and three from the minority party.
- g) The Subcommittee on DHHS shall consist of eleven members: seven from the majority party and four from the minority party.

25. Subcommittees shall have the following responsibilities:

- a) The Subcommittee on Agriculture and Natural Resources shall be responsible for all matters regarding the budgets of the Department of Agriculture and Rural Development and the Department of Natural Resources including but not limited to supplementals, transfers, and over expenditures.
- b) The Joint Subcommittee on Capital Outlay shall be responsible for all matters regarding the budgets of all capital outlay projects as well as other responsibilities provided for under the Management and Budget Act P.A. 431 of 1984, as amended, including but not limited to the Michigan Natural Resources Trust Fund appropriations, supplementals, transfers, and over expenditures.
- c) The Subcommittee on Universities and Community Colleges shall be responsible for all matters regarding the budgets of the institutions of Higher Education and the budgets of the Community and Junior Colleges including but not limited to supplementals, transfers, and over expenditures.
- d) The Subcommittee on DHHS shall be responsible for all matters regarding the budgets of the Department of Health and Human Services including but not limited to supplementals, transfers, and over expenditures.
- e) The Subcommittee on Corrections and Judiciary shall be responsible for all matters regarding the budgets of the Department of Corrections, and the budgets of the Judiciary including but not limited to supplementals, transfers, and over expenditures.
- f) The Subcommittee on Military, Veterans, State Police shall be responsible for all matters regarding the budgets of the Department of Military and Veterans Affairs, and the Department of State Police including but not limited to supplementals, transfers, and over expenditures.
- g) The Subcommittee on EGLE shall be responsible for all matters regarding the budgets of the Department of Environment, Great Lakes, and Energy including but not limited to supplementals, transfers, and over expenditures.
- h) The Subcommittee on General Government shall be responsible for all matters regarding the budgets of the Departments of Attorney General; Civil Rights; State; Technology, Management and Budget; and Treasury, as well as the Executive Branch, and the Legislature including but not limited to supplementals, transfers, and over expenditures.

- i) The Subcommittees on PreK-12 and MDE shall be responsible for all matters regarding the budgets of the Department of Education and School Aid (K-12) including but not limited to supplementals, transfers, and over expenditures.
 - j) The Subcommittee on LARA/DIFS shall be responsible for all matters regarding the budgets of the Department of Licensing and Regulatory Affairs and the Department of Insurance and Financial Services including but not limited to supplementals, transfers, and over expenditures.
 - k) The Subcommittee on Transportation shall be responsible for all matters regarding the budget of the Department of Transportation including but not limited to supplementals, transfers, and over expenditures.
 - l) The Subcommittee on LEO/MEDC shall be responsible for all matters regarding the budget of the Department of Labor and Economic Opportunity and the Michigan Economic Development Corporation, including but not limited to supplementals, transfers, and over expenditures.
26. The Senate Fiscal Agency shall serve as staff to the Committee and subcommittees on all functions of the budget, both appropriations and revenue. The services of the Senate Fiscal Agency shall be directed towards assisting the subcommittees and the Committee in analyzing budget proposals, briefing members, holding hearings, preparing decision documents, and drafting appropriations bills. Additionally, the Senate Fiscal Agency shall assist the Committees and subcommittees in their oversight of the budget.
27. Upon completion of its work, each subcommittee shall present its recommendations to the Committee for consideration and action. The affirmative vote of a majority of the subcommittee members is required to report a subcommittee recommendation to the Committee.
28. Upon the receipt of an estimate of anticipated State revenue from the Senate Fiscal Agency, the Chair shall establish spending targets for all subcommittees.
29. No expenses shall be incurred by a subcommittee without prior authorization of the Chair of the Committee and no expenses shall be paid unless approved by the subcommittee chair and the Chair of the Committee and the Senate Majority Leader.
30. a) Supplemental appropriations and Legislative transfer of appropriations shall not be considered except as follows, unless otherwise approved by the Chair:
- 1) For year-end adjustments, the last day of submission to the Committee by the State Budget Director shall be September 15 of that fiscal year.
 - 2) For book closing adjustments of the prior year and preliminary adjustments for the fiscal year just begun, the last day of submission to the Committee by the State Budget Director shall be November 1 following the end of the prior fiscal year.
- b) Mid-year supplemental appropriations and Legislative transfer of appropriations may be submitted to the Committee by the State Budget Director as needed and shall be considered at the discretion of the Chair.
31. All transfer and supplemental requests submitted for Committee consideration other than by a member of the Senate or those contained in a House-passed bill must be accompanied by a letter of recommendation from the State Budget Director.

32. The department receiving the proposed transfer or supplemental must be represented before the Committee to state why the supplemental or transfer is necessary and how the necessary funds will be provided or expended.
33. Each subcommittee shall periodically review expenditure and revenue accounts for the Department or budget area within the Subcommittee's purview to determine potential over expenditures, revenue shortfalls, and surpluses.

Date Adopted by Committee: 2/2/2023

SENATE FLOOR PROCEDURE

Senate Floor Amendments

The Senate Fiscal Agency (SFA) is the appropriate group to draft any amendments requested for appropriation bills. Drafting amendments to appropriation bills is different from other legislation and the SFA fiscal analysts have the expertise to do this. Any amendments requested from the SFA are held in confidence until they are submitted to the Secretary of the Senate.

SFA Presence on the Senate Floor

The SFA fiscal analysts assigned to a specific appropriation bill will be on the Senate floor during the debate on that bill. They are available to draft amendments or answer questions. It is best that any potential amendment request be submitted well before the actual appropriation bill is taken up to ensure the SFA fiscal analysts can draft the amendment in a timely manner. In addition, the SFA Director will be on the Senate floor, in the nonpartisan lounge, during the debate to assist you or your staff in any way possible.

SFA Floor Analysis of Appropriation Bills

Before appropriation bills are considered in the Senate, the SFA will distribute electronically to each Senator's office analyses of the appropriation bills reported from the Senate Appropriations Committee. This provides the opportunity to review all appropriation bills before they are actually taken up on General Orders. On the days an appropriation bill is considered on General Orders and Third Reading, the SFA will distribute the floor analysis electronically to Senators via the chamber automation system. If you desire further detailed information on any of the appropriation bills, please contact the appropriate SFA fiscal analyst.

SFA Appropriation Bill Status

Throughout the budget process, the SFA distributes electronically to each Senate Appropriations Committee member's office a summary of the status of each appropriation bill. An example of this document is on the next page.

RECENT CHANGES ARE HIGHLIGHTED

24
April 11, 2022
8:24 AM

**SENATE FISCAL AGENCY
FY 2022-23
APPROPRIATION BILL STATUS**



BILL NUMBER Click for Budget Bill & Bill Analysis (Highlights Sheets)	BUDGET AREA Click for Decision Documents and Other Data	NEXT SENATE ACTION			NEXT HOUSE ACTION			
SB 827/HB 5778	Agriculture & Rural Development	Sen. Subcomm.			Hse. Subcomm.	4/12	9:00	326 HOB
HB 5800	Capital Outlay	Joint Subcomm.			Joint Subcomm.			
SB 843/HB 5779	Community Colleges	Sen. Subcomm.			Hse. Subcomm.			
SB 829/HB 5780	Corrections	Sen. Subcomm.			Hse. Subcomm.			
SB 833/HB 5781	Education	Sen. Subcomm.			Hse. Subcomm.			
SB 840/HB 5782	Environment, Great Lakes & Energy	Sen. Subcomm.			Hse. Subcomm.	4/12	10:30	326 HOB
SB 831/HB 5783	General Government	Sen. Subcomm.			Hse. Subcomm.	4/12	10:30	307 HOB
SB 828/HB 5784	Health & Human Services	Sen. Subcomm.	4/12	8:00	HAC	4/12	8:00	HAC
SB 842/HB 5785	Higher Education	Sen. Subcomm.			Hse. Subcomm.			
SB 835/HB 5786	Insurance & Financial Services	Sen. Subcomm.			Hse. Subcomm.	4/13	9:00	308 HOB
SB 830/HB 5787	Judiciary	Sen. Subcomm.			Hse. Subcomm.	4/12	12:00	308 HOB
SB 834/HB 5783	Labor & Economic Opportunity	Sen. Subcomm.			Hse. Subcomm.			
SB 836/HB 5792	Licensing & Regulatory Affairs	Sen. Subcomm.			Hse. Subcomm.	4/13	9:00	308 HOB
SB 838/HB 5788	Military & Veterans Affairs	Sen. Subcomm.	4/14	1:00	1300 Binsfeld	4/13	2:30*	308 HOB
SB 839/HB 5789	Natural Resources	Sen. Subcomm.			Hse. Subcomm.	4/12	9:00	326 HOB
SB 832/HB 5795	School Aid	Sen. Subcomm.			Hse. Subcomm.			
SB 837/HB 5790	State Police	Sen. Subcomm.	4/14	1:00	1300 Binsfeld	4/13	2:30*	308 HOB
SB 841/HB 5791	Transportation	Sen. Subcomm.			Hse. Subcomm.	4/13	12:00	307 HOB
SB 844/HB 5793	General Omnibus							
SB 845/HB 5794	Education Omnibus							
SB 923/HB 5841	Exec. Rec. General Omnibus							
SB 924/HB 5837	Exec. Rec. Education Omnibus							
BILL NUMBER	BUDGET AREA	NEXT ACTION OR PUBLIC ACT NUMBER			CURRENT ACTION			
SB 565	FY 2021-22 Supplemental	PA 53 of 2022			Enacted			
HB 5523	FY 2021-22 Supplemental	PA 9 of 2022			Enacted			
HB 5525	FY 2021-22 Supplemental	Governor's Signature			Presented to the Governor - 3/28/22			
HB 4398	FY 2021-22 Supplemental	PA 133 of 2021			Enacted			
SB 85	FY 2021-22 Supplemental	PA 132 of 2021			Enacted			

Boji-Senate Hearing Room, Ground Floor; Harry T. Gast Subcomm. Room-3rd Floor Capitol; HAC-352 Capitol

[Prior Fiscal Year Appropriation Bill Status Sheets](#)

*Or after committees are given leave to meet, whichever is later.

The Appropriation Bill Status can be found on the Senate Fiscal Agency Internet Home Page at <http://www.senate.michigan.gov/sfa>

**FY 2022-23 BUDGET STATUS SUMMARY
GENERAL FUND / GENERAL PURPOSE**

DEPARTMENT	FY 2021-22 Year-To-Date	FY 2022-23 GOVERNOR'S REC. Y-T-D	FY 2022-23 SENATE SUBCOMMITTEE	FY 2022-23 HOUSE SUBCOMMITTEE
Agriculture and Rural Development	97,366,900	107,439,800	77,519,800	62,919,800
Attorney General	47,126,000	60,044,800	42,519,700	0
Capital Outlay	0	0	0	0
Civil Rights	14,607,300	18,633,500	14,981,600	0
Community Colleges	0	0	0	0
Corrections	2,005,369,400	2,095,108,300	2,056,162,800	2,016,369,400
Education	102,508,100	98,541,500	93,481,500	0
Environment, Great Lakes, and Energy	292,945,200	218,280,700	73,477,700	106,052,800
Executive	7,318,600	7,708,600	7,708,600	0
Health and Human Services	5,448,429,200	6,456,860,100	5,809,139,900	0
Higher Education	1,317,821,500	1,382,300,200	1,308,565,000	1,222,976,800
Insurance and Financial Services	0	6,000,000	0	0
Judiciary	209,280,900	394,924,300	220,125,500	392,509,900
Labor and Economic Opportunity	1,614,115,800	846,925,400	334,486,900	0
Legislature	200,134,300	198,227,700	198,227,700	0
Licensing and Regulatory Affairs	209,195,900	188,593,500	182,013,500	211,193,500
Military and Veterans Affairs	78,758,800	145,865,000	133,515,000	79,765,100
Natural Resources	48,612,500	95,775,700	86,514,300	48,079,900
Natural Resources (Trust Fund)	0	0	0	0
School Aid	85,400,000	108,200,000	98,696,500	0
State	12,435,600	13,746,600	12,679,300	0
State Police	527,822,500	555,905,100	555,905,100	722,509,900
Technology, Management, and Budget	517,745,100	676,209,000	459,665,500	0
Transportation	88,100,000	279,900,000	0	753,900,000
Treasury (Debt Service)	99,064,000	100,084,100	100,084,100	0
Treasury (Operations)	447,814,200	219,591,800	144,527,500	0
Treasury (Revenue Sharing)	46,433,000	0	0	0
TOTAL APPROPRIATIONS	13,518,404,800	14,274,865,700	12,009,997,500	5,616,277,100

BILL STRUCTURE

A budget bill's structure features two parts:

1. Part 1, the appropriations for various line items in the bill (line item appropriations)
2. Part 2, the boilerplate language (provisions concerning expenditure of appropriations)

Part 1 in a department budget bill provides authorization for the expenditure of funds for that department during a given period of time (appropriations for a fiscal year) and Part 2 gives the instructions on how to spend those funds (boilerplate language). As is the case with all laws, budget bills must be passed by both the House and the Senate and signed by the Governor to take effect.

Line Item Appropriations, Fund Sources, and FTEs

Line item appropriations provide the legal basis for the expenditure of funds so that a department can perform functions of State government. Line item appropriations reflect anticipated expenditures for a given program or service. The Michigan Constitution explicitly states, "An appropriation is not a mandate to spend", so if the need for a given program in a fiscal year is less than what is appropriated, there is no requirement that all of the money be spent. Similarly, a line item may be overspent only when authorization for the line item is increased through supplemental appropriations or by a transfer of funding from another area of the Department's budget.

The appropriations process is not simply a matter of listing various line items with appropriations. The appropriations bill also must list the sources of funding to support the programs.

The State of Michigan appropriates over \$70.0 billion each fiscal year. Only part of this funding is from State tax revenue (such as the State income tax and sales tax). Much of the money appropriated by the State is funding provided by the Federal government to support various State functions (such as Federal grants to states to help fund cash welfare programs). Other common fund sources aside from State tax money include local and private resources, and various fees collected by the State. The appropriation bills list each of these fund sources.

Line item appropriations are organized into groups known as units, which reflect the organization of the department. For instance, expenditures on cash welfare programs in the Department of Health and Human Services budget are found in the unit entitled "Public Assistance", while central administrative functions in that budget are found in the unit entitled "Departmental Administration and Support".

The bill also includes an estimate of the number of State employees associated with various line items and the department as a whole. The number of employees is listed as "full-time equated" (FTE) positions including part-time workers. (Two people working half-time count as one full-time equated position, or 1.0 FTE.)

Finally, the budget bill includes a summary unit at the beginning of each department listed in the bill. (Most bills only cover one department, but some cover multiple departments.)

This summary lists the total funding from all fund sources as well as the total number of FTEs for the department as a whole.

Bill Structure - Part 1 Summary Unit

As shown in Chart 1 on the next page, the bill starts with a title that describes the purpose of the bill **(A)**. This is standard for all bills considered by the Legislature.

After the title, Part 1 of the bill for the Department of Agriculture and Rural Development, Article 1, begins with the name of the Department and summary unit.

This summary begins with the total number of full-time equated employees **(C)**, both noncivil service ("unclassified") and civil service ("classified").

After this information, the summary unit shows the "gross" (total) appropriation in this bill for this department **(D)**.

On occasion, one department of State government may pay another department for services, through an interdepartmental grant **(E)**. In order to avoid double-counting when the overall State budget is viewed, a second Gross total, the "ADJUSTED GROSS", is included in the summary unit **(F)**.

After this point, the totals for the various other fund sources are listed. These proceed in the order of Federal revenue **(G)**, followed by Local revenue **(H)**, then Private **(I)**, then State Restricted financing **(J)**. State Restricted funds are funds authorized by specific State laws, such as fee revenue, and certain taxes (such as liquor taxes).

Finally, after all the other fund sources are subtracted, the "State general fund/general purpose" fund source is listed **(K)**. This fund source is the one over which the Legislature has the most discretion; it comes from major taxes with little to no restrictions on how it may be spent. The State budget issues receiving the most attention usually are issues related to the expenditure of General Fund/General Purpose (GF/GP) revenue.

Bill Structure - Part 1 Budgetary Units

Chart 1 also includes a typical budget bill unit. Each unit is assigned its own section number.

The first item after the unit title is the total number of full-time equated positions authorized within the unit's line items **(L)**. The first unit also contains the number of authorized unclassified positions.

After that are the various line items with their corresponding appropriations **(M)**. Some line items also include authorization for employees, and those lines have explicit references to the number of FTE positions authorized **(N)**.

After the line items the rest of the unit resembles the summary unit: A "total" Gross appropriation **(O)**, followed by the fund sources used to support the appropriations, ending with the State General Fund/General Purpose line **(P)**.

Chart 1-Line-Item Appropriations ENROLLED HOUSE BILL No. 5783

A → Title that describes purpose of the bill

AN ACT to make, supplement, adjust, and consolidate appropriations for various state departments and agencies, capital outlays, the judicial branch, and the legislative branch for the fiscal years ending September 30, 2022 and September 30, 2023; to provide for certain conditions on appropriations; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

ARTICLE 1

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2023, from the following funds:

Start of Part 1

B →	DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT		
	APPROPRIATION SUMMARY		
C →	Full-time equated unclassified positions	6.0	
	Full-time equated classified positions	531.0	

Total Department FTEs:
Total noncivil service - unclassified
Total civil service - classified

Total Part 1 for Department

D →	GROSS APPROPRIATION	\$	187,715,100
E →	Total interdepartmental grants and intradepartmental transfers		326,700
F →	ADJUSTED GROSS APPROPRIATION	\$	187,388,400

One department paying another, to avoid double-counting adjust the Gross

Fund Sources Listed

Federal	G →	Federal revenues:		
		Total federal revenues		19,670,900
		Special revenue funds:		
Local	H →	Total local revenues		0
Private	I →	Total private revenues		21,300
State Restricted	J →	Total other state restricted revenues		44,706,400
	K →	State general fund/general purpose	\$	122,989,800

State general fund/general purpose

Total Unit FTEs

Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT

L →	Full-time equated unclassified positions	6.0	
	Full-time equated classified positions	31.0	
N →	Unclassified salaries—FTE positions	6.0	\$ 651,900
PiPe item with FTEs	Accounting service center		1,048,500
	Commissions and boards		23,800
Unit line items	M →	Emergency management—FTEs	8.0 2,943,800
		Executive direction—FTEs	23.0 3,288,800
		Property management	752,400
O →	GROSS APPROPRIATION	\$	8,709,200

Total Part 1 for Unit 102

Appropriated from:			
Federal revenues:			
	HHS, multiple grants		447,400
Special revenue funds:			
	Agriculture licensing and inspection fees		45,400
	Dairy and food safety fund		102,700
	Feed control fund		8,100
	Fertilizer control fund		10,200
	Freshwater protection fund		62,400
	Gasoline inspection and testing fund		25,600
	Industry support funds		57,000
	Michigan craft beverage council fund		8,800
	Private forestland enhancement fund		16,000
	Refined petroleum fund		20,500
	Weights and measures regulation fees		5,000
P →	State general fund/general purpose	\$	7,900,100

Total GF/GP Unit

Bill Structure - Part 2 Boilerplate

The bulk of many budget bills is not the line item appropriations but the language governing the expenditure of the funds by the department; this language is referred to as the "boilerplate" language. This language is divided into individual sections that are placed in numerical order and are organized by the budgetary unit to which they refer. Some of this language is standard language found in most budgets; for instance, Section 201 is language mandated by the Michigan Constitution and lists payments to local units of government. Most of this language, however, is specifically designed to direct how funds appropriated to the given department may be spent.

Chart 2 shows a typical section of boilerplate language. This language describes the Aging and Adult Services Agency that is administrated by the Department of Health and Human Services. The language also states who is eligible for the program and what services may be provided. This sort of boilerplate language is typical; the Legislature appropriates the money, then gives direction to the department on how the money may be spent.

Other boilerplate sections may require reports, bar the department from taking certain actions, or require the department to take certain actions. As noted above, boilerplate language usually comprises the majority of the bill, and most sections are retained year after year.

Chart 2 - Boilerplate Language

AGING AND ADULT SERVICES AGENCY

Sec. 1402. The department may encourage the Food Bank Council of Michigan to collaborate directly with each area agency on aging and any other organizations that provide senior nutrition services to secure the food access of vulnerable seniors.

Sec. 1403. (1) By February 1 of the current fiscal year, the aging and adult services agency shall require each region to report to the aging and adult services agency and to the legislature home-delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home-delivered meals.

(2) Data required in subsection (1) shall be recorded only for individuals who have applied for participation in the home-delivered meals program and who are initially determined as likely to be eligible for home-delivered meals.

Sec. 1417. The department shall provide to the senate and house appropriations subcommittees on the department budget, senate and house fiscal agencies, and state budget director a report by March 30 of the current fiscal year that contains all of the following:

(a) The total allocation of state resources made to each area agency on aging by individual program and administration.

(b) Detail expenditure by each area agency on aging by individual program and administration including both state-funded resources and locally funded resources.

Sec. 1421. From the funds appropriated in part 1 for community services, \$1,100,000.00 shall be allocated to area agencies on aging for locally determined needs.

Sec. 1422. (1) From the funds appropriated in part 1 for aging and adult services administration, not less than \$300,000.00 shall be allocated for the department to contract with the Prosecuting Attorneys Association of Michigan to provide the support and services necessary to increase the capability of the state's prosecutors, adult protective service system, and criminal justice system to effectively identify, investigate, and prosecute elder abuse and financial exploitation.

(2) By March 1 of the current fiscal year, the Prosecuting Attorneys Association of Michigan shall provide a report on the efficacy of the contract to the state budget office, the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the house and senate policy offices.

EXECUTIVE ORDERS

There are typically three types of Executive Orders that may be issued by the Governor: 1) directives that establish advisory boards or commissions, or change names or practices within State agencies, and are effective upon filing by the Governor (no legislative action required); 2) orders that reorganize State government and are effective 60 days after issuance (or later) if not disapproved by the Legislature; and 3) orders that reduce State government spending and are effective only if approved by both the House and Senate Appropriations Committees within 10 days of issuance.

In addition to the three types of Executive Orders discussed above, the Governor has the authority to issue Emergency Executive Orders. Such orders declare a state of emergency and provide the Governor with unilateral authority to issue subsequent executive orders under a state of emergency for the protection of the State of Michigan and its citizens.

On October 2, 2020, the Michigan Supreme Court ruled upon legal challenges to the Governor's unilateral authority to issue Emergency Executive Orders under the Emergency Management Act (EMA), MCL 30.401, et seq., and the Emergency Powers of the Governor Act, MCL 10.31, et seq. The Court's ruling only authorizes the Governor to issue Emergency Executive Orders within 30 days of an original declaration of emergency. The Governor's power to issue subsequent executive orders under a declaration of emergency can be extended beyond 30 days by a concurrent resolution adopted by the legislature.

EXECUTIVE REORGANIZATION ORDERS

Article V, Section 2 of the State Constitution authorizes the Governor to organize the Executive branch of government by Executive Order. Section 2 states:

"Subsequent to the initial allocation, the governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders and submitted to the legislature. Thereafter the legislature shall have 60 calendar days of a regular session, or a full regular session if of shorter duration, to disapprove each executive order. Unless disapproved in both houses by a resolution concurred in by a majority of the members elected to and serving in each house, each order shall become effective at a date thereafter to be designated by the governor."

Three types of reorganization or transfers are outlined in the Executive Reorganization Act (Public Act 380 of 1965, MCL 16.103). The three types include:

Type I Transfer. Under a Type I transfer, an existing department, board, commission, or agency is transferred intact to another principal department. The entity is administered under the supervision of the new principal department director; however, the prescribed statutory powers, duties, and functions are exercised by the entity as a relatively autonomous entity.

Type II Transfer. Under a Type II transfer, all of the statutory authority, powers, duties and functions, as well as records, personnel, property, unspent balances of the appropriations and other funds associated with an entity, and the entity itself are transferred to and placed under the authority of the principal department.

Type III Transfer. A Type III transfer means the abolishment of an existing entity. The statutory authority, powers, duties, functions, records, personnel, and funding are not abolished, but instead are transferred to the principal department.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

EXECUTIVE ORDER

No. 2022-1

**Department of Licensing and Regulatory Affairs
Department of Agriculture and Rural Development
Department of Labor and Economic Opportunity**

Executive Reorganization

The Michigan Department of Agriculture and Rural Development regulates the processing, distribution, and sale of hemp, while the Marijuana Regulatory Agency regulates the processing, distribution, and sale of marijuana.

Consolidating the regulation of the processing, distribution and sale of marijuana and hemp into a single state agency will allow for more effective and efficient administration and enforcement of state laws relating to cannabis. The expertise of the Michigan Department of Agriculture and Rural Development necessitates their continued regulation of the cultivation of hemp.

Changing the organization of the executive branch of state government is necessary in the interests of efficient administration and effectiveness of government.

Section 1 of article 5 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the governor.

Section 2 of article 5 of the Michigan Constitution of 1963 empowers the governor to make changes in the organization of the executive branch of state government or in the assignment of functions among its units that are necessary for efficient administration.

Acting under the Michigan Constitution of 1963 and Michigan law, I order the following:

1. Renaming the Marijuana Regulatory Agency

- (a) The Marijuana Regulatory Agency is renamed the Cannabis Regulatory Agency (the "Agency").

- (b) After the effective date of this order, a reference to the Marijuana Regulatory Agency will be deemed to be a reference to the Agency.
- (c) After the effective date of this order, a reference to the Executive Director of the Marijuana Regulatory Agency will be deemed to be a reference to the Executive Director of the Agency.

2. Transfers from the Department of Agriculture and Rural Development

- (a) All of the authorities, powers, duties, functions, and responsibilities of the Department of Agriculture and Rural Development to license and regulate processor-handlers under the Industrial Hemp Research and Development Act, 2014 PA 547, MCL 286.841 to 286.859, are transferred to the Agency to be administered by the Agency. Section 8 of the Michigan Regulation and Taxation of Marijuana Act (“MRTMA”), 2018 IL 1, MCL 333.27958, grants the Agency the authority to promulgate rules to regulate the cultivation, processing, distribution, and sale of industrial hemp.
- (b) The authorities, powers, duties, functions, and responsibilities of the Agency to promulgate rules to regulate the cultivation of industrial hemp under section 8 of MRTMA are transferred by Type II transfer to the Department of Agriculture and Rural Development.
- (c) The Agency must exercise all of the authorities, powers, duties, functions, and responsibilities transferred to the Agency by this order or otherwise vested in the Agency by law.
- (d) The Agency is responsible for implementing the transfers to the Agency under this order and has the powers and duties necessary to exercise the powers and duties vested in the Agency by this order or otherwise by law.

3. Renaming the Michigan Council for Arts and Cultural Affairs

- (a) The Michigan Council for Arts and Cultural Affairs, created by Executive Order 1991-20, MCL 2.132, and transferred to the Michigan Strategic Fund by Executive Order 2009-36, is renamed the Michigan Arts and Culture Council.
- (b) After the effective date of this order, a reference to the Michigan Council for Arts and Cultural Affairs will be deemed to be a reference to the Michigan Arts and Culture Council.

4. Definitions

As used in this order:

- (a) “Cannabis” means that term as defined under section 2(b) of the Industrial Hemp Research and Development Act, MCL 286.842(b).

- (b) “Department of Agriculture and Rural Development” means the principal department of state government created under section 1 of 1921 PA 13, MCL 285.1, and section 175 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.275, and renamed by Executive Order 2011-2, MCL 285.11.
- (c) “Department of Licensing and Regulatory Affairs” means the principal department of state government originally created as the Department of Commerce under section 225 of the Executive Organization Act of 1965, 1965 PA 380, as amended, MCL 16.325, renamed as the Department of Consumer and Industry Services by Executive Order 1996-2, MCL 445.2001, renamed the Department of Labor and Economic Growth by Executive Order 2003-18, MCL 445.2011, renamed the Department of Energy, Labor, and Economic Growth by Executive Order 2008-20, MCL 445.2025, and renamed the Department of Licensing and Regulatory Affairs by Executive Order 2011-4, MCL 445.2030.
- (d) “Industrial hemp” means that term as defined under section 3(c) of the Michigan Regulation and Taxation of Marihuana Act, MCL 333.27953(c).
- (e) “Marijuana Regulatory Agency” is defined in section 3(q) of the Michigan Regulation and Taxation of Marihuana Act, MCL 333.27953(q), to mean the marijuana regulatory agency created under Executive Reorganization Order 2019-2, MCL 333.27001.
- (f) “State Budget Director” means the individual appointed by the governor under section 321 of The Management and Budget Act, 1984 PA 431, as amended, MCL 18.1321.
- (g) “Type II transfer” means that term as defined under section 3(b) of the Executive Organization Act of 1965, 1965 PA 380, as amended, MCL 16.103(b).

5. Implementation

- (a) The Director of the Department of Agriculture and Rural Development and the Executive Director of the Agency must provide executive direction and supervision for the implementation of all transfers to the Agency under this order.
- (b) Except as otherwise provided in this order, the functions and responsibilities transferred to the Agency under this order must be administered under the direction and supervision of the Executive Director.
- (c) Any records, personnel, property, and unexpended balances of appropriations, allocations, and other funds used, held, employed, available, or to be made available to any entity for the authority, activities, powers, duties, functions, and responsibilities transferred to the Agency under this order, are transferred to the Agency.
- (d) The Executive Director must administer the functions and responsibilities transferred to the Agency under this order in such ways as to promote efficient administration and must make internal organizational changes as administratively

necessary to complete the realignment of responsibilities under this order.

- (e) State departments, agencies, and state officers must fully and actively cooperate with and assist the Executive Director with implementation responsibilities under this order. The Executive Director of the Agency may request the assistance of other state departments, agencies, and officers with respect to personnel, budgeting, procurement, telecommunications, information systems, legal services, and other management-related functions, and the departments, agencies, and officers must provide that assistance.
- (f) The State Budget Director must determine and authorize the most efficient manner possible for handling financial transactions and records in this state's financial management system necessary to implement this order.
- (g) A rule, regulation, order, contract, or agreement relating to a function or responsibility transferred under this order lawfully adopted or entered into before the effective date of this order must continue to be effective until revised, amended, repealed, or rescinded.
- (h) This order does not abate any criminal action commenced by this State before the effective date of this order.
- (i) This order is not intended to abate a proceeding commenced by, against, or before an officer or entity affected by this order. A proceeding may be maintained by, against, or before the successor of any officer or entity affected by this order.
- (j) If any portion of this order is found to be unenforceable, the unenforceable provision should be disregarded, and the rest of the order should remain in effect as issued.
- (k) Consistent with section 2 of article 5 of the Michigan Constitution of 1963, this order is effective April 13, 2022 at 12:01 a.m.

(Continued on next page)

Given under my hand and the Great Seal of the State of Michigan.



Date: February 11, 2022

Time: 2:00 p.m.

GRETCHEN WHITMER
GOVERNOR

By the Governor:



SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 2/11/22 AT 2:26 P.M.



**SENATE FISCAL AGENCY
MEMORANDUM**

DATE: March 2, 2022
TO: Members of the Michigan Senate
FROM: Bruce Baker and Elizabeth Raczkowski, Fiscal Analysts
RE: Executive Order 2022-1

Executive Order 2022-1

On February 11, 2022, Governor Whitmer issued Executive Order (EO) 2022-1, which would shift certain responsibilities concerning the regulation and oversight of industrial hemp from the Department of Agriculture and Rural Development (MDARD) to the Marijuana Regulatory Agency (MRA) within the Department of Licensing and Regulatory Affairs (LARA) and rename that agency the Cannabis Regulatory Agency.

Under current law, the MRA regulates and oversees the growth, harvesting, and processing of marijuana while MDARD regulates and oversees the growth, harvesting, and processing of industrial hemp. Under EO 2022-1, the responsibility for the licensing and regulation of processor-handlers under the Industrial Hemp Research and Development Act would shift from MDARD to the Agency, while the power to promulgate rules for the regulation of the cultivation and harvesting of industrial hemp would remain under MDARD.

The Order also renames the Michigan Council of Arts and Cultural Affairs to the Michigan Arts and Culture Council.

Article V, Section 2 of the Michigan Constitution states that the Legislature has 60 calendar days following the issuance of an Executive Order to disapprove it; the last day for the Legislature to reject EO 2022-1 is April 12, 2022.¹

Responsibilities Transferred from MDARD to LARA

The EO transfers the authorities and responsibilities pertaining to the licensing and regulation of processor-handlers of industrial hemp to the newly named Cannabis Regulatory Agency. The Order also transfers the power and responsibility to promulgate rules pertaining to the regulation of the cultivation of industrial hemp under Section 8 of the Michigan Regulation and Taxation of Marijuana Act (MRTMA) from the MRA to MDARD.

¹ The Constitution actually refers to "60 calendar days of a regular session, or a full regular session if of shorter duration...". If fewer than 60 days remain in a two-year legislative session when an E.O. is issued, the Legislature has 60 calendar days beginning in the following session to reject it. (Opinion of the Attorney General No. 7166) Also, unless rejected, an E.O. will "become effective at a date thereafter to be designated by the governor"; thus, the 60-day period limits the time the Legislature has to reject an E.O., but it will not necessarily take effect on the 61st day after being issued.

Renaming of the Michigan Council for Arts and Cultural Affairs

The EO renamed the Michigan Council for Arts and Cultural Affairs to the Michigan Arts and Culture Council. The Council is currently housed under the Michigan Strategic Fund in the Department of Labor and Economic Opportunity.

Types of Transfers

Article V, Section 2 of the State Constitution authorizes the Governor to organize the Executive branch of government by Executive Order. Three types of reorganizations are identified in the Executive Organization Act:

Type I Transfer. Under a Type I transfer, an existing department, board, commission, or agency is transferred intact to another principal department. The entity is administered under the supervision of the new principal department; however, the prescribed statutory powers, duties, and functions are exercised by the entity as a relatively autonomous entity.

Type II Transfer. Under a Type II transfer, all of the statutory authority, powers, duties, and functions, as well as records, personnel, property, unspent balances of appropriations and other funds associated with an entity, and the entity itself, are transferred to and placed under the authority of the principal department.

Type III Transfer. A Type III transfer abolishes an existing entity. The statutory authority, powers, duties, functions, records, personnel, and funding are not abolished, but are transferred to a principal department.

The EO identifies the transfer of certain duties of MDARD to LARA as a Type II transfer.

Fiscal Impact

The departments have reported that the shift of responsibility of regulation and oversight of the processing of industrial hemp from MDARD to LARA would involve no transfer of funds or FTEs. The Cannabis Regulatory Agency's new responsibilities within LARA would be achieved using existing resources.

Summary

Executive Order 2022-1 transfers responsibility for the regulation of processor-handlers, including licensing, from MDARD to the Marijuana Regulatory Agency within LARA. In addition, the Order transfers the power and duty to promulgate rules related to the cultivation of industrial hemp to MDARD. The MRA is renamed the Cannabis Regulatory Agency and is responsible for implementing the transfers contained in the EO.

The EO also renames the Michigan Council for Arts and Cultural Affairs to the Michigan Arts and Culture Council.

The Legislature may reject the Order until April 12, 2022.

If you have any questions on EO 2022-1, please do not hesitate to contact us.

EXECUTIVE ORDER REDUCTIONS

Article V, Section 20 of the Michigan Constitution of 1963 was designed to provide for executive and legislative controls over State expenditures and maintain a balanced budget. The section provides:

1. The Governor, with the approval of the appropriating committees of the House and Senate, shall reduce expenditures authorized by appropriations whenever it appears that actual revenue for a fiscal period will fall below the revenue estimates on which appropriations for that period were based.
2. The Governor may not reduce expenditures of the legislative and judicial branches or from funds constitutionally dedicated for specific purposes.
3. Reductions in expenditures shall be made in accordance with procedures prescribed by law.

The Management and Budget Act (MCL 18.1391) provides for the process to implement Executive Order reductions. The process includes the following:

1. The Budget Director and the Department of Treasury must give written notice to the Governor that actual revenue for the fiscal period will fall below the revenue estimates upon which appropriations for that period were made.
2. The Governor must provide not less than five days' written notice to the members of the Appropriations Committees specifying a time and place for a joint meeting of the Governor and the Appropriations Committees at which the Executive Order will be presented.
3. The Appropriations Committees must approve or disapprove of the Executive Order not later than 10 days after its submission. Approval of an Executive Order requires a majority vote of the members of each Appropriations Committee.
4. If either Appropriations Committee disapproves the Executive Order, the order is without force and effect. Not later than 30 days after a proposed order is disapproved, the Governor may give reasonable notice of the time and place of a further joint meeting of the Appropriations Committees, at which another order will be submitted. Within 10 days after receiving the Executive Order, each Appropriations Committee must approve or disapprove the order.
5. Upon approval of an Executive Order, a copy of the Executive Order and resolutions of both Appropriations Committees approving the order must be filed with the Secretary of State and the order becomes effective.

STATE CONSTITUTION (EXCERPT)
CONSTITUTION OF MICHIGAN OF 1963

§ 20 Reductions in expenditures.

Sec. 20. No appropriation shall be a mandate to spend. The governor, with the approval of the appropriating committees of the house and senate, shall reduce expenditures authorized by appropriations whenever it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based. Reductions in expenditures shall be made in accordance with procedures prescribed by law. The governor may not reduce expenditures of the legislative and judicial branches or from funds constitutionally dedicated for specific purposes.

History: Const. 1963, Art. V, § 20, Eff. Jan. 1, 1964.

THE MANAGEMENT AND BUDGET ACT (EXCERPT) Act 431 of 1984

18.1391 Actual revenues falling below revenue estimates; review of appropriations; recommending reduction of expenditures; review of recommendations; order containing reductions; notice; meeting; approval or disapproval of order; implementation of order; filing order and resolutions; special lapse accounts.

Sec. 391. (1) When it appears to the governor, based upon written information received by the governor from the budget director and the department of treasury, that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, the estimates being as determined by the legislature in accordance with section 31 of article IV of the state constitution of 1963, the governor shall order the director to review all appropriations made by the legislature, except those made for the legislative and judicial branches of government or from funds constitutionally dedicated to specific purposes.

(2) Based upon needs, the director shall recommend to the governor a reduction of expenditures authorized by the appropriations, either direct or open-ended, for that fiscal year. The governor shall review the recommendations of the director and shall prepare an order containing reductions in expenditures authorized so that actual revenues for the fiscal period will be sufficient to equal the expenditures. The governor shall give not less than 5 days' written notice to the members of the appropriations committees specifying a time and place for a joint meeting of the governor and the appropriations committees, at which the governor shall present to the appropriations committees the governor's recommendations and copies of the governor's proposed order.

(3) Not later than 10 days after the submission of the order to the appropriations committees, each appropriation committee by vote of a majority of its members elected and serving shall approve or disapprove the order. Expenditures authorized by appropriations shall not be reduced unless approved by both appropriations committees. Upon approval by both appropriations committees, the director shall implement the order.

(4) If either appropriation committee disapproves the order, the order is without force and effect. Not later than 30 days after a proposed order is disapproved, the governor may give reasonable written notice of the time and place of a further joint meeting of the appropriations committees, at which time the governor shall submit another order reducing expenditures authorized by appropriations. Within 10 days after the receipt of that order by the appropriations committees, each appropriations committee, by a majority of its members elected and serving, shall approve or disapprove the order. Upon approval by both appropriations committees, the director shall implement the order.

(5) After the approval by both appropriations committees pursuant to subsection (3) or (4), a copy of the order of the governor and resolutions of both appropriations committees approving it shall be filed with the secretary of state and the order shall become effective.

History: 1984, Act 431, Eff. Mar. 29, 1985; Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

SENATE JOURNAL
JUL 22 2020 AM8:38

EXECUTIVE ORDER

No. 2020-155

Implementation of expenditure reductions under Section 20 of Article 5 of the Michigan Constitution of 1963

Section 20 of Article 5 of the Michigan Constitution of 1963 provides that the Governor, with approval from the appropriating committees of the House of Representatives and the Senate, must reduce expenditures authorized by appropriations whenever it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, in accordance with procedures prescribed by law.

On the basis of written information from the State Budget Director and the State Treasurer, provided under Section 391 of The Management and Budget Act, 1984 PA 431, as amended, MCL 18.1391, it appears that actual revenues for the fiscal period beginning on October 1, 2019 and ending on September 30, 2020 will fall below the revenue estimates on which appropriations for that period were based, as determined by the Legislature as required under Section 31 of Article 4 of the Michigan Constitution of 1963.

These circumstances have caused an unanticipated loss of funding that the departments and agencies of state government do not expect to obtain or make up during the current fiscal year. As part of an overall corrective action plan to ensure actual revenues for the fiscal period will be sufficient to equal the expenditures, expenditure reductions totaling \$619,989,600.00 general fund-general purpose and \$13,379,800.00 special purpose funds are necessary.

Acting under the Michigan Constitution of 1963 and Michigan law, and contingent upon the approval of a majority of members of each appropriations committee, I order the following reductions in expenditures:

A. Portions of general fund-general purpose expenditures authorized by appropriations amounting to \$619,989,600.00 contained in the following public acts are hereby reduced. Where the expenditure reductions of general fund-general purpose appropriations in this Order reduce the restricted portions of gross appropriations and sources of financing that will be earned, the amounts to be reduced shall be provided separately to the State Budget Director for approval and entry into the accounts.

Department	Reduction Amount
Agriculture and Rural Development	4,382,700
Attorney General	3,729,100
Civil Rights	1,058,500
Corrections	392,669,100
Education	3,280,800
Environment, Great Lakes, and Energy	1,961,400
Executive Office	355,700
Health and Human Services	36,463,400
Insurance and Financial Services	150,000
Labor and Economic Opportunity	6,497,600
Licensing and Regulatory Affairs	655,500
Military and Veterans Affairs	2,115,700
Natural Resources	1,846,200
State	1,098,200
State Police	115,070,100
Technology, Management and Budget	31,830,400
Transportation	13,000,100
Treasury	3,825,100
	619,989,600

B. The reduction totals for the departments and offices in Section A include the following appropriation items or are predicated upon the following actions:

1. Department of Agriculture and Rural Development

Appropriation Number	Item	Reduction Amount
44900	Food safety and quality assurance	90,500
31050	Animal disease prevention and response	113,900
58500	Pesticide and plant pest management	134,200
50650	Laboratory services	125,500
30720	Food and agriculture investment program	3,000,000
		<u>3,464,100</u>

2. Department of Attorney General

Appropriation Number	Item	Reduction Amount
10011	Unclassified salaries	70,000
34350	Child support enforcement personnel	156,100
31570	Department of attorney general	1,098,800
57128	Ok2Say program	800,000
60200	Prosecuting attorneys coordinating council personnel	123,600
64070	Sexual assault law enforcement personnel	840,000
		<u>3,088,500</u>

3. Department of Civil Rights

Appropriation Number	Item	Reduction Amount
37425	Complaint investigation and enforcement	292,000
10031	Executive office	105,000
40050	Division on deaf, deafblind, and hard of hearing	85,000
50815	Law and policy	210,000

44045	Public affairs	127,000
		<u>819,000</u>

4. Department of Corrections

Appropriation Number	Item	Reduction Amount
10010	Unclassified salaries	24,800
11410	Budget and operations administration	268,100
37350	Compensatory buyout and union leave bank	100
50300	Judicial data warehouse user fees	1,000
36900	Community corrections comprehensive plans and services	350,000
40650	Education/skilled trades/career readiness programs	5,971,600
41960	Enhanced food technology program	74,700
61730	Offender success services	8,858,300
22280	Detroit Reentry Center	9,760,300
43950	Field operations	178,500
57800	Parole board operations	11,500
62140	Residential alternative to prison program	600,000
33750	Central records	17,600
38050	Correctional facilities administration	136,600
49100	Inmate housing fund	100
49150	Inmate legal services	3,100
67800	Transportation	11,602,200
36140	Clinical complexes	645,300
47030	Health care administration	67,300
53300	Mental health and substance abuse treatment services	92,200
22100	Alger Correctional Facility - Munising	9,730,800

22120	Baraga Correctional Facility - Baraga	12,146,800
22140	Bellamy Creek Correctional Facility - Ionia	16,169,800
22160	Carson City Correctional Facility - Carson City	17,119,300
22180	Central Michigan Correctional Facility - St. Louis	16,326,300
22200	Charles E. Egeler Correctional Facility - Jackson	14,652,100
22220	Chippewa Correctional Facility - Kincheloe	19,097,200
22240	Cooper Street Correctional Facility - Jackson	10,222,500
22300	Earnest C. Brooks Correctional Facility - Muskegon	9,661,500
22320	G. Robert Cotton Correctional Facility - Jackson	15,205,200
22340	Gus Harrison Correctional Facility - Adrian	17,265,400
22360	Ionia Correctional Facility - Ionia	11,940,400
22380	Kinross Correctional Facility - Kincheloe	10,675,800
22400	Lakeland Correctional Facility - Coldwater	10,766,500
22420	Macomb Correctional Facility - New Haven	11,710,100
22440	Marquette Branch Prison - Marquette	12,654,600
22460	Michigan Reformatory - Ionia	11,407,300
22480	Muskegon Correctional Facility - Muskegon	8,707,300
22500	Newberry Correctional Facility - Newberry	8,255,800
22520	Oaks Correctional Facility - Eastlake	12,290,900
22560	Parnall Correctional Facility - Jackson	10,108,400
22600	Richard A. Handlon Correctional Facility - Ionia	9,714,100
22620	Saginaw Correctional Facility - Freeland	11,465,600
22640	Special alternative incarceration program	1,697,500
22660	St. Louis Correctional Facility - St. Louis	13,731,400
22680	Thumb Correctional Facility - Lapeer	12,506,300
22700	Womens Huron Valley Correctional Complex - Ypsilanti	19,308,600

22720	Woodland Correctional Facility - Whitmore Lake	12,852,400
22020	Southern region administration and support	96,800
		<u>386,150,000</u>

5. Department of Education

Appropriation Number	Item	Reduction Amount
10019	Unclassified salaries	10,000
11110	State board of education, per diem payments	2,500
65600	State board/superintendent operations	50,000
33800	Central support operations	176,800
45890	Grant and contract operations	10,000
16020	Information technology services and projects	150,000
40820	Educator excellence operations	151,200
46850	Head start collaboration office	4,000
56600	Office of great start operations	40,000
56870	Office of systems, evaluation, and technology operations	30,000
66140	Strategic planning and implementation operations	15,000
30150	Administrative law operations	64,000
30100	Accountability services operations	165,000
30240	Adolescent and school health	80,000
40790	Educational supports operations	325,000
33310	Career and technical education operations	50,000
51100	Library of Michigan operations	350,000
57880	Partnership district support operations	1,150,000
		<u>2,823,500</u>

The amount in Section 602 of 2019 PA 63 is reduced by \$85,400.00.

6. Department of Environment, Great Lakes, and Energy

Appropriation Number	Item	Reduction Amount
58527	Mapping and other support	1,284,800
		<u>1,284,800</u>

7. Executive Office

Appropriation Number	Item	Reduction Amount
10030	Executive office	355,700
		<u>355,700</u>

8. Department of Health and Human Services

Appropriation Number	Item	Reduction Amount
11510	Departmental administration and management	63,100
49250	Office of inspector general	231,000
37140	Community services and outreach administration	36,700
34420	Child welfare administration travel	60,000
35410	Child welfare field staff - noncaseload compliance	217,500
35470	Child welfare licensing	63,600
37800	Contractual services, supplies, and materials	266,900
40600	Education planners	7,000
45250	Foster care payments	250,000
45270	Foster care services - caseload staff	18,300
58200	Peer coaches	26,600
63600	Second line supervisors and technical staff	652,000
30430	Adult services field staff	377,000
37830	Contractual services, supplies, and materials	350,000
44040	Field staff travel	750,000

53100	Medical/psychiatric evaluations	300,000
44050	Public assistance field staff	2,635,200
32050	Behavioral health program administration	451,000
38448	Court-ordered assisted outpatient treatment	1,000,000
47500	Healthy homes program	982,900
58520	PFAS and environmental contamination response	3,817,100
35650	Children's special health care services administration	20,400
56850	Aging and adult services administration	140,000
45300	Senior volunteer service programs	1,700,000
47610	Healthy Michigan plan administration	965,600
53000	Medical services administration	510,500
47300	Health plan services	600,000
47600	Healthy Michigan plan	2,500,000
48350	Hospital services and therapy	2,250,000
T48290	Hospital behavioral health pilot program	4,000,000
		25,242,400

The general fund amount in Section 462 (1) of 2019 PA 154 is reduced by \$2,250,000.00.

The general fund amount in Section 462 (9) of 2019 PA 154 is reduced by \$2,250,000.00.

The general fund amount in Section 1182 of 2019 PA 67 is reduced by \$982,900.00.

The amount in Section 1782 of 2019 PA 67 is reduced by \$600,000.00.

Section 963 of 2019 PA 67 is repealed.

Section 1934 of 2019 PA 67 is repealed.

9. Department of Insurance and Financial Services

Appropriation Number	Item	Reduction Amount
11030	Executive director programs	150,000
		<u>150,000</u>

Section 219 of 2019 PA 55 is repealed.

10. Department of Labor and Economic Opportunity

Appropriation Number	Item	Reduction Amount
47678	High school equivalency-to-school program	101,200
26040	Workforce development programs	3,229,200
26020	Workforce program administration	115,000
37300	Compensation supplement fund	1,000,000
14010	Workers' disability compensation agency	526,700
50150	Job creation services	876,000
32362	Blight removal grants	250,100
		<u>6,098,200</u>

Section 1069 of 2019 PA 56 is repealed.

11. Department of Licensing and Regulatory Affairs

Appropriation Number	Item	Reduction Amount
12000	Michigan office of administrative hearings and rules	16,000
18105	Michigan indigent defense commission	185,400
		<u>201,400</u>

12. Department of Military and Veterans Affairs

Appropriation Number	Item	Reduction Amount
10017	Unclassified salaries	150,000
11540	Departmentwide	150,000
46870	Headquarters and armories	600,000
54500	Michigan youth challenge academy	100,000
54670	Military training sites and support facilities	425,000
54350	Michigan veterans affairs agency administration	205,000
54360	Michigan veterans facility authority	200,000
		<u>1,830,000</u>

13. Department of Natural Resources

Appropriation Number	Item	Reduction Amount
53950	Michigan historical center	700
69900	Wildlife management	3,000
45600	General law enforcement	738,200
65850	State parks	25,400
69800	Wildfire protection	220,100
39050	Deer habitat improvement partnership initiative	100,000
T51940	Long Lake boat launch	142,500
T69890	Wildlife and fisheries health study	200,000
		<u>1,429,900</u>

14. Department of State

Appropriation Number	Item	Reduction Amount
57510	Operations	79,900
32600	Branch operations	246,600

33700	Central operations	353,900
57600	Organ donor program	68,900
16020	Information technology services and projects	237,700
		<u>987,000</u>

15. Department of State Police

Appropriation Number	Item	Reduction Amount
11500	Department services	385,200
11530	Departmentwide	390,200
32250	Biometrics and identification	129,500
38750	Criminal justice information center	167,900
40100	Forensic science	1,307,800
67550	Training	63,800
65380	Standards and training/justice training grants	159,700
33530	Investigative services	670,000
45610	Post operations	106,535,800
63670	Secure cities partnership	1,000,000
36550	Commercial vehicle enforcement	1,700
41460	Emergency management and homeland security	735,300
49490	Intelligence operations	858,200
64950	Special operations	400,700
16020	Information technology services and projects	250,000
		<u>113,055,800</u>

16. Department of Technology, Management and Budget

Appropriation Number	Item	Reduction Amount
11300	Administrative services	1,025,300

11400	Budget and financial management	781,500
32900	Bureau of labor market information and strategies	79,600
33100	Business support services	532,500
11040	Executive operations	45,300
56950	Office of the state employer	67,500
16020	Information technology services and projects	1,000,000
41910	Enterprise identity management	316,000
15400	Homeland security initiative/cyber security	1,257,500
10805	Office of children's ombudsman	139,400
19100	State building authority rent - community colleges	2,401,000
19210	State building authority rent - department of corrections	6,642,100
19200	State building authority rent - state agencies	4,988,700
19000	State building authority rent - universities	9,068,200
30650	Agency services	810,000
48550	Human resources operations	1,005,000
		<u>30,159,600</u>

17. Department of Transportation

Appropriation Number	Item	Reduction Amount
C45555	General fund fixing roads and bridges	13,000,100
		<u>13,000,100</u>

Section 280 of 2019 PA 66 is repealed.

18. Department of Treasury

Appropriation Number	Item	Reduction Amount
11500	Department services	650,000
11010	Executive direction and operations	600,000

56500	Collections services bureau	400,000
13010	Property management	100,000
51750	Local finance	50,000
66600	Supervision of the general property tax law	350,000
56840	Office of revenue and tax analysis	150,000
66850	Tax and economic policy	300,000
67450	Tobacco tax enforcement	150,000
36750	Common cash and debt management	40,000
66300	Student financial assistance programs	65,000
		2,855,000

19. Expenditure Reductions – Temporary Layoff Days

General fund/general purpose expenditures authorized by appropriations contained in the following public acts are reduced by the amounts listed for the following departments and offices resulting from the temporary layoff of personnel. The State Budget Director is authorized to take any and all related actions necessary to properly record the expenditure reductions by appropriation resulting from the temporary layoff of personnel, including federal and restricted revenue expenditures, as part of the financial transactions for the fiscal year ending September 30, 2020.

Department	Reduction Amount
Agriculture and Rural Development	918,600
Attorney General	640,600
Civil Rights	239,500
Corrections	6,519,100
Education	457,300
Environment, Great Lakes, and Energy	676,600
Health and Human Services	11,221,000
Labor and Economic Opportunity	399,400
Licensing and Regulatory Affairs	454,100

Military and Veterans Affairs	285,700
Natural Resources	416,300
State	111,200
State Police	2,014,300
Technology, Management and Budget	1,670,800
Treasury	970,100
	<u>26,994,600</u>

C. Portions of appropriations financed with special purpose revenue amounting to \$13,379,800.00 are hereby reduced.

Department	Reduction Amount
Licensing and Regulatory Affairs	379,800
Transportation	13,000,000
	<u>13,379,800</u>

D. The reduction total for the departments in Section C include the following appropriation items:

1. Department of Licensing and Regulatory Affairs – Liquor Purchase Revolving Fund

Appropriation Number	Item	Reduction Amount
51350	Liquor licensing and enforcement	200,000
52250	Management support services	84,000
		<u>284,000</u>

2. Department of Licensing and Regulatory Affairs – Securities Fees

Appropriation Number	Item	Reduction Amount
12000	Michigan office of administrative hearings and rules	95,800
		<u>95,800</u>

3. Department of Transportation – Economic Development Fund

Appropriation Number	Item	Reduction Amount
C88640	Target industries/economic development	13,000,000
		13,000,000

The State Budget Director is authorized to take any and all actions necessary to implement the provisions of this Order to reduce expenditures authorized by appropriations as specified above for the fiscal year beginning on October 1, 2019 and ending on September 30, 2020.

This Order is effective upon approval by the appropriations committees of the House of Representatives and the Senate, as provided under Section 20 of Article 5 of the Michigan Constitution of 1963 and Section 391 of The Management and Budget Act, 1984 PA 431, MCL 18.1391.

Given under my hand and the Great Seal of the State of Michigan.



Date: July 22, 2020

Time: 7:00 am

GRETCHEN WHITMER
GOVERNOR

By the Governor:

SECRETARY OF STATE

SFA SUMMARY OF AN EXPENDITURE REDUCTION EXECUTIVE ORDER

Table 1

SUMMARY OF EXECUTIVE ORDER 2020-155					
Department/Budget Area	FY 2019-20 GF/GP Year-to-Date	Executive Order GF/GP Reductions	EO GF/GP Savings from Temp. Layoffs	Executive Order Restricted Reductions	Total Executive Order Reductions
Agriculture and Rural Development	\$55,979,900	(\$3,464,100)	(\$918,600)	\$0	(\$4,382,700)
Attorney General	41,736,300	(3,088,500)	(640,600)	0	(3,729,100)
Capital Outlay	0	0	0	0	0
Civil Rights	13,195,700	(819,000)	(239,500)	0	(1,058,500)
Community Colleges	0	0	0	0	0
Corrections	2,005,137,900	(386,150,000)	(6,519,100)	0	(392,669,100)
Education	87,212,000	(2,823,500)	(457,300)	0	(3,280,800)
Environment, Great Lakes, & Energy	172,477,400	(1,284,800)	(676,600)	0	(1,961,400)
Executive	7,114,300	(355,700)	0	0	(355,700)
Health and Human Services	4,826,421,900	(25,242,400)	(11,221,000)	0	(36,463,400)
Higher Education	1,207,949,300	0	0	0	0
Insurance and Financial Services	150,000	(150,000)	0	0	(150,000)
Judiciary	201,443,600	0	0	0	0
Labor and Economic Opportunity	142,308,300	(6,098,200)	(399,400)	0	(6,497,600)
Legislature	188,366,300	0	0	0	0
Licensing and Regulatory Affairs	111,606,400	(201,400)	(454,100)	(379,800)	(1,035,300)
Military and Veterans Affairs	73,247,500	(1,830,000)	(285,700)	0	(2,115,700)
Natural Resources	46,985,000	(1,429,900)	(416,300)	0	(1,846,200)
Natural Resources (Trust Fund)	0	0	0	0	0
School Aid	62,620,000	0	0	0	0
State	13,451,200	(987,000)	(111,200)	0	(1,098,200)
State Police	481,701,700	(113,055,800)	(2,014,300)	0	(115,070,100)
Technology, Management, & Budget	612,674,200	(30,159,600)	(1,670,800)	0	(31,830,400)
Transportation	25,000,000	(13,000,100)	0	(13,000,000)	(26,000,100)
Treasury-Debt Service	104,335,000	0	0	0	0
Treasury-Operations	120,744,700	(2,855,000)	(970,100)	0	(3,825,100)
Treasury-Revenue Sharing	0	0	0	0	0
Total	\$10,601,858,600	(\$592,995,000)	(\$26,994,600)	(\$13,379,800)	(\$633,369,400)

ONGOING BUDGET ACTIVITIES: SUPPLEMENTALS

Supplemental Appropriations: These appropriation adjustments are used to increase or decrease the current-year funding authorization for a line-item appropriation, or to create a new line-item appropriation. Supplemental appropriations are often recommended for approval to the Legislature by the State Budget Office, though the Legislature may initiate a supplemental on its own. Supplemental appropriations follow the same legislative process as the initial appropriations. They require a majority vote of both the House and the Senate and the signature of the Governor to take effect.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

EXAMPLE OF A STATE BUDGET OFFICE SUPPLEMENTAL REQUEST

September 7, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2022-7

Attached please find supplemental recommendations for fiscal year 2022 totaling \$141 million Gross (\$5.7 million General Fund). The supplemental recommendations are summarized by department below.

<u>Department</u>	<u>GF/GP</u>	<u>Gross</u>
Agriculture and Rural Development	0	\$260,000
Corrections	(\$57,000,000)	\$250,000
Environment, Great Lakes, and Energy	\$0	\$2,850,000
Labor and Economic Opportunity	\$0	\$26,627,100
Military and Veterans Affairs	\$3,400,000	\$3,550,000
Natural Resources	\$2,300,000	\$2,300,000
State Police	\$57,000,000	\$105,200,000
Technology, Management and Budget	\$0	\$0
Total	\$5,700,000	\$141,037,100

If you have any questions regarding this request, please contact Bethany Wicksall at (517) 335-3420.

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-SUPLET-0047	SIGMA
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Supplemental Letter # 2022-7**Agriculture and Rural Development**

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		260,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		260,000
Total federal revenues	FDRL	260,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	0
ONE-TIME APPROPRIATIONS	Appn/Fund	
CRRSAA - farm stress program	T31289	60,000
CRRSAA - seafood processors pandemic response	T31210	200,000
GROSS APPROPRIATION		260,000
Appropriated from:		
USDA, multiple grants	3237	260,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for the CRRSAA farm stress program are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to provide a stress assistance program for individuals in farming or other agriculture related occupations.
- (b) The project will be accomplished by utilizing state employees, contracts with a vendor, or local partners.
- (c) The estimated cost of the project is \$60,000.00.
- (d) The tentative completion date is September 30, 2025.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7**

Sec. xxx. The unexpended funds appropriated in part 1 for the CRRSAA Seafood Processors Pandemic Response program are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to provide financial relief to seafood processors.
- (b) The project will be accomplished by utilizing state employees and through a competitive grant process.
- (c) The total estimated cost of the project is \$200,000.00.
- (d) The tentative completion date is September 30, 2025.

Explanation

This supplemental request provides additional federal authorization to align spending authorization with available revenues resulting from an increase in federal grant funding to support the CRRSAA Farm Stress Program. The program provides a stress assistance program for individuals who are engaged in farming and other agriculture related occupations. These resources are available through the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

This supplemental request provides federal authorization to align spending authorization with available federal revenues to provide financial relief to seafood processors who incurred costs due to the COVID-19 pandemic. These resources are available through the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

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Corrections

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		250,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		250,000
Total federal revenues	FDRL	57,000,000
Total local revenues	LOCL	250,000
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	(57,000,000)
DEPARTMENTAL ADMINISTRATION AND SUPPORT	Appn/Fund	
County jail reimbursement program	38300	(2,000,000)
New custody staff training	55850	(1,000,000)
Prosecutorial and detainer expenses	60250	(1,500,000)
GROSS APPROPRIATION		(4,500,000)
Appropriated from:		
State general fund/general purpose	1000	(4,500,000)
OFFENDER SUCCESS ADMINISTRATION	Appn/Fund	
Community corrections comprehensive plans and services	36900	(1,000,000)
Education/skilled trades/career readiness programs	40650	(1,000,000)
Offender success programming	59330	(1,000,000)
Public safety initiative	60500	(750,000)
Offender success services	61730	(1,000,000)
GROSS APPROPRIATION		(4,750,000)
Appropriated from:		
State general fund/general purpose	1000	(4,750,000)
FIELD OPERATIONS ADMINISTRATION	Appn/Fund	
Criminal justice reinvestment	38760	(1,000,000)
Field operations	43950	0
GROSS APPROPRIATION		(1,000,000)
Appropriated from:		
Coronavirus relief fund	3140	24,700,000
State general fund/general purpose	1000	(25,700,000)

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CORRECTIONAL FACILITIES ADMINISTRATION	Appn/Fund	
Prison food service	59100	(2,000,000)
GROSS APPROPRIATION		(2,000,000)
Appropriated from:		
State general fund/general purpose	1000	(2,000,000)
HEALTH CARE	Appn/Fund	
Mental health and substance use disorder treatment services	53300	0
Prisoner health care services	59250	(1,000,000)
GROSS APPROPRIATION		(1,000,000)
Appropriated from:		
Coronavirus relief fund	3140	32,300,000
State general fund/general purpose	1000	(33,300,000)
CORRECTIONAL FACILITIES	Appn/Fund	
Detroit Detention Center	22260A	250,000
Special alternative incarceration program - Jackson	22640	(1,750,000)
GROSS APPROPRIATION		(1,500,000)
Appropriated from:		
Local funds	4000	250,000
State general fund/general purpose	1000	(1,750,000)
ONE-TIME APPROPRIATIONS	Appn/Fund	
Corrections northern training facility	TC88385	15,000,000
GROSS APPROPRIATION		15,000,000
Appropriated from:		
State general fund/general purpose	1000	15,000,000

Explanation

This supplemental request includes a net zero appropriation that would reallocate \$15 million in one-time operating surpluses in existing operating line items to fund a one-time capital outlay line item to construct a Northern Training Academy site for the Michigan Department of Corrections. The Northern Training Academy would be utilized to train corrections officers for facilities in the northern region of Michigan.

This supplemental request replaces \$57 million General Fund authorization with federal authorization to allow for the expenditure of federal Coronavirus Relief Funds on eligible public health and public safety payroll expenditures for the Department of Corrections. General Fund savings are requested to be re-appropriated for the Department of State Police for COVID-19 response activities that are ineligible for federal reimbursement. These funds must be used for expenditures incurred prior to December 30, 2021, and allocations must be finalized by September 30, 2022.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7**

This supplemental request provides \$250,000 in additional budget authority from local revenues for higher than anticipated costs for the operations of the Detroit Detention Center (DDC), due to employee retention payments, increased contracted nursing costs, and increased contracted janitorial services costs. Operating costs for the DDC are fully funded through received through a contract with the City of Detroit.

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Supplemental Letter # 2022-7**Environment, Great Lakes, and Energy**

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		2,850,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		2,850,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	2,850,000
State general fund/general purpose	GFGP	0

WATER RESOURCES DIVISION	Appn/Fund	
Bottle act implementation	32550A	50,000
GROSS APPROPRIATION		50,000
Appropriated from:		
Natural resources damages	2836	50,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
Drinking water declaration of emergency	T40271	2,800,000
GROSS APPROPRIATION		2,800,000
Appropriated from:		
Drinking water declaration of emergency reserve fund	1541	2,800,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for Drinking water declaration of emergency are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is for lead service line replacement and restoration, mandatory filter replacement, and water testing for the City of Flint.
- (b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.
- (c) The total estimated cost of the project is \$2,800,000.00.
- (d) The tentative completion date is September 30, 2026.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7****Explanation**

This supplemental request re-appropriates \$2.8 million state restricted authorization, originally appropriated to the Department of Health and Human Services but expended by the Department of Environment, Great Lakes, and Energy (EGLE) through a memorandum of understanding, to support EGLE's drinking water response activities in Flint including lead service line replacement and restoration, mandatory filter replacement, and water testing required per the consent agreement with the National Resources Defense Council. Re-appropriation of state restricted authorization is needed because the existing work project will reach the 48 month statutory maximum on September 30, 2022.

This supplemental request provides \$50,000 state restricted authorization to support remediation and redevelopment activities at sites of environmental contamination throughout the state. Revenue to support these projects is available from damages collected from liable parties through legal settlement agreements.

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Supplemental Letter # 2022-7**Labor and Economic Opportunity**

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		26,627,100
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		26,627,100
Total federal revenues	FDRL	21,627,100
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	5,000,000
State general fund/general purpose	GFGP	0
UNEMPLOYMENT	Appn/Fund	
Unemployment insurance agency	68260A	26,627,100
GROSS APPROPRIATION		26,627,100
Appropriated from:		
DOL-ETA, unemployment insurance	3247	21,627,100
Contingent fund, penalty and interest account	2213	5,000,000

Boilerplate

Sec. xxx. The federal funds appropriated in part 1 for the unemployment insurance agency come from Michigan's distribution of federal Reed Act dollars, authorized in the Temporary Extended Unemployment Compensation Act of 2002, and shall be used to cover administrative costs of the unemployment insurance agency. Pursuant to MCL 421.26(c)(2), these funds shall be transferred from the unemployment trust fund to the administration fund, created in MCL 421.10. The state budget director is authorized to make the accounting transactions necessary for the implementation of this appropriation.

Sec. xxx. The unexpended funds appropriated in part 1 for the unemployment insurance agency are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the work project is to support administrative costs of the unemployment insurance agency.
- (b) The projects will be accomplished by utilizing state employees or by contracts.
- (c) The total estimated cost of the work project is \$26,627,100.
- (d) The tentative completion date is September 30, 2023.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7****Explanation**

This supplemental recommends a total of \$26.6 million in additional authorization for the Unemployment Insurance Agency (UIA), \$21.6 million in federal funding, and \$5 million in Contingent Fund, Penalty & Interest Fund. Additional authorization is needed to support UIA's administrative costs in fiscal year 2022 and the first quarter of fiscal year 2023, due to unexpected reductions in federal revenue and other efforts to address the ongoing backlog of cases.

While UIA's traditional federal revenue was reduced, this supplemental appropriates a separate source of federal funding available to the agency from the federal Reed Act. The Reed Act is a portion of the Employment Security Financing Act of 1954 that provides a mechanism for returning excess federal taxes to the state employment security agencies. In 2002 the Temporary Extended Unemployment Compensation Act (TEUCA) directed an \$8 billion Reed Act distribution to the states. Reed Act funds have no time limit and Michigan still has a remaining balance of \$21,627,039. Per federal guidelines, Reed Act dollars can be used to pay unemployment benefits or to cover administrative costs associated with unemployment insurance or employment services.

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Supplemental Letter # 2022-7**Military and Veterans Affairs**

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		3,550,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		3,550,000
Total federal revenues	FDRL	150,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	3,400,000
MICHIGAN VETERANS' FACILITY AUTHORITY	Appn/Fund	
Grand Rapids home for veterans	45800A	3,400,000
GROSS APPROPRIATION		3,400,000
Appropriated from:		
State general fund/general purpose	1000	3,400,000
ONE-TIME APPROPRIATIONS	Appn/Fund	
COVID-19 special maintenance veterans homes	TC38514	150,000
GROSS APPROPRIATION		150,000
Appropriated from:		
USDVA-VHA	3278	150,000

Explanation

This request provides \$3.4 million additional GF/GP support for the Grand Rapids Home for Veterans necessary to close a shortfall stemming from a combination of continuing operating costs for the old facilities at the home, costs related to the transition of members to new facilities, and lower than anticipated member census and associated federal revenue.

This supplemental request appropriates \$150,000 in additional USDVA-VHA funding to align authorization with projected revenue available through the CARES Act to state veterans homes for construction projects. Like the FY2021 supplemental appropriation contained in 2021 PA 87, Article 14, this revenue supports the elevator replacement project at the D.J. Jacobetti Home for Veterans.

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Supplemental Letter # 2022-7

Natural Resources

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		2,300,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		2,300,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	2,300,000

RECREATIONAL LANDS AND INFRASTRUCTURE	Appn/Fund	
State game and wildlife area infrastructure	C88360	2,300,000
GROSS APPROPRIATION		2,300,000
Appropriated from:		
State general fund/general purpose	1000	2,300,000

Explanation

This capital outlay request provides \$2.3 million General Fund to stabilize the Net River Dam in Baraga County and address significant structural concerns that led to a partial failure of the dam in the spring. Water levels have been drawn down as a temporary measure to mitigate risk; however, immediate action is needed to install a temporary spillway before the Upper Peninsula's winter season starts, as recent engineering assessments suggest the dam will be unable to handle the additional water flow from spring runoff in its current compromised state.

This funding will also be used to cover the construction costs associated with either the permanent repair or removal of the dam in 2023 after further analysis is completed. DNR and EGLE staff are already starting the evaluation of the options in consultation with the Keweenaw Bay Indian Community (KBIC), as the Net River Dam is a culturally important impoundment that supports the KBIC's wild rice production efforts.

In addition to the tribal impacts, there are potential public safety and infrastructure impacts should the dam completely fail. The dam is located approximately 35 miles north of Crystal Falls and the Paint River Hydro-Electric Dam. Additionally, there are several bridges and camps/cabins downriver that could be at risk.

Report ID: BUD-SUPLET-0047	SIGMA
Run Date: 09/07/2022	Supplemental Letter Detail
Run Time: 11:32:26 AM	

Supplemental Letter # 2022-7**State Police**

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		105,200,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		105,200,000
Total federal revenues	FDRL	48,200,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	57,000,000
FIELD SERVICES	Appn/Fund	
Post operations	45610	0
GROSS APPROPRIATION		0
Appropriated from:		
Coronavirus relief fund	3140	48,200,000
State general fund/general purpose	1000	(48,200,000)
ONE-TIME APPROPRIATIONS	Appn/Fund	
COVID-19 federal ineligible expenses	T38526	105,200,000
GROSS APPROPRIATION		105,200,000
Appropriated from:		
State general fund/general purpose	1000	105,200,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for COVID-19 federal ineligible expenses are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to support expenses resulting from COVID-19 that are determined to be ineligible for federal reimbursement.
- (b) The project will be accomplished by utilizing state employees, contracts with vendors, or local partners.
- (c) The estimated cost of the project is \$105,200,000.00.
- (d) The tentative completion date is September 30, 2026.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7****Explanation**

This supplemental request replaces \$48.2 million General Fund authorization with federal authorization to allow for the expenditure of federal Coronavirus Relief Funds on eligible public health and public safety payroll expenditures for the Department of State Police. General Fund savings are requested to be re-appropriated for COVID-19 response activities that are ineligible for federal reimbursement. These funds must be used for expenditures incurred prior to December 30, 2021, and allocations must be finalized by September 30, 2022.

This supplemental request provides \$105.2 million in one-time General Fund authorization, freed up through the use of the remaining balance of Coronavirus Relief Funds for public health and safety payroll, to support COVID-19 response activities that are determined ineligible for federal reimbursement. This appropriation will safeguard against future state costs as many completed projects will not be federally reviewed for months or years into the future.

Report ID: BUD-SUPLET-0047**SIGMA****Run Date:** 09/07/2022**Supplemental Letter Detail****Run Time:** 11:32:26 AM**Supplemental Letter # 2022-7****Technology, Management and Budget****Boilerplate**

Sec. xxx. In addition to the funds appropriated in part 1, the MDTMB may receive and expend money from the Michigan law enforcement officers memorial monument fund as provided in the Michigan law enforcement officers memorial act, 2004 PA 177, MCL 28.781 to 28.786. Any deposits made under this section and unencumbered funds are restricted revenues and shall be carried over into succeeding fiscal years.

REPEALER. Sec. 818 of 2021 PA 87, Article 5 is repealed.

Explanation

This supplemental request modifies fiscal year 2022 language for the Michigan Law Enforcement Officers Memorial Monument Fund (created in P.A. 177 of 2004, as amended) to carry forward revenue to maintain the Michigan Law Enforcement Officers Memorial Monument (MLEO). Including this amended boilerplate section will ensure MLEO support is maintained into fiscal year 2023 using revenue that the fund has accrued. This request is necessary due to the enactment of P.A. 39 of 2022, in which Section 7 of the Michigan Law Enforcement Officers Memorial Act that facilitated the fund's carry forward was repealed. The MLEO was dedicated in 2019 after construction was completed, with donations ongoing, to recognize Michigan law enforcement officers who have fallen in the line of duty. In addition, a one-time, \$500,000 appropriation from FY 2022 was included in the enacted budget for the purpose of supporting the ongoing maintenance needs of the monument.



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 844 (as enacted)
Sponsor: Senator Jim Stamas
Committee: Appropriations

PUBLIC ACT 194 of 2022

Date Completed: 10-13-22

CONTENT

The supplemental would make appropriations of \$133.1 million Gross, and \$3.4 million General Fund/General Purpose (GF/GP) for fiscal year (FY) 2021-22 and \$1.0 billion Gross, and \$983.4 million GF/GP for FY 2022-23 to several State departments. Each item in the bill is detailed in Tables 3 and 4.

Tables 1 and 2 summarize funding by budget area in the supplemental for FY 2021-22 and FY 2022-23, respectively. Note: the bill is structured such that FY 2022-23 appropriations are listed before FY 2021-22 appropriations, but this analysis is in chronological order.

Table 1

FY 2021-22 Supplemental Appropriations				
Budget Area	Gross	Federal	Other	GF/GP
Corrections	\$0	\$57,000,000	\$0	(\$57,000,000)
Environment, Great Lakes, and Energy	2,800,000	0	2,800,000	0
Labor and Economic Opportunity	21,627,100	21,627,100	0	0
Military and Veterans Affairs	3,400,000	0	0	3,400,000
Natural Resources	100,000	0	100,000	0
State Police	105,200,000	48,200,000	0	57,000,000
TOTAL	\$133,127,100	\$126,827,100	\$2,900,000	\$3,400,000

Table 2

FY 2022-23 Supplemental Appropriations				
Budget Area	Gross	Federal	Other	GF/GP
Health and Human Services	\$72,237,200	\$0	\$0	\$72,237,200
Labor and Economic Opportunity	916,140,200	0	20,000,200	896,140,000
Military and Veterans Affairs	15,000,000	0	0	15,000,000
TOTAL	\$1,003,377,400	\$0	\$20,000,200	\$983,377,200

FISCAL IMPACT

The bill provides FY 2021-22 line-item appropriations of \$133.1 million Gross and \$3.4 million GF/GP. See [Table 3](#) for a list of items funded in the supplemental for FY 2021-22.

The bill provides FY 2022-23 line-item appropriations of \$1,003.4 million Gross and \$983.4 million GF/GP. See [Table 4](#) for a list of items funded in the supplemental for FY 2022-23.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS - PART 1A

Sec. 1201. General. Records amount of total State spending and payments to local units of government.

Sec. 1202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 1203. General. States intent that the Legislature may intertransfer funds in the bill if those funds are transferred by the State Administrative Board.

Sec. 1204. General. Requires Federal funds to be allocated and spent in a manner consistent with Federal rules and regulations.

Sec. 1205. General. Subjects Federal funds to audit and reporting requirements.

Sec. 1206. General. Requires a monthly report by the State Budget Director on the status of funds appropriated in part 1, including funds used for COVID-19-related issues, to the Legislature.

Sec. 1301. Department of Environment, Great Lakes, and Energy. Designates unspent funds appropriated for Drinking Water Declaration of Emergency as a work project.

Sec. 1401. Department of Labor and Economic Opportunity. Requires Federal Reed Act dollars appropriated to the Unemployment Insurance Agency (UIA) to be used to cover administrative costs in the Agency.

Sec. 1402. Department of Labor and Economic Opportunity. Designates unspent funds appropriated for the UIA as a work project.

Sec. 1451. Department of Natural Resources. Designates unspent funds for Wildlife Management as a work project.

Sec. 1501. Department of State Police. Designates unspent funds for Federal Ineligible Expenses as a work project.

Sec. 1601. Department of Technology, Management, and Budget (DTMB). Provides receive and expend authority to DTMB for the Michigan Law Enforcement Officers Memorial Monument Fund.

FY 2022-23 BOILERPLATE LANGUAGE SECTIONS - PART 1

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 203. General. States intent that the Legislature may intertransfer funds in the bill if those funds are transferred by the State Administrative Board.

Sec. 301. Department of Health and Human Services. Requires the Department to allocate \$15.0 million to a community mental health services program located in Wayne County for capital costs of an integrated care center facility that includes a walk-in behavioral health crisis services center. Designates unspent funds as a work project.

Sec. 302. Department of Health and Human Services. Requires the Department to allocate \$25.0 million to contracted child caring institutions for enhanced rates for children receiving services under mental health and behavioral stabilization rates or the developmentally disabled or cognitively impaired rates.

Sec. 303. Department of Health and Human Services. Requires the Department to create a grant program for nonprofit organizations for infrastructure projects (for construction or renovation) to provide affordable and attainable housing for youth in foster care or who have aged out of foster care. Earmarks half of the funding (\$7.5 million) to a nonprofit located in Bloomfield Charter Township in Oakland County.

Sec. 304. Department of Health and Human Services. Prescribes how the Department must use funds appropriated for first responder and public safety staff mental health. Designates unspent funds as a work project.

Sec. 305. Department of Health and Human Services. Requires the Department to allocate funds for behavioral health facilities grants on a competitive basis to providers of behavioral health services for facility improvements, additional capacity, and/or facility acquisition with preference given to applicants that would repurpose school facilities to support provision of mental health, primary care, and dental services not currently subsidized through public or private insurance, focused on underserved areas.

Sec. 306. Department of Health and Human Services. Prescribes funding to four hospitals whose quality assurance assessment program payments were incorrect, resulting in overpayment by those hospitals.

Sec. 307. Department of Health and Human Services. Provides funding to a nonprofit with headquartered in Southfield (and meeting other specified criteria) to expand affordable housing for seniors and to expand programs for all-inclusive care for the elderly.

Sec. 401. Labor and Economic Opportunity (LEO). Designates that \$800,000 from Michigan Enhancement Grants be awarded to Binder Park Zoo. This is a technical cleanup from Public Act 166 of 2022.

Sec. 402. Labor and Economic Opportunity. Designates that \$240,000 from Economic Development and Workforce Grants be awarded to Pitchford Park for construction of a culvert. This is a technical cleanup from Public Act 166 of 2022.

Sec. 403. Labor and Economic Opportunity. Programmatic language cleanup from Public Act 166 of 2022 related to Community Development Financial Institutions (CFDI) Fund grants.

Sec. 404. Labor and Economic Opportunity. Reappropriates up to \$100.0 million in lapsing Federal Emergency Rental Assistance funding for the creation or rehabilitation of affordable housing in accordance with Federal regulations. Designates unspent funds as a work project.

Sec. 405. Labor and Economic Opportunity. Allows the Michigan State Housing Development Authority to increase its limited-term FTEs by 25.0 for housing programs.

Sec. 406. Labor and Economic Opportunity. Increases State restricted contingency fund authorization by \$846.1 million to accommodate the GF/GP deposit into the Strategic Outreach and Attraction Reserve Fund.

Sec 407. Labor and Economic Opportunity. Requires the funds appropriated in Part 1 for the Critical Industry Program to be used for activities pursuant to Section 88s of the Michigan Strategic Fund Act.

Sec. 408. Labor and Economic Opportunity. Provides guidelines and intended allocations from the Michigan Strategic Site Readiness Program. Specifically, the program would state the Legislature's intent to allocate the funds as follows: \$25.0 million for grants to regional and local economic development organizations; \$100.0 million for improvements to strategic sites for which an end-user has not been identified; \$75.0 million for the assessment and development of mega-strategic sites; \$50.0 million for improvements to strategic sites for which an end-user has been identified; and \$100.0 million for the remediation and/or redevelopment of landfill facilities for future economic development.

Sec. 409. Labor and Economic Opportunity. Requires that the funds appropriated in Part 1 for the Strategic Outreach and Attraction Reserve Fund be deposited into the SOAR Fund established in Section 4 of the Michigan Trust Fund Act.

Sec. 410. Labor and Economic Opportunity. States that the Legislature finds and declares that the appropriations for the Critical Industry Program and the Strategic Site Readiness Program are for a public purpose and serve the health, safety, and general welfare of the residents of the State.

Sec. 411. Labor and Economic Opportunity. Awards funding to Thomas Township for sewer and other infrastructure improvements to facilitate private investment of at least \$200.0 million. (Funding would not be provided if the Township receives a grant under Section 88t of the Michigan Strategic Fund Act after September 15, 2022.)

Sec. 412. Labor and Economic Opportunity. Awards funding appropriated for Infrastructure Improvement Grant to Pontiac for the construction of a new bypass road.

Sec. 413. Labor and Economic Opportunity. Awards funding appropriated for Downtown Placemaking to Adrian to remove blight, incentivize new residential development; create new parks, open spaces, and trails; and provide river cleanup.

Sec. 414. Labor and Economic Opportunity. Awards funding appropriated for Municipal Information Technology and Cybersecurity Upgrades to Dearborn for this upgrade related to cybersecurity and information technology.

Sec. 415. Labor and Economic Opportunity. Includes general language governing enhancement grants and economic development and workforce grants.

Repealers. Repeals Sections 991 (20.0 limited-term FTEs for housing and rental assistance; the bill would make these full-time employees instead) and 1097 (CFDI) of Article 5 of PA 166 of 2022. Repeals Section 818 (Michigan Law Enforcement Officers Memorial Monument Fund) of Article 5 of PA 87 of 2021.

Table 3

FY 2021-22 Supplemental Appropriations				
Department/Program	Gross	Federal	Other	GF/GP
Corrections				
Field operations	\$0	\$24,700,000	\$0	(\$24,700,000)
Mental health and substance use disorder treatment services	0	32,300,000	0	(32,300,000)
Total Corrections	\$0	\$57,000,000	\$0	(\$57,000,000)

FY 2021-22 Supplemental Appropriations				
Department/Program	Gross	Federal	Other	GF/GP
Environment, Great Lakes, and Energy				
Drinking water declaration of emergency – work project reappropriation	\$2,800,000	\$0	\$2,800,000	\$0
Total Environment, Great Lakes, and Energy	\$2,800,000	\$0	\$2,800,000	\$0
Labor and Economic Opportunity				
Unemployment Insurance Agency	\$21,627,100	\$21,627,100	\$0	\$0
Total Labor and Economic Opportunity	\$21,627,100	\$21,627,100	\$0	\$0
Military and Veterans Affairs				
Grand Rapids Home for Veterans	\$3,400,000	\$0	\$0	\$3,400,000
Total Military and Veterans Affairs	\$3,400,000	\$0	\$0	\$3,400,000
Natural Resources				
Wildlife management	\$100,000	\$0	\$100,000	\$0
Total Natural Resources	\$100,000	\$0	\$100,000	\$0
State Police				
Post operations	\$0	\$48,200,000	\$0	(\$48,200,000)
Federal ineligible expenses	105,200,000	0	0	105,200,000
Total State Police	\$105,200,000	\$48,200,000	\$0	\$57,000,000
Total FY 2021-22 Supplemental Appropriations	\$133,127,100	\$126,827,100	\$2,900,000	\$3,400,000

FY 2022-23 Supplemental Appropriations				
Department/Program	Gross	Federal	Other	GF/GP
Health and Human Services				
Child caring institutions rate increase (ongoing) (child care fund and foster care payments)	\$25,000,000	\$0	\$0	\$25,000,000
Quality assurance assessment program	4,237,200	0	0	4,237,200
First responder and public safety staff mental health	7,500,000	0	0	7,500,000
Senior living and healthcare expansion	4,000,000	0	0	4,000,000
Behavioral health facilities grants	1,500,000	0	0	1,500,000
Critical child welfare infrastructure	15,000,000	0	0	15,000,000
Behavioral health care services and facilities	15,000,000	0	0	15,000,000
Total Health and Human Services	\$72,237,200	\$0	\$0	\$72,237,200
Labor and Economic Opportunity				
Critical industry program	\$100	\$0	\$100	\$0
Downtown placemaking grant	12,000,000	0	0	12,000,000
Economic development and workforce grants	240,000	0	0	240,000
Infrastructure improvement grant	7,500,000	0	0	7,500,000
<i>Bauserman v Unemployment Insurance Agency</i>	20,000,000	0	20,000,000	0
Michigan enhancement grants	800,000	0	0	800,000
Michigan strategic site readiness program	100	0	100	0
Workforce and infrastructure grant	27,000,000	0	0	27,000,000
Municipal information technology and cybersecurity	2,500,000	0	0	2,500,000
Strategic Outreach and Attraction Reserve Fund	846,100,000	0	0	846,100,000
Total Labor and Economic Opportunity	\$916,140,200	\$0	\$20,000,200	\$896,140,000
Military and Veterans Affairs				
Armory modernization	\$15,000,000	\$0	\$0	\$15,000,000
Total Military and Veterans Affairs	\$15,000,000	\$0	\$0	\$15,000,000
Total FY 2022-23 Supplemental Appropriations	\$1,003,377,400	\$0	\$20,000,200	\$983,377,200

Fiscal Analyst: Josh Sefton

[S2122\844es](#)

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

ONGOING BUDGET ACTIVITIES: TRANSFERS

Transfers are a statutory mechanism that allows the Legislature to move existing appropriation authorization within a specific department. There are two types of transfers: Administrative and Legislative, and there are two kinds of Legislative transfers, Standard transfers and Contingency Fund transfers.

Administrative Transfers: These transfers allow for adjustments in cost and price variations from the enacted budget. Administrative transfers also are used to fund payments required by court judgments. Administrative transfers are recommended to the Legislature for approval by the State Budget Office (SBO). An Administrative transfer takes effect 30 days following the submission of the transfer request to the Legislature, unless the proposed Administrative transfer is rejected by the Appropriations Committee of either the House or the Senate.

Standard Legislative Transfers: These transfers are most commonly used to cover a shortfall in one appropriation line item by moving funding authorization from another appropriation line item that has surplus funding authorization. Legislative transfers are recommended to the Legislature for approval by the SBO. Legislative transfers take effect only when they are approved in identical amounts by both the House and Senate Appropriations Committees.

Contingency Fund Legislative Transfers: These transfers are authorized in boilerplate of appropriation bills. The language typically authorizes a department to spend funds in addition to the amounts appropriated in line items for Federal, State Restricted, local, and private revenue sources. The spending authorization is limited to a specific amount. Contingency funds are not available for expenditure until they have been transferred to another line item pursuant to the same process as legislative transfers under Section 393(2) of the Management and Budget Act, MCL 18.1393. Contingency fund transfers were first authorized in the early 1990s. They are a mechanism created as an alternative to the legislative process for supplemental appropriations.

SENATE FISCAL AGENCY EXPLANATION OF TRANSFER PROCESS

SENATE FISCAL AGENCY MEMORANDUM



DATE: November 29, 2022
TO: All Fiscal Analysts
FROM: Cory Savino, Transfer Coordinator
RE: Transfers

The Management and Budget Act (Public Act 431 of 1984) establishes the process for transferring funds within any State department during a fiscal year. The transfer process includes two types of transfers: administrative transfers and what are commonly called "legislative" transfers.

Administrative transfers fall into the following categories:

1. Adjustment of current cost and price variations from the enacted budget.
2. Adjustment of amounts between Federal sources of financing for an appropriation line item.
3. Adjustment of amounts between restricted financing sources for an appropriation line item.
4. Covering the cost of court judgments, including court approved consent judgments.
5. Payment of settlements and claims.

There are two kinds of legislative transfers: "standard" and "contingency fund" transfers. Standard legislative transfers can be either expenditure-driven or revenue-driven. Some common examples are for line items that depend on estimating usage of a given program, such as prison head counts, or Medicaid caseload. For each appropriation bill, estimates are made of the amount of usage, but there are often discrepancies during the year, and money is transferred from one line or facility to another to adjust for these differences. Another common need for a legislative transfer is a revenue shortfall. Programs that depend on certain revenue, which can vary, may also require this type of transfer.

Contingency fund transfers are authorized in the boilerplate of individual departments' annual appropriation bills. A contingency fund transfer moves authorization from the boilerplate section of an appropriation bill to the line-item section in Part 1 of the bill to recognize additional Federal, private, local, or State restricted revenue that has become available since the initial enactment of the budget. Contingency fund transfers increase the total appropriation for a department. The total amount of contingency fund transfers is capped in the boilerplate at a specific amount for each fund source, and the funds cannot be expended until additional funds are actually available and have been transferred to a Part 1 line item using the legislative transfer process created under Section 393(2) of the Management and Budget Act.

Legislative transfers **cannot** be used for any of the following purposes:

1. To create a new line item appropriation or to create a new State program.
2. To transfer funds to or from an appropriation line item that did not appear in the fiscal year appropriation bills for which the transfer is being made.
3. To transfer funds to or from a work project as designated under Section 451a.
4. To transfer funds between State governmental funds.

There are generally three main packages of legislative transfers: mid-year, year-end and book-closing. These typically arrive in May, September, and the end of October or beginning of November, respectively. In addition, other transfers can be received at any time. Both the House and Senate Fiscal Agencies then prepare analyses for the Appropriations Committees to vote on. After the transfers are passed by the Committees, a final version of the package is sent to the Director of the State Budget Office (SBO).

The House and Senate alternate sending the final version for two-year periods; therefore, the official version of the package is the one sent to the SBO.

When SFA receives transfer letters electronically from the State Budget Office, copies of the transfers are distributed with the SBO explanation to the individual analysts. When you receive a transfer, please take the following steps:

- Fill in the year-to-date appropriation for each line item.
- Review the line items and funding sources. The line items must match the appropriation bills exactly. Sometime the State Budget Office request will be different than the bill because the line item and fund source is pulled from SIGMA.
- Check all of the numbers in your transfers. Total funding sources should equal the total transfer. If you have more than one funding source, make sure the totals add up.
- Review SBO's explanation for the transfer. It should contain both why the transfer is requested and why there are available funds in the line from which the money is being transferred. Phrases such as "sufficient funds are available" need to be expanded to provide a brief explanation of why funds are available and you should always verify this by reviewing the status of the line items in the State accounting system. Clarify anything that seems unclear, and explain terminology that someone not affiliated with your department might not understand. Feel free to put the explanation entirely in your own words.
- Check with your counterpart at House Fiscal to confirm your numbers and the reason for the transfer. Remember that these need to pass both Appropriations Committees in identical form to go into effect.
- Submit the completed write-ups to Nicole Fettes.
- Once we have all the write-ups assembled into the final package, I and Joe Carrasco will review write-ups and will send out the package to all of the relevant fiscal analysts to review any edits. Inform Nicole if you agree with all of the changes or if you need to make additional changes. Nicole will accept changes and send the package to Kathryn Summer for final review before distribution
- Keep me informed if there are any changes to the package before the meeting. For example, if there is some question about a transfer or SBO requests that we pull a transfer, or a Senator intends to pull a transfer, we need to know to make those changes.
- Remind representatives from your department to attend the meeting as well. They should be available to answer questions.
- Attend the SAC meeting when the transfers are taken up. You may be called upon to answer questions.
- Following the meeting, if there are any subsequent changes, please keep me informed.
- After the HAC has approved the transfer package, Nicole will forward a PDF of the House-passed package to all of the relevant fiscal analysts for a check against their write-ups.
- After the transfers have passed both Committees, analysts will receive a copy of the official version of the package, as well as a copy of the letter sent by the Committee Chairs to the State Budget Director transmitting the approved transfers. These are updated to reflect the Senate and House action on the transfers. If there are any problems with these packages, please inform me.
- Finally, if you have a Contingency Fund transfer, Fred will inform you when the BT file can be updated to reflect the adopted transfer.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

EXAMPLE OF A STATE BUDGET OFFICE ADMINISTRATIVE TRANSFER LETTER

October 26, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Mary Whiteford, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Administrative Transfer Request 2022-9

The attached administrative transfers for fiscal year 2022 are in accordance with section 393(1) of Act No. 431, P.A. 1984, as amended. The act provides that transfers may be effective 30 days after notifying the Senate and House Appropriations committees.

The following information summarizes the transfers:

<u>Department</u>	<u>Transfer Amount</u>
Corrections	\$770,000
Licensing and Regulatory Affairs	\$1,261,300
Total	\$2,031,300

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 10/25/2022**Transfer Letter Detail****Run Time:** 10:51:55 AM**Administrative Transfer****Letter # 2022-9****Corrections****FROM: CORRECTIONAL FACILITIES ADMINISTRATION**

Prison food service	59100		(770,000)
State general fund/general purpose	1000	GFGP	(770,000)

TO: DEPARTMENTAL ADMINISTRATION AND SUPPORT

Worker's compensation	14000		770,000
State general fund/general purpose	1000	GFGP	770,000

This transfer request provides additional authorization to support increased worker's compensation claims for the Department of Corrections. Funding is available because of cost savings in the Prison Food Service line item due to lower than projected inmate numbers.

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 10/25/2022**Transfer Letter Detail****Run Time:** 10:51:55 AM**Administrative Transfer****Letter # 2022-9****Licensing and Regulatory Affairs****FROM: OCCUPATIONAL REGULATION**

Bureau of fire services	32800		(80,000)
Fire service fees	1281	STRS	(80,000)

TO: OCCUPATIONAL REGULATION

Bureau of fire services	32800		80,000
Aboveground storage tank fees	1203	STRS	80,000

This administrative transfer shifts \$80,000 between state restricted funding sources on the Bureau of Fire Services line. This adjustment is needed to align expenditures with available revenues for Aboveground Storage Tank Fees in support of regulatory activities of the Aboveground Storage Tank program. Spending authorization and revenue is sufficient to effectively support this adjustment.

FROM: INFORMATION TECHNOLOGY

Information technology services and projects	16020		(1,181,300)
Construction code fund	1138	STRS	(100,000)
Corporation fees	1242	STRS	(389,300)
Fire service fees	1281	STRS	(18,000)
Health systems fees	1298	STRS	(6,000)
Licensing and regulation fund	1322	STRS	(200,000)
Marihuana registry fund	1342	STRS	(68,000)
Marihuana regulatory fund	1551	STRS	(350,000)
Public utility assessments	1388	STRS	(50,000)

TO: INFORMATION TECHNOLOGY

Information technology services and projects	16020		1,181,300
Fireworks safety fund	1282	STRS	18,000
Health professions regulatory fund	1297	STRS	580,000
Liquor purchase revolving fund	2330	STRS	165,300
Marihuana regulation fund	1555	STRS	418,000

This administrative transfer shifts \$1.2 million between state restricted funding sources in the Information Technology Services and Projects (IT) line item. This adjustment is needed to align expenditures with various state restricted fund sources to support ongoing maintenance costs of IT systems in several department bureaus. The primary change is due to Michigan Professional License User System (MI-PLUS) moving from a project phase into maintenance, which increased the costs charged to the IT appropriation for the Health Professions Regulatory Fund. The Sales Inventory Purchasing System Plus (SIPS+) Legacy Modernization project has also resulted in increased costs for the Liquor Purchase Revolving Fund due to charges for DTMB services.

SENATE FISCAL AGENCY ANALYSIS OF ADMINISTRATIVE TRANSFER REQUEST

SENATE FISCAL AGENCY MEMORANDUM



DATE: November 7, 2022
TO: Members of the Appropriations Subcommittee on Licensing and Regulatory Affairs
FROM: Jonah Houtz, Fiscal Analyst
RE: Administrative Transfer Request 2022-9

The State Budget Office has requested the following administrative transfer(s):

Licensing and Regulatory Affairs		Transfer Amount
FROM:	OCCUPATIONAL REGULATION	
	Bureau of fire services	(80,000)
	Fire service fees	(80,000)
TO:	OCCUPATIONAL REGULATION	
	Bureau of fire services	80,000
	Aboveground storage tank fees	80,000
<p>This administrative transfer will shift \$80,000 between State restricted funding sources on the Bureau of Fire Services line. This adjustment is needed to align expenditures with available revenues for Aboveground Storage Tank Fees in support of regulatory activities of the Aboveground Storage Tank program, included in the Bureau of Fire Services line item. Spending authorization and revenue is sufficient to effectively support this adjustment.</p>		

FROM:	INFORMATION TECHNOLOGY	
	Information technology services and projects	(1,181,300)
	Construction code fund	(100,000)
	Corporation fees	(389,300)
	Fire service fees	(18,000)
	Health systems fees	(6,000)
	Licensing and regulation fund	(200,000)
	Marihuana registry fund	(68,000)
	Marihuana regulatory fund	(350,000)
Public utility assessments	(50,000)	
TO:	INFORMATION TECHNOLOGY	
	Information technology services and projects	1,181,300
	Fireworks safety fund	18,000
	Health professions regulatory fund	580,000
	Liquor purchase revolving fund	165,300
	Marihuana regulation fund	418,000

This administrative transfer will shift \$1.2 million between State restricted fund sources in the Information Technology Services and Projects (IT) line item. This adjustment is needed to align expenditures with various State restricted fund sources to support ongoing maintenance costs of IT systems in several department bureaus.

The primary change is due to Michigan Professional License User System (MI-PLUS) moving from a project phase into maintenance, increasing the costs charged to the IT appropriation for the Health Professions Regulatory Fund.

The Sales Inventory Purchasing System Plus (SIPS+) Legacy Modernization project also experienced increased costs due to charges for DTMB services provided to the Liquor Licensing Board.

The transfer above meets the criteria for an administrative transfer as set forth in the Management and Budget Act (Public Act 431 of 1984). It will automatically be effective on November 25, 2022 unless rejected by either the House or Senate Appropriations Committee. If you have any questions, please let me know.

c: Kathryn Summers, Director
Joe Carrasco, Associate Director
Tom Davis, Senate Majority Policy Office
David Ettinger, Senate Democratic Office



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

EXAMPLE OF A STATE BUDGET OFFICE LEGISLATIVE TRANSFER LETTER

June 1, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2022-3

I recommend the following fiscal year 2022 legislative transfers for your approval. These transfers are in accordance with section 393(2) of Act No. 431, P.A. 1984, as amended and are recommended for approval by the House and Senate Appropriations Committees.

The following information summarizes the transfer recommendation:

<u>Department</u>	<u>Transfer Amount</u>
Environment, Great Lakes, and Energy	\$10,000,000
Health and Human Services	\$4,600,000
Military and Veterans Affairs	\$3,500,000
State	\$150,000
State Police	\$216,000,000
Total	\$234,250,000

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 05/31/2022**Transfer Letter Detail****Run Time:** 1:24:47 PM**Legislative Transfer****Letter # 2022-3****Environment, Great Lakes, and Energy****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(10,000,000)
Contaminated site cleanup contingency reserve fund	1579	STRS	(10,000,000)

TO: ONE-TIME APPROPRIATIONS

Contaminated site cleanup contingency reserve fund	T37749		10,000,000
Contaminated site cleanup contingency reserve fund	1579	STRS	10,000,000

This request seeks to transfer \$10 million in state restricted boilerplate authorization to support contaminated site cleanups. State restricted contingency funds are available in accordance with P.A. 87 of 2021, Article 4, Section 1017.

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 05/31/2022**Transfer Letter Detail****Run Time:** 1:24:47 PM**Legislative Transfer****Letter # 2022-3****Health and Human Services****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(4,600,000)
State restricted contingency revenues	1441	STRS	(4,600,000)

TO: BEHAVIORAL HEALTH SERVICES

Healthy Michigan plan - behavioral health	47620		4,600,000
Quality assurance assessment tax	1902	STRS	4,600,000

This transfer request shifts \$4.6 million in restricted contingency fund authorization to the Healthy Michigan Plan-Behavioral Health line. This transfer is needed to account for additional revenue from the quality assurance assessment tax. The department anticipates receiving 5 quarters of Psychiatric HRA revenue in FY22. The fourth quarter collection from FY21 was received too late in the year to recognize as part of the FY21 accrual, so instead it will be recognized as additional revenue in FY22. State restricted contingency funds are available in accordance with P.A. 87 of 2021, Article 6, Section 210(2).

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 05/31/2022**Transfer Letter Detail****Run Time:** 1:24:47 PM**Legislative Transfer****Letter # 2022-3****Military and Veterans Affairs****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(3,000,000)
Federal contingency revenues	3010	FDRL	(3,000,000)

TO: MICHIGAN VETERANS' FACILITY AUTHORITY

D.J. Jacobetti home for veterans	38850A		3,000,000
USDVA-VHA	3278	FDRL	3,000,000

This request transfers federal contingency authorization to the D.J. Jacobetti Home for Veterans line in order to align authorization with projected USDVA-VHA revenue and expenditures. Federal contingency funds are available in accordance with P.A. 87 of 2021, Article 10, Section 210(1). USDVA-VHA revenue is calculated based on the daily census at the home and the established per diem rate.

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(500,000)
Federal contingency revenues	3010	FDRL	(500,000)

TO: MICHIGAN VETERANS' FACILITY AUTHORITY

D.J. Jacobetti home for veterans	38850A		500,000
HHS-HCFA, title XIX, Medicaid	3277	FDRL	500,000

This request transfers federal contingency authorization to the D.J. Jacobetti Home for Veterans line in order to align authorization with projected Medicaid revenue and expenditures. Federal contingency funds are available in accordance with P.A. 87 of 2021, Article 10, Section 210(1). Anticipated revenues are based on the average of FY 2022 year-to-date monthly billings.

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 05/31/2022**Transfer Letter Detail****Run Time:** 1:24:47 PM**Legislative Transfer****Letter # 2022-3****State****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(150,000)
State restricted contingency revenues	1441	STRS	(150,000)

TO: DEPARTMENTAL ADMINISTRATION AND SUPPORT

Worker's compensation	14000		100,000
Transportation administration collection fund	1464	STRS	100,000

CUSTOMER DELIVERY SERVICES

Motorcycle safety education administration	54950		50,000
Motorcycle safety and education awareness fund	1544	STRS	50,000

This transfer provides a total of \$150,000 of state restricted contingency authorization to two line items, pursuant to PA 87 of 2021, Article 5, Section 701. It includes \$100,000 in contingency fund authorization transferred to the Workers Compensation line item to provide for additional Transportation Administration Collection (TAC) Fund authorization needed for the department to fulfill a one-time settlement payment, and \$50,000 transferred to the Motorcycle Safety Education Administration line item to provide for the expenditure of additional Motorcycle Safety and Education Awareness (MSEA) Fund revenues for the "Look Twice Save a Life" media campaign forthcoming this summer. Sufficient TAC and MSEA revenues exist to support these transfers.

Report ID: BUD-TRNLET-0046**SIGMA****Run Date:** 05/31/2022**Transfer Letter Detail****Run Time:** 1:24:47 PM**Legislative Transfer****Letter # 2022-3****State Police****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(216,000,000)
DHS	3565	FDRL	(216,000,000)

TO: ONE-TIME APPROPRIATIONS

Emergency and disaster response and mitigation	T41360		216,000,000
DHS	3565	FDRL	216,000,000

This request transfers federal contingency authorization to the Emergency and disaster response and mitigation line to align authorization with available Federal Emergency Management Agency (FEMA) funding to support COVID response and mitigation projects administered by the Michigan Department of Health and Human Services. These projects include long-term care facility testing and strike teams, county jail testing, community based testing, local health department immunization funding, and communication to disseminate vaccines. Federal contingency funds are available in accordance with PA 87 of 2021, Article 12, Section 801.



FY 2021-22 LEGISLATIVE TRANSFER PACKAGE

Department/Budget Area	FY 2021-22 Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount	Page Number	Transfer Percent of Y-T-D Gross
Environment, Great Lakes, and Energy	\$2,644,068,500	\$10,000,000	\$0	\$10,000,000	1	0.38%
Health and Human Services	33,183,378,600	4,600,000	0	4,600,000	2	0.01%
Military and Veterans Affairs	220,852,600	3,500,000	0	3,500,000	3	1.58%
State	252,164,300	150,000	0	150,000	4	0.06%
State Police	856,236,100	216,000,000	0	216,000,000	5	25.23%
Total	\$37,156,700,100	\$234,250,000	\$0	\$234,250,000		0.63%

Year-to-Date (YTD) Gross Appropriation Total represents all department budgets.

FY 2021-22 CONTINGENCY TRANSFER FUND SOURCES

Department/Budget Area	Inter- Departmental Grants	Federal	Local/ Private	State Restricted	Total Contingency Transfer Amount	Percent Increase of Y-T-D Gross
Environment, Great Lakes, and Energy	\$0	\$0	\$0	\$10,000,000	\$10,000,000	0.38%
Health and Human Services	0	0	0	4,600,000	4,600,000	0.01%
Military and Veterans Affairs	0	3,500,000	0	0	3,500,000	1.58%
State	0	0	0	150,000	150,000	0.07%
State Police	0	216,000,000	0	0	216,000,000	25.23%
Total	\$0	\$219,500,000	\$0	\$14,750,000	\$234,250,000	0.63%

YTD as of March 31, 2022

State Budget Office Request 2022-3, June 1, 2022

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-3

BUDGET AREA: ENVIRONMENT, GREAT LAKES, AND ENERGY

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 9/20/2022	HOUSE ACTION 8/17/2022
TOTAL TRANSFER REQUEST: \$ 10,000,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	10,000,000	(10,000,000)	(10,000,000)	(10,000,000)
Contaminated site cleanup contingency reserve fund	10,000,000	(10,000,000)	(10,000,000)	(10,000,000)
TO: ONE-TIME APPROPRIATIONS				
Contaminated site cleanup contingency reserve fund	100	10,000,000	10,000,000	10,000,000
Contaminated site cleanup contingency reserve fund	100	10,000,000	10,000,000	10,000,000

This request would transfer \$10.0 million in State restricted boilerplate authorization to support contaminated site cleanups. State restricted contingency funds are available in accordance with P.A. 87 of 2021, Article 4, Section 1017. These funds are only allowed to be used for rapid response to emerging contaminated sites and to address the cleanup of contaminated sites that do not qualify for funding from other available fund resources. According to the Department, all available funding from other sources for the use of contaminated site cleanups has been allocated to qualified cleanup projects, although those funds have not yet been encumbered in the Statewide Integrated Governmental Management Application (SIGMA). Therefore, the Department has indicated that the \$10.0 million available in the contaminated site cleanup contingency reserve fund is necessary for the Department to be able to address emergency cleanup situations, and to not cause the Department to halt ongoing projects when emergency action is necessary.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-3

BUDGET AREA: HEALTH AND HUMAN SERVICES

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 9/20/2022	HOUSE ACTION 8/17/2022
TOTAL TRANSFER REQUEST: \$ 4,600,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	20,000,000	(4,600,000)	(4,600,000)	(4,600,000)
State restricted contingency revenues	20,000,000	(4,600,000)	(4,600,000)	(4,600,000)
TO: BEHAVIORAL HEALTH SERVICES				
Healthy Michigan plan - behavioral health	603,614,300	4,600,000	4,600,000	4,600,000
Total other state restricted revenues	6,891,900	4,600,000	4,600,000	4,600,000

This transfer request would shift \$4.6 million in restricted contingency fund authorization to the Healthy Michigan Plan-Behavioral Health line. This transfer is needed to account for additional revenue from the Quality Assurance Assessment Tax. The department anticipates receiving five quarters of Psychiatric Hospital Rate Adjustment (HRA) revenue in FY 2021-2022. The Psychiatric HRA is a supplemental payment that is made after Prepaid Inpatient Health Plans pay inpatient psychiatric facilities. The payment is allocated to inpatient private psychiatric facilities providers. Outpatient behavioral health providers do not participate in the tax assessment and do not receive HRA payments.

In FY 2020-21, the 4th quarter Psychiatric HRA bill did not go out until November 29th, 2021. In accordance with Federal Office of Financial Management guidelines, only revenue that has been received by November 30th of the following fiscal year can be recorded as revenue received in the previous fiscal year. Due to the timing of the payment, the revenue will need to be recognized in FY 2021-22. This transfer provides the Department with the necessary authorization to recognize the receipt of this revenue.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-3

BUDGET AREA: MILITARY AND VETERANS AFFAIRS

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 9/20/2022	HOUSE ACTION 8/17/2022
TOTAL TRANSFER REQUEST: \$ 3,500,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	8,600,000	(3,000,000)	(3,000,000)	(3,000,000)
Federal contingency revenues	8,600,000	(3,000,000)	(3,000,000)	(3,000,000)
TO: MICHIGAN VETERANS' FACILITY AUTHORITY				
D.J. Jacobetti home for veterans	24,639,200	3,000,000	3,000,000	3,000,000
DVA-VHA	5,263,900	3,000,000	3,000,000	3,000,000

This request would transfer Federal contingency authorization to the D.J. Jacobetti Home for Veterans line in order to align authorization with projected USDVA-VHA revenue and expenditures. DVA-USVHA revenue is calculated based on the daily census at the home and the established per diem rate.

FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	8,600,000	(500,000)	(500,000)	(500,000)
Federal contingency revenues	8,600,000	(500,000)	(500,000)	(500,000)
TO: MICHIGAN VETERANS' FACILITY AUTHORITY				
D.J. Jacobetti home for veterans	24,639,200	500,000	500,000	500,000
HHS-HCFA, title XIX, Medicaid	1,807,900	500,000	500,000	500,000

This request would transfer Federal contingency authorization to the D.J. Jacobetti Home for Veterans line in order to align authorization with projected Medicaid revenue and expenditures. Anticipated revenues are based on the average of FY 2021-22 year-to-date monthly billings.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-3

BUDGET AREA: STATE

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 9/20/2022	HOUSE ACTION 8/17/2022
TOTAL TRANSFER REQUEST: \$ 150,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	500,000	(150,000)	(150,000)	(150,000)
State restricted contingency revenues	500,000	(150,000)	(150,000)	(150,000)
TO: DEPARTMENTAL ADMINISTRATION AND SUPPORT				
Worker's compensation	122,900	100,000	100,000	100,000
Transportation administration collection fund	66,800	100,000	100,000	100,000
CUSTOMER DELIVERY SERVICES				
Motorcycle safety education administration	647,600	50,000	50,000	50,000
Motorcycle safety and education awareness fund	300,000	50,000	50,000	50,000

This transfer would provide a total of \$150,000 of State restricted contingency authorization to two line items, pursuant to PA 87 of 2021, Article 5, Section 701. It would include \$100,000 in contingency fund authorization transferred to the Worker's Compensation line item to provide for additional Transportation Administration Collection (TAC) Fund authorization needed for the Department to fulfill a one-time settlement payment, and \$50,000 transferred to the Motorcycle Safety Education Administration line item to provide for the expenditure of additional Motorcycle Safety and Education Awareness (MSEA) Fund revenues for the "Look Twice Save a Life" media campaign, designed to reduce automobile and bicycle collisions, for the 2022 summer season. Sufficient TAC and MSEA revenues exist to support these transfers.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-3

BUDGET AREA: STATE POLICE

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 9/20/2022	HOUSE ACTION 8/17/2022
TOTAL TRANSFER REQUEST: \$ 216,000,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	300,000,000	(216,000,000)	(216,000,000)	(216,000,000)
Total federal revenues	300,000,000	(216,000,000)	(216,000,000)	(216,000,000)
TO: ONE-TIME APPROPRIATIONS				
Emergency and disaster response and mitigation	45,000,000	216,000,000	216,000,000	216,000,000
Total federal revenues	45,000,000	216,000,000	216,000,000	216,000,000

This request would transfer Federal contingency authorization to the Emergency and Disaster Response and Mitigation line to align authorization with available Federal Emergency Management Agency (FEMA) funding to support COVID response and mitigation projects administered by the Michigan Department of Health and Human Services. These projects include long-term care facility testing and strike teams, county jail testing, community based testing, local health department immunization funding, and communication to disseminate vaccines. Spending authority is available in accordance with PA 87 of 2021, Article 12, Section 801, which allows up to \$300.0 million in Federal authorization for emergency and disaster response and mitigation that is available for expenditure only after a transfer to a Part 1 line item.

FEMA reimburses states and locals for costs associated with disasters or emergencies. Generally, costs must be incurred by state/local entities up front for a project at time of disaster and repair, and once completed, the project is then entered into the FEMA Public Assistance portal for approval by FEMA for reimbursement. FEMA then reviews and reimburses the state/local entity. Depending on the magnitude of the disaster or emergency, this may take years for projects to close. Under the COVID pandemic provisions, timing of review and reimbursement from FEMA is taking longer than normal.



86TH DISTRICT
H-351 CAPITOL BUILDING
P.O. BOX 30014
LANSING, MI 48909-7514

MICHIGAN HOUSE OF REPRESENTATIVES

THOMAS A. ALBERT

APPROPRIATIONS CHAIR

PHONE: (517) 373-0846
FAX: (517) 373-8714
ThomasAlbert@house.mi.gov
www.repalbert.com

September 21, 2022

Mr. Chris Harkins, Director
Office of the State Budget
Department of Technology, Management, and Budget
6th Floor Romney Building
Lansing, MI 48090

Dear Director Harkins,

For your information, the attached transfer package has been approved by a majority of the members of both the House and Senate Appropriations Committees.

The transfers approved are from the Office of the State Budget letter dated June 1, 2022, Legislative Transfer Request 2022-3. The transfers are for the Departments of Environment, Great Lakes, and Energy, Health and Human Services, Military and Veterans Affairs, State and State Police.

If you need further information, please do not hesitate to contact us.

Sincerely,

Thomas Albert, Chair
House Appropriations Committee

Jim Stamas, Chair
Senate Appropriations Committee

**GLOSSARY OF GOVERNMENTAL BUDGETING AND ACCOUNTING
TERMS AND DEFINITIONS**

DEFINITIONS	
Accounting Period:	A period at the end of which and for which financial statements are prepared.
Accounting Procedure:	A group of closely related clerical operations which comprise a subjunction of a system.
Accounting System:	Records and procedures, both formal and informal, that relate to the assembling, recording and reporting of information related to the financial operations, and that also provide necessary internal controls.
Accounts Payable:	Amounts owed to others for goods and services received and assets acquired.
Accounts Receivable:	Amounts due from others for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable.
Accrual Basis of Accounting:	The basis of accounting under which revenues are recorded when earned and expenditures are recorded when goods are received and services performed even though the receipt of the revenue or the payment of the expenditure may take place, in whole or part, in another accounting period.
Activity:	A specific line of work carried on by a governmental unit in order to perform its function as specified by constitutional, statutory, or administrative fiat.
Allotment:	A portion of an appropriation set aside for use during a certain period or for a particular purpose.
Appropriation:	<p>An authorization granted by the constitution or the legislature to make expenditures and to incur obligations for a specific purpose. An appropriation is usually limited in amount and as to the time when it may be spent, normally calendar or fiscal year. In the case of Michigan, the time is October 1 to September 30.</p> <p>Gross Appropriations: Total level of State appropriations from all fund sources</p> <p>Adjusted Gross Appropriations: Total Gross Appropriations excluding interdepartmental grants and transfers</p> <p>State Spending from State Resources Appropriations: Total level of State appropriations excluding Federal, local, and private funding sources; includes only State Restricted and General Fund/General Purpose appropriations</p> <p>State Restricted Revenue Appropriations: State taxes or fees that are designated for a specific purpose in the budget by either constitutional or statutory requirements</p>

	General Fund/General Purpose Appropriations: Unrestricted portion of State budget fund sources
Assets:	Any item of economic value owned by a governmental unit. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value.
Audit:	<p>The examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, for one or more of the following purposes: (a) determining the propriety, legality, and mathematical accuracy of proposed or consummated transactions; (b) ascertaining whether all transactions have been recorded; and (c) determining whether transactions are accurately reflected in the accounts and in the statements drawn therefrom in accordance with accepted accounting principles.</p> <p><u>Note:</u> The term "audit" is sometimes applied to the examination of a single transaction; for example, the audit of an invoice; that is, the checking of an invoice and supporting evidence for the purpose of approving the invoice for payment and properly reflecting the transaction in the accounts. This is referred to as preaudit. On the other hand, even a limited special audit involves the examination of documents, records, reports, systems of internal control, and other evidence. The term "audit" is, thus, of little significance when used without a modifier.</p>
Balanced Budget:	A budget in which receipts are equal to or greater than outlays.
Baseline Revenue:	Total revenue excluding revenue derived from one-time revenue items and tax structure changes. One-time revenue items typically include such things as an accounting change that results in a one-time revenue gain during the period when the change is implemented or a one-time transfer of revenue from one fund to another fund. Tax structure changes include tax rate increases or decreases, and additions to or subtractions from the base of a tax.
Boilerplate:	Intent language in appropriation bills.
Budget:	<p>A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.</p> <p><u>Note:</u> The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the legislature for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the legislature. The term is also sometimes confused with the budget document.</p>
Budget Authority:	Authority provided by law to enter into obligations that will result in immediate or future outlays involving State government funds.

Budgetary Accounts:	Those accounts necessary to reflect budget operations and condition, such as estimated revenues, appropriations, and encumbrances, as distinct from the proprietary accounts.
Budgetary Control System:	A system designed to provide management with the information necessary to keep encumbrances and expenditures within an allotment.
Capital Outlay:	Expenditures that result in the acquisition of or additions to fixed assets, i.e., land acquisition, building and construction, addition, renovation.
Carry Forward:	A portion or total of the unspent balance of an appropriation that is made available for expenditure in the succeeding year.
Cash Basis of Accounting:	The basis of accounting whereby revenues are recorded when received in cash and expenditures (outlays) are recorded when paid, without regard to the accounting period to which the transactions apply.
Consumer Price Index:	A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers. The consumer price index (CPI) for all urban consumers covers about 80% of the total population.
Cost-Benefit Analysis:	<p>An analytical technique that compares the social costs and benefits of proposed programs or policy actions. All losses and gains experienced by society are included and measured in dollar terms. The net benefits created by an action are calculated by subtracting the losses incurred by some sectors of society from the gains that accrue to others. Alternative actions are compared to choose one or more that yield the greatest net benefits, or ratio of benefits to costs.</p> <p>The inclusion of all gains and losses to society in cost-benefit analysis distinguishes it from cost-effectiveness analysis, which is a more limited view of costs and benefits.</p>
Cost Center:	A unit or organization for which costs are accumulated or computed. In the State this may take several forms: (1) a significant activity within a department for which administrative control is desirable and/or necessary, (2) a designated area within a department with costs that have significance in terms of financing and budgeting of the department, (3) an area or activity under a single supervisor with costs that can be controlled by direct budgeting to such supervisor.
Cost-Effectiveness Analysis:	An analytical technique used to choose the most efficient method for achieving a program or policy goal. The costs of alternatives are measured by their requisite estimated dollar expenditures. Effectiveness is defined by the degree of goal attainment, and may also (but not necessarily) be measured in dollars. Either the net effectiveness (effectiveness minus costs) or the cost effectiveness ratios of alternatives are compared. The most cost-effective method chosen may involve one or more alternatives.

Countercyclical:	Actions aimed at smoothing out swings in economic activity. Countercyclical actions may take the form of monetary and fiscal policy (such as countercyclical revenue sharing or jobs programs). Automatic (built-in) stabilizers have a countercyclical effect without necessitating changes in governmental policy.
Deficit:	The excess of the liabilities and reserves of a fund over its assets.
Deficit Financing:	A situation in which the Federal government's excess of outlays over receipts for a given period is financed by borrowing from the public.
Deficiency:	A general term indicating the amount by which anything falls short of some requirement or expectation. The term should not be used without qualification.
Depreciation:	The systematic and rational allocation of the costs of equipment and buildings (having a life of more than one year) over their useful lives. To match costs with related revenues in measuring income or determining the costs of carrying out program activities, depreciation reflects the use of the asset(s) during specific operating periods.
Disposable Income:	Personal income less personal tax and nontax payments.
Encumbrances:	An amount of the available balance of an allotment earmarked for paying anticipated or known obligations.
Fiscal Policy:	Federal government policies with respect to taxes, spending and debt management, intended to promote the nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing Federal fiscal policy. The other major component of Federal macroeconomic policy is monetary policy.
Fiscal Year:	Any yearly accounting period. The State's fiscal year begins on October 1 and ends on the following September 30. Budget Year: The fiscal year for which the budget is being considered; the fiscal year following the current year. Current Year: The fiscal year in progress. Prior Year: The fiscal year immediately preceding the current year.
Fiscal Year Equated Student (FYES):	The representation of 30 semester credit hours per year.
Fixed Charges:	Repetitive expenditures of which the amounts are more or less constant. These may repeat at various intervals, weekly, monthly, annually, etc. Examples are insurance premiums, contributions to pensions, and land and building rentals.
Full Faith and Credit Debt:	State and local debt for which the credit of the government, implying the power of taxation, is unconditionally pledged.

<p>Full Time Equated (F.T.E.):</p>	<p>A representation of 2,080 hours of employee compensated time (2,088 in a leap year), including all annual leave and used sick leave.</p>
<p>Fund:</p>	<p>In governmental accounting a fund may be described as representing a distinct phase of the activities of government and is controlled by a self-balancing group of accounts in which all of the financial transactions of the particular phase are recorded.</p> <p><u>Note:</u> A fund is both a sum of resources and an independent accounting entity. A self-balancing group of accounts must be provided for each fund to show the assets and other resources, on one hand, and obligations, surplus, and other credits, on the other. Accounts must also be set up to permit the identification of revenues and expenditures and receipts and disbursements with the fund to which they apply. Although the General Fund is available for all legally authorized purposes, the definition also applies to it, for the fund can be used for governmental purposes only and expenditures cannot be made from it without legal authorization.</p> <p>The terms "fund" and "appropriation" are often confused.</p> <p>A fund represents a distinct phase of the activities of government and the fund is controlled by a self-balancing group of accounts in which all of the financial transactions of the particular phase are recorded. For instance, the State General Fund is established to account for the general activities of State government.</p> <p>An appropriation is a legal authorization to make specified expenditures for specified purposes. A separate account is set up within each fund to account for each appropriation. Appropriations may be created by annual legislative enactment, other statutory or constitutional provisions, or contractual agreements.</p> <p>Types of Funds:</p>
	<p>Bond Funds: Bond funds are used to account for the receipt and disposition of the proceeds of all bonds issued. A separate Bond Fund must be provided for each bond issue, and each such fund must have its own self-balancing set of accounts. The manner and degree in which the bond proceeds are allocated to specific expenditure purposes will vary depending on the original authorization and related statutory implementation.</p>
	<p>Bond and Interest Redemption Funds: This type of a fund is established to account for the financing and payment of matured serial bonds and interest of a specific bond issue. It serves principally as a receiving and disbursing device. Financing is provided by other State funds or designated sources. The cash in this fund is segregated from other State cash and can be used only for payment of interest coupons or redemption of matured bonds.</p>

	<p>General Fund: By statute the State General Fund covers all State appropriation, expenditure and receipt transactions, except those for which special constitutional or statutory requirements demand separate fund accounting. Most of the traditional State services are included in the General Fund.</p> <p>The accounts of the General Fund reflect the major share of the State's fiscal transactions. It is the predominant element in the annual budget review and enactment from the viewpoints of both appropriations and taxes. This is evidenced by the frequent identification of the "General" Fund with the State of Michigan as a whole.</p> <p>The General Fund is financed by what are defined as general purpose and restricted revenues. General purposes are self-explanatory. Restricted revenues are those resources that, by constitution, statute, contract or agreement, are reserved to specific purposes, and expenditures that are limited by the amount of revenue realized.</p>
	<p>Revolving Funds: Revolving funds are those employed to finance industrial, commercial, and service activities of the State, the expenses of which are to be met by operating income; or to finance supply inventories for State institutions.</p> <p>Three distinct types of enterprises are financed through revolving funds; the most important from the standpoint of volume of transactions consist of those of a public service character. These serve the general public, and their income is derived principally from sales of products or services. The Liquor Purchase Revolving Fund and the former Mackinac Ferry Revolving Fund (now terminated) are examples of this type. Another class consists of those which serve State agencies. The Motor Transport Revolving Fund and the Paper and Stationery Revolving Fund are examples of this type. The third is the Inventory Revolving Fund.</p>
	<p>Special Revenue Funds: These are funds used to finance particular activities from the receipts of specific taxes or other revenue. Such a fund is created by constitution or statute to provide certain activities with definite and continuing revenues. After the fund is created, it usually continues year after year until discontinued or revised by equivalent authority. Accounting transactions are treated the same as they are in the General Fund.</p>
	<p>Trust and Agency Funds: Trust funds consist of assets received and held by the State in a capacity similar to that of a trustee. Agency funds consist of money received by the State as agent for other governmental units. Most of the trust funds are of the expendable type, i.e., the total resources are available for expenditure in accordance with the provisions of the trust or other restrictions. Most trust and agency funds have receipts and make expenditures and it is necessary to set up accounts to show the kind of receipts and the</p>

	nature of expenditures. At the end of a fiscal period, the receipts and expenditures are closed out and the difference is used to increase or decrease the fund balance. All receipts and expenditures of trust and agency funds are of a nonoperating nature.
Generally Accepted Accounting Principles:	Accounting procedures and methods established by the Governmental Accounting Standards Board (GASB).
Grant:	In governmental terminology, a contribution to or from a unit of government for specific or general purposes. This may take the form of donations, bequests, payments to or for local units, aid, reimbursements, etc. According to the Constitution of the State of Michigan, grants must be passed by a 2/3 vote in the Senate and House.
Grants-In-Aid:	Payments made by one government unit to another government unit for specified purposes. They represent Federal support for a State or locally administered program, or State support for a local program.
Gross Domestic Product:	The market value of the output of all goods and services produced by the nation's economy, before deduction of depreciation charges and other allowances for capital consumption.
Indirect Cost:	Any cost that is incurred for common objectives and therefore cannot be directly charged to any single cost objective. These costs are allocated to the various classes of work in proportion to the benefit to each class. Indirect cost is also referred to as overhead or burden cost.
Inflation:	A rise in the general price level that results in a decline in the purchasing power of money.
Labor Force:	All persons 16 years of age or over who are either employed or unemployed and actively looking for a job. Total labor force includes members of the armed forces stationed either in the United States or abroad. They are excluded from civilian labor force.
Lapse:	As applied to appropriations, the termination of all or part of the balance of an appropriation. An appropriation is usually made for the period of a fiscal year, at the end of which the balance is lapsed, subject to constitutional and/or statutory directives.
Liabilities:	<p>Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned.</p> <p>Included are amounts owed for goods in the hands of contractors under the constructive delivery concept (when the records of the agency provide such information), and amounts owed under grants, pensions, awards, and other indebtedness not involving the furnishing of goods and services. The two classifications occurring most frequently are the following:</p> <p>Current Liabilities: Liabilities that will be due within a short time</p>

	<p>(usually one year or less) and that are to be paid out of current assets.</p> <p>Includes all amounts owed on the basis of invoices or other evidence of receipt of goods and services, other amounts owed for the purchase of goods and services even if not "due and payable", and deferred income (received but not earned).</p> <p>Long-Term and Unfunded Liabilities: Liabilities that will not be due for a comparatively long time (usually more than one year). However, as they come within the one-year range, and are to be paid, such liabilities become current.</p> <p>Includes bonded debt, notes payable, and liabilities that will not become obligations until a later time (e.g., accrued annual leave in the case of appropriation accounts).</p>
Liquidity:	The ease with which an asset can be converted to cash at prevailing prices. For example, demand deposits (checking accounts) are more liquid than time (saving) deposits, but both are more liquid than real estate or plants and equipment.
Lump-Sum Appropriation:	An appropriation made for a stated purpose or for a named department, without further specification of the amounts that may be spent for specific activities or for particular objects of expenditure.
Monetary Policy:	Policies affecting the money supply, interest rates, and credit availability, that are intended to promote national macroeconomic goals-particularly with respect to employment, gross domestic product, price level stability, and equilibrium in balance of payments. Monetary policy is directed primarily by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee. Monetary policy works by influencing the cost and availability of bank reserves. This is accomplished through open-market operations, the purchase and sale of securities (primarily government securities), changes in the ratio of reserves to deposits that commercial banks are required to maintain, and changes in the discount rate and the Federal funds rate.
Obligations:	Amounts that the State may be required legally to meet out of its resources at a particular date.
Operating Expenditures:	In Michigan's accounting procedures, all charges incurred during a fiscal period for supplies, materials, services, grants-in-aid, debt service, and capital outlay that will affect the fund surplus or deficit of that period. It is immaterial whether payment has been made. The benefits of such expenditures may extend into subsequent periods.

Outlays:	<p>Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays. In lieu of the issuance of checks, obligations also may be liquidated (and outlays may occur) by the maturing of interest coupons in the case of some bonds, or by the issuance of bonds or notes (or increases in the redemption value of bonds outstanding).</p> <p>With respect to the Federal budget, outlays during a fiscal year may be for payment of obligations incurred in prior years (prior-year outlays) or in the same year. Outlays, therefore, flow in part from unspent balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.</p>
Overexpenditures:	<p>An over expenditure occurs when actual expenditures of a State agency or program exceed the level authorized by the Legislature. This exceeding of an authorization can occur on the total appropriation authorization, or when one or more earmarked fund sources contained in an appropriation line item exceed the level authorized.</p>
Personal Income:	<p>Income received by individuals, from all sources including wages and salaries, interest, dividends, rent, workers' compensation, proprietors' earnings, and transfer payments.</p>
Receipts:	<p>Actual cash received, unless the term is otherwise qualified.</p>
Refund:	<p>An amount paid back or credit allowed because of an overcollection, the return of an item purchased, or an overpayment.</p>
Refundable Tax Credits:	<p>Certain tax credits are refundable to the taxpayer. The tax credit is first to be applied against tax liability. If the amount of the credit is greater than the tax liability, the excess is treated as an overpayment of taxes and is refunded to the taxpayer. An example is the Homestead ("circuit-breaker") Property Tax Credit provided by Public Act 20 of 1973, as amended.</p>
Reserves:	<p>While the State operates on the principle that unspent appropriation balances are canceled at the end of the fiscal year, constitutional and statutory provisions create a number of deviations from this general rule. These exceptions include appropriations for capital additions, repair and alternations; special projects; and purchase orders on which the State is obligated, but on which delivery has not been made at June 30. In addition, included are amounts received from certain revenue sources that by law may be used only for specified purposes.</p>
Restricted Revenue:	<p>Revenue that is designated or earmarked, by law, to finance some specific activity or group of related activities.</p>
Revenue:	<p>The income attributable to a designated fiscal accounting period that will affect the balance (surplus) or deficit resulting from the operations of that period. Certain items earned during that period are also considered revenue of that period even though the cash is not received until a subsequent period.</p>

Revenue From Own Sources:	Taxes and charges and miscellaneous revenue, exclusive of Federal aid, local revenue, and other intergovernmental transfers.
Securities:	Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.
Self-Liquidating Debt:	Debt obligations whose principle and interest are payable primarily from the earnings of enterprises for the construction or improvement of which they were originally issued.
Short-Term Debt:	Interest-bearing debt payable within one year from date of issue, such as bond anticipation notes, bank loans, and tax anticipation notes and warrants. It includes obligations having no fixed maturity date if payable from a tax levied for collection in the year of their issuance.
Special Project:	A one-time, nonrecurring undertaking for the purpose of accomplishing a specific objective, the appropriation for which remains available until the work is completed. This does not include Work Orders.
Special Program:	A regular recurring activity that is segregated in the accounts, to control a special annual appropriation, or to establish a control for reporting purposes.
Subsidy:	Generally, a payment or benefit made by the government for which there is no current charge. Subsidies are designed to support the conduct of an economic enterprise or activity, such as ship operations. They may also refer to provisions in the tax laws that provide certain tax expenditures and to the provisions of loans, goods, and services to the public at prices lower than market value, such as interest subsidies.
Supplemental Appropriation:	An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill.
Surplus:	The excess of the assets of a fund over its liabilities and necessary reserves. While the liabilities represent amounts owed or payable or in process of payment, the reserves are segments set aside for special use, due to constitutional or statutory provisions, or contracts and agreements with other governmental units or private grantors.
Tax Credits:	Tax credits include any special provision of law that results in a dollar-for-dollar reduction in tax liabilities that would otherwise be due. In some cases, tax credits may be carried forward or backward from one tax year to another, while other tax credits lapse if not used in the year earned. Tax credits may result in a reduction of tax collections or an increase in the value of tax refunds.

Tax Expenditures:	Revenue losses attributable to provisions of the tax laws that allow special exclusions or deductions or that provide a special credit, preferential tax rate, or deferral of tax liability.
Taxes:	Sums imposed by a government authority upon persons or property to pay for government services. The power to impose and collect taxes is given to the legislature in Article 9, Section 1 of the State Constitution of 1963.
Total Debt:	All long-term obligations of the government and its agencies (whether backed by the unit of government's full faith and credit or nonguaranteed) and all interest-bearing short-term credit obligations. Long-term obligations are those repayable more than one year after issue.
Transfer Between Appropriation/Fund Accounts:	A transaction that, pursuant to law, withdraws budget authority or balances from one appropriation account for credit to another.
Transfer Payments:	Payments to individuals by government and business for which no goods or services are currently rendered. Examples are benefits from social insurance funds, relief payments, military pensions, and corporate gifts to nonprofit institutions.
Unallotted Balance of Appropriation:	An appropriation balance available for allotment.
Unencumbered Balance of Allotment:	That portion of an allotment not yet spent or encumbered; the balance remaining after deducting from the allotment the accumulated expenditures and outstanding encumbrances.
Work in Process:	The cost of partially completed products that are being manufactured. Sometimes referred to as "Work in Progress".
Work Order Account:	An account established by, or from, an appropriation for a project for the construction, alteration, addition, or major repair, of a building or structure, including site.
Work Project:	A one-time nonrecurring undertaking for the purpose of accomplishing an objective contained in a specific line-item appropriation, or any other specific line-item appropriation designated as a work project pursuant to the Management and Budget Act, Sec. 451a.
Zero Base Budgeting:	A process emphasizing management's responsibility to plan, budget, and evaluate. Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort. It places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources.